



2021

IT Spend Management
Benchmark Report

EXECUTIVE SUMMARY



In 2021, **vCom** surveyed more than 100 midmarket IT and finance professionals across industries with visibility into their IT spend management practices to gauge and capture their strategic priorities over the next 12 months.

At the time of the survey, IT departments were still grappling with the effects of the COVID-19 pandemic and the subsequent work-from-home shift that took place. Much has been written about the heroic efforts of IT leaders and staffers who, seemingly overnight, enabled global distributed workforces with the tools required to keep businesses operating. Although this survey came well after those initial weeks of disruption, the effects of the shift were still very much on the minds of IT leadership when this survey was released.

vCom has invited noted industry analyst Hyoun Park from **Amalgam Insights** to share his perspective on both the survey results and the continuing impact of 2020 on the focus of IT spend in the coming years.

AMALGAM INSIGHTS PERSPECTIVE:



The Fall of 2020 was a pivotal time for IT management as companies started to fully understand the scope and the “new normal” created by a global pandemic where working from home shifted from a theoretical concept to an operational imperative. After six months of pandemic mindset, organizations were finally able to start comprehending how to shift from a “react” mode to a planning mode where uncertainty still existed, but businesses at least understood how their businesses had been impacted. With this shift, the United States was forced to find out that over half of its jobs could potentially be conducted from home.

Although 2021 has seen some progress against COVID, **Amalgam Insights** estimates that 40% of the United States workforce, including a majority of white collar and knowledge workers, will see a fundamental shift in their work location as they become either permanent work-from-home employees with only occasional visits to the office or shift from full-time office workers to part-time office workers coming in two-to-three times per week. To support this work shift, IT has had to learn how to support hybrid and

remote workforces, provide remote access to corporate digital assets and processes, and make data and APIs more available to employees seeking to make insightful decisions.

Tactically, this shift requires greater use of mobility, cloud computing, and end user security solutions that can work both on corporate networks as well as cellular, residential Wi-Fi, and public networks. **Amalgam Insights** notes that even in 2020 with the massive business uncertainties that led to spend reductions in most IT categories, there was a net increase in mobile device purchases and a 10% increase in software licenses over the previous year. As organizations regain a sense of standard operational expectations in the New Normal, both enterprise mobility and software (including Software-as-a-Service, Unified Communications, and collaboration solutions) enterprise markets are expected to continue increasing 8-10% in 2022. **Amalgam Insights** notes the software subcategory Software-as-a-Service (including mobile apps) in particular is projected to grow over 20% over the next year.



AMALGAM INSIGHTS

amalgaminsights.com



Hyoun Park, Principal Analyst

WHAT IS IT SPEND AND LIFECYCLE MANAGEMENT?

IT spend management is the practice of gaining visibility into the sourcing, procurement, management, and dispensation of IT assets to decrease costs, improve efficiencies, and provide great compliance and control.

AMALGAM INSIGHTS PERSPECTIVE:



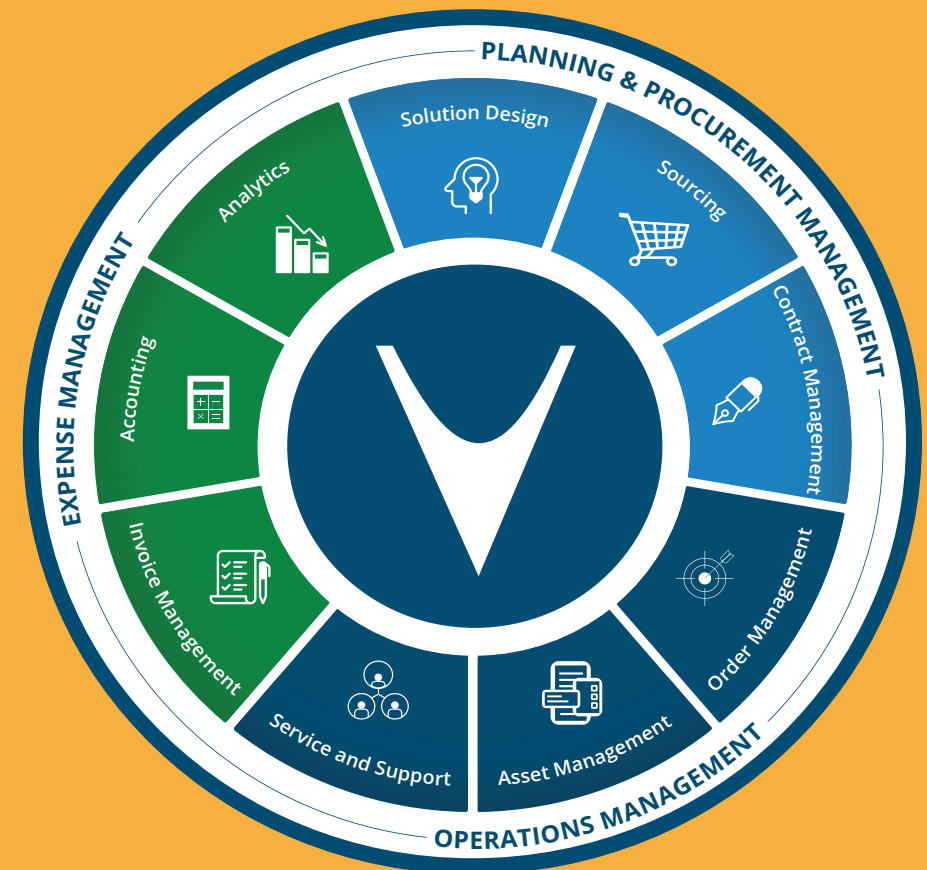
A lifecycle approach to IT spend management is necessary to fully react to the IT Rule of 30, an **Amalgam Insights** concept that states that every unmanaged IT spend category averages 30% or more in wasted spend. To reclaim that 30%, organizations must not only manage invoices and late fees, but also negotiate better contracts, track unused devices and licenses, reclaim unused or retired hardware, and strategically consolidate and rationalize technologies both to avoid duplication and to provide employees with the best technologies for the hybrid workplace.

Every unmanaged IT spend category averages 30% or more in wasted spend.

