

# 5 ways to clamp down on the cost of your next IT project



When I was the Financial Manager of an IT services company, I worked alongside the Operations Executive and the Managing Director. We had a good, controlled financial and cost management process in place. We

were also aware of our clients' (mainly CIO's and senior IT managers) needs to do more with less.

The increasing pressure on organisations globally to generate value for key stakeholders, shareholders, customers, employees and the environment have forced senior management of divisions to look at managing costs more efficiently. Our ability to connect globally 24/7 has placed added demands and strain on organisations to shift to information technology (IT) solutions which enables agility to perform essential service processes.

However, due to the enormous costs associated with IT, never before has it been more crucial for IT Managers and Chief Information Officers to have good, controlled divisional financial and cost management processes in place. There is increased emphasis on project delivery agility, shorter delivery time for customer service needs as well as pressure to do more with fewer resources. It is essential that due diligence is exercised in every step of the IT investment and cost management processes to ensure that the value driven ecosystem is serviced.

Furthermore, it is important that top-level executives who require IT intervention are supported by the CIO's initiatives and vice-versa. They should focus on five core issues to make

sure that IT is managed effectively and efficiently.

### **1. Identify a clear ROLE for the IT budget**

Work together. Unless senior management agrees on a clear role for IT, there will always be the potential for IT costs to spiral out of control. IT professionals are challenged with fewer resources and companies are constantly looking at cutting back costs.

### **2. Keep VALUE in mind**

Focus IT spending where it delivers the most value. IT managers need to be able to show how their IT investment will meet the company's strategic objectives and, in turn provide a return on the IT investment. If the project goes off the rails completely, don't be afraid to close it down! It is okay for your ego to suffer in the short-term rather than for your career to suffer in the long term.

### **3. OUTSOURCE intelligently**

Those responsible for IT at the top levels should consider renegotiating outsourcing deals to improve commercial terms. Conduct a due diligence review across the entire IT services portfolio to establish whether there is a benefits case for expanding current levels of outsourcing, shared services or offshoring agreements.

### **4. Take a ride on the CLOUD**

Moving select IT capabilities to the cloud can save valuable monetary and people resources. In this way, it can be used to drive innovation by spending more on Research & Development, improving productivity, optimising communications and delivering efficient customer service.

### **5. Audit IT**

Look at the overall needs of the IT department – per computer head to avoid unnecessary license, software and hardware purchases. All applications in the organisation must be rationalised to create value and add to the strategic

objectives.

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