

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

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Initiatives: [IT Sourcing](#), [Procurement and Vendor Management Operating Model](#)

IT sourcing, procurement and vendor management talent spans four generations, but many in leadership positions will retire within the next three years. New leaders will emerge as the talent landscape shifts, and they will transform and redefine the value brought by the IT SPVM function.

## Overview

### Key Findings

- The sourcing, procurement and vendor management (SPVM) talent landscape will change as tenured leaders approach retirement. However, inadequate succession planning, lack of structured knowledge transfer, and a status quo mentality put high-potential SPVM talent at risk through unnecessary attrition.
- Traditionally, IT SPVM leaders and other C-suite leaders have prioritized the SPVM function on cost optimization above overall value. This is changing as value is perceived differently among a multigenerational workforce.
- IT procurement teams are often seen as a bottleneck due to their focus on risk and control, which makes it difficult if not impossible to meet capacity while delivering with speed and agility.

### Recommendations

SPVM leaders who want to reposition and transform their function should:

- Institutionalize a formal coaching and mentoring program to attract, retain and promote the best talent. This will ensure that outgoing, experienced leaders pass their tenured professional experience on to colleagues to ensure continuity and maximize knowledge transfer.

- Respond to the shifting definition of value brought on by generational change. Redefine how you measure the success and performance of your function. Focus on value-based metrics that align with staff and stakeholder priorities, including environmental, social and governance (ESG).
- Identify business demands that are straining IT SPVM capacity by performing a segmentation exercise across risk, complexity, and business buyer capability. Use the exercise to identify self-service options for low- and medium-risk IT SPVM tasks that can be delegated to capable business buyers. This will liberate resources so IT SPVM can focus on strategic activities.

## Strategic Planning Assumptions

By 2027, 50% of SPVM functions will struggle to retain employees and replenish leadership due to a lack of succession planning and growth opportunities.

By 2027 40% of IT SPVM functions will evolve evaluations and metrics to address shifting definitions of “value” driven by generational change.

By 2027, 60% of new IT SPVM leaders will operationalize self-service buying to optimize resource allocation, improve speed and agility, and prioritize strategic activities.

## Analysis

### What You Need to Know

The IT SPVM function is on the cusp of change. Baby boomers in leadership roles will mostly be retired in the next few years (see Note 1), at which time IT stakeholders and organizations will still be shifting their primary measure of success from cost optimization toward value creation. Retiring leaders have successfully led their functions through an era where cost optimization was the primary goal in IT sourcing and procurement deals. However, as more Gen Xers and millennials move into leadership positions, they will not just outgrow focusing exclusively on cost. They will also redefine what it means to deliver value. To succeed, these generations must harness the knowledge and expertise of retiring baby boomers while responding to stakeholders' increasing need to align technology engagements with corporate values. SPVM leaders must find the optimal balance to deliver with speed and agility while managing risk and maintaining control.

Meanwhile, organizations' economics are also shifting, with technology acquisition funding no longer synonymous with the CIO role. Technology products and services are being acquired by business leaders with increased technology budgets. <sup>1</sup> These newly empowered stakeholders have extremely diverse priorities, technology needs and expectations of SPVM. To meet the challenge, the new generations of SPVM leaders must transform the function to ensure value delivery is at its core. New leaders will prioritize speed, agility and vendor value over just obtaining the lowest price, creating synergy on priorities between SPVM and their diverse stakeholders (see Figure 1).

Now more than ever, effective succession planning must be in place to facilitate the hiring and retention of multidisciplined talent, and it must be combined with a structured learning and knowledge-sharing program. Failure to plan for and prioritize this transition could lead to the loss of decades of institutional knowledge, which is cited as one of the top areas disrupted by staff turnover. <sup>2</sup>

Figure 1: SPVM Transformation

SPVM Transformation



Source: Gartner  
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## Strategic Planning Assumptions

**Strategic Planning Assumption:** By 2027, 50% of SPVM functions will struggle to retain employees and replenish leadership due to a lack of succession planning and growth opportunities.

