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AI demand driving up IT costs



By Mark Pownall

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Long-running Western Australian IT services [Moncrieff Technology Solutions](#) has warned customers that the arms race in artificial intelligence is rapidly driving up the cost of computer hardware.

Moncrieff managing director [Matt Moncrieff](#) told customers that prices for RAM memory which is vital for data processing was rising quickly as major global players soaked up supply to build huge data centres with the hyper scale AI required.

The business has had four generations of Moncrieffs working in it since it was founded in 1966 selling electronic components, moving into the computer parts as people built their own in the 1970s and eventually becoming an IBM personal computer partner in 1987.

It is now in managed IT services as well providing infrastructure hardware.

“We have been advising our customers about this,” [Mr Moncrieff](#) said.

“If you have any investment planned in the near term, then bring them forward.

“We have also advised clients that quotes are only valid for seven days and if they are going to order they need to check in case there has been any significant movement in that area.”

And while [Mr Moncrieff](#) acknowledges that his advice might sound self-serving, the reality is that computers and networking equipment are an important part of business capacity and their cost impacts competitiveness and growth.

He said that in one case the price for storage infrastructure had risen 33 per cent within a week of a quote being provided.

While storage devices had been the most acutely affected – most notably external storage where memory represents 90 per cent of the device – it was affecting all computer and networking equipment.

“Memory is effectively in everything,” he said.

Even personal computers were experiencing inflation of 5-15 per cent due to the memory cost increases.

[Mr Moncrieff](#) said the warning about pricing had started with individual suppliers flagging the issue and that was corroborated at the Canalsys Forum in Vietnam earlier this month where the issue was a major subject of discussion.

That event coincided with the decision by major semiconductor Micron Technologies to exit the consumer memory sector to focus on advanced, AI-focused memory solutions such as high-bandwidth memory for data centres.

[Mr Moncrieff](#) said the take up of AI by around 2.5 billion users had already been one of the fastest technology adoptions in human history and it was still taking place.

As a result the RAM shortage was predicted to be acute for much of calendar 2026.

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