

MARKET INSIGHTS

Equipping Your Evolving 2023 Workforce



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INTRODUCTION

The pandemic impacted the economy in many critical ways, including changes in work environments, labor availability, and the cost of goods. However, technological changes were some of the most impactful. From the latest advancements in AI to the need to rebalance workplaces for remote and in-office options, the everchanging technology landscape creates abundant opportunities, as well as many challenges for organizations.

In the midst of it all, focusing on a thoughtful and strategic approach to IT spend will position companies to take advantage of the opportunities that technological advancements provide, while shedding some of the “bad habits” adopted during the pandemic.

1

SCRUTINIZE END-USER DEVICE INVENTORY AND POLICES

REALITY: During the pandemic, your organization likely indexed heavily on programs and policies that maximized flexibility and remote productivity for your workers. To ramp up productivity, you may have developed stipends to support workers in procuring home office supplies, or even bypassed standard approval processes to allow employees to buy directly through a punchout catalog. This practice would have widened the scope of technology purchased, reduced corporate purchasing power and pricing leverage with vendors, and in some cases created excess shipping costs for your organization. Today, most employees already have the technology necessary to work from home, and these stipends are becoming a thing of the past.

Plus, even if you’re returning to office in some capacity, you’re not necessarily returning to the status quo. For example, perhaps you now have an excess of laptops that enabled remote work, while at the same time you’re maintaining a large presence of desktops in your corporate office, which may only operate at 20% capacity on the busiest day of the week.

It’s time to take tighter control of what, when, and how end-user devices and associated technology supplies are purchased.

STRATEGY: Evaluate your updated workforce and adapt your end-user device strategy to match. Instead of assuming your workforce needs are the same as they were pre-pandemic, take a step back and revise your user profiles, standardize the supplies provisioned by user profiles, and right-size the specifications needed. You’ll likely find many pre-pandemic devices are no longer needed, and you’ll see an opportunity to reign in spend and standardize your estate.

Now is the time to standardize. The technology market is ripe for competition with worldwide PC shipments down >25%.

Consider employing a few wise strategies to recoup investments:

- A) Extend hardware lifecycles. For example, instead of operating on a 3-year technology lifecycle, you may find success in pushing to 4 or 5 years.
- B) Auction off extra hardware to employees. This is a way to recoup costs, while also creating goodwill with employees who may need to refresh their home office supplies.
- C) Explore hardware recycling programs. If your hardware cannot be used for longer or go to someone who will use it, pursue responsible hardware erasure and recycling. While these options typically have associated costs, many professional organizations can streamline processes, and you may be able to claim tax offsets for donating equipment.

2

TACKLE THE SAAS TOOL PROLIFERATION

REALITY: Software availability has grown exponentially. From the latest and greatest project management tool to the next flashy marketing technology, new software tools have a tendency to creep outside IT budgets.

Software tool redundancy is at an all-time high, while utilization is severely lagging.

STRATEGY: Tighten controls by:

- A) Gathering spend data and scraping machines to inventory all software in the environments
- B) Conducting a scrupulous review of what tools are truly needed and standardizing across business units
- C) Prohibiting pcard/virtual card purchases for software purchases (authorization control)
- D) Establishing a holistic, software renewal calendar and processes to refresh and maintain the database
- E) Evaluating software asset management toolsets to bolster ongoing license management
- F) Blocking technology from renewal if it lacks a business use case

Take a bottoms-up approach and require business justification for every tool.

3

REVISIT EXTERNAL LABOR STRATEGY AND PARTNER MIX

REALITY: With the great resignation, rising demand for highly skilled IT labor, and global inflation narratives, securing a skilled, efficient, and cost-effective workforce has become a challenge. Even with substantial talent pools and brand recognition, top IT consulting and services firms around the world are facing the same difficulties. Customers are absorbing the headwinds via longer resource lead times, record-high attrition rates, and higher costs.

Market-leading third-party labor providers have had to turn down work or pass on 15%+ price increases on existing scopes of work.

STRATEGY: To navigate this challenging environment, consider:

- A) Evaluating your current labor ecosystem, categorize needs by use case, and identify the most successful partners
- B) Explore cost saving opportunities by having your top vendors and partners compete with each other to win your business
- C) Maintaining purchasing power and prioritization as a top customer among your newly formed strategic partners by aligning on a stringent labor policy
- D) Socializing expectations around resource onboarding times, SLAs for backfill and resource overlap for involuntary attrition

Manage inflationary pricing with key overarching assessments that better position your organization for price negotiations:

- A) Confirm the country where resources are staffed.
- B) Scrutinize your utilization of resources and opportunity to reduce team size, convert dedicated resources to shared resources (e.g. project managers) across teams, convert resources to FTEs, or eliminate resources altogether.
- C) Review your shoring and experience mix. Altering these variables may impact your margin for the vendor and incentivize account teams to forego inflationary price increases.

While inflation is substantial, the U.S. dollar has also been strengthening substantially. Evaluate whether a raise is really being passed through to those resources above and beyond what is covered in FX arbitrage.

Consider a few key strategies for your IT support staff:

- A) Continue to develop strategic partnerships. Strategic partners often prioritize the big accounts and/or customers who are well consolidated to a handful of preferred providers. Further, third party labor providers often work well with clients that come to them consistently and frequently, creating opportunity to better know and anticipate the types of resources sought by the client.
- B) Evaluate new sources of talent. LATAM, Central & Eastern Europe, North Africa and APAC are increasingly popular alternatives to India.
- C) Help partners by providing 90-60-30 day resource forecasting.
- D) Seek to establish a “bench” of resources who are constantly training on your account, particularly for any managed services engagements. As your team becomes more trained and skilled, you’ll reduce attrition and have a pipeline of talent that can accomplish more complex work, as well as take on more team management responsibilities.

CONCLUSION

The future promises rapid change. We are tracking key fields, including:

- The continued emergence of security technologies as cyberthreats become more acute and organizations strive to maintain controls across a distributed workforce
- Transitions in services as companies downsize physical footprints across offices and data centers
- Cloud right sizing, cloud optimization and refactoring of cloud-based applications as organizations attempt to combat “buyer’s remorse” from their cloud migrations
- Tight labor markets, particularly for firms with heavier product engineering, digital, and ecommerce needs
- Increased adoption of low code and no code platforms to offset technical skill shortages
- The heightened need to evaluate business processes, as well as the implementation of process automation and RPA

While the pandemic drove broad changes in the economy and status quo of working, pandemic recovery has created unique opportunities for organizations to reevaluate their policies, purchases, and partnerships — creating new value out of the post-pandemic era.

If you’re interested in more information or are seeking help managing your Information Technology infrastructure and investments, contact us. Insight Sourcing Group provides expert benchmarking analysis, hands-on negotiations advisory, and procurement transformation services. We have helped clients of all sizes increase resiliency, stretch their budgets, and enhance the value of their purchases.



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