



# Contents

## SECTIONS

<b>1</b>	Executive summary
<b>2</b>	Enterprise context
<b>3</b>	Technology priorities and projected spend
<b>4</b>	Enterprise cloud adoption
<b>5</b>	Technology strategy, adoption and value
<b>6</b>	Business functions' technology spend
<b>7</b>	Business functions' technology adoption
<b>8</b>	Key technology recommendations
<b>9</b>	Demographics

# 1. Executive summary

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# Executive summary

## Business environment and risks

- 2023 is expected to be a difficult year as the global economic downturn progresses due to recession, inflationary pressures, geopolitical turmoil and talent shortages.
- Organizations must consider multiple disruptive global scenarios in their planning for the next three to five years.
- Aligning your organization to a strategy that can mitigate external and internal risks is difficult; and must be based upon a strong cross-discipline approach.

## Technology agenda and critical development areas

- Global technology spending is expected to grow in 2023 due to increased spending on digital transformation initiatives necessary to meet business needs and challenges. A common trend of more automation across business functions is driving investment.
- Approximately 73% of organizations have a major enterprise transformation initiative. Organizations consider technology investments carefully to get the right balance of the integration provided by ERP and suite solutions versus the more specialized functionality available from point solutions.
- Explore opportunities to digitize processes that drive additional value, such as AI enablement. Workloads across business functions are expected to grow more than budgets and headcount. Leaders are relying on technology to help fill the productivity gaps.
- Organizations are looking both internally and externally with vendor partners to drive more value. Doing more with less investment.

## Digital technology

- Digital technologies need to achieve enterprise scale. Advanced analytics, cognitive computing/artificial intelligence (AI), robotic process automation (RPA), and digital point solutions are, in most instances, meeting or exceeding business goals. However, many are stuck in pilot projects or small-scale deployments.
- As more technology projects are identified, organizational disconnects hold back many firms from achieving digital transformation – despite being a goal for approximately 45% of those surveyed in this study.

## Cloud migration

- The cloud has moved to the front as being the platform organizations must leverage for agility, growth and transformation.
- 42% of organizations have legacy solutions that must be replaced and many of these applications are limiting agility, functional ability, and impairing competitiveness.
- 23% of organizations expect to be 100% cloud-based by the end of 2025, up from 7% by the end of 2023.

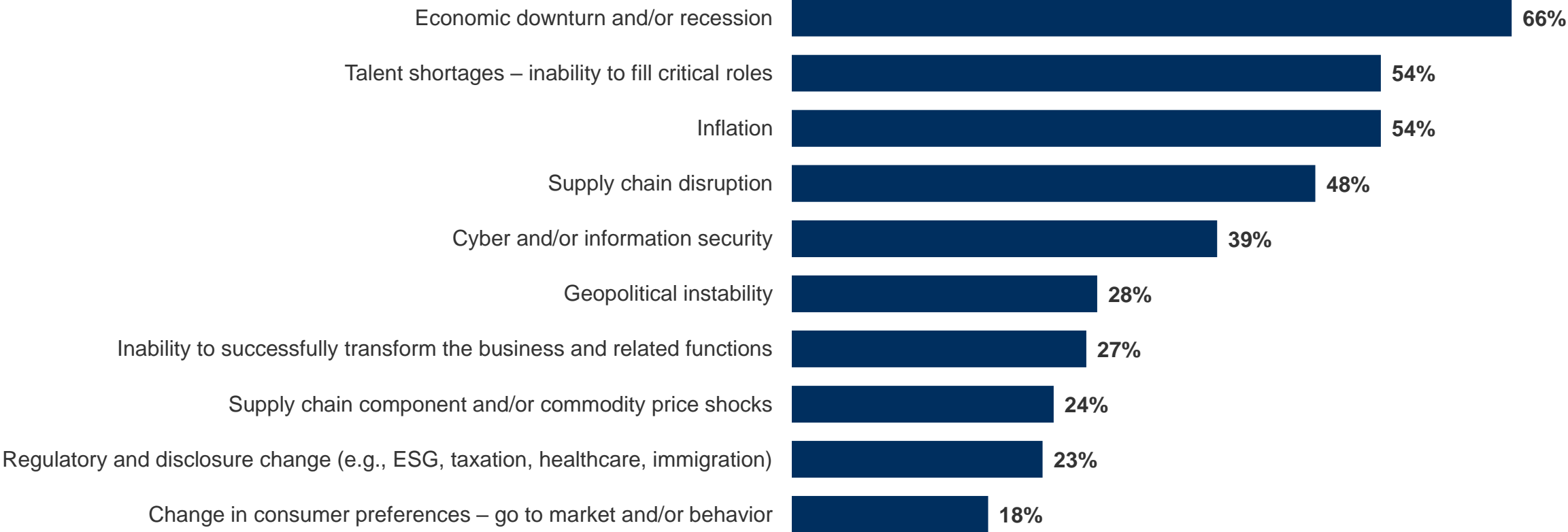
Source: The Hackett Group Advisor Analysis

## 2. Enterprise context

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# Top 2023 external enterprise risks

Organizations are predicting global risks will continue to cause major disruption in 2023. Approximately two-thirds of the respondents cite their top risk is economic downturn and/or recession next year. Preparing for global economic and geopolitical consequences must top your strategic initiatives for 2023. Unfortunately, the inability to transform the business showed an unexpected high of 27%.

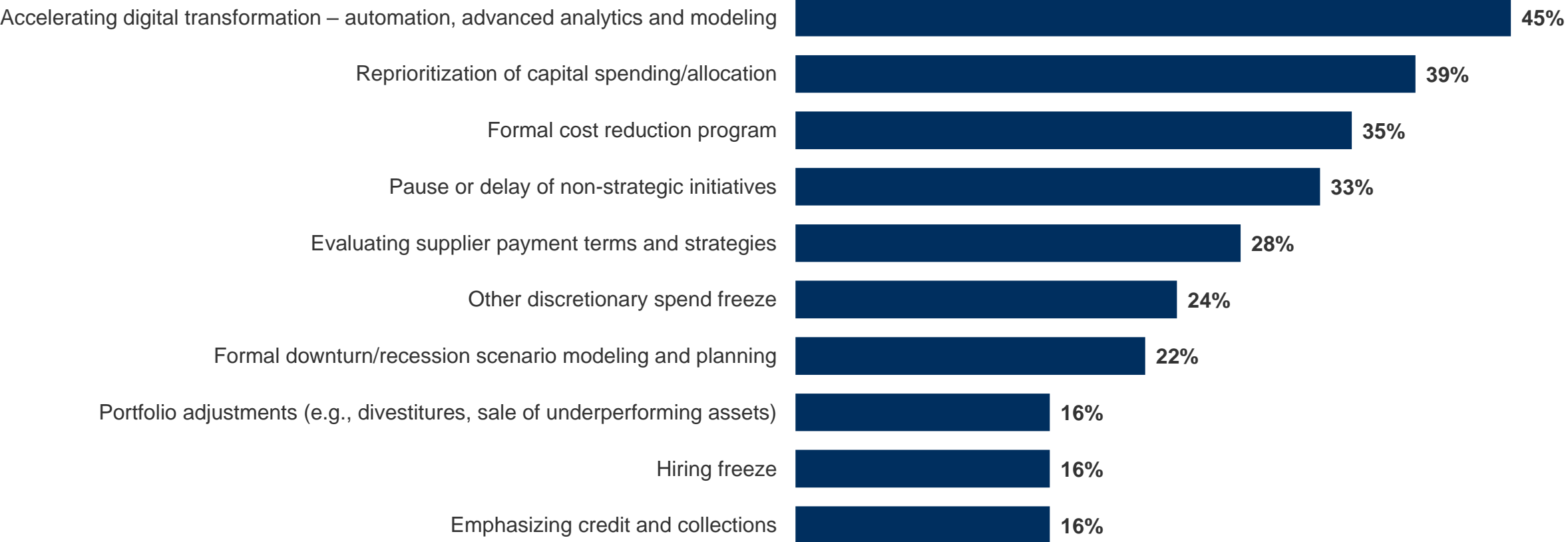


Q. What are your company's top risk concerns for 2023?

Source: The Hackett Group 2023 Enterprise Key Issues Study

# Top enterprise actions to prepare for economic downturn and/or recession

Organizations are changing their spending patterns to improve margins and find cash flow to fund potential recessionary challenges. Still, digital transformation tops priorities to address the economic downturn, indicating opportunities to improve efficiency and/or business value. Digital transformation must be prioritized to help insulate the organization from continual swings in the global arena.



Q. What actions are your company taking in preparation for a potential economic downturn/potential recession in 2023?

Source: The Hackett Group 2023 Enterprise Key Issues Study

# Top enterprise internal challenges that hinder growth

Organizations encounter many internal challenges to transformation and growth, including funding, unrealistic and/or unclear goals, inconsistent data across the enterprise, limited time to improve, and lack of talent. While these challenges are ranked differently across the organization, management must align enterprise strategies with functional areas for success.

Overall rank	Metrics	IT	Finance	Procurement	HR	GBS
1	Insufficient budgets and/or unrealistic project timeframes for transformation	1	3	3	1	1
2	Competing and/or conflicting functional priorities	2	2	1	2	2
3	Inconsistent data management across operational and financial reporting	3	5	2	3	3
4	Lack of time to partner with the business due to daily transactional work volumes and/or responsibilities	4	1	4	4	9
5	Lack of the right talent to leverage technology and solve business problems	5	4	5	7	8
6	Lack of interdepartmental process coordination	10	6	9	5	4
7	Status quo ways of working and/or internal resistance to change	13	14	6	6	5
8	No clear roadmap or plan	6	7	8	10	10
9	Lack of change management maturity	8	8	10	8	11
10	Lack of collaborative planning and performance management	7	10	7	16	12

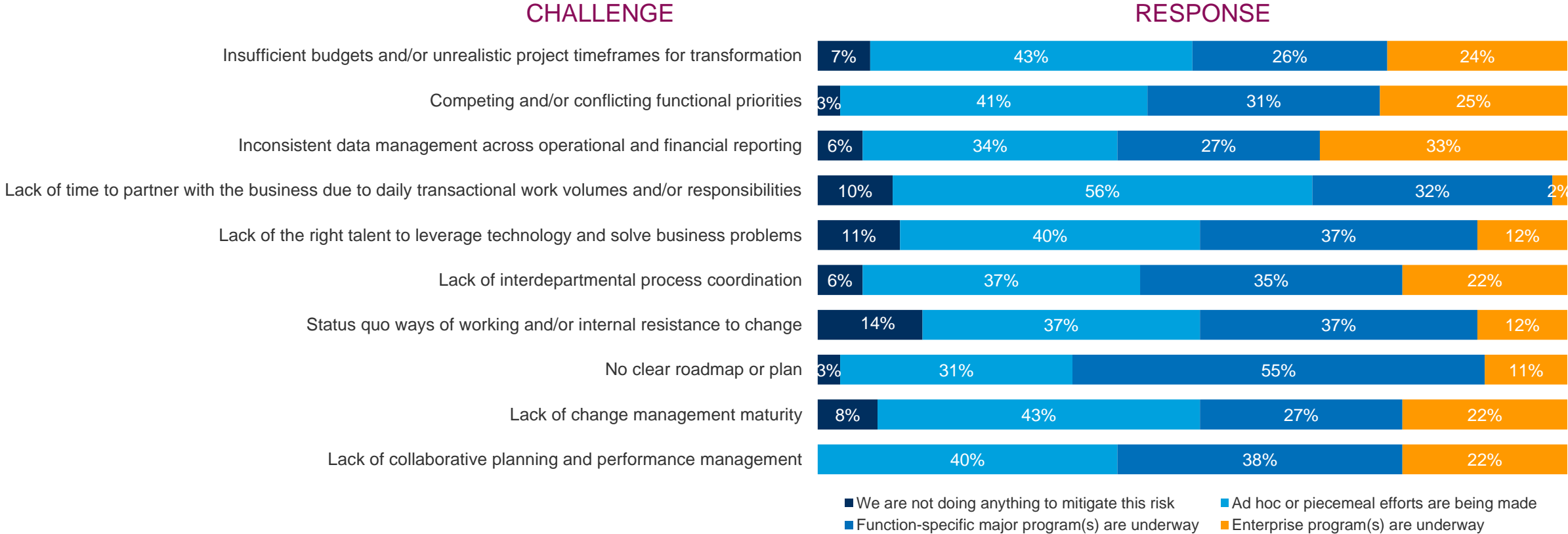
Q. What are the top 5 enterprise challenges for meeting your company's 2023 business objectives?

Source: The Hackett Group 2023 Enterprise Key Issues Study



# Internal enterprise challenges and related responses

The top internal challenges are, in large measure, being addressed and managed as either ad hoc or at the functional level. These approaches have significant limitations, and do not effectively address larger enterprise goals and efforts that require extensive cross-functional coordination, ownership, and accountabilities for achieving business objectives.



