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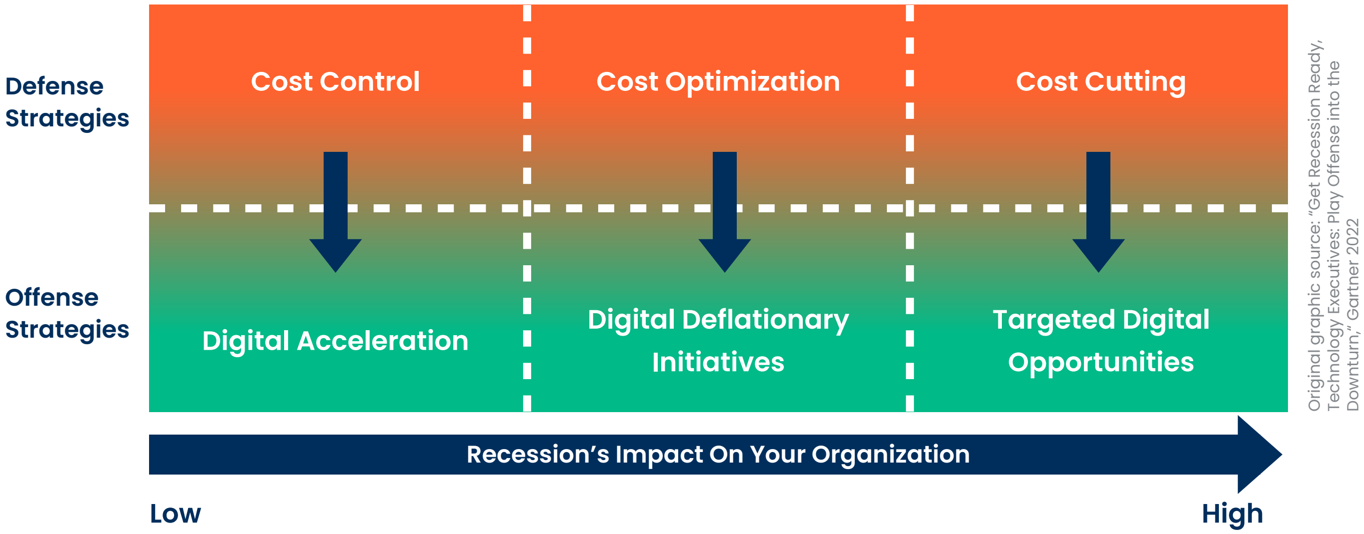
Top 3 Actions for CIOs to Take Now in a Recession Economy

The current economy poses a triple threat for business: persistent high inflation; scarce expensive talent; and global supply constraints. According to Deloitte, digital transformation continues to drive financial performance. Across all industries, companies with a higher digital maturity are three times more likely than lower maturity companies to report annual net revenue growth and net profit margins significantly above their industry average. This is due to digitally mature competitors' use of digitally enabled business models. Digital pivots can increase operational efficiency, creating nimble and adaptable operations for winning despite the uncertainty and rapid change that comes with a recession. IT investments can result in flexible infrastructure to cut costs and enable more agile operations to accelerate customer engagements. Digital technology can cut costs by automating tasks or providing data-driven decision making. Digital transformation can help organizations grow revenue by improving the customer experience or supporting the introduction of new products and services. Data can help companies gain new insights to improve product performance and service quality.

The Harvard Business Review advises that a recession economy is the time to invest in technology because it costs less in terms of opportunity cost and helps to achieve efficiency gains. Gartner instructs that while it may seem counter-intuitive, a recession is a time to play offense, and move from defensive strategies of cost control, cost optimization and cost cutting to offensive strategies of digital acceleration, digital deflationary initiatives and targeted digital opportunities.

Gartner reports that only 5% of companies consistently achieve profitable growth above their competitors coming out of a recession. Here are 3 top actions CIOs should take to play offense and emerge from a recession on top.

When to Play Offense



#1 Overcome Scarce Talent Barrier by Partnering

In today's economy, highly skilled IT and data experts are scarce and expensive talent. Gartner reports that today 64% of tech executives see the talent shortage as the most significant adoption barrier to emerging technologies—compared with just 4% in 2020.

During a recession, it is a better move to partner with a managed IT and analytics services company rather than hiring FTEs. Partnering allows you to leverage their highly skilled talent, while shifting the burden and risk of talent acquisition and retention to the tech services company for better consistency, reliability, and lowering your cost for obtaining the talent needed to build, maintain, and maximize ROI and business value in digital solutions.

