IT COST OPTIMISATION IN THE DIGITAL AGE
the How and the Why

Giving Shape to Ideas

CONTENT

USING IT TO DRIVE BUSINESS OPPORTUNITIES

The IT market is constantly evolving, with the next era of computing driven by innovations in cloud, big data, mobility and social technologies. Companies in all industries have started to, or are at least looking at, performing their own digital transformation – for which naturally their IT plays a central role. Forward-looking enterprises know how to create new business opportunities by harnessing innovative technologies; they strive to achieve competitive differentiation through new products and services, new business models and new ways of engaging customers. However, having to leave behind their traditional role of supporting business operations, CIOs are now expected to drive business opportunities with IT – which by many is considered both an opportunity and a challenge.

According to IDC[1] more unpredictability for IT comes from a dramatic change in the competitive landscape: Countless new competitors are "born in the cloud" while existing market players adopt cloud platforms of their own. At the same time, customers and end users demand omnipresent IT with access to all of an organisation's applications from anywhere and at any time. More and more, IT investments are tied to specific business initiatives such as increasing the organisation's productivity, reducing the organisation's costs and improving the organisation's business processes.

Companies must therefore be aware that their IT capabilities will be a critical factor for their future business success. Consequently, they need to operate a competent, reliable and committed IT division. The big challenge for the CIO is to ensure this while facing the pressures of optimising the cost of the corporate IT at the same time.

Especially for small and medium-sized businesses, it's essential to do whatever they can to reduce IT costs to a minimum – whilst concurrently keeping a high quality standard of products and concentrating on tasks that matter for the business.

RISKS ASSOCIATED WITH IT FAILURES

– **Loss of transactional revenue**

– **Cost of repair**

– **Loss of employees and/or deflation in employee moral**

– **Loss of business opportunities**

– **Loss of goodwill from customers and/or vendors**

– **Damage to brand image and reputation**

– **Bad publicity**

BIS, Calculating the Cost of Downtime in your Business, April 2016

[1] IDC Whitepaper, sponsored by Dell, Why Upgrade Your Server Infrastructure Now?, July 2016

STRATEGIC IT COST OPTIMISATION – A DISCIPLINE WORTH INVESTING IN

To improve corporate business costs and maximise business outcomes, business leaders need to consider leveraging advanced information technology. Whether a company strives for increased digitalisation of business processes or the creation of new business models, the key is to make the required changes.

 "Like IT cost optimization, business cost optimization is a perennial issue. Linked closely to the overall profitability — and ultimately, the viability — of the business, business cost optimization is a discipline worth investing in", according to Gartner, Inc.[2]. CIOs should therefore devise a clear optimisation strategy that targets both IT and business costs; and they should bear in mind that, due to unforeseen developments and unexpected impacts, cost-saving targets might need revision and adjustment along the way.

Strategic IT cost optimisation initiatives are often part of the business and IT strategy and realise maximum value over a specific period of time. They should be combined with short-term reductions, which are less disruptive to the business (see figure on page 5).

In order actually to transform the business, decision makers need to have a clear view on what they would like to achieve and to make sure that their initiative is carefully aligned with any timing, risk, future value and benefits.

[2] Gartner, Inc., Supporting Cost Optimization in the Business: A Gartner Trend Insight Report, March 2017

NATURE OF STRATEGIC IT COST OPTIMISATION

Decrease cost and align spending with demand

Discard unproductive components

Justify IT utili-sation, cut down on redundant IT and evaluate the existing model to bring about transformation

Technavio, Cost Optimization, Demand from the Public Sector and Popularity of SLOE Tools are Top Trends in IT Assessment & Optimization, September 2015

TACKLING IT COST OPTIMISATION – HAVE A PLAN!

Dealing with the challenge of running a competent and committed IT Department despite budget limitations, IT managers are well advised to have a plan and a concrete agenda for its implementation. In other words – be prepared in case of potential crisis and sudden budget cuts! But how?

Achieve Full transparency of Costs

Remember that a company's IT costs significantly affect its business growth. As a CIO and business leader, you need to have a complete overview of your budget and spending[3]. For example, by using dedicated software and analytics, you will get valuable insights, which help you in finding the right parameters to eliminate unnecessary spending and therefore to optimise costs.

