

# STATE OF THE INDUSTRY

## THE TRUTH ABOUT TECHNOLOGY EXPENSE MANAGEMENT IN 2024

### The TEM Industry Revolution: A Call to Action

**The Technology Expense Management (TEM) industry is at a critical juncture, facing significant challenges and opportunities.**

*The Technology Expense Management (TEM) industry supports the financial and operational lifecycle of telecom, mobile, cloud, and IT assets, licenses, and services*

Customers spend \$5+ trillion annually on telecom, mobile, cloud, and IT assets, licenses, and services. Yet, TEM vendors purpose-built to help customers manage technology spending have struggled to grow or achieve the success seen in related billion-dollar industries like CRM or ITSM. Customer adoption of TEM solutions is high for large multi-national organizations. Yet, the lion's share of technology spending in companies with less than \$1 billion in revenue remains unaddressed with a patchwork of audits that fail to support technology lifecycle spending proactively. AOTMP®, a leader in technology management best practices, has launched an eight-part series to examine the industry's issues and propose solutions.

#### Summary

The article series aims to address several key points:

1. Stagnation in the TEM industry despite technological advancements and market potential.
2. The reasons behind the lack of large-scale TEM providers and the high customer churn rate in the industry.
3. The disconnect between buyer expectations and vendor capabilities leading to unsuccessful partnerships.
4. The need for a shift in focus from purely cost savings to broader value propositions in TEM services.
5. The importance of improving communication and transparency between buyers and sellers.
6. The potential for creating true partnerships and Centers of Excellence in telecom, mobile, cloud, and IT management.
7. The role of various stakeholders, including enterprises, vendors, and investors, in driving industry growth.
8. Recommendations for buyers and sellers to improve their approaches and relationships.

As we delve into the challenges and opportunities facing the TEM industry, one thing becomes clear: the time for incremental change has passed. This series is a rallying cry for buyers, sellers, and stakeholders to take immediate, decisive action. The future of TEM hangs in the balance, and your role in shaping it begins now.

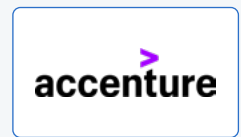
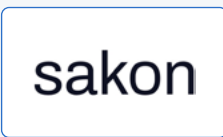
Throughout this groundbreaking 8-part state of the industry series on the future of Technology Expense Management (TEM), we're proud to highlight the forward-thinking vendors already embracing its transformative recommendations.



[AOTMP® Efficiency First® Solution Certified Vendors](#) are at the forefront of this industry revolution, committed to:

- ✓ Redefining value beyond cost savings
- ✓ Building true strategic partnerships with clients
- ✓ Driving innovation in technology management
- ✓ Fostering transparency and open communication
- ✓ Supporting the development of world-class Technology Management Centers of Excellence

These certified vendors aren't just talking about change – they're actively implementing the strategies outlined in our whitepaper series to deliver unparalleled value to their clients.



## Meet the Authors

Tim Lybrook and Timothy C. Colwell have over 65 years of experience between them. They know what works and what doesn't, and have seen hundreds of success stories and hundreds of failed relationships.

They literally wrote the book on gaining and maintaining technology management financial and operational efficiency. [The Efficiency First® Framework Guidebook](#) details best practices across 30 telecom, mobile, and cloud / IT workstreams that deliver proven results.



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## Part 1

# The Urgent Need for Transformation in TEM

The TEM industry is suffocating under the weight of its own narrow focus.

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The TEM industry is suffocating under the weight of its own narrow focus. For decades, we've been trapped in a cycle of chasing cost savings, often at the expense of real progress and value creation. This myopic approach has stunted our growth, limited our relevance, and left us vulnerable to disruption. It's time to shatter this paradigm and embrace a new vision for TEM – one that aligns with C-suite priorities and positions our industry as a critical driver of business success.

