

Progressive IT procurement

The Economist Intelligence Unit (EIU) surveyed more than 300 executives with responsibility for IT procurement for a programme sponsored by HPE Financial Services. The survey reveals widespread acknowledgment among ITP leaders that their functions need to evolve to meet the new needs of business, and identifies some common characteristics of firms changing most successfully.

The need for evolution

The role of information technology in business has changed

2000
A means to administer and document business initiatives.

2017
Often defining what business initiatives are possible.

37%

The EIU survey reveals that the **"digital transformation of our business" is the most common factor** impacting how ITP functions operate, chosen by 37% of respondents.

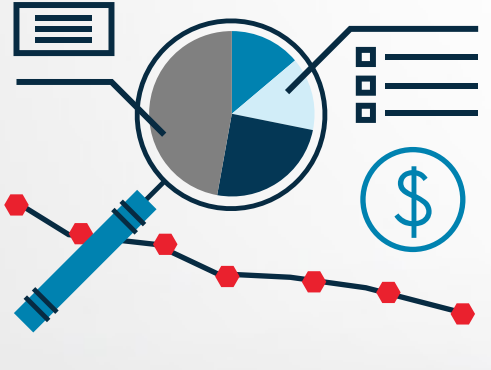
A focus on improving value to the business

Many ITP functions still remain focused on financial metrics (eg, short-term cost-savings) at the expense of enabling their customers—the IT department and the business—to create value through technology.

But...

IT procurement executives mostly acknowledge the need for their function to evolve.

The pace at which technologies evolve is **requiring IT to be nimble** enough to quickly gain access to new technologies when business demands it.



"How important is continually optimising procurement practices to delivering value to the business?"

Extremely or Very **71%**

23% have already **reevaluated** their ITP policies to support IT's need for flexibility.

Progressive procurement—paving the way

Identifying progressive firms

Respondents with progressive ITP functions rated their performance as "excellent" for the majority of ITP functions that drive business value, including:



enabling business growth



demonstrating the impact of IT investments on business outcomes



prioritising resources based on current business needs

Common characteristics of progressive ITP functions

Progressive ITP functions
Traditional ITP functions

Report to the IT department

65%

82%

Identify the long-term benefits of business users as being among the greatest influences on IT procurement policies and practices

47%

30%

Performance is measured on:

49%

the basis of the quality of the technology provided to users

62%

36%

the satisfaction of business users

58%

Progressive ITP functions draw on research – in-house and external – for guidance on making purchasing decisions.



This suggests that they are working to anticipate new user needs before they arise.

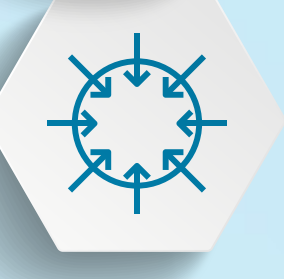
How did they get there?

The survey suggests that progressive ITP functions have more often prioritised **innovation, agility** and **the requirements of the business** as they have evolved over the past two years.

The top three changes progressives say they have made during the past two years are:



reduced time cycles to complete transactions



broadened the pool of suppliers



innovation opportunities championed in support of business objectives

Progressives more often plan to try new approaches to procurement:

25% say they will improve spend visibility

22% name creating flexibility in contract terms

22% cite optimising resource allocation within the IT procurement functions

Becoming progressive

The chief obstacle to evolving the IT procurement function, survey respondents say, is that the demands of IT, and business objectives, are both always changing.

The actions of progressive ITP functions suggest that they have moved from being reactive functions to proactive—anticipating changes both in the market and the technology supply chain and preparing accordingly.

ITP leaders who wish to help their organisation's digital transformation should have the following high on their agenda:



Reducing transaction times to allow the business flexibility to respond rapidly to opportunities



Helping both the IT department and line-of-business leaders focus on longer-term business outcomes rather than short-term costs



Reducing cultural distance and establishing a collaborative approach between the ITP function and its internal customers



Building their own understanding of business and technology trends in order to anticipate user demands