Predicts 2021: IT Sourcing and Procurement in an Effort to Become a Trusted Advisor

Published 7 December 2020 - ID G00735370 - 26 min read


Initiatives: Sourcing, Procurement and Vendor Management Leaders

COVID-19 and the resulting economic crisis have made clear the urgency with which IT sourcing, procurement and vendor management leaders must transform their functions. SPVM teams must embrace this opportunity to address the dynamic demands of their organization.

Overview

Key Findings

- As IT sourcing and procurement teams work to become more agile and responsive, the need for robust internal and market data becomes more apparent. However, having data is not enough. Teams must be able to turn the data into knowledge, strategy and actions.

- “Manual work” to collect the necessary information and data prior to sourcing execution is not enough anymore. IT sourcing and procurement teams need more automation.

- Customers of large, “dominant” vendors do not have the leverage to negotiate better pricing and terms and conditions during a contract renewal.

- As organizations migrate more workloads to the cloud, and increasingly adopt bring your own license (BYOL) models, they will encounter more risks. This is due to an immature software asset management (SAM) discipline and the additional complexity of managing licenses in the cloud.

- Diversity and inclusion are a critical focus for enterprises. Embracing a culture of openness will help to drive innovation through increased supplier diversity.

Recommendations

Sourcing, procurement and vendor management (SPVM) leaders working to increase their IT sourcing and procurement impact must:

- Establish the role of the IT procurement data analyst within their organization to enable deeper and more proactive internal data analysis (for example, analyzing contract, asset and spend data).
Strategic Planning Assumptions

By 2025, 50% of large enterprise IT SPVM teams will have dedicated data analyst roles, enabling high value insights that drive effective sourcing strategies.

By 2025, 30% of enterprises will be using blockchain capabilities to source technology services and products, halving the time needed to onboard new vendors.

By 2024, 40% of enterprises will use software asset management as the primary mechanism for reducing SaaS contracts costs with “dominant” vendors.

By 2023, 35% of organizations utilizing bring-your-own-license offerings in cloud environments will no longer do so due to challenges managing compliance.

By 2023, 70% of global organizations will have a structured diversity and inclusion program that directly affects sourcing, procurement and vendor management.

Analysis

What You Need to Know

Uncertainty has become the watchword for business and technology leaders. According to the 2020 Gartner CIO Survey, 90% of organizations have faced some business disruption in the past four years.¹ These disruptions may be unpredictable deviations from normal activities, including everything from organizational and labor market disruptions to shifting consumer demand. Sourcing, procurement and vendor management leaders have been a critical part of battling the recent economic crisis and global business downturn. SPVM leaders have already demonstrated their strategic value during the crisis. However, they must emerge as a strategic partner in an increasingly uncertain environment. To do so, they will need to focus on data, vendor risk management and vendor onboarding. Additionally, they must focus on turnover management, employee development and creating a thriving and innovative working environment.

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¹根据2020年gartner的cio调查，90%的组织在过去四年中都遇到了一些业务中断。这些中断可能是从正常活动的不可预测的偏离，包括从组织和劳动力市场中断到改变消费者的购买需求。采购、采购和供应商管理的领导者在应对最近的经济危机和全球业务下滑中起到了关键作用。spvm领导者已经在危机期间证明了他们的战略价值。然而，他们必须在日益不确定的环境中作为战略合作伙伴出现。为了做到这一点，他们需要关注数据、供应商风险管理以及供应商接入。此外，他们还必须关注员工流失管理、员工发展以及创造一个繁荣和创新的工作环境。
While SPVM leaders are on the front line, battling the economic crisis, they are also key players when it comes to expanding diversity in their organization’s supplier program. Gartner client interactions related to supplier diversity increased by 600% for the second quarter of 2020 (relative to the same period in 2019), and interactions from January through September 2020 are up 300% over the full calendar year for 2019. The accelerating pace of business transformation is putting extreme pressure on SPVM leaders to enhance their skills, understand how to analyze critical data and present this information effectively. At the same time, being reactive needs to become a thing of the past. SPVM leaders need to be able to manage vendor ecosystems or, at the minimum, understand the risks that vendors are posing to their organizations, and drive a vendor risk mitigation approach. SPVM leaders must become more open to change and driving innovation. Investing in diversity and inclusion both from an internal organization perspective and as an element of vendor selection, will accelerate transformation through innovation and equal opportunity.

