

# 2022 QuoteWerks Trends in IT Procurement

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The IT services industry has experienced a **monumental shift over the past two decades**. On the technology side, digital transformation and cybersecurity are garnering most of the attention and business discussions. However, while the impression that hardware is moving to a secondary position as more organizations transition to the cloud, the **sales and support opportunities for PCs, tablets and other devices remain robust**.

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According to [Statista Research](#), the US computer hardware market exceeded \$48 billion in 2021. Global sales hit \$1,129 billion during that period, with [researchers predicting](#) revenue to grow to more than \$1,215 billion in 2022 – a compound annual growth rate (CAGR) of 7.6%.

Two of the hottest segments that generated the majority of U.S. hardware revenue in 2021 were laptops (\$22.12 billion) and tablets (approximately \$11.4 billion), according to the [Global Technology Distribution Council \(GTDC\) and IDC](#). Despite the excitement around artificial intelligence, virtual reality, the Internet of Things (IoT) and other advanced technologies, businesses still require modern computing systems to drive those innovations.

Hardware continues to play a crucial role in the operations of modern organizations, and procuring the equipment and applications is more critical today than a decade ago. That process continues to evolve for MSPs, VARs, other IT services providers and consultants. Channel-enabling technologies make it easier than ever to source products and solutions from a larger and more diverse supplier community, despite the challenges of the COVID-19 pandemic and ongoing supply chain shortages and disruptions.

The 2022 QuoteWerks Trends in IT Procurement report provides insight into those issues and opportunities. Based on a survey of more than 100 ITSPs, MSPs and other professional services companies, this research provides a snapshot of the current buying activities in the technology community. Providers may use this information to benchmark existing practices or as a resource for building or adjusting their business plans.

QuoteWerks is a strong proponent of IT procurement and management best practices and automation, and we trust this report will enlighten and benefit our customers.

