A strategic edge:
The case for vendor relationships

How do today's IT leaders keep the focus on innovation and strategic business priorities while managing the day-to-day?

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Accelerating the pace of transformation

If there was any question about the feasibility of traditional business models, it's now safe to say they're out of time. In the blink of an eye, everything IT manages on a day-to-day basis has grown in size and complexity—more devices, more apps, more data, and more vendors. As IT takes a more visible role and becomes a driver of business success, it creates major opportunities for strategic IT initiatives across the organization. It also puts significant pressure on IT leaders to make sure daily operations are secure, and employees are engaged and productive.

The strategic value of IT

Even though decentralization and security have become the natural focus of today's IT teams, change has created new ways for IT to help organizations adapt, respond, and succeed—such as reworking supply chains, developing new digital services, and collaborating on processes for customer care. Yet these important business innovations could be lost if IT staff are struggling with systems continuity or mired in tasks like detailed device management. That's why third-party services relationships are now essential to running a successful IT organization.

Collaboration with a third-party is not always easy - it can be complicated and challenging to manage. So, can today's service vendors really keep up and provide IT with the value they claim?

Trends within the enterprise

The decentralized workplace

The productivity of today's workforce in the current environment relies heavily on accessing the business networks anywhere, anytime, on any access and device. According to the latest Annual Internet Report from Cisco, there will be 29.3 billion networked devices globally by 2023, up from 18.4 billion in 2018—an average of 3.6 networked devices per capita by 2023, up from 2.4 in 2018.[1] Even though remote capabilities are the new necessity, employees prefer to work for companies that foster the culture of mobility and choice; it's a key success factor for retention and recruitment. By taking on device management tasks and helping to maintain hardware investments, services vendors play an important role in helping to manage the workload created by the decentralized and remote workplace.

By 2023,
there will be
29.3 billion
networked devices -
up 11 billion
since 2018[1]

New and increasing security threats

The number and variety of devices in an organization's network provide enormous advantages for communication, collaboration, and productivity, but they also increase exposure to potential threats—78% of IT leaders believe the increase in remote work means greater security vulnerability.[2] IDC research shows that by 2023, spending on security will total US$151.2 billion, with a 9.4% CAGR, and the largest share is going to services, with a total of US$47 billion estimated for 2019 and a five-year CAGR of 11.2%.[3] It's a good investment: Services vendors are vital to helping companies navigate the ever-changing threat landscape and protect businesses from breaches.

Big data and the hunger for insights

US$274 bn
The revenue for big data and business analytics solutions by 2022.[6]

Large quantities of data have become absolutely critical to enterprise operations. However, the reality is that extreme amounts of data can be overwhelming, which highlights the need for services partners with the expertise and resources to analyze the data and create actionable information. According to the Data Analytics Outsourcing Market to 2027 report, the global data analytics outsourcing market was valued at US$2.49 billion in 2018 and is expected to grow at a CAGR of 25.8% during the forecast period 2019-2027, to total US$19.36 billion by 2027.[4]

IT executives on big data:

- 73.4% of executives say that business adoption of big data and AI initiatives continues to be a challenge for their organizations.[5]
- 90.9% of firms say that people and process challenges are the biggest barriers to becoming data-driven organizations.[5]

In essence, enterprises are drowning in data, but hungry for insight, which is projected to only intensify as data continues to integrate into everyday operations. According to a recent market study by IDC, worldwide revenues for big data and business analytics (BDA) solutions were forecast to reach US$189.1 billion in 2019, an increase of 12.0% over 2018.[6] IDC also reports that BDA revenues will maintain this pace of growth throughout the 2018-2022 forecast with a five-year CAGR of 13.2%. By 2022, IDC expects worldwide BDA revenue will be US$274.3 billion.[6]

To embrace the potential of data and analytics fully, enterprises are investing in stronger third-party partnerships with vendors who not only securely manage data, but who also provide the insights required to propel businesses forward.

The rise of the service economy

While enterprises continue to take on more data and devices, consumer demands and buying behavior are driving vendors to become increasingly service-oriented. These trends, plus the generational influences on next-gen IT decision-makers, are having a significant impact on the modern workplace.