**Analysis by:** Andrea Lanzavecchia, James Smith

### Key Findings:

- By 2027, members of the baby boomer generation will be age 63 or over and the majority will be retired (see Note 1). The shortage of seasoned management expertise will create a gap for IT SPVM leaders who neglect to promote effective organization models or succession planning. <sup>3</sup>
- Employees moving from entry-level to midlevel roles will need time to acquire leadership expertise. In 2027, the age range for millennials will be 31 to 43 years old, and the Generation Z age range will be 15 to 30. There will not be enough Gen Z adults to fill the entry-level roles being vacated by millennials; <sup>4</sup> therefore, greater emphasis on succession planning and role innovation will be required.
- Talent shortage has been magnified by the “Great Resignation” (the wave of workers leaving their jobs in the wake of COVID-19) and demographic shifts. Access to highly trained and experienced SPVM professionals has led to fierce competition as a result of the talent shortage. <sup>5</sup>

### Market Implications:

The lack of internal expertise and coordinated use of key talent will directly influence business outcomes. The prolonged absence of IT SPVM subject matter experts will lead to poorly negotiated contracts, impacting business profitability and increasing financial/business risk. Due to increased workloads, job satisfaction of the remaining talent may decrease, which could lead to employee disengagement.

Attrition rates attributed to disengaged SPVM teams, and lower levels of promotion of both leadership-ready and seasoned individual contributors, will require under-resourced organizations to increase budgets to hire and train new IT SPVM professionals.

As baby boomers retire, in the absence of planned efforts to facilitate knowledge transfer, their expertise and experience leave the organization, opening a void to be filled. This will negatively impact institutional knowledge but will create opportunities for new ways of thinking and alternative solutions offered by Gen X and millennials as they fill that void.

## Recommendations:

- Create an IT SPVM succession planning roadmap in conjunction with your HR business partners. Ensure succession planning is focused on long-term career development, where SPVM employees are engaged and valued.
- Promote coaching and mentoring programs that allow the pool of experts to pass their high-level professional knowledge to their less experienced colleagues and initiate a circular route of knowledge transfer.
- Ensure efficient resource utilization by focusing expertise on key IT assignments for the sole duration of the project and then disengage and relocate to a new strategic task. This will also maximize the benefit by harnessing experienced IT SPVM professionals' competencies, and foster a culture of continuous learning and skills development driving innovation and growth.

## Related Research:

[Meeting Procurement's Talent Needs Amid Labor Market Constraints](#)

[IT Sourcing, Procurement and Vendor Management Operating Model Primer for 2023](#)

[Use Reverse Mentoring to Elevate IT Procurement Value](#)

**Strategic Planning Assumption:** By 2027, 40% of IT SPVM functions will evolve evaluation and metrics to address shifting definitions of "value," driven by generational change.

**Analysis by:** James Smith

## Key Findings:

- As the youngest baby boomers reach retirement age (see Note 1), more leadership opportunities will open for the following generations. <sup>6</sup> These new leaders will bring a new perspective and definitions of what it means to deliver value.

- New leaders will face continued pressures to increase internal stakeholder satisfaction while withstanding regulatory pressure and rising shareholder expectations. They will need vendors to produce quantifiable business value, not just cost savings or cost avoidance.
- New SPVM leaders will be tasked with evaluating suppliers' value to include not just the direct impact on business performance, but also an analysis of suppliers' inclusion, equity and sustainability efforts. <sup>7</sup> This will further drive social awareness of IT procurement's effectiveness and value.

## Market Implications:

The rise of Gen Xers to senior leadership and millennials to midlevel management has been slow but is finally gaining traction. <sup>8</sup> These newly minted managers are primed to focus on an expanded definition of value that includes ESG-related corporate objectives.

New value initiatives will include consideration of sustainability, diversity, and equitability in IT sourcing engagements. This will provide new entrants opportunities to compete against much larger legacy suppliers, thus offering greater choice for customers. <sup>9</sup>

Recruitment efforts will be more difficult and costly. Organization must seek talent with not only the necessary proven experience to replace retiring leaders but also a background in and an understanding of ESG and other business-value-based metrics.

## Recommendations:

- Review and stay current with ESG initiatives within your organization and track how the IT markets and industry represent and adhere to these requirements. Ensure that your metrics for tracking these initiatives and IT SPVM's contribution to their success is accurate, clear and measurable.
- Build a multigenerational team to leverage their diverse experiences and goals. Use a broad range of value-based sourcing metrics to measure and track their performance.
- Educate stakeholders about the evolution of these new market pressures as they relate to vendor evaluation and IT buying and develop IT SPVM policies to assure appropriate vendor due diligence and evaluation by business buyers.