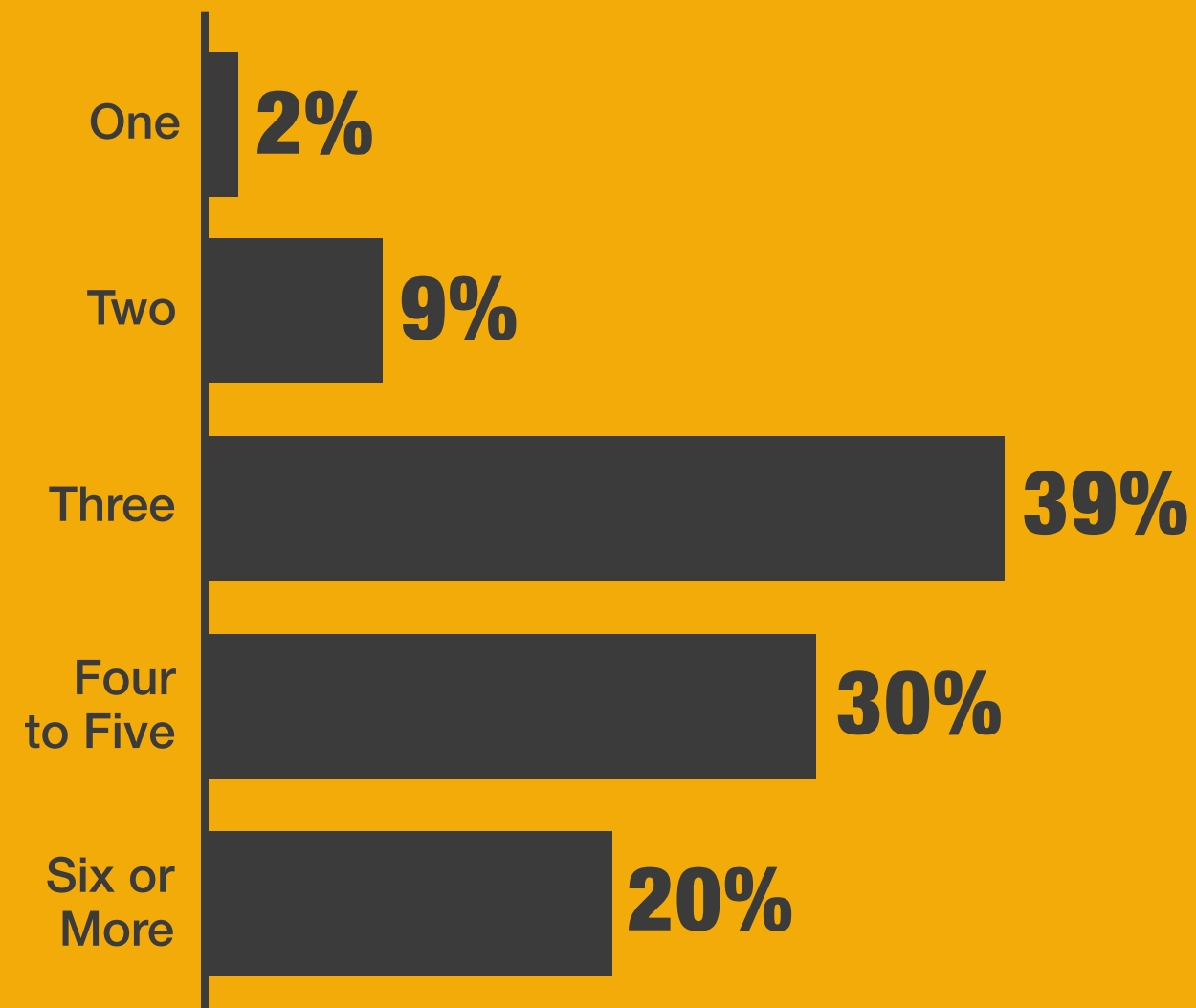


Laptop Sales In 2021  
**\$22.12 Billion**



Tablet Sales In 2021  
**\$11.4 Billion**

**How many IT distributors do you currently work with (used within the last three months)?**



## State of the IT Procurement Ecosystem

Sourcing choices for IT services firms may be at the highest point ever due to the explosive growth of online marketplaces and a solid complement of value-added distributors. Despite global consolidation in the industry, including Tech Data’s merger with SYNEX and the DCC Technology/Exertis acquisition of Almo in the past several months, the procurement and logistics ecosystem