## Why We Must Act Now

1. **Stagnant Growth:** Most TEM providers struggle to surpass \$100 million in revenue, while adjacent industries like ITSM have produced multi-billion dollar companies.
2. **Widespread Dissatisfaction:** 65% of customers are unhappy with their TEM providers, leading to high churn and wasted resources.
3. **Narrow Focus:** We're stuck in a cycle of cost savings, missing opportunities to deliver strategic value to business leadership.
4. **Lack of True Partnerships:** Adversarial relationships between buyers and sellers hinder innovation and growth.
5. **Data Deficiency:** Despite living in an information age, we fail to leverage data effectively to drive decisions and demonstrate value.

## The Path Forward

1. **Elevate the Conversation:** Move beyond features and cost savings. Align TEM initiatives with C-suite priorities like revenue growth, customer retention, and risk management.
2. **Build Strategic Partnerships:** Foster open communication and collaborative problem-solving between vendors and customers.
3. **Embrace Data-Driven Decision Making:** Invest in accurate, comprehensive inventories and leverage analytics to uncover actionable insights.
4. **Develop Centers of Excellence:** Create environments where TEM truly contributes to overall business strategy and results.
5. **Focus on Value Creation:** Look beyond traditional cost savings to identify and quantify TEM's impact on broader business outcomes.

## Call to Action

1. **Vendors:** Reassess your value proposition. How can you tie your solutions directly to your customers' strategic goals?
2. **Buyers:** Elevate TEM within your organization. Engage leadership to demonstrate its potential as a driver of business value.
3. **Both:** Commit to building true partnerships based on transparency, shared goals, and a focus on solving root causes rather than symptoms.

The TEM industry has immense untapped potential. By shifting our mindset and approach, we can unlock billions in value for businesses, create thriving vendors, and establish TEM as a critical strategic business function. The time for change is now – who will lead the way?

## Part 2

# Breaking Free from the Cost Savings Trap

In a world where digital transformation is reshaping entire industries, the TEM industry is caught in a paradox of its own making.

Our relentless focus on cost savings has become a self-imposed prison, limiting our growth and relevance. It's time to break free from this constraining mindset and embrace a new paradigm that drives genuine business impact. The future of our industry depends on our ability to demonstrate strategic value beyond mere penny-pinching.

## The Cost Savings Trap

For over thirty years, our industry has been fixated on a single metric: cost savings. This narrow focus has created a self-perpetuating cycle that limits our growth and value proposition. We've become experts at finding savings, but at what cost to our overall impact and relevance?

The hard truth is that company leadership rarely concerns itself with the granular details of technology expenses. They care about:

1. Top-line revenue growth
2. Competitive advantage
3. Market perception
4. Risk mitigation
5. Innovation leadership

## The Value Beyond Savings Challenge

We must reframe our value proposition to break free from this limiting paradigm. Here's how:

1. **Understand Stakeholder Priorities:** Identify what matters most to IT leaders, company executives, and other critical departments beyond TEM.
2. **Map TEM Contributions to Business Objectives:** Demonstrate how our work directly supports and drives critical business outcomes.
3. **Communicate Strategic Value:** Create concise, impactful reports highlighting TEM's contributions to company-wide goals.
4. **Shift the Conversation:** Move beyond feature demonstrations and cost-saving pitches to focus on strategic outcomes and partnerships.

## Call to Action: Be the Change

The transformation of our industry begins with you. Here are concrete steps you can take today:

1. **Vendors:** Develop a pitch that showcases your value beyond cost savings. Create three slides that compellingly demonstrate this broader impact.
2. **Buyers:** Determine your organization's top priorities for at least three non-TEM groups. How can TEM support those priorities?
3. **Collaborate:** Work together (whether you're a vendor or buyer) to create quarterly reports for company leadership, IT leadership, and another critical stakeholder group. Focus on your contributions to their specific goals.

By shifting our focus from tactical cost savings to strategic value creation, we can finally break free from the norm and unlock the true potential of the TEM industry. The future of TEM lies in our ability to align with and drive broader business objectives.