Q. For the top 5 challenges selected, what efforts are being made to mitigate these enterprise risks?

Source: The Hackett Group 2023 Enterprise Key Issues Study

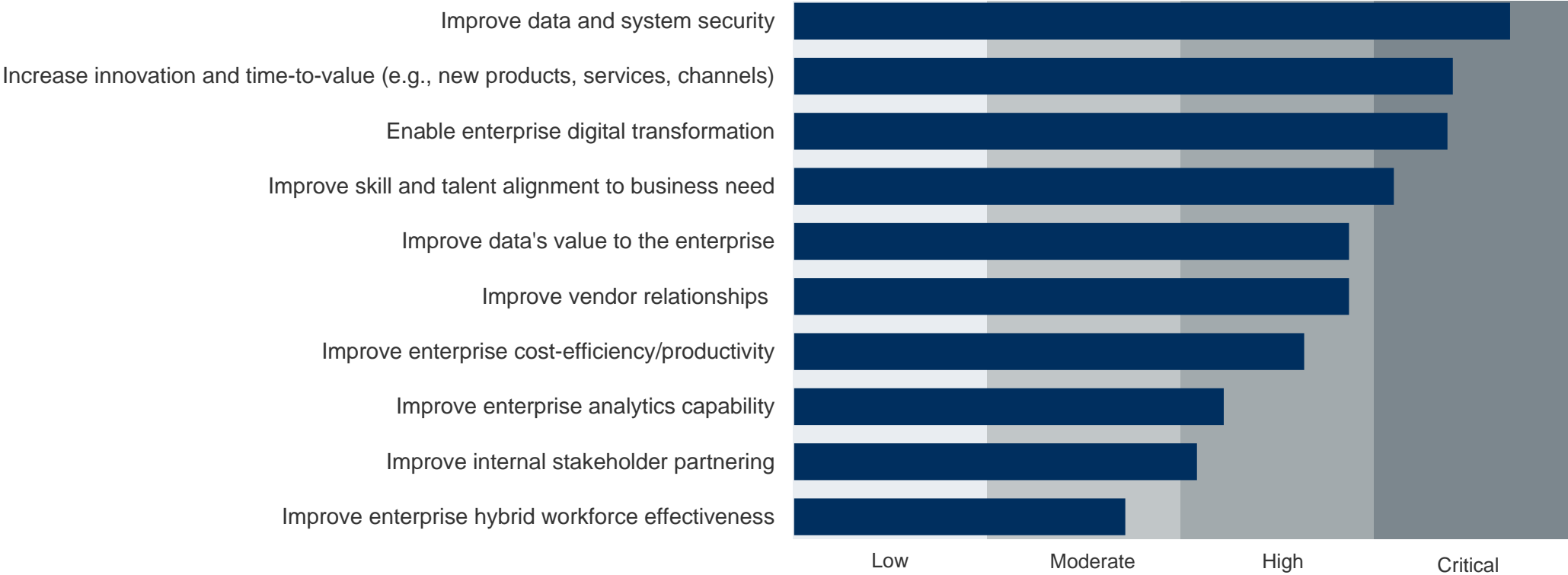
## 3. Technology priorities and projected spend

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# Top-priority objectives for technology functions in 2023

The top priorities for 2023 are similar to 2022’s objectives. Optimizing data’s value and reskilling the team are vital to technology’s value proposition.

## TECHNOLOGY FUNCTION OBJECTIVE PRIORITY LEVELS IN 2023

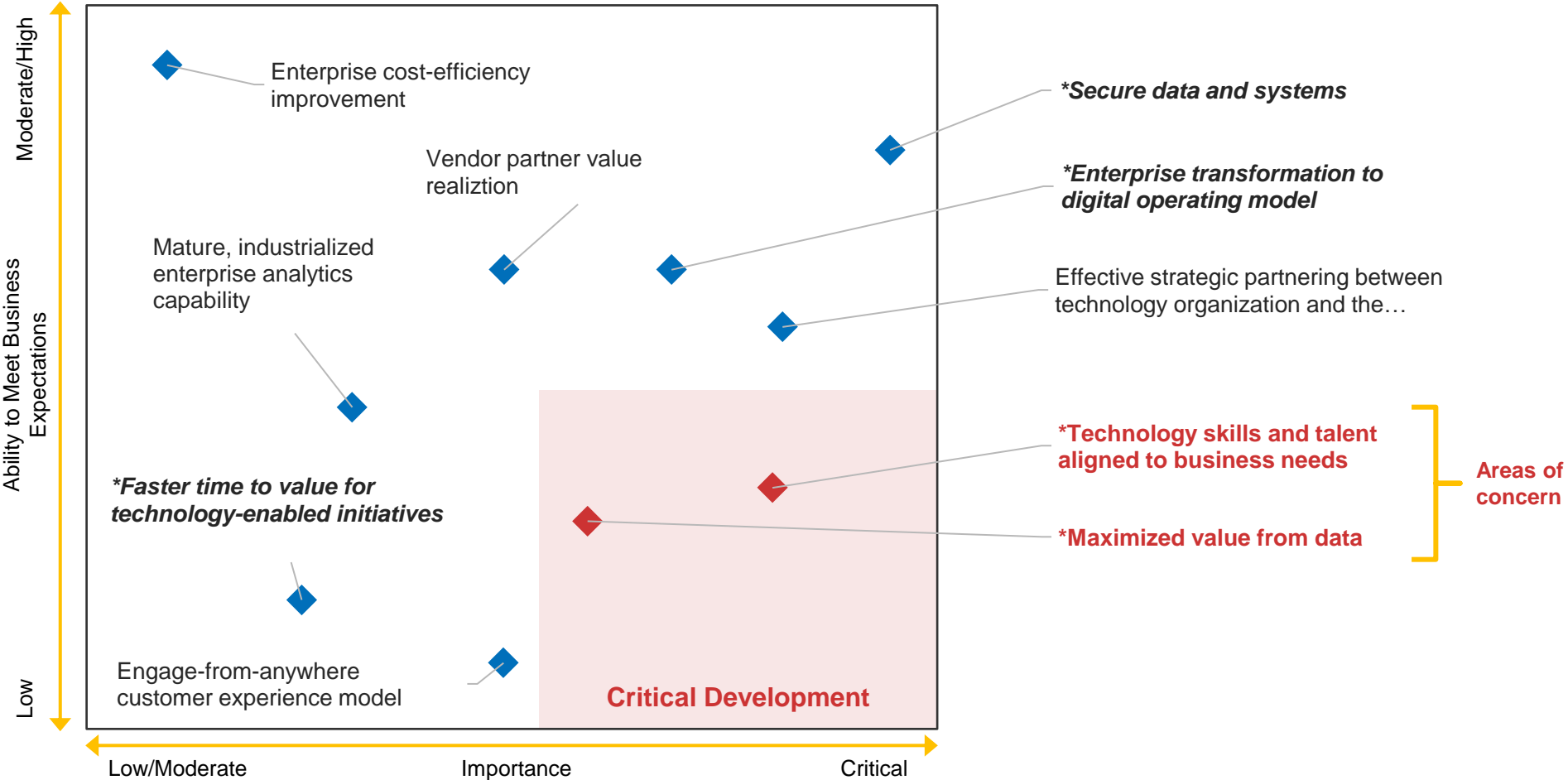


Q. Which of the following initiatives are on your 2023 technology function transformation agenda?

Source: The Hackett Group 2023 Technology Key Issues Study

# Technology leaders are least confident about their ability to achieve two of their top priority objectives: Data value and talent realignment

TECHNOLOGY OBJECTIVE PRIORITY-CONFIDENCE MATRIX



\*Top five most important objectives  
 Q. Indicate the level of importance of your 2023 objectives and your confidence in your technology function's ability to meet business expectations for each.

Source: The Hackett Group 2023 Technology Key Issues Study

# 2023 top 10 technology priorities

- 1** SECURE DATA AND SYSTEMS
- 2** FASTER TIME TO VALUE FOR TECHNOLOGY-ENABLED INITIATIVES
- 3** ENTERPRISE TRANSFORMATION TO DIGITAL OPERATING MODEL
- 4** TECHNOLOGY SKILLS AND TALENT ALIGNED TO BUSINESS NEED
- 5** MAXIMIZED VALUE FROM DATA
- 6** VENDOR PARTNER VALUE REALIZATION
- 7** ENTERPRISE COST-EFFICIENCY IMPROVEMENT
- 8** MATURED, INDUSTRIALIZED ENTERPRISE ANALYTICS CAPABILITY
- 9** EFFECTIVE STRATEGIC PARTNERING
- 10** ENGAGE-FROM-ANYWHERE CUSTOMER EXPERIENCE MODEL

Source: The Hackett Group 2023 Technology Key Issues Study

# Technology's evolving priorities over time

External business disruptions are forcing IT organizations to reprioritize around managing and mitigating uncertainties, pivot to support growth strategies, while improving agility as a trusted business partner that provides greater actionable insight.

2021	
1	Secure data and systems
2	Act as a strategic partner to the business
3	Align IT skills and talent with changing business needs
4	Cultivate a customer-centric, innovative IT culture
5	Accelerate IT digital transformation
6	Improve IT cost-efficiency
7	Improve IT agility
8	Modernize application platforms
9	Optimize deployment of IT resources across the organization
10	Reduce/avoid technology complexity

2022	
1	Secure data and systems
2	Effective strategic partnering
3	Maximized value from data
4	Technology skills and talent aligned to business need
5	Enterprise transformation to digital operating model
6	Matured, industrialized enterprise analytics capability
7	Enterprise cost-efficiency improvement
8	Faster time to value for technology-enabled initiatives
9	Engage-from-anywhere customer experience model
10	Work-from-anywhere workforce model

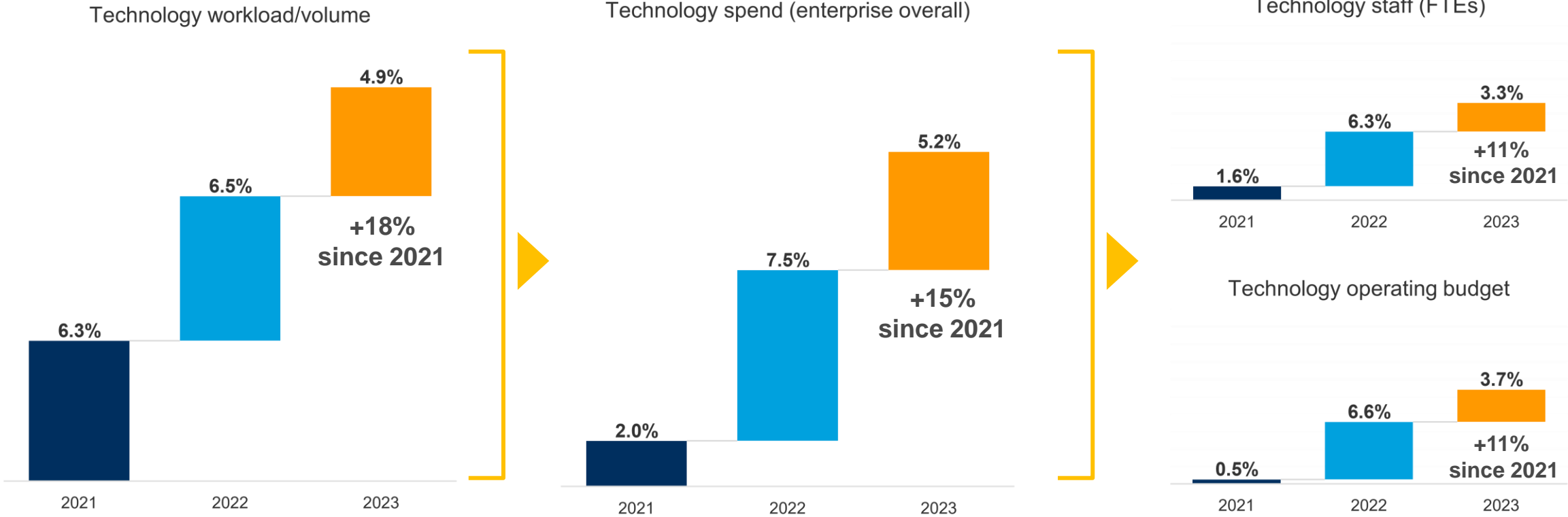
2023	
1	Secure data and systems
2	Faster time to value for technology-enabled initiatives
3	Enterprise transformation to digital operating model
4	Technology skills and talent aligned to business need
5	Maximized value from data
6	Vendor partner value realization
7	Enterprise cost-efficiency improvement
8	Matured, industrialized enterprise analytics capability
9	Effective strategic partnering
10	Engage-from-anywhere customer experience model

Source: The Hackett Group 2021, 2022 and 2023 Technology Key Issues Studies

# Continuing, and slowing of, rising tech and resource investment in 2023

The additional 2023 increase in all categories is projected to be less than the increase in 2022 at peak pandemic investment levels. It is projected that technology workload and volume will continue to increase an additional 4.9% in 2023. Technology staff projected increases of 3.3% continue, supporting growing workload and demand. Enterprise overall technology operating budgets are projected to increase in 2023 to 5.2%

## PROJECTED PERCENT CHANGE FROM 2021 TO 2023 FOR TECHNOLOGY WORKLOAD, SPEND, STAFFING AND BUDGET



Q. What is the estimated expected percentage change in workload, staffing levels, operating budget and technology spend for IT processes in 2023 compared to 2022?

