nexthink

IT THROUGH A CRISIS:

Creating a Recession-Proof Digital Workplace

Introduction

For career IT professionals, working through times of economic turmoil is not an unfamiliar challenge. Those who have been in the field for decades can recall how the Great Recession of the mid-2000s impacted their companies' growth and their own career trajectories – and younger generations of IT pros are still feeling the ripple effects of the global pandemic that began in 2020.

But today, IT professionals find themselves in a predicament unlike any that have affected the industry in the past. They've been tasked with shepherding the complete evolution of their digital workplaces, deploying new technologies and strategies to support the experiences of hybrid employees. Meanwhile, their business leaders are looking at market trends and forecasting a prolonged period of economic uncertainty – which in turn means they're putting pressure on IT departments to reduce technology costs and minimize new spending.

These dueling challenges – keeping up with digital transformation while keeping overheads low – has led many IT leaders to wonder: is a recession-proof digital workplace really possible in today's world?

If you've pondered this very question, perhaps with a sense of growing anxiety, we at Nexthink are here to show you there's reason for optimism.

In this eBook, you'll find a variety of firsthand stories, compelling data, and actionable advice that illuminate a path for IT leaders to dramatically reduce costs – while continuing to innovate and transform their workplaces for the better.

Read on to learn how you can do more with less and build a truly recession-proof digital workplace.

Table of Contents.

Then & Now: Cost-Saving Lessons from the Great Recession That Still Ring True Today

Scott Pope
Business Value Architect, Nexthink

The Great Recession of the mid-2000s forced businesses and workers to navigate a period of economic hardship many had never experienced before. Drastic changes rippled through companies around the world, including:

- Innovation projects grounded to a halt.

- Employees were laid off, saw their career trajectories stall out, and faced unprecedented job insecurity.

- Business leaders tightened budgets and looked for ways to keep their companies afloat until the recession ended.

These same hardships also affected companies and their employees in the wake of the pandemic, and continue to do so as we face a period of prolonged economic instability. **But the workplaces of today are radically different from the ones that confronted these challenges nearly two decades ago.** The pandemic pressed the fast-forward button on digital transformation. And the rise of hybrid work has redefined our understanding of the workplace itself.

Despite how different of a landscape we find ourselves in, there are still many lessons we can learn from previous recessions that can help us navigate the challenges we're faced with today. Having worked in the IT space for several decades, I learned many of these lessons firsthand — and I'll share them with you now.

Innovation Costs: IT leaders must align technology investments to business objectives.

When the Great Recession hit, I was working for a global architects practice that was midway through a significant expansion into the UAE region. Construction projects across the world ground to a halt, which put a stop to our expansion. With our strategic project work sidelined, our top priority was now to keep the lights on and make do with what we had.

But this didn't mean we stopped innovating or looking at ways to streamline and improve the IT services we delivered . In fact, in the midst of the recession we made the decision to move to G-Suite for Business, Google's SaaS-based email service. And towards the tail end of the recession, we started that project, becoming one of the first UK companies to do so. Looking back, this was a big leap of faith given the economic instability and the immaturity of cloud-based services, but it was a decision that paid off and it changed the way the company connected and collaborated internally and externally with customers.

These projects represent the first major lesson from the Great Recession that still rings true today: **in technology, you can't stand still. Even during a time of economic hardship, IT needs to continuously look forward and innovate in ways that provide value to their business.**

This delicate balancing act — keeping the lights on while continuing to look forward — is why it's so important for IT leaders to be in total alignment with the business they're supporting. Say, for example, you're working in the insurance field. *How does that insurance company turn a profit? What distinct value does the business offer; what problems do they solve in order to make money?*

Everyone can answer these questions about their employer, of course, but IT leaders must strive to go beyond the surface-level details and learn the objectives of their business inside and out.

When IT leaders have a deep understanding of their business's objectives, it becomes easier to make decisions around technology investments and understand how technology relates to business value.

Cloud-computing has changed the way we think about technology investments.

Decades ago, this balancing act was harder to get right – as investing in new technology meant major changes to IT infrastructure, changes that would be very difficult to reverse if an investment didn't pan out as planned. As a result, IT had a tendency to over-buy in terms of capacity, often paying for more software and hardware than we needed.

Now, the rise and maturity of cloud-based solutions means we can increase or decrease capacity with the flick of a switch. This presents IT leaders with an opportunity to become more agile and efficient, an opportunity that was rarer back in 2008.

By leveraging cloud-based vendors and partnerships, we're now able to be more flexible in times of economic downturns, expanding or contracting the scale of our investments so that they're always in step with the current business demand.

