

Presentation



*by Dr Philip Nesci*

# Strategic IT Cost Reduction: A Comprehensive Approach

# Conclusion

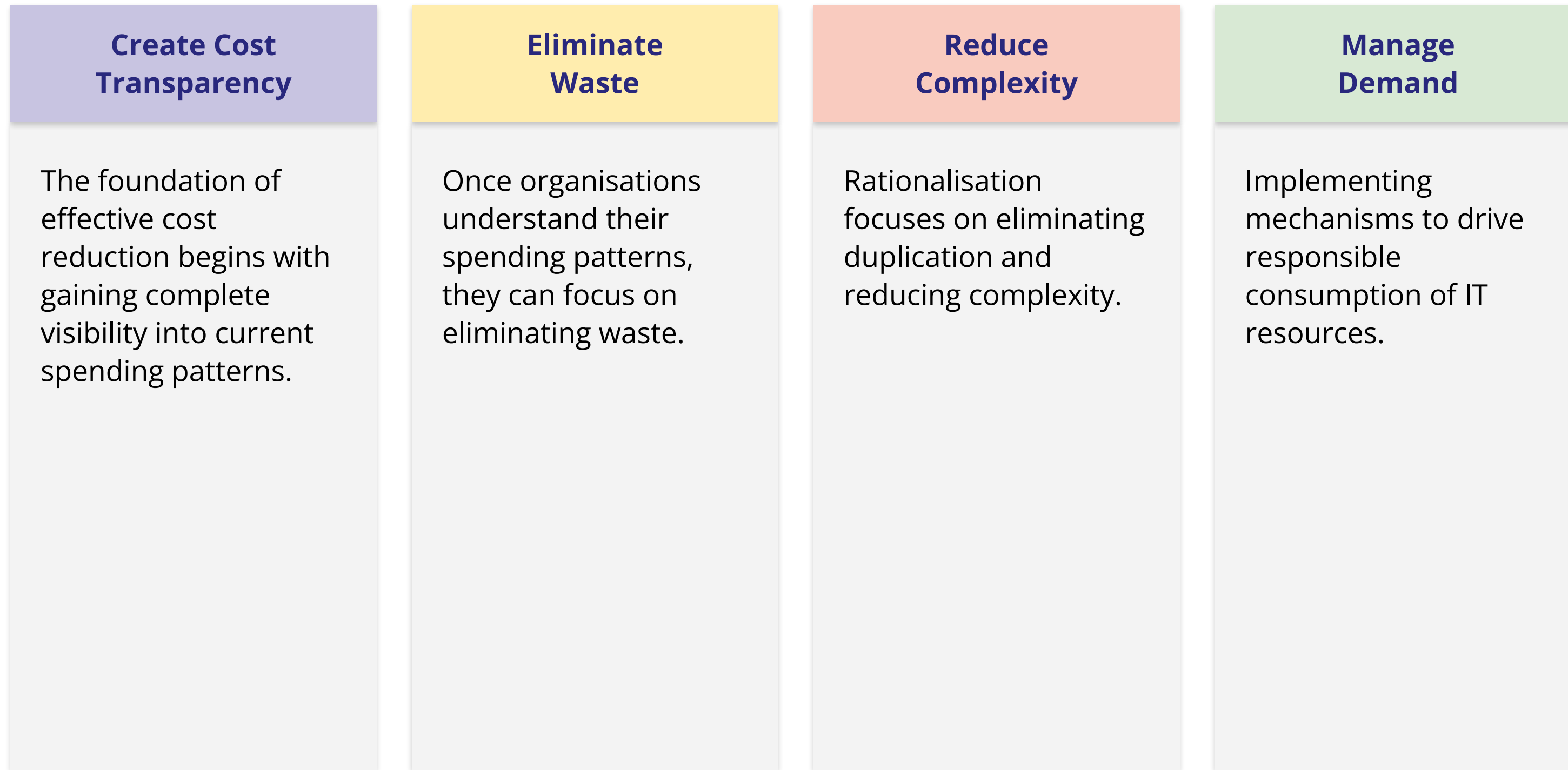
Successful IT cost reduction requires a balanced approach that combines strategic thinking with tactical execution. Organisations that effectively implement these strategies typically achieve substantial cost savings and enhance their standing with their executive colleagues. The key lies not in indiscriminate cost-cutting, but in making strategic choices about where and how to optimise IT costs in a sustainable manner.

