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5 ways to reduce IT asset costs to free up budget for growth-driving change and innovation

An effective approach for making IT a strategic business partner

# Are uncontrolled IT costs hampering innovation needed to thrive?

Many IT organizations were forced to make some hard pivots in the last few years. Fortunately, urgent work-from-home arrangements have largely succeeded, thanks to cloud resources that made virtual communications and collaboration the norm.

But now's the time to check whether IT resources and workflows are supporting your organization at the right level, doing what they should, and costing what you expect. An uneasy economic environment is creating additional financial uncertainty, which puts cost control in the spotlight.

Even in a good year, cloud costs can spiral out of control due to shadow IT. It's easy to spin up an application or cloud instance, and just as easy to forget that you have it running. Shadow IT resources, which are typically in the cloud, are often purchased and used outside IT procurement and support policies. These redundant applications proliferate the environment. They account for 40% of IT spending in enterprises. In addition, shadow IT creates double trouble, bloating overall spend and leaving you vulnerable to the business impact of cyberattacks or data loss: it is the path for 20% of all cyberattacks—with SaaS representing 45% of all incidents.*

How can IT leaders use this moment, when enterprises could be cleaning house and rearranging how they do business, to uncover waste? And how can they equip their organizations with savings they can reinvest in innovation for adapting to ever-changing conditions? These are critically important questions to answer if enterprises want to not only survive but also thrive in the months ahead.

*Jamf, "How much is Shadow IT costing you?", 2022.
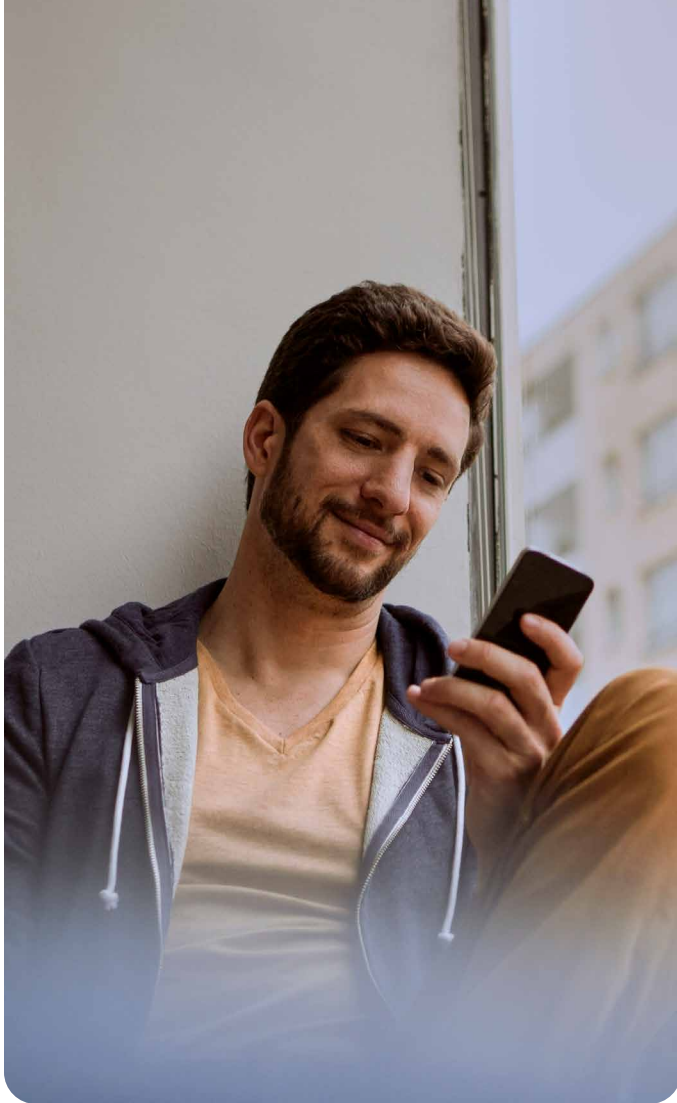
IT leaders understand that business resilience is a direct function of IT agility.