Hiring Costs: Developing talent from within IT departments is more important than ever.

It's not just technology and the way we use it that has changed since the Great Recession – the responsibilities and required skills of IT workers have also evolved considerably. Companies are facing the costly proposition of hiring for new technology positions, looking for candidates who are qualified to perform jobs that simply didn't exist a decade ago.

These companies are struggling with this challenge. There's a major skills gap in the IT hiring market, as there are more open jobs than there are active candidates who boast the skills employers are looking for. As a result, we're seeing an unprecedented number of open roles remain unfulfilled for months or even years.

This brings me to the second lesson I've learned in my long career in IT: **it's important to develop skills internally before looking externally.** When looking to fill new roles, I've always started by looking at the people around me, seeing who could evolve from their current roles into new positions. Developing internal IT talent is essential today, given the skills gap in the current hiring market – and the huge overhead that hiring new staff represents in the first place.

Finding job candidates with skills in data analytics, automation, AI, and other new technology trends is not only difficult, but expensive. But if you were to bring someone up from within your organization desk and help them develop some of these skills, you end up accomplishing many goals at once:

- You evolve your IT department into a unit that's prepared for future workplace challenges.
- You save the business a significant amount of hiring resources and money.
- You give individual IT workers an actionable and more sustainable career path.

Throughout my own career, I was given the opportunity to develop my skill set and move up the ranks – so I believe it's important to give back and allow others to do so as well.

Final Thoughts

Ultimately, how well you navigate a recession as an IT leader depends on your ability to do more with less and be more efficient with what you have – it doesn't require you to do less.

If there's anything that previous recessions have taught us, it's that IT can never afford to stand still. But when your technology and your IT employees are developing in alignment with your business's objectives, you'll be able to deliver value in any economic climate.

3 Ways to Reduce IT Operating Costs Today

Sam Holzman
DEX Analyst, Nexthink

Businesses are always on the lookout for cost-efficiencies across their digital workplaces — but in times of economic uncertainty, departments that consume a lot of a company's budget and resources are placed under the microscope to an even greater extent.

IT departments in particular have been subject to scrutiny when it comes to cost-efficiency. Today's workplaces are so heavily reliant on digital transformation to keep pace with the competition, and as a result, IT operations teams have seen budgets steadily increase as they architect new solutions, invest in new applications, and perform DEX-driven initiatives designed to improve the digital workplace.

When these initiatives don't generate a positive impact to the bottom-line, those operations teams draw attention from leadership looking to reduce costs — and not positive attention.

Here's the good news: a majority of IT departments can take measures to become more cost-efficient, almost instantly. Keep reading as we examine three major areas of an IT department's budget, and provide tips for how to make these areas more efficient and boost ROI rather than drive costs.

1: Hardware Costs

Every digital workplace relies on high-powered technologies to support their workers in the office or at home. These laptops, mobile devices, and desktop CPUs represent a large portion of an organization's overall budget — costs that seem largely unavoidable, of course, as employees need these technologies in order to do their jobs.

Many of the costs associated with hardware are avoidable, however. One of the biggest mistakes an IT department can make is over-provisioning: providing employees with hardware they don't need or rarely use to perform their unique day-to-day responsibilities.

Creating comprehensive employee personas is the first step to mitigating this issue of over-provisioning. With dynamic personas in place, an IT team is able to understand exactly what hardware and configurations an employee needs to be productive and efficient in their given role. And by digging into real-time utilization data, they're able to detect which devices in their environment aren't being used and then reclaim and repurpose these devices to save costs on new machines.

Then there's the issue of hardware refreshes. Too many IT departments rely on a fixed schedule for when they replace a certain device. When an employee's laptop is five years old, for example, they're eligible to swap the laptop out for a shiny new device. A single hardware refresh might cost somewhere between $1000 and $2000 — but if you're providing service for hundreds or thousands of digital workers, the overall cost of hardware refreshes can add up to something astronomical.

The problem with this traditional approach is: no two devices perform exactly the same. So why should there be a standardized hardware refresh age across the environment?

We've seen many organizations cut costs significantly by taking a new approach to hardware refreshes. When you have visibility into each device's usage and performance data, you're able to determine which "old" devices actually do need to be replaced, which ones simply need

less-expensive software updates, and which ones are performing just fine and continuing to deliver solid digital experiences to their users.

Want to see a real-life example? Read this article to learn how one nonprofit re-imagined their hardware refresh strategy and saved nearly $400K.

