

Targeting Revenue Growth Can Encourage Short-Termism



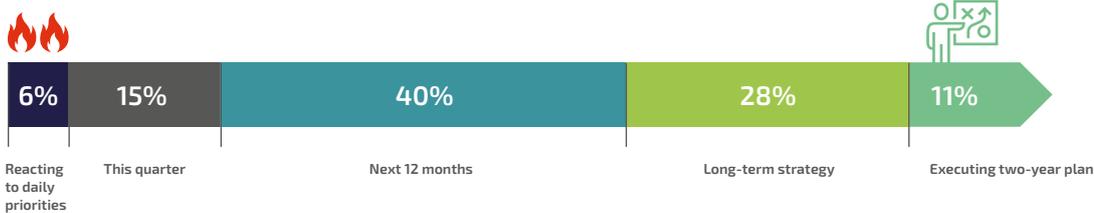
Our research confirms that revenue growth is the main objective within midmarket businesses. IT and ITS departments acknowledge that there is a crippling focus on immediate profit rather than longer term gains which is a key concern for many departments. IT spending is managed locally with little or no coordination between business units or regions.

Procurement clerks act as a supporting role and do not impose their own objectives on stakeholders within many organisations. 62% believe that they are achieving the best overall business outcome, whereas 31% believe their procurement objective is saving costs in the long run. In 61% of businesses, project managers or IT leaders supported by a procurement professional are the ones involved in IT sourcing decisions, whereas 23% of businesses have a cross-function team led by procurement managing this process. Cross functional teams need to be engaged in sourcing decisions and it's vital that they keep business objectives firmly in mind.

51% of businesses believe that there is a lack of market knowledge for the finance and operations challenge, and 24% believe there is little commercial leverage over suppliers. The pressure of providing service continuity and supporting revenue growth therefore leads to a short-term mindset.

As well as financial gain, speed is also prioritised by businesses within the midmarket sector. Our research identified that speed is critical in sourcing decisions with 81% of businesses prioritising speed of execution of sourcing exercises. Around 74% of businesses, including finance departments, recognise that short-term profit remains a priority which naturally moves the emphasis away from resource intensive DX initiatives. This initiates the complexity paradox highlighted in the full report: www.viadex.com/idc.

? Which of the following best describes the time horizon you primarily work to?



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