Source: The Hackett Group 2023 Technology Key Issues Study

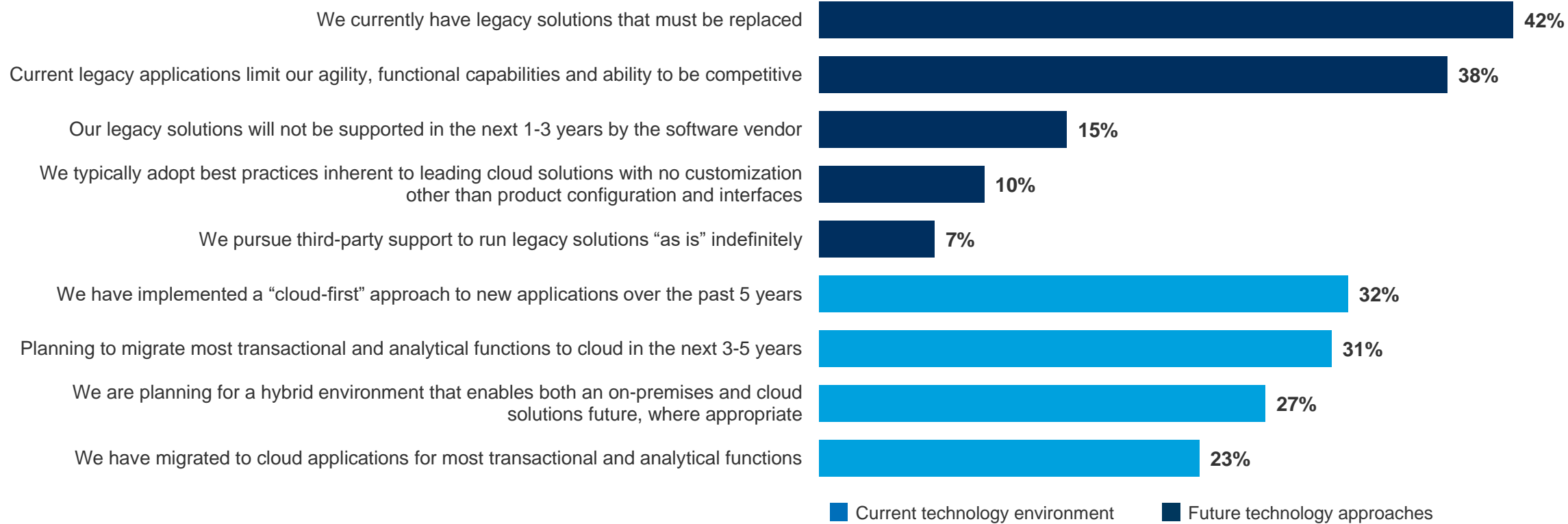
## 4. Enterprise cloud adoption

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# Current technology environment and future technology approaches

Many organizations see the benefit of a cloud applications strategy as legacy applications limit agility and growth (42%), and there will be a flurry of cloud migration over the next three to five years. Cloud-first approaches must be considered for new and/or replacement assets, although hybrid (on-premises and cloud) environments will coexist for the next few years. Critical to transformation success is the need to adopt best practices built into new solutions.



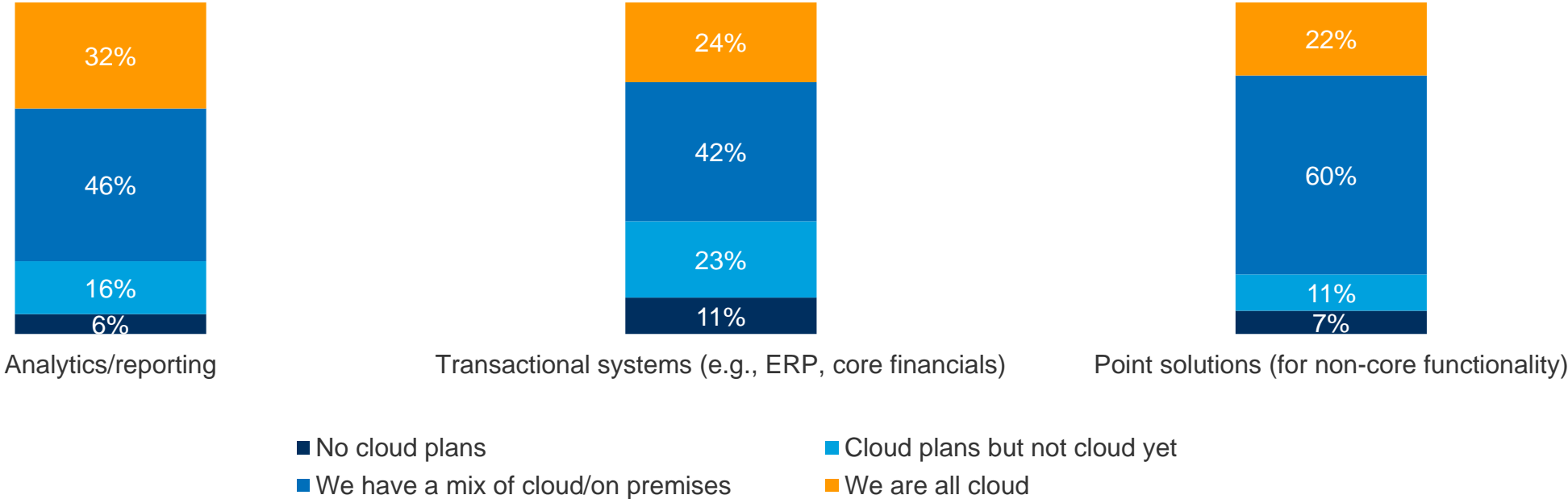
Q. What is your current and future approach to technology?

Source: The Hackett Group 2023 Enterprise Key Issues Study

# Enterprise cloud plans

Most organizations are either engaged in cloud projects or have cloud strategies in place, while very few have no cloud plans. Organizations realize that cloud strategies are a best practice and form the foundation of digital transformation. If your organization has not ventured into cloud territory, you are most likely not on a trajectory toward transformation and agility. In that case, you must understand market momentum and engage with services providers that can help you re-evaluate your strategy.

## ENTERPRISE CLOUD PLANNING



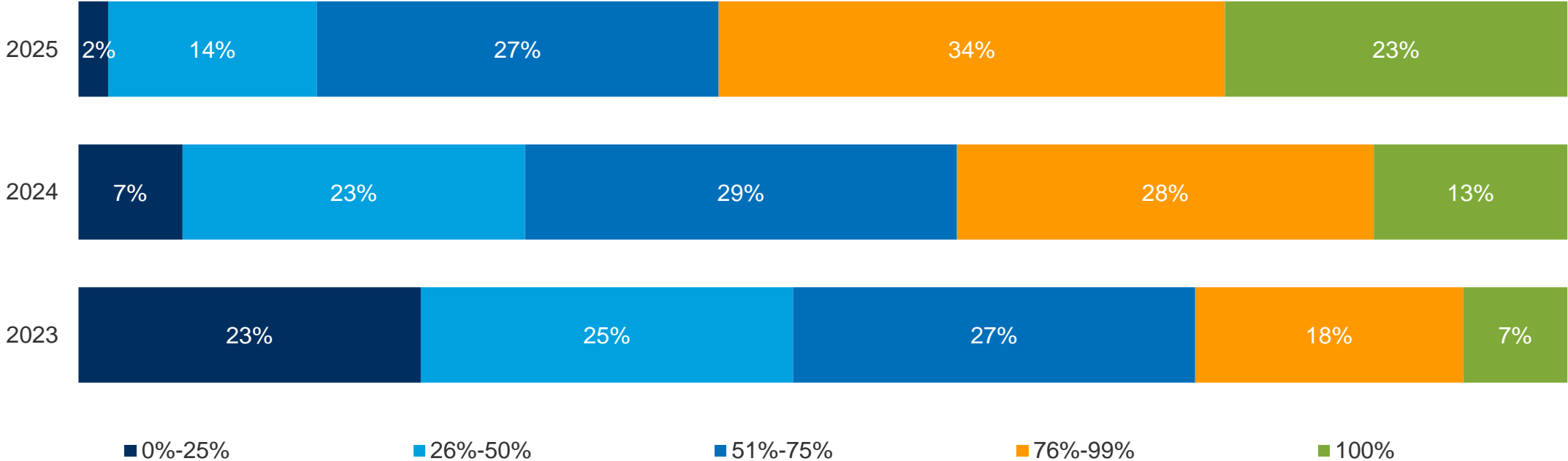
Q. Please describe your enterprise's plans for moving to the cloud for each of the following areas.

Source: The Hackett Group 2023 Enterprise Key Issues Study

# Planned cloud usage trends for business applications

Over the next three years, organizations will increase migratory projects to move more to the cloud. The cloud saturation categories below show that by 2025, only 2% will have less than 25% of their applications in the cloud and 23% of organizations in this study will be fully cloud. Determine how your organization compares to the findings in this study and prioritize cloud projects, and/or develop a cloud strategy.

## CLOUD USAGE TRAJECTORY FOR BUSINESS APPLICATIONS



Q. Please indicate your enterprise's expected cloud usage for business applications for the following years.

Source: The Hackett Group 2023 Enterprise Key Issues Study

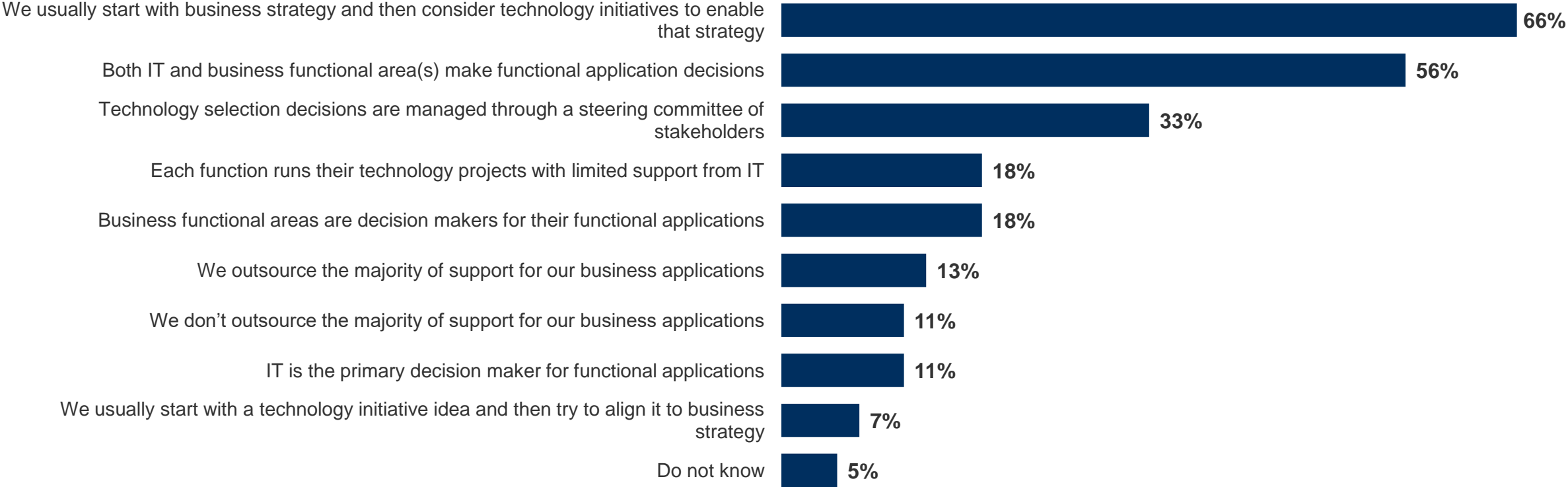
## 5. Technology strategy, adoption and value

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# Management of technology selection and governance

Organizations take a variety of approaches to manage technology selection and governance, with appropriately two-thirds linking it to business strategy. Ideally, this should be managed by a team of IT and business function leaders for the selection of best solutions for the enterprise under the guidance of an enterprise technology steering committee. Fortunately, only 11% of respondents showed IT is the primary decision maker for business applications.

## MANAGE TECHNOLOGY SELECTION AND GOVERNANCE



Q. How do you manage technology selection and governance?

Source: The Hackett Group 2023 Enterprise Key Issues Study

# Business applications strategies and approaches

Organizations are eager to take advantage of new business application capabilities, including artificial intelligence (AI) and/or machine learning (ML), and hyperautomation. While there is a preference for consolidating ERP and planning solutions, point solutions and multi-ERP environments will persist. While there is no “silver bullet” applications approach for all organizations, a “fit to function” should be the preferred approach in your applications strategy.