remains quite robust, offering many options for those assembling sales proposals and seeking specific products.

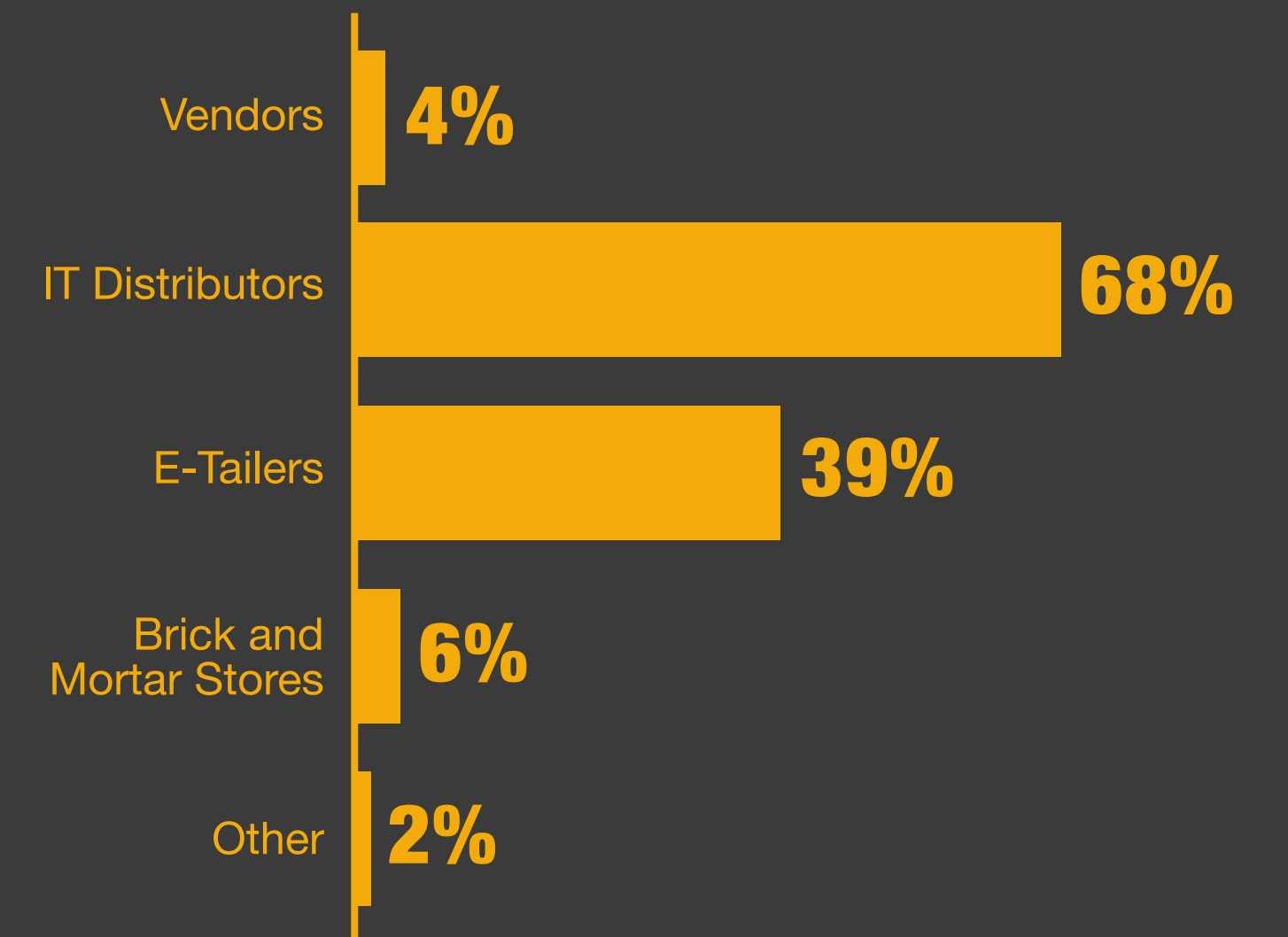
The growth of online marketplaces like Amazon Business, Newegg and Google Shopping and vendor-direct websites to handle purchases and manage logistics creates an abundance of additional procurement opportunities for ITSPs. Half (50%) of the survey respondents currently work with four or more distributors, and nearly 20% of those MSPs, VARs and other IT providers leverage at least six suppliers to source their technology offerings. Another one-third (39%) of those ITSPs use three suppliers.

