FREEFORM DYNAMICS

in association with

CIO WaterCooler

Optimising your supplier base for 2024

Caution prevails

In a recent survey of 68 members of the CIO WaterCooler it became apparent that as economic disruption continues, CIOs, on balance, report remarkably resilient sentiment among senior management teams as they look forward to 2024. That said, most are still wary and a sizeable group remain pessimistic, which provides an interesting backdrop for supplier-related activity.

Economic Outlook for 2024

How would you sum up the sentiment among your senior managers?

30% Generally optimistic

49% Neutral but wary

15% Generally pessimistic

6% said they were unsure or reported no consensus

Focus on IT suppliers

Simultaneous pressure to modernise, embrace emerging techologies and manage costs more aggressively is a familiar story. However, with so much recent attention on the efficiency and competitive potential of AI and automation, expectations going into 2024 are particularly high. This in turn places IT suppliers firmly in the spotlight.

Impact of evolving demands on your supplier base

Are you expecting any of the following in 2024?

- **40%** Expecting — Significantly changing business requirements
- **62%** Expecting — Increased use of emerging technologies (e.g. AI)
- **74%** Expecting — Pressure to manage IT costs more aggressively
- **69%** Expecting — Need to modernise, rationalise and consolidate

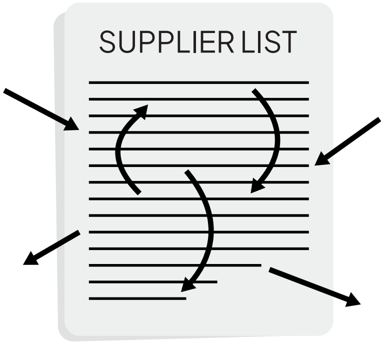
- **49%** Expecting — Selection of new suppliers to meet evolving needs
- **54%** Expecting — Rationalisation of the existing supplier base
- **40%** Expecting — Selection of new suppliers to streamline cost
- **60%** Expecting — Renegotiation of existing supplier agreements

IT supplier shake-up

Whether it's additions, switches or consolidation, 9 out of 10 CIOs anticipate making significant changes to their supplier base during 2024. With the possible exception of cloud services, however, there are no obvious hotspots. Changes will depend on priorities, investment history and how well existing systems are meeting needs.

Specific Supplier Adjustments

Will you make significant changes to your supplier base in any of these areas over the coming year?



	Yes	Probably
Data centre infrastructure and platforms	16%	21%
Core on-premises business applications	20%	29%
Cloud infrastructure and platform services	27%	31%
Cloud applications and business services	22%	46%
End-user productivity and collaboration	18%	28%
Application development and delivery	16%	34%
Security and security management	15%	43%
Data management, protection and governance	15%	35%
Data analytics and business decision support	13%	43%
Outsourcing, consulting and managed services	10%	37%

90% anticipate significant supplier changes in at least one area during 2024

Most likely path to AI

Pretty much every business will see AI entering the organisation in the form of enhancements to familar applications. Beyond this, however, does it make sense to think in terms of an emerging category of 'AI supplier'? Perhaps in the context of AI platforms and developer facilities, but on the whole CIOs generally lean towards thinking of AI as more of a feature set.

Acquisition of AI capabilities

Do you see a need to select specific AI suppliers or do you regard AI as more of a feature set to enhance broader solutions?

Explicit acquisition ⟷ Embedded route

- **9%** Significant need for specific AI suppliers
- **35%** Only need specific suppliers in some ares
- **49%** No need; see AI as more of a feature set

7% Unsure/NA

This infographic is provided with the compliments of Freeform Dynamics and The CIO WaterCooler. The data comes from a survey of 68 UK based IT leaders from a cross section of industries, with a bias towards larger organisations. Data was gathered during December 2023.

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