



## Doing More with Less: IT Executives Share 8 Strategies for Managing During the Economic Meltdown

*"We can't afford to panic; we must deliberate, we must form both an emergency and a longer-term strategy."*

- CIO of a prominent healthcare firm

The publishing world is replete with articles authored by experts detailing and forecasting the impact of the economic crash in every corner in every market. Most propound effective short-term maneuvers like hiring freezes and longer term strategies like retooled objectives and resources in order to mitigate losses and combat serious threats to national and global organizations' bottom line.

This article focuses on how prominent IT officers in the areas of healthcare and financial services are being affected by the ailing economy - what they are doing to corral the chaos and defuse the confusion along with what plans they are putting in place to countervail the impact of this unprecedented financial collapse.

We interviewed six IT executives, assuring them complete anonymity given the sensitive nature of the information they shared with us around organizational objectives as well as the short- and long-term plans to reverse the sharp downturn with respect to both the top and bottom line.

We asked the six IT executives:

1. What has been the impact of the economic decline on your key IT initiatives?
2. Do you have a plan in place to protect or to counter the challenges you are engendering, and if so, can you tell me about it?
3. Are you finding it difficult to find and employ qualified (and especially higher-level IT professionals) to carry out your IT imperatives and/or what has been your plan's implication on staff?
4. As the environment/business priorities shift, how do you ensure you have the right IT staff – the right IT skills – to get your projects done?
5. Looking forward, what do you see as your key initiative where IT plays a major role? And what is standing in the way of carrying out that initiative?



Not surprisingly, every IT manager whom we interviewed told us that grim economic indicators have ushered in immediate and wholesale budgets cuts, universal retrenchments of non-essential purchases, hiring freezes, and – especially in the financial sector – substantial layoffs. There is an enormous and universal pressure to do more with less, forcing many to find low cost alternatives to “business as usual.”

However, due to IT’s intrinsic role in effecting financial recovery, it has remained relatively in tact as companies aggressively restructure and downsize other “back room” areas. According to Gartner and Forester Research, IT growth has outperformed the economy in general. The rate of growth depends on 1) the industry you occupy – for example, healthcare is outpacing financial services – and 2) the specific applications you utilize - SAP and compliance software will escalate in importance and therefore in demand.

Which leads us to...

**The good news:** Notwithstanding the grim predictions resulting from the recent catastrophic drop in the stock market, IT is not forecasted to reverse direction or even stall in place, but to climb in terms of allocated resources and its contribution to the business. <sup>[1]</sup>

**And, the not so good news:** Regardless of your sector or the technologies that constitute the lion’s share of your business, the worldwide economic collapse has quashed the operational performance of countless organizations. Among them are doubtlessly many of your longstanding vendors, partners, and clients. The result: fewer dollars for them, fewer dollars for you.

So, what can you do to tighten the belt and manage these challenges?

## 8 Key Strategies to Employ During the Economic Downturn

From our interviews with six IT executives, we’ve come up with these eight strategies your colleagues are employing to do more with less during the downturn.

### 1. Triage

The leading strategy among all IT executives interviewed: triage current or planned IT initiatives. And, the same logic has been applied across organizations to prioritize initiatives and resources: keep only those projects that are essential to the health of the business and that support corporate strategy and mission – and jettison (at least temporarily) the rest.



“We are focusing all of our energies on making sure that we choose the right IT investments, those that will support the strategic requirements of the organization and the individual units,” one IT manager told us.

However, this is proving to be easier said than done. Many pointed out that relying on a restructured corporate plan to inform IT decisions was somewhat problematic. Organizational leadership is still scrambling to measure the implications of the financial crisis on their businesses and to design an effective redress as quickly as possible.

One IT officer cited “executive indecision” as the biggest obstacle in determining which projects to keep, what purchases to place in abeyance, and what positions to eliminate, if necessary. “It is impossible to plan without strategic parameters,” he pointed out.

IT leaders understood that they could assist senior management in building corporate strategy. They can help them redefine IT expenditures not as overhead, but as necessary tools for identifying key performance indicators, monitoring changes in business conditions, increasing efficiencies and reducing costs. <sup>[2]</sup>

## 2. Offload to Specialists

Many IT executives are turning to outside vendors and IT specialists to get the work done. Outsourcing the requisite IT professionals alleviates budgetary strain as it permits an organization to move technology resources in and out of projects without incurring fixed expenses - and at the same time shore up the vulnerable gaps and help deliver projects on time on a consistent basis.

One IT executive told us, “I’m getting lots of pressure to cut, cut, cut, and to find creative solutions to get the work done. Contracting for IT positions is a great strategy, and it is a fast and safe route to finding highly skilled technology specialists.”

In the financial services industry, ING has increased its reliance on contractors over the past five to eight years, allowing it to scale its IT labor pool up and down based on project demands and changes in business conditions. Atlanta-based CompuCredit has cut its 2008 IT budget by 20% compared with 2007, in part as a result of hiring two virtualization specialists and an outsourced relationship manager. <sup>[3]</sup>

### **3. Focus on Key Staff Members**

Identifying the staff with the skills and acumen who can confidently lead IT imperatives in an uncertain future is essential to success. IT managers know who their best people are, and must put retention programs into play to keep these invaluable members motivated and focused on meeting the skills for tomorrow.