This paper outlines a unified framework that allows organisations to review and optimise their IT cost structure to support both efficiency and business enablement. Success requires engagement from stakeholders, and a methodical approach to implementation.

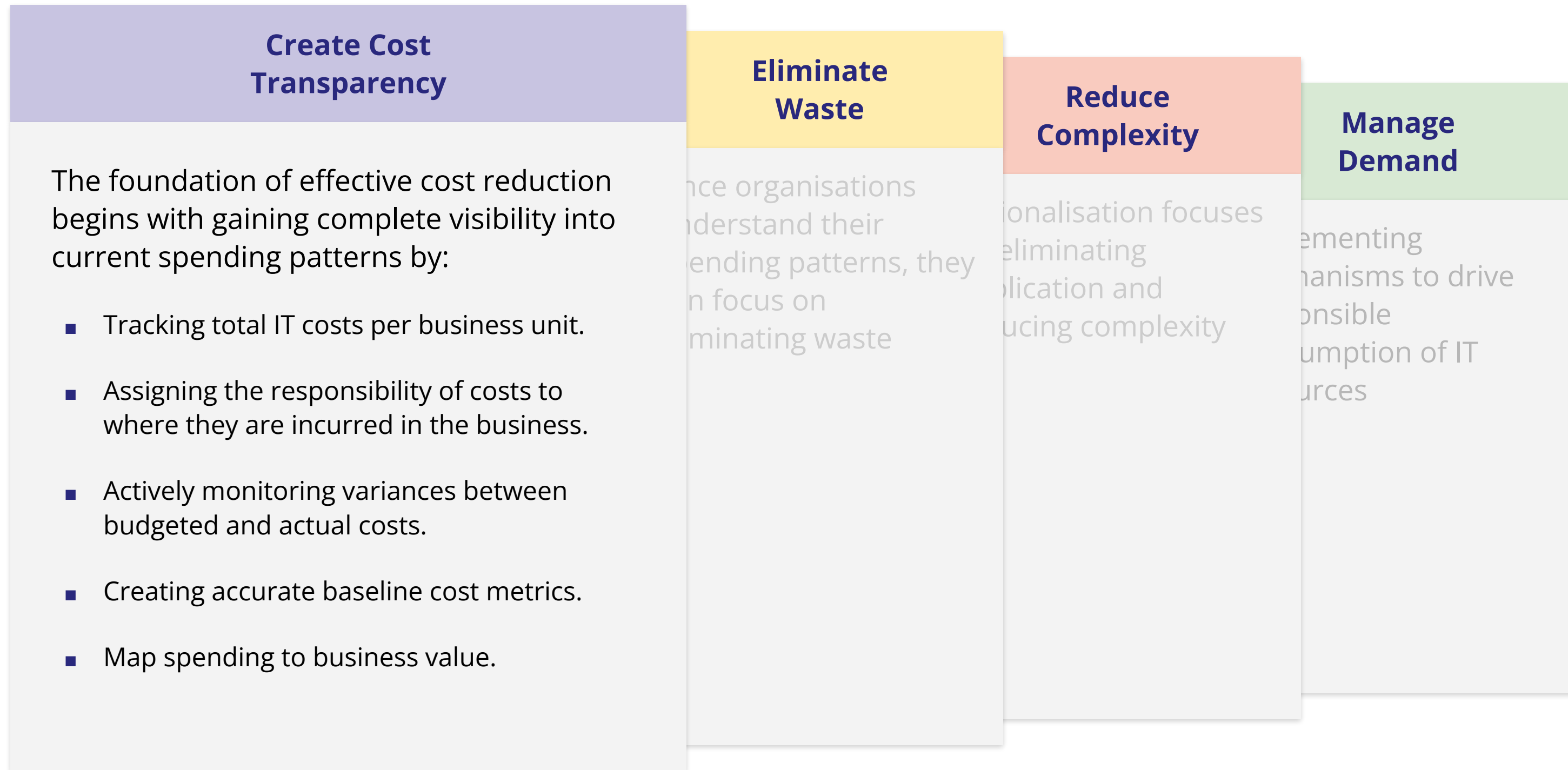
# Executive Overview

- Post-COVID environment demands sustainable IT cost reduction
- Strategic approach needed to maintain service levels
- Framework combines strategic thinking with tactical execution
- Success requires stakeholder engagement and methodical implementation