Strive for Consolidation

Looking for opportunities to consolidate vendors, services and platforms may be cumbersome but it helps in keeping an overview and spending less overall. Standardised technologies and vendors means reducing redundancy – which leads to increased productivity of your business[4].

Use the Right Tools

In times of dynamic markets and economic pressure, IT departments are often pulled in many different directions and need to react fast. Working smart does not mean "working hard" but using the correct tools for your job[5]. Optimise your IT costs by saving time through automated processes, enhanced file sharing and team collaboration as well as by reducing repetitive tasks, e.g. regarding user management.
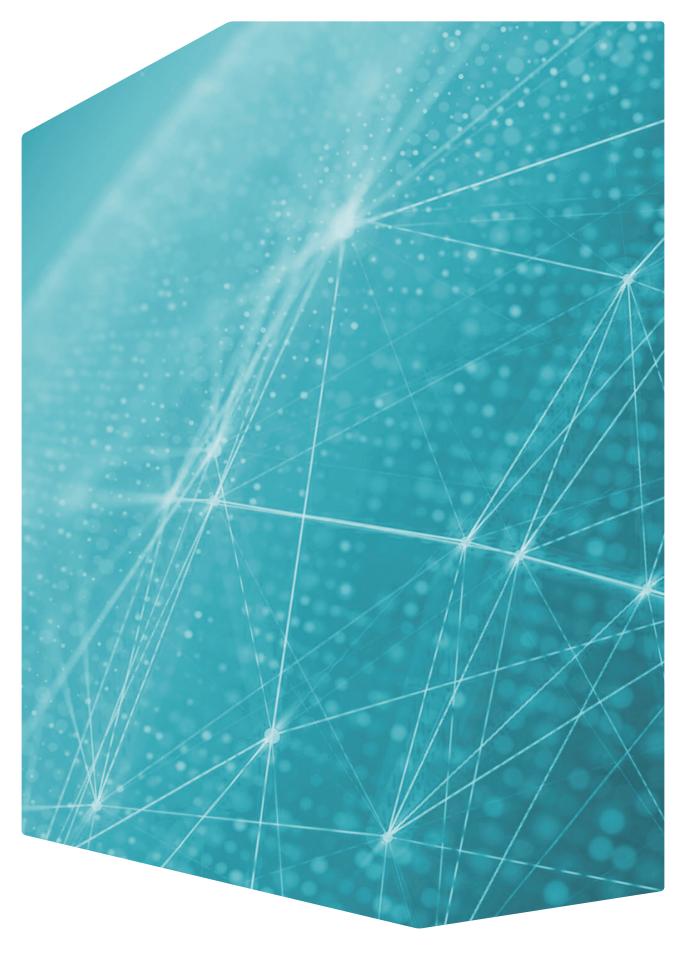
Get to the Cloud

Besides Cloud services being able to deliver digital transformation to your business, they can also be valuable for tackling the challenges of IT costs. Functionalities such as SaaS or IaaS provide even better financial predictability[6].

Use Managed IT solutions

Managed IT solutions make use of best-of-breed hardware and software components in an integrated offering that promises to simplify IT management, control IT sprawl, deliver collaborative services to users as well as provide better scalability and financial visibility.

The key to any centrally managed IT service offering is the overall platform approach – the combination of IT infrastructure, admin, the user environment and support.

[3] Clear Cost, Top 10 Best Practices in IT Cost Optimization, November 2016
[4] Nerdio, 12 Proven Ways to Reduce IT Costs, September 2016
[5] Clear Cost, Top 10 Best Practices in IT Cost Optimization, November 2016
[6] Nerdio, 12 Proven Ways to Reduce IT Costs, September 2016

THE WAY FORWARD

IT is always changing, but it is increasingly challenging to keep up with the rate of change while still delivering a high-quality service to your stakeholders by simultaneously optimising business costs.

Removing the day-to-day maintenance and support activities associated with your IT and application infrastructure is a proven way to insulate your organisation from IT-associated risk. The deployment of an All-in-One IT platform allows you to leverage the power of the managed service provider, complete with best-of-breed technology partners, delivering cutting-edge applications, security and networking hardware, all in an environment customised to your exact business requirements.

Ensuring the ongoing smooth operation of your IT infrastructure will foster a cost-efficient, tech-enabled, innovation culture within your business.

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