

CIO

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BUDGET CUTTING

Things You Need to Know

By Jarina D'Auria

1

Look for what lies beneath. Buried under overhead costs are "noncore expenses"—items not essential to the company's products and services. (Think telecom costs or travel.) These costs are a good place to start cutting, says Philip Moorcroft, CEO of Moorcroft Group Professional Services. Cuts here could trim your overall budget by up to 10 percent.

2

Noncore expense data stretches across different budgets, so it takes effort to dig it up. IT can score points by collecting the data, ensuring its accuracy and making it available to the business. However, it's important to track the data over time to uncover trends. Calculating extra expenses once isn't enough, says Moorcroft.

3

Break down exactly how you spend your budget. Start by identifying your expenses. A CIO might know she has employees with BlackBerrys, but how much is each person spending on their phone bills? With more specifics, you can set more accurate goals for saving.

4

When it's time to upgrade computers and other devices, take a closer look and make sure you absolutely need to do this, says David Ackerman, IT practice leader for The Hackett Group. Even though you may usually turn over equipment every three years, waiting to do that could be a source for savings.

5

Already cut personnel, travel and other discretionary expenses? Try negotiating an extra two or three years out of your current outsourcing contracts, says Ackerman. And try pushing for a reduced rate. It's a more difficult approach but one that could end up benefitting both parties, he says.