Explosive growth of on-demand services

Consider the millennial-driven service economy. The percentage of digital natives in the workforce is growing each day, and they bring with them new ways of doing business. Their creative, always-connected mindset gave rise to the service economy, and now both consumers and businesses can get the services they need, when they need them—without the full cost of ownership. For example, on-demand services like printing, food delivery, and vehicle sharing were estimated to reach US$60 billion in 2019[7] and are projected to see explosive growth in 2020 and beyond. On-demand manufacturing and micro-manufacturing are forecasted to flourish too.

77%
of executives felt positive about their outsourcing relationship.[8]

The sharing economy, also popularized by millennials, will grow to 86.5 million US users by 2021—nearly doubling from 2019.[7] As more consumers become comfortable renting rather than owning, this trend is having a strong impact on business operations. And with sustainability and the circular economy increasing their influence on revenue decisions, the "as-a-service" model is a driver for business growth. For these reasons, the market for service-based products is growing at an exponential rate, shaping the way organizations decide to offer and receive services.

As the cost and responsibilities of ownership lose favor among businesses across industries, access is now king, with ownership becoming secondary. That's why companies are seeking vendors who can facilitate functional and tactical tasks, as well as perform as true partners to offer strategic insight and oversight on everything from device usage to enterprise risk management. And adoption of this approach isn't expected to slow down. According to Deloitte's 2018 Global Outsourcing survey, vendor outsourcing is likely to see growth across various enterprise functions. The payoff? Of the respondents surveyed, 77% felt positive about their outsourcing relationship.[8]

The burden on IT to manage and update owned services and goods continually can be lightened by investing in the services of a third party—not simply as a vendor, but as a partner who can share the responsibility of meeting goals to help move the business forward.

Essential support for business continuity

In response to the current operational environment, 56% of IT leaders say they plan to outsource more.[2] Managed services can play an important role for organizations looking to build capabilities and subscribe to services or solutions on flexible terms. This means cost savings from not having to buy expensive devices and tools, nor the related support costs of using in-house resources. Services vendors help increase IT value and efficiency with the flexibility to acquire services on an as-needed basis, without worrying about the total upfront cost of ownership.

With the volume of service offerings available in the market, making the choice of which services provider to go with is crucial. With HP Services as a partner, business is supported with intelligent solutions that streamline, secure, and optimize IT service delivery.

Lifecycle Services

Equipping employees with the right technology is top priority—HP Lifecycle Services support IT staff by helping improve the way employees work, so they feel happy, productive, and engaged. HP manages devices and fleets from configuration and deployment to maintenance and optimization to repurposing and renewing them at end of life, which gives employees a smooth end-to-end experience and lightens the load on IT.

Manageability Services

Cost and complexity make it an ongoing challenge to manage end-user devices in a multi-vendor, multi-OS environment. HP Services uses innovative technologies like automation and AI to provide actionable analytics to reduce cost and complexity, as well as simplify IT workloads and deliver a better employee experience. Organizations can extend their IT team by offloading a little or a lot of the device management and monitoring to HP Service experts.

Security Services

Heterogeneous tech environments often face security gaps, yet ensuring security across users, devices, applications, and OSs has never been more important. Constrained company IT security resources benefit from the complement of HP products with built-in security features and HP's team of experienced, certified experts to identify gaps proactively and recommend risk-reducing methods that address vulnerabilities.

HP Services helps businesses adapt and compete as circumstances change—which is even more important in uncertain times. With HP, IT can focus people and resources on the things that drive business forward.

To learn more about HP Services, visit www.hp.com/hp-services

Sources:

[1] Cisco Annual Internet Report, 2020.

[2] HP Proprietary Research, 2020.

[3] IDC Research, Cybersecurity Focus Leads to Security Spending Growth of Over 10%, Services Lead the Way, October 16, 2019.

[4] Research and markets, Data Analytics Outsourcing Market to 2027, December 2018.

[5] New Vantage Partners, Big Data and Executive Survey 2019, 2019.

[6] IDC Research, IDC Forecasts Revenues for Big Data and Business Analytics Solutions Will Reach $189.1 Billion This Year with Double-Digit Annual Growth Through 2022, April 4, 2019.

[7] Microsoft, 2019 Retail Trends Report, 2019.

[8] Deloitte, The Deloitte Global Outsourcing Survey 2018, 2018.