



2020

IT Spend Management
Benchmark Report

EXECUTIVE SUMMARY

vCom surveyed 175 midmarket IT and finance professionals across industries with visibility into their organization's overall IT spend management practices.

vCom invited noted industry analyst Hyoun Park of Amalgam Insights, to provide his expert opinion on some of what our survey revealed.

IT SPEND AND LIFECYCLE MANAGEMENT

IT spend management is the practice of providing greater visibility into the sourcing, procurement, management, and dispensation of IT assets to decrease costs, improve efficiencies, and provide greater compliance and control. Spend management best practices automate and integrate the myriad day-to-day spend-related activities related to each asset.

vCom further defines IT spend management as being comprised of nine complex challenges that impact **every single IT asset**, each challenge representing one of the nine phases within the lifecycle of an IT asset or service. When a company seeks to manage their IT spend, they are also searching for a way to manage the entire lifecycle of each IT asset.

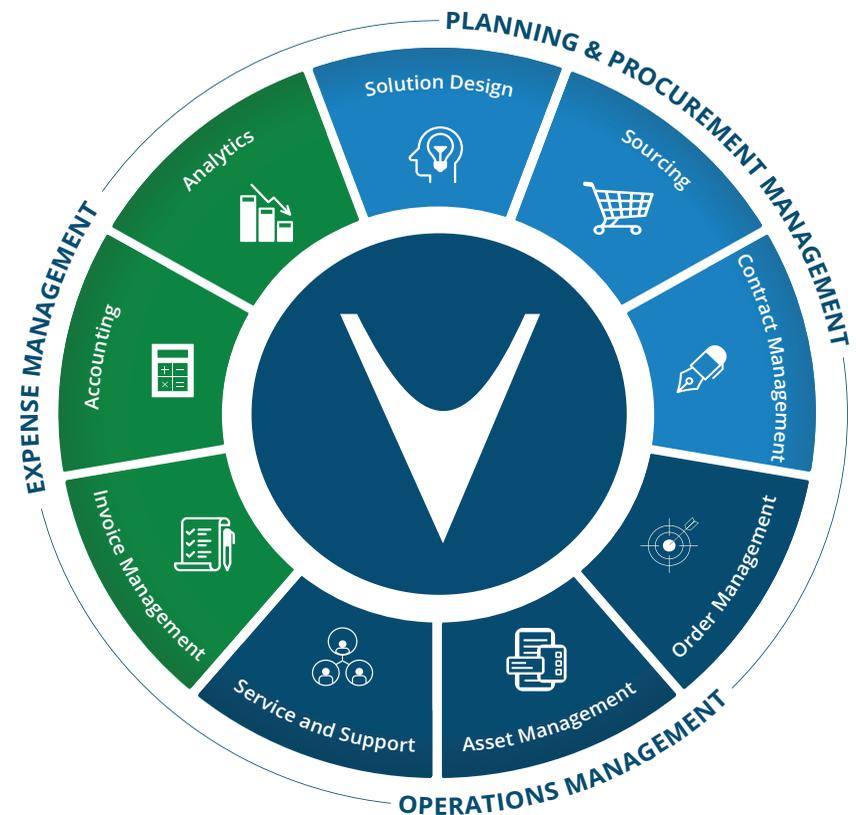
RESPONSES

9 PHASES OF AN IT ASSET/SERVICE

Respondents were asked to rank, in order from most painful to least painful, the 9 challenges of the IT lifecycle within their organization.