Table 1 highlights the five key actions that IT sourcing and procurement organizations must undertake in order to become true business leaders, navigating through disruption and changing economic conditions.

**Table 1: 2021 Mandates for SPVM Leaders**

<table>
<thead>
<tr>
<th>Mandate</th>
<th>Business Driver</th>
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</thead>
<tbody>
<tr>
<td>Establish the role of IT procurement data analyst.</td>
<td>Create visibility in terms of spend, contracts and utilization to facilitate strategic decision making.</td>
</tr>
<tr>
<td>Use blockchain to source and onboard technology services and products.</td>
<td>Create visibility in terms of market information to proactively manage and mitigate supply and vendor risk.</td>
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<tr>
<td>Use SAM as the primary mechanism for reducing SaaS contracts costs with “dominant” vendors.</td>
<td>Customer leverage against “dominant” vendors is not great, so negotiations are not enough to help manage costs.</td>
</tr>
<tr>
<td>Manage your BYOL programs in the cloud.</td>
<td>Transition to the cloud creates compliance risks that, if not properly managed, can cause significant financial pain.</td>
</tr>
<tr>
<td>Establish a defined diversity and inclusion IT sourcing and procurement program.</td>
<td>Create a more inclusive working environment that fosters innovation and the synthesizing of ideas, while increasing supplier diversity.</td>
</tr>
</tbody>
</table>

Source: Gartner (December 2020)

**Strategic Planning Assumptions**
Strategic Planning Assumption: By 2025, 50% of large enterprise IT SPVM teams will have dedicated data analyst roles, enabling high value insights that drive effective sourcing strategies.

Analysis by: Yanni Karalis, James Smith

Key Findings:

- Data-and-analytics-related skills are often difficult to find and hire in IT sourcing and procurement.
- IT sourcing and procurement cannot build trust without bringing meaningful data to their stakeholders for the development and execution of sourcing strategies.
- Lack of capacity within IT sourcing and procurement teams makes it impossible to analyze data and drive meaningful conversations with stakeholders.

Market Implications:

Many SPVM leaders complain about late involvement. They feel that their stakeholders view them as a bottleneck, and that stakeholders hold off on involving SPVM leaders unless and until it is necessary. Unfortunately, when SPVM leaders get the opportunity to participate in a strategy session, they lack the data, analysis and information necessary to provide commercial value. Hence, when attempting to change the role of IT sourcing and procurement to make it more central to strategy creation, you need robust data. You also need the ability to analyze the data and create compelling presentations that can add significant value for both SPVM leaders and business stakeholders. In order to do that, you need resources with the time, the skills and the willingness to take on this important mission.

Recommendations:

- Recruit the right resource or resources with the appropriate skills to build an IT sourcing and procurement analytics capability. These resources can be found internally or externally.
- Create a center of excellence (COE) for IT procurement data, analytics, and sourcing strategy creation. If SPVM leaders don't have the necessary visibility, it will be impossible to become the “trusted advisor” that the business needs.
- Establish a set of sources that will be used as a single version of the truth. Enterprise resource planning, SAM, contract life cycle management (CLM), risk, and procurement systems are all good choices. SPVM leaders should scrutinize this data and determine which data most accurately reflects vendor spend.
- Identify key performance indicators that will be crucial for your organization to succeed through the 2020s and beyond. Ensure that those metrics are being tracked and are traceable, so that any analyst will be able to show trends and predict where there are issues or where unrealized benefits are occurring.
Related Research:

Tool: IT Procurement Critical Skills Assessment

Create an IT Sourcing, Procurement and Vendor Management Center of Excellence for Agility and Growth

Tool: A Framework to Reinvent the IT SPVM Roles in Response to an Economic Crisis

Strategic Planning Assumption: By 2025, 30% of enterprises will be using blockchain capabilities to source technology services and products, halving the time needed to onboard new vendors.

