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The Technology Procurement Manager's Guide to Maturing and Modernizing for Greater Impact and Value

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While the pandemic was arguably the largest global crisis in many years, it won't be the last crisis that disrupts and changes the supply chain either. If you're responsible for managing technology procurement at your organization, you're on the front lines at all times, managing risk in times of crisis or not.

This has helped accelerate a trend already developing within procurement: the move from a focus on logistics and cost management to a strategic value center. Not only do you need to be adept at pivoting around the supply chain's constant surprises, but procurement managers must also take on a role within the business as strategic advisors, guiding leadership as to how technology can be used to drive innovation, collaboration, and corporate citizenship. After all, the technology you manage for the company now contributes directly to its growth.

In many ways, modernizing the procurement and lifecycle management approach at a business is about moving it from a reactive practice to a proactive one. This includes managing for security proactively, elevating relationships with suppliers, moving to a more proactive, consumer-like model for procurement, tapping into data to turnaround forward-looking analysis for better planning and decision-making, and leaning on automation to improve access and efficiencies.

It also includes a proactive approach towards social and environmental impact. Sustainability and an evolution towards a circular supply chain are a necessary part of technology lifecycle management, and procurement professionals are responsible for contributing to business's goals to lower their impact on the environment and meet related government regulations.

Whether you're new to the role and company or not, change always begins with a thorough and clear-eyed assessment of where you are. Then, you can focus on incrementally maturing and leveling up as you transition from responding to cost pressures and logistics to focusing more on identifying and creating additional value. For example, you may want to start by winnowing out additional margin improvement, improving your internal customers' access to resources, or reducing your overall risk.

But managing through this evolution is, of course, easier said than done. Which is why in the guide, we'll walk you through each step you need to start moving your technology procurement—and your organization—from reactive to proactive and strategic.

Consider Your Progression in Maturity as a Journey

Progress won't be made overnight, but with some careful research and planning, you can set yourself up to identify your first quick wins, then start gradually working towards a more mature, proactive approach. A recent partner story illustrates this progression clearly. CSI initially started working with global construction company STO Building Group to help dig them out of deep hardware backlog: thanks in part to the chip shortage, the company had 600 built-to-order laptops on back order. Through our sight lines into Lenovo's warehouses, we worked with STO's Lenovo rep to uncover in-stock devices that would not only match their specs but exceed them—and for a price that matched their standard units.

With STO caught up on their backlog in just eight months, we could then start moving them from a reactive ordering state to a proactive one. Building out a custom, e-commerce-like storefront for their technology ordering was an excellent place to start. Their storefront provides real-time views into warehouse stock levels, so inventory is always up-to-date, and integrates with CSI's CRM, giving client teams automatic order updates so they can seamlessly help STO manage orders. Because it's built in the cloud, it's more secure.

This story is an excellent example of how with just one powerful and flexible tool, you can not only simplify your ordering but also greatly reduce risk. It also demonstrates how finding creative ways to address some of your biggest current issues can also clear the runway for you to move into a more proactive, strategic stage.

Deeply Engage Your Internal Customer

Any kind of change within your business begins and ends with people. No matter how long you've been working with them, it's always possible to get to know your internal customer better and understand exactly what their needs, wants, and pain points are and how you can serve them through procurement—which will guide you in your journey towards proactive, strategic management. As McKinsey suggests, you'll want to have "three core objectives in conversation with your end users: understand how people at your company perceive your procurement organization, identify their expectations and opportunities for procurement to add more value in the relationships, and start building toward more effective collaboration."

You can also use these conversations to build out user personas: profiles for each type of internal customer you need to provide technology for, including details such as their job title, main functions and characteristics of their job, where they do their job—key in our modern, hybrid workplace—and what their goals, objectives and pains are. You can then map the technology tools they need to each persona and create pre-built bundles, so that whenever there's a new hire in one of these positions, ordering their technology is as simple as a couple of clicks through an online procurement storefront.

These personas are important data sets that can help you better forecast your procurement needs, so that you can establish inventory reserves—aligned with company-wide budgeting and planning—and be ready to set up new
hires immediately.

Get Creative with People-First Delivery Options

These days, business procurement can not only look like B2C ecommerce on the front-end, but through the variety of delivery options as well. Your persona building also brings an opportunity to think these out.

Do you have a geographically diverse team of remote and hybrid workers? You may want to look into tools that can help you drop-ship orders directly to them.

