Freebies often have hidden costs: Why companies stop using free tools

Runrun.it

Companies often choose free services at first, hoping to save money, but they quickly realize the limitations of these tools and give them up.

Automating processes and optimizing management is no longer considered an intelligent strategic move. These days, adopting the necessary technology and software is seen as a minimum requirement to remain relevant and competitive and keep up with a rapidly changing market. However, **managers and executives then face a wide choice of platforms, one that includes both free and paid systems.**

A crucial factor to consider when considering the use of free tools is their associated, hidden costs. We often prioritize less expensive, or, free, solutions to our needs. **However, the fact is, the limitations and lack of resources inherent in this system usually outweigh the benefits stemming from saving money, and often lead to losses of both money and time.** Companies almost always switch to a paid version at a later date. Here we'll provide you with some helpful information about both free and paid systems, allowing you to avoid the problems that other companies have faced after making the wrong choice.

The current state of the software industry

First, one must understand how far technology platforms have come in the last few years. In 2015, the software industry was responsible for $1.14 trillion of United States' GDP, considering both direct and indirect impacts. According to a study by Software.Org called "The Growing $1 Trillion Economic Impact of Software," that number is 6.4% higher than in 2014. Considering just direct impacts, the software industry had a turnover of $564.4 billion in the same period, an increase of 18.7%.

These numbers reinforce the changes in leaders' and managers' mindset, as they become increasingly concerned with finding methods to increase process efficiency, make projects more profitable, reduce management bureaucracy, and improve productivity across their firms.

This 2018 report from the Project Management Institute points to the money that companies wasted due to problems with project performance. On average, the study noted, companies lose $99 million for every $1 billion in investments.

So, to run your business's project management side, whether it is an agency, financial consultancy, service company, IT company, or start-up, you will need a platform capable of facilitating your day-to-day routines, including organizing workflows, formalizing team communications, generating real-time data and concentrating information, which permits efficient management.

What to consider when considering the use of a free tool

At first, using a free system would seem like a good way to reduce business expenses. However, not everything should be just about saving money, and managers often **spend more on resources with such platforms than if they had contracted a paid system in the first place.** Therefore, managers should carefully evaluate any systems before implementing them in your firm.

So, it's important to understand what free tools offer and the associated impact on your company's spending. Here, we list three risks to your business that stem from using this type of platform.

1. Organization and workflows

Free management platforms generally cannot usefully organize information and structure workflows. Managers using such systems cannot properly configure workflows or automate the distribution of demands.

Managers can improve their control by contracting licensed software, since these platforms can distribute tasks to the person intended to execute them, without sending e-mails about the demands to people who are uninvolved.

2. Hidden costs

Although they come with no immediate cost, using free tools will always have an impact on businesses, because, at a minimum, an employee of the firm must monitor and update the system, besides everyone else who will use it day-to-day. The number of hours that a firm's employees put into using the system should also always be monitored, and managers should be aware of how much they are spending on payroll expenses for the employees using the system.

When you have a good idea of the cost of each employee per hour, you'll have an approximation of the costs associated with the tool. What's more, if tasks require resources that the platform is incapable of delivering, you'll then discover the hidden costs of this type of service. At that point, the hours consumed by such activities will be that much greater and, consequently, your expenses will increase.

3. The limitations of free tools

As we just dealt with free tools' lack of resources and functionalities, which can generate unplanned for expenses, it is worth highlighting other inadequacies associated with these systems. **They include limitations that can undermine your operations and turn into significant problems, such as limits to the number of users and/or projects.**

Remember just how much these limits can hamper the development of projects or services. Just imagine if your marketing agency, for example, had recently won a large account and needed to design ten projects for your new client. What happens, when you discover that your free platform only permits three projects at a time? What would you do then? How are you going to organize your new client's projects? The potential for problems is clear.

