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Technology Cost Intelligence in Asia Enterprises



Research insights by



Navigating the path to value

IDC’s research shows that chief information officers (CIOs) are now key to shaping business strategy, shifting from operational overseers to strategic value pathfinders. A groundbreaking IDC study, commissioned by Cognizant, reveals that modern CIOs must be equipped with cost intelligence to effectively lead digital transformation and address business risks such as digital execution gaps, cybersecurity threats, and the escalating costs associated with adoption of advanced technologies. Increasingly, CIOs must move beyond cost management that focuses on “keeping the lights on” to become value pathfinders, orchestrating digital initiatives that drive outcomes like faster innovation, improved customer satisfaction, and new revenue streams.

To explore this further, IDC examined how organizations can enhance IT effectiveness through cost intelligence tools tailored to modern CIO needs. These tools provide critical cost insights necessary to create synergy in tech investments and accelerate speed-to-value. The study identified key challenges, including:

50%

of organizations lack sufficient tools to analyze costs and make informed decisions on funding digital initiatives.

73%

struggle with full cost visibility into technology spending across departments and projects.

69%

do not regularly benchmark IT spending against industry standards, missing key opportunities for optimization.

This eBook presents insights from the study which surveyed 80 IT leaders, and conducted 14 in-depth interviews with executives from the banking, financial services & insurance (BFSI) sector, as well as life sciences organizations in Asia/Pacific. It explores how organizations across Asia/Pacific can navigate the complexities of cost management and unlock value through cost intelligence.

Note: Numbers in this document may not be exact due to rounding.



“Cost intelligence will really help to save a lot of money, especially in the planning stage and even in the real-time execution stage.”

– MD & Head of Architecture of a private bank

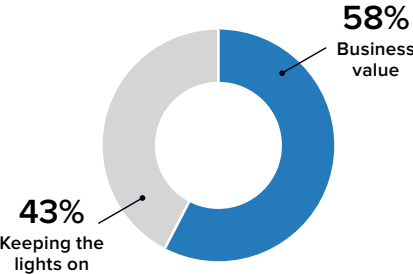
Source: IDC C-Level Cost Intelligence Study 2024 commissioned by Cognizant

Modern CIOs must orchestrate value with speed and synergy

CIOs increasingly must go beyond ‘keeping the lights on’ to ensuring that every tech investment delivers measurable business outcomes. By shifting focus from IT operational costs to the business impact of every technology dollar, CIOs can redirect cost savings into innovations that fuel future growth.

To achieve this, CIOs must leverage cost intelligence to arbitrate investment decisions that accelerate business value while engaging with multiple C-suite stakeholders.

Overall focus of CIOs



Source: IDC C-Level Cost Intelligence Study 2024 commissioned by Cognizant

Speed up business value

Expected outcomes of technology investments

- 33%** Aim to speed up innovation through tech investments.
- 29%** Expect to use technology to accelerate revenue growth.

Business and IT executives are investing in new technologies, and CIOs must ensure that these innovations deliver critical business improvements in operational efficiency, customer satisfaction, and digital resilience.

By connecting business value to technology investments, CIOs and business executives can better prioritize initiatives that provide the best value for their investment.

CIOs’ technology priorities for the next 12 months

- 1** Investing in emerging technologies
- 2** Improving customer-focused digital experiences
- 3** Investing in security technologies
- 4** Improving digital skills across the organization
- 5** Improving IT support

Drive synergy and alignment

64% of organizations have limited C-Suite alignment on business transformation initiatives, making it essential that CIOs take a more active role in orchestrating and aligning technology investments.

When navigating technology investments, CIOs must engage a broad range of stakeholders, including lines of business (LOB) and function heads, to gain consensus on technology investments.

Technology budgets are increasingly mixed, covering enterprise transformation, function-led, and joint business/IT initiatives. This makes it critical for CIOs to align multiple, often conflicting, priorities to drive value across the organization.

Top C-suite alignment challenges

- 1** Disagreements on tech return on investment (ROI)
- 2** IT & LOB misalignment
- 3** Lack of consensus on IT funding priorities
- 4** Budgetary disputes due to differing priorities
- 5** IT & business strategy misalignment

