# Why IT must escape the belt-tightening
## Cut tech budgets at your peril…

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## In a nutshell:

At a time where customers are more discerning, why would a sane business cut the budget that makes it easier to do business with?

## Key points:

- Business streamlining and improvements are inextricably tied to IT these days

- Knee jerk IT budget cutting will only serve to distance sellers from buyers even more

- Tough times call for focused and targeted improvements, not shutting up shop

- Alignment is critical. IT and business are one and the same and have the same goals.

Negative vibes have a habit of becoming reality. The higher cost of borrowing and the gradual erosion of confidence are two obvious signs the clouds that were on the horizon are now lurking overhead.

The most apparent impact is the gradual knock-on effect this has on customers' behaviour. They are less willing to spend, and when they do, they have spent longer making a decision. They are ultimately more discerning. That last point is critical.

With an increasingly discerning target market what should a business do? Cut the budget that helps you focus on the most important prize? Obviously not.

Yet we are seeing more and more reports of organisations talking about IT project and budget reductions, as though business improvement and IT were somehow unrelated to each other.

If improving business using the most appropriate tools is a sensible thing to do at any time, no one in their right mind would disagree that now might be a good time to address areas that make you more effective, attractive and easier to do business with.

Organisations that cut IT budgets as a knee-jerk reaction to the tightening economy are missing the point. IT is an enabler.

You spend money on technology to achieve some specific business goal. You don't avoid doing something to improve the business just because the mechanism to achieving it is technology-oriented.

Now, if IT can't enable an organisation to achieve something, it's pointless. So do we think the tools available to improve sales, marketing, advertising, customer service, time to market, quality of goods, accuracy of information, returns, merchandising and so on are not worth investing in?

A tough market practically screams that these are precisely the elements needing attention. And they are all areas heavily underpinned by IT-centric solutions.

Add some other, less obvious but nonetheless business critical factors: is risk to the business increased because of the state of the economy? Yes it is, especially when it comes to areas such as regulatory exposure, loss of information and downtime of IT systems.

These things erode confidence, damage brand value and ultimately make you harder to trust and do business with. So rather than shut up shop and do nothing, prudent and vigilant thinking could generate strong business cases for addressing weaknesses in any organisation.

Perhaps we need a new name for the IT budget, because it's almost impossible to believe so many organisations can have such a dislocated view of the business and IT that they believe stopping spending money on it will somehow help.

Yet actions, and the way they are described and reported, suggest this situation persists. Many organisations are in fact scared. No shame there. Anger might be more appropriate perhaps, at the excesses of a relative few.

Anger might instil a beat-the-crisis attitude. It might steal the nerve, galvanise the appetite for some appropriate risk taking, or it could drive hasty decision-making.

So what about trust then? How many organisations really trust IT to deliver when they need it most? At a recent event, about two-thirds of the audience said they had no idea about the business value of their IT investments because of the intangible benefits they had delivered.

Two-thirds. The panel was gobsmacked. It was like a window had been opened 10 years onto the past. IT vendors deserve to bear the brunt of a downturn in the tech industry if that statistic is anywhere near reflective of real life.

The warning is there, though. It's all well and good acknowledging that the business is in fact IT and IT is in fact the business, but if lots of organisations are struggling to make the connection then IT spending will really fall off.

Fortunately, Freeform Dynamics' research suggests that the level of disassociation is not quite as chronic, although the degree to which IT and the business enjoy mutually beneficial alignment still has a long way to go.

It just seems as if we get to hear about it a lot during times such as these. While few people seem to call it out, perhaps focusing the right effort on IT, rather than turning it off, might be a better way to help businesses through difficult times.

Cutting the IT budget is cutting off one's nose to spite one's face.

## About Freeform Dynamics

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As part of this, we use an innovative research methodology to gather feedback directly from those involved in IT strategy, planning, procurement and implementation. Our output is therefore grounded in real-world practicality for use by mainstream business and IT professionals.

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