Leadership Vision for 2024: Sourcing, Procurement and Vendor Management

> SPVM leaders must be effective in an environment of constant crisis, while facilitating the sourcing of new technological capabilities that pose new risks and create new challenges. Thus, they must be well-positioned to service emerging and existing stakeholders in hyperconnected organizations.
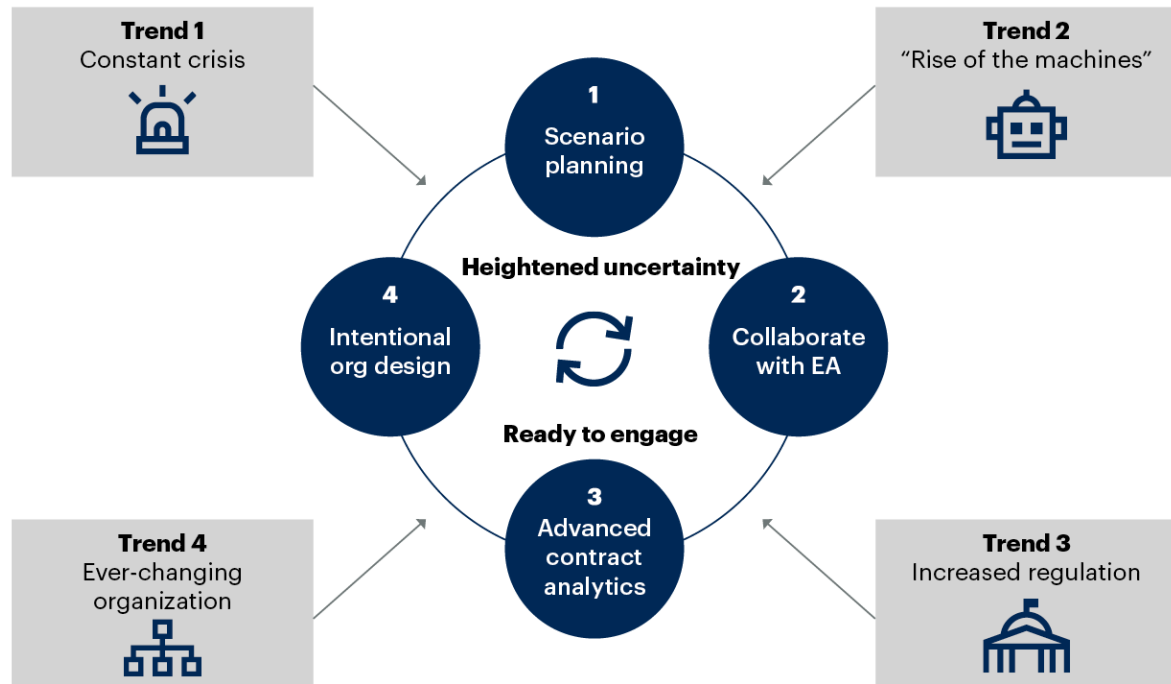
Overview

The world is in a state of constant crisis and that disruption is not the result of a single event that occurs every now and then. Disruption is becoming the norm moving forward, as multiple crises can emerge at any given moment.

Given these conditions, SPVM leaders have the opportunity to uniquely position themselves and their teams to support their enterprises' success. SPVM leaders must continue to redefine their role, and the future of technology acquisitions and vendor ecosystem management. Figure 1 illustrates the current trends affecting SPVM leaders.

SPVM Trends and Actions

Trend 1
Constant crisis

Trend 2
"Rise of the machines"

1 Scenario planning

Heightened uncertainty

4 Intentional org design

2 Collaborate with EA

Ready to engage

3 Advanced contract analytics

Trend 4
Ever-changing organization

Trend 3
Increased regulation

Source: Gartner
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This research is in the form of a presentation deck and provides Gartner's overall point of view on the important trends you, as an SPVM leader, should focus on. The presentation deck is designed for you to download and use with key stakeholders, your peers or others who might benefit from it. You can integrate the most relevant slides to your organization into your own materials.

Trends Affecting SPVM Leaders

SPVM leaders must prepare for the following trends:

- **Constant crisis:** There are an increasing number of geopolitical tensions exacerbated by social unrest in different parts of the world. Environmental crises, as well as health crises, are major issues as well. This global unease continues to affect the delivery of technology services and products. [1]

- **Use of AI and other advanced technologies:** CEOs and senior executives are pushing for more experimentation and use of advanced technologies within enterprises.