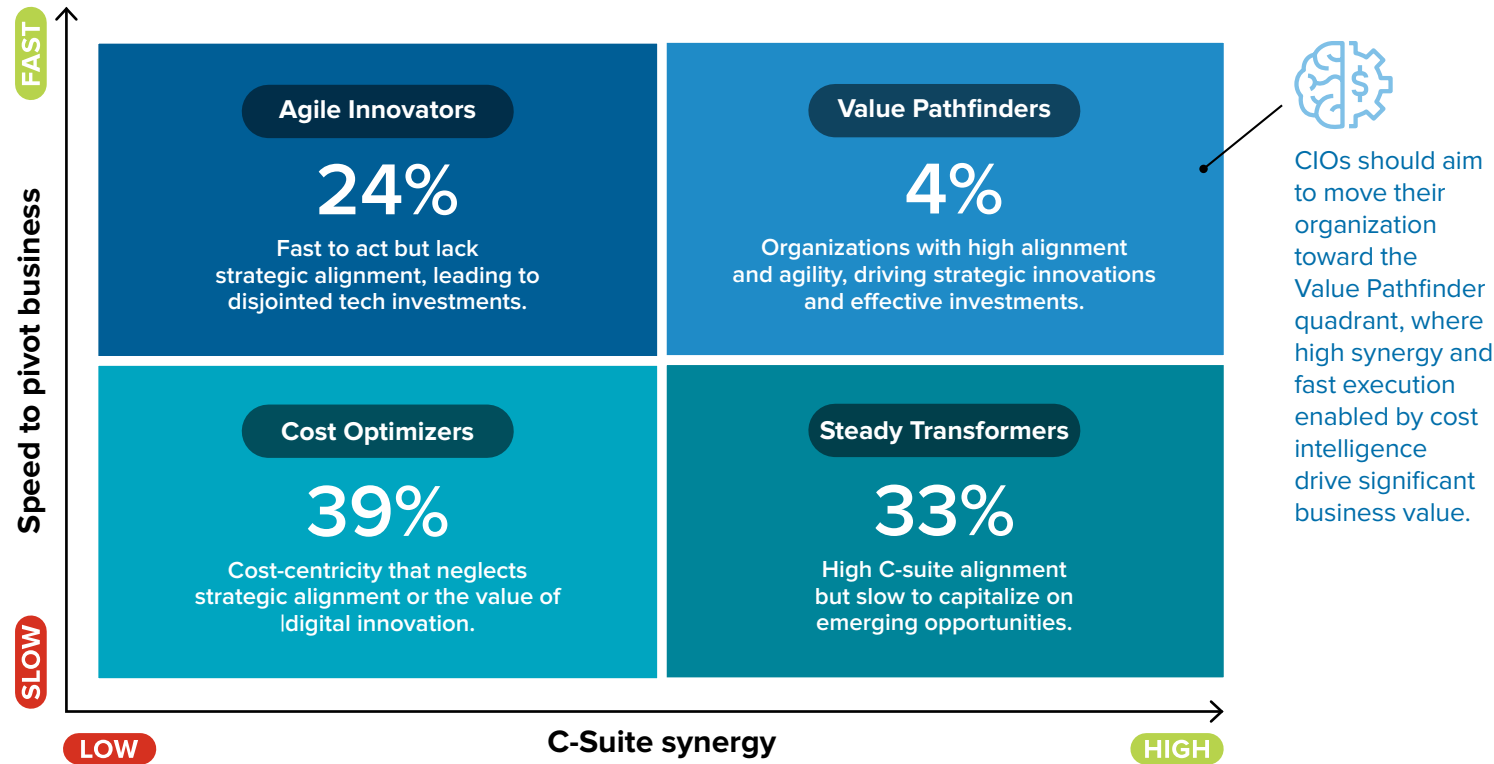
Organization archetypes reveal a lack of cost Intelligence

This groundbreaking study identified four different archetypes when assessing organizations for their speed and synergy in making strategic investments. IDC found that most organizations struggle to balance speed and synergy, with some exceling in one area while faltering in the other. A significant number find both speed and synergy to be challenging.

For most organizations, technology spending decisions made solely on cost metrics create a culture that discourages innovation, resulting in slow responsiveness to market changes or a lack of synergy across multiple overlapping technology projects.

CIOs in most organizations lack the cost intelligence insights to help their leadership teams connect the business value of tech investments and reach consensus on technology priorities. The diagram summarizes the four types of organizations.

The archetypes of strategic decision-making



Source: IDC C-Level Cost Intelligence Study 2024 commissioned by Cognizant

Using archetypes to understand cost intelligence gaps

CIOs can better navigate the path to value by understanding how their organization’s budgeting structure and processes impact tech spending decisions and their strategic consequences. CIOs can use these archetypes to identify and address cost intelligence gaps that limit speed-to-decision and/or synergy, allowing them to better influence their C-suite counterparts in achieving greater business impact. In doing so, CIOs can steer their organizations to become Value Pathfinders.

Agile Innovators

For Agile Innovators, cost intelligence gaps hinder strategic synergy. They prioritize quick market responses over strategic alignment, which accelerates technology adoption but compromises synergy. This leads to shadow IT, resource duplication, and governance inconsistencies, resulting in a fragmented technology landscape that is difficult to sustain and scale.

Key characteristics

- 50% of digital initiatives are financed by individual business functions, leading to independent tech investments without strategic alignment.
- 50% of Agile Innovators struggle to refresh complex legacy systems due to missing cost synergy and this drives technology debt accumulation.

Cost Optimizers

For Cost Optimizers, cost intelligence gaps undermine competitiveness. The lack of cost intelligence fosters a cost-centric culture, making it difficult to present a compelling value proposition for adopting new technologies or modernizing legacy systems. This leads to outdated technology, scarce digital skills, and resistance to change.

