

COST AWARENESS



CSC

JUNE 2009
CSC PRIVAT

ECONOMIC CRISIS?

HOW IS THE CRISIS AFFECTING MY BUSINESS?

Cost focus is back on the agenda at full strength – but the business agenda has changed.

The ongoing global financial turmoil is felt by us all and forces us to address the changing business environment and focus is changing from being strategic and long term to a focus on short term effects and bottom line.

However, today's challenging trading environment demands innovative responses from business leaders to balance cost reduction initiatives at the same time as repositioning IT for value creation.



WHAT ARE THE ANALYSTS TELLING US?

- Worldwide, a worst-case scenario will see global IT spending increase 2.3% in 2009, down from earlier projection of 5.8%
- Europe will experience negative growth in 2009
- IT budgets are under pressure and can be cut up to 20%. Therefore IT projects need to be reevaluated.

Gartner

- IT spending for '09 will decline to 1.6%
- Outlook is not as bad as during the 2001-'02 "tech depression"
- IT consulting will hit the wall but companies will turn to vendors that can help cut cost

FORRESTER

- IT spending will grow just 0.5% in 2009, down from a pre-crisis forecast of 5.9%
- Software and services will enjoy solid growth (3.4%) while hardware spending is expected to decline
- IT spending actually fares well when compared to the previous downturn after the events of September 11th.

IDC
Analyze the Future

- IT spendings are cut but not nearly as draconian as one might assume
- IT staffing levels are not affected
- IT organisations are making easy budget cuts for now; the two most common actions are cutting travel and delaying the start of major projects

computer economics

RECESSION CAN EASILY BECOME SELF-FULFILLING PROPHECIES

Excessive exuberance yields to excessive Fear Uncertainty and Doubt

Some of the typical reaction to a recession are:

- Preserve cash
- Cut costs, discretionary spend
- Freeze hiring, fewer contractors
- Shorter business horizons, ROI
- Terminate non-essential projects
- Consolidate resources/services
- Consider alternative sourcing
- Shun risk, exploration
- Downplay strategic considerations

What are the consequences?

Do you have the full overview of the details in your cost composition?

How quickly would you be able to reduce your IT budget with 10/20%?

What is the minimum requirement for you IT to keep the lights running?

What effect would any cost reductions have on e.g. your service level, your risk, your staff, reputation, attractiveness etc.?

ECONOMIC CRISIS?

...OR NEW OPPORTUNITIES?

EXPLOIT THE OPPORTUNITIES THAT THE ECONOMIC TURMOIL IS BRINGING

Investments have slowed down and the focus has shifted towards short term effects and bottom line results.

IT management is asked to cut down on cost and at the same time to maintain the service levels.

Despite this there are opportunities for those who can adjust to the new situation quickly and turn it to an advantage for the business. Some of the questions that need to be answered are:

- How to increase support for the core business?
- What effect will the new business situation have on the IT and how to align IT with new business goals?
- Where to build capabilities and where to reduce cost?
- What new technologies are to be exploited to address business needs and position optimal for new opportunities?



There are many ideas to reduce cost by

WHY PARTICIPATE IN A COST AWARENESS WORKSHOP?

Do you have the courage to meet your colleagues to discuss your IT-budget and the distribution of different cost elements?

CSC will facilitate a half day workshop to discuss ways to address the economic challenge and what effects that has on the IT budgets.

The workshop will allow you to meet with your colleagues to discuss the topic and hopefully let you be inspired by new ideas

WHO SHOULD PARTICIPATE?

Managers with responsibility for IT-budgets (e.g. CFO, CIO, CTO)

For further information on the cost awareness workshop, contact one of the team:



JENS THOMASSEN
jthoma52@csc.com +45 3614 6718



Jens has more than 30 years of experience in large scale system integration engagements from infrastructure-focused to full functioned business change.

Jens is Nordic head of CSC Business Consulting.

...OR NEW OPPORTUNITIES?

**introducing new technologies, methods
etc.**

**But what will be the investment needed
to achieve these results and how fast can
we benefit from these?**



Worldwide CSC Headquarters

Nordic

Retortvej 8
DK-1780 Copenhagen V, Denmark
+45 3614 4000

The Americas

3170 Fairview Park Drive Falls Church, Virginia 22042 United States
+1.703.876.1000

Europe, Middle East, Africa Royal Pavilion

Wellesley Road
Aldershot, Hampshire GU11 1PZ United Kingdom
+44(0)1252.534000

Australia

26 Talavera Road
Macquarie Park, NSW 2113 Australia
+61(0)29034.3000

Asia

139 Cecil Street
#06-00 Cecil House Singapore 069539
Republic of Singapore
+65.6221.9095

About CSC

The mission of CSC is to be a global leader in providing technology-enabled business solutions and services.



BUILDING AWARENESS TO CREATE OPPORTUNITIES

With the broadest range of capabilities, CSC offers clients the solutions they need to manage complexity, focus on core businesses, collaborate with partners and clients, and improve operations.

CSC makes a special point of understanding its clients and provides experts with real-world experience to work with them. CSC is vendor-independent, delivering solutions that best meet each client's unique requirements.

For more than 45 years, clients in industries and governments worldwide have trusted CSC with their business process and information systems outsourcing, systems integration and consulting needs.

The company trades on the New York Stock Exchange under the symbol "CSC".