Don't wait for others to lead the change. Take the first step today. Your actions can be the catalyst that transforms our industry and elevates TEM's role in driving business success.

## Part 3

# Bridging the Buyer-Seller Divide

**A chasm of mistrust and misalignment threatens to swallow the industry whole.**

The current buy-sell process is broken, wasting time, resources, and opportunities. This dysfunction has created a lose-lose situation, stifling innovation and preventing the formation of true strategic partnerships. We stand at a pivotal moment.

## The Urgent Need for Change

1. **Broken Buy-Sell Process:** The current process wastes time, hinders communication, and ignores relationship-building. It's driven by the lowest price rather than value, creating a lose-lose situation for all parties involved.
2. **Misaligned Expectations:** Enterprises often conduct "fishing expeditions" without real intent to buy, while vendors pitch smoke and mirrors, misrepresenting their capabilities. This erodes trust and stunts industry growth.
3. **Procurement Roadblocks:** Procurement departments frequently impede direct communication between buyers and sellers, hampering the development of crucial relationships that drive success.
4. **Value Beyond Cost Savings:** The industry's myopic focus on hard-dollar cost savings overlooks the broader value that TEM can provide, such as accurate inventory management and streamlined invoice processing.

## A Vision for a Transformed TEM Industry

Imagine a TEM landscape where:

- Buyers and sellers engage in open, transparent communications throughout the process.
- Strong vendor-customer partnerships focus on solutions rather than penalties.
- The industry recognizes and quantifies value beyond mere cost savings.
- World-class Technology Management Centers of Excellence contribute to strategic business results.
- Both buyers and sellers actively help each other identify growth opportunities.

## Call to Action: Steps for Immediate Implementation

### For Buyers:

- Stop issuing RFPs without genuine intent to purchase.
- Involve business stakeholders early in the process, not just procurement.
- Look inward to address internal challenges before switching providers repeatedly.
- Commit to transparent communication with vendors throughout the buying process.

### For Sellers:

- Cease making unsupportable claims about being the "only" provider with certain capabilities.
- Focus on understanding prospects' business problems before pitching features.
- Differentiate based on value, not just price.
- Be honest about capabilities and limitations, proposing collaborative solutions where gaps exist.

### For both:

- Adopt a new, streamlined buy-sell process prioritizing relationship-building and mutual understanding.
- Commit to regular, open communication throughout the engagement.
- Focus on building true partnerships that drive business results beyond cost savings.

## The Time to Act is Now

Let's commit to this transformation today. Whether you're a buyer or seller in the TEM space, take the first step by reevaluating your approach and implementing these changes. The future of our industry depends on our willingness to evolve and collaborate. Together, we can unlock TEM's true potential and create a billion-dollar industry that drives unparalleled and sustainable business value.

## Part 4

# The Savings Paradox: Redefining Value in TEM

The TEM industry's obsession with cost savings has become a dangerous illusion.

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We've created a system where success paradoxically leads to punishment and where the appearance of inefficiency is sometimes preferable to actual efficiency. It's time to redefine success metrics, focus on root causes, and shift our resources toward innovation and process improvement. By doing so, we can unlock TEM's true potential as a strategic business driver.

## The Savings Illusion

Consider these scenarios:

- A TEM group celebrates \$5 million in savings, only to have their budget slashed by the same amount.
- An IT leader faces termination for uncovering \$5 million in savings, viewed as a sign of mismanagement.
- A CIO instructs their team to never report savings over \$1 million, fearing budget cuts.

These real-world examples highlight the absurdity of our industry's obsession with savings. We've created a system where success paradoxically leads to punishment and where the appearance of inefficiency is sometimes preferable to actual efficiency.

## The Cost of Our Current Approach

Our fixation on savings has led to the following:

- Stagnant industry growth.
- A lack of focus on the root causes of inefficiencies.
- Misaligned incentives between TEM providers and customers.
- Undervaluing critical services beyond cost-cutting.

The result? An industry struggling to evolve, with few providers reaching the \$50 million revenue mark and even fewer customers achieving true Technology Management Center of Excellence status.