The resilient business needs flexible, responsive IT

Now, as much as any time in the last few years, we're seeing why business resilience matters. The resilient organization is flexible and can adapt to a crisis or shifting market requirements, remaining operational and productive.

IT leaders understand that business resilience is a direct function of IT agility. So, how can you provide an IT infrastructure that delivers true responsiveness?

Modern enterprise software and cloud resources are born flexible, but organizations also have legacy systems that over time reach end of life and may even lie idle and forgotten. The IT organization that proactively supports the business is one that continually monitors the entire estate, optimizes costs and resources, and migrates away from the old-to-new, fit-for-purpose alternatives that turbocharge enterprise agility.

What's needed is visibility and control through workflows: a tool set that gives IT leaders a single view of IT spending. This will empower them to justify every resource, stamp out waste, and rapidly reassign budget to innovation projects that deliver business value. Armed with this insight, they can put it into action within workflows that reinforce and maintain decisions.

And that's what every enterprise is aiming for: IT and the business pulling in the same direction, working together to uncover fresh opportunities and seize them.

1.

Take these five steps to gain and maintain control of software, hardware and cloud assets

Get a complete view of IT resources to understand spending patterns

You can't manage what you can't see. You also don't want to pull the plug on cloud or software assets that are providing business value just because they're user-provisioned rather than above-board. And it's important to be aware of the pitfalls of so-called optimization tools that may be costing you too much to use and failing their core mission: reducing spend.

Something else to consider: siloed cloud and software systems and services don't lend themselves to a clear view of spend. The remedy is a unified dashboard that cuts across traditionally disconnected processes and legacy systems and acts as a single source of truth, allowing you to see a full picture of expenditure, including:

• Software licences, used and unused

• Cloud resources across cloud infrastructure, platforms, and software (IaaS, PaaS, and SaaS)

• Shadow IT and sanctioned systems

• On-premises, hybrid, and public cloud services

• Redundant applications serving same business function

• Applications that aren't mapped to business capabilities or provide no value to the business

Having this single view then lets you plan the next step—deciding what fat to trim and what's vital to the business, so you can get a handle on the spend.

2.

Detect overspending on maintenance from outdated systems and unused licenses

Cloud costs, especially during crises or in enterprises that have embraced a fail-fast approach, can easily spiral. But before looking to the cloud for overspend, look to the past. Ask yourself these questions:

• What legacy systems, including software licenses and maintenance subscriptions, are in use? Which could be phased out or are unused and forgotten?

• Are there cloud options for outdated legacy systems that you can migrate to, or bring your own licence (BYOL) as you host software in the cloud?

• Are you paying third-party support and maintenance partners whose contracts cover services no one's using?

• What applications can be retired that no longer bring value to the business or are no longer strategic?

Legacy system costs may seem minor in the broader IT budget, but every cost is under the microscope now, and proactive action to root out spend that could be in the millions will show the business that IT is serious about cost optimization. It also gives you the chance to reassign budget to innovation and transformation projects now, before it's reassigned from you.

3.

Identify and act on unauthorized IT spending across the hybrid environment

There's a reason shadow IT keeps happening: there's a demand for it. That's been heightened by remote working and an attitude of enabling IT by any means necessary in challenging circumstances.

Let's put aside for a moment that unsanctioned hardware, cloud, and software tools increase risk and complicate the IT support burden. We recognize that many individuals and departments circumvent the IT team because they don't believe it can meet their needs.

For a long-term solution, it's essential to engage management and leaders from all departments in regular meetings to understand their changing requirements, especially in this unsettling time. IT can then do what it does best: match business needs to proven, up-to-date resources that can get the job done most effectively.