Key characteristics

- Almost 50% report that their C-suites disagree on the ROI of tech investments, with 61% unable to connect business value to IT spending.
- Only 20% of cost optimizers use cost intelligence to inform innovation decisions, often responding reactively to market-driven changes.

Value Pathfinders

Value Pathfinders strike a balance between swiftly adapting to market changes and maintaining strategic synergy. As a result, they enjoy the benefits of both strategic alignment and agility, positioning them as innovation and business growth leaders.

Key characteristics

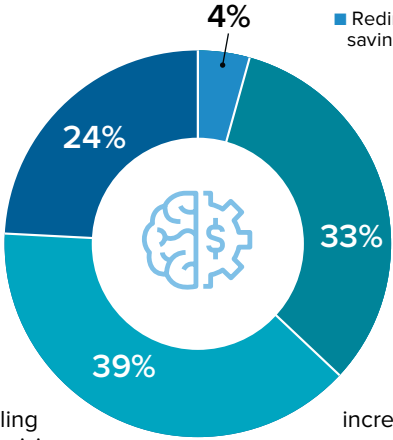
- Redirect IT "run" costs to innovate: Pathfinders continuously identify cost-saving opportunities in the "run" part of IT operations and redirect them to fund innovations that build business resilience and agility.
- More dynamic budgeting cycles: While Pathfinders are guided by strategic roadmaps and budgeting processes, improved cost intelligence enables them to pivot and capitalize on emerging opportunities by quickly understanding the impact of changes.
- Real-time cost visibility: Stakeholders are able to drill into cost categories and compare departments, business units, and projects.

Steady Transformers

For Steady Transformers, cost intelligence gaps hinder business agility. The lack of cost intelligence drives incremental change, characterized by structured rationalization and strict adherence to budgeting processes. This limits their ability to seize emerging opportunities or respond to sudden market shifts.

Key characteristics

- 58% of digital initiatives are financed through a central business transformation budget, indicating a top-down funding strategy.
- 46% experience misalignment between IT and business, highlighting that rigid budgeting approaches lack the short-term responsiveness needed by business and functional units to remain agile.



Source: IDC C-Level Cost Intelligence Study 2024 commissioned by Cognizant

Cost intelligence is an essential toolkit of Value Pathfinders

The study revealed essential competencies for a modern CIO, emphasizing the need to accelerate growth, innovation, and time-to-market. As the CIO's role expands beyond traditional IT boundaries, they now work closely with a broader set of stakeholders, requiring strong alignment and synergy to drive digital initiatives.

A critical success factor for CIOs rising to the challenge of digital leadership is cost intelligence, which enables them to grow their influence. Enhancing cost transparency is also vital to enable informed decision-making and strategic alignment across the organization.

To become Value Pathfinders, CIOs must move beyond traditional cost management to embrace a more strategic, synergistic, and dynamic approach to IT planning and management.

“The CIO function has shifted to reporting directly to the board and CEO. As a result, the role is as much about driving new revenue streams and the P&L bottom line as it is about the traditional function of keeping the technology lights on.”

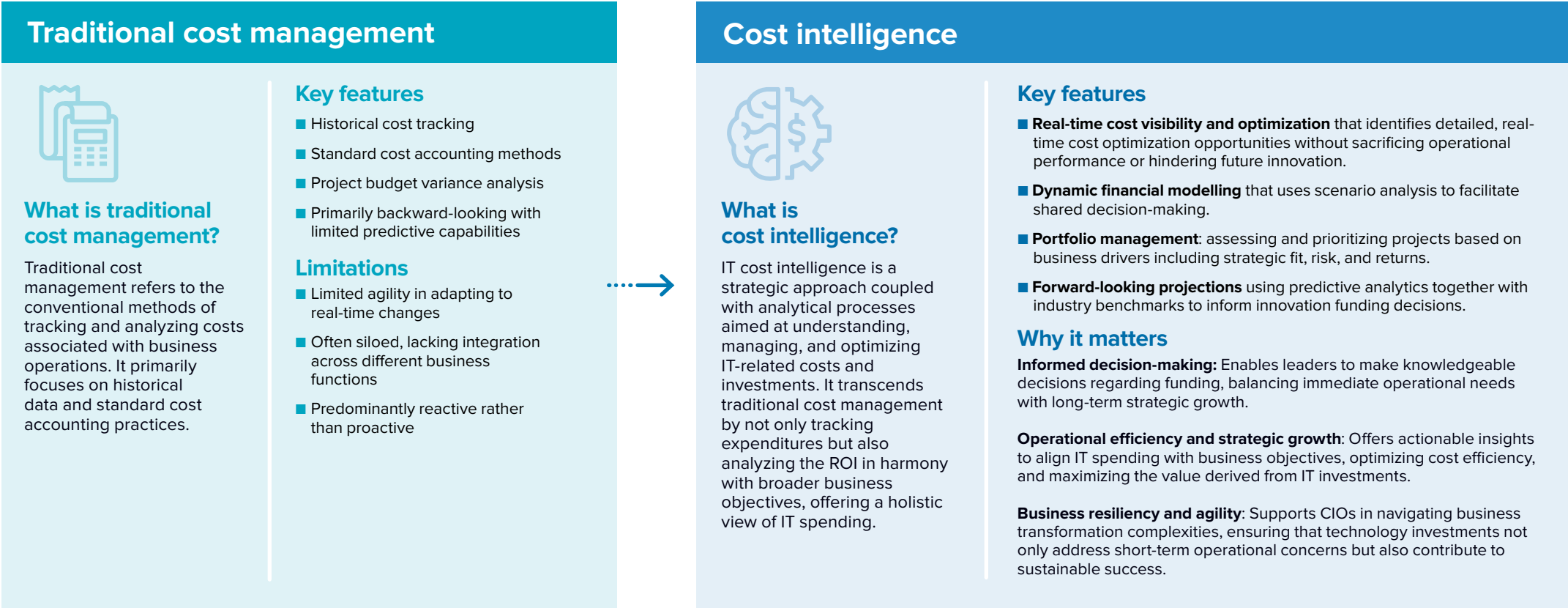
— Global Head of Technology & Digital Channels of a global bank