A relatively small group (11%) works with only one to two distributors. Historically, having a primary and secondary supplier was the norm for most VARs since larger volumes from a single source brought program status, discounts and other incentives. Digital transformation, shifting customer requirements, and supply chain challenges contribute to “supplier spread” as ITSPs expand their procurement options. Pricing, availability and delivery problems are also contributing to these expansion trends.

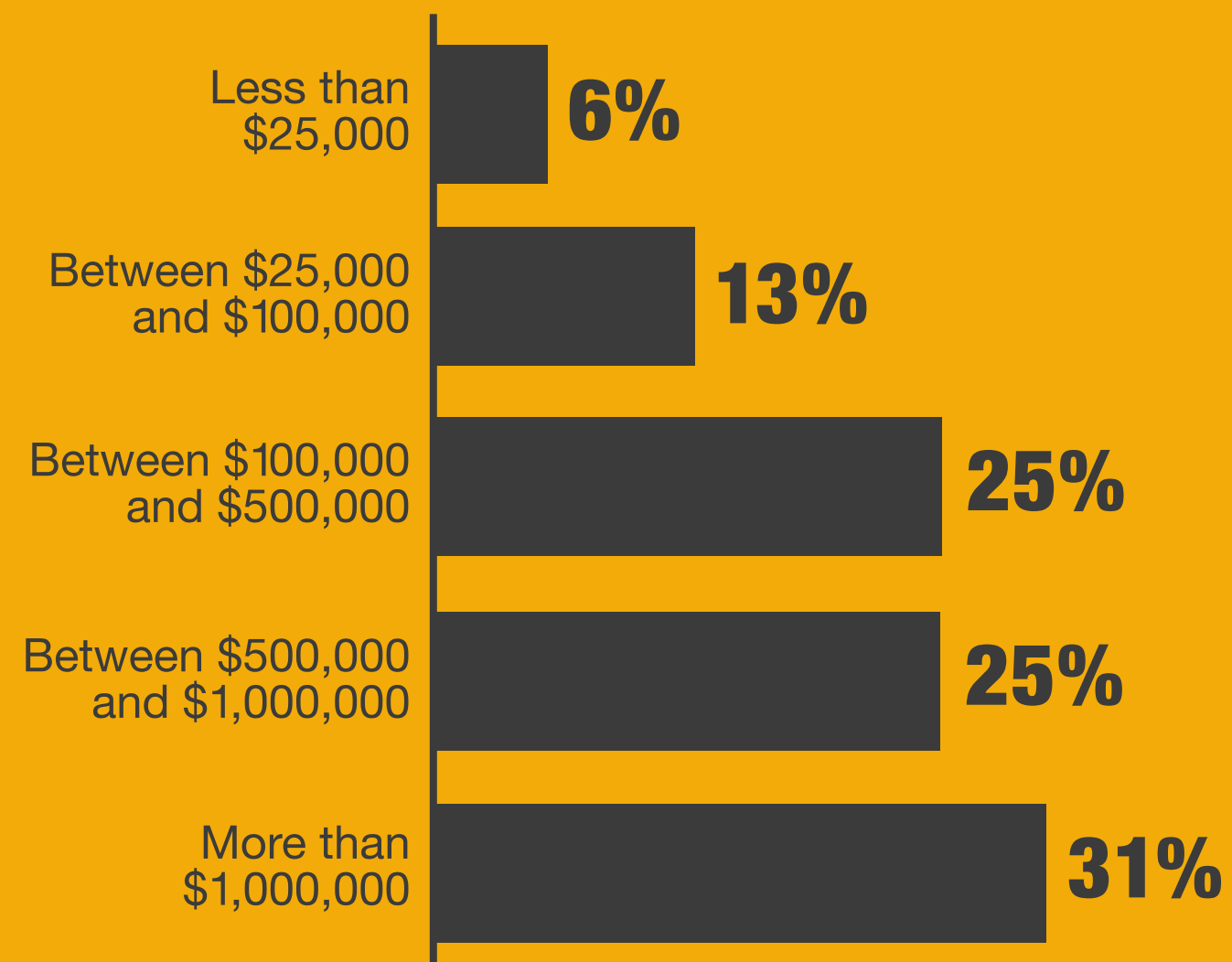
Providers gain more leverage and options working with multiple suppliers. Several survey respondents expanded their networks recently to lessen pandemic-related product shortages, address delivery and other supply chain concerns, and diversify portfolios. Others concentrated on deepening relationships with existing vendors to gain additional support or increase partner program rewards. One respondent noted adding new suppliers to keep pace with their business growth and ensure their team could source the products required to meet rising demand.

Despite all the options, nearly two-thirds of respondents continue to favor IT distributors as primary suppliers. While vendors, marketplaces and e-tailers typically command secondary status in the procurement hierarchy — just 12% of respondents lead with those options — their value cannot be understated. Several respondents suggested online marketplaces and e-tailers provide their customers with greater availability and pricing options, an important factor with ongoing supply chain issues.

## What are your current sources of IT products?



## What was the approximate dollar value of hardware and supplies (i.e., cabling, toner) your firm procured on behalf of clients over the past 12 months?



## Profile of an IT Quote

IT services firms support their business clients in many different ways. No two providers are the same, from basic procurement and installation services to developing and managing complex systems and solutions. Neither are their sales proposals.

Some ITSPs work on dozens, if not hundreds of RFPs concurrently, many with substantial monetary value, while others submit a handful of requests every year with significantly smaller budgets. More than half (56%) of the survey respondents procured more than \$500,000 in hardware and supplies over the past 12 months, while 25% of companies secured between \$100,000 and \$500,000. Those sizable deals add substantial income for ITSPs.