In parallel, IT should use its unified dashboards to pinpoint people in business areas who are repeat offenders in self-provisioning, as well as identify the unsanctioned systems, services, and hardware assets in use. Tools like the hardware asset dashboard let you rapidly uncover the unknown portion of your IT estate, so you can secure it. This lets you focus engagement, identify what's out there, and plan how to meet user needs quickly—and within official policy for security and support.
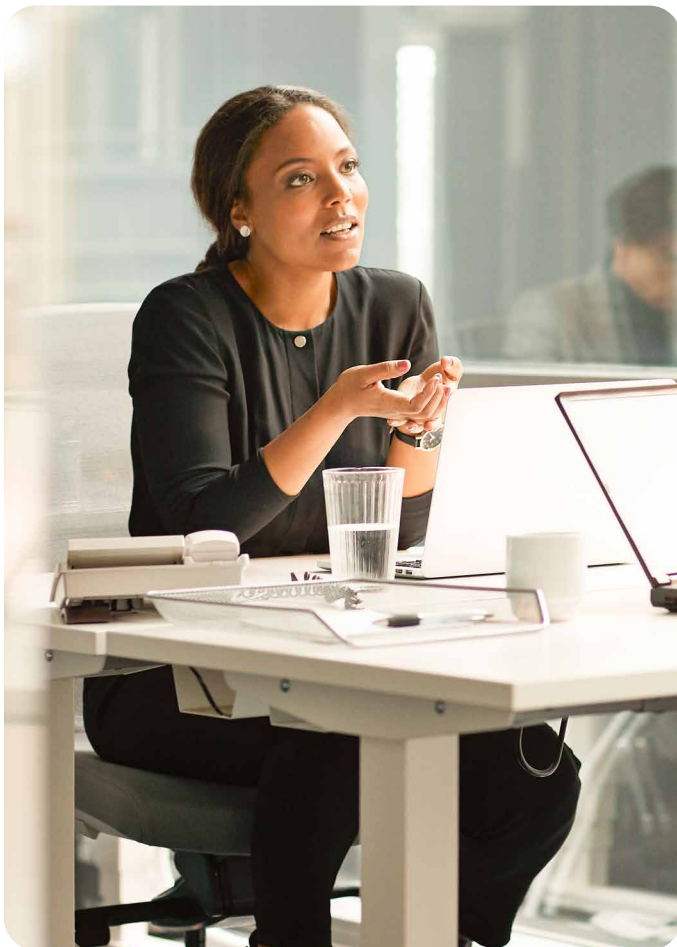
4.

Extend IT visibility and intelligence to other teams

Once IT achieves a single view of costs, identifies spend on unused or legacy systems, and assesses the company's shadow IT posture, it can extend this intelligence to the full enterprise.

This is part of the same commitment to engagement with management and department leaders that we see in step 3. It's about empowering colleagues to also commit to IT cost efficiency by showing IT utilization via intuitive dashboards. Team and departmental leaders can see and understand where they incur IT costs and spot opportunities to save.

The intelligence should also be extended to the C-suite. This free flow of data—across traditional department boundaries and silos and to senior management—ensures that all the right people are working together to take a holistic approach to cost optimization.

5.

Commit to continuous optimization, at scale

Cost optimization is not a one-and-done event: both optimization and crossenterprise engagement on IT requirements are a way of life.

To maintain control of IT costs, all key stakeholders with visibility of the data must constantly identify short, medium and long-term business needs to ensure the best technologies to meet them. Today, cost control is one of the most urgent needs. Organizations that don't have plans in place to track and monitor cloud costs overspend by an average of 40%. This includes nearly 25% more than necessary spent in 2022 on cloud application services (SaaS) and about the same in cloud system infrastructure services (IaaS).*

The onus is on IT not just to reduce expensive problems like shadow IT, but also to adopt methods for continually right-sizing the environment. This starts with application portfolio management—working with the business to understand its goals, then mapping the right applications to business capabilities. Next, you can implement other cost-saving practices in IT asset management (ITAM) such as automating your hardware lifecycle to eliminate waste as well as reducing the risk related to assets gathering dust in the corners of the business. Rigorous hardware asset management (HAM) also lets you plan ahead, reducing replacement costs by eliminating the need for extended support.

