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Info-Tech Calls for Overhaul of IT Project Costing as Financial Scrutiny Intensifies

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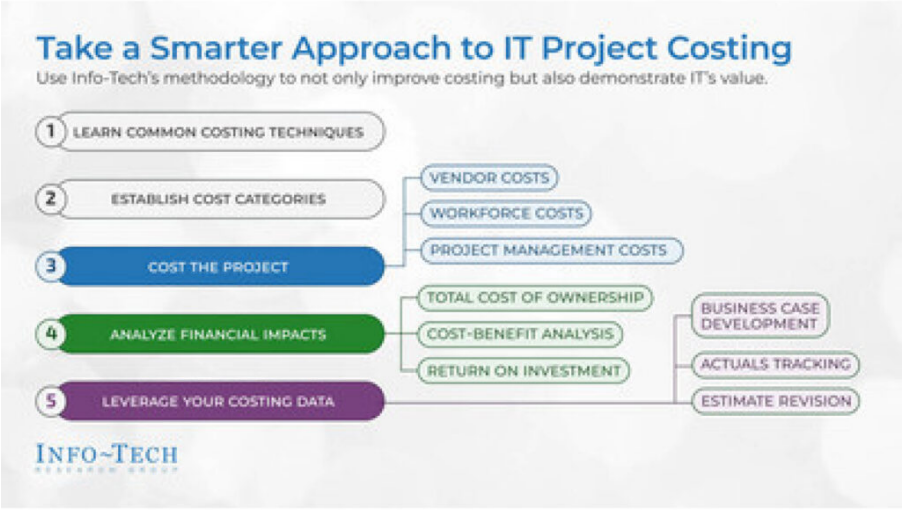

Project costing in IT is under increasing pressure, with new research from Info-Tech Research Group highlighting widespread gaps in how organisations estimate, track, and justify technology investments.

According to the firm, many organisations continue to rely on incomplete or static costing approaches that limit financial visibility, weaken business cases, and make it harder for IT leaders to demonstrate return on investment. Its latest blueprint, *Invest in Realistic and Comprehensive Project Costing*, sets out a structured methodology to address these shortcomings.

A discipline lagging behind complexity

As technology spend comes under closer scrutiny, costing practices have not kept pace with the complexity of modern IT environments. Factors such as fluctuating cloud costs, evolving project scope, and vendor pricing volatility are often not fully reflected in early estimates.

Info-Tech notes that the issue is not a lack of effort, but fragmented practices and inconsistent data. Key financial inputs—including total cost of ownership, cost-benefit analysis, and ROI—are frequently introduced too late or applied unevenly.

The result is a disconnect between project approval and long-term value, with organisations committing to initiatives that are difficult to evaluate or defend over time.

Jennifer Perrier, Principal Research Director at Info-Tech Research Group, said:

“Committing to exact numbers is not how effective project costing works. CIOs and IT leaders need to treat costing as an evolving financial model that reflects changing conditions, supports stronger business cases, and enables more confident investment decisions.”

A structured approach to better decision-making

To address these challenges, Info-Tech’s blueprint outlines a five-step framework designed to help CIOs and IT teams build more realistic and defensible cost models.

The approach begins with improving estimation techniques, encouraging teams to combine top-down, bottom-up, and three-point methods to better account for uncertainty. It then moves to standardising cost categories across workforce, vendor, and project management expenses to ensure consistency in planning and reporting.

From there, organisations are advised to develop detailed cost models that document assumptions, quantify risks, and assess multiple scenarios. This is followed by deeper financial analysis, including total cost of ownership and return on investment, to evaluate long-term value.

The final step focuses on embedding costing into ongoing project governance—tracking actual performance against estimates and continuously refining forecasts to improve accuracy and accountability.

Perrier added:
“A structured approach to project costing gives IT leaders the clarity needed to make informed investment decisions and demonstrate value over time. When costing is connected to financial outcomes, organizations can move forward with greater confidence and accountability.”

From static estimates to dynamic financial models

At its core, the research signals a shift in how project costing should be treated—from a one-off exercise at the planning stage to a continuous, evolving financial model.

For project professionals, this has clear implications. Costing is no longer just about securing approval; it is central to maintaining alignment between strategy, execution, and value realisation.

As organisations face tighter budgets and higher expectations for measurable outcomes, the ability to build credible, adaptable cost models is becoming a defining capability for IT and project leaders alike.