



Optimize Tech Spend Without Cutting Innovation: A Survival Guide for Clean Energy CIOs

Introduction



The global economic climate is increasingly uncertain, with persistent inflation, elevated interest rates, rising tariff threats, and shifting federal and state regulations creating financial headwinds for clean energy companies and heightening investor concerns.

At the same time, limited interconnection infrastructure and increasingly complex development requirements are complicating project execution and causing delays.

One clear sign of market stress is that offshore wind, hydrogen, and biofuels companies have seen sharp valuation drops. Since late 2024¹, segment green energy stock values have declined up to 19%.

These challenges are likely to drive industry consolidation, with only the most efficient and well-positioned firms expected to succeed. As a result, alternative energy companies face mounting pressure to streamline or reduce general and administrative (G&A) expenses, particularly in IT and operational technology.

¹ Rystad Energy Analytics and Advisory Insights, February 21, 2025, <https://www.rystadenergy.com/insights/>





Why technology spending is a key target for cost optimization:



With cash tightening, boards are scrutinizing every dollar spent, demanding clear value and accountability. Meanwhile, technology costs continue to climb—driven by rising SaaS subscriptions, expanding cloud usage, and increasingly complex vendor contracts—putting additional pressure on IT budgets.

Key Pressure Points:

- Uncertain supply chain impacts due to tariffs.
- Inflation and interest rates increasing the cost of capital.
- Constrained grid and power interconnection slowing project timelines.
- Compressed returns in a competitive market dragging investor confidence.

Optimize your tech spend with five smart levers, allowing you to right-size IT costs while preserving service quality and impact:



The challenge: controlling costs without stifling innovation. This demands a strategic, structured approach—not broad cuts, but smart, targeted actions. The following cost levers are tailored to the unique opportunities of clean energy companies.



People Optimization

- Benchmark team structure and productivity
- Reduce overreliance on high-cost contractors
- Consider offshoring noncore operations and tech support roles



License and Application Rationalization

- Eliminate unused or redundant software
- Consolidate overlapping tools like CMS applications
- Review SaaS renewals with ROI lens
- Accelerate cloud transition
- Optimize user licensing



Vendor Cost Control

- Renegotiate technology and operations contracts or service levels
- Optimize cloud compute, storage and network resources e.g. spot or reserve instances
- Rationalize technology and operations cloud accounts



Infrastructure and Capex Alignment

- Standardize hardware and platforms
- Rein in shadow IT
- Pause nonessential hardware refresh cycles
- Prioritize only essential projects



IT Service Model Redesign

- Introduce self-service support portals
- Automate routine help desk and admin tasks
- Adopt best practices to streamline workflows






Match your optimization strategy to your readiness, and pick your path based on urgency and internal capacity:



Setting targets aligns expectations, provides perspective and focuses on results.

Depending on the state of the organization, cost optimization can vary in depth of focus, aggressiveness of pace and breadth of stakeholder involvement. The approach should be aligned to the requisite transformational intensity, organization's readiness and expected savings targets.

	 Change (5 – 10% reductions)	 Shift (10 – 20% reductions)	 Transform (>20% reductions)
Focus	<ul style="list-style-type: none"> ■ IT led ■ Quick wins and internal levers ■ Low complexity 	<ul style="list-style-type: none"> ■ IT led with business involvement ■ Right-sizing for greater savings ■ Short time to cash ■ Expect moderate complexity 	<ul style="list-style-type: none"> ■ Business led with IT involvement ■ Fundamental changes for sustainable savings ■ Unrelenting governance ■ Expect high complexity
Typical Levers	<ul style="list-style-type: none"> ■ Prioritize and reduce discretionary spend ■ Eliminate unused / underused IT tools ■ Reorganize / right-size IT – for current portfolio of solutions and services 	<ul style="list-style-type: none"> ■ Streamlining standard business processes ■ Selectively rationalize applications, infrastructure and services ■ Rationalize IT project portfolio and usage of existing solutions and renegotiate contracts where possible ■ Freeze non-critical system enhancements 	<ul style="list-style-type: none"> ■ Ruthless prioritization of discretionary and non-discretionary spend ■ Define fit-for-purpose IT applications, services, and infrastructure ■ Exploit enabling technologies and service models: cloud, automation, robotics, “as-a-service”, etc

Effective optimization and right-sizing builds trust and credibility, while poor execution risks damaging morale and stifling innovation.



Tips for CIOs:

- Communicate clearly with business stakeholders.
- Track and report cost savings transparently.
- Frame decisions around preserving innovation capacity.
- Protect critical transformation efforts.



On the road ahead, clean energy companies can't afford to wait. The investors are watching. Margins are tightening. The time to optimize IT spend is now.

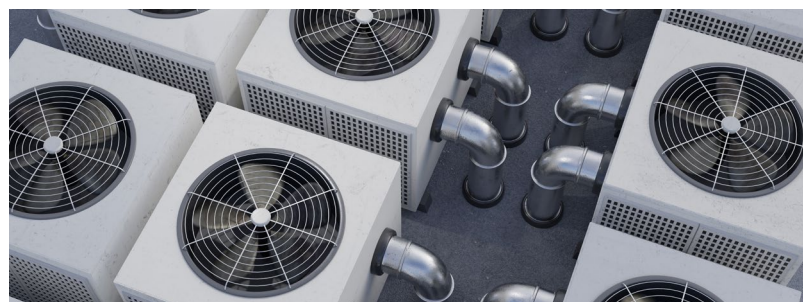


The good news? You don't need to gut your tech team or innovation roadmap to achieve real savings. With the right plan, CIOs can help lead their companies through headwinds and into stronger financial shape.

About Alvarez & Marsal

Alvarez & Marsal (A&M) helps clean energy companies navigate change. Our experienced teams deliver practical cost optimization programs, with a focus on action, not analysis. We operate with vendor independence and flexible engagement models designed to accelerate benefits.

Let's talk about how we can help your organization cut costs — without cutting its future.



1

A&M has **successfully executed G&A Optimization and IT Cost Takeout programs** for companies with a dynamic profile and/or under high-urgency circumstances. A&M's experience spans various industry verticals.

2

A&M brings highly relevant and **extensive experience working with businesses on transformational initiatives.**

3

A&M's restructuring heritage and **bias-for-action accelerates desired outcomes** and results in significant value creation for our clients.

4

A&M practitioners have combined industry and consulting experience. Our experience as industry operators and/or interim leaders enables us to provide practical, executable and sustainable recommendations.

5

A&M has no financial relationships with technology vendors or other third-party service providers, allowing us to remain **objective in our analysis and recommendations.**

6

A&M provides flexible engagement structures, including our willingness to put fees at risk. This enables our clients to focus on outcomes and speed-to-benefits.



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ABOUT ALVAREZ & MARSAL

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