

# From Cost Center to Company

## *IT as an internal company*

Enterprise Process Framework · First paper of the applied series · Follows EPF-01

**The claim.** IT is not a cost center that happens to have people in it. It is a company that happens to have one customer: the rest of the firm. Treat it like a cost center and it will behave like one—begging, hiding, and eating whatever lands in the inbox. Treat it like a company and the other divisions have to decide what they actually want, because now they are the ones paying.

### 1. What the last paper left on the table

“Own the work, Fund the risk” said the rule out loud. If you want it, you own it, you pay for it, and you live with it. That rule is bigger than technology. This series starts in IT, because that is where the bill shows up first and where everyone already knows the story: one red line, never satisfied, always late.

This paper is the foundation for what comes after the rule. Not a chargeback sermon. Not an outsourcing pitch. A picture of IT as a firm inside the firm—with customers, a catalog, a floor it actually owns, and a P&L that is not a punchline.

### 2. The cost center is a story we told ourselves

Call something a cost center long enough and you will start managing it like a leak. Cut it. Cap it. Tell it to do more with less. Then act surprised when it cannot keep up with Sales, or HR, or the plant, or the board's new appetite for AI. This also makes IT the one to blame when security requirements are not met or maintained properly to protect the company.

A cost center has no customers. It has requesters. Requesters do not pay. They escalate. They compare you to a vendor they saw at lunch. They remember the outage and forget the ten things that did not break. Finance sees a fat red line and asks why it never gets smaller. That line is not hunger. It is every other shop's appetite, rolled into one number so nobody has to look at their own.

IT did not ask to be that number. The company put it there when it decided technology was something the company provides, like lights and badges, and then handed the whole pile to one team.

### 3. What an internal company looks like

An internal company has customers. In this case the customers are Maintenance, HR, Finance, Sales, the plants, the board. They do not get to be vague. They buy something, or they don't.

It has a technology catalog. Not a thousand one-off exceptions. A published list of how this firm does a laptop, an identity, a phone, a network drop, a new application. Outside the list is possible. It is just not free, and it is not invisible.

It has a floor it actually owns. The network. The firewalls. The identity plane. The shared stuff no single division can pretend is “theirs” without breaking everyone else. That floor can sit on a capital line if the company wants, or it can be maintained and improved by IT from the cost recovery or surplus generated by the work it does. The apps, the SaaS tools, the extra headcount, the devices—those are not the floor. Those belong to the shop that asked for them.

It has rates. Not to play vendor-theater. So a project has a number before it has a kickoff. Project manager, engineer, developer, the hours to migrate, the hours to maintain it. If HR wants a system, HR sees that number on HR's budget. If the number is ugly, HR can choose a smaller thing, or wait, or drop it. What they cannot do is nod in a meeting and send the ugly part to IT's bottom line.

And IT still buys in bulk. That is the point of the technology catalog. The company keeps the discount. The customer still feels the cost. In truth, those two facts are not at war.

#### 4. What IT sells, and what it refuses to own

IT sells work. Standing a thing up. Maintaining it. Connecting it. Helping a division get out of it. It leases the shared floor. It does not sell ownership of someone else's outcome.

That is the part people miss when they say “make IT a business partner.” Partner is a warm word for the same old mix-up: IT is in the room, so IT must own the result. No. The division owns the result. IT owns whether the work it was paid to do was done well, accurately, and professionally. Those are different jobs. Confuse them and you are back to every outage being an IT failure and every success being a business win. In short, IT becomes the place to lay blame while the wins belong to the business or to leadership. In the end, IT gets the shaft.

IT is allowed to say no when the customer will not fund the four pieces from “Own the work, Fund the risk”: stand it up, keep it, control it, get out of it. That no is a valid response and is not politics. It is a company declining unpaid work. Real companies do that every day. Internal ones are told that makes them difficult and they need to play along.

#### 5. The red line comes apart

On the corporate P&L, IT is one screaming line. Pull it apart and it was never one thing. It was badges and laptops and phones. It was the HR app, the Finance book, the Sales platform nobody will leave, the plant system that “still works.” It was security controls hanging off all of that. It was the shared floor. It was the debt from the last freeze.

When each of those lands on the shop that consumes it, two things happen. First, appetite slows down, because the person who wanted the thing can see it. Everyone can see what they wanted, what they are doing with it, and where the successes and failures land—at the political feet of the person who paid for it. Second, Finance can stop treating technology as a headache and start treating pieces of it as investment—capital, a project, a choice—on a named budget. IT can show utilization and demonstrate that transparent cost recovery lets it invest in the firm's long-term goals instead of arriving every year as the department that is never full.