## STRATEGIES AND APPROACH

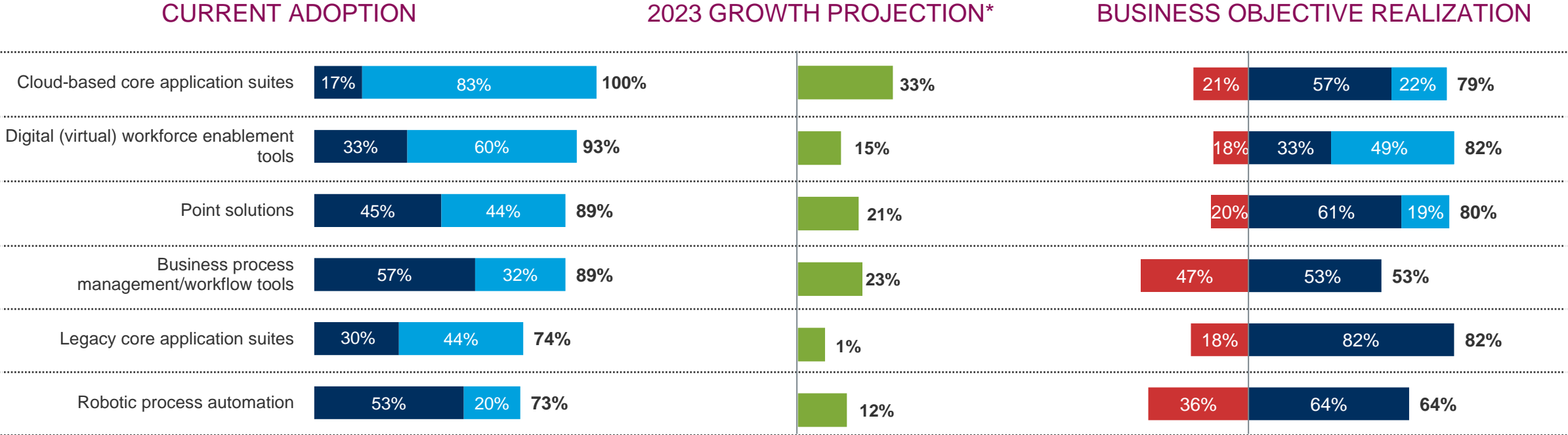


Q. What is your business applications strategy and approach?

Source: The Hackett Group 2023 Enterprise Key Issues Study

# Technology: Adoption, growth and performance (1 of 2) – 2023

Cloud-based applications have the highest deployment, surpassing legacy systems for the third year in a row, and the expected growth rate for cloud is also highest. Tools for remote/hybrid work have been deployed successfully and at scale by most companies. Technology investments that fail to meet business return on investment (ROI) should be abandoned. Reallocate time, money and people toward areas where technology enables value accretion.



■ Pilots/small-scale deployments\*\*   ■ Large-scale deployments\*\*\*

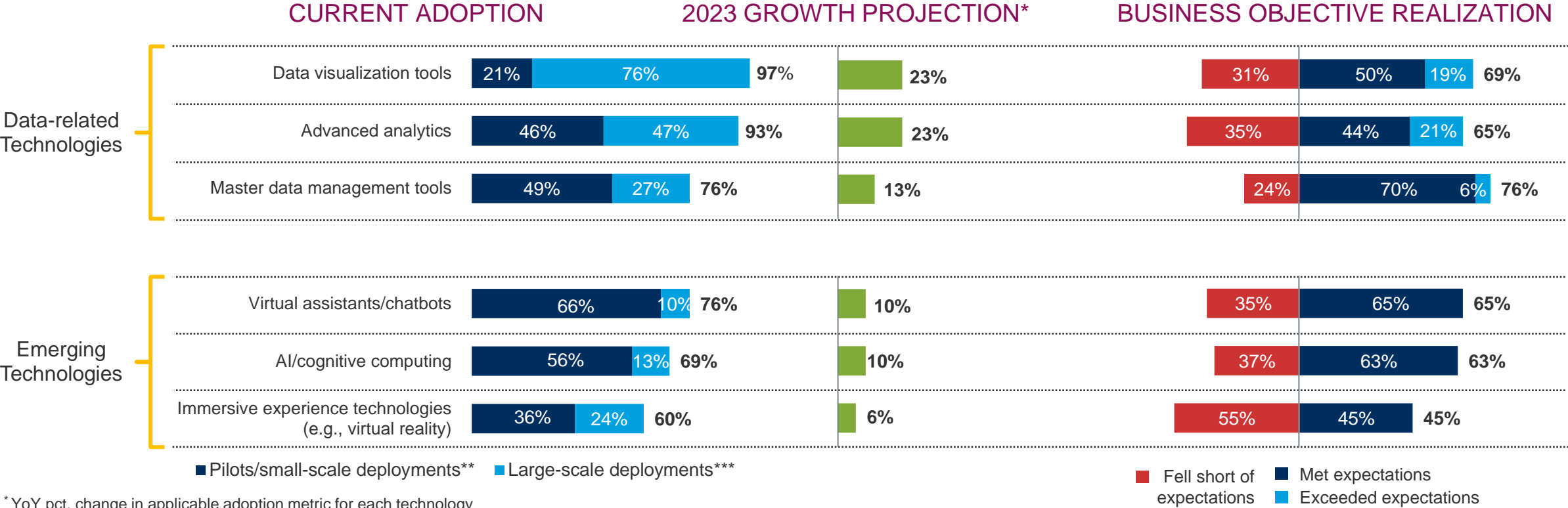
■ Fell short of expectations   ■ Met expectations  
 ■ Exceeded expectations

\* YoY percentage change in applicable adoption metric for each technology  
 \*\*The technology is used on a limited scale in isolated use cases  
 \*\*\*The technology is used at scale in applicable use cases  
 Q. What is the current level of adoption and projected change in adoption in 2023 for each of the following technologies in your technology function?  
 Q. Describe how the following technology initiatives performed over the past two years in support of business goals and objectives?

Source: The Hackett Group 2023 Technology Key Issues Study

# Technology: Adoption, growth and performance (2 of 2) – 2023

Deployments for data-related and emerging technologies continue to increase. Analytics tools show strong growth projections, but objectives realization rates have not improved year over year. Deployment rates for emerging and data-related technologies have increased year over year.



\* YoY pct. change in applicable adoption metric for each technology  
 \*\*The technology is used on a limited scale in isolated use cases  
 \*\*\*The technology is used at scale in applicable use cases

Q. What is the current level of adoption and projected change in adoption in 2023 for each of the following technologies in your technology function?  
 Q. Describe how the following technology initiatives performed over the past two years in support of business goals and objectives?

Source: The Hackett Group 2023 Technology Key Issues Study



## 6. Business functions' technology spend

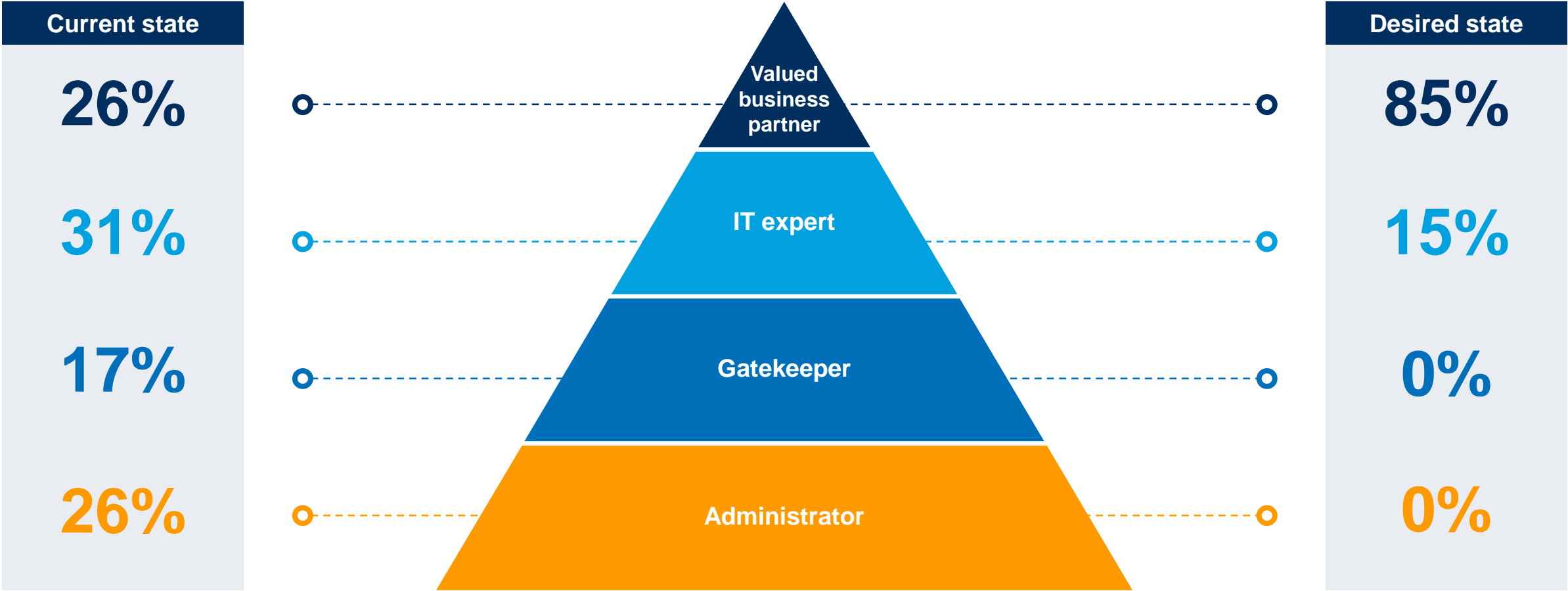
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# Business functions' technology summary

- IT organizations overwhelmingly strive to be perceived as a partner to business, influencing spend allocation through IT expertise and alignment to achieve strategic business initiatives.
- For many organizations, the leap of perception of administrative to strategic partners may require a significant transformation of culture and approach.
- Increased IT workload will continue to outpace increased spend, driving organizations to continue to become more cost-efficient and value-oriented.
- In an effort to offset rapid inflation and transportation costs, only supply chain business functions of planning and delivery expect investment growth to exceed workload.

Source: The Hackett Group Advisor Analysis

# Business perception of IT's overall role in supporting business success



**Valued business partner** – Spends time with other business/functional heads. Interested in improving overall business metrics rather than IT's agenda

**IT expert** – Provides insight and information on IT issues, tools, capabilities, etc.

**Gatekeeper** – Focused on setting policy, and ensuring process and policy compliance

**Administrator** – Tactically focused on fulfilling service requests and maintaining IT and/or “keeping the lights on”

Source: The Hackett Group's 2015 to 2022 Information Technology Functional Benchmark

# Business' perception of IT's role in supporting business success

## CURRENT STATE

	2016	2017	2018	2019	2020	2021	2022
<b>Valued business partner</b>	17.9%	22.4%	22.1%	16.4%	23.4%	25.1%	26.4%
<b>IT expert</b>	30.9%	30.4%	32.1%	30.7%	30.6%	39.5%	30.5%
<b>Gatekeeper</b>	15.0%	13.4%	12.5%	12.8%	5.8%	8.4%	16.7%
<b>Administrator</b>	36.2%	33.8%	33.3%	40.1%	40.2%	27.0%	26.4%

## DESIRED STATE

	2016	2017	2018	2019	2020	2021	2022
<b>Valued business partner</b>	76.0%	74.6%	78.1%	60.5%	62.2%	78.3%	84.6%
<b>IT expert</b>	16.4%	18.4%	15.2%	26.0%	23.7%	16.1%	13.3%
<b>Gatekeeper</b>	1.6%	1.6%	1.6%	2.9%	1.4%	2.0%	0.8%
<b>Administrator</b>	6.0%	5.4%	5.1%	10.6%	12.7%	3.6%	1.3%

**Valued business partner** – Spends time with other business/functional heads. Interested in improving overall business metrics rather than IT's agenda

**IT expert** – Provides insight and information on IT issues, tools, capabilities, etc.

**Gatekeeper** – Focused on setting policy, and ensuring process and policy compliance

**Administrator** – Tactically focused on fulfilling service requests and maintaining IT and/or “keeping the lights on”

Source: The Hackett Group's 2015 to 2022 Information Technology Functional Benchmark

