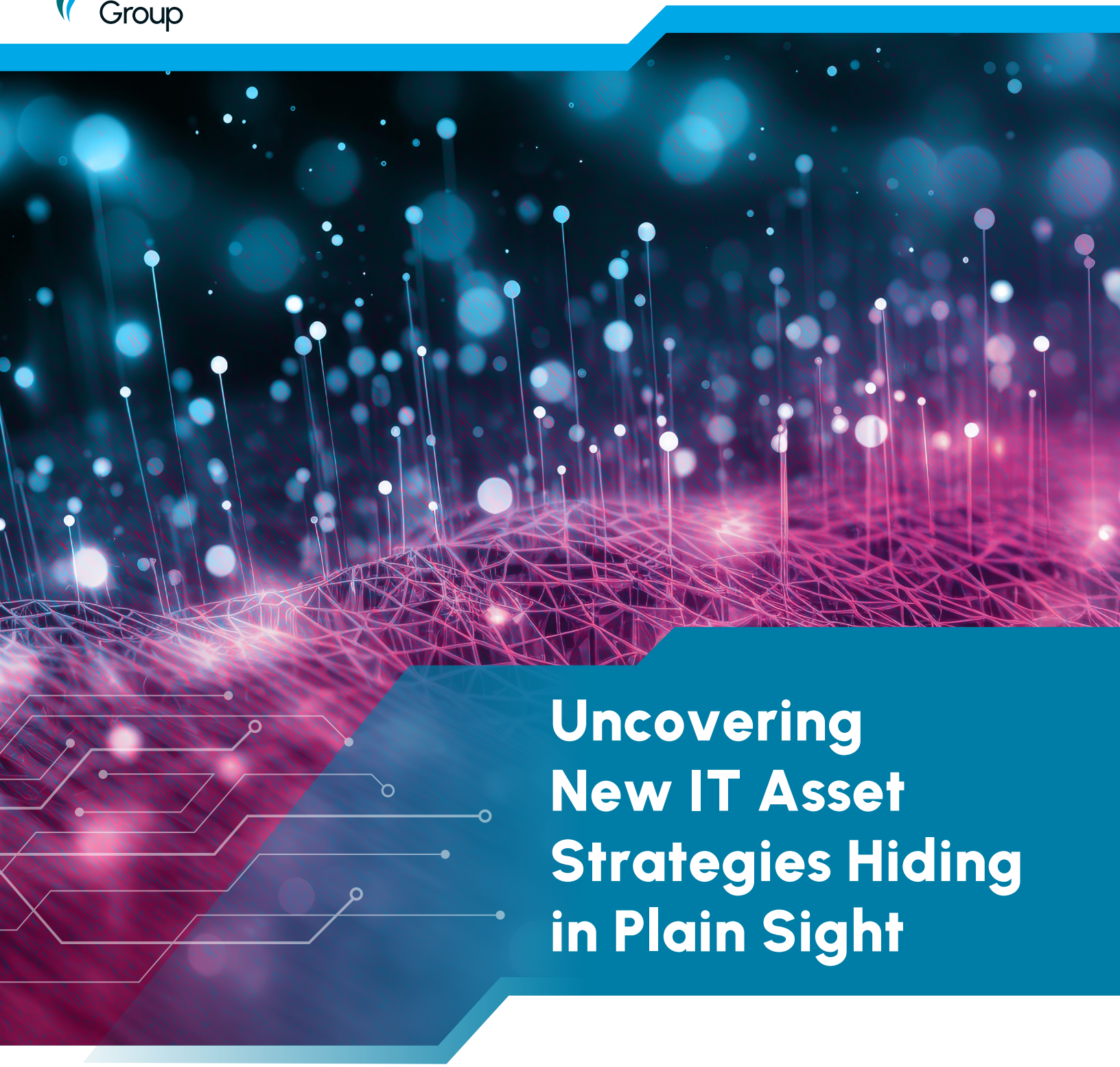
The Futurum Group



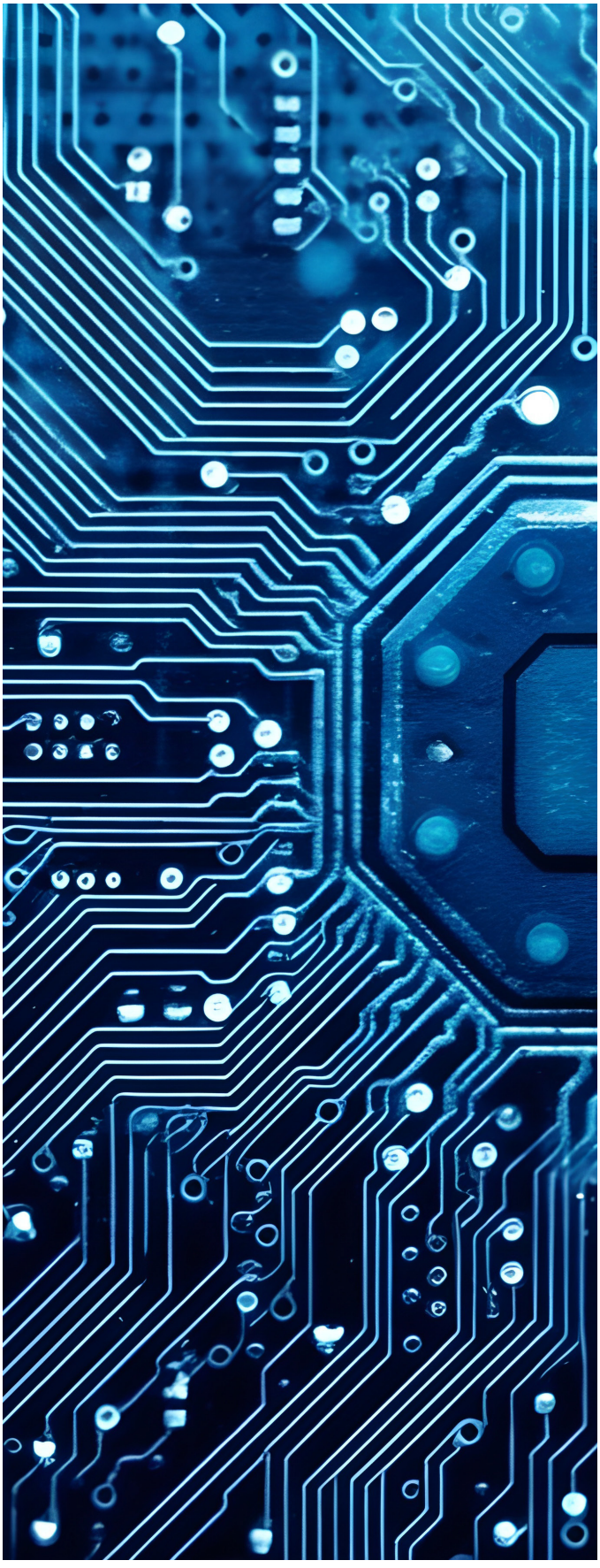
Uncovering New IT Asset Strategies Hiding in Plain Sight

AUTHOR **Olivier Blanchard**
Senior Analyst and Research Director
The Futurum Group

IN PARTNERSHIP WITH

HPE Financial Services
Creating smarter IT lifecycles

JANUARY 2024



Introduction

As demands placed on IT departments by the organizations they serve continue to expand in both breadth and complexity, IT decision makers find themselves increasingly challenged to transform their departments into innovation and value creation centers for the entire enterprise. This challenge is further complicated by the need to operate in what is essentially a perpetually multigenerational infrastructure. However, today's IT leaders have an opportunity to not only redefine the purpose and value of the IT function but also leverage the very ecosystem of innovation they are tasked with managing to accelerate their organization's paths to success.

Laying the Groundwork for a New Wave of Outcome-Focused IT Innovation

The first order of business for IT leaders has traditionally been to look for ways of maximizing their departments' value to their organization operationally: embedding IT resources, investments, and capabilities into the company's operations so completely that IT becomes operationally enmeshed with every departmental function. For outcome-focused IT leaders, this means a continued focus on aligning IT decisions with the business outcomes they aim to support, then continuously fine-tuning that investment-to-outcome pipeline. Achieving this level of operational synergy allows IT to understand not only the objectives, goals, and targets of each department and business unit but also the hurdles and challenges their staff faces on a daily basis.

On the one hand, the operational fluency and insight delivered by this model makes matching the right technology solutions to the right teams more organic. This helps eliminate wasteful hit-or-miss approaches to solutions deployments. On the other hand, this model allows IT departments to identify new opportunities to optimize, enhance, or accelerate processes and business functions through innovative technology solutions that the department might not have otherwise implemented on their own. As difficult, complex, and resource-intensive as this model can be to scale properly at speed, it remains the low-hanging fruit of operationalizing digital transformation best practices but does not in and of itself address the persistent challenges inherent to managing and building a multigenerational IT infrastructure. For that, IT leaders need to think differently about the way they need to shape and manage their ecosystem at every stage of the asset lifecycle.

