

Managing IT Expenditures in a Down Economy

There is no denying that the state of the US economy has businesses re-examining their expenses in order to weather these tough economic conditions. Some might see our economic glass as not just half empty, but quite possibly leaking. Yet this downturn also presents an opportunity for organizational renewal.

Budget stress often brings radical clarity on which expenditures are adding the least value. With this clarity comes an opportunity to streamline, focus and drive operational efficiency. In undertaking an operational “de-cluttering” now, businesses can not only survive, but be competitively positioned to thrive as the economy recovers.

IT is often one of the first areas challenged to help an organization get leaner. This does not necessarily mean just slashing projects and IT expenditures. IT systems are more important than ever, as businesses can ill afford any downtime that costs money during tough economic times. Instead it is a matter of changing priorities.

As an initial step, the following are common IT cost containment areas to review:

- Headcount is always a major target. If you have open IT support positions, consider hiring outside IT help in the interim. Then you can expand and contract IT support as needed.
- Re-evaluate your telecommunications contracts for cost reduction opportunities.
- Leverage virtualization technology and consolidate servers. This will save on hardware, energy costs and the most expensive item - support.
- Consider more employees telecommuting (at least part of the time) and consolidate office space.
- Consider using web-based meeting and collaborate on technology to reduce travel expenses.
- Audit hardware and software usage. You might be amazed at what you are maintaining that is not being used.
- Leverage your IT vendors to help negotiate the most cost effective software licensing contracts and support renewals. Be sure to consolidate purchases to gain any and all volume benefits.

