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ISG IT Center of Excellence POV

COVID-19 Update

Key Trends



| | What | What to do |
|--|--|--|
|  Demand Surge | <ul style="list-style-type: none"> • Conversion to remote working is flooding demand for IT services, with conferencing and cybersecurity solutions at critical peak • Notebooks, mobile phones, RDN/VPN servers, and personal productivity hardware are in extreme demand, with long lead times | <ul style="list-style-type: none"> • Plan for longer response times • Be responsive to demand, but check options; don't accept the first proposal or the easiest solution out of desperation • Consider alternative channels, e.g. lead time for notebooks is shorter by ordering custom build from OEM or VAR versus "off the shelf" |
|  Revenue Protection | <ul style="list-style-type: none"> • Buyers and sellers are seeking to secure predictable revenue • Suppliers are demonstrating willingness to provide price concessions and flexible terms in exchange for commitments | <ul style="list-style-type: none"> • Evaluate trade-offs between cost reduction and reduced flexibility associated with extended contractual commitments • Consider accepting longer contract term and/or termination penalties in exchange for considerable discounts (savings may outweigh penalties) |
|  Flexible Payment | <ul style="list-style-type: none"> • As companies seek to conserve cash, many IT vendors are demonstrating openness towards providing flexible payment options and financing | <ul style="list-style-type: none"> • Explore zero financing options for any new purchase/lease needs • Evaluate multiple channel options to secure flexibility (e.g. resellers are offering zero financing where OEMs may not) • Renegotiate large lump-sum and/or multi-year upfront payments, pushing for monthly or quarterly payments |
|  System Scaling | <ul style="list-style-type: none"> • Organizations are recognizing the importance of operating architecture that is nimble and supports collaboration | <ul style="list-style-type: none"> • After operations stabilize, take the time to consider longer-term architecture needs and migration to cloud and SaaS operating model to support scale, flexibility, enhanced functionality and speed |
|  Security First | <ul style="list-style-type: none"> • Cybersecurity attacks and scamming incidents are on the rise, specifically targeting pandemic related fears • Current cybersecurity policies, practices and systems may not be sufficiently prepared to thwart new and changing threats given change in work environment and shift to off-premise working | <ul style="list-style-type: none"> • Re-evaluate cybersecurity strategy to ensure end-to-end security coverage with new working environment • Shift IT consulting dollars from non-urgent projects to additional security measures and protection for remote workers; address pandemic-related phishing attacks, accelerate the timing of periodic penetration testing, etc. |



Optimize new IT investments and drive savings by exploring accelerated cost reduction levers



IT Infrastructure (e.g. Hardware, Telecom)

- Temporarily halt refreshes and purchasing of any non-critical equipment
- Consider deferring or canceling any recurring purchase orders / auto-replenishment of equipment
- Rationalize specs and pool volume for any necessary new hardware buys
- Renegotiate with leading market players offering concessions, particularly for longer-term commitments



IT Services (e.g. Cloud, Labor)

- Pause project-based milestone-driven non-critical projects
- Postpone non-essential integrations
- Shift external staff augmentation efforts to open capacity among internal resources
- Explore cloud optimization opportunities e.g. AWS cloud compute reserved licenses



Software

- Evaluate software tail spend to identify opportunities to turn off unused programs or reduce license count
- Ensure reduction to license counts tied to workforce size in places where organization may be reducing headcount
- Consider reducing support levels or exiting support contracts in favor of event-driven break/fix support arrangements where systems are non-critical, end of life, or otherwise very stable and require no upgrades or heavy maintenance



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