## A Call to Action: Redefining Value in TEM

It's time for a fundamental shift in how we approach TEM. Here's what we must do:

1. **Focus on Root Causes:** Instead of endlessly chasing savings, let's identify and address the underlying issues causing inefficiencies.
2. **Emphasize Process Improvement:** Leverage automation and best practices to create lasting, systemic improvements.
3. **Redefine Success Metrics:** Move beyond cost savings to measure the true business impact of TEM initiatives.
4. **Foster True Partnerships:** Build relationships between TEM providers and customers based on transparency, trust, and shared goals.
5. **Invest in Innovation:** Shift resources from repetitive savings exercises to developing new solutions that drive business value.

## The Path Forward

Imagine a TEM industry where:

1. Providers are valued for creating efficient, high-performing technology management environments, not just finding the next cost-saving opportunity.
2. Customers view TEM as a strategic asset that enhances business operations, not just a cost center.
3. Innovation flourishes, driving the industry toward billion-dollar valuations and customers achieving true Technology Management Centers of Excellence.

This vision is within our reach, but it requires collective action. Whether you're a TEM provider, a customer, or an industry stakeholder, you have a role to play in this transformation.

## Take Action Now

1. **For TEM Providers:** Reevaluate your value proposition. How can you showcase the full spectrum of benefits you provide beyond cost savings?
2. **For Customers:** Challenge your organization's view of TEM. Are you focusing too narrowly on savings at the expense of broader improvements?
3. **For Industry Leaders:** Advocate for new standards and best practices prioritizing long-term value creation over short-term savings.

The time for change is now. By shifting our focus from mere savings to true value creation, we can unlock the immense potential of the TEM industry. Let's work together to build a future where TEM is recognized as a critical driver of business success, not just a cost-cutting tool. Will you join us in revolutionizing the TEM industry?

## Part 5

# The Urgent Need for Innovation and Partnership

**Technology is evolving at breakneck speed, yet our industry's approach to innovation and collaboration remains stuck in the past.**

This dangerous inertia threatens to leave us obsolete in the face of emerging technologies and changing business needs. It's time to forge true strategic alliances that drive mutual success and unlock the untapped potential of co-creation. The message is clear: innovate together or risk being left behind.

## The Urgent Need for Change

The current TEM model is failing both buyers and sellers. Buyers are frustrated with unfulfilled promises, while sellers struggle with unrealistic expectations and diminishing profits. This dysfunctional relationship is holding back innovation and growth in an industry that should thrive in our increasingly connected world.

## A Vision for the Future

Imagine a TEM industry where:

1. Buyers and sellers work as true partners, aligned in their goals and expectations.
2. Contracts are fair, flexible, and focused on mutual success.
3. Pricing models reflect the real value delivered, not just cost savings.
4. Innovation is constant, driven by collaboration and shared insights.
5. Technology is leveraged to its fullest potential, creating efficiencies and new opportunities.

## The Path Forward

To realize this vision, we must take decisive action:

1. **Redefine Partnerships:** Move beyond transactional relationships to strategic alliances.
2. **Embrace Transparency:** Open, honest communication must become the norm.
3. **Invest in Education:** Both buyers and sellers must deepen their understanding of TEM complexities.
4. **Adopt Agile Methodologies:** Flexibility and adaptability should be built into every aspect of services.
5. **Focus on Outcomes:** Shift from cost-cutting to value creation as the primary measure of success.

## Act Today

1. Evaluate your current TEM relationships. Are they truly serving your needs?
2. Initiate conversations about new partnership models with your TEM providers or customers.
3. Invest in upskilling your team to meet the challenges of the evolving TEM landscape.
4. Explore innovative technologies that can enhance your TEM capabilities.
5. Join industry forums and contribute to shaping the future of TEM.

The future of TEM is bright, but only if we have the courage to reimagine and rebuild it together. Don't wait for change to happen – be the catalyst that transforms our industry for the better. The time for action is now.