Analysis by: David Groombridge

Key Findings:

- The COVID-19 pandemic has demonstrated the brittleness of global IT supply chains, with enterprises finding that they had little visibility into second-, third- and fourth-party operations within their overall delivery mechanisms.

- At the same time, enterprises had already recognized the fundamental inefficiencies of most traditional technology supply chains. The extensive due diligence required of each new provider and vendor before they can be used increases the total cost of procurement. It also hampers the quick pace at which a digital business needs to operate — at a time when that pace is accelerating due to COVID-19 and its economic impacts.

- Sellers have also been showing signs of dissatisfaction with legacy IT supply chain operations. Traditional approaches create a significant administrative burden, requiring sellers to fill in very similar vetting details for each new client, duplicating efforts and creating inefficiency.

- Penetration of blockchain-based solutions into general supply-chain-based use cases has been significant in recent years (see Blockchain Trials Show Pragmatism Emerging Across Industries). Now, providers are beginning to look at how the IT procurement process can be accelerated with solutions — for example, IBM offers Trust Your Supplier. These solutions allow sellers to validate data once and share this data securely between buyers, to reduce duplication of effort, cut costs and significantly shorten the time required to source and onboard vendors. Other providers are likely to rapidly follow suit.

Near-Term Flag: Through 2023, multiple providers of blockchain-based sourcing and onboarding solutions will be in production in the market.

Market Implications:

- As more blockchain-based IT supply chain solutions come to market, sourcing, procurement and vendor management leaders may be able to utilize them to accelerate and derisk their sourcing, while
Reducing costs.

- While blockchain is not an essential component for an IT supply chain solution, the use of blockchain-enabled distributed ledger models provides assurance that the data in such a solution cannot be changed by a single party. Since consistent copies of the overall ledger data are held on multiple parties’ systems, it becomes unlikely that any party will be able to amend the data to their advantage.

- The potential process benefits of such solutions are clear. Sellers can validate their financial, service and security data once, on entry to the system. Buyers can then shorten sourcing cycles, granting access only to vendors who can evidence vetting of their capabilities. Where a buyer requires specific further information, they can request it from the vendor and it will then be available, securely, to all other buyers who deal with the same vendor. Similarly, periodic updates to the due diligence process can be undertaken on the platform. Access controls will prevent sensitive data being shared beyond those who have the authority to see it.

- The resulting buyer benefits will include reduced administrative overhead in requesting, validating and analyzing due diligence data, and more rapid sourcing through the use of prequalified providers. This will significantly shorten the time between sourcing a new vendor and them being fully onboarded.

- In the longer term, some buyers and some sellers of IT services and solutions may make it a prerequisite for partners to use such systems to undertake due diligence. This may force enterprises to adopt such solutions.

- However, in the shorter term, the decision to utilize these systems will require consideration of a combination of factors — including the cost of the solution, the utility of the data within it and the coverage of vendors that it offers.

Recommendations:

- Identify when commercial products will be ready for your use by asking vendors of blockchain procurement solutions key questions about their solutions. These key questions should clarify the commercial costs of joining for you and your suppliers. They should also confirm that the data shared on the blockchain meets your organization’s needs, and establish the current and planned usage.

- Prepare your organization to adopt a blockchain-based supply chain solution, by using input from your existing providers to review and streamline your due diligence questionnaire. Where questions are nonstandard, or specific to your organization, review them and determine whether they can be replaced by standard questions.

