

Save Your SAM Program From Budget Cuts



Cynthia Farren
Cynthia Farren Consulting
SoftSummit '08



Recent Headlines

“Nine Ways to Get on the CFO's Good Side During a Recession”

IT leaders must prepare to cut costs and communicate their plans with their CFOs in this weak economy.
Forrester

“Worried About a Recession? How to Hold the Line on Your IT Budget”

The recession may not be official, but companies aren't waiting to rein in costs.
CIO

“Five Ways to Manage IT Costs”

Negotiate better prices and standardize.
CIO Insight



Recent US Recessions

2001-2003

Environment:

- Computers and software are at the core of most business.
- Volume licensing is common.

Impact:

- Technology spending as a percent of revenue sank
- Absolute dollar spending dropped
- IT layoffs

1990-1991

Environment:

- Computers and software are at the core of every business.
- Volume licensing is growing in maturity.

Impact:

- Technology spending as a percent of revenue sank
- Absolute dollar spending dropped.



Impact of Current Downturn

Tighter budgets, meeting mandates to contain and reduce costs.

CIOs evaluate line-item expenses - Annual recurring costs for software license fees, maintenance, and support services will be scrutinized.

Efficiencies and intangibles receive little value.

Conveniences are replaced with hard dollar savings.



SAM Benefits – Revisited





Discussion

What are you seeing today?



Who Cares

C-Suite

- Need to ensure that savings and efficiencies are visibly reflected as a result of your SAM program.

Corporate
Governance/Compliance

- Clearly tie your SAM program to your ongoing compliance requirements.

Purchasing/Security/IT
Operations

- Ensure metrics are reflecting the benefits to be a result of your SAM program.



Areas to Review

Renegotiate
maintenance and
support
agreements.

Focus on
performance as well
as cost for
maintenance
agreements.

Build a relationship.



Renegotiate Agreements

Renegotiate maintenance and support agreements:

Scale back underutilized services and resources.

Change your vendor staffing mix to consider offshore resources.



Focus on Performance

Review SLA's or performance metrics in current maintenance and support services agreements.

Validate if your vendor has met these levels.

Payment for services/performance that has not been delivered

- Request a reduction in fees until service levels are met.
- Vendor may compensate for the performance shortfall by offering additional services at no charge.



Build a Relationship

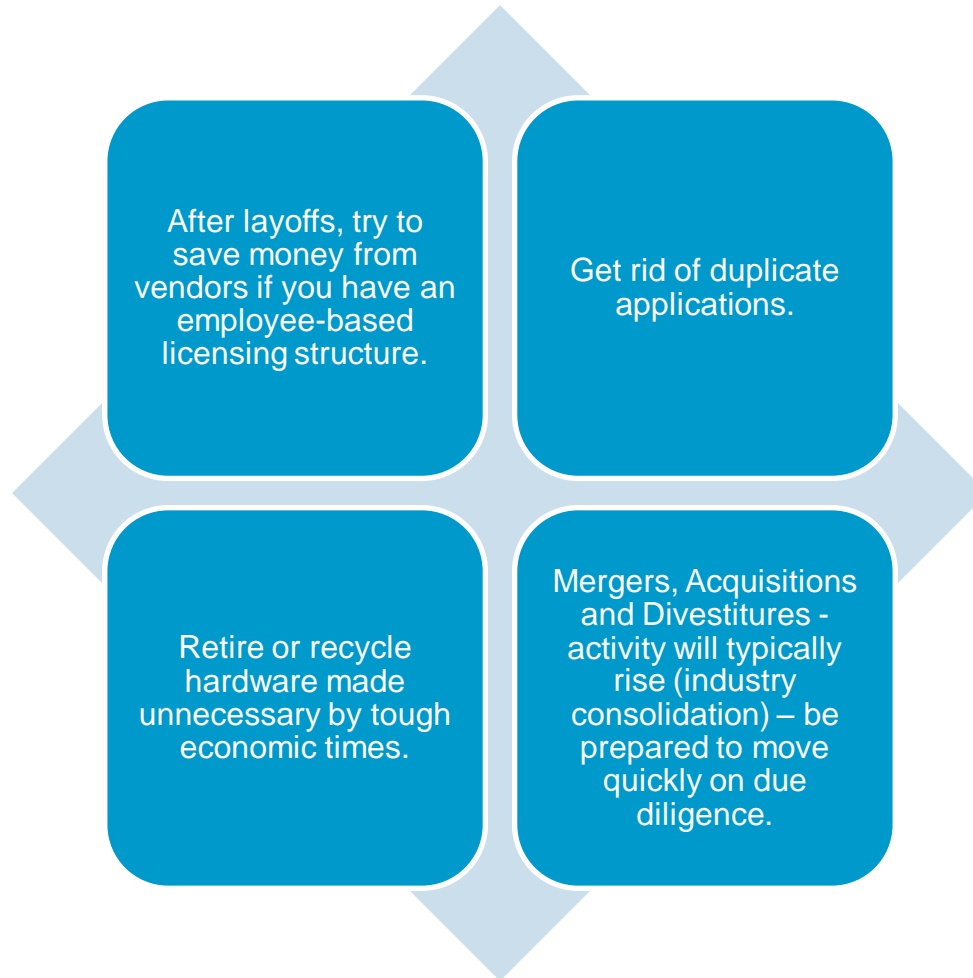
Expand rather than reduce
– is now the time to grow?

Expansion of your relationship - form a strategic partnership that is not purely transactional.

Don't be afraid to ask for discounts or other concessions based upon longer term relationship.



More Hard Line Actions





Discussion

What actions are you taking?



Discussion

- End Customers:
 - What do you need from your vendors and consultants?
- Consultants:
 - What should your customers be looking into?
- Vendors:
 - What can a customer do to position themselves so you can help?



Wrap-Up

Economic downturns are for finite periods, your obligation to your company is to:

Help it survive today

Not make short-sighted decisions today that will impede success in the future