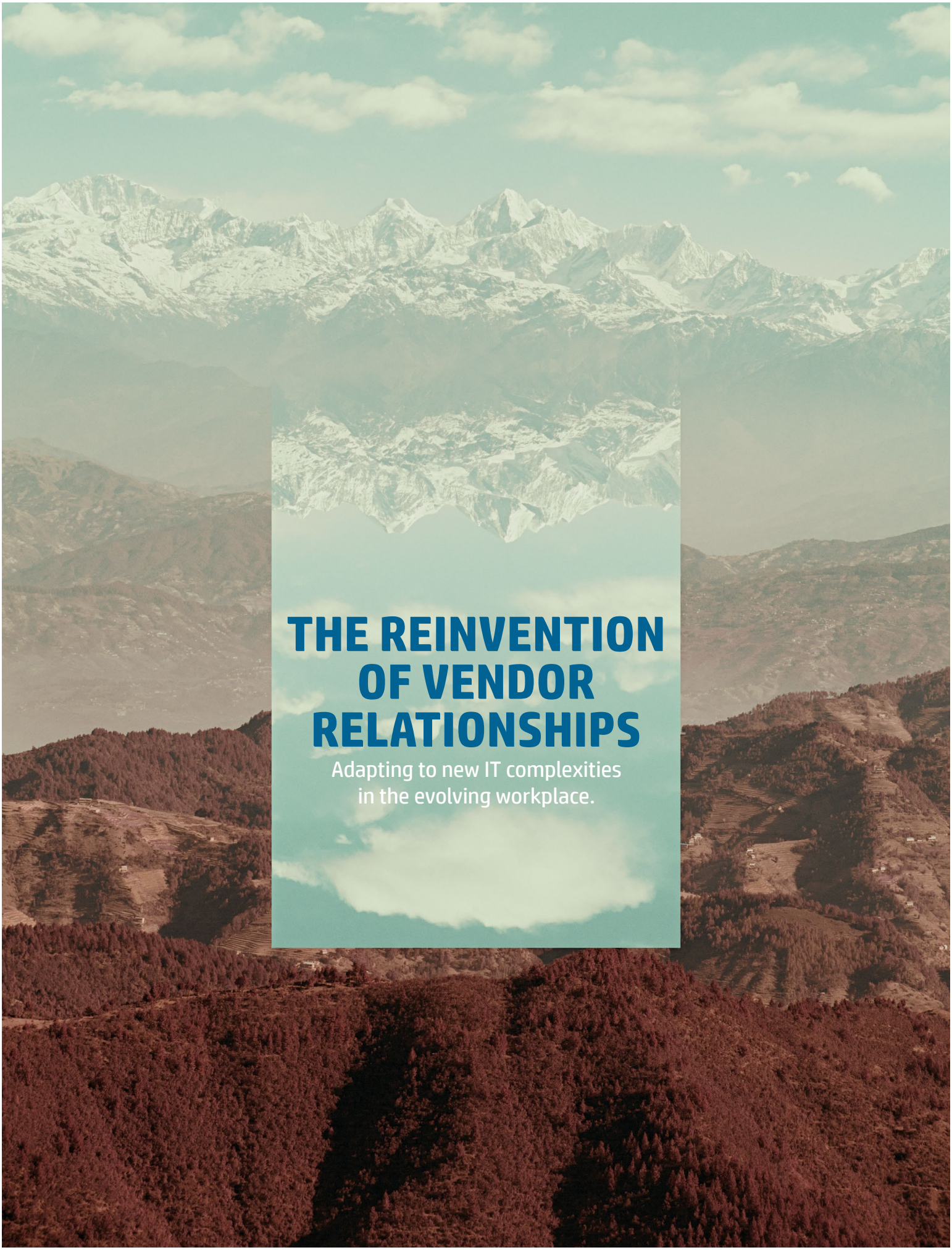


THE REINVENTION OF VENDOR RELATIONSHIPS

Adapting to new IT complexities in the evolving workplace.