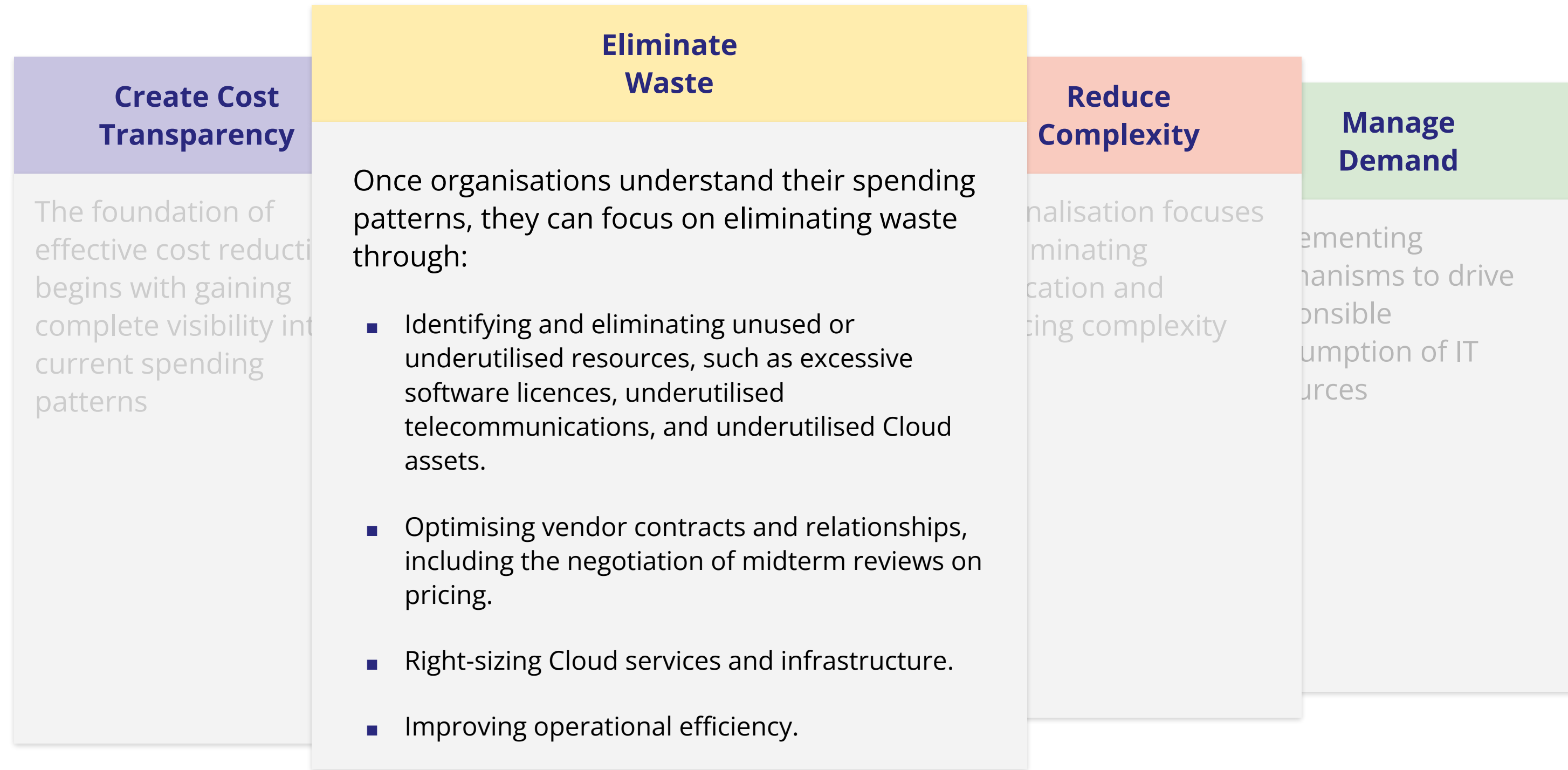
# 1. The Four Pillars of Strategic Cost Reduction