2: Software Subscriptions

It's no secret that SaaS applications have taken over the software market over the past decade – but these statistics are still staggering to read:

- SaaS applications make up 70% of total company software use.

- Annual SaaS contract values have increased by more than 5x in the past six years.

- Organizations with more than 1,000 employees use an average of 150+ SaaS applications.

- More than 30% of organizations have spent more on SaaS due to the pandemic.

As these figures indicate, SaaS applications are a giant cost for today's organizations. These applications perform a variety of essential tasks, from sales and marketing automation, to collaboration, to project management and so on. But are all of your company's SaaS applications really earning their steep subscription costs? If you don't have an airtight software rationalization strategy in place, the answer to that question might surprise you.

Start by analyzing the adoption rates and usage of the software licenses across your environment. What you'll undoubtedly find is that many devices with these licenses installed are barely making use of them, or not using them at all. For example: if your contract with a project management support tool delivers 1,000 licenses, but only 500 employees actually use the tool, how much money are you wasting?

Once you've visualized the utilization rates across your SaaS application suite, you're able to engage with employees who aren't using designated apps and ask them for permission to remove the licenses from their

devices. Much like with the above hardware provisioning strategy, this approach to SaaS rationalization will reduce costs significantly, without having an impact on the employees who actually rely on these tools.

3: Cloud Integrations

Cloud integration refers to the system that connects your infrastructure's various applications and solutions, enabling efficient exchange of data and processes across the environment. Cloud integration is a cornerstone of most organizations' technology strategies, particularly in today's digital workplace, where there are more applications than ever before, being used by employees who work in a wider variety of locations.

But cloud integration is also the source of some of the most overlooked IT costs. One of those costs is a result of **too many connections:** because integration is such a high priority, organizations often make the mistake of *over-integrating*. When they introduce a new system to the environment, they spend a huge amount of time, resources, and money to architect connections between the new tool and their existing systems.

Operations teams can avoid these unnecessary expenses by consolidating software, prioritizing applications that already share data and don't require additional manpower to create integrations. They can also migrate to a cloud integration platform that makes point-to-point integration unnecessary; this initial investment can ultimately lead to lower costs down the road.

This process will also help them avoid superfluous **data transfer costs**. When you integrate one application with others in your environment, the new solution must request data from those applications, and every time this process occurs, it generates additional data transfer fees and API charges. Using a centralized cloud integration platform keeps all your data in one place and ultimately reduces the cost of each new integration by mitigating transfer fees.

THE COSTS YOU CAN'T SEE:

Recession-Proof Results

When companies report a lackluster Digital Employee Experience, there's one primary reason: their IT departments lack visibility into the day-to-day technology experiences of employees. They can't see what's causing the issues that impact employee productivity and satisfaction before it's too late.

This lack of visibility also explains why IT departments are unable to get their costs under control. Over-provisioning and unnecessary spending have turned many IT departments into major cost-centers – and without deep visibility into employee technology, they don't know where to direct their cost-reduction efforts.

So exactly what costs can you cut with the help of deeper visibility? Take a look at these results – which highlight the three-year ROI of customers who are leveraging Digital Employee Experience management technology to recession-proof their digital workplaces.

Three-Year ROI Impact of Customers Leveraging DEX Technology:

$870k

Extend Hardware Asset Lifecycles
Detect over-provisioning and extend hardware refresh lifecycles.

$3.4m

Reduce Software Licensing Costs
Analyze consumption to scale back unnecessary software licenses.

$90k

Retire Legacy Tools
Examine utilization data to reclaim redundant and outdated tools.

$760k

Accelerate IT Project Rollout
See into software migration and adoption data to make data-informed decisions and roll out new solutions faster.

Source: Forrester: The Total Economic Impact ™ of Nexthink Experience

What Makes a Critical Application?: Assessing Technology Value During A Recession

Steve Walsh
Senior Consultant, End User Computer & End User Experience Management

In times of economic uncertainty, every IT executive asks the same questions: *what can stay and what can go?*

Anyone who has worked through recessionary times in the global economy – as most of us have, as recently as 2020 – has witnessed or been a part of layoffs, furloughs, or even more drastic consequences, like an entire IT department or service contracts being cut and canceled overnight. The modern workplace succeeds, or falters based largely on the value and efficiency of its technology – and saving money today by cutting a certain technology can severely cost companies tomorrow.

Digital workplace innovation isn't just an investment in DEX – it can also be a cost-saver.