# IT's perception of IT strategy aligned to business strategy

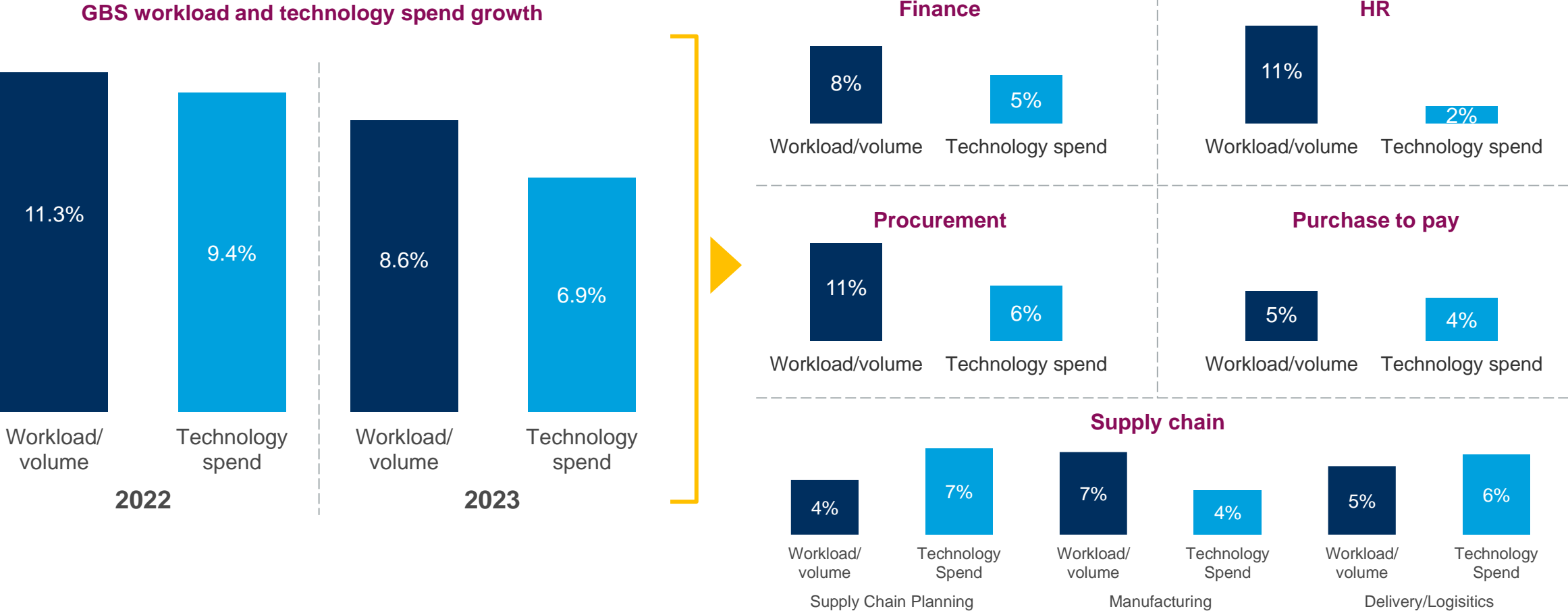
Across the period of 2015 through 2022, organizations continued their trend to move toward greater alignment with business strategy. While the percentage of IT organizations self-identifying as “not aligned” remains relatively consistent over the period, the percentage of “aligned: and “highly aligned” IT organizations continues to trend upward, with the notable exception of the onset of pandemic-era remote-worker proliferation in 2020, minimizing business interruption. Considering the leading priority of IT organizations becoming perceived as valued partners of the business, many “poorly aligned” IT organizations struggle to achieve the agility required to align with changing business priorities.

	2016	2017	2018	2019	2020	2021	2022
Not aligned	6.9%	8.5%	7.0%	5.7%	4.7%	8.2%	8.2%
Poorly aligned	38.8%	32.3%	34.7%	32.0%	23.2%	28.9%	25.1%
Aligned	51.9%	53.5%	50.4%	55.0%	67.8%	54.8%	58.0%
Highly aligned	2.4%	5.7%	7.9%	7.3%	4.3%	8.1%	8.7%

Source: The Hackett Group's 2015 to 2022 Information Technology Functional Benchmark

# Business functions are asked to do more with less – 2023 workload growth exceeds change in technology spend in the majority of functions

Technology spending will continue to increase in 2023, but not at the same rate as workload, translating into a technology spend gap across most functions. Technology spending is expected to be significantly lower than in 2022 across all functions, except for supply chain. Investment in technology is required to close the gaps and hedge against long-term inflation.



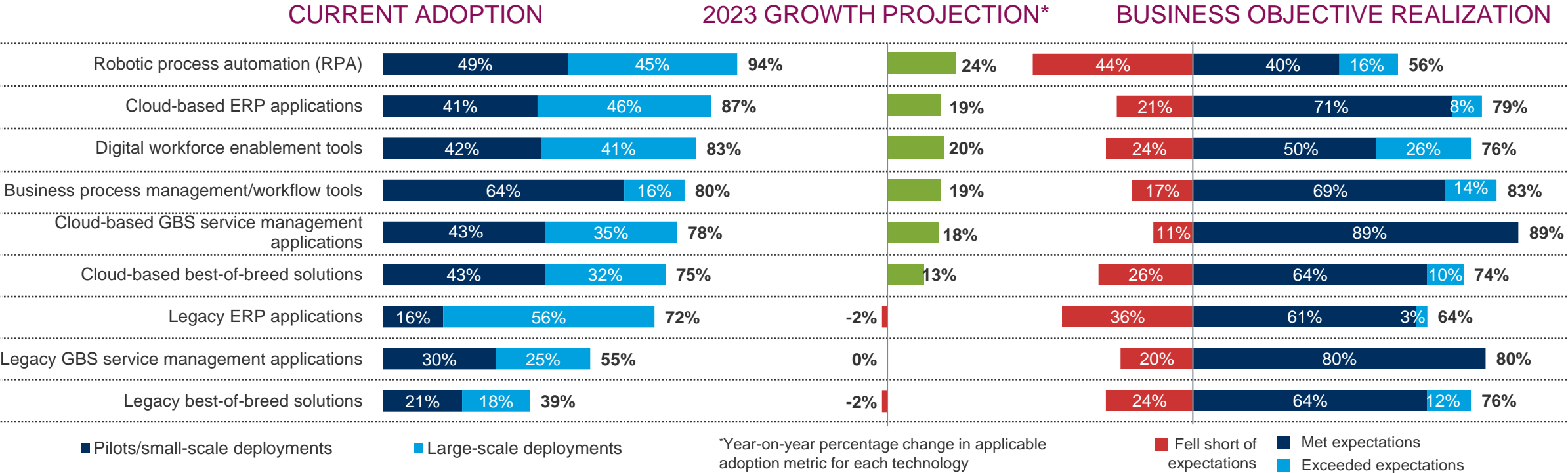
Source: The Hackett Group 2023 Key Issues Studies

# 7. Business functions' technology adoption

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# GBS: RPA is most broadly deployed in GBS organizations, while cloud continues to replace legacy on-premises applications (1 of 2)

Nearly all global business services (GBS) organizations have deployed RPA with the majority either piloting or using it in a limited way, and its adoption is expected to grow the highest in 2023. Lack of use-case identification and tendency to automate processes as they are, are among the key barriers limiting GBS from meeting RPA business objectives, according to The Hackett Group's advisors. GBS organizations must evaluate business processes using process and task mining technologies to gain the real benefits of RPA. Further, cloud-based applications are rapidly replacing on-premises legacy applications, with overall legacy applications adoption expected to remain flat or decline in 2023. GBS report cloud-based service management applications as the most effective, meeting expectations for ~90% of deployments. The COVID-19 pandemic has also made digital workforce management tools important as leading GBS are moving from office-based work to globally distributed work and virtual collaboration.



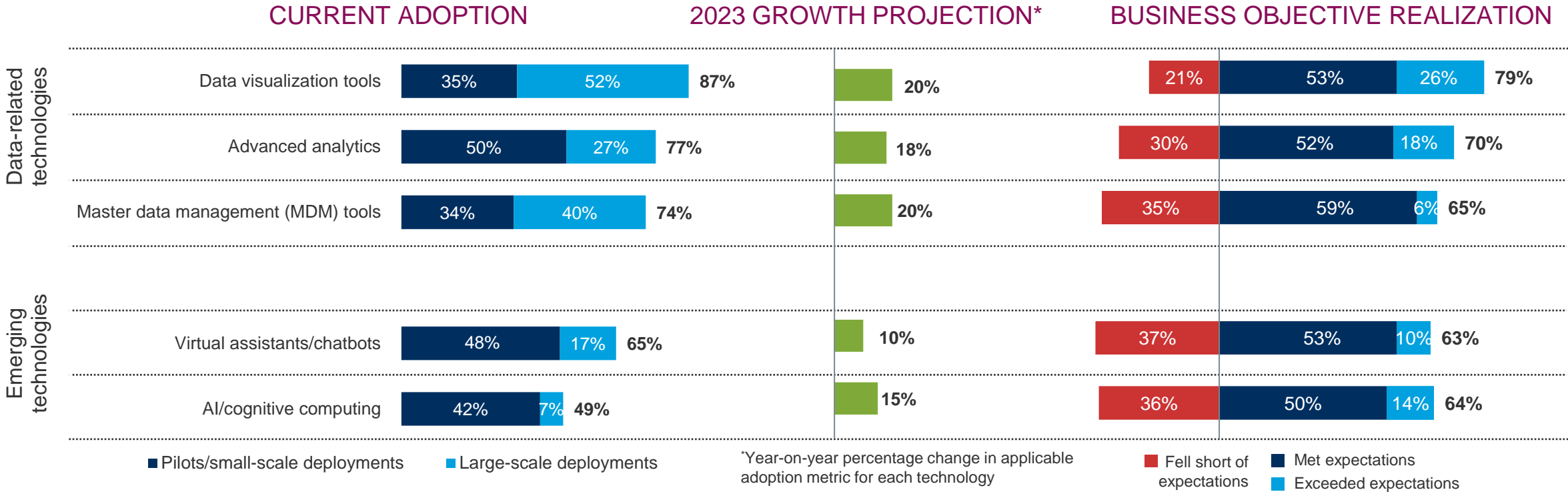
Q What is the current level of adoption and projected change in adoption for 2023 for each of the following technologies in your GBS organization?  
 Q Select the extent to which realization of business objectives met expectations for the following technology projects executed in the GBS function within the last two years.

Source: The Hackett Group 2023 GBS Key Issues Study



# GBS: Data-related technologies are increasingly adopted by GBS, AI/cognitive and chatbots remain emerging technologies (2 of 2)

AI/cognitive computing have the lowest adoption rate of all smart automation technologies in GBS and expected growth is moderate. Data-related technologies are far more widely adopted and are likely to rapidly increase. Investments in data and emerging technologies nets positive returns for a majority of GBS. As GBS organizations become more aware of new, ever-increasing digital opportunities, and gradually mature in terms of data-related and emerging technologies adoption, the true potential of these technologies will be unlocked.

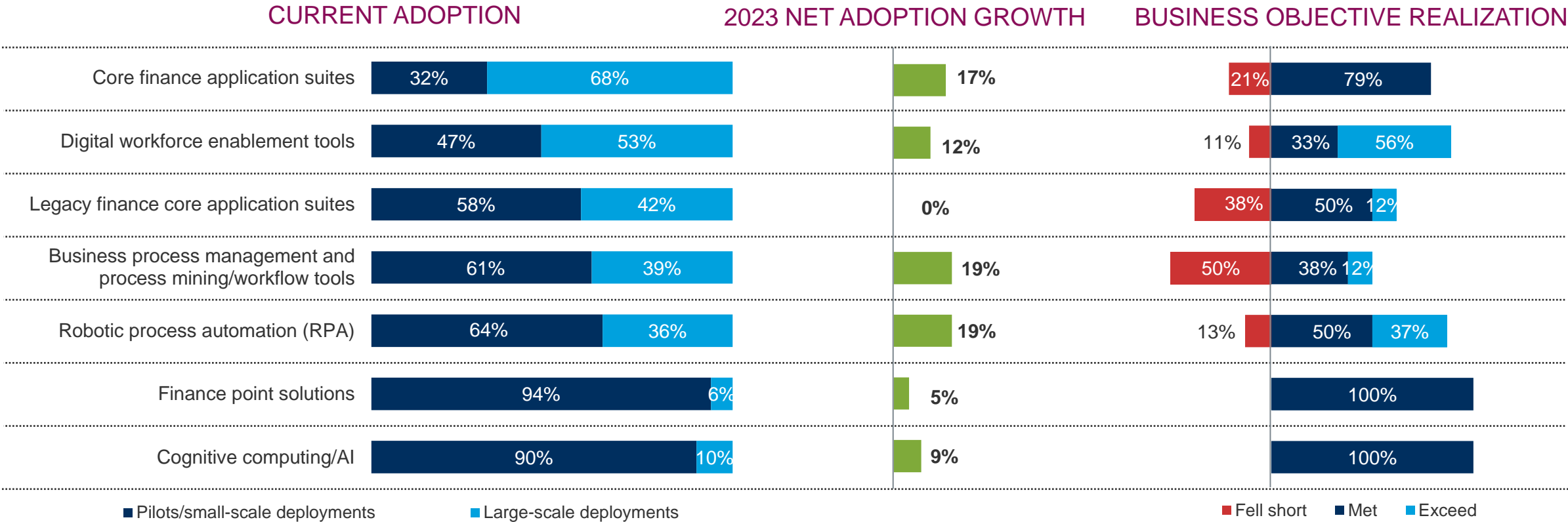


Q What is the current level of adoption and projected change in adoption for 2023 for each of the following technologies in your GBS organization?  
 Q Select the extent to which realization of business objectives met expectations for the following technology projects executed in the GBS function within the last two years.

Source: The Hackett Group 2023 GBS Key Issues Study

# Finance: Core technologies adoption, growth and performance (1 of 2)

Accelerating digital transformation requires scaling top digital technologies that overwhelmingly meet and exceed business objectives from pilots to enterprise-level deployments. Technology investments that fail to meet business return on investment (ROI) should be abandoned. Reallocate time, money and people toward areas where technology enables value accretion.