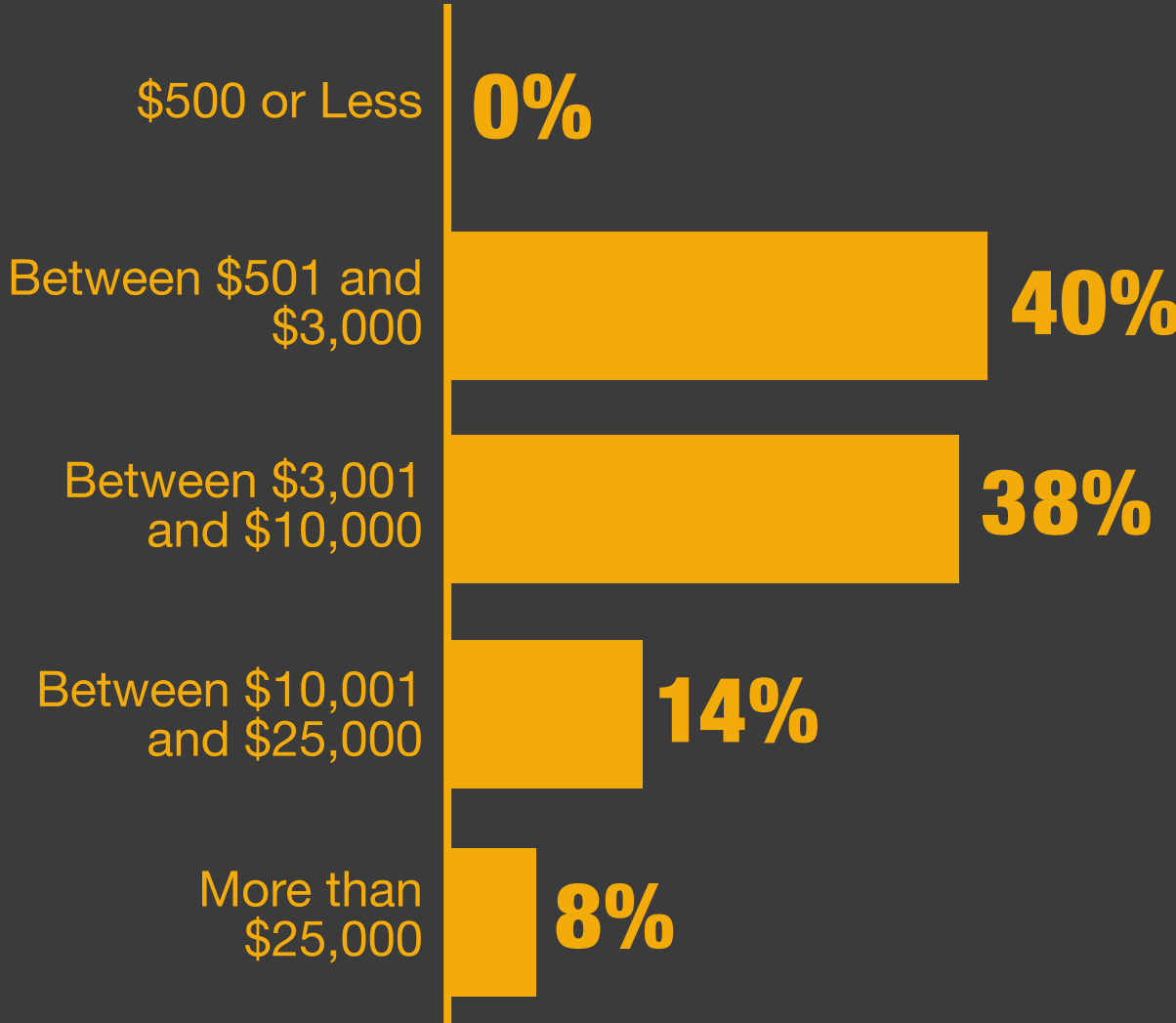
Considering the average price of each quote – with 40% of transactions between \$501 - \$3,000 – the totals are even more impressive. Approximately one-third (38%) of respondents reported deals averaging \$3,001 to \$10,000 with another 14% between \$10,001 and \$25,000, and 8% exceeding those numbers. Most ITSPs work actively to boost those numbers. Several respondents shared their techniques, including:

- We often upsell based on the availability of products– companies may choose to pay a premium for faster delivery
- If a customer asks to replace a computer, our team assesses the need for monitors, software, cables, keyboards, surge protection and cables.

