



POV

**Accelerate your
digital drive in
a cash-strapped
economy**

Introduction

The bleak economic forecast has put technology leaders under pressure to balance cost-cutting measures with adopting digital tools to eliminate waste and drive sales during a downturn. Although these tools promise to enhance efficiency and create new revenue sources, they entail a substantial investment that may offset potential gains.

Boards aim to accelerate digital business and are eager to reap “digital dividends”. They are instructing their technology leaders to be cost-efficient while maintaining output and positive results. This is because current market conditions have reduced companies’ cash flow, making investment in transformation desirable but unavailable to meet the board’s expectations.

Choppy waters ahead for CIOs

We believe that CIOs can utilise their given IT budget more effectively. Unfortunately, they are approaching managed services in a fragmented manner, using about 50% of their IT budget, which doesn’t add value to their transformation programme. Moreover, they risk prolonged system downtime due to insufficient integration among IT services. Service providers are also not addressing the issue as commercial arrangements do not incentivise improvement. Fragmented, unstable, and legacy systems increase their profits, as it leads to more tickets, resources, and budget changes. They are measured by conventional IT SLAs, which are always green, making it hard to hold them accountable, and this leads to excessive external spending with Service providers but with no actual return on investment.

In these circumstances, CIOs steer the IT systems and yet pursue their digital transformation, where they either need more funds or if they have, it’s misspent on conventionally defined managed services. CIOs also have their fair share of operational challenges, which are:

- Need expertise and a granular roadmap to evolve and transition from legacy to modern technology. CIOs lack the in-house talent, and culture shifts necessary to support their vision.
- Change programme impact has a huge cumulative effect on staff: often undetected or underestimated. Suppliers’ change approach is reactive, often basic, relying on multiple contributing parties without having an overarching change strategy.

Global IT spending contracted 0.2% in 2022, dropping to \$4.38 trillion—a rare instance of corporations spending less on digital business tools than in the previous year, according to IT consulting and research firm Gartner Inc.

- Cyberattacks are rapidly increasing. Encryption codes, which provide a strong defence, are a crucial part of the cyber economy. However, attackers are easily bypassing this shield, causing costly recovery efforts and business losses that can equal a company's annual IT budget.
- Supply chain threats demand continued resilience. Companies leaned on IT capabilities in 2022 but still faced supply challenges because of slow IT-OT convergence. In addition, track and trace capabilities were not deployed effectively to get to the bottom of supply chain gaps.
- Finally, businesses are still anxiously looking towards technology leaders for concrete support in their sustainability agenda, which is still on paper and often unrealistic.

CIOs to rethink IT sourcing strategy

In this difficult situation, there is an urgent need to re-evaluate the current IT services model, partners, and budget. CIOs must align their sourcing strategy with the current economic downturn. They should quantify the expected benefits from their strategic partners and develop a clear sourcing strategy with defined cost-saving targets. The challenges become more pronounced when organisations opt to maintain their mixed sourcing model with multiple vendors and in-house capability to provide additional cushion to business. This option is expensive from a governance, productivity, and service integration perspective, and it does not align the digital transformation with managed services outcomes. Partners work in silos, and no one is accountable for the business outcomes.



In 2023, successful CIOs will use a combination of technology and human imagination to optimise their cost and create new sources of revenue.

Art of possible with the right partner

Ideally, CIOs and their core team in their new role should be the 'Torch Bearers' focusing solely on a single mission of brainstorming innovations and empowering businesses with technology without spending time on mundane activities.

CIOs should revisit their current IT services model and associated partners' roles to reach this ideal state. An organisation should look for an end-to-end System Integrator (SI) who can implement the future-ready IT operating model with functions as per the Product IT model. The SI partner will manage your systems end to end and generate committed savings that can fuel your digital drive. It will have a **'flywheel effect'** where initial savings of managed services will push your digital campaign. Then eventually business benefits of digital transformation will gain so much momentum that it will become a self-funded drive. The right partner can enable you to achieve your mission; hence it's crucial to understand the traits of such a partner. You are looking for a partner that:

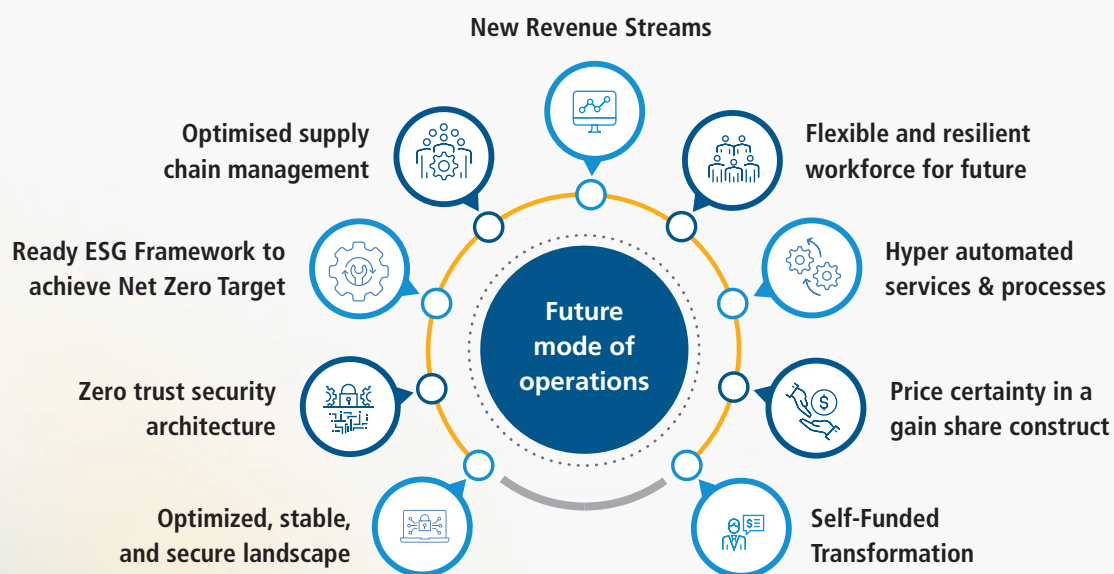
1. Has a deep understanding of your business domain to assist you in defining your future strategy
2. Has a clear vision with a roadmap to take you to the next level
3. Has the capability to lead full-stack IT, including business platform services, digital transformation, and ESG services
4. Has a good relationship with market-leading suppliers to bring the best-negotiated complementary services and licenses at an optimum price
5. Is ready to invest back part of their profit in bringing their 'Thought Leaders' to define change strategy, design thinking workshops and innovation
6. Is culturally aligned, flexible to change, and keep their badge outside the office
7. Can reskill and redeploy your existing team within or outside your programme
8. Can be measured against employee experience and business outcome in a commercial construct
9. Is ready to offer you an upfront cost savings commitment to drive your transformation
10. Offers you a safety net for the unforeseen risk of your transformation.

*Our vision for our clients is **"to become a futuristic technology company to bring new revenue streams, while operating in a stable IT environment, at a highly optimised cost."***

It's all about the outcomes

It can be challenging for technology leaders to decide where to begin. Your starting point should be to define your saving targets and vision for your business. If you engage LTI Mindtree, we will analyse your budget and landscape to determine the ballpark savings and recommend changes. After you have agreed to our recommendation, we will engage with your business leaders to understand their priorities and challenges. We will also understand your current sustainability targets and how to measure them. Accordingly, we will fine-tune our advice and create a business outcome-driven digital transformation roadmap. Our well-defined Organisational Change Management approach will ensure that the business stays confident and embraces changes throughout this journey.

Our experience says that such a 360-degree evaluation and redefinition of IT can reduce costs by 30% to 40%, accelerate your digital transformation by 2-3x, and improve your time to market by 50%.



LTIMindtree helped a popular US retailer of video games, electronics, and gaming merchandise achieve a **22% reduction** in overall costs and **25% targeted** ticket reduction over two years

We reduced a multinational consumer goods company's store audit costs by **\$15.5 million in three years** and cut the order-to-cash cycle by **60%** through a **cloud-based distributor collaboration** solution

LTIMindtree enabled an American MNC achieve a unified **digital marketing experience** across **70+ brands and 100+ countries**, resulting in increased brand awareness. Our implementation of an assembly line approach reduced time-to-market by 60%, and LEAN digital operations led to cost reductions of **30%-40%**

Conclusion

With help of the right strategic partner, your vision of becoming a technology-driven company that generates new revenue streams faster and more efficiently than competitors can be realized. By re-evaluating your sourcing strategy and repurposing your IT team, you can work towards your vision with the support of a partner who brings innovation, industry knowledge, and a forward-thinking workforce.

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About LTIMindtree

LTIMindtree is a global technology consulting and digital solutions company that enables enterprises across industries to reimagine business models, accelerate innovation, and maximize growth by harnessing digital technologies. As a digital transformation partner to more than 700+ clients, LTIMindtree brings extensive domain and technology expertise to help drive superior competitive differentiation, customer experiences, and business outcomes in a converging world. Powered by nearly 90,000 talented and entrepreneurial professionals across more than 30 countries, LTIMindtree — a Larsen & Toubro Group company — combines the industry-acclaimed strengths of erstwhile Larsen and Toubro Infotech and Mindtree in solving the most complex business challenges and delivering transformation at scale. For more information, please visit www.ltimindtree.com.