



# ITVORTEX

SIMPLIFY. PROTECT. EVOLVE.

PREMIER BROADCOM VCSP PARTNER / VMWARE-POWERED CLOUD

COST ANALYSIS

# Total Cost of IT Ownership Worksheet.

A fillable worksheet to calculate the true cost of in-house IT across people, tools, and hidden costs. Roll it up, compare it against a managed services model, and put a real number on the gap.

**3**

COST CATEGORIES

**25+**

LINE ITEMS

**1**

ANNUAL VIEW

**2**

MODELS COMPARED

**WHY THIS WORKSHEET EXISTS**

# Most IT budgets understate true cost by **30 to 40 percent.**

The salary line in your IT budget is the easy number. The hidden costs are what bite: turnover, downtime, security incidents, opportunity cost on leadership time, and shadow IT spend nobody is tracking. This worksheet captures all three categories in one place so you can put a defensible total on your in-house IT and compare it honestly against a managed services model.

**30-40%**

typical understatement of true in-house IT cost when hidden categories are excluded.

CIO benchmark surveys, 2023-2024

**\$5,600**

average cost per minute of unplanned downtime for mid-market enterprises.

Gartner, multi-year average

**\$120K**

median annual cost-of-turnover impact per departed IT engineer (recruiting, ramp, lost productivity).

SHRM, multi-year

**How to use this worksheet****STEP 01****Fill in actuals, not budget.**

Use last 12 months of real spend, not the budget you set in January. Print and write, or open in Acrobat and use the comment tool to type into each field.

**STEP 02****Include the hidden category.**

Downtime, incidents, leadership time, shadow IT. These are the costs that disappear from line-item budgets and show up in board-level discussions.

**STEP 03****Roll up to per-user/month.**

Divide your total by user count and 12. This is the apples-to-apples number that lets you compare against any managed services proposal.

**STEP 04****Validate against benchmarks.**

Use page 7 to sanity-check your numbers against typical SMB and mid-market ranges. Wide variance usually points at a missed category.

## WORKSHEET 01

# People Costs.

Salaries, benefits, training, contractors. Fully-loaded numbers, not base salary. Annualized.

**01**

## People & Labor

Total annualized people cost across in-house IT and supplementary contractors

**IT Director / Manager**

Base salary plus bonus and equity

\$

**Senior Systems / Network Engineers**

Sum across all senior engineering FTEs

\$

**Helpdesk / Junior Technicians**

Sum across all helpdesk and junior FTEs

\$

**Security / Compliance Personnel**

Dedicated security headcount, or allocated portion of shared roles

\$

**Benefits & Payroll Burden**

Typically 25 to 35 percent of total salary line

\$

**Training, Certifications & Conferences**

Annual budget actually spent, not allocated

\$

**Recruiting & Turnover Replacement**

Recruiter fees plus ramp cost of replacements over the past year

\$

**Contractors & Project Labor**

Hourly contractors, MSP supplementation, vendor PS hours

\$

**PEOPLE SUBTOTAL (ANNUAL)**

\$

**WORKSHEET 02**

# Tools & Infrastructure.

Hardware refresh, software subscriptions, cloud spend, connectivity. Capital plus operating, annualized.

**02**

## Hardware, Software & Cloud

All annualized. Convert capital purchases to annual using a 3 or 5 year refresh cycle

**Server, Network & Storage Hardware**

Capital amortized over refresh cycle, plus annual maintenance

\$

**Endpoint Hardware**

Laptops, desktops, peripherals on a 3-year refresh

\$

**Microsoft 365 / Google Workspace**

All productivity, email, and identity licensing

\$

**Security Stack**

EDR, email security, MFA, vuln management, SIEM, awareness training

\$

**Backup & Disaster Recovery**

Software, storage, offsite replication, DR site if applicable

\$

**Public Cloud Spend**

AWS, Azure, GCP. Net of reserved instance discounts

\$

**Network Connectivity & Data Center**

ISP, MPLS, SD-WAN, colocation or on-premises facilities

\$

**Line-of-Business Software & Other SaaS**

ERP, CRM, vertical apps, departmental SaaS subscriptions

\$

**TOOLS & INFRASTRUCTURE SUBTOTAL (ANNUAL)**

\$

## WORKSHEET 03

# Hidden & Indirect Costs.

The category that disappears from line-item budgets. Estimate honestly. A defensible range here is more useful than a precise zero.

