

IT consumes more of your capital than your board realizes — and delivers less than your P&L suggests. The question is not whether to spend less. It is whether you know where the capital actually is.

IT is Capital, not a Cost Center

The blind spot is widening. And the CFO who misses it will keep defending ROI numbers the P&L contradicts, quarter after quarter.

Technology spend typically runs at three percent of revenue or more — but that is the number that appears on the IT budget.

The real number, once business-unit procurement, shadow subscriptions, vendor-driven consumption growth, and ungoverned SaaS sprawl are included, is materially higher. For a \$1 billion organization, the difference between what the CFO believes is being spent on technology and what is actually being spent can run to tens of millions of dollars annually.

That is not a rounding error. That is capital — capital that is not being deployed against supply chain resilience, against the liquidity reserves that a more volatile operating environment demands, against the real asset positioning that protects organizations when credit conditions tighten.

The CFOs who recover that capital — through vendor governance, architectural discipline, and honest accounting of what technology actually costs — are the ones who will have room to act when others do not.

WHY THIS MATTERS NOW

The papers in this series have made the case that the operating environment is structurally changing, supply chains need redundancy built in, not assumed away; the financial cycle is entering a phase where liquidity and flexibility are worth more than optimized efficiency; continental risk is repricing the assumptions underneath long-term capital commitments. Every one of those responses requires capital. The CFO who has quietly recovered three to five percent of revenue from ungoverned technology spend has more options than the one who hasn't. In an environment where the cost of being wrong is rising, that margin is not a nice-to-have. It is the difference between being able to act and being forced to react.

Efficiency Is Not Efficacy

The PMO was invented to solve a real problem: IT programs ran late, ran over, and nobody was accountable. The PMO fixed that. Projects get delivered on time, on budget, with RAG status reports that stay reassuringly green until the go-live party. What the PMO was never designed to ask — and structurally cannot ask, because its mandate is delivery not judgment — is whether the initiative should have been funded in the first place.

This is the gap that destroys capital quietly and at scale. An organization with a mature PMO can execute the wrong portfolio with extraordinary discipline. Every project lands. None of them should have been approved. The efficiency of the delivery apparatus makes the underlying capital misallocation invisible — because the machine is running smoothly, and smooth-running machines don't trigger reviews.

Efficacy asks the question that efficiency never does: is this the right use of capital, against everything else competing for it, at this moment in time? A PMO measures itself against a plan. Capital efficacy measures the plan itself. In an environment where recovered technology capital can be redeployed against supply chain resilience, liquidity reserves, and strategic flexibility, the cost of funding the wrong initiative is not just the initiative. It is everything that capital could have done instead — and didn't.

The Problem No CFO Can Ignore

In twenty years of transformation work, the same pattern repeats: brilliant finance leaders who can dissect any P&L get blindsided by technology decisions that should be straightforward capital allocation choices. The breakthrough comes from applying the same discipline CFOs use everywhere else in the business.

"IT isn't an operating detail. It's capital. And how you manage it will decide not just enterprise value, but whether leadership survives the next strategic fork in the road."

The Capital Allocation Test for IT

Asset quality: what capabilities are we building that compound over time?

Risk assessment: what liabilities are we creating, and what's the carrying cost?

Portfolio impact: how does this strengthen our competitive position over three to five years?

The strategy-to-requirements translation is where most IT programs fail. The breakthrough is connecting business strategy directly to IT scope — not through endless requirements gathering, but by understanding what capabilities each strategic move actually demands.

The CFOs who master this aren't just managing IT spending — they're turning technology into a competitive lever. The ones who don't will keep defending ROI numbers the P&L contradicts, quarter after quarter, until the board stops asking and starts acting.

KEY TAKEAWAYS

- IT creates a balance sheet of digital assets and liabilities — not a series of projects. Managing it any other way is letting enterprise value disappear.
- Every major IT decision should pass the same capital test: asset quality, risk assessment, portfolio impact.
- IT is increasingly embedded in the products and services companies sell — making it part of the value proposition, not just a back-office cost.
- The strategy-to-requirements translation is where most IT programs fail. Connect strategy to IT scope before funding, not after.
- The CFO who governs IT as capital turns technology into a competitive lever.

PLATEAU STRATEGY

Capital Efficacy
Series

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Four continents. Multiple capital cycles. I've watched brilliant CFOs get blindsided — by vendors selling certainty, by organizations caught in politics, by leaders advancing careers ahead of the balance sheet.

We work alongside CFOs so they walk into every room ready for the conversation that defines whether they keep the seat.

GET IN TOUCH

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