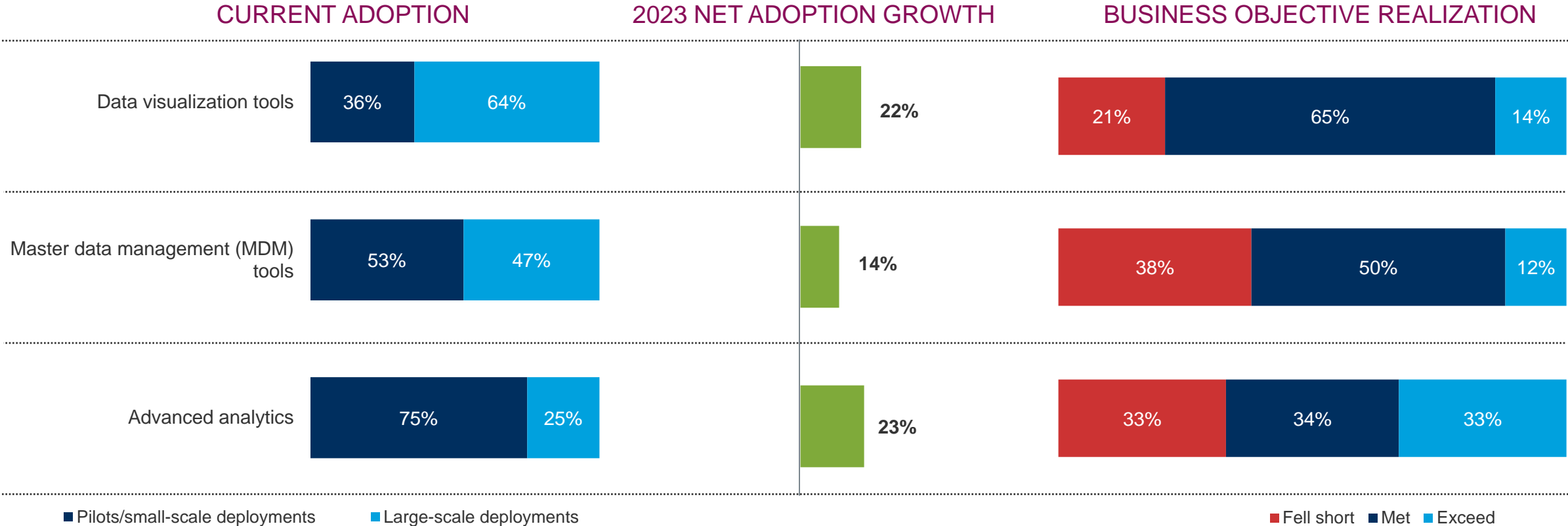


Q. What is the current level of adoption and projected change in adoption in 2023 for each of the following technologies in your finance function?  
 Q. Describe how the following technology initiatives performed over the past two years in support of business goals and objectives?

Source: The Hackett Group 2023 Finance Key Issues Study

# Finance: Data-related technologies adoption, growth and performance (2 of 2)

Data-related technologies met or exceeded business objectives most of the time. Master data management initiatives have a higher tendency to miss their objectives – likely due to the complexities of mastering data quality. Largest expected growth is for advanced analytics technologies that help organizations derive actionable insights. The second-largest growth is in data visualization tools that improve usability of insights, providing analytical context.

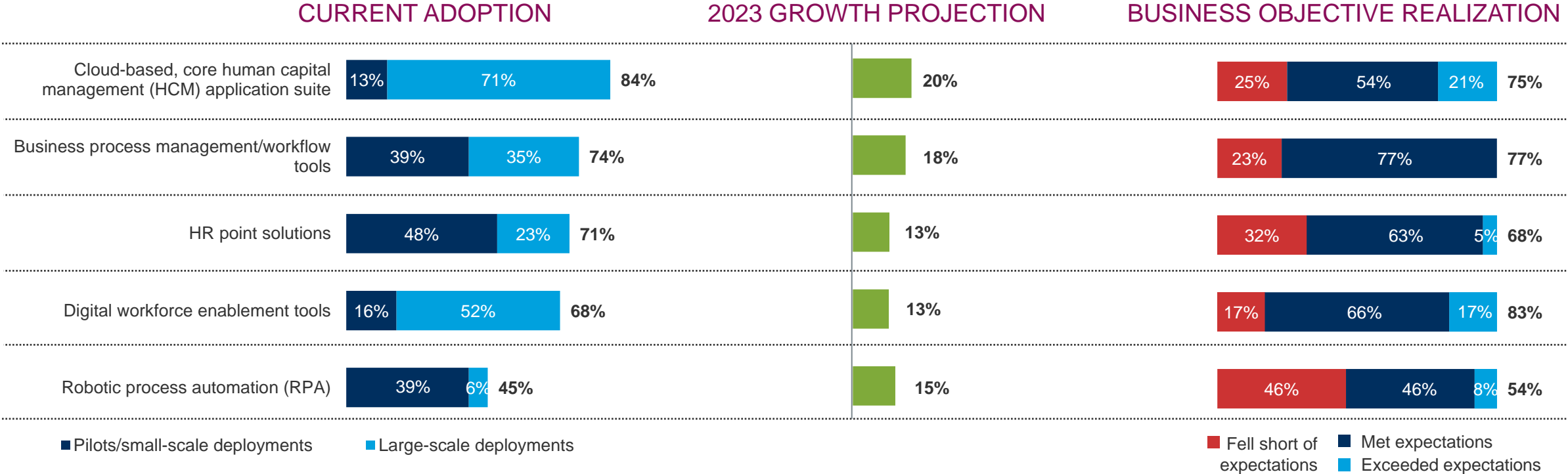


Q. What is the current level of adoption and projected change in adoption in 2023 for each of the following technologies in your finance function?  
 Q. Describe how the following technology initiatives performed over the past two years in support of business goals and objectives?

Source: The Hackett Group 2023 Finance Key Issues Study

# HR: Adoption of digital technologies continues to grow with a majority realizing their business objectives (1 of 2)

Cloud-based core HCM suites are pervasive, as are process management/workflow tools and HR point solutions. All are widely successful. Digital workforce enablement tools are also widely adopted and deliver strong results. Growth projections are strong, and HR will need to leverage these tools to the fullest to meet expectations in 2023. RPA tools, while producing mixed results, are worth a second look, especially for resource-strapped HR groups with fragmented systems.

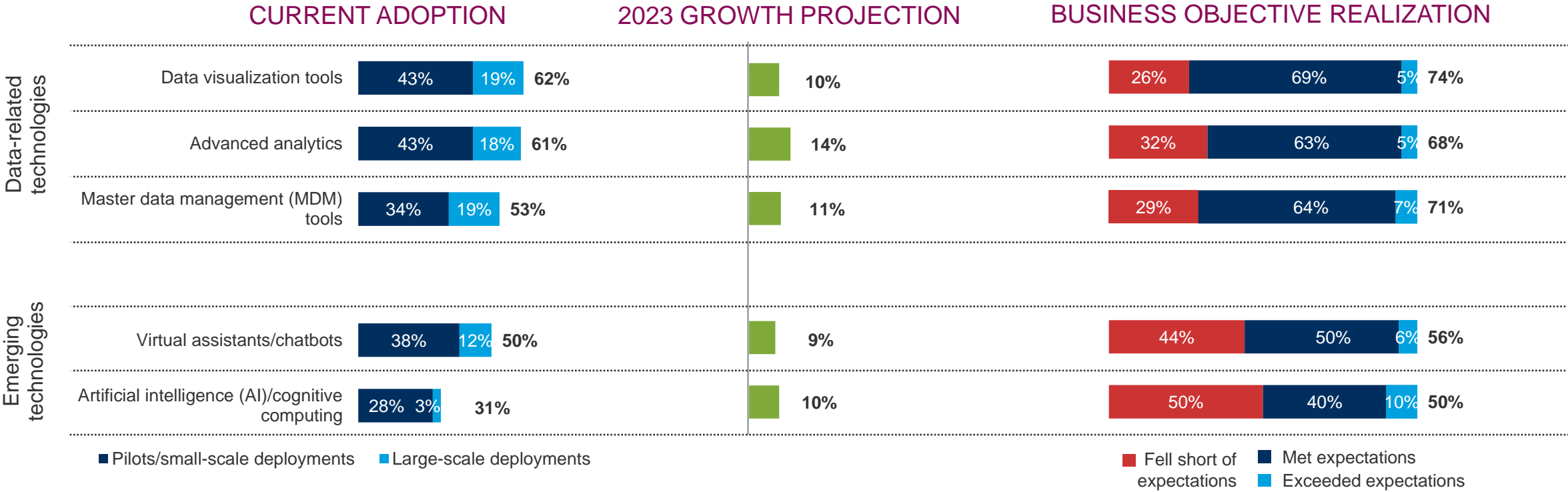


Q. What is the current level of adoption and projected change in adoption for 2023 for each of the following technologies in your HR function?  
 Q. Select the extent to which realization of business objectives met expectations for the following technology projects executed in the HR function within the last two years

Source: The Hackett Group 2023 HR Key Issues Study

# HR: Adoption of data-related and emerging technologies is increasing at a steady pace, but the learning curve remains steep for some HR organizations (2 of 2)

Small-scale deployments of data visualization, advanced analytics and master data management are the norm. More than two-thirds of respondents said they are realizing their objectives using these technologies, suggesting HR is mastering the learning curve. Adoption of virtual assistants/chatbots and AI/cognitive computing is inching up, but still yields mixed results. It is critical, however, that HR find ways to better leverage these technologies. Growth projections for all of these technologies are at healthy levels.



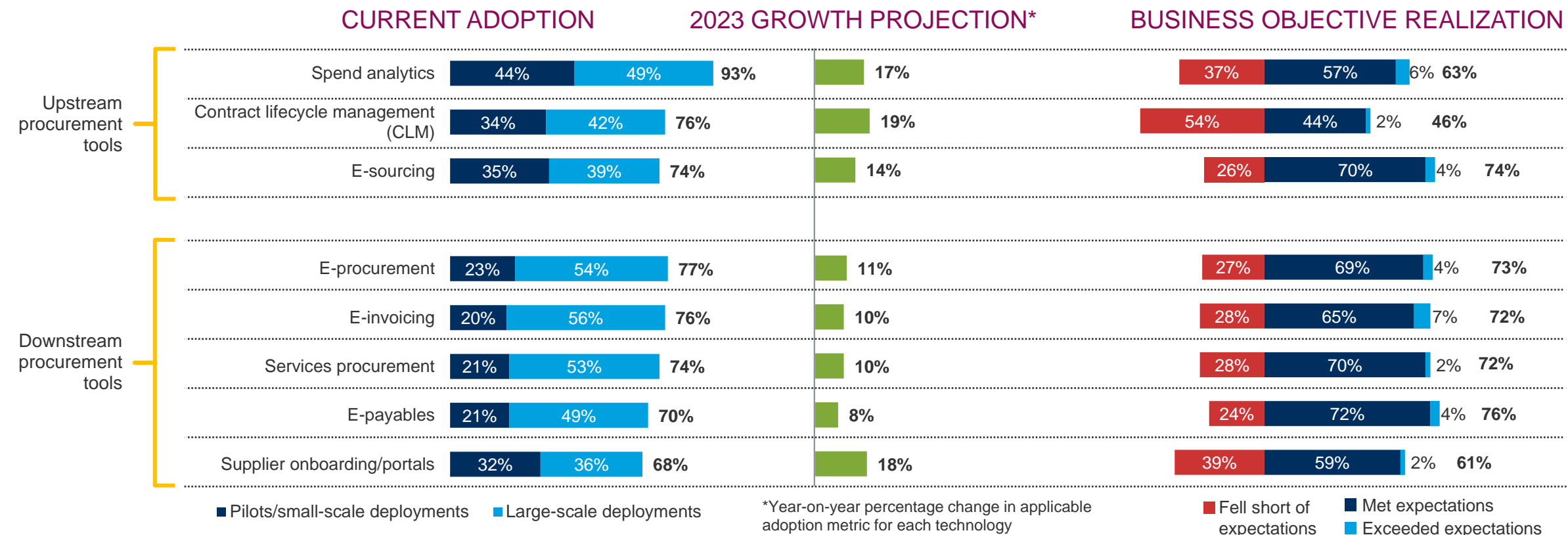
Q. What is the current level of adoption and projected change in adoption for 2023 for each of the following technologies in your HR function?

Q. Select the extent to which realization of business objectives met expectations for the following technology projects executed in the HR function within the last two years.

Source: The Hackett Group 2023 HR Key Issues Study

# Procurement: Technology adoption, growth projection and objective realization – end-to-end core procurement technologies (1 of 2)

There is a high level of adoption of end-to-end core procurement technologies with continued growth projected for 2023 demonstrating the importance of technology enablement. Supplier portals and contract lifecycle management solutions were most likely to fall short of expectations.