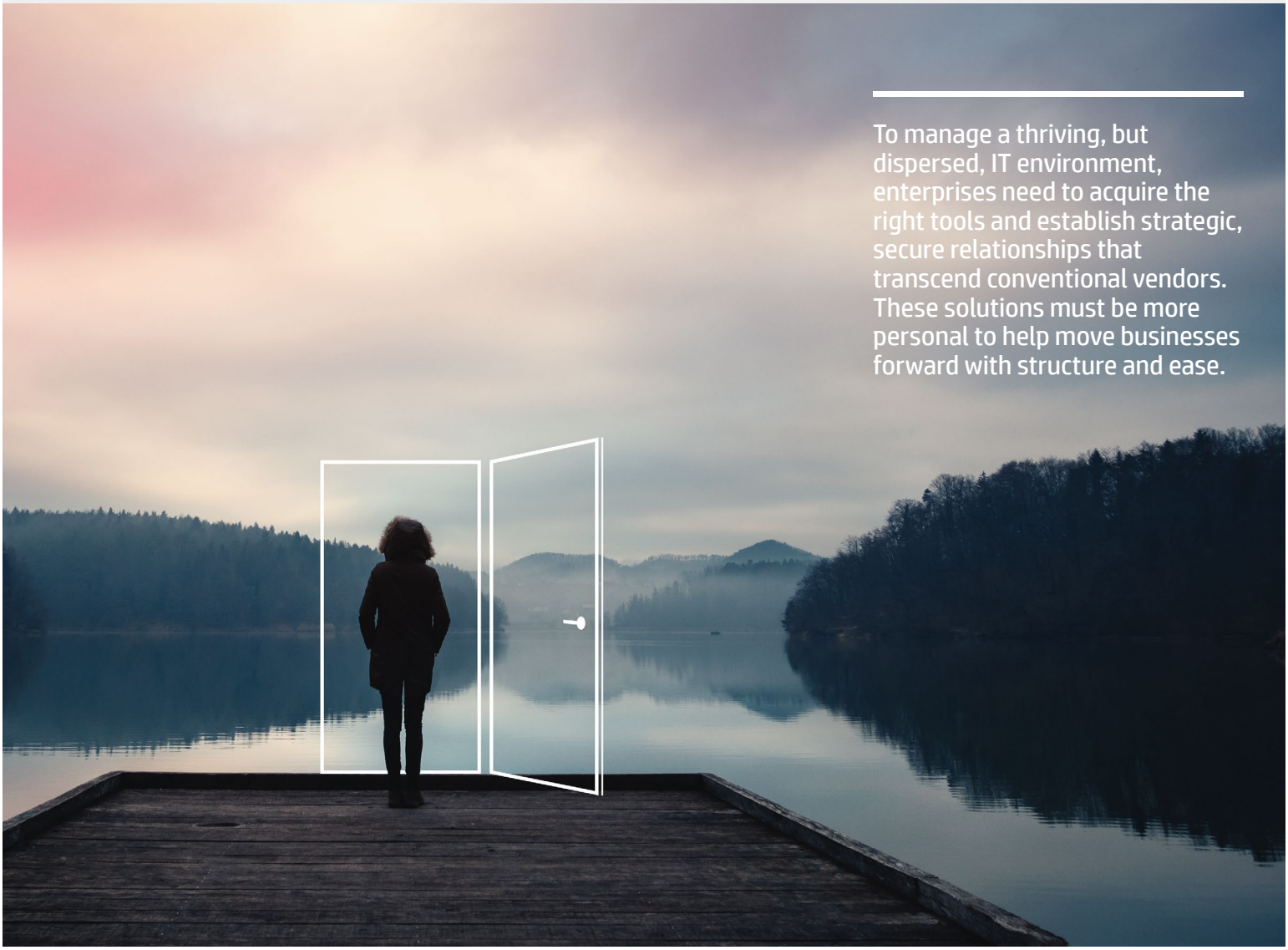
Contents

HOW TO MANAGE THE HARD TO MANAGE

It's time to close the door on traditional business models. Everything IT manages on a day-to-day basis is growing in size and complexity — more devices, more data, more vendors. This situation is pressuring businesses to be more adept at fostering change while also maintaining vitality. Thus, third-party vendors have become essential to running an enterprise and contributing to the success of IT.