If you have a robust office or physical locations, there are now technology vending machines where employees can pick up pre-configured devices with no downtime. You can even explore drones for curbside delivery.

It's easier than ever to get hardware to your employees, wherever they are—which can really elevate their experience, dramatically cut down on downtime, and even reduce labor for your procurement team.

Assess Your Current Infrastructure and Rethink Your Tech Refresh Strategy

With the average organizational technology lifecycle four to five years, it's logical to think that it's better, more cost-effective, and even more sustainable to hold onto IT equipment for as long as you can. But the reality is that hanging onto your tech for longer can decrease your user experience, productivity, and job satisfaction, decrease energy efficiency, increase cybersecurity risk, and even actually increase your Total Cost of Ownership (TCO).

Workers stuck with legacy (read: outdated) equipment are 136% less productive and four times more likely to quit. Plus the TCO of a PC, for example, goes beyond simply purchasing the device, as you're well familiar with. It includes installation, software, networking, energy use, communications, maintenance, troubleshooting and tech support, which increase as the equipment ages. Refreshing PCs every three years reduces TCO by 24% compared with hanging onto them longer.

As companies leverage new technologies to accelerate digital transformation, meet customer expectations, and support a hybrid IT environment, they recognize that long tech refresh cycles are costing time and money.

Instead, tech-savvy and forward-thinking organizations are moving to a two- to three-year tech refresh cycle.

Start by taking a complete, accurate inventory of your current technology. Create a database of your equipment by serial number and implement a system to track your existing software.

- As you go, identify critical aging items, including outdated hardware and software that pose security risks, and prioritize their refresh.

- Work with your accounting and IT departments to build an understanding of how often, on average, you're replacing devices in each category.

- Investigate different options for regular refreshes, including device-as-a-service programs that give you access to the tech you need as a subscription service, so you don't incur capital expenses to buy these devices.

Tap Into Data to Turnaround Forward-Looking Analysis for Better Planning and Decision-Making

Getting set up to track inventory and tap into data is crucial to help you progress in procurement maturity.

For our partner STO Building Group, CSI is also working to run an internal analysis to see how many of their built-to-order systems they procure monthly to create a standard inventory level and transform the wait time on their systems from four to six weeks to the ability to ship units overnight. This is a clear example of just how transformative being able to track the data around your tech procurement needs can be.

In fact, regular planning and forecasting can help you get ahead of potential product constraints and find workarounds, better provide timely deliveries for sensitive projects, deployments, and new hires, and manage your product standards with end of life (EOL) and replacements. Modern procurement tools like a storefront platform can give you full transparency into supply chain activity, and your data can be leveraged to more proactively manage your inventory.

Keep an Eye on Emerging Technologies

As you progress in your focus, you'll want to start looking for openings to support both current and future value creation. This will include a perspective on the emerging technologies and trends that will shape the industry you're in within the next three to five years. What will be truly game-changing and what will remain in the "shiny new thing" category? Part of this, of course, includes the ability to look at future technologies and envision if and how they would work for your business, as well as to determine which trends won't be for you.

This can be an area where it's advantageous to bring in an external third-party who will help you brand-agnostically and objectively trend spot and future cast. When you partner with CSI, for example, you're gaining access to insights through our partnerships with technology brands and manufacturers—insights into what's in their current development pipeline, what future technologies they're considering, and what needs and pain points they're considering as they plan for future releases.

Develop a Change Management Approach and Culture

While thoroughly understanding your end user is a critical piece to maturing your procurement, involving people across the company is also a key part of change management, defining a structured process for planning and implementing new ways of operating within an organization. When people feel that their needs are considered, they are far more likely to support the changes—not to mention, the changes you're making can be far more impactful as they're responding to real understood needs and wants. This also marks the difference between employees carrying out a "have-to" versus a "want-to."

Another important part in managing change is in how you communicate. You want to appeal to both their sense of logic and data as well as how they feel and what they desire. As you share what the changes will be and how to implement them, you want to share the "why's" and "how's": the context of why the changes are needed and how they'll positively impact your customers, their customers, and the mission you're all at work to achieve.

> *"Getting buy-in can be the difference between technology that's used—and loved—and technology that becomes an unused sunk cost. It's people you're procuring these tools for, and the importance of bringing them along with you cannot be overstated."*

As the CPO of a luxury brand told McKinsey, "I realized that people, mind-sets, and capabilities are more important than codifying clear processes. I will use this learning by focusing on capability assessment, the learning journey, and change management."

