

# GOOD MORNING!



GRAB SOMETHING TO DRINK  
WE WILL BEGIN SHORTLY

# Think IT Leadership Group

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*Mission: “To foster professional growth and development through the power of networking and collaboration.”*

- Think IT is a service of  YORK SOLUTIONS  
Trusted IT Advisors
- Think IT Association was created in 2009. We currently have over 2,400 members in 7 different groups in Minneapolis and over 700 members in Chicago. Each group meets on a regular basis in an informal, roundtable format with a different member from the group facilitating each session.
- The Think **IT Leadership group** is designed for all levels of leaders within the IT space including: IT Managers, IT Directors, and VPs of IT.
- While there is no cost to be a member of Think IT, it is not FREE and we do ask that members invest their time and experience and be open to facilitating.

# Upcoming Meetings/Events

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Friday, September 21<sup>st</sup>:  
CIO Special Event

- **Topic:** FinTech
- **Round Table Discussion**
- **Host:** *Oasis Financial*; 9525 W Bryn Mawr Ave. #900, Rosemont, IL 60018

Friday, October 5<sup>th</sup>: Think  
IT Leadership Meeting

- **Topic:** TBD
- **Facilitator:** Brian Greenberg; Partner at Fortium Partners
- **Downtown Host:** *Genesys Works*; 180 N Wabash Ave Suite 600, Chicago, IL 60601
- **Suburb Host:** *Elkay Manufacturing*; 2222 Camden Court, Oak Brook, IL 60523

Friday, October 19<sup>th</sup>:  
Quarterly Event

- **Topic:** Innovation and Digital Transformation
- **Facilitator:** Tasker Genres; CIO/CTO at ServiceNow
- **Host:** *TBD*

# GENESYS WORKS.

Genesys Works is a non-profit organization with multiple locations across the U.S. dedicated to building bridges between:

- Economically-disadvantaged high school students
- Businesses seeking technology-proficient workers
- Inner-city public education system struggling to produce high-quality, market-ready graduates



The impact through our successful partnership has generated over **\$455,500** total, including 15, \$8,000 scholarships for Genesys Works alumni through the Think IT Young Professionals Scholarship fund!



# Barriers to Entry Program

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This program is focused on closing the skills and diversity gap within IT by lowering the barriers for under-represented groups such as:

- Veterans
- Stay-at-home parents
- Those looking to make a career change or those struggling to re-enter the workforce

The B2E Program includes:

- Paid training focused on Project Coordination/Project Management
- Professional development and mentoring
- Job placement upon completion of the program

*A big thank you to the following companies who have hired our B2E students:*



For more information, please contact:  
Tom Parker: [tparker@yorksolutions.net](mailto:tparker@yorksolutions.net) or Brandi  
Will: [bwill@yorksolutions.net](mailto:bwill@yorksolutions.net)



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## IT Budgeting & Cost Control for Cloud Computing

Chicago Think IT Leadership Group

# About Jake

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- CIO of Jet Support Services, Inc.
- 20 years experience in software engineering and IT management
- Worked in financial, communication, consulting, and aviation industries
- Developed private cloud automation solutions
- Implemented a comprehensive cloud strategy, migrating to SaaS, PaaS, and IaaS

# Disclaimer

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The information in this document and the accompanying presentation is for informational purposes only and represents a specific set of experiences. It is not meant to recommend specific courses of action.

The information contained in this presentation is that of the presenter's, not JSSI's. The information contained in this presentation does not constitute legal, financial, or tax advice and the accuracy of information contained herein is not guaranteed. Any actions should be in accordance with applicable laws, respect the terms of contracts, and done in consultation with professional experts.

# What Do We Mean By “Cloud Computing?”

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- **Software-as-a-Service (SaaS)**
  - Web-hosted applications
  - Licensing is typically per user
- **Infrastructure-as-a-Service (IaaS) or Platform-as-a-Service (PaaS) and similar**
  - Hosted IT infrastructure elements (e.g. VMs, networks) or development environments (e.g. runtime, serverless, containers)
  - Licensing is typically by resource consumption
- **Multi-year commitments are common**
  - Provide discounts and pricing certainty
  - Often set overall minimums; difficult to scale back

# Why Does Cloud Computing Change IT Financials?

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- Licensing and contracts
  - Consumption-driven
  - Licensed by user or resource
  - Multi-year contracts typical
- Bundled expenses
- Billing
  - Mix of pre-paid and post-paid elements
  - Frequency
  - Very granular
    - Typically by GB, hour, or user/month
    - Infrastructure elements are priced separately
- CAPEX becomes OPEX

# Apples-to-Apples Comparisons

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- Software licenses are just the tip of the iceberg
- Need to factor in full value of cloud services
  - Admin and other technician time for upgrades, infosec, maintenance, and support
  - Infrastructure (including DR)
  - Licenses
  - Power and bandwidth
  - Certifications
  - Management and billing tools
- "Cheaper" alternatives may actually cost more to run

# Cost Transparency

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- Ability to allocate granularly across people and divisions
  - Pricing can be added to the service catalog
  - Budgeting can be linked directly to headcount growth
- Motivate good behaviors
  - Turn off unused/underused resources
  - Use lower tier products
- Potential to treat as COGS

# Be Aware

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- **Risk: All-you-can-eat consumption - sprawl from failure to turn things off**
  - Set up monitors and reporting
  - Shut down when not in use
  - Make everything temporary
  - Recover and reallocate licenses
- **Risk: Unexpected cost elements**
  - Clearly read and research licensing models
  - Engage consultants or VARs
- **Risk: Cheap hourly and per user rates scale quickly with growth, activity spikes**
  - Incorporate growth in budget planning
- **Risk: Vendor lock-in**
  - Manage expectations - set a per-head marginal IT cost
  - Use reporting and set alarms
  - Leverage cheaper tiers of service
- **Risk: Vendor lock-in**
  - Consider multi-vendor approaches
  - Adopt vendor-specific mechanisms cautiously
  - Have exit plans
- **Risk: Contracts limit scaling back**
  - Forecast demand for the lifetime of contracts
  - Explore license rebalancing with vendors

# Key Takeaways

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- Work with Finance to incorporate Cloud computing in the IT budget and accounting
  - Link to headcount and business growth
  - Determine how to map to accounts and amortize
  - Consider allocations to COGS
- Carefully monitor and report usage; set limits and alerts
- Fully understand licensing models and use cheaper tiers
- Manage expectations and map Cloud expenses to all relevant non-Cloud costs
- Drive IT and business behavior changes to contain costs and get the most value from Cloud services
- Manage vendor “lock-in” risk and consider multi-vendor approaches
- Know your vendors and leverage experts

# Welcome to Chicago!

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- Chicago Lease Tax (a.k.a. “Cloud Tax”)
- Cloud technologies can fall in four categories
  - Purchase (IL sales tax)
  - “Cloud” computer access (5.25% lease tax)
    - Nonpossessory lease; customer provides data
  - Subscription services (9% lease tax)
    - Nonpossessory lease; vendor provides data
  - Possessory lease (9% lease tax)
- Nonpossessory lease taxes can be prorated based on the users in Chicago
- Exceptions for passive or *de minimis* computer use

# THANKS FOR ATTENDING!

Thank you to **Snapshot & Elkay Manufacturing** for hosting!

Thank you to **Jake** for facilitating!



PLEASE LEAVE YOUR NAME TAGS ON THE TABLE OR  
RETURN TO A THINK IT REP ON THE WAY OUT