The largest mistake IT leaders make when cutting technology costs is that they often answer the following questions on a purely superficial level:

- *What does the tool cost?*

- *What functions does it perform?*

- *Can we live without performing those functions?*

Don't get me wrong – these are the important questions that should be asked when determining a tool's value. But the answers are often far more complex than leaders believe. This is why IT must make sure they communi-cate the value of workplace technology more proactively and leaders must take the time to understand the value – or not and move along for "easier" financial cuts.

Here's an example. Let's say a company just started paying for a tool that enables them to see deeply into their employee devices' usage and performance metrics. A business leader might say:

"We don't have to renew our subscription to this tool this year. It seems like all of our employee devices are performing well enough – and even if this means we have to deal with a higher volume of IT issues next year, that's a tradeoff I'm comfortable making because we need to cut costs now."

On the surface, this hypothetical business leader makes a compelling argument. But what if that innovative solution actually can help them cut costs now? Let's say they keep that tool in their tech stack, and their IT department is able to utilize it and see that:

- A majority of employee devices are using 32 gigabytes of RAM.

- Many of those employees can perform their key responsibilities with devices that only require 8 or 16 gigabytes.

- Cutting the RAM in half would save roughly $410 per device.

Let's say the IT department uses this information to downgrade 500 devices from 32 gigabytes to 16 gigabytes of RAM on a subset of their employee base. That ultimately leads to $205,000 in technology savings with no negative impact on employee experience -- $205,000 that the company wouldn't be able to save if their IT department lacked the ability to see and analyze this technical data.

Companies must continue to innovate if they want to be prepared for a deepened recession.

Regardless if you agree with economists calling for a 100% chance of a recession, publicly traded enterprises are already planning for the worst. The end result often is investing in as little resources as you can get away with, not backfilling critical enterprise IT roles, or making your technology stack too lean at the cost of productivity and security. Digital transformation isn't going to hit the brakes because of a dip in the stock market, and digital workplace leaders can't do so either.

Instead, they must look deeper into the reasons why they adopt each tool in their enterprise. Of course, there's not much value in paying for a solution because it's the trendy thing to do or because their competitors use the same technology. But when they see that the right technology can turn an initial investment into major cost savings down the line, that's when they're able to utilize their technology stack to pivot with the economy and be optimally positioned for economic recovery.

Exploring the Thorn in IT's Side: The Cost of Downtime

Tim Flower
Global Director of Business Transformation, Nexthink

If you work in IT, you know what it's like to operate under leadership's ever-present microscope. When businesses invest so heavily in their workplace technology and IT departments, they want to see those investments pay off and make the workplace more efficient – and especially more cost-efficient. But there's one cost that has long plagued even the most well-equipped support teams: the cost of unplanned downtime.

The DEX Hub editorial team recently sat down with digital transformation expert and co-host of the DEX Show, Tim Flower, to discuss this timely issue of IT downtime costs.

Read on to learn how organizations can create smarter IT budgets, mitigate the costs of unplanned downtime, and much more!

On occasion, organizations have to plan time to do upgrades or patches that create downtime for employees – how much can these planned downtime events cost an organization?

TIM FLOWER:
Whether planned or unplanned, downtime has a major impact on an organization. Downtime means a loss of revenue opportunity, even if there is a plan in place to navigate the gap in availability. If a revenue-generating function is unavailable, then customers aren't able to transact business with the organization.

To minimize the impact of planned downtime, the best course of action is to schedule very short outages, ideally occurring in low business hours, typically overnight. However, if you are a global business, there is no "overnight" – you need to be available 24/7. So, in those situations lost opportunities to generate revenue are unavoidable. When you do deploy in the "off-hours", you need to have IT resources on hand who can test, validate and deploy, which means incurring higher IT expenses that you wouldn't have during normal business hours.

Finally, there is a need for high availability in application designs where the app and its data are able to failover to a synchronized copy while maintenance activities occur on the primary instance. These designs are costly and drive IT expenses even higher.

While they are planned, they may not be planned months in advance. So, how can organizations budget for these expenses?

TIM FLOWER:
The first conversation around planned downtime should be with your stakeholders, where you can discuss and prioritize which applications are impacted. By creating a priorities list, organizations can adjust the necessary schedules, take any downtime overlap into account, and set appropriate maintenance windows as needed.

This will also help identify the mission-critical global apps that require high availability in addition to disaster recovery, which are two different and distinct designs. The shortlist of apps requiring high availability designs will allow organizations to budget for the design and implementation work necessary to avoid planned downtime.

Of course, not all downtime is planned. What are the costs associated with the dreaded unplanned downtime?

