AdEx PARTNERS

Service Proposal
Unlocking IT Efficiency

Driving IT Value Through Cost & Efficiency Excellence



Why IT Efficiency is a Board-Level Priority?

IT spending continues to rise, but business value often does not

Key observations

Organizations across industries face a common challenge:

- IT spending grows faster than revenues and productivity
- New technologies, regulatory requirements, and cybersecurity demands continuously increase complexity
- Application landscapes expand while legacy systems remain in place
- Project portfolios grow faster than delivery capacity
- Business demand often exceeds available IT resources
- Increasing licensing costs, e. g. MS or VMware



Growing pressure from multiple directions

- **Business Growth and Digitalization**
- **Regulation and Compliance**
- **Cyber Security**
- **Cloud and New Technologies**
- **Business Expectations**

Many organizations are not suffering from insufficient IT investment but from unmanaged complexity

The Four Structural Drivers of Rising IT Costs

Rising IT costs are rarely caused by a single problem. They are usually the result of four structural root causes



Complexity

- Growing application landscapes
- Redundant tools and platforms
- Legacy systems
- High integration effort

→ IT becomes increasingly expensive to change / operate



Demand

- Too many projects
- Overloaded portfolios
- Unclear prioritization
- Overengineering

→ Everything is important, but nothing gets finished



Governance

- Limited cost transparency
- Missing ownership
- Weak demand control
- Lack of performance metrics

→ Costs increase without clear explanation



Organization

- Too many interfaces
- Excessive coordination
- Functional silos
- Fragmented responsibilities

→ More effort is spent on coordination than on delivery

Technology is rarely the problem. Most IT cost problems are management and operating model problems

Our approach: Value-Based IT Cost Management

The objective is not to reduce IT spending, but rather to spend smarter to maximize business value for every Euro

Traditional Cost Reduction

- Across-the-board cuts
- Budget targets
- Benchmark-driven actions
- Short-term focus
- Service degradation often accepted
- IT spending grows faster than revenues and productivity

→ **Short-term savings followed by recurring cost growth**

Bad Costs
(Redundancies, waste, complexity)

Reallocate Capacity and Investment

Good Costs
(Automation, modernization, security, AI, business enablement)

Value-Based IT Cost Management

- Understand cost drivers
- Distinguish valuable and non-valuable costs
- Reduce complexity
- Balance demand and supply
- Improve efficiency while preserving performance

→ **Sustainable savings and improved delivery capability**

IT Cost Management is not about spending less. It is about spending smarter

The AdEx Partners Difference

We optimize IT economics, not just IT costs

Traditional Cost Programs		The AdEx Partners Approach
Focus on budgets How can we spend less?	⟷	**Focus on value creation** Which costs create value and which do not?
Benchmark first Others identify where costs differ	⟷	**Cost drivers first** We explain why costs differ
Recommendation What should be done?	⟷	**Implementation** How can we make it happen?
IT-only perspective How can IT reduce costs?	⟷	**Business and IT perspective** How can business and IT create more value?

We don't stop when we know what should be done. We stop when the organization knows who has to do it, when it has to happen, and how the benefits will be measured

The AdEx Partners 5-step IT Cost and Efficiency Transformation
Our Approach

Cost leadership through transparency, traceability, and intelligent IT



From Cost Transparency to Actionable Management Decisions

Key Deliverables

Deliverable	Management Benefit
IT Cost Baseline	Creates Transparency
Cost Driver Model	Explains why costs increase
IT Cost Heatmap	Highlights hotspots
Top-10 Money Burning List	Prioritzies actions
Cost Lever Catalogue	Identifies savings opport
Implementation Roadmap	Turns ideas into results

Deliverable: IT Top-10 Money Burning List

ILLUSTRATIVE

Answers the question: Where are we currently losing the most money—and what should we do first?

Rank	Money Burning Area	Annual Cost Impact	Root Cause	Quick Win Potential	Structural Potential	Decision Owner
1	Low-value project portfolio	€ 12,5m	Too many parallel initiatives, weak prioritization	High	High	Buiness, IT
2	Redundant applications	€ 9,8m	Multiple tools for same business capability	Medium	High	(Mainly) IT
3	Long-term external contractors	€ 8,2m	External resources performing line functions	Medium	High	IT
4	Underutilized infrastructure	€ 6,7m	Overprovisioning and poor capacity management	High	Medium	IT
5	Unused software licenses	€ 5,4m	Missing software asset management	High	Low	IT
6	Supplier fragmentation	€ 4,9m	Too many vendors for similar services	Medium	Medium	Procurement, IT
7	Manual operational processes	€ 4,5m	Low automation level	Low	High	IT
8	Organizational overhead	€ 4,2m	Excessive governance and coordination effort	Low	High	IT
9	Legacy application support	€ 3,8m	Applications beyond economic lifecycle	Low	High	IT
10	Premium service levels	€ 2,9m	Overengineered SLAs	High	Medium	Business, IT

Typical output from the first 6–8 weeks of an engagement

IT Cost & Efficiency Quick Scan

A T€50 fixed-fee assessment[1] to identify key cost hotspots and define a realistic savings ambition

Scope and deliverables

Focused assessment

- Establish the IT cost and capacity baseline
- Screen predefined cost and efficiency hypotheses
- Validate key findings through management interviews

Key deliverables

- IT Cost Heatmap and simplified Cost Driver Model
- Top-10 Money Burning List with root causes and indicative potential ranges
- Overall Cost & Efficiency Assessment
- Target Cost KPIs and savings ambition
- Prioritized Savings Roadmap

Client value

1. Rapid transparency on cost drivers and efficiency gaps
2. Focus on the opportunities with the highest expected impact
3. Clear distinction between quick wins and structural levers
4. Fact-based savings ambition and management decision basis
5. Defined priorities for potential deep dives

1 Based on available management data and selected interviews. Potential ranges are indicative.

AdEx Team with Extensive Experience in IT Efficiency Projects

SELECTED PROJECT EXAMPLES

Various Industries

20 M€
Savings Realized

Large Financial Services IT Provider

- Achieved a balanced operating result (FI-TS) through three successive rounds of cost-cutting: 1) Reducing budget items for risk mitigation 2) Reducing general operating expense items 3) Risk-weighted reduction of external staff in line functions
- Cost cuts without affecting long-term service quality

3.5 M€
Savings Realized

German Life Insurance Company

- Conducted efficiency program as part of the data center consolidation of the German retail sales operations
- Savings realized: 3.5 M€ (out of 14 M€), primarily through infrastructure consolidation, standardization of service processes, centralization of human resources, and insourcing of previously outsourced services

14.5 M€
Annual Savings Potential Identified

Specialty Chemicals Manufacturer

- Analyzed IT spending, application portfolio, sourcing model, and project governance
- Identified optimization opportunities across labor costs, applications, and project delivery
- Quantified annual savings potential of 14.5 M€ and developed an implementation roadmap

1.4 M€
Annual Savings Identified

Automobile Service Provider

- Focus on IT cost cutbacks that can be implemented quickly
- Key levers: Adjusting volume and service levels, renegotiating prices, consolidation, and reducing product variety

AdEx Partners – Advisory Excellence

AdEx Partners.
Passion meets
Transformation



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