TORI

# ANNUAL BUDGET OPTIMISATION SERVICE OVERVIEW

Optimise to innovate

CUSTOMER CHALLENGES

As part of the annual budget planning cycle, the Technology Department experiences severe budget challenges. With continuing uncertainty around the pandemic's end, the 2022 Budget cycle is expected to be particularly challenging with the typical ask ranging from a 10 - 20% cut to overall budgets. Meanwhile, the demands on technology remain unprecedented. How do CIOs/CTOs optimise costs to meet these extreme budgetary challenges that go beyond rudimentary measures?

Also, while overall budgets could be an issue, sometimes, the lack of a consistent technology cost allocation framework could result in unfair technology cost allocations to some Business Units (BUs) while subsidising inefficiencies in other BUs resulting in increased technology costs.

SERVICE DESCRIPTION
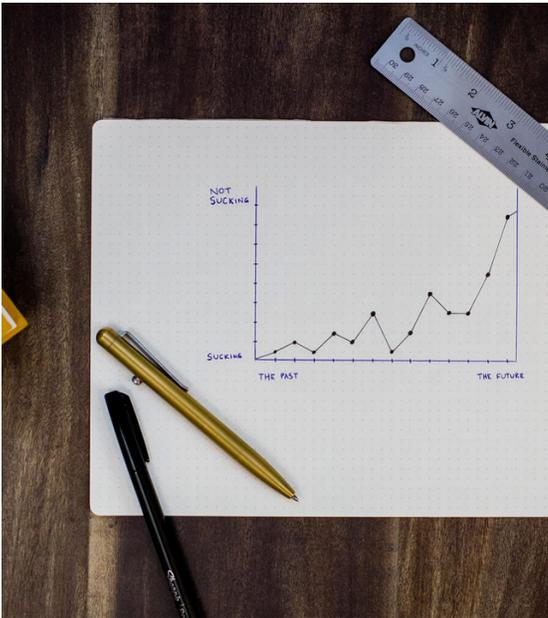
While traditional approaches to Budgeting takes a top-down approach, our Service Offering undertakes a bottom-up exercise. This creates full transparency with a detailed baseline, known value drivers, and rigorous analysis of cost and activities at a granular level. This granularity provides transparency, aids in decision-making and facilitates a Zero-based budgeting lens.

By leveraging our partnership with Amalytics Software, we accelerate our delivery by uploading the relevant datasets into CostLens – a market-leading tool that offers in-built cost algorithms and models these datasets to generate metrics such as Total Cost of Ownership (TCO), Unit Costs, Fully Loaded Costs etc. Aided by these metrics, we uncover value opportunities such as decommissioning, volume reduction, migration, consolidation of Technology assets, resources and prepare Management Information.

For organisations, where Technology costs are already reallocated to Business Units, we could undertake a review of the existing Technology Cost Allocation framework for consistency, adherence to standards and accuracy.

SCOPE OF ACTIVITIES

- Structured interviews with key stakeholders

- Gather, cleanse, enrich and upload relevant datasets into CostLens

- Analyse inputs datasets and CostLens outputs to identify value opportunities

- Prepare a report to meet the budget challenge, while effectively demonstrating the value that Technology is going to add

- Review existing Technology Cost allocations framework, if available, to identify gaps and recommend improvements

WHEN IS APPROPRIATE TO ENGAGE?

Preferably at start it of the Annual budget cycle, however, it can be performed at any stage of the financial year to review / validate or re-allocate costs within the Technology budget

CLIENT OUTCOMES

- Meet budgetary expectations; Articulate the value / cost of Technology

- Identification and Recommendations of Costs Savings

FAILURE TO ADOPT

- <u>Risk</u> of exceeding / or underspending of budget – due to unplanned expenditure

- Technology is seen as an <u>expensive</u> black-box

- Senior Management <u>frustration</u> and lack of confidence

- The IT Operating model is not <u>fit for purpose</u>

- <u>Poor</u> ROI expectations on projects

- <u>Reduced</u> benefits from large transformation programmes

- A <u>continued increase</u> of Capital expenditure

- Creation of <u>Legacy</u> Technical Debt

Duration

📅

6 to 8 weeks

Incentive

TORI will identify > x 10 times the cost of this engagement in cost savings