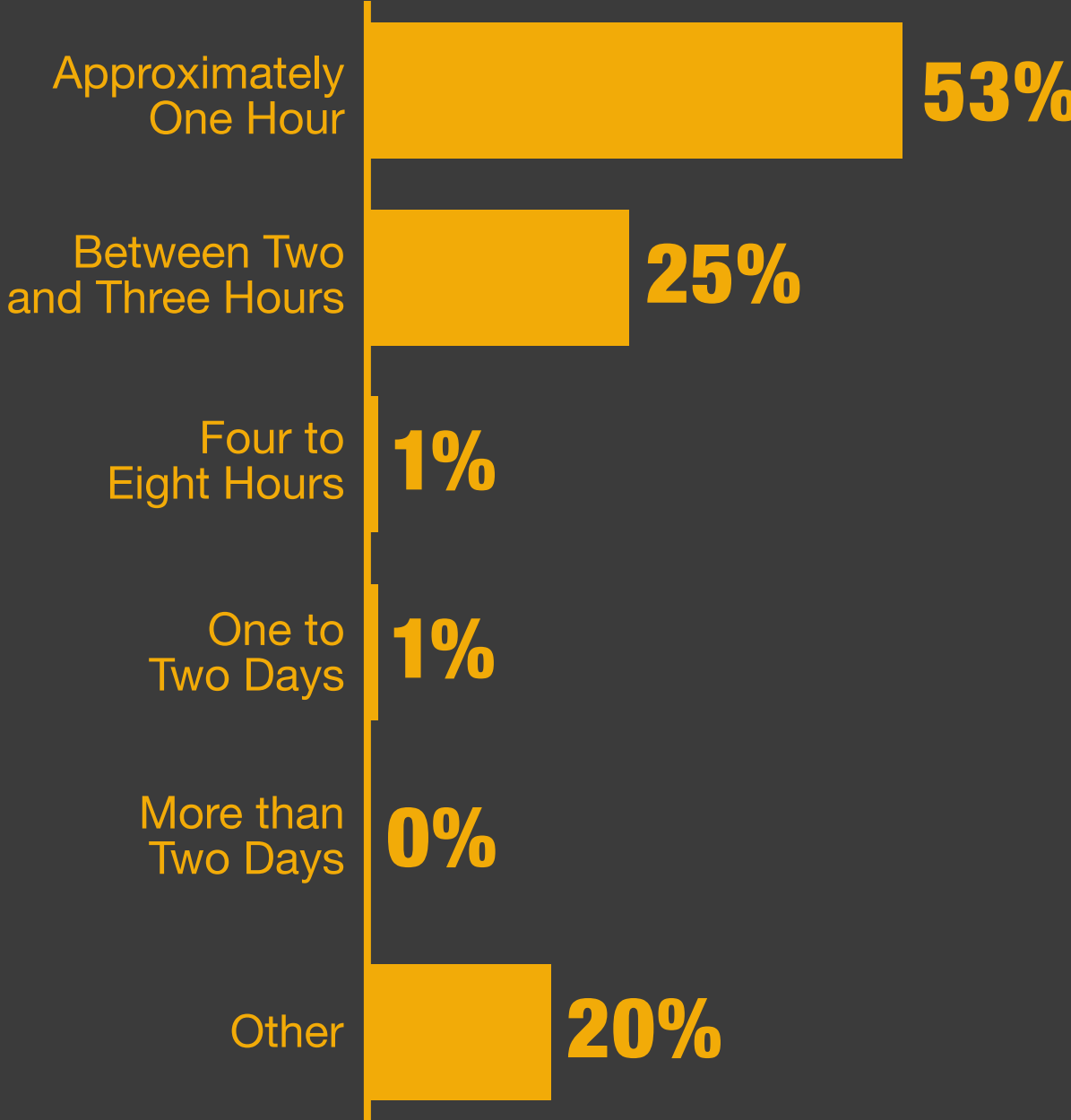
While many companies set time parameters for employees for various projects, developing those objectives for creating quotes can be complicated. According to the survey, more than half (53%) of the respondents say that process requires approximately one hour, but a significant number of ITSPs (25%) suggest it takes more than three hours.

Survey respondents identified several factors that slow the procurement process, with poorly designed vendor and distributor procedures and tools cited most frequently. Other considerations include the time it takes to develop specific solutions, consolidate notes from previous and proposed projects, estimate labor costs, and transfer data between various sources. One final and certainly not small time-consuming activity is finding suppliers with inventory to fulfill the quote. Most respondents rely on procurement tools and automation to streamline many of these processes.

