4 steps to cost optimization

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According to studies, 67% of IT decision-makers have to achieve more with less budget.[1] At the same time, AI and digitalisation require new investments and ESG guidelines increase the pressure to act. For Procurement, IT and Finance, strategic cost optimization will be a decisive step in 2025.

How can budgets be managed economically and effectively? These four levers help.

1. Eliminate costs

Question: In what area does unnecessary effort arise?

Answer: In many organizations, IT hardware runs longer than planned – with consequences to efficiency, support costs and security. After the third year, maintenance costs often increase disproportionately. A lifecycle strategy with clearly defined refresh cycles reduces maintenance costs, shadow IT and management expenses. This pays off: TCO evaluations identify potential savings of up to 20%.[2]

Replacing earlier reduces costs and risks measurably.

2. Release tied-up capital

Question: How to get room for maneuver without new budgets?

Answer: Sale and lease back makes it possible: Existing hardware is sold and leased back directly. This makes tied-up capital available at short notice – for transformation or data security, for example. Liquidity arises immediately, without loss of technology or interruption of operations. At the same time, fixed CapEx is converted into flexible OpEx – with an immediate effect on EBIT and earnings planning.

Freeing up capital enables agile planning and manageable costs.

3. Reallocate budgets

Question: How can investments be prioritized effectively?

Answer: When capital is no longer tied up in purchase, it can be shifted to where it creates real value – e.g. in AI, transformation or data security: Structured management ensures that future themes can be prioritized—with clear goals, well-grounded evaluation, and demonstrable business impact. This provides IT and Finance with a common basis for using resources more effectively and thinking ahead strategically.

Using budgets in a targeted manner strengthens the capacity for innovation and impact.

4. Dynamically manage resources

Question: How can liquidity be created without burdening the balance sheet?

Answer: Whether it's price hikes for AI hardware or project delays due to bottlenecks, those who use IT flexibly remain capable of acting. Leasing models support upgrades and downgrades, break-and-rewrite, or pay-per-use. This reduces capital commitment, improves ROCE and makes infrastructure manageable. Important side effect: KPIs such as the WACC can be used as a basis for decision-making – the balance sheet and budget become more transparent and plannable.

If you finance flexibly, you can act faster and smarter.

From purchase to circularity.

Whoever thinks holistically about technology saves resources – automatically. With **Circular Tech, CHG-MERIDIAN** provides an operational framework for efficient IT use that industry leaders worldwide already rely on.

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Source:

1. KPMG Global Tech Report (2023)
2. CHG-MERIDIAN, internal analyses and project experience in IT lifecycle management