Source: IDC C-Level Cost Intelligence Study 2024 commissioned by Cognizant

What is cost intelligence?

To become a Value Pathfinder, modern CIOs must move beyond IT cost management and embrace cost intelligence — a strategic approach that goes beyond merely reducing or optimizing technology spending. To understand cost intelligence, it is important to recognize how it differs from traditional cost management.

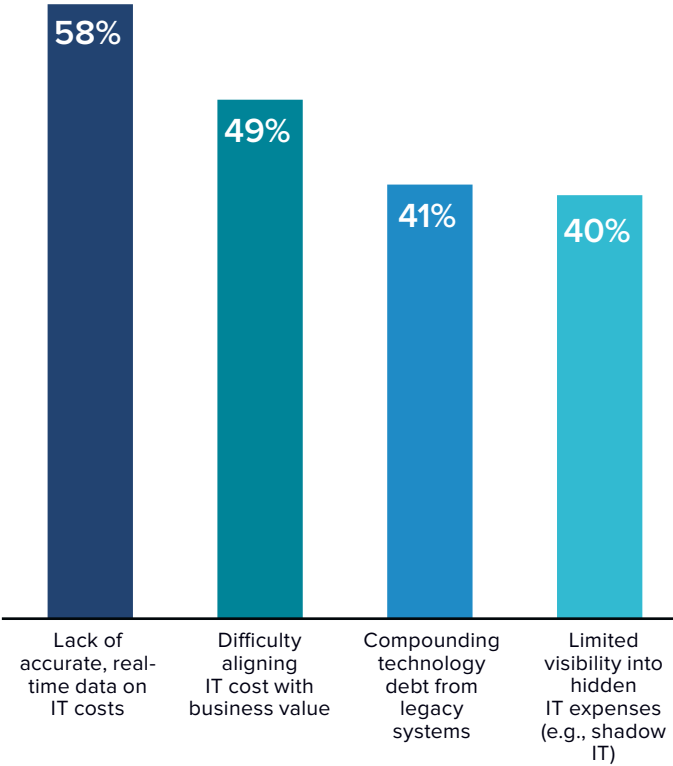


Cost intelligence: overcoming cost management barriers

CIOs that embrace cost intelligence are equipped with real-time cost insights contextualized by business metrics and values. In addition, using scenario-based planning and predictive forecasting, CIOs can better communicate the benefits of legacy modernization and synergize business-led initiatives to minimize shadow IT.

With cost intelligence, CIOs gain more comprehensive views of cost drivers across project teams and phases from proof-of-concepts to production. This holistic cost visibility enables CIOs to better prioritize digital initiatives, optimize operational cost, and drive cost synergy.

Top challenges in IT cost management



Key areas to improve IT cost visibility

- 1 Talent acquisition and retention costs**
Align workforce investments with operational priorities.
- 2 Salaries and benefits**
Ensure project teams and squads align with business goals.
- 3 Legacy system maintenance/modernization**
Control and predict tech debt while modernizing.
- 4 Security and compliance tools**
Gain visibility into compliance costs and optimize security investments.
- 5 Training and development expenses**
Ensure training expenditure aligns with business and future needs.
- 6 IT development processes**
Identify inefficiencies in development cycles.
- 7 Software licensing and subscription fees**
Eliminate unused licenses and align subscription costs to usages.