- Actively participate in consortia that are looking to develop blockchain-based solutions. This will help to make the needs of your organization an important factor within the development of a blockchain solution. Offer to be an early adopter for such solutions and provide feedback on the changes required to make the solution effective for your organization. Mandate that your suppliers adopt and use the solution.
Related Research:

**Hype Cycle for Blockchain Business, 2019**

**Blockchain Trials Show Business Executives Drive Focused Solutions To Production**

**Market Guide for Blockchain Consulting and Proof-of-Concept Development Services**

**Tool: Vendor Identification for Blockchain Service Providers**

**Strategic Planning Assumption:** By 2024, 40% of enterprises will use software asset management as the primary mechanism for reducing SaaS contracts costs with “dominant” vendors.

**Analysis by:** Stephen White

**Key Findings:**

- SaaS adoption continues to grow across application markets, creating dependency and cost risks, particularly where vendors hold dominant market share and switching options are absent. IT procurement teams and SaaS contract negotiators are unable to reduce costs — with the large, powerful vendors maintaining all the leverage, and there being no viable means to balance the negotiation equation.

- Despite the economic effects of the COVID-19 pandemic on their clients, many vendors demonstrated low prioritization of client relationships — eschewing requests to adapt for, or partner and support (through price and cost reductions) organizations suffering economic duress.

- Organizations that embraced and invested in the SAM discipline have been rewarded with trustworthy data and increased, detailed awareness of utilization. This enables volume reductions at renewal and in cases midcontract true down, reducing costs despite the absence of price flexibility.

- Shelfware regularly exists at rates of over 20% and may, in some cases, extend to more than 40% of SaaS applications licensed. Effective SAM discipline — delivering visibility of usage, with resources aligned to action optimization opportunities — will enable effective rightsizing and help to strip out cost from SaaS contracts at anniversary or renewal.

**Near-Term Flag:** Through 2022, the market for SAM managed services will continue to grow by more than 20% as organizations turn to third parties with the capacity to address demand for key skills.

**Market Implications:**

Dominant vendors are characterized by a dominant market share, with robust and growing revenue. In SaaS markets, many vendors have jettisoned the buyer bargaining power of optional maintenance, thus enhancing their own revenue model. The scales are further tipped in favor of the vendor by lock-in,
switching costs and the organization's dependency on functions and features of applications incorporated within business processes. Dominant SaaS vendors capitalize on these characteristics, rarely offering price protection, monetizing dependent clients by reducing discounts and increasing price through each renewal cycle. Without the ability to reduce volumes, costs may escalate beyond expectations and more than the original planning horizon.

Across the SaaS portfolio, risk of exposure to shelfware is likely. Shelfware may exist in the environment as a result of initial procurement activities involving acquiring bundles, enterprisewide terms or overly standardized packages. Similarly, over time, shelfware may insidiously increase, as anticipated usage fails to materialize, as organizations fail to harvest unused licenses when SaaS becomes idle for prior use cases, or as users leave the organization. As a result, many organizations are progressively augmenting shelfware.

An absence of usage metering from SaaS providers can amplify the challenge of eliminating shelfware. Arguably it suits providers to suppress details of functional consumption, lest they alert clients to shelfware issues and the opportunity to rightsize their contract by aligning commitments with actual requirements. SAM discipline is key to cost containment. To strip out costs associated with overly powerful vendors, SPVM leaders need to use tools that provide necessary telemetry and discipline to manage the ongoing consumption of SaaS, and take actions to optimize subscriptions.

Following the impacts of the COVID-19 pandemic, it is anticipated that there will be continued focus on cost cutting and cost optimization. SPVM leaders will need to analyze the degree of shelfware that is represented within SaaS contracts, identifying how much can potentially be removed (and how much benefit can be realized) at the next anniversary, purchase or renewal. This will be a key means of driving down costs from dominant SaaS vendor contracts. Eradicating shelfware and unproductive software costs will require a capable SAM function. Ultimately, this will lead more organizations to embrace SAM discipline.

**Recommendations:**

- Invest in the SAM function as necessary to address SaaS dependency, lock-in and price risks with dominant vendors. Set a realized cost reduction target for SAM — acknowledging that SaaS cost risks will be exposed without effective SAM discipline.

- Focus the organization's SAM capability on metering usage in order to rightsize and eliminate unnecessary costs. Ensure that any SAM tools in place, or being acquired, have been proven to deliver required SaaS metering.