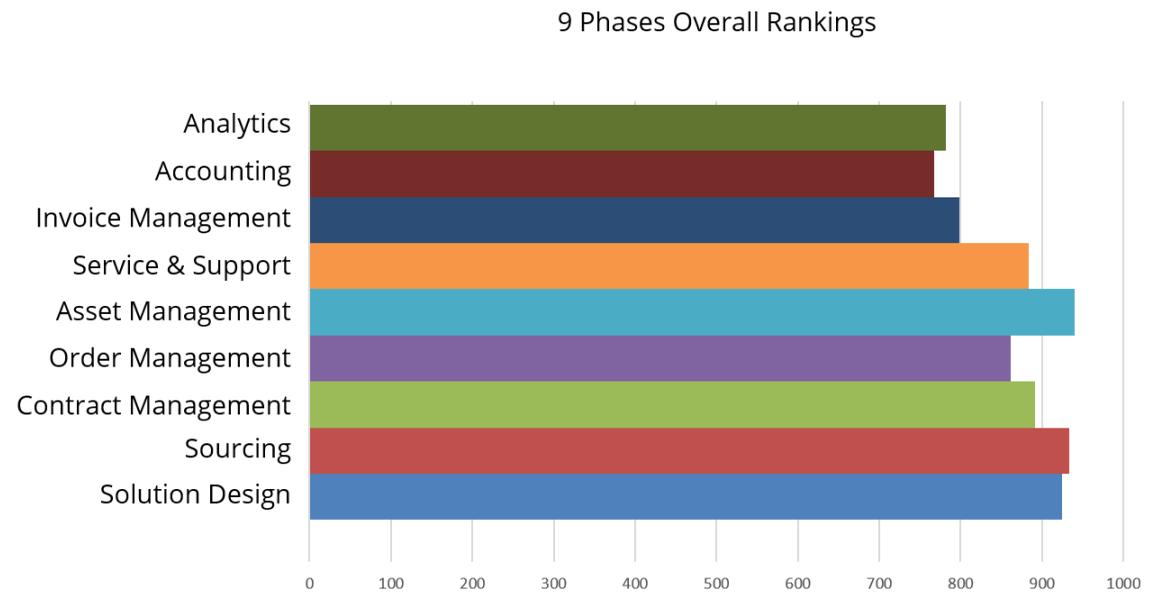
The 9 phases:

- **Solution Design** – IT planning, technology architecture and design
- **Sourcing** – Vendor selection
- **Contract Management** – Contract negotiation and approvals
- **Order Management** – Installation of services
- **Asset Management** – Inventory creation and maintenance
- **Service & Support** – Trouble and change reporting and resolution
- **Accounting** – Cost allocation and budget management
- **Analytics** – Access to data that provides actionable insights



The results were notable primarily for the consistency across all 9 categories and lack of obvious outliers.

Asset Management scored just slightly higher than all others, indicating that despite innumerable solutions on the market, the creation and ongoing management and maintenance of corporate assets is still an issue for midsize IT organizations. In a virtual statistical tie, Solution Design and Sourcing rounded out the top three areas of pain across those surveyed.



AMALGAM ANALYSIS



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Asset Management and Sourcing are the foundational cornerstones of both the cost management and operational management of IT. Asset Management allows companies to support accurate inventory management and requires an understanding of the supply chain of IT asset acquisition as well as the allocation of assets to profit and cost centers, projects, and discrete IT environments. As IT becomes a fundamental component of managing digital business models, IT must be managed not just as a commodity but as a core business driver and enabler.

Sourcing is a vital area of IT management as well, as the role of the CIO fundamentally changes from technology manager of physical assets to a service manager of increasingly disparate and disaggregated systems. The combination of managing high quality vendor relationships and defining fundamental rules and service levels in the requests, quotes, and contracts associated with telecom, mobility, cloud, software, and other IT services is both strategic to the business and operationally important in dictating what is possible in supporting employee, partner, and customer needs.



Hyoun Park
CEO & Principal Analyst
Amalgam Insights
www.linkedin.com/in/hyounpark/

6 AREAS OF IT SPEND

Respondents were asked to rank, in order of importance, which area of IT spend would occupy more of their focus over the next 12-24 months.

The 6 categories:

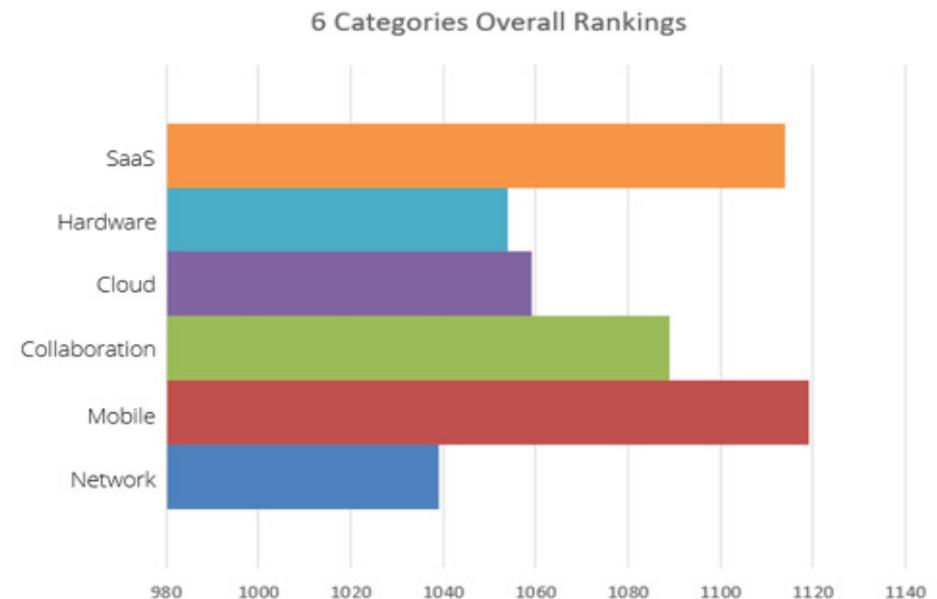
- **Networks** – Technology investments including fixed voice and data
- **Mobile** – Voice, data, and IoT
- **Collaboration** – Conferencing, UCaaS, and CCaaS
- **Cloud** – Infrastructure, platforms, and cloud services
- **Hardware** – Mobile and Network
- **SaaS** – Licensing



Respondents ranked Mobile as the primary point of focus, just barely surpassing SaaS, followed by Collaboration in third place. The fact that mobile is still a key area of emphasis in organizations is significant; more than two decades into the wide acceptance of mobility within the workplace, the technology continues to change and force upgrade and optimization efforts.

The ever-increasing utilization of SaaS products throughout the enterprise — and the difficulty many organization’s face in managing that sometimes “hidden” spend — is reflected in the responses.

The growing importance of collaboration tools in the enterprise is clearly illustrated with its third place ranking even though the survey predates the seismic shift that occurred during the first two quarters of 2020.



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SaaS and Mobility are two sides of the mobile end user: smartphones and apps. This combination of having any app at any time along with the ubiquity and ease of transport for mobile devices fundamentally allow for greater work flexibility and the ability to react to key issues in real time.

These work challenges were already important for companies seeking to support more responsive, agile, and informed business decisions while providing remote work capabilities. With the advent of COVID-19 and the subsequent pandemic recessionary quarantine, end user empowerment has only become more important.

In addition, SaaS and mobility have traditionally been the hardest IT categories to manage as they often have either freemium or “Bring Your Own Device” or Shadow IT challenges that allow employees to bring in their own favored devices and apps even if they are not formally sanctioned or duplicate existing corporate resources. The combination of relatively low price points (as it is not uncommon to see \$10-\$20/month Software as a Service subscriptions or data plans) and ease of placing orders allows both SaaS and mobility costs to slide under almost all traditional spend limits that employees have. But in aggregate, these costs can quickly multiply and turn into management nightmares.

Amalgam Insights also expects that Cloud and Collaboration may potentially be more important to your organization than these results may suggest, as IT spend priorities shifted drastically in March and April to replicate and replace business IT resources for the full-time work-from-home population that rose from roughly 6% at the end of 2019 to over 50% in April 2020.



Hyoun Park
CEO & Principal Analyst
Amalgam Insights
www.linkedin.com/in/hyounpark/

3 VALUES

Respondents were asked to rank, in order of importance, 3 areas of business value. The goal was to gain greater understanding into the significance IT executives place on each of these values as regards their IT initiatives.