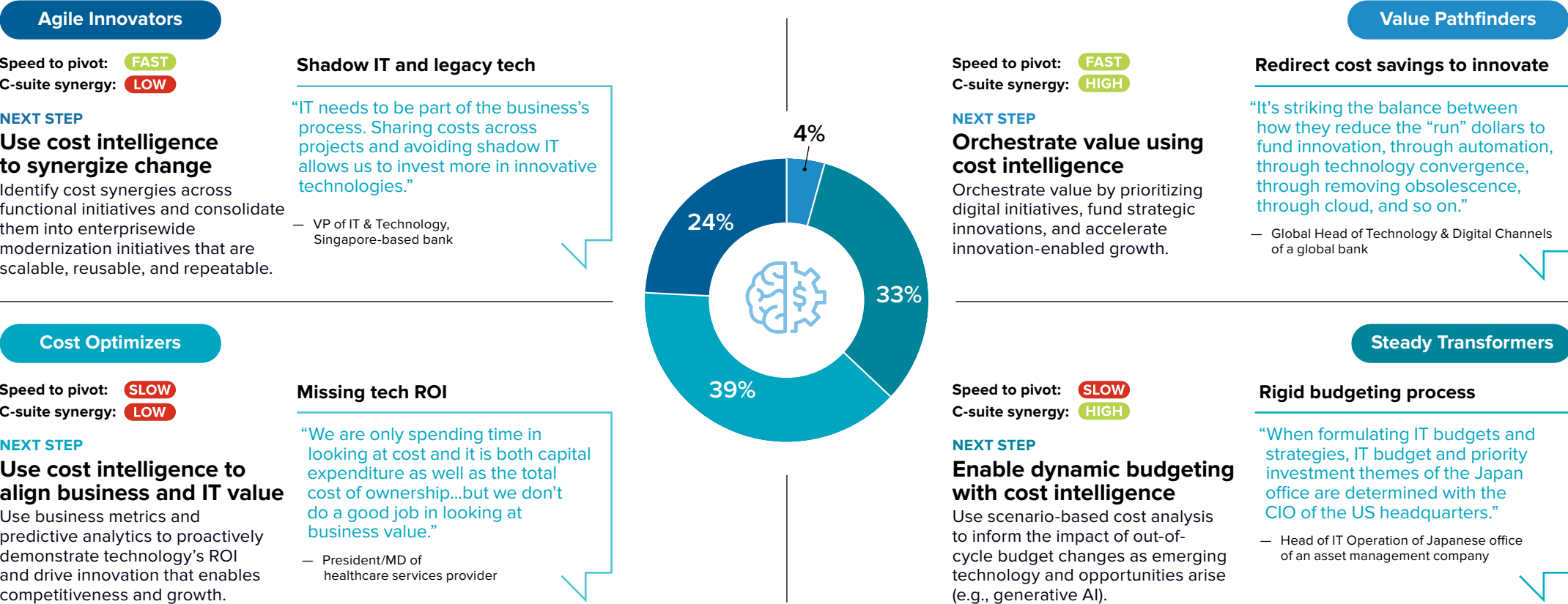
Cost intelligence provides leadership teams with a 360-degree view of IT expenses, enabling informed decisions that drive growth, efficiency, and resilience.

“...in cost management we only look at two dimensions or three dimensions, and don't look at the full complexity of our IT expense.”

— President & Managing Director, healthcare service provider

Cost intelligence best practices: lessons from archetypes

By using insights gained from cost intelligence, CIOs can improve the speed to decision and synergy of technology decisions, thereby maximizing their business impact as technology leaders, and elevating the CIO role to a business advisor within the C-Suite.



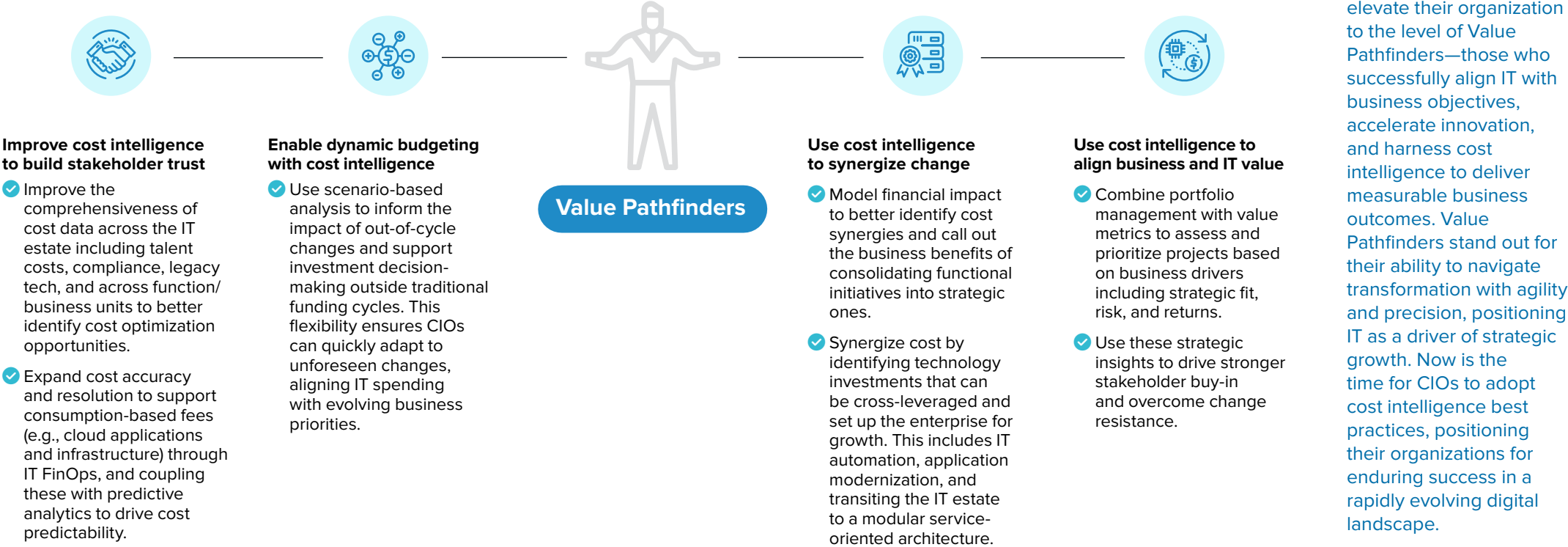
Source: IDC C-Level Cost Intelligence Study 2024 commissioned by Cognizant