### What is your company's average quote value (sum of all active quotes divided by the number of quotes)?



### How long does it take to create a quote on average?



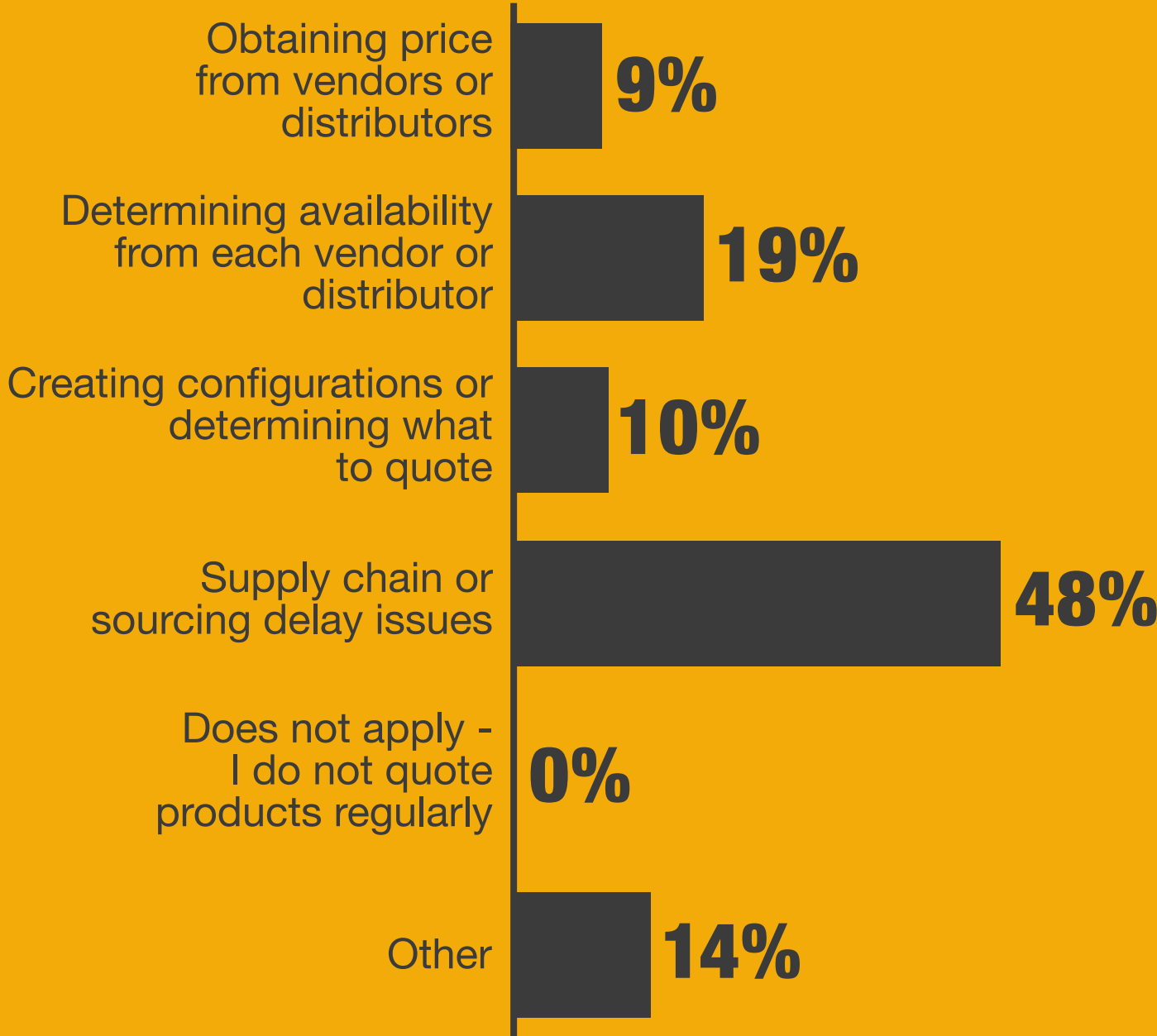
# Identifying the Challenges in IT Procurement

The business community has grown accustomed to the availability of a wide variety of technology solutions. A long and continually growing list of suppliers and shipping options simplified the IT procurement process and kept pricing competitive for IT services firms and the companies that relied on their support.

The pandemic knocked a few of those things out of equilibrium. Business shutdowns and workforce realignments drove demand for mobility devices, including laptops and tablets, as well as cameras, microphones, and other equipment for teleconferencing. At the same time, manufacturing vital components such as microchips, hard drives, and virtually every other type of hardware slowed significantly or stopped. As product availability waned and prices increased, ITSPs heavily leveraged their resources and supplier relationships to procure the equipment needed to keep their customers operational.