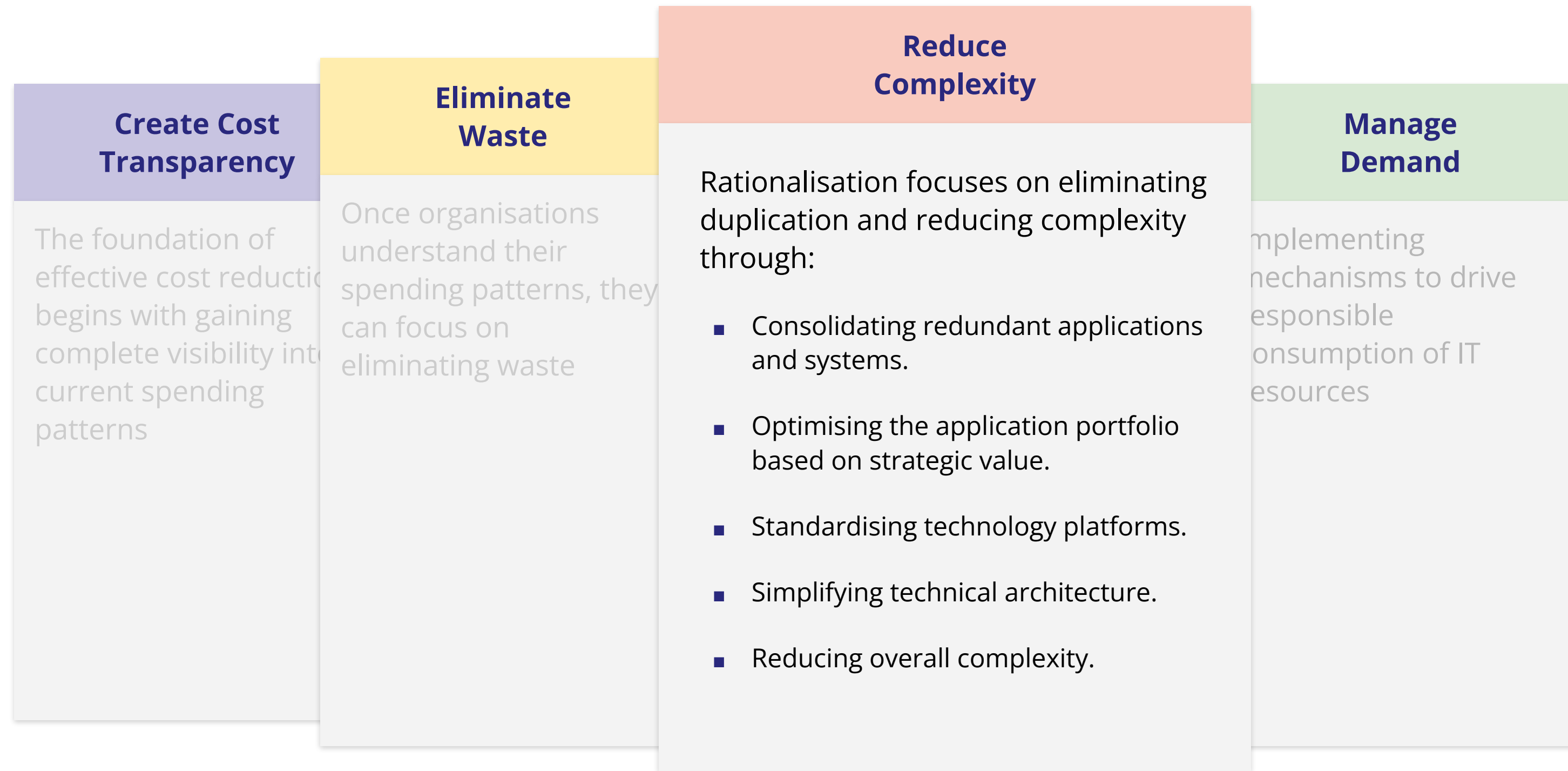
# 1. The Four Pillars of Strategic Cost Reduction