Another example of a limitation is related to the lack of monitoring for metrics and reports. Without access to the needed data and spreadsheets, your organization would not have access to crucial business intelligence such as delivery times for projects, deadlines for individual employee tasks, current states of production, along with any costs and hours invested.

The use of a free platform generates no real savings at all. At some point, company managers will be forced to give up the free tool and migrate to a complete platform capable of meeting their needs.

What to consider when considering the use of a paid system

Now that we've identified some downsides associated with free tools, that can undermine your operations, let's move on to paid systems. When managers begin analyzing this type of platform, they should pay attention to three basic factors:

1 **Economy (ROI):** expenses (and their control) should not be overlooked. It's no use just buying the most expensive software suite and thinking it will solve all your problems.

2 **Efficiency:** it is important to look at your operation, understand your needs and seek the best tool to help you optimize your processes and make your management more efficient. Also, keep an eye on whether the solution provides functionalities for planning, organizing, prioritizing, and managing time, thereby improving productivity across the board.

3 **Usability and support:** Managers need to understand if the tool is easy to use and whether it comes with a support team that's capable of resolving any doubts that arise amongst the platform's users.

Beyond these basic points, we've also added some of the differentials that contracting smart and strategic software can bring to your company.

1. Configuration of workflows

According to this study by McKinsey, people spend 25 to 30 percent of their workdays dealing with e-mails. This wasted time is often linked to a lack of organization of their demands and tasks. According to this article, also by McKinsey, **the most relevant factor for professionals when they seek to implement technology into management is organizing workflows and facilitating team communications.**

Only a structured work and project management tool can help your business avoid resource-sapping clutter. With a complete software suite such as Runrun.it, you formalize your demands and avoid so-called "pirate tasks," activities that lie outside of the project's original scope. You can also direct tasks to specific individuals and receive fewer emails about the tasks or demands you are not involved in.

2. Measurement of time

A common difficulty that managers go through is keeping track of how much time each employee is investing in their assigned tasks. Analyzing people's productivity, customer and project profitability and control costs and budgets are all essential so companies can improve the pricing of their services.

Here again, we can see profound differences between free and paid platforms. You will only get access to the ability to closely monitor and manage time as a resource when a tool is capable of measuring the exact time invested in each task by each employee. This is what a platform like Runrun.it offers. With it, you can monitor the hours invested in each task in real-time, giving you all the performance metrics your business needs.

3. Built-in, automatic timesheets

As we've seen before, the ability to monitor and measure time is fundamental for providing businesses with the information they need to manage their production and investments effectively. How can that information be obtained? Typically, companies use manually filled timesheets. You must use technology to streamline this inherently inaccurate process.

However, not all paid systems provide the level of granularity needed to generate the required data. What you need is an intelligent software with built-in automatic timesheets, such as Runrun.it. When using it, the user simply clicks play or pause or delivers their tasks, and the system automatically records the time invested. You will soon have the data you need to keep track of the number of hours being allocated to specific projects and clients, giving you access to the exact costs associated with each.

4. Management reports

To steer your company towards its goals, you will need a profound understanding of your operation, including any bottlenecks and a view of what is working, and what isn't and must be improved. Management reports are, therefore, crucial for business leaders, who can base their decision-making on the relevant information, and avoid going with their gut. This allows executives to determine new goals and align future Objectives and Key Results (OKRs).

So a tool that provides these reports is fundamental for your business. It's another critical difference between a free platform that cannot provide that level of control and a developed solution with everything your management needs. Strategic management software like Runrun.it delivers all the data you require. Using it, managers can closely monitor spending on each project, including the hours invested by each employee, and compare that to detailed estimates for schedules for the delivery of each task and project, letting you plan when individual teams will be available, giving you an overview of the company's production

Last but not least, you, as a manager, should thoroughly test a prospective tool and analyze whether it fits with your company's needs before hiring it. For example, management software that espouses transparency, such as Runrun.it, offers a 14-day trial period so you can get to know about the platform's features, benefits and how it can help you evolve your management and improve your results. Begin right now and start testing the system, registering users and learning more about the tool.

