

Learning Resource

BallotOnline's IT Budget and Infrastructure Summary

Each year, the executive leadership team of BallotOnline establishes an IT budget for the organization, which is based on revenue projections. Consider that BallotOnline's current year revenue is about \$100.8 million, and the IT budget is 10 percent of that revenue (\$10.8 million). The company's executive leadership has given IT management a directive that the IT budget must shrink over time as a percentage of revenue, and within five years it must comprise no more than 5 percent of revenue.

IT management has given you a directive to make recommendations that will enable a 1 percent reduction in the IT budget as a percentage of revenue annually as illustrated in the table below.

	Current Year (Year 0)	Year 1	Year 2	Year 3	Year 4	Year 5
IT Budget	10% of revenue	9% of revenue	8% of revenue	7% of revenue	6% of revenue	5% of revenue
Revenue	\$100.8 million	\$110 million	\$132 million	\$156 million	\$186 million	\$225 million

BallotOnline's IT budget allocations for the current fiscal year

Budget Item	Allocation for Current Fiscal Year

Budget Item	Allocation for Current Fiscal Year
Capital Expenses	\$ 4 million
<p>Data Center Hardware Purchases</p> <p>Hardware capital expenses are depreciated over a five-year period</p>	
Operating Expenses Tied to Capital Expenses	\$800,000
<p>Support and maintenance expenses for data center hardware purchases</p>	
General Operating Expenses (includes data center colocation fees)	\$6 million
<p>Includes data center colocation fees (space, power, and cooling), telecom costs, staffing, cloud hosting, software, etc.</p>	

Current and proposed IT infrastructure—servers

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Number of Physical Servers and Network Devices	800	1200	1600	1600	2000	2000
Number of Data Centers	4	6	8	8	10	10

Current server specifications (year 0):

400 application servers (2 CPUs, 4 cores, 32GB RAM, Linux OS)

400 database servers (4 CPUs, 8 cores, 64GB RAM, Linux OS, MySQL DB)

Proposed storage and data transfer needs

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Storage (in GB)	0	50000	66500	66500	83125	103906
Data Transfer (in GB)	0	50,000	66500	66500	83125	103906

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