

IT hasn't been disrupted. It has been hollowed out from the inside — by the business units it was supposed to serve, the vendors it was supposed to govern, and the leadership that never noticed the difference.

The Decline of IT

A phrase that started in IT departments — KTLO, Keeping the Lights On — turned out to be a more accurate description of IT's future than anyone intended.

Not because IT chose to do less. Because vendors systematically removed the need for IT to do more.

What's left is exactly that: keeping the lights on for systems the business didn't ask IT to choose, can't ask IT to replace, and increasingly can't ask IT to explain.

The decline of IT is not a technology story. It is a capital story. More than half of enterprise technology spend now flows through business units — expensed as marketing, operations, or commercial investment, never appearing on an IT budget, never subject to IT governance. The CIO's empire didn't shrink. It was quietly annexed, department by department, vendor by vendor, credit card by credit card. What remains in IT is a helpdesk function that nobody has costed, nobody has governed, and nobody has told the truth about.

WHY THIS MATTERS NOW

Vendors engineered this outcome deliberately. Modern SaaS platforms are designed to be purchased, deployed, and expanded by business units without IT involvement. The vendor relationship with the business is direct, personal, and built on a pricing model that almost no one inside the organization fully understands. IT's role has been reduced to provisioning data pipelines — feeding sales data to the CRM, financial data to the planning tool, operational data to the supply chain platform. That is not a technology function. It is a plumbing function. And it is being managed, where it is managed at all, as an afterthought.

The Four Realities Nobody Is Accounting For

More than half of IT spend is now invisible to IT. Business units are buying technology constantly — CRM enhancements, marketing automation, analytics platforms, workflow tools — and expensing it outside the IT budget. The CFO who believes they understand their organization's technology spend based on the IT budget is looking at less than half the picture. The rest is accumulating in departmental budgets, largely ungoverned, largely unmapped, and largely unknown until something breaks or a vendor renewal arrives that nobody expected.

Vendors no longer need IT to reach the business. The old model required IT to evaluate, procure, implement, and support technology. Vendors have systematically eliminated every one of those

dependencies. Pre-configured platforms, self-service deployment, and consumption-based pricing mean that a business unit can be live on a new system in weeks without a single IT resource involved. IT finds out when they are asked to connect a data feed. By then, the contract is signed, the architecture is set, and the lock-in has begun.

What remains in IT is an uncosted helpdesk. The function that survives after business-led procurement is the one nobody wanted — maintaining legacy integrations, managing data pipelines, handling support tickets from business units running platforms IT didn't choose and can't fully see. This function is real, it is essential, and it is almost never costed honestly. Organizations that believe they have reduced IT costs by shrinking the IT department have often simply moved the cost elsewhere — into operational risk, vendor dependency, and the accumulated technical debt of a hundred ungoverned procurement decisions.

Vendor management is a skill IT and CIOs do not have. This is the sharpest failure and the least discussed. The vendors now sitting across the table from business units and CIOs are sophisticated commercial operators who have negotiated thousands of these contracts. Utility pricing models with consumption tiers that compound in unexpected ways. Fixed-price contracts scoped narrowly enough to generate a predictable stream of change requests. Renewal terms that escalate automatically unless contested within windows that most organizations miss. The skills required to negotiate, govern, and renegotiate these relationships — commercial acumen, pricing model fluency, contractual leverage — are not skills that IT organizations were built to develop. They are losing these negotiations systematically, and the cost is compounding on every renewal cycle.

"IT becomes a helpdesk for systems no one wants to fund — but that everyone depends on. That's not a cost reduction. That's deferred risk accumulation."

The Framework the CFO Needs

Legacy risk assessment. For every legacy system in the environment, define the operational risk of failure, the cost of unplanned remediation, and the staffing dependency required to maintain current service levels. This is the true carrying cost of legacy — and most CFOs don't know what it is.

Minimum viable IT function. Define the smallest IT organization required to maintain operational integrity. This establishes a floor below which further IT reduction increases enterprise risk faster than it reduces cost.

Capital-tied modernization roadmap. Legacy systems should be modernized in sequence determined by risk, not by IT preference or vendor roadmap. Each modernization decision is a capital allocation decision with a risk-reduction return.

KEY TAKEAWAYS

- More than half of enterprise technology spend now flows outside the IT budget. The CFO who hasn't mapped it is governing half the picture.
- Vendors engineered the bypass of IT deliberately. The business relationship is direct, the pricing is complex, and the lock-in is already in place before IT is involved.
- What remains in IT is an uncosted helpdesk function — real, essential, and almost never accounted for honestly when organizations claim to have reduced IT costs.

- Vendor management is a commercial discipline, not a technical one. IT organizations were not built for it and are losing these negotiations systematically.
- The CFO who treats this as an IT problem will keep getting surprised by the bill. It is a capital governance problem — and it sits on the CFO's desk.

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We work alongside CFOs so they walk into every room ready for the conversation that defines whether they keep the seat.

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