



## **Tough Times Demand Creative IT Responses**

*Do More with Less by Reversing the 80-20 Rule*

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Most fashion companies, and especially their IT teams, have been living the mantra “do more with less” for the better part of a decade. Now that we are in a prolonged recession, some businesses are questioning if they should simply hunker down and freeze IT spending until things improve. This poses a dilemma for savvy executives and managers that understand that IT, applied wisely, can increase efficiency and reduce operating costs across the enterprise and the entire value chain.

Indeed, a recent survey of 450 business technology professionals by Information Week showed no consensus on IT spending strategy for 2009 with one-third planning to increase, a third remaining flat, and a third planning cuts. But one notable trend that we are seeing in fashion was also confirmed in IW’s broader industry survey; demand for IT projects that can help business units automate and improve processes is rising in this downturn. Specific survey results show 44% experiencing an increase in demand for such projects, 40% with no change in demand, and only 16% showing a drop in new projects. Exercising my considerable math skills, I have concluded that IT must now do more with even less.

Perhaps more so than reducing its own costs, IT is clearly under pressure to help companies cut business costs. To respond, organizations are placing top priority on any work that can deliver near-immediate returns. IT and business must work together to define quick-hit projects that can make a measurable difference by driving revenue or cutting business costs. For many fashion companies, this will include solutions like those that equip managers with the business insight needed to make faster and better informed decisions; and collaboration tools that enable more efficient and faster business processes.

All of this means that fashion companies must do a better job of focusing their IT budgets on changing and transforming the business. But the sad reality is that nearly all IT budget cuts serve only to eliminate the very innovation that is so desperately needed. This is due to the fact that as much as 80% of all IT spending is earmarked to simply sustain existing systems and infrastructure – leaving only 20% for everything else and precious little for real change. This 80-20 distribution is the legacy of the massive hardware investments, customization projects, and enterprise software rollouts that have been customary for many years. Of course, the deployment of that infrastructure was only the start; the maintenance and upgrades became the recurring costs of doing business that account for far too much of our IT expenditures today.

While the benefit of reversing the 80-20 “rule” is obvious, little headway has been made in changing it to-date. The good news is that companies now have solid options that can help them to focus more money on innovation and less on infrastructure. In my view, this is the only real way companies can effectively do more with less and to break the stranglehold on IT budgets. Forward thinkers are now questioning the strategies of the past and are taking steps to free up the money they need to leverage their IT budget to transform their businesses. Software-as-a-service and cloud computing architectures are chipping away at on-premise system requirements, subscription models provide alternatives to upfront software purchases, open source software can replace some proprietary maintenance contracts, and more configurable solutions have us rethinking the value of complex customization.

While IT has repeatedly proven its role as an enabler to cutting business costs, the 80-20 rule of IT spending makes it very difficult to pry loose the money needed to maintain the status quo, much less make new technology investments. By working to reverse 80-20, you can increase your organization’s ability to leverage technology to transform your business while truly doing more with less.

**Productive Solutions, LLC is a boutique consulting services firm specializing in the fashion industry’s concept-to-delivery processes and enabling technologies. It brings a uniquely focused and personalized approach to an international client base of retailers, brands, manufacturers and vendors. Contact Rick Ludolph at [r.ludolph@productivesol.com](mailto:r.ludolph@productivesol.com) or visit [www.productivesol.com](http://www.productivesol.com).**