**7-1: Explain three of the basic principles of cost management.  Examples are profits, life cycle costs, tangible and intangible costs and benefits, direct and indirect costs, and reserves.  Why do you think information technology professionals overlook these concepts?  What might be done to make these concepts more interesting to information technology professionals?**

Profits are revenues with expenditures removed. Profit is the main concern for most businesses but is often overlooked by IT professionals. The profit margin is the ratio of revenues to profit. Reserves are included into a cost estimate to mitigate some of the cost risk. This allows for potential challenges of future situations to be handled with a lower amount of risk.

IT professionals often overlook these concepts because there is more concern with the technology rather than the budget. However, these concepts are closely linked to project approval. Projects will have a much smaller chance of approval from higher-ups if a project does not offer a direct or indirect profit increase. Some ways to incentivize IT professionals to explore these concepts could be to offer project management exercises or monetary bonuses for working within a budget.