



5 ways to reduce  
software, hardware,  
and cloud spend for  
more innovation budget



## Are uncontrolled costs casting a shadow over IT?

Many enterprises faced a brutal 2020. 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. The long-term reverberations of the pandemic are creating additional financial uncertainty, which puts cost control in the spotlight.

Even in a good year, it's easy for cloud costs to 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. They also create double trouble, bloating overall spend and leaving you vulnerable to business impacts from cyberattacks or data loss: [Gartner](#) estimates that one in three security breaches will come via shadow IT in 2020.

How can IT leaders use this moment, when enterprises are cleaning house and rearranging how they do business, to uncover waste and equip your organization to not simply survive, but to thrive in the months and years ahead?

## The resilient business needs flexible, responsive IT

The year 2020 was a cautionary tale about 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 delivers IT leaders a single view of IT expenditure, so they're empowered to justify every resource, stamp out waste, and rapidly reassign spend to innovation projects that deliver business value. Then 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.



## Take these five steps to regain control of software, hardware and cloud assets

# 1.

### **Gain 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.

The problem is further complicated by the fact that 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

Gaining this single view then lets you plan the next step – deciding what's fat to be trimmed and what's vital to the business, so you can regain control of spend.



## 2.

### **Detect overspending on maintenance from outdated systems and unused licenses**

Cloud costs, especially during crises like COVID 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:

- 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?

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 as COVID has led to universal remote working and an attitude of by-any-means-necessary when it comes to enabling IT.

Let's put aside for a moment the fact 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 unsettled time. IT can then do what it does best: match business needs to proven, up-to-date resources that best get the job done.

In parallel, IT should use its unified dashboards to pinpoint people and business areas who are repeat offenders in self-provisioning, as well as 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 Three. It's about empowering colleagues to commit to IT cost efficiency, too, by showing IT utilization via easy-to-understand dashboards. Team and departmental leaders can see and understand where their IT costs are located, and spot opportunities to save.

The intelligence should also be extended to the C-suite. This free flow of intelligence, across traditional department boundaries and silos and up 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 cross-enterprise engagement on IT requirements are a way of life.

To regain control of IT costs, both engagement and cost optimization must be ongoing, identifying short, medium and long-term business needs, and ensuring the best technologies to meet those. Today, cost control is one of the most urgent needs: the emergency of 2020 has users already reporting that they're exceeding their cloud budget by an average of 23%.

The onus is on IT not just to gain the visibility to reduce expensive problems like shadow IT, but also to adopt methods that let you continually right size the environment. This will lead to optimizing other areas of your IT asset management (ITAM) practices to save money, such as automating your hardware lifecycle to find and eliminate waste and reduce the risk related to assets gathering dust in the corners of your business. Rigorous hardware asset management (HAM) also lets you plan ahead, reducing replacement costs by eliminating the need for extended support.

Automation is a must here, including policy-driven workflows. For example, you might create a workflow that runs whenever a user requests approval for an item they want from the service catalog. Efficiencies arise from the fact 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 close governance – while never leaving users short of resources they need to get the job done.



## 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 make 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<sup>®</sup> 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.

[Get started today](#)