Innovation Focus: Building More Dynamic and Adaptable IT Lifecycles

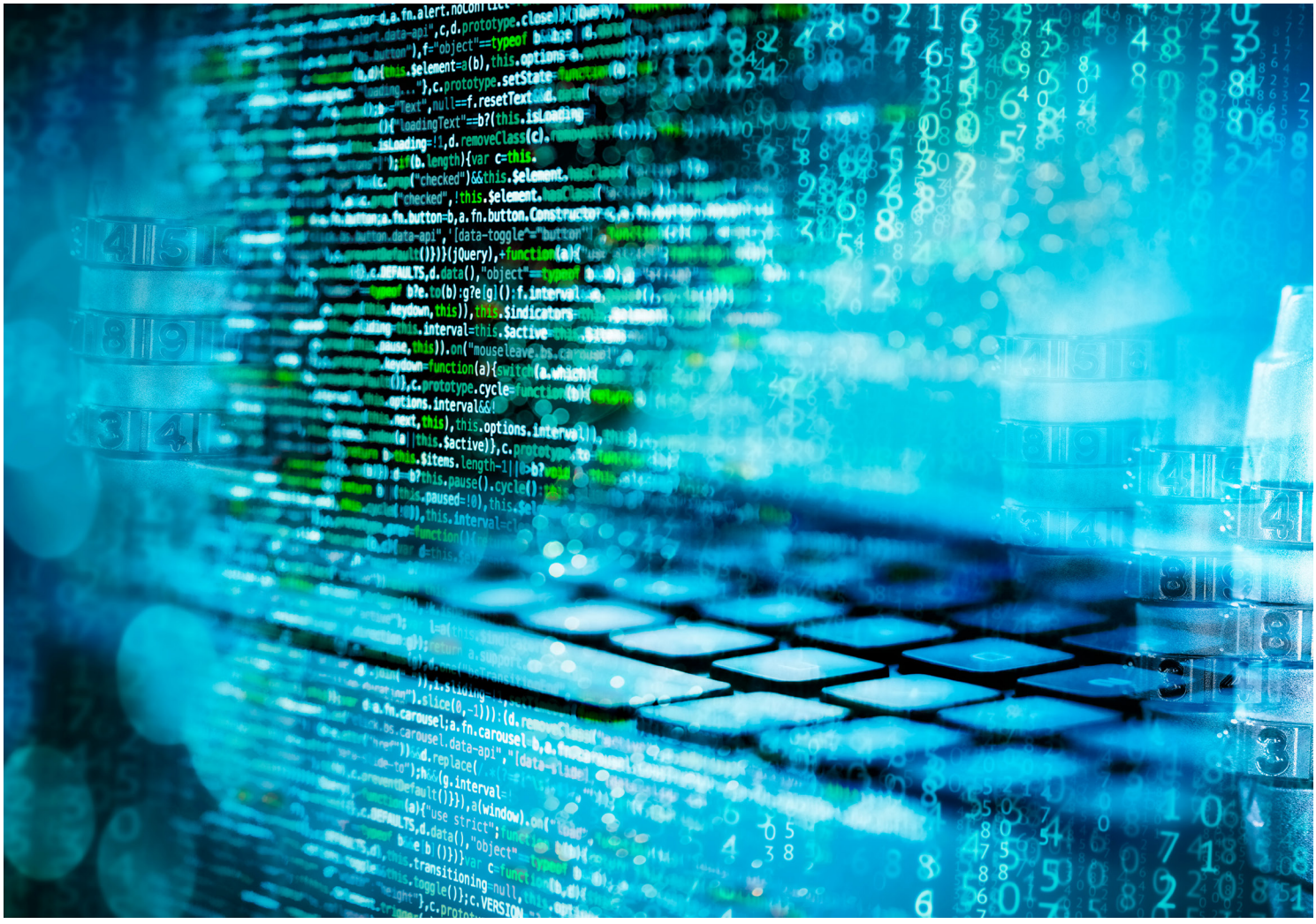
One of the strategies gaining momentum in IT circles is the focus on building more sustainable, forward-thinking IT lifecycles. A distant evolutionary offshoot of IT's traditional focus on reducing costs and fine-tuning operational efficiencies—often at the expense of innovation—this novel, holistic approach focuses instead on innovative ways to maximize the efficiency, value, and agility of an organization's top-down technology solutions ecosystem. The question at the heart of this strategy is simple: how can an IT department transform itself into a forward-leaning, agile, and innovative operation while systematically minimizing risk and waste and ironing out stubborn inefficiencies?

Broadly, this requires IT decision makers to map out each stage of the IT lifecycle and then explore ways to expand their portfolio of technology solutions acquisition, value maximization, and end-of-use strategies. Starting with the technology acquisition phase of the IT lifecycle, IT decision makers now have a growing number of options at their disposal beyond purchasing or leasing that include solutions-as-a-service options and various subscription models. Depending on an organization's size, resources, priorities, and use cases, that acquisition mix can be tailored to minimize cost, risk, and friction while maximizing value, velocity, and ROI.