- Augment SAM resources and processes to enable the SAM function to manage SaaS consumption — delivering continuous optimization and governance. Where internal resources are insufficient, evaluate third parties that can deliver necessary SAM discipline as a managed service.

- Incorporate SaaS into the deprovisioning and leavers processes to ensure that shelfware is minimized, and subscriptions can be reassigned to avoid unnecessary additional purchases.
Related Research:

3 Best Practices to Avoid Costly Shelfware in Your SaaS Deal

Software Asset Management for the Cloud: Consumption Management and Optimization Take Center Stage

Critical Capabilities for Software Asset Management Tools

Critical Capabilities for Software Asset Management Managed Services

Strategic Planning Assumption: By 2023, 35% of organizations utilizing bring-your-own-license offerings in cloud environments will no longer do so due to challenges managing compliance.

Analysis by: Ryan Stefani

Key Findings:

- Organizations continue to adopt integration as a service (IaaS) and PaaS offerings in order to provide the elasticity, scalability and speed required to meet the demands of digital business initiatives. In order to reduce the cost of these services, organizations are increasingly adopting the use of BYOL models.  

- Many organizations still lack a formal SAM discipline, and when a formal SAM discipline is present, the management of BYOL is omitted from the SAM strategy.

- Producing trustworthy data is foundational to successful SAM. This is a historic challenge for SAM initiatives that has been compounded for software running within cloud environments.

- Publisher licensing policies and the required processes to ensure compliance with agreements are very labor intensive and costly to manage, and they reduce the agility offered by cloud services.

- Popular software publishers like Microsoft, Oracle and IBM, not only allow users to use a BYOL model, but they are also competing for market share in the cloud infrastructure and platform services. This may result in audits that can be used to drive workload placement onto their competing cloud platforms.

Market Implications:

The digitization of business is here to stay, and it will continue to accelerate over the next three years. A key enabler of these transformations is the use of cloud services, as they provide increased agility and resilience. Along with these benefits, cloud services introduce a host of new challenges for organizations. One of the most common issues faced in cloud journeys is ever-increasing cloud bills that directly affect operating costs.
In order to help reduce cloud costs, organizations are turning to the use of BYOL offerings. BYOL offerings allow organizations to capitalize on their existing investment in perpetual licenses, within cloud environments. While this is an attractive option, it is riddled with challenges that most organizations are not well prepared to handle, due to a lack of a mature SAM function. In order to adequately manage these licenses, organizations must establish a mature SAM discipline.

To mature SAM effectively, the organization not only needs to invest in tools, it also needs to invest in skilled resources, which are in short supply. The investments required to mature SAM to manage BYOL effectively may be costly, and ultimately nullify the proposed benefits of these offerings. In addition to the monetary investments, proper controls and governance will have to be established in order to produce trustworthy data, maintain compliance, establish an effective license position, and properly allocate licenses. With the increasing need for speed and agility, these required controls are often circumvented, leaving licenses mismanaged.

This increases organizations noncompliance exposure, and their unfavorable audit findings. While the pain of a software audit fee isn't pleasant, the noncompliance findings that audits discover will likely be much more significant. While popular software publishers (such as Microsoft, Oracle and IBM) offer BYOL policies, they also offer cloud infrastructure and platform services (see Magic Quadrant for Cloud Infrastructure and Platform Services). These audits may be used to drive adoption of their cloud services. This could dramatically impact an organization's workload placement and cloud strategy.

As SPVM leaders continue to struggle with managing licenses, and BYOL license audit activity increases, organizations will increasingly abandon the management of perpetual licenses in cloud environments, in favor of cloud services with the licenses included. While SPVM leaders continue to provide on-premises license management, they will start to emphasize the importance of consumption management of cloud services.