Becoming a Value Pathfinder

Modern CIOs must balance speed in decision-making with synergy between IT and business goals. Becoming a Value Pathfinder enables organizations to lead with faster innovation, stronger business alignment, and optimized resources for sustainable growth.

Accelerating speed-to-decisions

Enabling synergistic decisions



Source: IDC C-Level Cost Intelligence Study 2024 commissioned by Cognizant

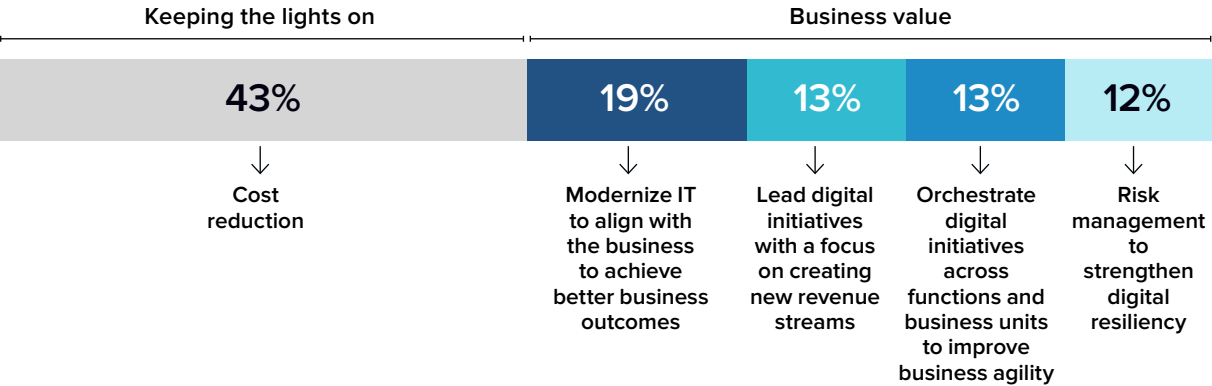
Focus on BFSI: Tackling legacy systems, inadequate tools, and training

With the proliferation of open banking and digital financial products, BFSI CIOs must deliver modern customer experiences while addressing a fast-evolving regulatory landscape, including data privacy and protection (e.g., Personal Data Protection Act [PDPA]), financial compliance (e.g., anti-money laundering [AML], know your customer [KYC]), and cybersecurity and data sovereignty requirements.

A top challenge for many CIOs is the monolithic core banking systems and legacy mainframes that slow the wider adoption of digital engagement channels, products, and services. To overcome these constraints, CIOs must balance compliance, cost management, modernization, and innovation by investing in modern and scalable digital infrastructure and applications.

Leveraging cost intelligence is crucial for demonstrating how these strategic investments can improve customer satisfaction, reduce the cost to serve, and position the organization for future growth by enabling digital products and services to scale through reusable cloud-first architectures.

Overall focus of CIOs in BFSI sector



Top challenges in IT cost management



Why speed matters

Top business outcomes sought by BFSI

- 1 Increased operational efficiency
- 2 Faster innovation
- 3 Cost savings

Why synergy matters

Top C-suite alignment challenges in BFSI

- 1 Disagreements on ROI of tech investments
- 2 Misalignment between IT & LOBs
- 3 Different priorities causing budget disputes

“Significant challenges exist in modernizing legacy systems and justifying investments in cloud and automation technologies that enhance cost management and ROI. We need to demonstrate that building a modern, scalable IT foundation is critical for improving both operational efficiency, and customer engagement.”

— MD & Head of Architecture of a private bank

Focus on BFSI: Using cost intelligence to orchestrate a path to value

Strict compliance requirements, rigid approval processes, and an entrenched “don’t fix it if it isn’t broken” mentality make most BFSI organizations err on the side of caution when driving technology-enabled transformations.