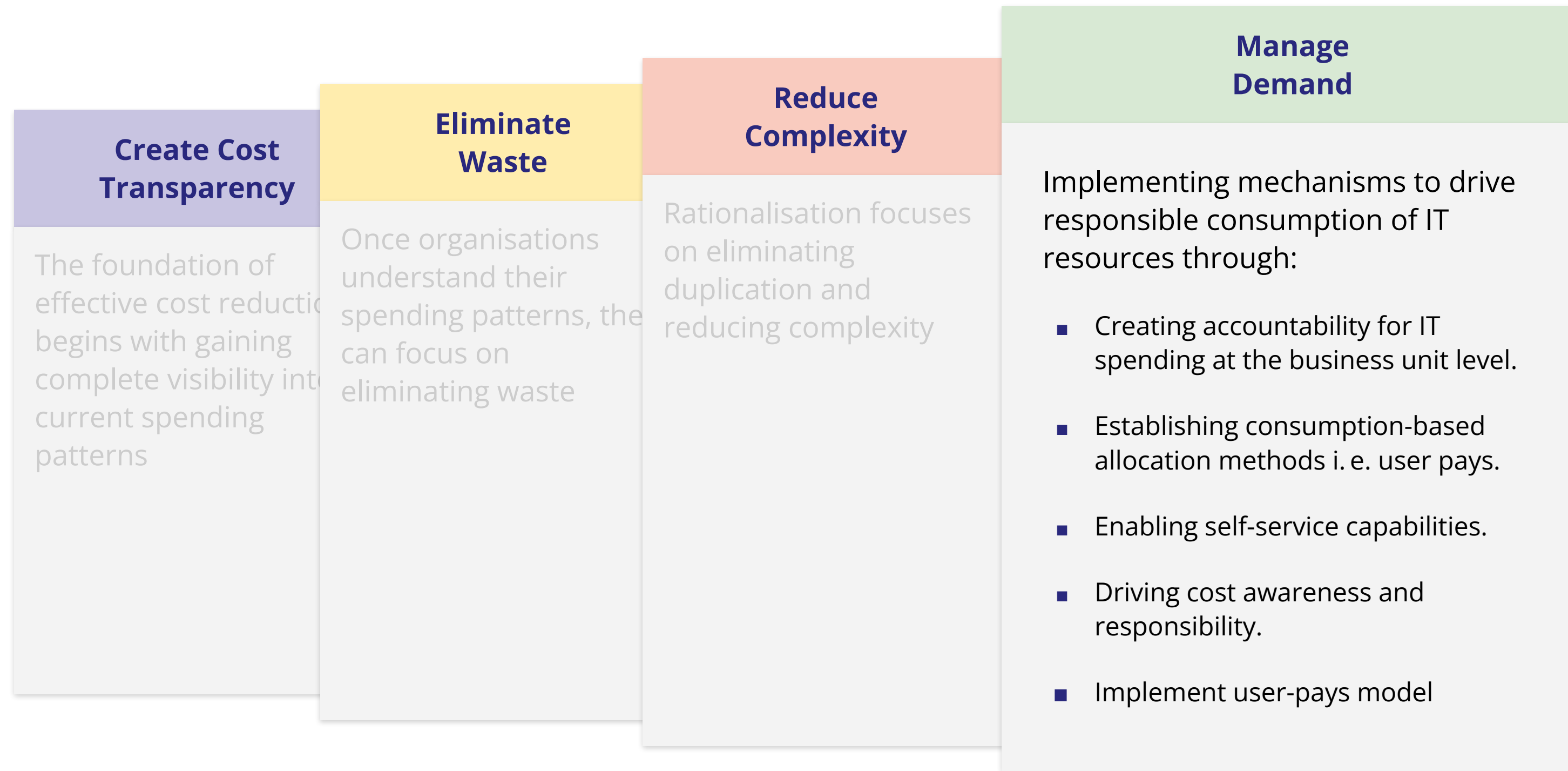
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