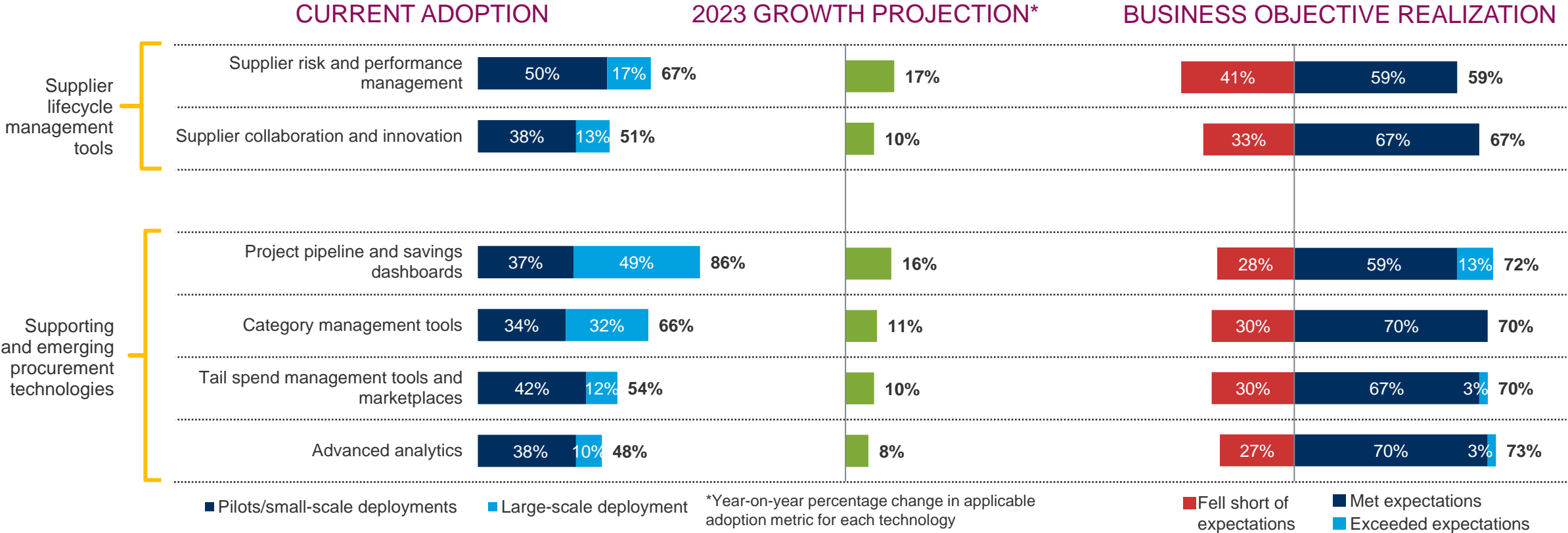


Q. What is the current level of adoption and projected change in adoption of system functionality for 2023 to support your procurement function?  
 Q. Select the extent to which realization of business objectives met expectations for the following technology projects executed in the procurement function over the last two years.

Source: The Hackett Group 2023 Procurement Agenda and Key Issues Study

# Procurement: Technology adoption, growth projection and objective realization – supplier lifecycle management tools, and supporting and emerging procurement technologies (2 of 2)

The adoption of supplier lifecycle management tools and supporting and emerging technologies is not as extensive as the core technologies. Growth projections for 2023 range between 8% to 17%. Many fell short of expectations, especially supplier risk and performance management.

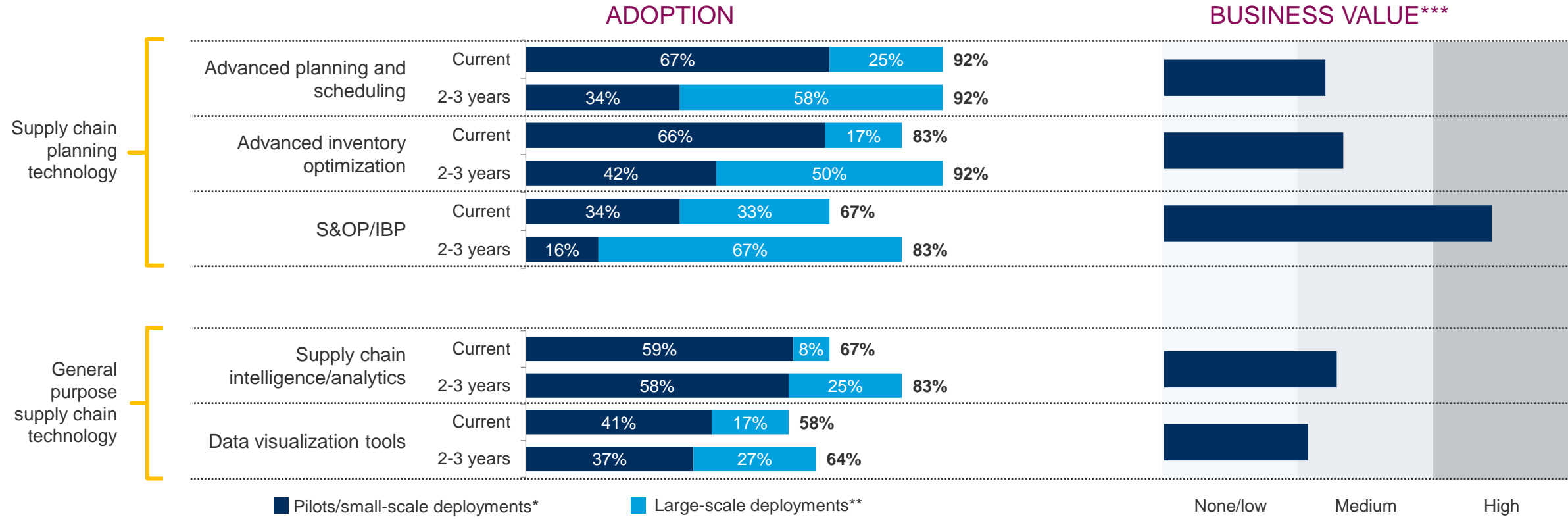


Q. What is the current level of adoption and projected change in adoption of system functionality for 2023 to support your procurement function?  
 Q. Select the extent to which realization of business objectives met expectations for the following technology projects executed in the procurement function over the last two years.

Source: The Hackett Group 2023 Procurement Agenda and Key Issues Study

# Supply chain: There is continued focus on digital transformation (1 of 2)

Supply chain technology is deemed a key enabler of the top 2023 priorities to optimize inventory, reduce supply chain risk, improve product availability, and improve S&OP/IBP while improving supply chain cost-efficiency. Organizations plan significant increases in large-scale deployments of advanced planning and scheduling, inventory optimization, S&OP/IBP, and analytics tools. As in previous studies, S&OP/IBP tools are rated as providing the highest business value across planning tools.



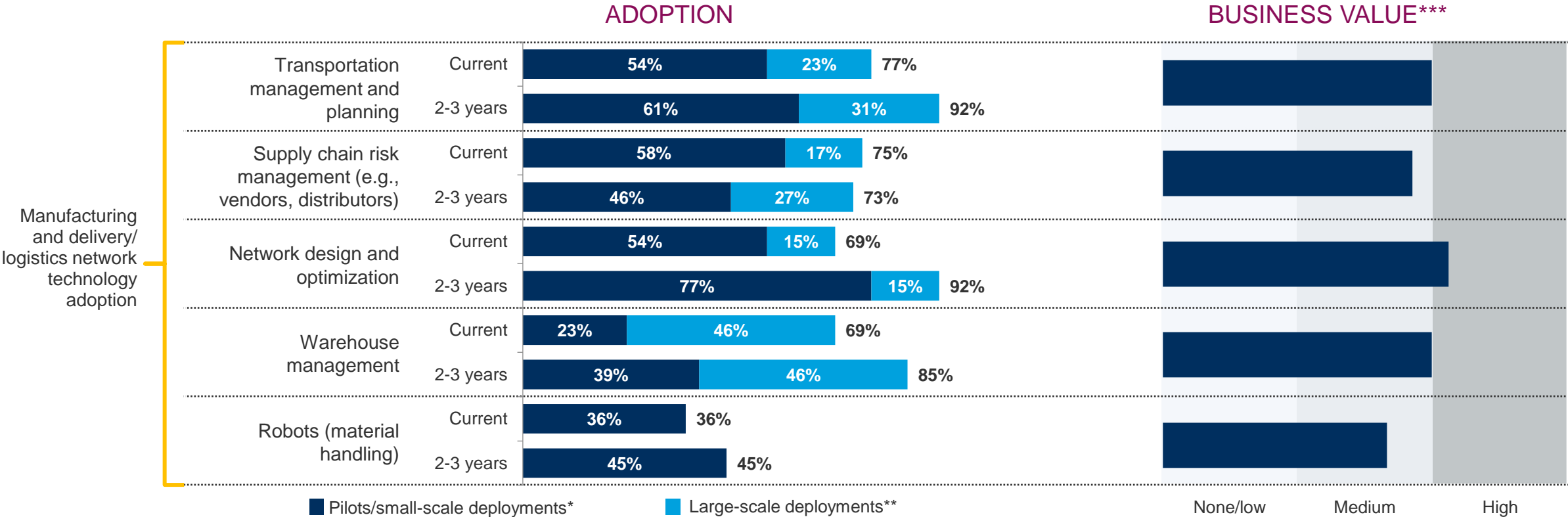
\*Pilots/small-scale deployments: The technology is used on a limited scale in isolated supply chain use cases.  
 \*\*Large-scale deployments: The technology is used at scale in applicable supply chain use cases.  
 \*\*\*Value/business benefit (e.g., cycle time improvement, service-level improvement, customer experience improvement, cost optimization).  
 Q. What are the current levels of adoption and projected changes in adoption for 2023 for each of the following technologies in your supply chain function?  
 Q. For each of the currently deployed supply chain management technology categories, please estimate the level of value/business benefit that it has driven.

Source: The Hackett Group 2023 Supply Chain Agenda and Key Issues Study



# Supply chain: There is continued focus on digital transformation (2 of 2)

Technology supporting manufacturing and warehouse/logistics networks has shown significant adoption across organizations, with network design/optimization expected to see the greatest growth in adoption. These tools are deemed to generally deliver good value and support top supply chain priorities – optimizing inventory levels, reducing risk, enhancing product availability, improving agility and improving cost-efficiency.

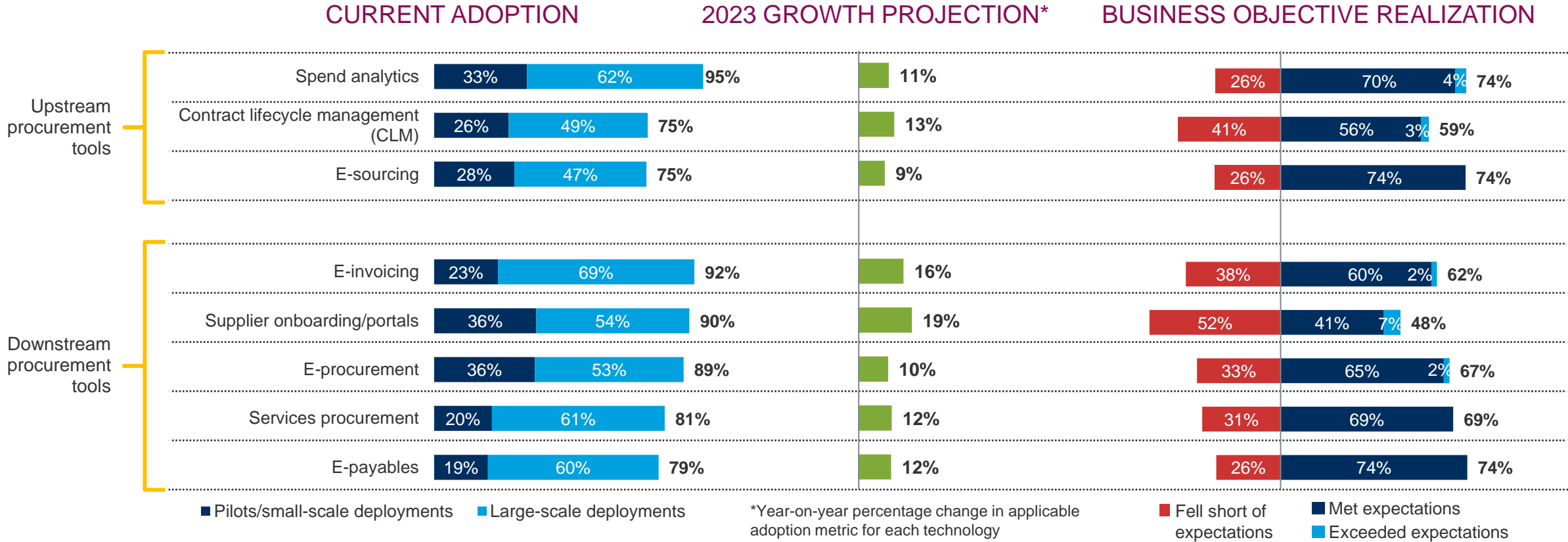


\*Pilots/small-scale deployments: The technology is used on a limited scale in isolated supply chain use cases.  
 \*\*Large-scale deployments: The technology is used at scale in applicable supply chain use cases.  
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 Q. What are the current levels of adoption and projected changes in adoption for 2023 for each of the following technologies in your supply chain function?  
 Q. For each of the currently deployed supply chain management technology categories, please estimate the level of value/business benefit that it has driven.