Recommendations:

- Begin to shift the scope of SAM from license compliance to consumption management. To do this, establish a SAM charter that is inclusive of managing cloud consumption.
- Prior to using BYOL offers, review publisher-specific licensing policies to ensure your organization understands the complex nature of the licensing requirements.
- Consider the cost, risks, time, governance and expertise it takes to manage licenses within cloud environments. Determine whether it will be beneficial for your organization to use BYOL or pay as you go (PAYG) offerings from cloud providers.
- If your organization has already utilized BYOL policies without a mature SAM discipline, engage a SAM managed service provider to help establish an effective license position (ELP) and identify any current liabilities that need to be mitigated.

Related Research:
Software Asset Management for the Cloud: Consumption Management and Optimization Take Center Stage

How to Bring Your Own Microsoft License to Cloud IaaS Without Causing a Cost and Noncompliance Risk

Changes to Microsoft Server Rules in Dedicated Cloud Environments Require Immediate Attention

How to Minimize BYOL Risks and Costs When Moving Oracle On-Premises Perpetual Software to the Public Cloud

Magic Quadrant for Software Asset Management Managed Services

Strategic Planning Assumption: By 2023, 70% of global organizations will have a structured diversity and inclusion program that directly affects sourcing, procurement and vendor management.

Analysis by: Stephanie Stoudt-Hansen, Luke Ellery, James Smith

Key Findings:

- Many organizations are focusing on diversity and inclusion, including establishing targets for a minimum percentage of supply that will come from diverse suppliers.

- There are many organizations supporting the identification of diverse vendors:
  - According to a January 2019 Australian Department of Foreign Affairs and Trade report, 6 Indigenous procurement initiatives have netted over $1BN AUD, supporting a growing indigenous supplier base.
  - Primary government regulations in many western countries require robust action for suppliers looking to do business with the government. These regulations are put in place to maintain and actively grow use of disadvantaged suppliers. For example, the U.S. Small Business Subcontracting Program requires that any government contractor providing products or services exceeding $700K must hit certain thresholds of using diverse suppliers. 7

Market Implications:

Most diversity programs start from a good place and with honorable intentions. However, when implemented, these programs often turn into a “box-ticking” exercise. When considering a diversity program, some important questions must be asked:

- What are you trying to achieve — a metric, social change, or alignment between your supply base and your organization’s priorities?
What constitutes diversity for your organization?

This is likely to be different between countries, taking into account diverse social, race, gender and cultural backgrounds. SPVM leaders must be clear on the objectives and desired outcomes.

Recommendations:

- Uncover the objectives of your supplier diversity program by working with diversity leaders and strategy teams.
- Define the ways in which SPVM leaders can contribute to diversity objectives by creating mechanisms for prioritizing and growing channels for diverse suppliers.
- Monitor the effectiveness of diversity programs by incorporating diversity discussions in vendor governance reviews, and by tracking efficiencies, new ideas and cost savings brought about by working with those organizations.
- Within the organization, highlight the "wins" that these suppliers have helped you to deliver. Regularly reinforce the benefits of working with these companies.

Related Research:

Make Diversity and Inclusion a Key Priority

Minority Vendors Offer Supplier Diversity Tips

Supplier Diversity and Sustainability Trends

A Look Back

In response to your requests, we are taking a look back at some key predictions from previous years. We have intentionally selected predictions from opposite ends of the scale — one where we were wholly or largely on target, as well as one we missed.

On Target: 2018 Prediction — By 2021, 55% of technology procurement staff will require additional business, digital and analytical skills to realize business innovation and growth.

Previously Published in: Predicts 2018: Technology Procurement Must Transform to Enable Business Objectives

In recent Gartner Research (see Tool: IT Procurement Critical Skills Assessment and 9 Steps to Improve Your IT Services’ RFP Effectiveness and Optimize Vendor Proposals), we highlight the need to develop a better understanding of the functional domain that stakeholders work in. What was once next-level
thinking is now established as a core tenet of the SPVM role. SPVM leaders must understand the functional domain if they want to be included in the planning phases.

Client interactions suggest that there has been an additional emphasis on training during the COVID-19 pandemic. Calls referencing training increased by 53% in 2Q20 relative to 2Q19. While organizations have begun to make the push for greater analytical thinking, more education is required to secure the prospect of improved business growth and innovation.  