Yet, FinTech startups are pushing the proliferation of digital financial products and services. Combined with shifts in public policies encouraging open banking, digital bank licenses, financial inclusion, and green financing, BFSI organizations have begun embracing digital technologies.

To this end, CIOs must orchestrate a path to value by using cost intelligence to align business/IT investments, accelerate transformative initiatives, and gain stakeholder buy-in.

Agile Innovators

Speed to pivot: **FAST**
C-suite synergy: **LOW**

Use cost intelligence to synergize process automation initiatives

- Show how modular transaction services can streamline audit processes and drive cost savings across multiple business units or product lines.
- For example, real-time fraud detection enables straight-through processing for enhanced operational efficiency and reduces cost to serve across multiple customer-facing touchpoints.

Cost Optimizers

Speed to pivot: **SLOW**
C-suite synergy: **LOW**

Use cost intelligence to justify value of AI in AML/KYC compliance

- Demonstrate improvements in client onboarding rate, customer satisfaction score (CSAT), and cost-to-serve reduction by using AI for KYC compliance.
- For example, predictive AI that uses alternative data sources (e.g., telco data) for KYC/AML compliance.

Value Pathfinders

Speed to pivot: **FAST**
C-suite synergy: **HIGH**

Orchestrate value using cost intelligence

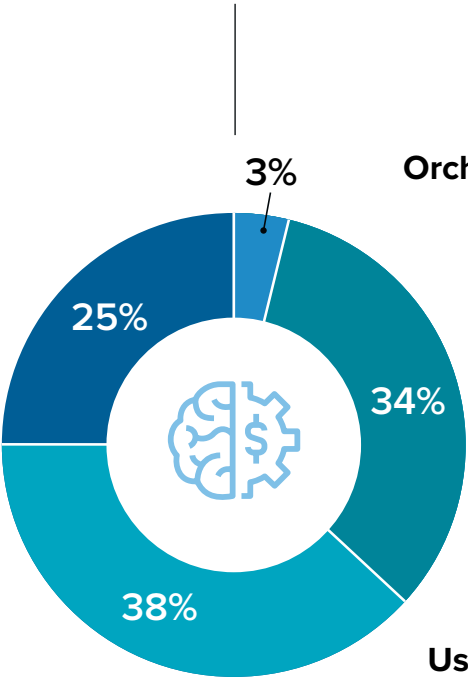
- Continuously seek opportunities to redirect cost savings from retiring legacy mainframes and systems to fund innovations such as AI/ML agents, open banking, and advanced predictive analytics capabilities.

Steady Transformers

Speed to pivot: **SLOW**
C-suite synergy: **HIGH**

Use scenario-based costing to examine impact of technology or regulatory shifts

- Address emerging technologies such as generative AI, or anticipate the impact of evolving regulations (e.g., Monetary Authority of Singapore’s advisory to implement a “kill switch” feature to combat increasing banking scams).



Source: IDC C-Level Cost Intelligence Study 2024 commissioned by Cognizant

Focus on Life Sciences: Cost intelligence drives cost efficiency and innovation

The life sciences sector has seen significant acceleration in business transformation, largely driven by technological advancements (e.g., telemedicine, and wearable devices for remote monitoring), regulatory changes, and a growing emphasis on patient-centric solutions. For example, Singapore's Health Sciences Authority's framework for software-as-a-medical-device and Japan's Pharmaceutical and Medical Devices Act reflect a growing focus on innovation in digital health and fast-tracking approvals for innovations.

Accelerating innovation in life sciences



The role of CIOs has evolved from overseeing back-office IT functions to shaping business strategies, driving innovation, and ensuring operational efficiency. Accordingly, CIOs must ensure that technology investments align closely with business goals to enable transformation. This includes adopting cloud-based data management and remote monitoring to simplify drug trials and regulatory approvals, and using AI-powered predictive analytics to accelerate the drug discovery process, enabling faster time-to-market for life-saving treatments.

“Using data-driven real-world evidence is becoming increasingly important for regulatory submissions because it allows us to make faster decisions and improve drugs’ time to market, with the benefit of more comprehensive data.”

— APAC President & MD,
life science services provider

Improving operational efficiency



Similarly, CIOs play a critical role in optimizing the use of complex enterprise systems to ensure that day-to-day operations, such as supply chain management and logistics, are efficient and cost-effective. This includes utilizing process management tools to identify inefficiencies in drug distribution. Coupled with cost intelligence, CIOs must determine where automation, advanced logistics, IoT tracking, and process redesign can enhance operational efficiency and reduce costs.

“We focus on process and use tools like Signavio to help us optimize cost as much as possible... we need to move these boxes very efficiently because distribution margins are very low.”

