

Cost Optimization Decision Framework

Make key cost decisions and strategic trade-offs — without risking your business.



The Gartner Cost Optimization Decision Framework gives leaders a more strategic, systematic approach for reducing spend and costs while maximizing business value.

→ Evaluate cost initiatives with 6 factors

Rate each initiative for the scale of its impact with the least impact = 1 and the most = 3. Then multiply that score by the weighting — which you determine based on your organization’s priorities.

Benefits and Impact

1 Potential Financial Benefit	Small	Medium	Large	Weight*
	← Chance of improving cash or generating hard/soft savings →			60%
2 Business Impact	Adverse	None	Positive	Weight*
	← Impact on business operations →			40%

Investment, Risk and Time

3 Time Requirement	Long-term or not at all	Within months	Within weeks	Weight*
	← Time frame for savings →			25%
4 Degree of Organizational Risk	High	Moderate	Low	Weight*
	← Chances of staff redundancies; reengineering of processes and structures →			25%
5 Degree of IT Technical Risk	High	Moderate	Low	Weight*
	← Impact felt on operating system, databases, middleware and applications →			25%
6 Investment Requirement	High	Moderate	Low/none	Weight*
	← Degree to which the initiative requires a large upfront investment →			25%

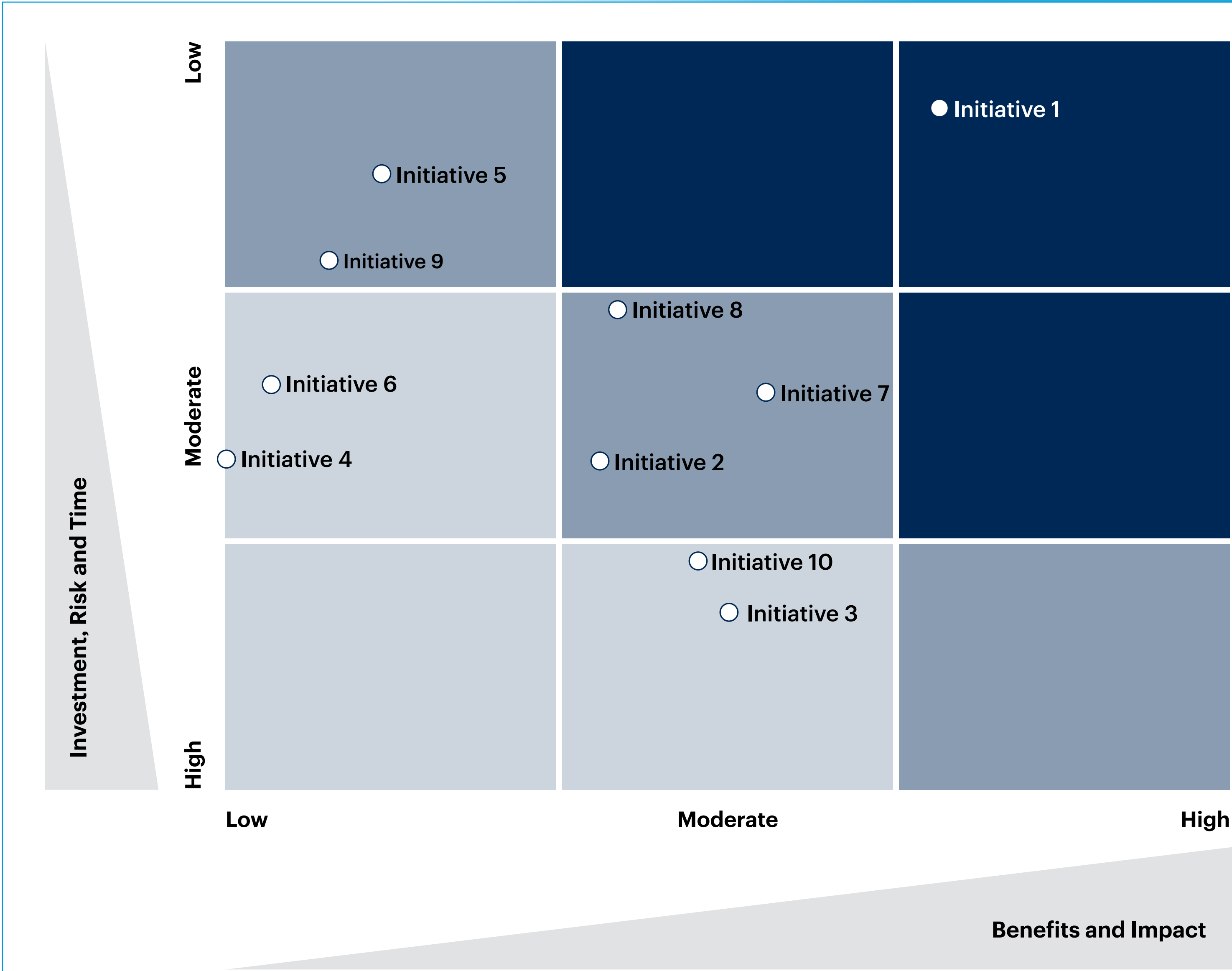
*Illustrative percentages. Total should equal 100%.

Example scoring for each of your initiatives: Initiative 1

Benefits and Impact	Score	Weighting	Weighted Score
Potential Financial Benefit	Medium = 2	60%	1.2
Business Impact	Positive = 3	40%	1.2
Total Score			2.4

→ Plot your assessment scores to prioritize initiatives

Plot your weighted score for each initiative (y axis = Benefits and Impact; x axis = Investment, Risk and Time).



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