Yet, trends across industries are pushing enterprises for even stronger IT structures. Next-gen workers are introducing new service concepts into the workspace, whereas mergers and acquisitions (M&A) strategies are redefining the business landscape. Decentralization has become the crux of today's modern IT. It's complicated and harder to manage — so can today's vendors really keep up and provide IT with the help they need?

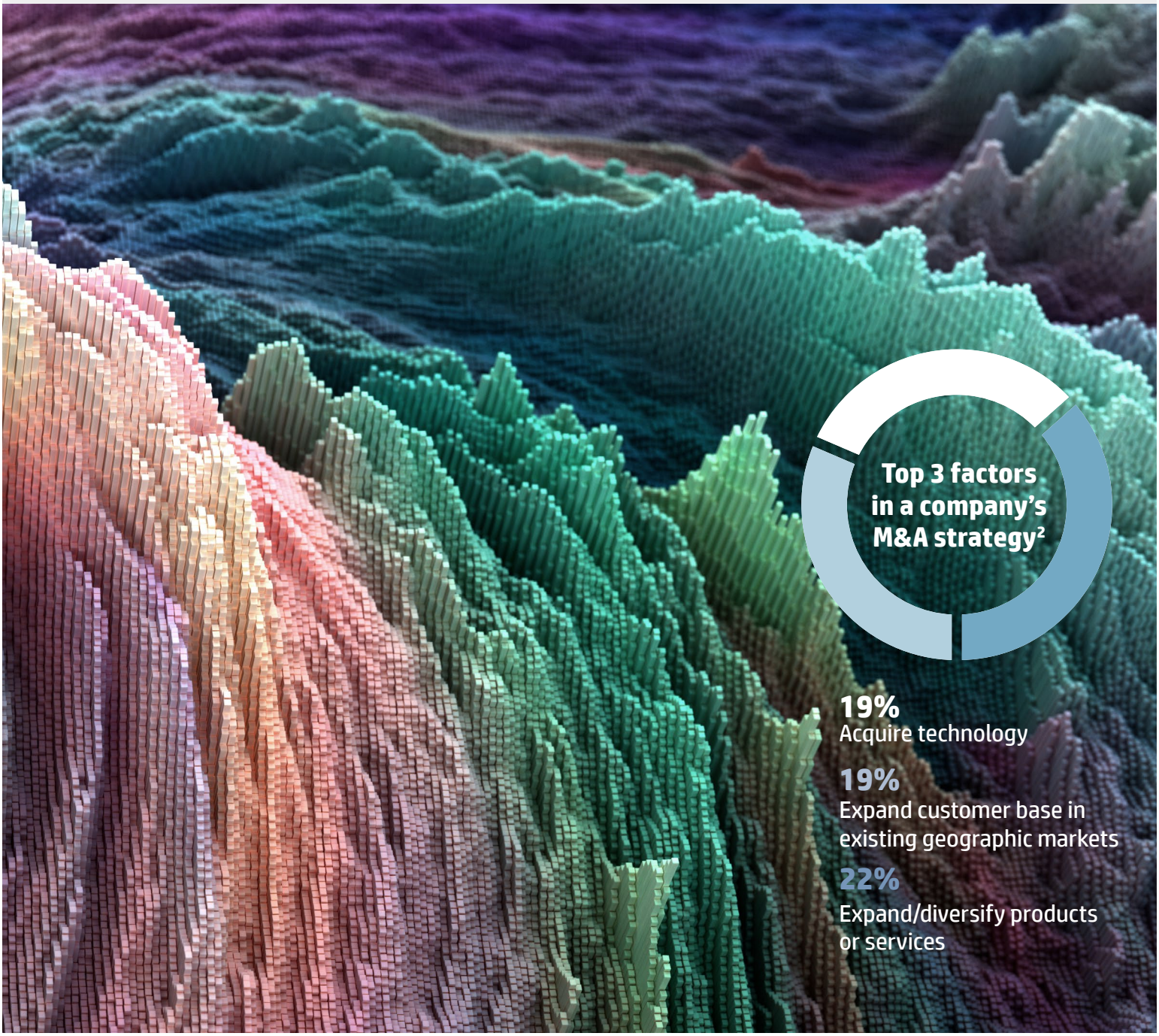
As it currently stands, many third-party vendors operate on a transactional basis. Enterprises sign on the dotted line, devices and managed services packages are delivered and IT is charged with putting all the pieces together. These contracts generally lack the flexibility and inclusions that could work to IT's advantage, rather than potentially jeopardize an enterprise's stability and growth.