## Part 6

# The Imperative for Centers of Excellence

**In today's hyper-competitive business landscape, traditional TEM practices are not just inefficient—they're risky.**

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Fragmented processes, inconsistent data management, and missed optimization opportunities are costing organizations millions and exposing them to unnecessary risks. The solution is clear, but the window of opportunity is closing fast. It's time to establish robust Technology Management Centers of Excellence (CoE) to transform technology management from a cost center into a strategic powerhouse.

## Why Your Current TEM Approach Is Holding You Back

Traditional TEM practices are no longer sufficient. They often result in:

1. Fragmented processes across departments.
2. Inconsistent data management.
3. Inefficient resource allocation.
4. Missed opportunities for cost savings and optimization.

These shortcomings cost your customers money, time, and a competitive edge. But there's a solution that can turn these challenges into opportunities.

## The Power of a Center of Excellence

Imagine a centralized hub where technology management expertise, best practices, and cutting-edge technologies converge. This is what a CoE offers:

1. **Unified Strategy:** Align all technology management-related activities with your organization's goals.
2. **Optimized Processes:** Streamline operations and eliminate redundancies.
3. **Data-Driven Decisions:** Leverage advanced analytics for informed decision-making.
4. **Continuous Improvement:** Foster a culture of innovation and adaptation.
5. **Maximized ROI:** Ensure every technology dollar spent delivers value.

## The Urgency of Action

The communications industry is evolving at breakneck speed. 5G, IoT, and cloud technologies are reshaping the landscape. Without a CoE, you risk:

- Overspending on unnecessary services.
- Security vulnerabilities from unmanaged devices.
- Missed opportunities for strategic partnerships.
- Falling behind competitors who have embraced CoE models.

## Your Roadmap to Technology Management Excellence

1. **Assess:** Evaluate your current technology management practices and identify gaps.
2. **Plan:** Develop a comprehensive strategy for your CoE.
3. **Build:** Assemble a team of experts and implement best-in-class tools.
4. **Launch:** Roll out your CoE with clear communication and training.
5. **Evolve:** Continuously refine and adapt your CoE to stay ahead of industry trends.

## The Time to Act Is Now

Don't let outdated TEM practices hold your organization back. Embrace the power of a Center of Excellence and position your company at the forefront of technology management innovation. The benefits are clear, the path is defined, and the time for action is now.

## Part 7

# A Call to Action for Buyers

As a TEM buyer, you hold the power to drive transformative change.

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It's time to demand excellence, prioritize long-term value over short-term savings, and embrace new approaches and technologies. Your willingness to adapt and collaborate can be the catalyst for industry-wide innovation. Don't wait for change to happen – be the force that propels your business and the entire TEM industry forward.

## Why Change is Imperative

1. **Stagnation Costs You:** The TEM industry has been stuck in a rut, recycling old practices that no longer serve your best interests. This complacency is costing you money, efficiency, and a competitive edge.
2. **Innovation is Key:** The world is moving fast, and your TEM solution should keep pace. Demand providers who invest in cutting-edge technologies and methodologies to manage your technology expenses effectively.
3. **Beyond Cost Savings:** While reducing costs is important, it's time to expect more. Your TEM partner should deliver strategic value, driving business growth and digital transformation.

## Your Role in Shaping the Future

As a buyer, you have the power to:

1. **Demand Excellence:** Don't settle for mediocrity. Challenge your TEM providers to deliver exceptional service and innovative solutions.
2. **Prioritize Value:** Look beyond short-term cost savings. Seek partners who offer long-term strategic value and align with your business objectives.
3. **Embrace Change:** Be open to new approaches and technologies. Your willingness to adapt can drive industry-wide innovation.
4. **Collaborate for Success:** Work closely with your TEM provider. Share your challenges, goals, and vision to foster a partnership that drives mutual growth.

## The Time to Act is Now

The TEM industry's transformation is not just necessary; it's inevitable. By acting today, you can:

- Optimize your technology investments for maximum ROI.
- Drive digital transformation across your organization.
- Position your company as a leader in technology management.

