

Drive Business Performance With Strategic Cost Optimization

A Decision Framework for Public Sector IT



Cost Optimization Decision Framework

Not all cost optimization initiatives yield the same benefits. Use this tool to get an objective, visual representation of your cost optimization ideas early on — by the level of benefit, cost, time and mission risk.

Potential Financial Benefit	Small	Medium	Large
<ul style="list-style-type: none"> • How much will the agency save if the action is implemented? • How does the action affect cash flow? 	Potentially to minimally improves cash flow or will generate hard/soft savings	Potentially to moderately improves cash flow or will generate hard/soft savings	Potentially to significantly improves cash flow or will generate hard/soft savings
Mission Impact	Negative	None	Positive
<ul style="list-style-type: none"> • What impact will this initiative have on agency leaders? • Will this initiative adversely affect day-to-day agency activities or operations? 	Will have an adverse impact on agency operations	Will have neither a positive nor a negative impact on agency operations	Will have a positive impact on agency operations
Time Requirement	Long Term	Intermediate Term	Short Term
<ul style="list-style-type: none"> • Can we capture and realize cost savings within this fiscal year? • How do we measure soft savings with this initiative? 	Savings may or may not be realized upon (or within months of) full implementation	Expect savings to be realized within months of full implementation	Expect savings to be realized within weeks of full implementation

Cost Optimization Decision Framework (continued)

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Degree of Organizational Risk	High	Moderate	Low
<ul style="list-style-type: none"> • Will our agency leaders ensure the changes are made? • Is our agency capable of adapting to the changes? 	Layoffs and/or reengineering of processes and structures likely	Limited change in roles, structures and processes	No layoffs or changes in organization and processes expected
Degree of IT Technical Risk	High	Moderate	Low
<ul style="list-style-type: none"> • Will the change undermine the ability of our systems to deliver mission outcomes? • Will this change cause delays in agency operations impacting few or many components of the architecture? 	Impacts operating system, database, middleware and applications	Impacts few components of the architecture	Little more than “moving boxes”
Investment Requirement	Long Term	Intermediate Term	Short Term
<ul style="list-style-type: none"> • Does the initiative require a large, upfront investment before savings can be realized? • Is the agency willing to make an investment at all? 	Large upfront investment required before savings can be realized	Moderate upfront investment required before savings can be realized	Little to no upfront investment required before savings can be realized

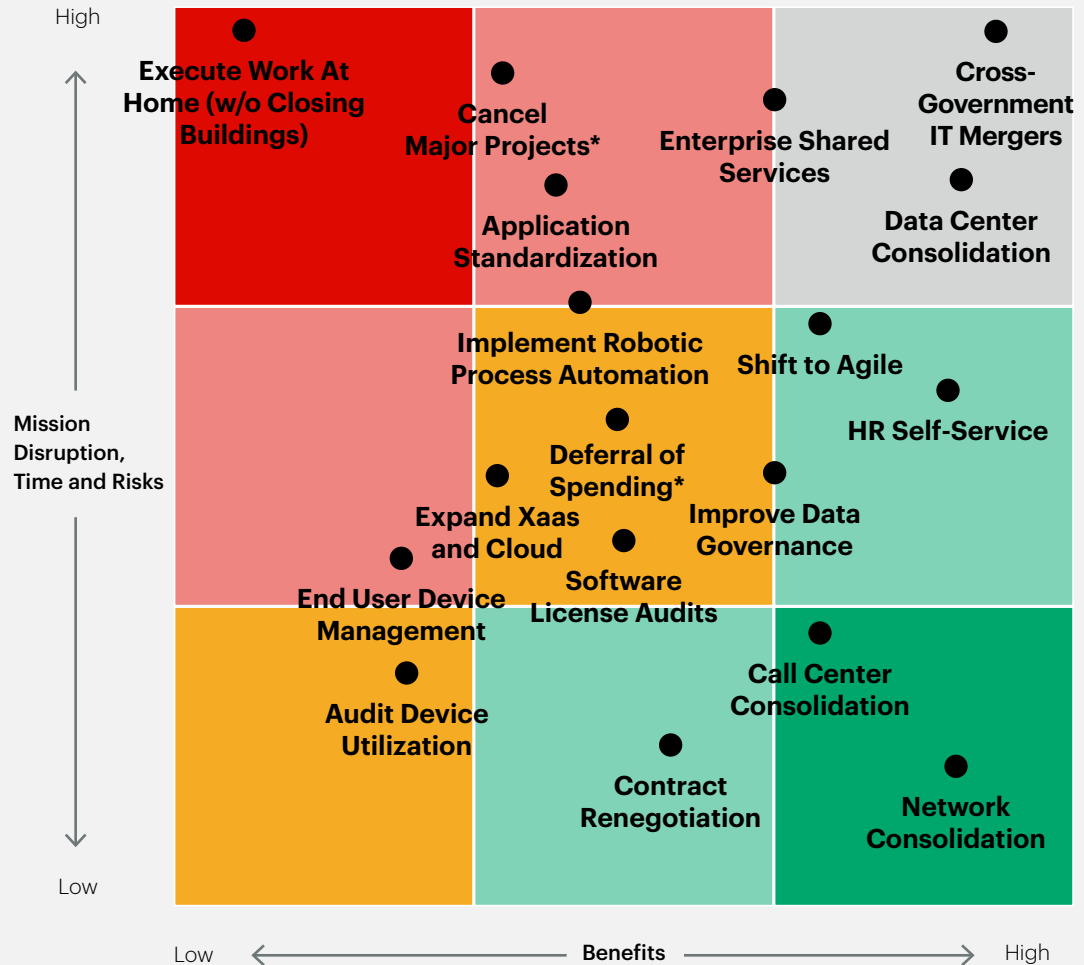
Greenlight Your Best Cost Optimization Initiatives

After using the decision framework, map your cost optimization initiatives to help your agency and budget office visualize the effort required and the relative mission risks and benefits of each initiative.

The mapping shown here is only indicative. The perceived mission risk and benefits depend highly on the agency's maturity, size and scope.

Every agency will have a different outcome when assessing these cost optimization initiatives — but aspire to select your top 10.

Map your cost optimization initiatives and visualize trade-offs



To learn more about how Gartner can help you optimize costs in this unprecedented time of disruption, **contact us.**

* These can achieve short term cash flow savings while driving up long term expenses

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