To manage a thriving, but dispersed, IT environment, enterprises need to acquire the right tools and establish strategic, secure relationships that transcend conventional vendors. These solutions must be more personal to help move businesses forward with structure and ease.

THE FLUCTUATION OF ENTERPRISES

Between 2013 and 2016 alone, M&A increased by 24 percent.[1] Deloitte, a professional services firm, surveyed 1,000 corporate executives and private equity investors and found that 75 percent predict deal activities to increase.[2] Vendors have long played an important role in the M&A market, as with more exchanges, transfers and mergers come a plethora of devices, data and information needing to be managed by a single entity. Stronger capabilities and more powerful technologies are vital to navigate this fluctuation, but adding these to an already complex enterprise IT environment can introduce unique challenges.



Device procurement will be largely influenced by M&As. Gartner estimates that the overall Internet of Things (IoT) installed base for cross-industry devices will increase from 1.5 billion in 2017 to 4.3 billion in 2020.[3] There is a greater need to continue using third-party vendors to offload in-house resources that are over capacity and struggling to manage a complex IT structure. Consequently, 71 percent of key decision-makers surveyed by Bomgar, a secure access solutions provider, expect their companies to use more third parties in the next two years.[4] Shifting to a vendor-only model is possible, especially as enterprises increase organizational growth.

However, such a model can present an even bigger headache for IT to navigate as enterprises become unique with their needs and offerings, requiring a tailored solution.

71%

of key decision-makers expect their companies to use more third-party vendors in the next two years[4]

Fear factor: security and vendor relationships

Do third-party vendors pose a risk to enterprises? Ponemon Institute, an independent research firm, revealed that **37 percent of surveyed individuals believe their third-party vendors would not notify them of a data breach involving sensitive and confidential information.**[5] Concerns such as these raise issues of trust and can be paralyzing for IT, which is responsible for managing these relationships along with the security of the entire enterprise.

QUENCHING THE THIRST FOR INSIGHT

Large quantities of data have become absolutely critical to enterprise operations. However, excessive amounts of data can also leave enterprises feeling overwhelmed, emphasizing the need to find a partner with the expertise and resources to help weed through the data and act on the results strategically. According to a study by Dun & Bradstreet, a data, analytics and insight company, and Forbes Insights, the strategic research and thought leadership practice of Forbes Media, 60 percent of surveyed executives report using third parties to support organizational bandwidth, whereas 55 percent are outsourcing some or all of their analytics needs.[6] Yet, these vendors fall short in providing the expertise enterprises seek.