For example, two years ago a financial services institution invested in an FTE to lead its digital transformation strategy. The goal was to enable the banking institution to increase customer engagement and grow revenue by using data analytics for customer segmentation. The highly skilled engineer built a data warehouse using Google cloud technologies, but during the post-Covid tech talent war, the engineer left the bank in the summer of 2022.

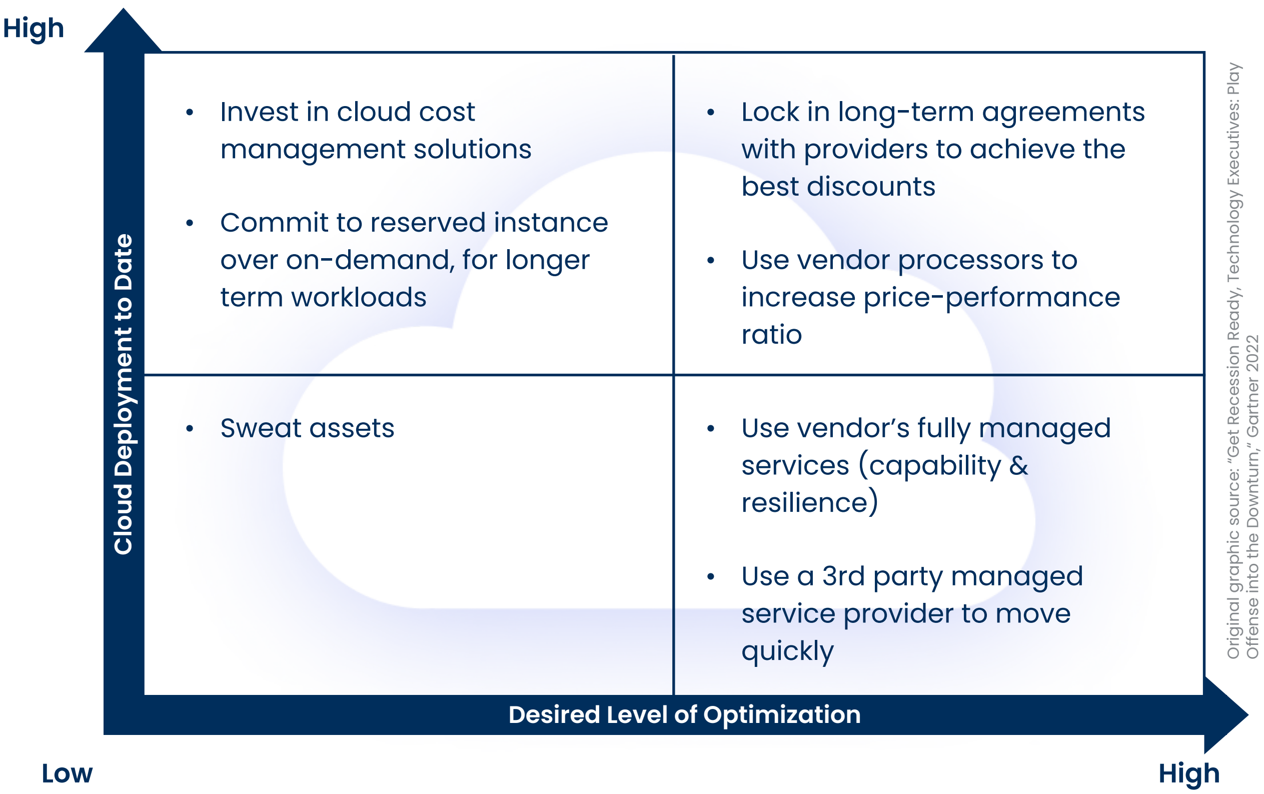
The bank's digital transformation projects have been at a complete stand still because they have not been able to hire a skilled Google engineer to continue the work. No one else at the bank knows how to use the technology that the FTE chose. The bank's CIO revealed that hindsight being 20/20, he should have instead partnered with a managed IT and analytics services firm, which would have borne the responsibility of providing the technical talent needed for the solution. Unfortunately, the business impact of this decision has resulted in a loss of operational efficiencies. The bank's digital transformation efforts have been stalled and there is no clear path forward.

Partnering with a managed IT and analytics service provider allows your firm to transfer the risk of acquiring, and costs of maintaining, highly skilled FTEs. It builds consistency in your digital transformation projects and improves the likelihood of success and completion. Finally, it allows your firm to focus on insights from data analytics, enabling the firm to operate with the agility required to grow during a recession.