9 CHALLENGES OF IT

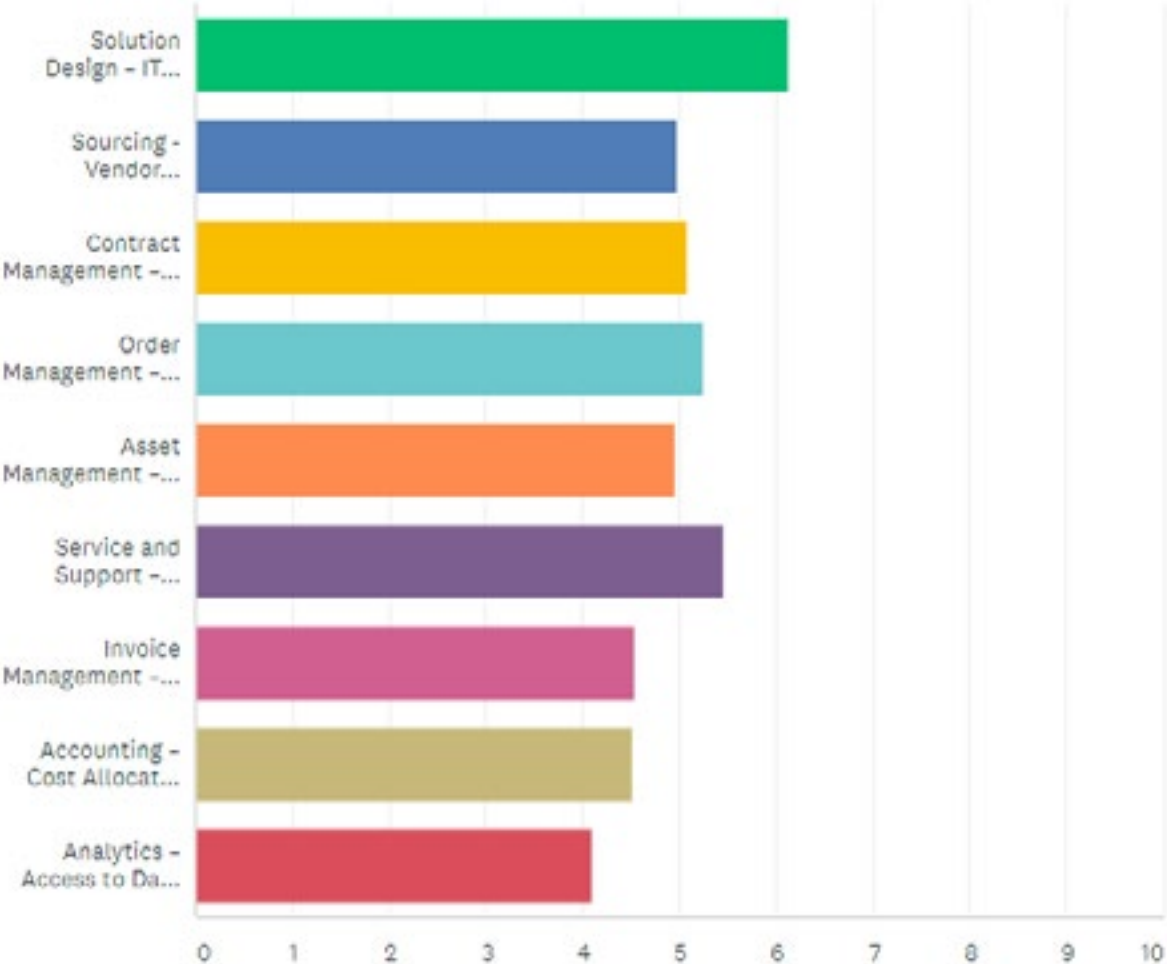
Respondents were asked to rank, in order from most painful to least painful, the 9 challenges of managing an IT asset within their organization.

- **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
- **Invoice Management** – Bill payment and dispute resolution
- **Accounting** – Cost allocation and budget management
- **Analytics** – Access to data that provides actionable insights



2021 results vary significantly from the prior year, most likely the result of significant IT infrastructure challenges that arose from the global pandemic and the need to provide greater support for remote workers.

Where previously Asset Management and Sourcing were primary concerns, Solution Design—the identification, planning, and design of IT architecture and solutions—ranked as the highest area of pain in 2021.



Service & Support played a key role throughout the prior year so it's no surprise it's an area of focus for mid-size organizations. Organizational support teams have been stretched thin as businesses continue to retool their ability to collaborate remotely and provide ongoing, sustainable support for a distributed workforce. For many, the pressure of 2020 revealed gaps and highlighted additional needs moving well in 2021.

AMALGAM INSIGHTS PERSPECTIVE:

Solution Design became a priority in 2021 as organizations stopped having the option of providing IT solutions that solely worked on-premises or required manual and paper-based processes. The complexity associated with making sure that employee-enabling technologies would work anywhere led to reconsiderations of device support, data and hybrid cloud usage, cost structures, data access, digital transformation, workforce management, employee engagement, and the alignment between technology and business that massively accelerated the need for reconsidering the planning and architecture of IT solutions.

The alignment between technology and business...massively accelerated the need for reconsidering the planning and architecture of IT solutions.