83% of chief innovation officers* say they recognize that data is a valuable asset, but it is not being fully executed within their organization[7]

64% believe their organizations are not using the data optimally to drive their business forward[7]

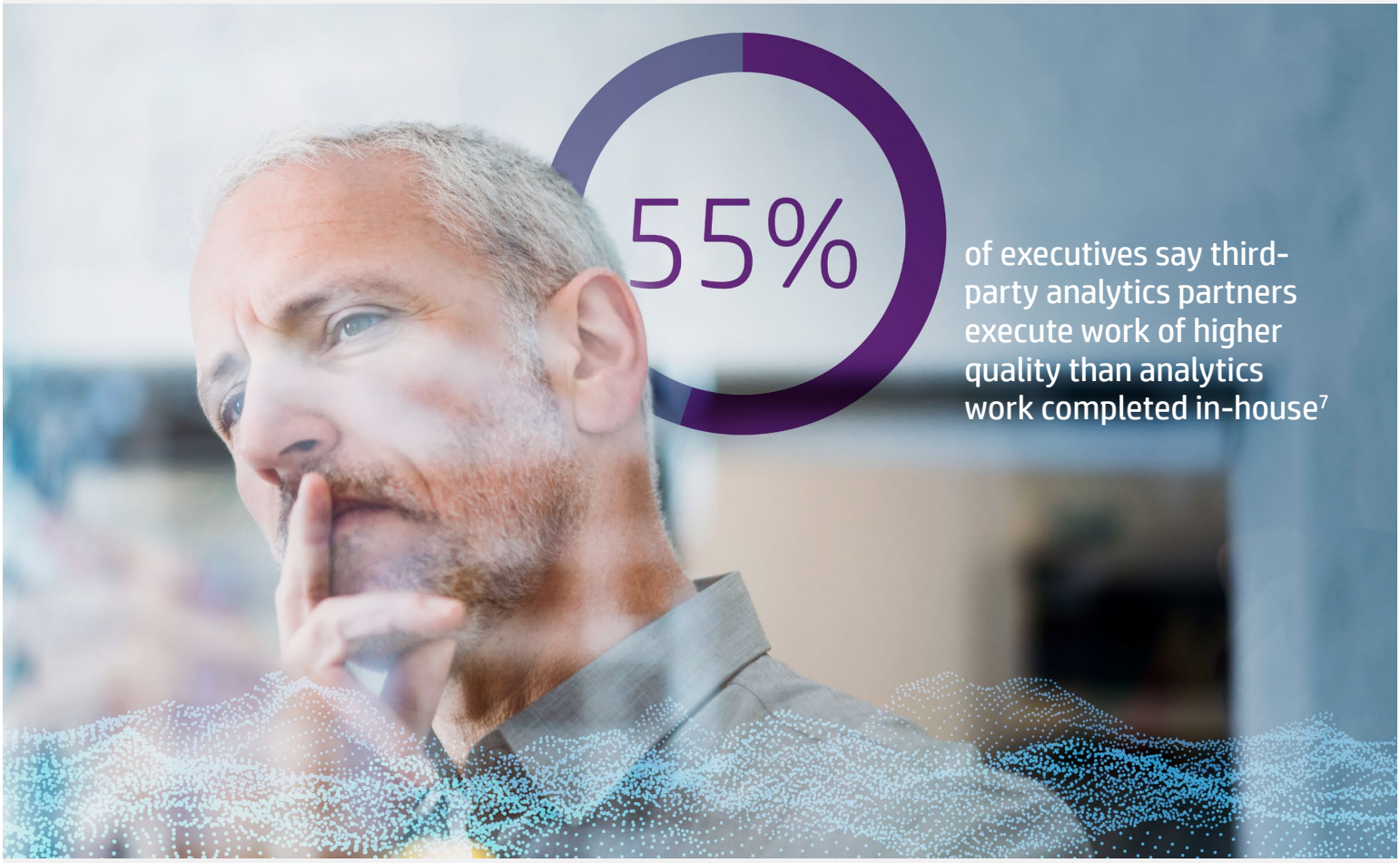
*Surveyed by Experian, a consumer credit reporting agency

In essence, enterprises are drowning in data, but thirsty for insight, which is projected to only intensify as data continues to become a part of everyday operations. Worldwide revenues for Big Data and Analytics (BDA) revenue is expected to grow from $128B in 2016 to more than $225B in 2021.[8]

To fully embrace opportunities with data, enterprises are investing in stronger third-party relationships — ones that not only securely manage data but also provide the insights required to propel businesses forward.