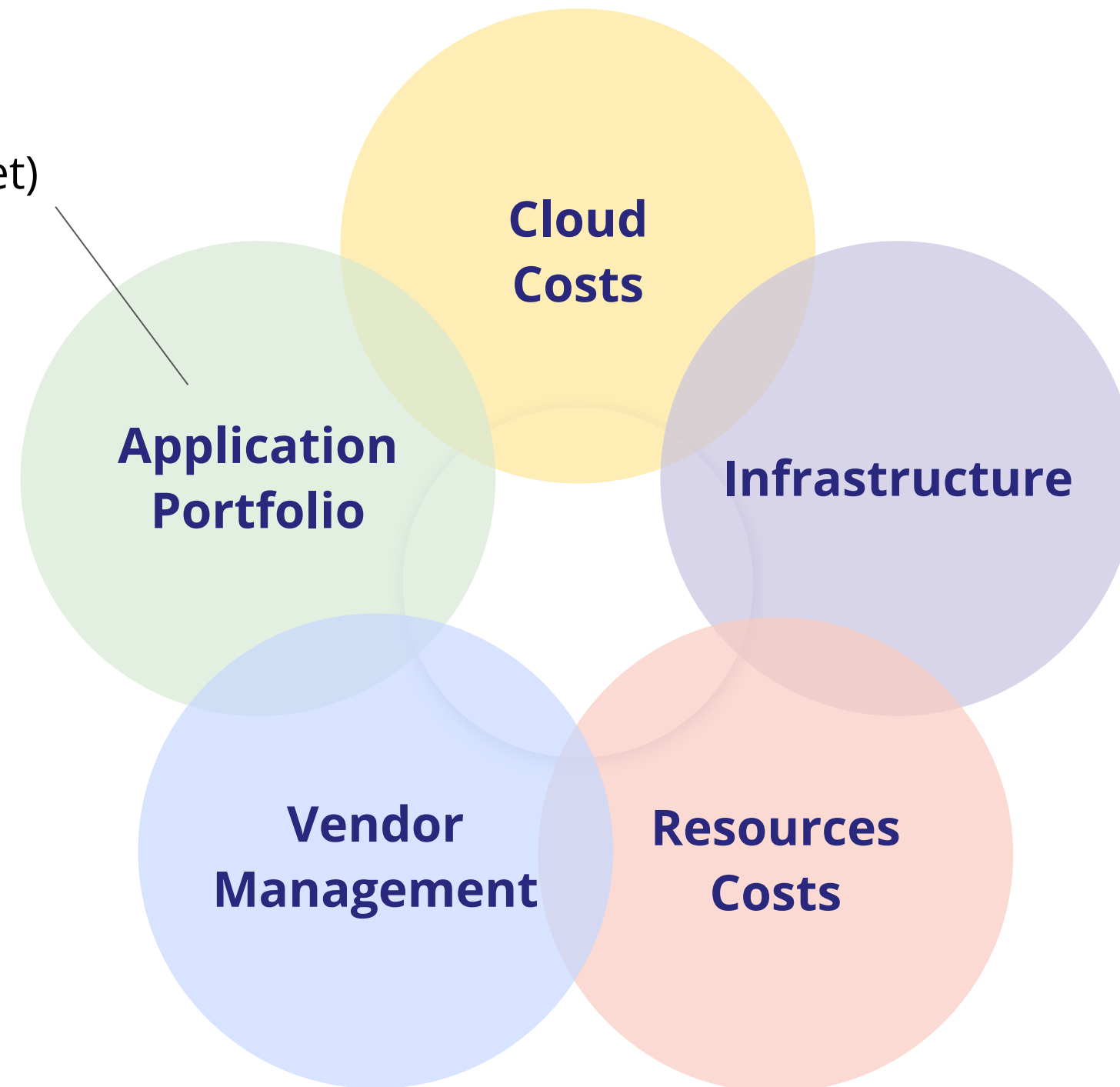
# 1. The Four Pillars of Strategic Cost Reduction





