

Tool: Gartner's Top IT Cost Optimization Ideas

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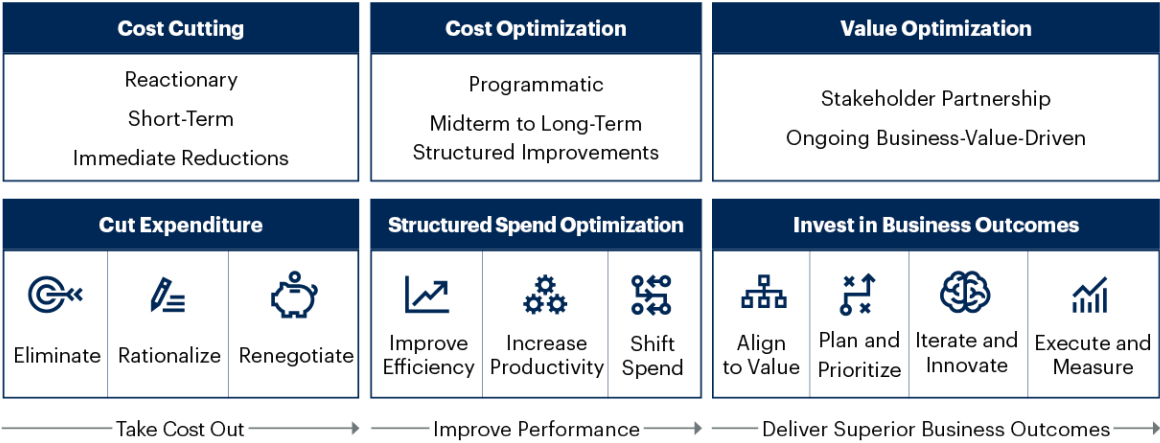
Initiatives: [IT Cost Optimization](#), [Finance](#), [Risk and Value](#)

CIOs often ask for a comprehensive list of ideas, techniques or opportunities for optimizing IT costs. This Tool will help CIOs generate ideas for cost optimization, and help them prioritize initiatives by scoring ideas across benefit, cost, time and risk.

When to Use

Figure 1. Gartner’s IT Financial Optimization Framework

The Evolution of Cost Management



Source: Gartner
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CIOs should use this Tool containing Gartner’s top IT cost optimization ideas when evaluating the benefit, cost, risk and viability of IT cost optimization initiatives as part of the cost management framework (see Figure 1). This Tool allows you to quickly evaluate potential cost optimization opportunities, as well as other ideas that your organization generates. You can then reduce the amount of ideas to a manageable number (around 10) so that each can be scored on a 100-point index.

Scoring is created by selecting one of three options across six decision factors/criteria (see Figure 2). Additionally, each of the six criteria can be weighted based on your organization’s unique requirements. The Tool both scores and maps cost optimization initiatives on a grid. This aids the enterprise in selecting cost optimization ideas based on the benefit, as well as the cost, risk and time associated with initiating various techniques. The ultimate goal is to assist in identifying your top cost optimization initiatives, using a combination of scoring and executive judgment, so that you can build a plan to implement each initiative over time.

Figure 2. Decision Framework to Prioritize Cost Optimization Initiatives

Cost Optimization Evaluation



Benefits

Potential Financial Benefit	Small Potential to minimally improve cash flow or generate hard/soft savings	Medium Potential to moderately improve cash or generate hard/soft savings	Large Potential to significantly improve cash flow and generate hard/soft savings
Business Impact	Negative The initiative will have an adverse impact on business operations	None The initiative will have neither a positive nor negative impact on business operations	Positive The initiative will have a positive impact on business operations
Time Requirement	Long term Savings may be realized either within months or not at all upon full implementation	Intermediate term Expect savings can be realized within months of full implementation	Short term Expect savings can be realized within weeks of full implementation
Degree of Organizational Risk	High Staff redundancies; reengineering of processes and structures	Moderate Limited changes in roles, structures and processes	Low No staff reduction or changes in organization and processes
Degree of IT Technical Risk	High Impacts operating system, DB, middleware and applications	Moderate Impacts few components of the architecture	Low Little more than "moving boxes"
Investment Requirement	High The initiative requires a large, upfront investment before savings can be realized	Moderate The initiative requires a moderate, upfront investment before savings can be realized	Low/None The initiative requires little to no upfront investment before savings can be realized

Source: Gartner
753886_C

Directions for Use

1. Leverage Gartner-identified common IT cost optimization ideas
 - The “Step 1” Tab has a list of common cost optimization ideas gained through experience — split across application, data center, end-user services, IT management, network and service desk.
 - Select the filters and the relevant ideas you want to shortlist by using the dropdown (clicking Yes or No).
 - Finalize the list of approximately 10 ideas, or a manageable subset that can be subsequently prioritized.
2. Generate additional ideas from team input
 - Identify or brainstorm additional ideas that your team may have, either through group discussion or individual submission. Enter these ideas in the Step 2 tab.
3. Establish prioritization parameter weighting
 - This outlines decision framework parameters for prioritizing cost optimization initiatives based on benefit, cost, time and risk.
 - Parameters can be “weighted.” Enter a percentage weighting for each benefit parameter, and for each of the Cost, Time and Risk parameters (the total in each category should be 100%).

4. Plan for the prioritization exercise

- All ideas marked as “Yes” in Step 1 will be auto-populated in Step 4 (note: currently Step 4a and 4b have sample data to demonstrate how the tool works).
- Prioritize each initiative by rating each parameter according to the rating criteria in Step 3.
- Review prioritization “scores” in column J and, through team discussion, identify which are the “top priorities” to include in your cost optimization roadmap.
- Review the prioritization “map” in Step 4b, which illustrates benefit versus the time/risk/cost for each opportunity.

5. Conduct the prioritization exercise

- Using the Step 5 Action Plan tab as a guide, develop an action plan for your organization — assigning ownership, targets, and timeframes for each high-priority idea.

Recommended by the Authors

[3-Year Roadmap for Strategic Cost Optimization](#)

[10 Rules for Rapid IT Spend Reduction](#)

[Prioritize Your Cost Optimization Initiatives Using Gartner’s Decision Framework](#)

[12 Rules of IT Cost Management](#)

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Document Revision History

[Toolkit: Gartner's Ideas for IT Cost Optimization - 4 May 2020](#)

[Toolkit: Gartner's Top 100 IT Cost Optimization Ideas - 6 July 2017](#)

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