A HYBRID APPROACH TO IT

When it comes to analytics, Dun & Bradstreet recommends a hybrid expertise model. Leveraging in-house resources and external vendors can enable enterprises to meet business demands, and handle complex tasks that may require specific skill sets. This logic can be applied throughout enterprise functions — from analytics to device management.

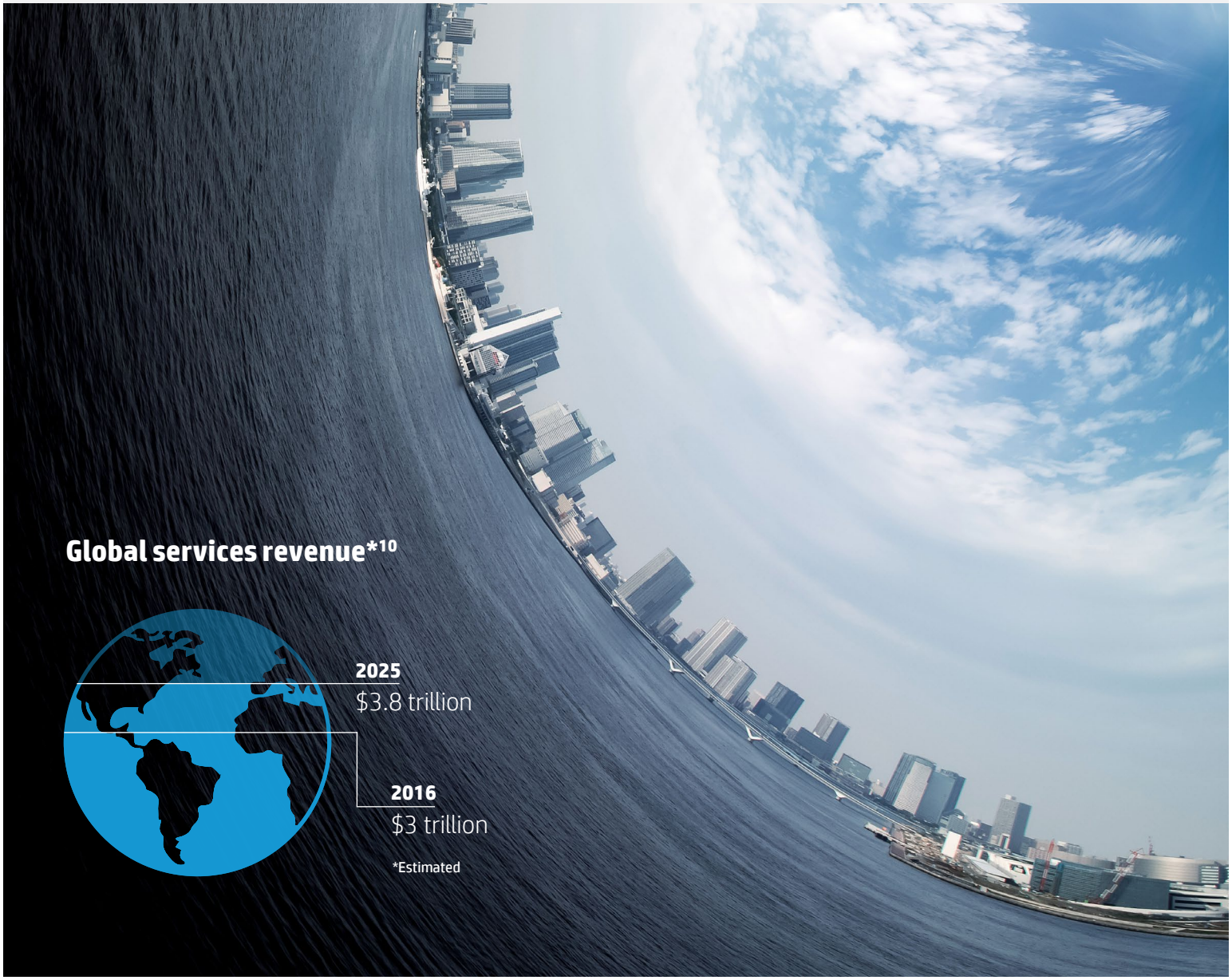


"Finding a key external partner that understands your business and technology ecosystems shortens response times and accelerates decision-making."