**Missed: 2015 Prediction** — Analyzing and communicating commercial alternatives will override negotiating contract terms as the top technology procurement skill by 2020.

Previously Published in: Predicts 2016: IT Procurement Will Transform Into Technology Procurement for Digital Success

SPVM leaders have tried to increase their relevance and become more than simply the gatekeepers of new products. This lofty prediction from 2015 was probably unrealistic from the start. Reviewing Gartner’s best practices, via the IT Score framework, it is clear that SPVM leaders place a lot of importance on contractual review over many other functions, specifically negotiating terms and conditions. The good news here is that SPVM leaders, based on 2019 survey data, are receiving requests to ensure that appropriate due diligence is being conducted. Ninety percent of all organizations (by far the leading metric) say that they are significantly involved with negotiating contract terms in vendor negotiations. However, only 78% of organizations are conducting the appropriate due diligence and finding alternatives.  

Thus, this prediction missed.

**Acronym Key and Glossary Terms**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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<tbody>
<tr>
<td>BYOL</td>
<td>bring your own license</td>
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<tr>
<td>COE</td>
<td>center of excellence</td>
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<tr>
<td>CLM</td>
<td>contract life cycle management</td>
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<tr>
<td>ELP</td>
<td>effective license position</td>
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<tr>
<td>IaaS</td>
<td>integration as a service</td>
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<td>SAM</td>
<td>software asset management</td>
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<tr>
<td>SPVM</td>
<td>sourcing, procurement and vendor management</td>
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**Evidence**

1 The 2020 Gartner CIO Survey was conducted online from 4 June 2019 through 5 August 2019 among Gartner Executive Programs members and other CIOs. Qualified respondents are each the most senior IT leader (for example, the CIO) for their overall organization or a part of their organization (for example, a business unit or region). The total sample is 1,070, with representation from all geographies and industry.
sectors (public and private). The survey was developed collaboratively by a team of Gartner analysts, and was reviewed, tested and administered by Gartner's Research Data and Analytics team.

Disclaimer: Results do not represent “global” findings or the market as a whole but reflect sentiment of the respondents and companies surveyed.

2 For more information, see Trust Your Supplier.

3 The 2019 Gartner SaaS Migration Survey showed that shelfware is a major factor in inflating the cost of SaaS deals. Of the 441 survey respondents, 94% reported having some shelfware with their top three SaaS vendors, and 40% reported shelfware to be more than 25% of their SaaS deal.

4 Gartner’s global team of more than 1,900 analysts engage in more than 500,000 client interactions each year. For the 12-month period ending April 2018, our inquiry on BYOL interactions doubled relative to the previous 12-month period. Also, interaction specifically related to Amazon Web Services (AWS) and Microsoft Azure has seen a year-over-year inquiry increase of 30%.

5 Less than 1% of software-asset-management-related inquiries over the last two years mentioned the management of “BYOL.”


7 The Small Business Subcontracting Program, FAR.

8 Inquiry requests from Gartner clients taken by sourcing, procurement and vendor management analysts on the subject of “training” increased by more than 50% in 2Q20, relative to 2Q19.

9 Gartner’s Sourcing, Procurement and Vendor Management Leaders’ Experiences Working with Software Vendors Survey was conducted online from 20 June through 19 July 2019 with 27 Gartner Research Circle Members and 62 external panel participants. Respondents were required to have personally been very/highly involved in negotiating software or SaaS contracts on behalf of their organizations in the past five years. They were also required to have personally negotiated contracts for functionalities required to run the organization (for example, enterprise resource planning, human capital management or customer relationship management capabilities).

**Recommended by the Authors**

- Make Diversity and Inclusion a Key Priority
- Minority Vendors Offer Supplier Diversity Tips
- Supplier Diversity and Sustainability Trends
- How to Bring Your Microsoft Licenses to Cloud IaaS Without Causing a Cost and Noncompliance Risk