- **Increased regulation:** Governments and supranational organizations are trying to come up with regulation that will protect individual rights, privacy and social coherence. The use of new technologies like generative AI (GenAI) has alerted elected officials, who are being pressured by their constituents to regulate these technologies for employment, privacy and social purposes.

- **Fluid and constantly changing org designs:** Enterprises are trying to be agile and flexible through new org designs, hoping to drive business innovation and deliver great customer-facing capabilities.

Challenges for SPVM Leaders

SPVM leaders must react to the following challenges:

- There are multiple threats to deal with simultaneously. SPVM leaders don't have the resource capacity and the market intelligence capability to deal with them effectively.

- SPVM leaders and their teams are not well-positioned to support the rapid transformation that is going on within their enterprises. Very often, they are involved very late with major tech projects, or not even involved at all.

- Contract life cycle management (CLM) is a foundational capability for SPVM and it is one of the most immature ones. Tech proliferation, AI, software in everything and subscription business models make CLM more important than ever. The inability to extract contractual obligations and identify contractual risks effectively, both from a delivery and from a consumption perspective, is a major issue.

- Traditional SPVM structures, which often have traditional and antiquated processes, make it very difficult to support new stakeholders with diverse technology requirements and demands.

Recommended Actions

The SPVM agenda for 2024 emphasizes four key actions. Each one of these actions is a complex undertaking with many moving parts. SPVM leaders must prioritize these actions according to their enterprise's situation. The bottom line is that SPVM needs to continue its journey toward becoming a nimble, commercial, business-enabling function.

To be successful, SPVM leaders must:

- Proactively identify how different crises are affecting your vendor ecosystem and utilize scenario planning. Collaborate with internal stakeholders to identify and prepare the appropriate responses.

- Become disruptors and lead the efforts to respond to constant external disruptions. Strengthen their partnership with enterprise architecture; SPVM should closely ally with them to proactively influence IT roadmaps and reduce the risks that come with the increased adoption of advanced technologies.

- Mature contract life cycle management by implementing advanced contract analytics to handle risk and regulatory changes.

- Create a flexible org design that meets their needs and allows them to engage with an extended group of stakeholders.

Evidence

[1] **2023 Gartner ITLTP Cross-Role Navigating Economic Headwinds Survey:** This survey was conducted online from April through July 2023 among 614 IT leaders from enterprises whose growth was moderately to severely impacted by one or more external threats (inflationary pressures, supply chain disruptions, cybersecurity risks, talent and skills shortages, etc.) in 2022 and 2023. IT leaders who participated in this survey represented infrastructure and operations, applications, enterprise architecture and technology innovation, strategic portfolio management, and IT sourcing procurement and vendor management functions from North America, EMEA and Asia/Pacific across industries and companies with $500 million or more in annual revenue. The primary objective of this research was to determine actions that IT leaders across these roles must take to help enterprises navigate economic headwinds. IT leaders self-reported functional performance relative to CIO expectations and enterprise performance relative to CEO expectations considering the impact of economic headwinds on their enterprise's growth. Gartner used statistical modeling to determine specific actions that significantly increase the likelihood of exceeding functional performance relative to CIO expectations amid economic headwinds. The effect of each action on performance was modeled using various multivariate regressions with controls. Recommended actions have a statistically significant impact on performance. The analysis further reveals how effectively or consistently IT leaders should perform these actions to achieve desirable outcomes. IT leaders can build effective IT functions by adopting these actions. These effective IT functions help enterprises navigate economic headwinds and outperform their enterprise performance relative to CEO expectations. Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

Recommended by the Authors

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4 Evidence-Based Practices SPVM Leaders Must Adopt to Navigate Economic Headwinds

Tool: IT SPVM Organizational Design Options

Magic Quadrant for Contract Life Cycle Management

Market Guide for Advanced Contract Analytics

Quick Answer: How Can I Address Generative AI Risk in IT Contracts?

Predicts 2024: Generational Change Will Drive IT Sourcing and Procurement Transformation

Quick Answer: How Can SPVM Leaders Enable Generative AI Adoption?

Predicts 2024: Demand for Generative AI Will Drive Higher IT Contracting Risks and Costs

Predicts 2024: Generative AI Boosts IT Service Delivery and Productivity