## 2. Key Focus Areas for Cost Reduction

(40-60 per cent of IT budget)



## 2. Key Focus Areas for Cost Reduction

Application  
Portfolio

### Application Portfolio Management

- Optimise license usage
- Review high-cost legacy applications
- Plan application retirement/modernisation
- Focus on value for money

## 2. Key Focus Areas for Cost Reduction

### Cloud Costs

#### Technical Optimisation

- Manage cloud tenancy assets
- Review resource utilisation
- Optimise storage tiers
- Optimise network traffic

#### Governance and Control

- Define cost allocation rules
- Set up automated alerts
- Develop cost dashboards

## 2. Key Focus Areas for Cost Reduction



### Infrastructure

### Infrastructure Optimisation

- Hardware lifecycle management
- Data centre optimisation
- Network architecture efficiency
- Storage utilisation review
- Backup and recovery cost optimisation

## 2. Key Focus Areas for Cost Reduction

Resources  
Costs

### Resource Cost Management

- Review resource utilisation
- Balance internal/external staffing
- Consider strategic sourcing
- Assess automation opportunities
- Optimise contractor usage

## 2. Key Focus Areas for Cost Reduction



**Vendor  
Management**

### **Vendor Management Strategy**

- Regular contract reviews
- Proactive renewal management
- Vendor consolidation
- Service level optimisation
- Strategic sourcing

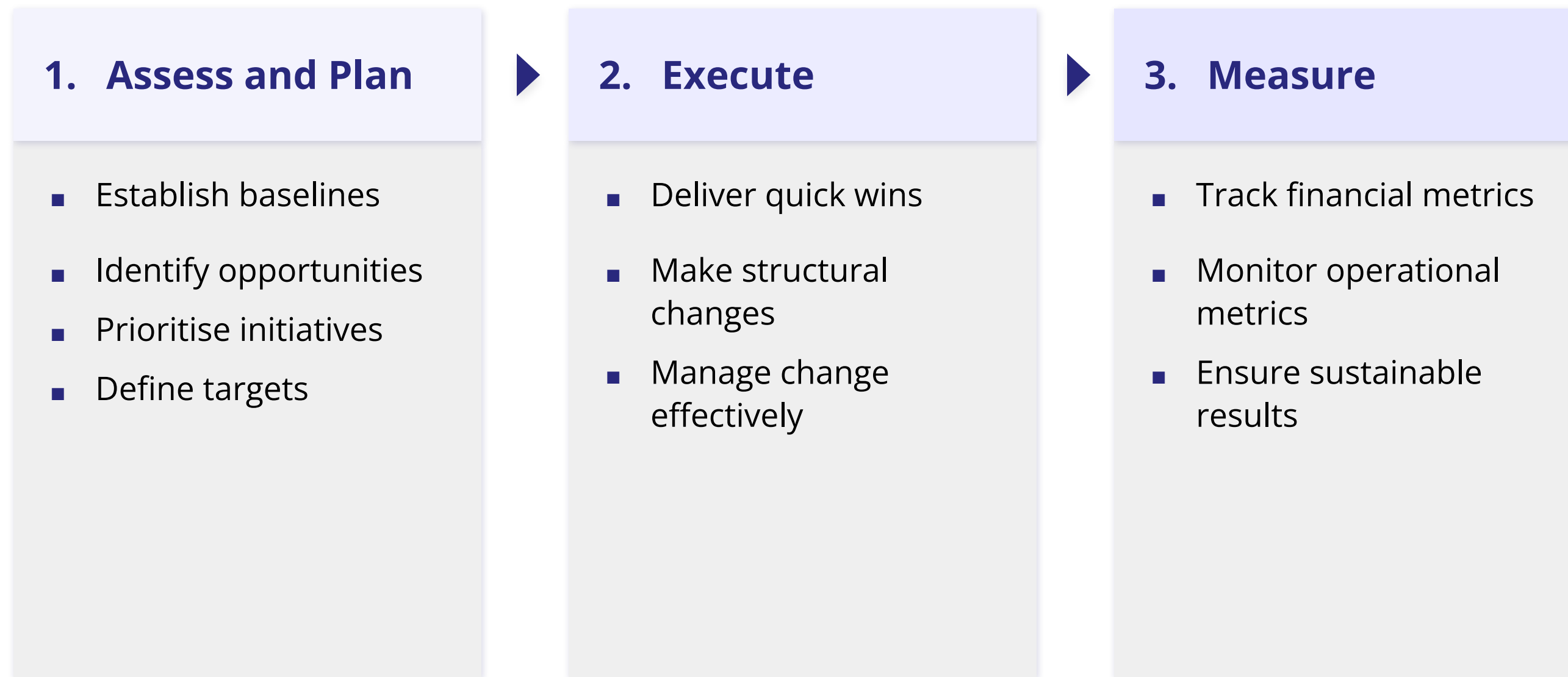
# 3. Implementation Methodology

## I. Implementation Principles:

- Target immediate impact
- Reduce, don't freeze
- Focus on cash impact
- Target unspent expenses
- Address both OpEx and CapEx
- Cut deep enough
- Address fixed and variable costs

# 3. Implementation Methodology

## II. Implementation Process:





# Next Steps

- Examine current cost structures
- Develop fit-for-purpose optimisation plan
- Engage key stakeholders
- Secure governance support
- Begin implementation

*Submit an inquiry* or *schedule*  
*a whiteboard session*





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