## Related Research:

## Market Guide for Enterprise IT Sustainability Services

[What should I know about Cloud Sustainability?](#)

[Environmental Sustainability Has Become a Software and Cloud Contracting Priority](#)

[The Importance of Investing in IT Vendor Performance Management](#)

[TechWave Podcast: Delivering Sourcing, Procurement and Vendor Management Value](#)

**Strategic Planning Assumption:** By 2027, 60% of new IT SPVM leaders will operationalize self-service buying to optimize resource allocation, improve speed and agility and prioritize strategic activities.

**Analysis by:** Jaswant Kalay

### Key Findings:

- Demands for new products and services continue to soar, with IT spending set to reach \$5.1 trillion by 2024 and the software category representing a 14% growth. This will represent new technology requirements and demands from an increasingly diverse group of stakeholders.
- The increase in technology spending, easier access to technology and the democratization of technology budgets into the business will expose capacity constraints within SPVM. However, if SPVM leaders continue to cling to the traditional centralized approach of doing it all, they risk being sidelined and viewed as obstacles.
- Gartner survey data highlights that in 2021, 41% of SPVM leaders <sup>10</sup> (rising to 46% in 2022 <sup>11</sup>) aspire to enable business-led IT buying, but have seldom been successful in supporting and delivering this.
- New millennial IT SPVM leaders will look automatically to technology as a self-service solution for procurement activities that can be carried out by commercially aware business stakeholders.

### Market Implications:



To accommodate and scale self-service buying, IT SPVM leaders must develop policies, processes and guidelines that support business stakeholders with self-service buying; these must be tailored to the categories of IT products and services being acquired. These guardrails must strike a balance to ensure self-service buying is conducted with speed and agility, without unnecessary risk to the organization.

IT SPVM leaders must develop a strategic engagement plan for stakeholders, providing value from the outset by offering insights stakeholders would struggle to obtain independently.

IT SPVM talent strategy for hiring and developing talent will be focused on delivering business priorities balanced with SPVM priorities. IT SPVM leaders must ensure new SPVM talent possess core skills such as commercial negotiation while augmenting these with business skills such as data analysis.

IT SPVM leaders must have robust methods and metrics to continually track the adoption and success of the self-service options being embedded in the organization, ensuring stakeholder friction is reduced when customers acquire their IT products and services.

As newer self-service methods are introduced into the market, SPVM leaders must act quickly to assess the viability of these within the organization, ensuring they meet security and risk requirements. In parallel, SPVM leaders should proactively notify stakeholders that these are being investigated, rather than waiting for stakeholders to initiate the request.

## Recommendations:

- Adopt an engagement model centered on breaking down traditional silos between IT SPVM and the business by embedding IT SPVM resources into the business, aligned closer to their stakeholders. This will ensure that IT SPVM employees understand the new, diverse technology needs of their stakeholders and are well equipped to embed self-service into the organization while minimizing risk.
- As SPVM leaders move toward delivering strategic value to the business, they should perform a segmentation exercise based on risk, complexity, and business buyer capability. This will help to identify where capable business buyers can lead sourcing tasks with low to medium risk and complexity.

- Petition for the adoption of new technology to support and connect SPVM tasks with additional functions such as legal, security and finance to support speed, agility and automation. This will free up resources from carrying out manual and less strategic tasks and create a frictionless end-to-end buying journey.
- SPVM leaders must champion upskilling and coaching for business leaders and budgetholders who are responsible for sourcing. In conjunction with your HR business partners, develop and implement a robust business-led IT SPVM training program to develop and increase the skills of new and existing business buyers. Use techniques that champion reverse mentoring and coaching to eventually mature this into a formalized IT SPVM training academy.

## Related Research:

[Managing Knowledge Transfer Across a Multigenerational Workforce](#)

[How to Build a Supportive Work Culture for a Multi-Generational Workforce](#)

[Quick Answer: Maximize Complementary Skills Amid Talent Shortages](#)

[Deliver Insightful Market Intelligence to Become a Trusted Advisor to IT and the Business](#)

[Quick Answer: How Can SPVM Leaders Enable Generative AI Adoption?](#)

## 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.*

*This report is too new to have on-target or missed predictions.*

## Evidence

<sup>1</sup> **2022 Gartner Expected Budget Changes in 2023 Survey.** This study was conducted to understand how budgets and spend are changing in 2023. The research was conducted online from November through December 2022 among 301 respondents across multiple industries and geographies. Respondents were CFOs or other senior finance leaders (including heads of financial planning and analysis, controllers, and finance transformation leaders). Disclaimer: Results of this study do not represent global findings or the market as a whole but reflect sentiment of the respondents and companies surveyed.