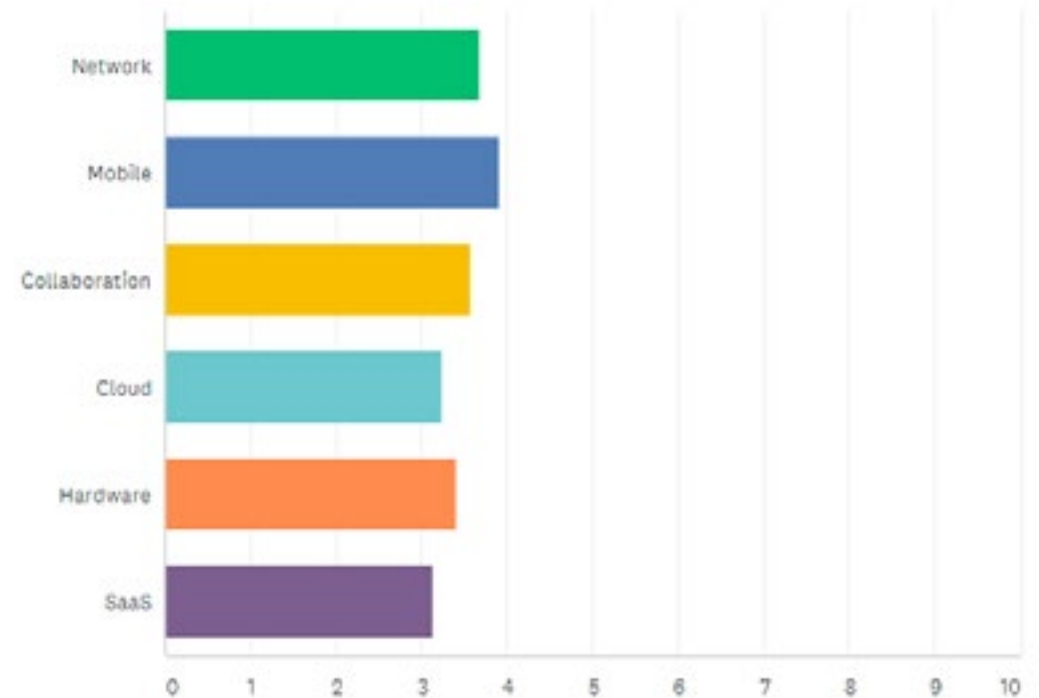


6 AREAS OF IT SPEND

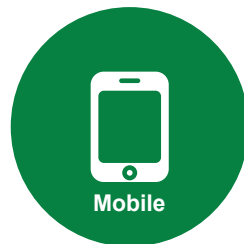
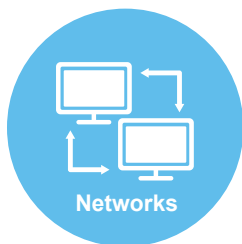
Respondents were asked to rank, in order of importance, which area of IT spend would occupy more of their focus over the next 12-24 months.

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



Mobility remains a top priority for most IT organizations. As a crucial infrastructure component for organizations, ongoing efforts to optimize costs and data have moved front and center. In some sectors, like manufacturing, this has been led by the continuing growth of IoT, and the ability to control connectivity costs on thousands of devices has become a priority.





Network will always be a primary concern for organizations since it is the foundation upon which most IT infrastructure is built. With the sunset of traditional POTs lines and the steep rise in costs, many organizations are also focused on making required changes and upgrades.

Not surprising, collaboration remains a top concern to organizations as they continue to build upon their ability to better support a remote workforce. Early solutions made in reaction to the pandemic are giving way to long term remote infrastructure support strategies.

Mobility remains a top priority for most IT organizations.

AMALGAM INSIGHTS PERSPECTIVE:



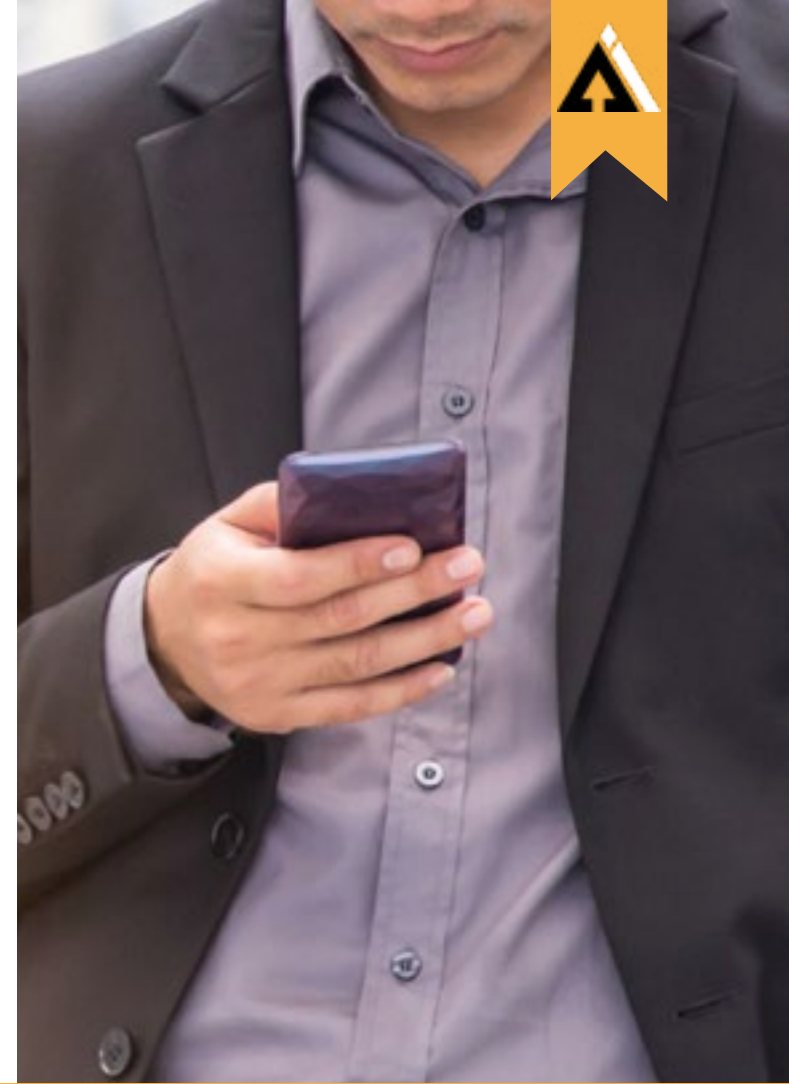
Mobility was initially expected to be an IT category where companies would seek to cut costs with the business uncertainties that existed. However, businesses quickly found that enterprise mobility ended up being an important bridge technology to allow employees to work effectively from a variety of locations, whether it be a coffee shop, a home, or even a car. As a result, **Amalgam Insights** now projects that enterprise mobility will grow 12% in 2021, which is much higher than the 6% increase we expect to see in IT overall in 2021. Although technology, in general, was an important enabler for distributed enterprises, enterprise mobility rose above even the likes of Zoom and cloud computing as a key enabler that needed to be quickly updated to support all employees.

Network is an interesting dilemma in the hybrid work era. Corporate networks designed to support a headquarters and branch locations now need to also take into account the 50% of employees who are now working from home either on a part-time or full-time basis and may need virtualization, video conferencing, and real-time access to conduct their jobs. The challenges of merging consumer networks with corporate networks and the emergence of 5G as a potential wireless backup for circuits leads to a massive shift in network management tactics and strategies. Headquarters-based network elements now need to be rationalized and those cuts must now secure new and different network elements based around the employee's work habits.



AMALGAM INSIGHTS PERSPECTIVE:

Collaboration and Unified Communications have been buzzwords in the IT world for well over a decade, but it has always been difficult to articulate why multi-model and distributed work capabilities drove productivity. As people had to work from home, collaboration benefits went from difficult-to-articulate to must-have status almost overnight. Now, no CIO needs to describe the importance of good collaboration capabilities to get work done. Collaboration is seen as part of the software category from an IT perspective and software was the key driver of IT spend in 2020 and will continue to be so in 2021. The new challenge businesses face is to ensure remote parity with the office across collaboration, digital processes, and automation that are supported with multiple devices and accessories. The “paperless workplace” that Bill Gates imagined decades ago is finally coming to fruition and it will require the collaborative tools that allow people to share data, documents, and processes.



“The paperless office, like artificial intelligence, is one of those ‘any day now’ phenomena that somehow never seem to actually arrive.”