**03**

## Indirect, Opportunity & Risk Costs

Quantify what you currently absorb without naming it

**Estimated Downtime Cost**

Annual downtime hours × cost per hour. Gartner average is \$5,600 per minute

**Security Incident Remediation**

Forensics, legal, customer notification, recovery. SMB median \$120K annualized

**Compliance Audit & Legal Fees**

SOC 2, PCI, HIPAA, ISO. External auditors plus internal prep time

**Cyber Liability Insurance Premium**

Current annual premium. Note increases tied to control gaps

**Leadership Time on IT Firefighting**

Director or VP hours × fully-loaded rate. Reactive, not strategic

**Project Delays & Unfinished Initiatives**

Revenue impact of strategic projects that slipped or never shipped

**Shadow IT Spend**

Departmental SaaS purchased outside IT. Typically 15 to 30 percent of visible IT spend

**HIDDEN & INDIRECT SUBTOTAL (ANNUAL)**

## ROLL-UP &amp; COMPARISON

# Your true TCO, side by side.

People Subtotal (from page 3)

\$

Tools &amp; Infrastructure Subtotal (from page 4)

\$

Hidden &amp; Indirect Subtotal (from page 5)

\$

## TOTAL ANNUAL IN-HOUSE TCO

Sum of all three subtotals above

\$

Monthly equivalent

Total ÷ 12

\$

Per user / month

Monthly equivalent ÷ user count

\$

## In-house versus managed services

### IN-HOUSE TCO / MONTH

\$

Includes people, tools, infrastructure, and hidden costs as completed in worksheets 1 through 3.

### MANAGED SERVICES / MONTH

\$

Typical SMB managed services range is \$100 to \$300 per user per month for full coverage. Use page 7 to estimate.

**BENCHMARKS**

# Validate your numbers against the **typical range.**

Wide variance from these ranges usually points at a missed category, an outdated refresh cycle, or shadow IT spend that has not been captured. Use the benchmarks below as a sanity check, not a target.

METRIC	DEFINITION	TYPICAL SMB RANGE
IT staff ratio	FTEs per supported user, full-service in-house	1 per 50 to 100
IT budget as % of revenue	All-in IT spend including hidden categories	2% to 6%
In-house TCO per user / month	All categories, divided by users and 12	\$200 to \$450
Managed services per user / month	Full-coverage MSP, mid-market scope	\$100 to \$300
Annual hardware refresh % of asset base	Sustained refresh on 3 to 5 year cycle	20% to 33%
Security stack as % of IT budget	Tooling plus dedicated security headcount	10% to 18%
Cloud spend as % of IT budget	Public cloud workload plus SaaS infra	15% to 35%
Shadow IT as % of visible IT spend	Departmental SaaS and tooling outside IT	15% to 30%

**Pro tip.** If your in-house TCO per user per month comes in below \$200, you are almost certainly missing the hidden category. If it comes in above \$450, you have either a sub-scale team carrying too much load, or a hardware refresh problem worth a dedicated review.

**COMPLIMENTARY / 30 MINUTES**

# Have us review your **TCO numbers.**

Send us your completed worksheet. We will validate the totals against peer benchmarks, identify the categories most often understated, and put a real number on what a managed services model would cost for your exact scope. No pitch, no obligation.

[BOOK A TCO REVIEW](#)[THEITVORTEX.COM](https://theitvortex.com)

## ABOUT IT VORTEX

IT Vortex is a Premier Broadcom VCSP Partner and VMware-powered managed cloud provider serving mid-market and enterprise clients. Our service portfolio spans cloud hosting (IaaS), desktop as a service (DaaS), disaster recovery (DRaaS), backup as a service (BaaS), and security as a service (SECaaS). We architect, build, and operate the infrastructure that runs our customers' most important workloads.

## CONTACT

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