BDO

THE 7 KEY ELEMENTS OF IT OPTIMISATION

1. SERVICE-LEVEL OPTIMISATION

- Review service-level agreements to ensure you are not overpaying for services, as your situation may have changed since you first signed the contract (i.e. if it suits your risk appetite, could you outsource repetitive functions?).

- Consider whether you require support and maintenance for your applications. If your applications are stable and mature, you may not use this part of the contract quite as often.

- Check that you are actually using each of the services you pay for.

2. INFRASTRUCTURE OPTIMISATION

- Audit your servers - you may have more than you require. Could you consolidate some of your different production, test or development systems?

- Consolidate, re-architect or remove network links that have become redundant.

- Consider writing a bring-your-own-device (BYOD) policy in case it could reduce the number of devices your company must buy and supply.

- Review your backup strategy. Is it the right size for your business? Consider if you are overpaying for areas that you do not need to back up.

- Try to squeeze more life out of your hardware. With budgets under pressure from COVID-19, delaying or deferring the procurement of new equipment could ease strains on cash flow.

- Investigate outsourcing setup of your desktop standard operating environment. Some services can set up new PCs so they come loaded with the right applications and settings out of the box. This could save your IT team's time setting up new computers for staff.

- Build a roadmap of your applications to forecast what your future systems may look like, to understand when the cost of certain legacy systems may outweigh the value. This can help you plan to renegotiate contracts for systems that are complex to replace.

3. VENDOR MANAGEMENT

- Build a vendor map of all current vendors to track contract terms, costs and renewal dates.

- Regularly review vendor contracts and identify areas of poor performance. Discuss these issues with the vendor to ensure you're getting value.

- Consider if you could renegotiate vendor contracts based on volume. Look at your total spend and see if there is an opportunity to renegotiate based on that expenditure.

- Look for opportunities within your commodity services contracts to potentially take them back out to market and get a better deal.

- If you have time and materials (T&M) contracts, look at trying to renegotiate these into a more structured service-outcome-based agreement.

4. ASSET MANAGEMENT

- Redefine asset management in your business to include the full life cycle of an asset: Requisition, procurement, deployment, maintenance, and retirement.

Hardware assets:

- Define clear objectives before investing in asset management. Objectives can include:
  - Avoiding software compliance, expected licence uplift, and the invoice or legal issues by getting increased clarity on current investments.
  - Reduce your number of suppliers and negotiate higher value contracts with those that remain.
  - Reduce effort and potentially avoid audits by demonstrating a mature asset management process, reducing the likelihood that a major vendor (i.e. Microsoft) will audit your business.
  - Reduce waste, again by getting greater clarity on current investments.
- Investigate dedicated asset management resources to ensure data that is collected is accurate, and the lifecycle of a hardware asset is fully understood (and documented).

Software assets:

- Define software asset management (SAM) into five phases:
  - Discover: What assets exist?
  - Analyse and reconcile: Analyse the software in use and identify rogue assets.
  - Remediate: Ensure license use is correct and remove rogue assets.
  - Develop a SAM framework: Define roles, responsibilities, policies, procedures and processes.
  - Establish: Establish ongoing SAM capabilities with regular metric checks to ensure effectiveness.
- Publish a list of approved software assets to reduce risk of future compliance problems.
- Invest in automatic request and installation of approved software assets.
- Consider a process to evaluate non-approved software.
- Work on changing culture around software at your company - it's not just about tools, but the people using them.

5. IT MANAGEMENT

- Commit to annual benchmarking of your IT function to help determine areas for investment and optimisation.
- Run IT like a business. Define your desired state (what 'outstanding' looks like), make budgets and forecasts, performance reports, structure the team to meet the expectations of the customer.
- Invite IT to the executives' table and include them in discussions.
- Don't be afraid to critically assess your IT services - some of it you may be able to outsource.
- If you rely heavily on long-term contractors, consider negotiating long-term contracts to potentially reduce rates.
- Discuss opportunities with the IT staff. They will have ideas for improvement.
- Adopt a lean methodology within the IT team to improve efficiency.

6. SELF SERVICE

- Design with self-service in mind. With an increasingly tech-savvy customer base, most products now are coming out with self-service in mind. Self-service can not only improve the customer experience. This can free up IT teams to work on greater value-adding activities instead of answering tech tickets or picking up the phone.
- Look for service desk data within your business to find potential self-service opportunities.
- Explore robotics process automation to create a layer of automation on top of different systems, opening up more opportunities for self-service (i.e. live chatbots).
- Consolidate data and information into a single view of tickets and requests to avoid creating a fragmented and inefficient workflow.

7. IT PORTFOLIO

Some key issues businesses should consider are:

- Examine your existing IT portfolios - what projects are running, who is running them - to identify pet projects with little to no oversight on effort, value and budget.

- Identify which projects need ongoing investment versus which ones can be shelved. In a lean cost environment, every expense counts. This means that you may need to make tough decisions about which projects and initiatives are most important to the organisation.

- Build the capability to review projects on an ongoing basis to build confidence that effort is always going into the right areas.

- Build a framework to help with all of the above. This top-down view should consider projects from their strategic goal to the value they provide, assisting to align projects to the organisation's strategic goals.

At BDO, our Technology Advisory team provide a full range of IT cost and service level optimisation and benchmarking services to ensure your organisation's IT expenditure is delivering optimal value at an appropriate cost. To find out more, please contact your local office.

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