Investment in developing your business

The decision to use a free tool will not always be the cheapest one for your company. However, **more than just costs, the expenses associated with implementing technology and management software must be seen as an investment.** That's because putting money into systems may seem unimportant at first glance. However, by planning, organizing and making the operation work by using the platform, managers will see the benefits and the true cost of the system.

If better communications and internet systems can expand an organization's sales and service capabilities, a smart, strategic, and complete management platform can drive business growth, make the company more profitable and lean, easily recouping the initial investment. Ⓡ
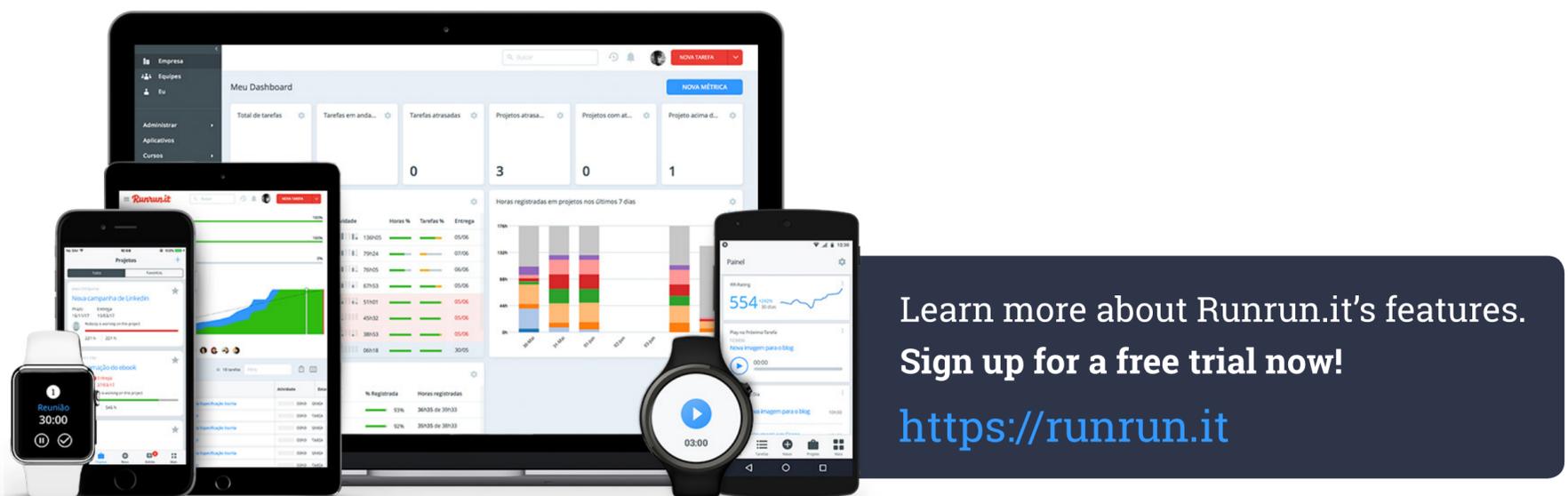
About Runrun.it

To get all the data your business needs but that aren't available with free tools, you can count on a powerful work management solution such as Runrun.it. The system will help you improve the productivity of your entire team and make your management structure more efficient.

With integrated monitoring and analysis of every area of your business, the software comprehensively analyzes costs, the progress of projects, the time invested in each task, how deliveries are proceeding, and which employees are doing what. This gives you access to 360˚ management, streamlining processes and automating whatever possible.

Runrun.it also has a custom Dashboard that enables you to create the performance metrics that your business must prioritize. All in real time and all on a single screen.

The platform also provides a time intelligence system. With it, by measuring the number of hours worked, you can collect and analyze your company's data and obtain valuable information for your managers, aiding in decision-making.

Learn more about Runrun.it's features.
Sign up for a free trial now!

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