### **4. Look for Growth Opportunities (Overseas)**

IT executives are working with corporate management to define not just the crucial work that needs to get done to strengthen the business, but to locate where the most promising growth opportunities reside. From many, this means looking outside the U.S. borders at areas or industries which may be insulated from the economic storm devastating global economies.

In one case, an executive explained that his organization was building out sales and marketing capacity and IT requirements in their offices in Hong Kong and Japan.

### **5. Skip Unnecessary Steps in a Project**

IT executives are looking for ways to make projects quicker and more efficient. One executive mentioned that they break down larger IT initiatives into smaller projects and map the projects in sequential order. They then ask themselves, "Is it possible to leapfrog over project #2 and straight to #3 if we can garner sufficient intelligence from project #1?"

### **6. Negotiate with Vendors**

There has never been a better time to renegotiate existing agreements or negotiate essential purchases at a better price. As one IT manager explained, "Vendors fully appreciate the financial reality derailing their customers' businesses, and most are much more flexible with regard to price." Vendors are feeling the pinch as well, this gives IT executives more power in the negotiation process.

Caveat: Strong vendor relationships are still critically important to long-term success. While renegotiation is a quick way to save in the short-term, it is a tricky balancing act to do so in a way that maintains the relationship for the long-term.



## 7. Follow the Demand

The economic downturn has also created many opportunities. IT executives are seeing a higher demand for risk modeling as well as compliance monitoring and enforcement tools. Corporate leaders in financial institutions recognize that what is needed now is a greater investment in analytical techniques and systems that are more in line with how the financial sector actually operates. <sup>[4]</sup>

A senior IT strategist emphasized to us that it was not only crucial that the organization set its sights on operational improvements, but on regulatory-driven work.

## 8. Go Virtual

Virtualization Technology is the practice of letting one computer do the job of multiple computers by sharing resources across multiple environments.

Virtualization Technology (VT) was one of Gartner's key recommendations at its recent community IT2008 Symposium, where VT's full force was emphasized through the example of one company which was able to reduce 450 physical servers into 100 boxes.

This kind of consolidation translates into using fewer resources, accelerating application deployment, improving security and disaster recovery, and significantly reducing costs (including sizeable energy charges) – often saving millions of dollars. <sup>[5]</sup>

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IT remains a visceral component of any organizations' operations. Corporate management has come to recognize its increasingly pivotal role in relation to auditing performance against plan, tracking early changes in market conditions, and in general steering the company in a profitable direction, no matter how ominous the environment.

IT is the essential tool that leaders turn to in order to solve exigent threats, restore order to chaos, distill data to support healthy recovery, and – in the end – inform how an embattled business can reemerge as a forceful contender in the market place.

This is not to say that IT will escape unscathed from the recent debacle on Wall Street. While there is wide consensus that the body of IT will not be consigned to the chopping block in significant numbers, you will still be expected to tighten the belt and these eight strategies will help you do more with less.



<sup>[1]</sup> Patrick Thibodeau “Gartner: Financial meltdown may mean hiring freezes, staffing cuts for IT: Deepening economic gloom prompts consulting firm to reduce its IT spending forecast for '09,” Computerworld, October 13, 2008 <[www.computerworld.com](http://www.computerworld.com)> (accessed October 16, 2008).

<sup>[2]</sup> Patrick Thibodeau “Wall Street's collapse puts IT spending in (some) peril: The turmoil in the financial markets isn't expected to lead to a tech-spending recession. But budgets may be in for some paring.” Computerworld, October 6, 2008 <[www.computerworld.com](http://www.computerworld.com)> (accessed October 16, 2008).

<sup>[3]</sup> Patrick Thibodeau “The IT worker's Wall Street meltdown worry list: 5 questions about your job and your future,” Computerworld, October 3, 2008 <[www.computerworld.com](http://www.computerworld.com)> (accessed October 16, 2008).

<sup>[4]</sup> Jaikumar Vijayan “Wall Street meltdown expected to drive risk management investments: Competition, regulation after crisis likely to increase interest in technology to manage risk,” Computerworld, September 30, 2008 <[www.computerworld.com](http://www.computerworld.com)> (accessed October 16, 2008).

<sup>[5]</sup> Patrick Thibodeau “Gartner: Wall Street woes won't take down tech: Firm urges two IT budgets: one based on execs' guidelines, another for growth should the economy improve,” Computerworld October 1, 2008 <[www.computerworld.com](http://www.computerworld.com)> (accessed October 16, 2008).

<sup>[6]</sup> Thomas Hoffman “Recession revisited: Will this time be different for IT? As the U.S. economy turns downward, CIOs are preparing in dramatically different ways than the last time,” Computerworld, March 4, 2008 <[www.computerworld.com](http://www.computerworld.com)> (accessed October 16, 2008).