Automation is essential here, including policy-driven workflows. For example, you might create a workflow that runs whenever a user requests approval for an item in the service catalog. Efficiencies arise from that an activity can have different transitions to next steps, depending on outcomes. If the catalog-item request is approved, for example, the next activity is notifying someone to order the item. But if the request is denied, the next step should be to notify the user that the request wasn't approved. Policy-driven workflows let you exercise tight governance— while never leaving users short of resources they need to get the job done.

*Gartner, "Reduce Cost and Risks With Comprehensive IT Asset Life Cycle Controls."

Now you're a strategic business partner, unlocking revenue for innovation

By consistently making smarter decisions on what to invest in, what to alter, and what to remove when it comes to hardware assets, cloud, and software spend, IT can free up budget and resources for innovation to further enhance resilience.

IT becomes a true strategic partner to the business, which can do more than simply generate the rapid savings it needs now; it positions the organization for growth by:

• Unlocking new revenue

• Tackling new markets

• Developing novel products and services to meet emerging customer demands

And as new business needs to drive new technology requirements, IT confidently taps the full range of what's out there—including new services, vendors or cloud resources—knowing that it won't add complexity, thanks to a unified tool set for IT visibility, optimization and cost control.

How ServiceNow can help

During a time of uncertainty, companies need to reduce software and cloud spend fast. ServiceNow helps save millions by empowering you to:

- Optimize IT with actionable insight into consumption across on-premises and cloud environments.

- Distribute software and app intelligence to rationalize costly legacy applications and reallocate resources and spend to priority projects.

- Strengthen business resilience in any economy with a single Platform for IT, so work flows across multiple departments and processes.

When it comes to your IT asset estate, the Now® Platform empowers you to manage cloud, software, and hardware resources across your ever changing, hybrid environments.

ServiceNow ITAM solutions with Software Asset Management, Cloud Insights, and Hardware Asset Management work together to paint an accurate and holistic picture of your full asset estate. You no longer have to manage hardware, software, and cloud resources separately. You'll gain a single source of truth with perpetually clean asset data, driving action across disciplines and departments. And when you couple ITAM with Application Portfolio Management from ServiceNow, you can ensure assets are aligned with business strategy.

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Latest leading-edge advancements in ServiceNow ITAM

- **Enterprise Asset Management** automates the full lifecycle of physical business assets with prescriptive workflows for controlling costs, maximizing ROI.

- **Executive dashboard** provides a view of the health and lifecycle of all technology assets for managing KPIs as well as reducing costs and risk.

- **License and cloud cost simulator** helps to estimate costs and build business cases for moving licenses from on-premises to clouds, including bring-your-own-license (BYOL) scenarios and virtual machines.

- **Contract and renewal management** delivers a guided, automated experience—with recommendations and relevant data— for easily renewing software and hardware contracts across multiple stages of the purchasing process.

- **Software asset management success tracking** helps to identify potential and actual savings that appear on the executive dashboard for highlighting team and individual accomplishments

- **A hardware asset management workspace for procurement and sourcing** gathers requests from multiple storerooms or through purchase orders and enables orders with a few clicks of a button.

- **A cloud cost management function** facilitates cloud resource spend reporting, budgeting, and optimization for Google, AWS and Azure.

Get started today

About ServiceNow

ServiceNow (NYSE: NOW) makes the world work better for everyone. Our cloud based platform and solutions help to digitize and unify organizations so that they can find smarter, faster, better ways to make work flow. So employees and customers can be more connected, more innovative, and more agile. And we can all create the future we imagine. The world works with ServiceNow®. For more information, visit: www.servicenow.com.