— Analytics Accelerates Into the Mainstream: Dun & Bradstreet/Forbes Insights 2017 Enterprise Analytics Study (UKI)

OWNERSHIP SINKS IN THE SERVICE ECONOMY AGE

While enterprises continue to take on more data, devices and third parties, vendors are becoming increasingly service-oriented due to consumer demands and behavior. It's the effects of these changes that impact the modern workplace. Part of the influence is coming from generational differences shaping the next-gen IT decision-maker. For example, consider how many millennials place less emphasis on owning and more on sharing, bartering and trading to access coveted goods.[9] Case in point: 30 percent of millennials don't intend to buy a car.[10] As consumers become more comfortable renting, rather than owning, this trend is likely to infiltrate businesses, too. A growing millennial workforce is more inclined to adopt new ways of doing business. Their creative mindset is giving rise to the service economy — the market for service-based products. **In this economy, consumers and businesses are able to leverage the services they need, when they need them, and without the full cost of ownership. It's growing at an exponential rate, and it is projected to shape the way businesses decide to offer and receive services.**



Access is now king, with ownership falling secondary. That is why companies are seeking vendors that act as facilitators of functional/tactical tasks, as well as true partners that can offer strategic insight and oversight on anything from device usage to enterprise risk management. Such an approach isn't expected to slow down. According to Deloitte's 2016 Global Outsourcing survey, vendor outsourcing is likely to see growth across various enterprise functions, including IT, finance and human resources.[12] The payoff? Of the respondents surveyed, 78 percent felt positive about their outsourcing relationship.[12]

The burden on IT to manage and continually update owned services and goods can be lightened by enterprises that choose to invest in third parties — not simply as a vendor, but as a partner — that can move their business forward. One way this is already being done is through as-a-Service (aaS) offerings.

MANAGED SERVICES FUEL THE VENDOR EVOLUTION

The aaS business model was established for businesses looking to subscribe to services or solutions on flexible terms, often through strategic relationships such as managed services providers (MSPs). These managed services or solutions can be customized to meet individual business needs. For enterprises, this means saving on costs by not buying expensive tools and devices and supporting them with in-house resources. In turn, it enables them to increase their value and efficiency by acquiring services on an as-needed basis, without worrying about the total upfront cost of ownership.

ENGAGING IN A MANAGED SERVICE RELATIONSHIP CAN HELP ENTERPRISES IN SEVERAL WAYS:

- Reduce in-house IT workload.
- Save on support costs and capital costs.
- Improve efficiencies and productivity.
- Meet end-user needs and optimize experiences.
- Acquire reliable technology through consistent upgrades.
- Access actionable analytics to help comprehend large amounts of data.

There are a number of services — such as software, infrastructure and platform — that can be accessed through aaS offerings. For example, Device as a Service (DaaS) enables enterprises to establish flexible contracts for the latest devices. If an enterprise expands, or downsizes, device management can be adjusted accordingly. Additionally, features such as security capabilities can be added depending on what the business needs at the time. By engaging with a third-party relationship to handle device procurement and management, deploying only the assets needed and replacing them when they become obsolete, IT can have the support required to reduce structural complexities and focus on company growth.

As-a-Service offerings create relationships that can help reduce IT complexity and ignite innovation.

TRUE STRATEGIC RELATIONSHIPS

These comprehensive and customizable managed service solutions deliver on relationships that give businesses what they truly want. This way of conducting business has not only disrupted the traditional purchase-and-go model but also transformed it. Vendors now offer a powerful benefits portfolio, one that can keep devices updated and secured, manage large amounts of data, provide actionable insights and ultimately raise businesses to the next level.

Learn more about DaaS options

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