Will some leaders hate this? Yes. They liked the version where their lane looked cheap and IT looked expensive. It let them off the hook of responsibility for failed implementations, bad security practices, and bad investments. That version was a lie. The lie was comfortable. Comfort is not a reason to keep it. IT deserves to be treated better.

#### 6. Outsourcing does not make you a company

Sending the work outside can be smart. I spent twenty-three years on that side of the table. Headcount moves. Benefits move. Taxes look cleaner. The vendor has a method, a margin, and a quarter to hit. None of that turns your IT into a company. It turns your invoice into someone else's letterhead. All you have done in the end is reduce responsibility for your own future.

If the divisions still do not pay for what they consume, you have the same red line with a different logo on the statement. If they do pay, you can use a vendor for parts of the work without pretending the vendor now owns the appetite. The internal company can buy labor. It cannot sell its customers' responsibility.

#### 7. Security is not a product IT upsells

Security draws the fence. IT builds inside it. An internal company that “owns” security so it can say no for free is just the old trick in a nicer building. Security has to be able to tell the truth upstairs about risk without needing IT's permission to speak. IT has to be able to do the work without wearing the noose for a system a division will not leave.

The technology and security catalogs help both. An allowed list of hardware and software is how you stop every shop from using anything that will compromise data and privacy. It is also how you give IT

room to chip away at debt instead of responding like firefighters to every problem. Compliance is still a photograph. The program is still the color. None of that changes because you started calling your internal IT a company.

## 8. What this looks like on a Monday

A hire lands in Maintenance. The laptop, the badge, the phone, the licenses go on Maintenance's line. Not as a surprise when IT has to deliver the user cost report. It is instead part of the hire and shouldered by Maintenance.

HR wants a new application. They come through IT. IT helps them find what they need—either from what they already have, by upgrading what they have, or by finding something new. Then they sit down with IT and figure what the new application will cost, not just for licenses, but to stand it up and to maintain it. IT works with HR and Security to make sure what HR wants will meet the legal and compliance needs of the company. They get a number that covers the project people and the maintenance. They say yes or they don't. If they say yes, they own the thing after go-live. IT does not inherit it because "it's a system." IT does not shoulder the blame because the system failed or had issues; instead HR paid for those outages because it is their system.

Sales will not leave a platform. Fine. Sales pays to keep it alive, including the extra work of living outside the current technology and security catalogs. This also means Sales is responsible for the costs of creating compensating controls that keep the aging platform safe to use without compromising company data and privacy. After the second major outage, leadership will deal with Sales to find a way out. That conversation is different when the money is on the Sales budget and a Sales responsibility.

The network needs an upgrade. That is the floor. That can be capital. The whole firm uses it. Do not pretend a plant "owns" the core switch because a packet passed through it. Work like this should be managed through a proper lifecycle with a defined sunset date set when the equipment was purchased. When IT owns the floor and is funded to maintain and improve it, the floor stops being a recurring crisis. Departments treated like external vendors rarely leave capital sitting until it is aging and invisible; the same discipline applies here.

## 9. What we are not doing

We are not turning IT into a profit center that gouges the other shops. Markup is a policy choice. Honesty about cost is not. Any surplus generated through transparent rates is available to reinvest in the shared floor and the firm's longer-term capability—not to extract profit from the other divisions.

We are not making every engineer write an invoice to walk across the hall. The company is the unit. The rates exist so leaders can choose, not so tickets need a credit card.

We are not firing the shared team. We are stopping the shared team from being the place unpaid demand goes to die.

We are not waiting for a transformation office. You can start with intake and the hire. Name the owner. Show the four costs. Put the line on the right budget. The rest of the catalog can follow.

## 10. What comes next

This paper is the picture. The next one is how we got the ugly version: IT fighting to own the boxes because owning them was the only way to control what it was forced to support. That is T01, The Ownership Inversion.

After that, T02 gets into the money at the source—from the badge to the SaaS tool. Then debt, the allowed list, the two accounts under one CIO, the photograph versus the program, what a vendor actually buys you, and ninety days of doing this without a banner campaign.

The rule does not change. If you want it, you own it, you pay for it, and you live with it. T00 is only this: IT is the company you buy that work from. It is not the drawer where leftover appetite goes.

## 11. A sentence you can use

**IT is a company with one set of customers: the other divisions.** The customers buy what they use. IT keeps the shared floor and the bulk discount. It does not keep the red line. That line was never IT's hunger. It was everyone else's appetite with the name scraped off.

— End of T00 —

*Previous: EPF-01, Own the Work, Fund the Risk. Next: T01, The Ownership Inversion (November 2026).*