



# IT Cost Optimization

Driving efficiencies, cost savings and profitability through optimization



# Succeeding in the new economic environment

Due to the pandemic, companies face unprecedented challenges. Drastic revenue losses for many companies have increased the pressure to cut costs, tighten budgets and make tough choices about which programs to continue. While many business consolidation initiatives focus on infrastructure, optimizing IT processes can achieve dramatic cost savings while driving significant business value.

In this new environment, leading companies are striving to anticipate change and act more quickly. Increasing competitive pressure, uncertainty and disruptive transformations, coupled with growing organizational complexity, are forcing companies to rethink their strategies and ways of operating.

Undertaking an assessment of your IT costs is the first step to a broader transformation of your financial processes. This critical task will help to carry your organization through the global recession and into the new economic normal.

IT costs are the most difficult to map in a rapidly changing environment. However, a careful assessment will enable your teams to respond to new business demands with speed and agility.

## Key IT cost-cutting challenges

Based on CGI's 2020 Client Global Insights, meeting customers' digital needs remains top trend, but cost pressure rises. CIOs face increasing pressure to reduce costs, while, at the same time, increase capabilities and deliver enhanced business value to navigate significant economic, market and business changes.

### Top trend

» Becoming digital organizations to meet customer/citizen expectations remains the most impactful trend this year.

### Top business priority

» The customer and citizen experience emerges as the highest business priority, complementing the top trend.

### Top IT priority

» IT priorities shifted to more of a business focus, with business process improvements becoming the most important priority, surpassing IT modernization, last year's top priority and now second in importance.

When we talk to our clients locally, CIO's confirm to face the following IT cost-cutting challenges:

- Cut 20-40% from the current IT cost base
- Reduce future IT operations expenditures
- Improve IT spending controls
- Improve quality and predictability in development, integration and operations
- Globalize IT processes and capabilities

At the same time, CIOs need to improve services and drive new capabilities. This includes the following:

- Increase security and business continuity
- Upgrade infrastructure
- Drive strategic business alignment and value creation
- Support new business ventures, initiatives, and products and services
- Drive and leverage technology innovation

Lastly, to achieve all of this, they need to build an organization and workforce for the future that can collaborate, innovate and deliver.







# Five dimensions of IT cost optimization

When pursuing IT process excellence to drive efficiencies, cost savings and profitability, we recommend that organizations focus on the following five key dimensions.

## OUR APPROACH: AXIS OF ANALYSIS

A flash analysis of IT Department costs across 5 main dimensions, in order to answer key questions such as:



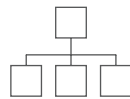
BUDGET

- » What are the expenditure items: resources, services, hardware, software, OPEX, CAPEX?
- » What are the costs of IT services? e.g. most expensive services with highest IT costs consumed
- » What is the evolution of the budget?



SOURCING

- » What is the IT sourcing identity card (internal, external, fixed price)?
- » Are the main contracts structured optimally?



ORGANISATION & PROCESSES

- » Is the organization optimal (roles and responsibilities, profile mix, seniority mix)?
- » Is the governance adapted?
- » Are the processes mature? (e.g. project management, smart meter account creation)



SERVICES

- » What are the main IT services?
- » Do they guarantee the IT Run with regards to your SLAs?
- » Are they at the right level with regards to the expected quality?



INFRASTRUCTURE

- » What are the costs of my infrastructure components? e.g. end-user computing, rugged devices, network
- » Is the financial performance of my technical assets and datacenters efficient?



# What benefits can your organization expect from us?

At CGI, we understand our clients' challenges, objectives and priorities. We perform a rigorous assessment of their IT applications and processes, which typically identifies cost savings in the range of 30–60% above other methods.

## RESILIENCY

**We help assess IT costs and make recommendations for resiliency:**

- Increase alignment between IT, finance and other business units via common language and information about IT costs;
- Improve IT performance with peer-derived best practices, comparative analysis and cost benchmarking;
- Assess the maturity, value, risk and cost mapping of the IT department;
- Identify short-term IT optimization, standardization and automation;
- Implement short-term actions for cost savings;
- Reduce IT process vulnerability through contingency planning;
- Share diagnosis, recommendations and vision with CIO and business units

## RECOVERY

**We help manage IT processes and reallocate your workforce for recovery:**

- Reduce the risk of new IT investments and improve ROI, KPIs, payback and cost savings
- Find ways to reduce operational cost while increasing ROI and velocity of change
- Manage critical project turnaround to reduce overspend and drive business outcomes
- Identify medium-term IT optimization, standardization and automation
- Reduce costs while safeguarding quality on service-level agreements, contracts, security, resiliency and serviceability

## GROWTH

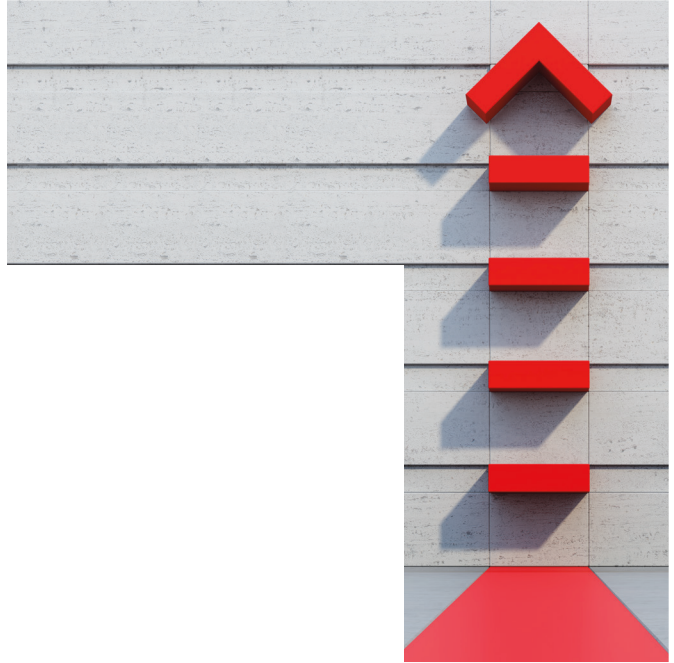
**We help rethink your IT department for sustainable growth:**

- Allocate Capex to IT model transformation and make it more skilful and agile
- Support your IT plan-build-run model to drive value and ROI
- Identify long-term IT optimization, standardization and automation
- Co-invest with CGI on transformation initiatives, cloud computing, business process outsourcing, and business process services, and balance your onshore, nearshore and offshore mix
- Innovate and upgrade your IT processes with design thinking, robotic process automation, artificial intelligence and cybersecurity

## Never be afraid to experiment

The transformation of your IT financial management activities will provide processes and tools capable of delivering more value to your business by enabling better use of your information assets. This work also creates an IT environment that is collaborative, simple, fast, automated, and data driven.

With our IT cost optimization approach, we offer a holistic assessment of your costs to support a vision for achieving your overall financial and IT transformation goals during and after the global recession.



## About CGI

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world. Operating in hundreds of locations across the globe, CGI delivers an end-to-end portfolio of capabilities, from strategic IT and business consulting to systems integration, managed IT and business process services and intellectual property solutions. CGI works with clients through a local relationship model complemented by a global delivery network to help clients achieve their goals, including becoming customer-centric digital enterprises.

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