Don't wait for change to happen – be the catalyst. Engage with your TEM providers, challenge the status quo, and demand solutions that propel your business forward.

The future of TEM is in your hands. Will you seize this opportunity to revolutionize your technology management practice and drive your business to new heights?

## Part 8

# A Call to Action for Sellers

**The TEM industry is on the precipice of revolutionary change or devastating decline.**

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As a seller, you are at the forefront of this transformation. It's time to redefine value beyond cost savings, confront challenges head-on, embrace radical transparency, shift focus from uniqueness to results, and champion innovation. Your actions today can shape the future of TEM, potentially transforming it into a landscape of billion-dollar vendors serving your customers' world-class Technology Management Centers of Excellence.

## Why Change is Imperative

1. Persistent churn plagues the industry.
2. Outdated practices that stifle innovation.
3. Overreliance on cost savings as the primary value proposition.
4. Lack of true partnerships between buyers and sellers.
5. Failure to address root causes of recurring issues.

## The Path Forward: 5 Critical Actions for Sellers

To catalyze industry-wide change and unlock unprecedented growth, sellers must take immediate action:

### 1. Redefine Value Beyond Cost Savings

- Develop and present value propositions that resonate with departments outside of TEM.
- Create quarterly value-creation documents highlighting non-savings benefits.
- Actively promote your expanded value to all potential stakeholders.

### 2. Confront Challenges Head-On

- Invest time in understanding customer environments and historical pain points.
- Identify and address the top 5 challenges that could derail success.
- Collaboratively develop strategies to overcome obstacles.

### 3. Embrace Radical Transparency

- Be unwaveringly honest about capabilities and limitations.
- Set realistic expectations about relationship dynamics and potential hurdles.
- Proactively discuss how to navigate challenges without resorting to blame.

### 4. Shift from "Uniqueness" to Results

- Abandon the "only one" sales pitch in favor of demonstrable outcomes.
- Focus on tangible results and their impact on the customer's business.
- Build credibility through proven performance, not empty claims.

## 5. Champion Innovation

- Dedicate at least 20% of customer interactions to exploring transformative opportunities.
- Co-create future visions with customers and map out paths to achieve them.
- Continuously introduce fresh ideas that drive the industry forward.

## The Stakes Are High

The TEM industry has the potential to evolve into a landscape of billion-dollar vendors serving world-class Technology Management Centers of Excellence. However, this future is not guaranteed. It requires a concerted effort from sellers to break free from outdated paradigms and embrace a new way of doing business.

## Your Role in the Revolution

As a seller in the TEM space, you can be a catalyst for change. By implementing these critical actions, you can:

1. Differentiate yourself in a crowded market.
2. Build deeper, more resilient customer relationships.
3. Unlock new revenue streams and business opportunities.
4. Drive innovation that benefits the entire industry.
5. Position yourself as a leader in the next generation of TEM.

The time for incremental improvement has passed. The industry demands bold action and visionary leadership. Will you rise to the challenge and help shape the future of TEM?

## How can AOTMP Help?

- ✓ **Unlock Best Practices for Success:** [Contact us](#) to discover industry-leading technology management practices and tools that will drive your organization's success.
- ✓ **Empower Your Team with Education:** Dive into our [comprehensive educational resources and programs](#) designed to equip your teams with the knowledge and skills needed to excel in technology management.
- ✓ **Gain Expert Insights:** [Schedule a free advisory call](#) with our specialists to discuss your challenges and receive tailored guidance for your technology management needs.
- ✓ **Discover the Leaders:** Check out the [AOTMP® Efficiency First® Solution Certified Vendors](#) at the forefront of this industry revolution.

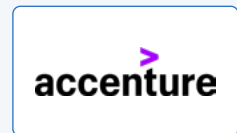
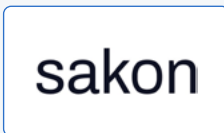
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