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BETWEEN A ROCK AND A HARD PLACE

How IT procurement leaders can meet
their tactical and strategic goals



Across industries, Chief Procurement Officers (CPOs) and other senior procurement staff must balance meeting their overall goals with addressing short-term tactical challenges.

Like many business units, IT procurement is looking for new ways to be seen as a strategic, value-adding component of the business. Yet at the same time, IT leaders still need to keep costs down and respond to the many tactical challenges the business throws their way.

If these challenges sound familiar to you, there are frameworks available that can make a real difference in your organization.

In this white paper, we'll look at how forward-thinking procurement leaders can find the right balance, overcome the strategic and tactical hurdles facing them, and grow the business they serve.

Procurement is moving up the value chain

New procurement tools are helping to streamline business functions, and shift resources to value-adding procurement activities. And many of these tools also provide procurement with enhanced analytics, helping them get more insights into the value each vendor provides. This can help procurement make more informed decisions about which partners to work with, and if there are any gaps in the vendor ecosystem that need to be filled.

Meanwhile, large organizations are increasingly seeing their partner and vendor network as a competitive differentiator. As the main function managing this vendor ecosystem, procurement is emerging as a business unit that can provide a competitive advantage to the wider business.

For procurement leaders that want to claim a seat in the boardroom, there's never been a better time. But this increased responsibility cuts both ways. While procurement teams have access to powerful new tools and analytics, other heads of department are well aware of these solutions and what they can offer. As such, there is an expectation that procurement can use these tools to deliver both cost savings and valuable insights on how to extract the most value from vendors.

IT procurement and your overall business

While new analytics tools are helping procurement become increasingly strategic in general, IT procurement is in a unique position to add even more value to the business as a whole. That's because IT equipment is used by your people and in the data center.

Of course, your people need laptops, mobile devices, peripherals, and software to do their jobs. But IT procurement is also responsible for providing the data center infrastructure that allows the business to scale up operations, gain more customers, and grow.

This dual nature means getting IT procurement right can have positive effects across multiple parts of the business. For instance, getting your people the right devices can improve employee motivation, productivity and motivation. At the same time, getting the right servers, storage and network infrastructure in the data center supports all kinds of essential IT operations—from data storage, processing and analytics, to offering more reliable and better performing digital products and services to customers.

Procurement can't compromise on traditional measures of success

There's no doubt that IT procurement can quickly demonstrate its significant value to the board. However, you won't often have the luxury of focusing solely on big ticket, value-generating activities.

As a business unit regularly measured on its ability to reduce costs and meet other tactical KPIs, procurement will always need to carefully balance day-to-day tactical processes with long-term business initiatives.

Yes, procurement needs to ensure processes are followed, compliance is maintained and costs stay low. But it also needs to find time to consider the long term value of individual vendors, how to get more from them, and what gaps need to be filled.

So how do you balance the tactical and strategic, and deliver overall business value while still keeping costs low and ticking all your procurement boxes?

The three components of high-value procurement

In its recent Global Chief Procurement Officer survey, Deloitte identifies three components present in value-adding, high-impact procurement functions.

#1

Value & collaboration

High performance procurement relies on extensive collaboration, both with suppliers and with other verticals within the business.

A key part of this is getting advocacy from other executives. With strong executive buy-in, procurement leaders can get the resources and support needed to execute more comprehensive strategies that add value beyond basic cost-reduction.

Collaboration has to extend outside the business as well though. High-performing procurement leaders must also create stronger relationships with key suppliers to help reduce costs, complexities, and risks throughout the supply chain.

#2

Talent & leadership

To execute their strategic initiatives, procurement functions need to have the right people in the right places. That includes both talent within the procurement function, as well as leaders at the top of the vertical.

It's also important that procurement leaders have the right focus and skills. While the Deloitte survey found many procurement leaders excelled at collaboration, there was a lack of reported focus on innovation and new digital procurement initiatives.

Similarly, reports showed that many organizations felt they lacked the talent to deliver their procurement strategy. This could be down to another finding: that organisations are spending less on their procurement talent year on year.

Only by pushing a focus on innovation from the top down, and by increasing spend on talent can procurement add maximum value to the wider business.

#3 Digital procurement

While many other business verticals are rapidly digitising, Deloitte reports that many procurement organisations are evolving at a slower rate with just 6% of procurement leaders saying their digital procurement strategy would help improve enterprise value.

Deloitte recommends procurement leaders invest more heavily in digital solutions that can deliver streamlined processes and greater innovation. In particular, the analyst predicts analytics, strategic sourcing and supplier management tools, and operational procurement tools such as ordering and payment solutions will have the biggest impact on the value procurement can deliver.