— Group CTO,
global pharmaceutical distributor

Cost intelligence challenges CIOs face

Cost intelligence is critical for managing the operational expenses and capex required for R&D and compliance, but improving it may be challenging:

- **Reliance on complex legacy systems** which are difficult to integrate with modern, cloud-based solutions, making it hard to track and manage costs accurately across the supply chain, from manufacturing to clinical trials.
- **Lack of data visibility:** Interviewed CIOs struggled with obtaining real-time insights into resource allocation, which can lead to inefficiencies and budget overruns.
- **Balancing innovation with cost control:** CIOs find it tough to create a roadmap that prioritizes investments which simultaneously address cost reduction and promote business transformation.

Considerations for life science CIOs

- Use cost intelligence to align IT with business value in areas that contribute to critical outcomes, such as drug discovery, patient-centric innovation, and operational efficiency.
- Leverage cost modeling to communicate the benefits of new technologies like AI for drug discovery, or automation in manufacturing and distribution.
- Provide real-time data on IT costs for cloud infrastructure in drug trials and patient-centric applications to optimize different phases of product development and distribution.
- Enable dynamic budgeting with scenario-based costing to reallocate budgets from underperforming drug development projects to those with higher market potential, ensuring optimal resource allocation.

Source: IDC Cost Intelligence Study 2024 commissioned by Cognizant

Research methodology

This eBook is primarily based on a study commissioned by Cognizant, in which IDC conducted 80 online surveys and 14 in-depth interviews (IDIs) with IT leaders and executives from large multinational organizations based in Asia. Findings from the study is supplemented by other IDC research on cost intelligence and related technologies.

Online survey

80

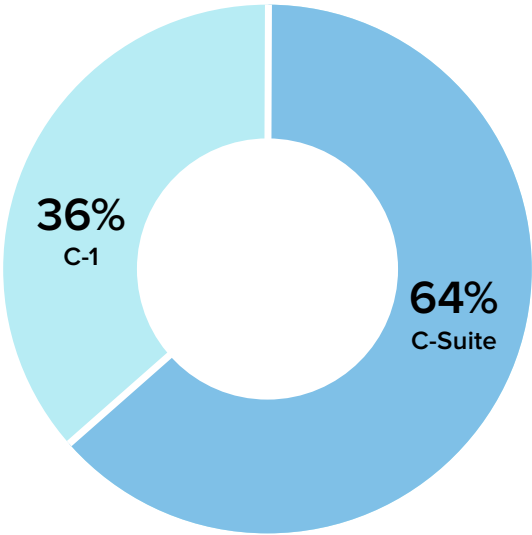


In-depth interviews

14



Survey samples



Cognizant signature offering

Cost Intelligence

COGNIZANT is one of the world's leading professional services companies, helping clients become AI-enabled and data-driven in the digital era. Our industry-based, consultative approach helps companies evolve into modern businesses.

Our cost Intelligence signature offering provides comprehensive, end-to-end value by codifying in-scope functional cost maps, comparing these to leading peers, identifying gaps and their root causes, and shaping and implementing recommendations.

Inter-disciplinary experts from Cognizant Consulting and other service lines – e.g. Intelligent Operations Automation, Digital Engineering, Data/Analytics, and Cloud Transformation– ensure the most effective achievement of results.

For more information about Cognizant Cost Intelligence, please email inquiry@cognizant.com

Typical benefits arising from our cost intelligence and action offer:



**Reduced
expense base**



**Functional initiatives
aligned to financial goals**



**Optimized
Opex/Capex balance**



**Reinforced cost
performance culture**



**Streamlined activity/
workflow portfolio**



**Improved
bottom-line**



**Enhanced
functional efficiency**



**Positive equity
analyst feedback**



**A better
disciplined culture**

Learn More



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Chief Analyst

Linus has over 25 years of industry experience, and spearheads research in digital business, trust, infrastructure, and services in IDC Asia/Pacific. Linus is based in Sydney and serves as the chief analyst for Australia and New Zealand (ANZ). He is a founding member of IDC's Emerging Technology Advisory Council and a respected senior member of the region's CIO100, CSO, and Future Enterprise awards.

In his role, Linus provides strategic insights for digital leaders and the technology sector, focusing on sourcing strategies and emerging technology across Asia/Pacific. His expertise has earned him numerous accolades or his contributions to country, regional, and quality research.



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Lawrence leads APJ Digital Business and AI Transformation Strategies research program at IDC Asia/Pacific and is based in Singapore. In this role, he provides strategic advisory services to both tech buyers and suppliers by leveraging primary and secondary research. Lawrence focuses on connecting how technology is reshaping the business landscape in the era of business transformation and AI proliferation and examines how technology buyers and decision makers should maximize business outcomes with their technology investments.



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Pushkaraksh leads the Asia/Pacific Analytics and Intelligent Automation Services research at IDC. Pushkar's domain expertise and research interests span Managed Cloud Services, Robotic and Intelligent Automation services (RPA/IA), Digital Workplace Services and Next-generation Infrastructure Services (hybrid infrastructure and management). Pushkar is based in Bangalore and has worked extensively on both syndicated studies to provide thought leadership and custom client engagements within these technology domains. Pushkar also has experience delivering executive presentations in both small and large format settings, as well as executing workshops and roundtable sessions.