TIM FLOWER:
Unplanned outages indicate a much bigger issue. It means that something in the design, implementation, or update / upgrade process is unknown to those supporting it, and a failure has occurred. Unplanned outages can happen any time, and as anyone in IT can tell you, it is usually during critical business hours – which of course impacts revenue. Unplanned downtime also

means that the employees paid to do a job are not able to perform that work. So, the major costs are: lost revenue, lost employee productivity, and a damaged reputation for IT due to the lack of ability to maintain stability and reliability. And perhaps even brand reputation impact if the outage affects customer interaction.

Each of these costs grow exponentially as time passes waiting for a resolution as the count of outages over time accrues. This culminates into one additional cost – employee sentiment. When employees aren't able to do their jobs, it drives frustration and lack of job satisfaction. Employees like to succeed, and they don't like things getting in their way. Unplanned downtime can therefore lead to morale issues and even increased rates of employee attrition – both of which costs organizations in the end.

How can an organization budget for unplanned downtime?

TIM FLOWER:
Most organizations don't plan for downtime because they aren't expecting failure. What companies instead focus on is making sure they have the right technologies in place to ensure there aren't any unplanned outages. To do this right, organizations should budget for technology testing and validation of change, and increased awareness of the complexities that exist in their production environment. These each play critical roles in reducing downtime.

The scope of applications in the conversation of unplanned downtime is incrementally larger than those in the "planned downtime" category. Unplanned outages can impact any category of applications and the entire business in many ways. So, any budget should be spent on new platforms that increase the ability to test and validate change. It is a much more strategic position than just adding headcount to handle the increase in failures.

Since most companies aren't planning for unplanned downtime as you said, what would be the best way to mitigate downtime expenses?

TIM FLOWER:
The goal is always to avoid unplanned outages, or, at the very least, shorten the duration of a wide-scale outage.

To do this, organizations should start with testing, which requires a full awareness of how the change is interacting with both the technology platform as well as the end-user of the app. This can be extremely difficult in a lab, even with advanced simulators and synthetic transactions. Budgeting for platforms that provide robust visibility into the underlying test environment both before and after the change is critical to understanding the potential for success or failure.

The second step is to enable full visibility of the production environment that will be receiving the change. Once a device, application, or profile is deployed into production, it becomes very susceptible to unplanned changes, or for the environment around it to morph from the original design. If the original design is flawed, then the risk of failure is high and different app versions that pose new and unplanned conflicts will occur. In addition, failures of prior planned changes will leave the devices in an unanticipated state. Unknown settings or components will function as-is but will fail after a change is made. Visibility into the production environment is critical for successful and low-impact change.

The third area of concern, and one that doesn't get much discussion, is the unknown variable. For example, if an employee installs a new application that isn't part of the company's existing ecosystem, it could cause a conflict. A well-meaning IT technician changing a setting while troubleshooting an old issue may leave the new change vulnerable to failure. The manual upgrade or downgrade of a dependent application may cause a compatibility failure. The great unknown is often the biggest risk.

Any final thoughts?

TIM FLOWER:
Mitigation of downtime is more than just increased rigor at the Change Advisory Board (CAB) or requiring IT to be more diligent in their testing. It requires budgeting for platforms that increase visibility and awareness of the current and future state environments, and ultimately lead to more intelligent planning and decision-making which results in more reliable changes.

Conclusion

We often speak of economic downturns as periods during which businesses must make sacrifices: budgets are cut, innovation projects get put on hold, employees' career trajectories stall out – all for the sake of keeping companies stable through the storm of financial instability.

But the notion that a recession dictates a standstill of innovation is an outdated one. With the right digital workplace solutions, IT departments can shed the "cost-center" reputation and use technology to drive massive cost-savings – without sacrificing the experiences of the employees they provide service for.

IT leaders must continue to look forward and view economic downturns not as times for sacrifice but rather opportunities – opportunities to audit their existing technologies and strategies, identify cost-inefficiencies, and use the technology they have to produce the results their business needs.

Remember: recessions eventually end. And when they do, the organizations who never stopped innovating – the ones whose IT leaders found ways to do more with less – are the organizations who will have a massive head start on their competition when the dust settles.

ABOUT NEXTHINK

Nexthink is the global leader in Digital Employee Experience management. The company's products allow enterprises to create highly productive digital workplaces for their employees by delivering optimal end-user experiences. Through a unique combination of real-time analytics, automation and employee feedback across all endpoints, Nexthink helps IT teams meet the needs of the modern digital workplace.

nexthink

Want to learn more about how
Nexthink can help you improve
employee experience?