IT leaders have also begun to replace the types of wholesale technology upgrade strategies that characterized early digital transformation efforts with more cost-efficient, less risky, and faster IT optimization strategies that simultaneously complement *and* enhance their existing infrastructure. Maximizing the value and longevity of existing technology investments means that IT decision makers have to be increasingly creative in how they choose to consolidate their existing IT infrastructure with new solutions wherever possible. By basing these decisions on the specific needs of the organization—and here, the more granular the better—IT leaders can customize their technology mix to augment their existing systems in support of the business units they are accountable to. This approach can not only help achieve optimal efficiencies and uncover untapped value in existing legacy environments but also generate new pockets of savings that can be invested in additional technology upgrades.

This bang-for-buck approach takes a little more thought and focus than traditional broad-brush technology upgrade cycles, but the benefits are worth it. Organizations that are thoughtful about both maximizing and extending the value of their existing technology infrastructure while simultaneously freeing up resources to invest in targeted cutting-edge technology solutions are already finding themselves at an operational advantage.

Looking beyond technology acquisition, management, and value optimization to the end-of-use phase of the IT lifecycle, IT decision makers also have a lot more choices besides simply retiring and decommissioning technology investments. For technology solutions that are not lease or subscription-based, these can include options such as repurposing, refurbishing, warehousing, recycling, and upcycling. These additional options have been gaining increasing traction across IT departments partly because they help establish predictable end-of-use asset lifecycle timelines but also because they naturally align with most sustainability program objectives: Beyond helping reduce the amount of e-waste piling up in landfills, opting-in to upcycling, refurbishing and repurposing programs provides enterprises, equipment OEMs, and third-party service providers with an opportunity to create the building blocks of a more circular economy—one in which planned asset obsolescence increasingly helps extend the life and value of whole technology solutions or their critical raw materials and components.



Conclusion

The challenges of staying ahead of technology disruption and equipping organizations with the solutions they need to gain, maintain, and even extend their edge against their competition would be complex enough for IT leaders without the added difficulty of doing so with the limitations inherent to a multigenerational infrastructure. Where some see mostly hurdles, however, others see opportunities.

Innovative IT leaders now have far more opportunities to reimagine their product and technology solutions lifecycles than they did even a few short years ago, and in ways that take advantage of the natural asymmetries of their multigenerational infrastructure. Fine-tuning their mix of new and preowned solutions to extract more value from their legacy systems and shift budgets toward cutting-edge solutions is one proven approach. Thinking more broadly about the growing ecosystem of technology acquisition options and end-of-use strategies are other ways in which IT decision makers can build more innovation, flexibility, and value into their IT management practices.

It is also much easier for today's IT leaders to develop the kinds of ecosystem partnerships that will help them not only identify new opportunities to transform their departments and the IT function in support of specific business objectives but also operationalize them cost-effectively and at scale. For instance, IT leaders with an eye toward creating smarter, more predictable IT lifecycles can leverage ecosystem partnerships to incorporate subscription-based models, solutions-as-a-service offerings, financing, virtual warehousing, recycling, repurposing, refurbishing and upcycling to maximize their value even with constrained budgets.

In the next three installments of this four-part series, we will dive deeper into how accelerating IT innovation lifecycles using these strategies can empower organizations to make better operational, strategic, and sustainable decisions.

Important Information About this Report

CONTRIBUTORS

Olivier Blanchard
Senior Analyst and Research Director | The Futurum Group

PUBLISHER

Daniel Newman
CEO | The Futurum Group

INQUIRIES

Contact us if you would like to discuss this report and The Futurum Group will respond promptly.

CITATIONS

This paper can be cited by accredited press and analysts, but must be cited in-context, displaying author's name, author's title, and "The Futurum Group." Non-press and non-analysts must receive prior written permission by The Futurum Group for any citations.

LICENSING

DISCLOSURES

The Futurum Group provides research, analysis, advising, and consulting to many high-tech companies, including those mentioned in this paper. No employees at the firm hold any equity positions with any companies cited in this document.

Hewlett Packard Enterprise

ABOUT HPE FINANCIAL SERVICES

HPE Financial Services combines technology insights, financial expertise, and a deep-rooted focus on sustainability to create smarter IT lifecycles for customers and partners of all sizes. Working across the entire tech estate, from edge to cloud to end-user, our collaborative approach delivers asset management solutions that not only free up capital and maximize capacity, but also advance sustainable practices globally and consistently. For more information, visit: **hpe.com/hpefinancialservices**

ABOUT THE FUTURUM GROUP

The Futurum Group is an independent research, analysis, and advisory firm, focused on digital innovation and market-disrupting technologies and trends. Every day our analysts, researchers, and advisors help business leaders from around the world anticipate tectonic shifts in their industries and leverage disruptive innovation to either gain or maintain a competitive advantage in their markets.

CONTACT INFORMATION

The Futurum Group LLC | futurumgroup.com | (833) 722-5337