Creating investment capacity for AI starts with smarter IT lifecycles

How your organization can fund innovation by extending the value of what you already own

Finding the budget for AI innovation has never been more difficult — or urgent. A range of factors, from high inflation and shrinking budgets to tariffs and geopolitical tensions, is forcing companies to scrutinize every dollar they allocate. Yet, most IT leaders recognize that it could be catastrophic for their organizations if they miss the moment to climb aboard the AI train.

It's a tough, but not impossible, predicament to overcome because organizations have an often-overlooked funding source right in front of them: smart IT management. By extending the life of functioning systems and effectively managing equipment that has reached the end of its economic life, IT leaders can free trapped capital from legacy assets and apply it to high-priority AI projects.

"The capital needed for AI innovation at scale doesn't need to be a compromise," says Brad Shapiro, senior vice president at HPE Financial Services (HPEFS). "The vast majority of CFOs and line of business leaders that we meet with are having to work within their existing IT budgets to enable incremental AI funding. This balancing act often comes at the detriment of other critical projects. Freeing up trapped capital can often unlock surprising value, allowing organizations to address a broader set of business-critical investments."

Doing more — with the same resources

Freeing up capital is only one part of the equation. As companies expand into hybrid, multicloud, and edge environments, managing IT assets across dispersed geographies and workloads becomes increasingly complex. Smarter lifecycle strategies give IT teams the visibility and structure needed to navigate that sprawl and make more informed decisions about when to retain, retire, or redeploy equipment.

The value organizations glean from this approach can be dramatic. HPEFS, for example, processed 3.4 million IT assets in fiscal year 2024 — the equivalent weight of 48 Statues of Liberty. It returned 83% of those assets to service and responsibly recycled the rest, resulting in nearly $1.1 million returning to customers' coffers daily.

In addition to stretching IT budgets, that return also drives cross-functional transformation. Marketing, HR, finance, and operations teams increasingly rely on AI-enabled systems, so the ability to fund those tools without asking for new budget becomes a competitive advantage.

"Smart IT asset management is shifting the conversation from 'How will I fund my AI projects while still running operations?' to 'Where can I reinvest the savings from smarter IT management?'" says Shapiro.

Going beyond test runs

A savvier approach is becoming increasingly important across industries as organizations everywhere look to expand their AI budgets, going from pilots to scale to value creation. With AI, they see a once-in-a-generation opportunity to shatter limitations and realize tremendous business and customer experience improvements. To that end, IDC predicts worldwide spending on AI apps, infrastructure, and related services will more than double to $632 billion by 2028.[1]

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[1] "Worldwide Spending on Artificial Intelligence Forecast to Reach $632 Billion in 2028, According to a New IDC Spending Guide," IDC, Aug. 19, 2024.

Many top companies are already part of this shift. One international bank recently migrated more than 50,000 workloads to a private cloud environment built on the HPE GreenLake cloud. The move helped the company decommission legacy systems, reduce energy use, and improve IT resource utilization, creating a launchpad for future AI integration. With a more flexible and sustainable infrastructure, the bank can now scale new capabilities without building from scratch.

This kind of forward-thinking modernization is essential for AI readiness. Without a foundation of flexible infrastructure, AI projects can be bottlenecked by legacy systems that limit data mobility, increase risk, and drive up operational costs.

Reuse, reinvest, repeat

That modernization is just one example of how private cloud infrastructure becomes a springboard for innovation and resilience when paired with a longer-term asset strategy. Other organizations are also applying these asset management strategies. Another SaaS-based bank, for instance, recently utilized HPE's upcycling program to retire nine aging servers and reinvested the proceeds in newer, more energy-efficient infrastructure. And one European bank built a virtual wallet from asset resale credits and used those funds to purchase certified pre-owned technology — achieving reuse rates of 86% for servers and 94% for PCs.

Such moves not only make sense financially, but they also help organizations meet broader sustainability goals and commitments. Indeed, as AI workloads demand more power and cooling, the ability to extend asset life and reduce e-waste becomes critical for responsible IT planning.

"Even in the current political climate, customers bring up the circular economy and reducing e-waste in almost every conversation we have with them," says Shapiro. "Most companies recognize sustainability is a long-term imperative. And they know that if you can wrap a sustainable solution together with a solution or approach that saves them money, that's a powerful win-win for their future."

The circular economy is a system where materials never become waste and nature is regenerated.[2] According to a recent global survey by the World Economic Forum, Bain & Co., and the University of Cambridge, 75% of businesses consider circularity important or extremely important today and about 95% expect it to be so three years from now.[3]

Support for the long haul

Of course, not every IT department has the human or financial resources to commit to maximizing value from existing equipment. That's why HPEFS provides needed expertise in managing IT assets throughout their lifecycle, from acquisition to retention, ensuring optimal use and value extraction. It also supports IT sustainability practices by facilitating the refurbishment and reuse of equipment through its Tech Renewal Centers, contributing to the circular economy and reducing waste.

HPE financing and asset management experts are continuing to help customers get the absolute most out of their existing technology. By rethinking IT asset management, organizations can invest in technologies such as HPE Private Cloud AI to pave the way for a more sustainable, innovative future.

[2] "What is a circular economy?" Ellen MacArthur Foundation.

[3] "The circular transformation of industries: Unlocking economic value," World Economic Forum, Dec. 17, 2024.

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