Another area Deloitte suggests procurement leaders focus on is data transparency. A key outcome of digital transformation, Deloitte sees the transparent supply chain as an important step in achieving real supply chain analytics and data-driven insights. But as with all technological innovations, leaders need to think beyond today and consider how these new solutions will scale to deliver value over the long term.

The right procurement partner can help you meet your short & long term goals

As a procurement leader, you may already rely on a partner to help you acquire the right IT tools at the right price. But if that's all your procurement partner does, you'll only solve your tactical challenges—and procurement could still be seen as just a cost center.

Ideally, you want to work with an organization that can tick your cost-saving boxes, while also managing wider vendor ecosystems and relationships. That includes managing SLAs across your vendor landscape to ensure risk is kept to a minimum.

Better yet, you want to find a partner that can advise you on how to bring new vendors in to enhance your organization's capabilities. That way you can continue adding strategic value well into the future.

Growth without the complexity

The right partner is especially important for businesses that have operations across the globe, keep a large headcount, or are planning to scale to a size where they have both. That's because, beyond a certain size, off-the-shelf IT solutions may no longer be able to meet your requirements and fit in with your unique processes.

For instance, your average organization may need to onboard a few dozen employees at a time. At this point, manual procurement and device configuration are still viable. But if your business is suddenly bringing hundreds of new hires on board at a time, you need a completely new approach to procurement and device configuration—one that demands a smooth supply chain, procurement, and IT setup process. At that point, it's no longer just procurement's job. It requires input from many different business units.

Likewise, while an ERP solution might work fine out of the box for a small or mid-sized company, larger, geographically spread enterprises will likely need to customize their solutions to work within their unique business processes. But at this point, getting an ERP solution goes beyond a procurement job into a task that needs IT to make extensive customizations as well.

Once your organization reaches a size where it encounters these issues, procurement will suddenly have its hands full coordinating with other business units, logistics partners, and suppliers to fulfill complex sourcing challenges. Having the right partner on hand means you can focus fully on solving these challenges, knowing that your partner is taking care of the day-to-day procurement.

Find a partner with an eye on the future

Many procurement partners will be able to address your current challenges. They can find the right kit, at the right price, while keeping risk low. But there are plenty of future challenges an experienced, skilled provider can help you address.

For instance, as tech-savvy millennials and generation Z begin to make up much of the workforce, can you provide the devices and applications they're looking for?

If you can't offer your people the mobile devices, virtual desktops, and remote working applications they expect to work on, you'll struggle to attract new talent. And you could even lose your existing staff to workplaces that offer the latest devices.

Similarly, as the data center landscape evolves, you want a partner that can talk you through the many options available, and help you decide which is the best fit for your business.

What technologies will help you deploy a multi-cloud or hybrid cloud approach? Do you want to start virtualizing more data center components? Which cloud providers will offer the lowest TCO over the long term—and which will integrate best with existing IT systems?

A truly strategic partner should be able to answer these questions for you and should be able to give you a choice for how you develop your procurement strategy—without locking you in to a single vendor.

We understand the dilemma facing modern CPOs

At Presidio we help multinational companies such as Dropbox, HubSpot, Indeed and WeWork with their IT procurement. These global companies have partnered with us to set up their operations in Europe, pursue expansion plans, and invest in transformative technology.

Over the years, we've come to understand the strategic and tactical challenges facing CPOs, and we have the capabilities to solve them. Whether your business is ready to expand into new markets or wants to build a tight ecosystem of value-added vendors, we can help achieve your overall business goals.

“Presidio is my preferred global IT procurement partner. Fifteen years ago, when leading the IT procurement business for Google and setting up their HQ in Dublin, I met Presidio. I have since moved on and worked with a number of global companies including Facebook and Dropbox, and I always bring in Presidio to source and manage our corporate IT, data centre, and networking requirements”

Michele Sordal, Independent Global Procurement Consultant

Presidio can help you:

- Get the right IT solutions for less, while keeping risk low
- Expand into new territories globally
- Seamlessly manage a vast vendor ecosystem—including all SLAs
- Look to the future and assess what new IT approaches will best support your business

With Presidio, you can prove the strategic value procurement delivers to the business, while still meeting your KPIs around tactical costs and risks.



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About Presidio

Presidio is a global digital services and solutions provider accelerating business transformation through secured technology modernization.

Our teams of engineers and solutions architects have deep expertise across cloud, security, networking and modern data center infrastructure and help customers acquire, deploy and operate technology that delivers impactful business outcomes.

We are a trusted strategic advisor with a flexible full life cycle model of professional, managed, and support and staffing services to help execute, secure, operationalize and maintain technology solutions.

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