#2 Embrace Cloud

The second offensive action that CIOs should take is to move any remaining on-premise servers to the cloud. Cloud technologies provide speed, flexibility, and scalability. Using cloud achieves the defensive strategies of cost control, cost optimization, and cost cutting, and positions the business for the offensive strategies of digital acceleration while accomplishing digital deflationary initiatives. With a managed cloud services contract, the business has more control over its IT spend. No capital outlay is required to purchase and maintain infrastructure such as a data center and servers when moving from on-premises to the cloud, and cloud resources are easy to scale up or down as data needs change over time. The maintenance burden shifts from the business to the cloud vendor. Plus, moving your data to a company whose entire business is running a data center and providing a cloud yields better security for your data. The vendor is responsible for monitoring the environment and safekeeping your data 24/7/365, instead of relying on an in-house team guarding your server closet. Security threats rapidly change, evolve and are becoming increasingly sophisticated due to the huge payday for hackers. It is a full time job to keep up with best practices and stay current. Security experts must stay up to date on the latest threats, mitigation best practices, precautionary measures, and response strategies. However, most companies do not have the ability to maintain the personnel required to manage this risk. Cloud vendors regularly upgrade infrastructure (while employing the scarce, expensive security talent needed for cloud) as part of delivering cloud as a service. Partnering with a Cloud Services Provider (CSP) allows your firm to transfer the risk of maintaining & securing this equipment, allowing you to focus on your business. This will cut your costs and create a more nimble architecture for turning your company data into a valuable asset through analytics, as well as automate reporting through using cloud data management to integrate data from across your enterprise for better decision-making.

Review Cloud Options



#3 Invest in Analytics to Decrease Operational Costs and Improve Customer Experience

During the Covid pandemic, we saw investment to enable work forces to pivot to remote work forces overnight. Products and services were pivoted to meet customer digital needs. Now we are in a second wave of forced digital acceleration caused by inflation and supply chain shortages. Playing offense means you need to automate business processes to reduce the cost of producing your goods and services. Therefore, enterprises should invest in technology that reduces reliance on scarce labor.

Gartner reports that back office automation is ***the most valuable*** asset to offset inflation. Automating data management and reporting by investing in technology saves significant back office labor. Technology provides faster, more accurate reporting by bringing siloes of data from across your enterprise together, cleansing it, and building reports for a complete picture of your business—and results in better decision-making. Using AI- or ML-powered analytics efficiently reveals opportunities for operational efficiency improvements. If you invest in an analytics solution provided as Insights-as-a-Service, the burden, risk, and cost of the scarce, expensive talent and infrastructure is placed upon the vendor, freeing your team up to act upon AI-powered insights to achieve your business goals.

Yet, in order to make it through a recession with continued growth ahead of your competitors (the 5%), investment in analytics for improved customer experience is baseline. It might seem counter-intuitive, but Gartner reports that in this recession economy of later 2022, the #1 category of investment in data analytics is for improved customer experience. This is closely followed by investment in digital technology for improved operational excellence and increased cost efficiency.

Setting the strategy now to redirect a portion of technology spend on increased automation and new data analytics initiatives pays off in the long run. Not only does it allow the organization to realize cost savings, but it also provides the opportunity to improve other aspects of their business, allowing them to thrive through a recession and come out ahead of the competition on the other side of it.

Conclusion

While a recession has most enterprises tightening their belts on spend, a better strategy for CIOs to employ is tightening spend by taking action to partner with managed IT and analytics service providers to overcome labor scarcity problems; adopting cloud; and investing in digital technology to automate business process and improve the customer experience. **This investment will result in cost-cutting and better position the enterprise for continued and future growth.**

About Aunalytics

Aunalytics is a leading data management and analytics company delivering Insights-as-a-Service for mid-sized businesses and enterprises. Selected for the prestigious Inc. 5000 list for two consecutive years as one of the nation's fastest growing companies, Aunalytics offers managed IT services and managed analytics services, private cloud services, and a private cloud-native data platform for data management and analytics. The platform is built for universal data access, advanced analytics and AI—unifying distributed data silos into a single source of truth for highly accurate, actionable business information. Its Daybreak™ industry intelligent data mart combined with the power of the Aunalytics data platform provides industry-specific data models with built-in queries and AI for accurate mission-critical insights. To solve the talent gap that so many mid-sized businesses and enterprises located in secondary markets face, Aunalytics' side-by-side digital transformation model provides the technical talent needed for data management and analytics success in addition to its innovative technologies and tools. To learn more contact us at +1 855-799-DATA or visit Aunalytics at https://www.aunalytics.com or on Twitter and LinkedIn.