The 3 values:

- **Time** – The one thing money can't buy
- **Information** – The data tells the story
- **Money** – Savings and shareholder value



TIME



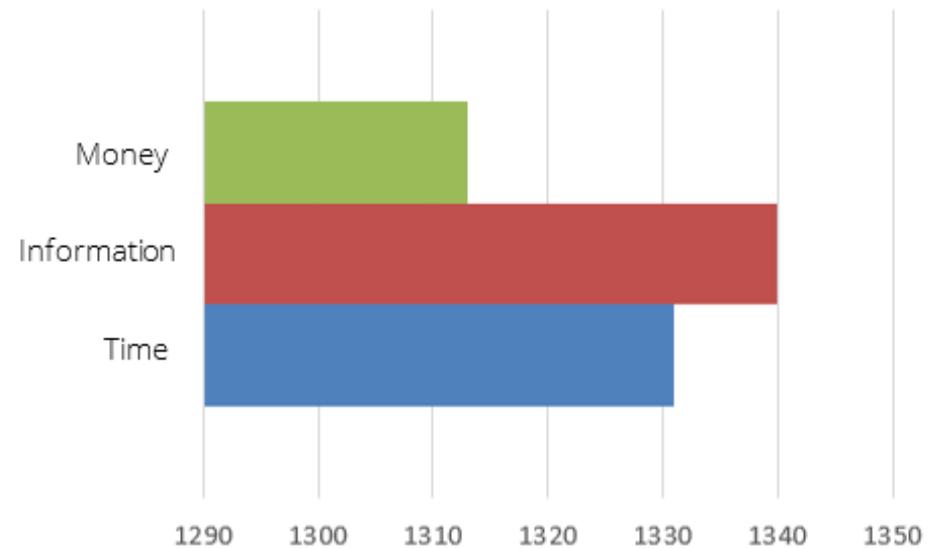
INFORMATION



MONEY

Information ranked first as the primary area of value, followed closely by Time and, surprisingly, Money in the third spot. Clearly, the numbers reflect the understanding of Information's crucial role within the overall IT ecosystem, but also the need for as much visibility as possible across every aspect of IT, including spend. The close following of Time is an indicator of the tremendous value that IT professionals place on their time. "How much is your time worth?" is no longer an abstract question. Clearly being able to reallocate time-consuming tasks to focus on more strategic efforts has financial value to many individuals in the space.

3 Values Overall Results



(Number represents cumulative ranking total across all respondents)

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Knowledge is power. Money and time are obviously valuable resources, but information is what allows business managers to make educated decisions about the unit basis they should consider for IT consumption or end-user management of IT resources. Information allows companies to determine which IT services and assets are driving revenue, improving workplace environments, and supporting digital transformation efforts. The ability to contextualize technology within the broader umbrella of corporate strategy, key initiatives, talent acquisition and retention, supply chain and logistics, sales and marketing, and other core business areas is the most valuable view of IT, as the ability to save time and cut costs without reducing business productivity funnel down from this information.

From Amalgam Insights' perspective, the information that CIOs and related finance, procurement, accounting, and operations executives should consider includes financial parameters from the general ledger, sourcing and contractual information, relationships to key projects and initiatives, relationships to supporting processes and workflows in production or top research initiatives, documentation to align technology with either test or production environments, and a defined active employee stakeholder for each resource or service. It takes a comprehensive contextualization of technology to run IT as a fully integrated part of the business rather than simply as a standalone technical silo.



Hyoun Park
CEO & Principal Analyst
Amalgam Insights
www.linkedin.com/in/hyounpark/

CONCLUSION

While the IT technology businesses use to fuel their interactions continues to evolve, core management issues relating to these technologies remain a challenge. As technology options grow, businesses continue to struggle with optimizing the sourcing and management of IT assets. Despite its entrenched ubiquity within the business landscape, the shifting dynamics of mobility continue to present management challenges. Simultaneously, an ever-increasing reliance on SaaS solutions, the need for flexibility, and a relatively low barrier, to entry have given rise to a world of shadow IT with a severe lack of visibility and sharp increase in hidden costs.

The survey stands as a snapshot in time before a global health crisis significantly altered the physical nature of what it means to “run a business.” Yet the collaborative tools that now form the nucleus of the “new normal” had already been identified as an area of concern for mid-sized businesses pre-pandemic. This forethought became an imperative in 2020 and beyond.

Therefore, perhaps it is no surprise that mid-size business leaders rank information as their most valuable commodity, leaving money in the distant dust. Data drives decision making and prioritizes need—the launching pad from which cost and time saving opportunities lift off.



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