

4 Ways to Turn IT Budget Cuts into IT Cost Savings

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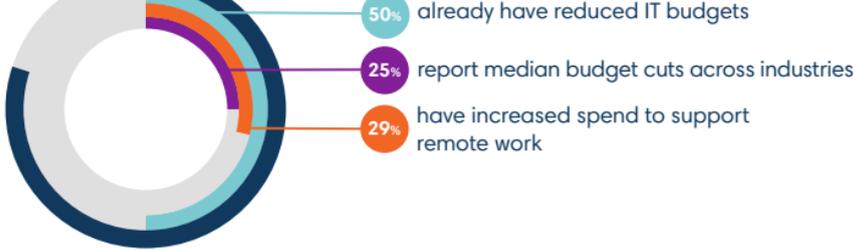
New mandates to cut IT budgets by as much as a third within 48 hours means CIOs are grappling with an unprecedented challenge to respond quickly to the latest economic disruption. Where do you begin?

Here are four common ways to cut IT costs without completely gutting your budget.



1. Scrutinize IT Spend and Ongoing Operations

Today, accurately applying IT financial management (ITFM) principles is more important than ever. Effective cost-cutting measures need to minimize, postpone or reinvest addressable spend and shift these resources to business-critical priorities. To do this, setting cost optimization targets, ensuring alignment as conditions change and tracking progress over time is essential.



* We surveyed Apptio customers to discover how they have been affected by the latest economic disruption and how they were reacting to the changes.

Using an automated solution, IT finance teams can reduce planning-cycle time by as much as 75% and answer questions about IT costs 95% faster.

Organizations Can Thrive After Disruption



Automate

Leverage a digital approach to analyzing and classifying technology costs and spend



Align

Everyone in the organization pulls in the same direction even through disruption



Adapt

Can act quickly to shift business priorities and conduct accelerated scenario analysis



Anticipate

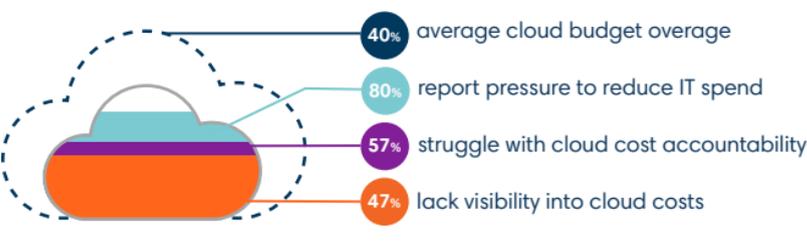
Foresee situations that will require change and act on new opportunities

1.5% Faster revenue growth

.5% Faster profit growth



2. Economize to Eliminate IT Cloud Cost Waste



As workforces become increasingly remote, the cloud provides organizations with the flexibility to rapidly scale infrastructure up and down with demand - making it an essential service for most organizations. However, while these costs typically range from 5 to 15% of IT spend, nearly 40% of cloud costs go to waste. When leveraged strategically, organizations can avoid unnecessary budget expense and shift resources to critical IT initiatives with cloud.

New Business Realities Require



Quick Savings



Accountability

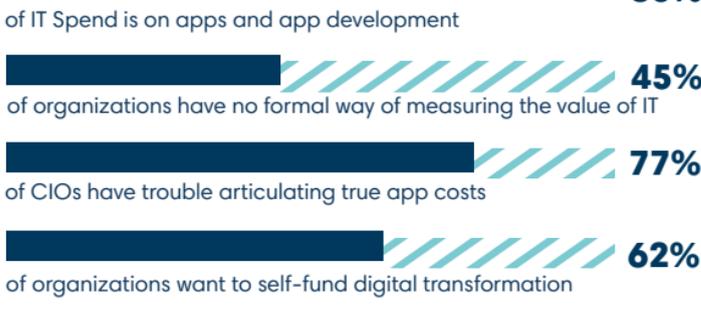


Scalability



3. Rationalize Apps to Prioritize Resources

Spend on applications can account for as much as 40% of the total IT budget. Removing redundant apps and services is an obvious cost saver.



At the same time, the popular "as a service" model for application delivery (SaaS, IaaS, and PaaS, etc.) makes it challenging to find waste. But implementing a solution that automates data ingestion, classifies and maps costs and allocates usage to apps & services, can help to unlock spend for re-prioritization elsewhere in the business.

Rationalize with Apps and Services



Prioritize

Shift resources from existing applications to support critical business initiatives



Identify

Categorize applications to better articulate business value



Rationalize

Identify opportunities for greater portfolio inefficiencies and business alignment



Optimize

Analyze application spend to determine addressable spends impact on IT budget

15-20% Shifted from "run" to "grow"



4. Optimize Resource Consumption & Demand

Efficient IT cost-cutting means prioritizing resources that fund business-critical activities, which is easier said than done without the right tool. Understanding what's being used, how much it costs, and its performance over time prevents the business from consuming IT like it's a free, unlimited resource.



Organizations need a single pane of glass solution to monitor consumption of applications and services by business units, and deliver a user-friendly bill with accurate IT costs and provide defensible allocations, in order to set pricing strategies that influence behavior.

Align IT Consumption to Business Value



Align

Consumption to organization priorities and goals



Track

Accurate consumption of applications and services by BUs



Price

Strategically to influence demand and change behavior



Recover

Costs and communicate through chargeback and defensible billing

2-10% savings with more informed IT purchase decisions

Avoid Unnecessary Budget Cuts by Optimizing Your IT Cost Structure Instead

Economic uncertainty is upon us and there are requirements for CIOs to drastically reduce IT costs. But this doesn't have to mean wasting cycles on manual spreadsheets or ending key IT initiatives that have business value. Instead, organizations must review and update their budgets and learn where modifications can be made to spend less while optimizing costs.

Listen to our on-demand webinar series for more on how to optimize your cost structure and unlock IT cost savings.

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