Source: The Hackett Group 2023 Supply Chain Agenda and Key Issues Study

# Purchase to pay (P2P): Technology adoption and objective realization – end-to-end core procurement technologies (1 of 2)

There is a high level of adoption of end-to-end core procurement technologies with continued growth projected for 2023, demonstrating the importance of technology enablement. Supplier portals and contract lifecycle management solutions were most likely to fall short of expectations.

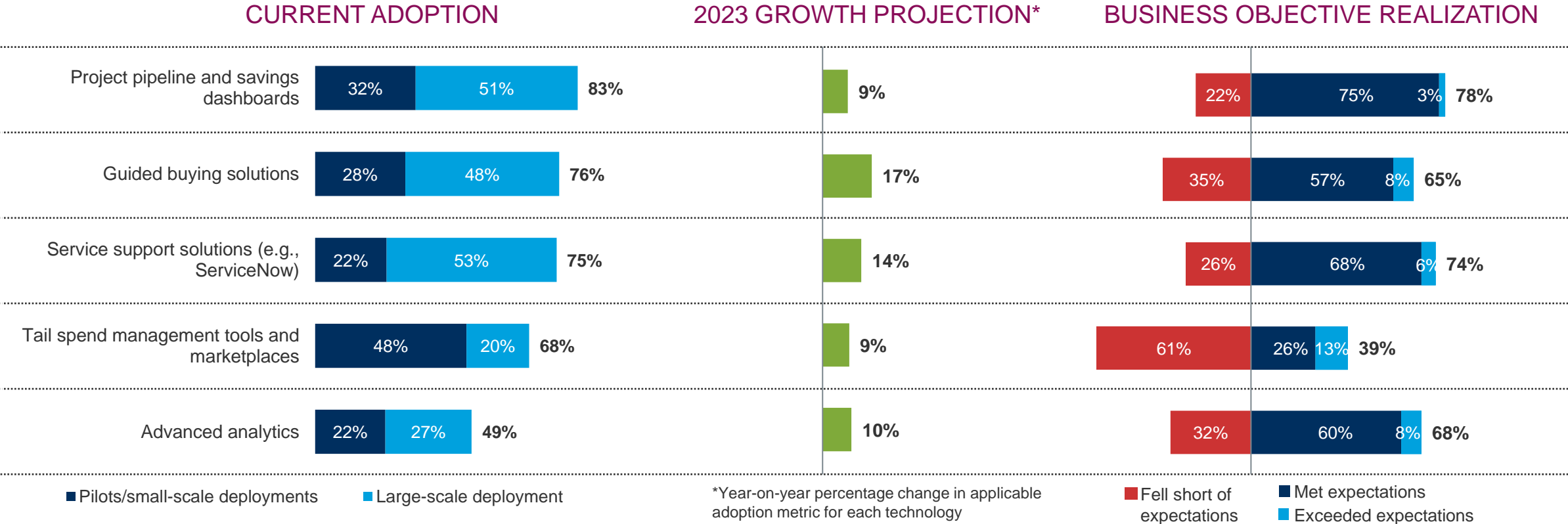


Q. What is the current level of adoption and projected change in adoption of system functionality for 2023 to support your P2P processes?  
 Q. Select the extent to which realization of business objectives met expectations for the following technology projects executed in the P2P function over the last two years.

Source: The Hackett Group 2023 Purchase-to-Pay Agenda and Key Issues Study

# Purchase to pay (P2P): Technology adoption and objective realization – supporting and emerging P2P technologies (2 of 2)

The adoption of supporting and emerging P2P technologies is not as extensive as the core technologies. Growth projections for 2023 range between 9% to 17%. Many fell short of expectations, especially tail spend management tools and marketplaces. Guided buying solutions also frequently fail to meet business objectives, which may be related to the type of solution being used (e.g., suites).



Q. What is the current level of adoption and projected change in adoption of system functionality for 2023 to support your P2P processes?  
 Q. Select the extent to which realization of business objectives met expectations for the following technology projects executed in the P2P function over the last two years.

Source: The Hackett Group 2023 Purchase-to-Pay Agenda and Key Issues Study

## 8. Key technology recommendations

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# IT must drive key operating characteristics to support the business's value drivers

## Business values

- Agile operations with scalable resource models, driving **26%** lower operating costs
- Digital World Class™ efficiency of operations leading to **30%** higher net margins
- Decision-making excellence that utilizes data to make better decisions, accessing **90%** via catalogs
- Innovative leadership that can disrupt businesses, industries and competitors – with **70%** of companies being early technology adopters

## IT operating characteristics

- Customer-first, nimble culture that positions IT as a strategic business enabler with **2X** more spent on emerging technology
- Infrastructure operating principles that reduce complexity drag by retiring old systems, resulting in **23%** lower IT operating cost
- Business-aligned performance management that relies on IT reporting expressed in terms of business value, with average time to value being **50%** faster
- Value-oriented organizational structure consisting of platform- and/or product-centric teams and commodities provided by shared services, driving **32%** fewer IT full-time equivalents (FTEs)

Source: The Hackett Group

# Technology 2023: Four areas of focus

Select companies are thriving during times of external uncertainties. They are succeeding because they are mastering complexity at scale while effectively managing and mitigating the impacts of economic recession, inflation, talent hiring, retention challenges, and ongoing geopolitical risks. Leading organizations are achieving this by maturing their digital technology deployments along with employing best practices, resulting in accelerated digital transformation and step-change performance improvement. Digital World Class™ companies are redefining and upscaling what constitutes high-performing organizations now, and into the foreseeable future, despite being challenged with increasing workloads that are constrained by FTE reductions and operating budget, by leveraging technology investments and scaling deployments to create functional capacity force multipliers to mitigate challenges.

## 1. Drive business value

- IT organizations' business value must continue to outpace the investments, while maintaining focus on priorities, such as cybersecurity, through the expected reprioritization of capital allocation. Strategic organizational alignment of IT initiatives will need to be leveraged to propel value derived from those efforts.

## 2. Retain the right IT skills and talent

- While leaders signal preparation for challenging and/or turbulent economic conditions in 2023, talent management remains a top priority. Attracting, retaining and upskilling talent to drive digital transformation initiatives are key to unlocking the expected value.

## 3. Data-driven agility

- Accelerating advanced analytics, modeling and artificial intelligence continues to underpin digitization and business process automation. Providing timely, actionable, data-driven insights informs decision making. IT organizations strive to meet demands for greater agility in servicing the business as a crucial part of securing data that is complete, timely and accurate, and delivers meaningful and actionable insights to the business.

## 4. Digitally transform at scale

- Organizations must meet their transformation challenges head-on as they modernize, scale and accelerate their transformation efforts; all while improving cybersecurity in a world where state-sponsored cyberattacks are on the rise.

Business operating models continue to change. As digital operations mature, transactional work is automated and knowledge work is supported by analytics. Business services functions must reimagine, redesign and radically evolve their operating model over time. Operating model success in the future involves decisions about scope, modality and placement of work that leverages organizations' centers of excellence (COEs), customer facing business units (BUs), the role of global business services (GBS), and strategic partnerships.

Source: The Hackett Group 2023 Technology Key Issues Study

# Technology's top 10 priority objectives for 2023

1

## SECURED DATA AND SYSTEMS

The risk to data and system availability remains high as most workers continue to be remote. The work-from-home environment must be protected; and employees educated on risky behaviors.

2

## FASTER TIME TO VALUE FOR TECHNOLOGY-ENABLED INITIATIVES

Digital operating models depend on speed. Enterprises are operationalizing development processes and continuous development practices to shorten time to value.

3

## ENTERPRISE TRANSFORMATION TO DIGITAL OPERATING MODEL

The enterprise still needs to accelerate its digital transformation, particularly in the back-office G&A functions. The technology organization is the best equipped accelerant to apply to the task.

4

## TECHNOLOGY SKILLS AND TALENT ALIGNED TO BUSINESS NEED

The talent profile is rapidly shifting to brokered infrastructure management, iterative development, relationship-based partnering and digital strategy. Skills and roles must be refreshed accordingly.

5

## MAXIMIZED VALUE FROM DATA

No corporate asset is more potentially valuable and less optimized than data. Most companies realize this, and it is incumbent on the technology function to manage data for maximum utility.

6

## VENDOR PARTNER VALUE REALIZATION

IT outsourcing continues its upward trend despite enterprises experiencing unprecedented challenges with existing partners. Improve vendor partner outcomes by driving better processes, relationships, management and collaboration.

7

## ENTERPRISE COST-EFFICIENCY IMPROVEMENT

While enterprises are not panicking, supply-chain disruption and shortages, inflation, and a lingering pandemic will make cost management more challenging. Any cost takeout will be welcomed.

8

## MATURED, INDUSTRIALIZED ENTERPRISE ANALYTICS CAPABILITY

Along with effective data management, a mature analytics capability across the enterprise will unlock insights and improve the speed and accuracy of decisions.

9

## EFFECTIVE STRATEGIC PARTNERING

Optimizing processes and skills to enable effective stakeholder partnering is necessary to succeed in technology transformation under the added pressure of inflation and supply disruption.

10

## ENGAGE-FROM-ANYWHERE CUSTOMER EXPERIENCE MODEL

Customers are not going back to traditional commerce models. Technology must enable an engagement model that delivers seamless, customizable experiences across every platform.

Source: The Hackett Group 2023 Technology Key Issues Study

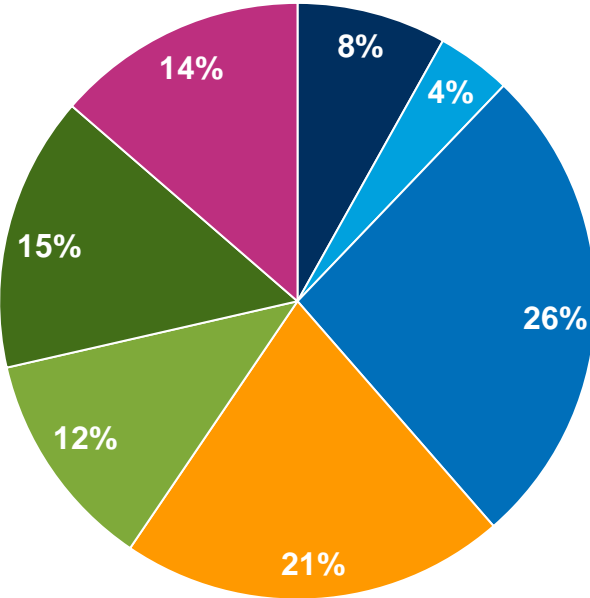
## 9. Demographics

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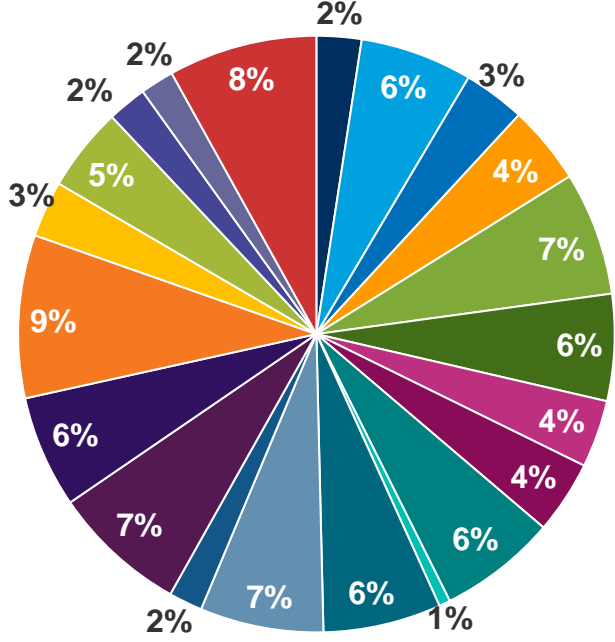
# Demographics

REVENUE



- \$0-\$499 million
- \$500 million-\$999 million
- \$1 billion-\$4.999 billion
- \$5 billion-\$9.999 billion
- \$10 billion-\$19.999 billion
- \$20 billion-\$49.999 billion
- \$50 billion or more

OVERALL RESPONDENTS



- Banks
- Consumer Discretionary
- Financial Services
- Higher Education
- Insurance
- Manufacturing – Process
- Travel, Transportation and Hospitality
- Commercial and Professional Services
- Consumer Staples
- Government/Nonprofit
- Industrial
- Life Sciences
- Materials
- Utilities
- Communications and Media
- Energy
- Healthcare
- Information Technology
- Manufacturing – Discrete
- Retail
- Other

Source: The Hackett Group 2023 Technology and Enterprise Key Issues Studies

Q. What industry classification(s) best represents your organization?

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