Of course, change management with the leadership team is equally important. For starters, having insight into the business's strategic priorities along with high-level information projects is essential to your department's success. This is also where the conversations you've had with your internal customers can really help you build your case for investing in the tools you need to modernize and advance procurement in your business. If you're able to demonstrate the need effectively and cite specific examples, this will help you make your case to leadership for any investments in procurement tools.

Identify and Focus on Additional Procurement Value Proposition, such as Innovation and Sustainability

As we march into 2024, we're at a critical juncture in human—and planetary—history. We are inextricably linked to and *dependent upon* a healthy planet. As IBM puts it, "Sustainability strategies are no longer just a corporate social responsibility. They are a business imperative."

And while each business and industry will have their own unique opportunities to impact sustainability, one of the most universal and actionable areas of impact every business can focus on is IT infrastructure. After all, businesses who invest in sustainability are more resilient *and* profitable, and attractive to talent and customers alike—making the actions you take in this department a clear value-add.

To identify and prove value:

- **Track economic performance as it relates to sustainability measures:** There's a noteworthy correlation between sustainable business practices and financial performance: 88% of studies found that companies with comprehensive sustainability practices demonstrate better operational performance, which is then followed by improved cash flow. 80% of studies show that this is followed by improved investment performance as well. Logically, this makes sense: when you are managing your resources more efficiently, with less waste, you're improving your financial performance. As you go, track how your efforts are impacting the procurement department's economic performance as well as how this contributes to the overall company performance.

- **Publicize your impact:** 80% of consumers believe it's important or extremely important for companies to design environmentally sustainable products, while 70% of employees reported that if a company had a strong sustainability plan, it would impact their decision to work at the company and stay long term. While these actions are important in their own right, properly communicating the impact you make to ensure your customers and employees are aware of it makes them even more valuable.

A simple sustainability action you can take is to prioritize sourcing IT equipment that's part of a circular economy. This means looking for manufacturers who are moving from traditional mining and extraction for raw materials to using post-consumer and/or low carbon materials.

This is an important point we want to emphasize: we all have an important role in creating a healthier, more sustainable world for ourselves and for the entire planet, from individual businesses to manufacturers. While it's common practice for sustainability responsibility to be placed on consumers, end-users, and businesses, manufacturers should be stepping up as well.

Fortunately, more are.

In 2007, Dell's Optiplex desktops were the first PCs made with recycled materials. Today, they contain up to 60% recycled content. In 2021, the company engineered its first Latitude PCs with tree-based bioplastic and bio-based rubber. Additionally, it makes 87% of its packaging materials from recycled or renewable content.

Meanwhile, HP created the world's first notebook using EPEAT-certified ocean-bound plastic. The company also made the most sustainable CarbonNeutral-certified home printing system that contains over 30% recycled content by weight of plastic. Moreover, the HP Pavilion range uses ocean-bound plastic, upcycling over 92k bottles annually.

And the more businesses like yours select these types of devices, the more demand it creates for them from OEMs.

- Most OEMs provide the carbon information of their devices to show the greenhouse gas emissions associated with the manufacturing process (e.g., the extraction of resources, creation of components) and day-to-day device usage.

- Procurement departments can look for devices that adhere to the EPEAT standard to select equipment that meets their business needs while maintaining a minimal environmental impact and lowering energy use requirements. For organizations that purchase tens of thousands of devices, this step can dramatically reduce the overall carbon footprint while creating significant cost savings.

- Programs like CSI's FutureValue™ also leverage the circular economy principle to help businesses lower the upfront costs of new purchases. With FutureValue, you commit your technology to a second life at the time of purchase and in exchange, net your business up to 20% off initial IT hardware costs, allowing you to refresh your technology sooner. You'll also earn carbon credits to offset the resources used and emissions created during technology manufacturing.

The result? You're able to support your team in selecting the right technology and lifecycle strategy that meets your goals while helping your organization make a tangible push for sustainability.

Procurement has so much more value to add than simply logistics and cost management—though we recognize those themselves are no easy feat, especially as you're navigating constant changes and surprises. It helps to have a partner at your side, who can consult with you and help you uncover the path forward to mature and modern, strategic and proactive, while still securing the technology your company needs. We can guide you through this entire journey, helping you evaluate cost, quality, value, collaboration, innovation, and flexibility.

Schedule Your Modern Procurement Call Today