Bill Gates, 1999

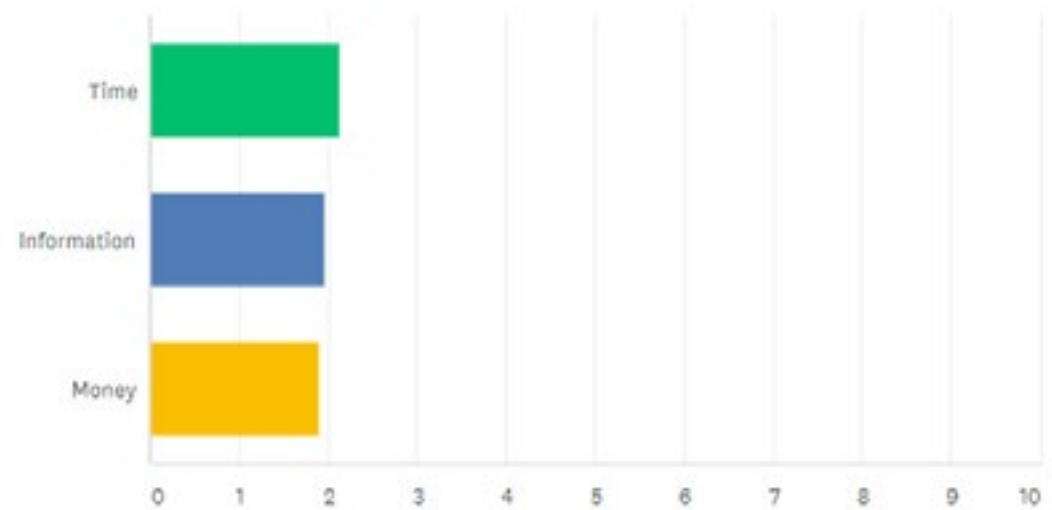
3 BUSINESS VALUES

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

Given the events of the past year, it is no surprise that time is valued, albeit slightly, over information and money. Time is a finite resource, and with many IT organizations stretched to capacity dealing with an entirely new set of concerns, it became—and remains—an imperative to augment the resources at hand when/wherever possible. This is a significant shift from our prior report (vCom 2020 IT Spend Management Benchmark) where information was by far the most desired of the values.



AMALGAM INSIGHTS PERSPECTIVE:

Information, Time, and Money all represent different areas of maturity for IT programs. Information is the starting point that allows organizations to understand their current state and what needs to happen next. Money provides the resources to unlock the return on investment for projects, as every “ROI” requires that investment. Time represents not only the duration of time necessary to complete a project, but also the commitment of personnel and skills to a project. It is interesting that these three areas all came in practically as a tie as it shows that the maturity and priorities of IT departments are not in monolithic lockstep. The approaches that may work perfectly in one IT department may be either too forward-facing or too legacy-based for another. These priorities also speak to the potential steps that IT departments may be facing. Those focused on time may invest more heavily in rare skillsets such as data science and push their IT to the cloud while those focused on information may be more concerned with self-service analytics and business process analysts, just as examples. A key cliché in the project management is “Cheaper, Better, Faster: Choose two out of three.” And in IT, it looks like organizations are all choosing a different two out of three.





CONCLUSION

The repercussions of the global pandemic continue to be felt, with IT still on the front lines leading the charge as organizations adapt and change. “Temporary” work-from-home edicts have given way to hybrid work environments that show no sign of disappearing. Technology to support this workforce has led to an increased dependence on mobile devices and applications that enable organization-wide collaboration. As a result, IT focus has shifted away from the reactive to a mindset that incorporates the lessons learned and prioritizes solution design to ensure alignment between corporate needs and technology. In addition, these transformational shifts have highlighted the need for a service and support mechanism strong enough to support the entire workforce at every touchpoint.

As IT organizations mature their needs shift, along with the importance they place on key values like time, information, and money. Forces outside the confines of the organization can and do have an effect of what is considered most valuable at any given time. But ultimately, there is a vested interest within every business to maximize the limited resource of their time, amplify investment returns to increase shareholder value, and utilize data to make better, more timely decisions.



vComSolutions.com