<sup>2</sup> **2023 Gartner A New Leadership Perspective on Turnover Survey.** This survey was conducted to investigate the impact of various organizational behaviors and models on turnover-related outcomes in supply chain organizations. The research was conducted from 22 May through 19 June 2023. In total, 336 respondents completed the survey globally. Qualifying organizations operated in industries with supply chains. Qualified participants were supply chain leaders (nonindividual contributors) whose roles were tied to a supply chain function and were in manager roles or above. Respondents were surveyed on their attitudes toward turnover as well as the status of their supply chain organization in areas such as the level of disruption caused by turnover, interactions with alumni, offboarding and onboarding procedure, knowledge management processes, learning and development, and skill leverage. Disclaimer: the results of this survey do not reflect/represent global findings or the market but reflect the sentiments of the respondents and companies surveyed.

<sup>3</sup> **2022 Gartner Top Technology Trends Survey.** This survey was conducted online from August 2022 to October 2022 among 1,526 respondents from the U.S., U.K., Canada, Australia and France, and from SMBs with revenue less than \$1 billion and two to 999 employees. Respondents were screened for their involvement in software purchasing decisions, and those who were a leader/member of the group or had significant influence qualified for the study.

<sup>4</sup> [Births Underlying Each Generation](#), Pew Research Center.

<sup>5</sup> [U.S. Gen Z and Total Population, 2023](#), Insider Intelligence.

<sup>6</sup> [A Statistical Look At Millennials In the Workplace](#), LiveCareer.

<sup>7</sup> [What Workforce Diversity Means for Gen Z](#), Monster.

<sup>8</sup> [Gen Xers Overlooked for Job Promotions](#), AARP.

<sup>9</sup> [“Not Just Money and Math”: Young People Are Willing to Sacrifice Returns for ESG](#), CNBC.

<sup>10</sup> **2021 Gartner Sourcing, Procurement and Vendor Management Role Survey.** Results from this survey presented are based on a Gartner survey conducted to identify the greatest challenges sourcing, procurement and vendor management (SPVM) leaders are facing today when negotiating with and managing technology vendors. This primary research survey was conducted online in August through September 2021 among 289 respondents in North America (n = 142), Western Europe (n = 88) and Asia/Pacific (n = 59). Qualifying organizations span various industries, except agriculture, construction, nonprofit, real estate and services. Organizations were screened for having annual revenue greater than or equal to \$250 million for fiscal year 2020. Organizations were required to have formal SPVM resource(s)/teams. Respondents were required to be from corporate leadership, line-of-business leadership or SPVM functional area, and be a CIO, CPO/head of procurement, sourcing director/manager, procurement director/manager, vendor manager, supplier relationship manager, contract director/manager or procurement category manager. Respondents were required to have involvement in technology/SPVM resource(s)/teams. Quotas were applied for countries/regions, organization size and function. The survey was developed collaboratively by a team of Gartner analysts and Gartner's Research Data, Analytics and Tools team. 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.

<sup>11</sup> **2022 Gartner Signature SPVM Role Survey.** This study was conducted to understand whether the SPVM role is transforming and what types of investments are being made in data and analytics capabilities, agile approaches, and developing the skills and competencies of the resources. The research was conducted online 18 July through 25 August 2022 among 312 respondents from Asia/Pacific (n = 73; Australia), Western Europe (n = 97; U.K.) and North America (n = 54; U.S. and Canada). Results were from respondents with \$250 million or more in 2021 enterprisewide annual revenue. Industries surveyed included manufacturing, media, IT, government, education, retail, wholesale, banking and investment services, insurance, healthcare, transportation and logistics, utilities, natural resources, and pharmaceuticals. Organizations filtered had either a dedicated or general SPVM team, and respondents in those organizations were required to be involved in any one or more of the following activities: sourcing, procurement or vendor management. Disclaimer: The 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.

Note 1: Generation Year Ranges

Table 1: Generation Year Ranges

Generation	Years
Baby Boomers	1945 to 1964
Generation X	1965 to 1979
Generation Y (also known as millennials)	1980 to 1994
Generation Z	1995 to 2010

Source: Gartner (December 2023)

Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

[Video: Focus Supplier Diversity Programs on Org Purpose](#)

[Align Procurement Metrics to Corporate Objectives to Convey Value](#)

[IT Sourcing, Procurement and Vendor Management Operating Model Primer for 2023](#)

[Use Reverse Mentoring to Elevate IT Procurement Value](#)

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