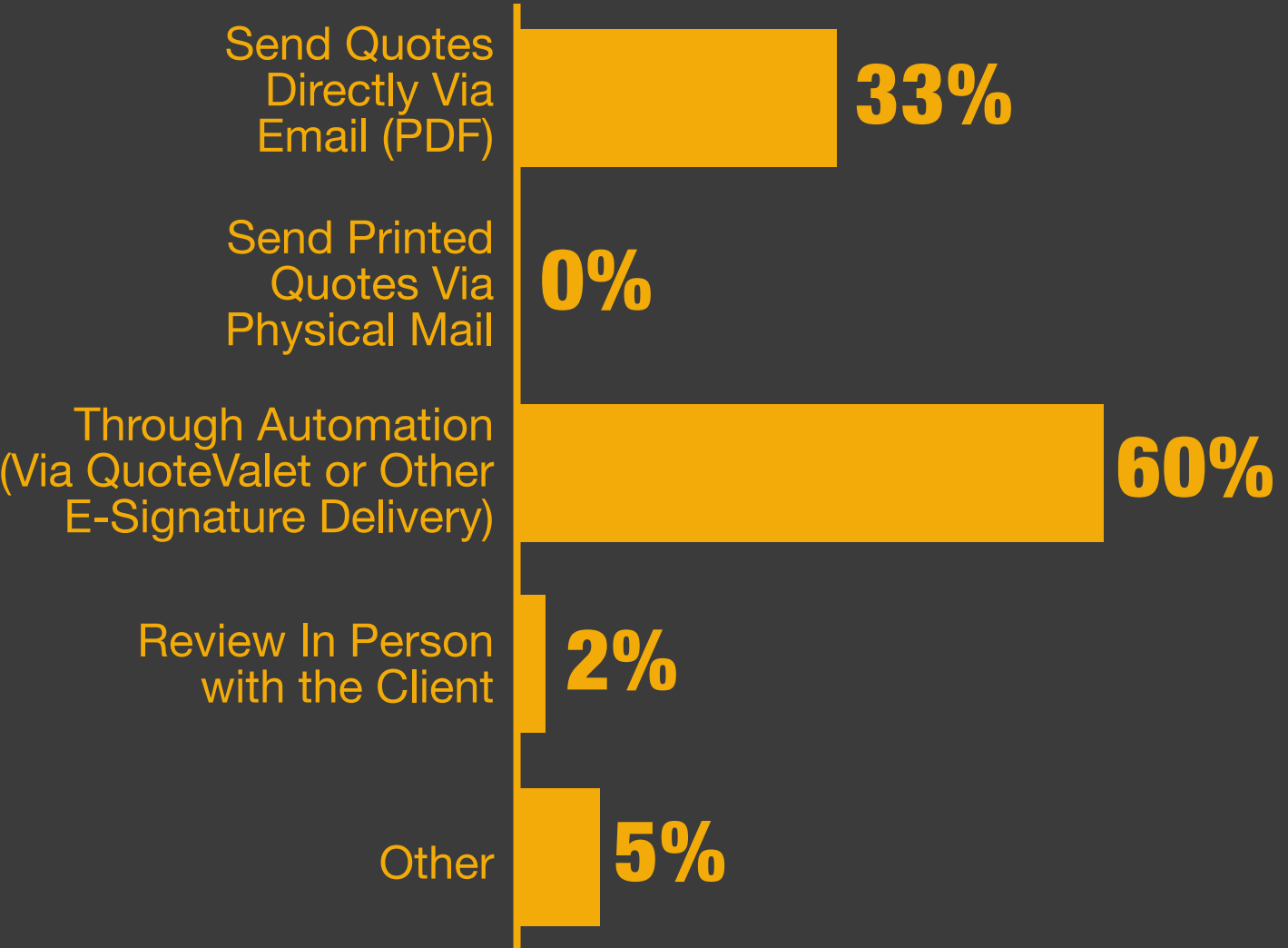
Some of those challenges remain nearly two and a half years later. Almost half (48%) of survey respondents listed supply chain or sourcing delays as their biggest pain points when creating a quote or proposal. Other problems include determining product availability (19%), obtaining prices from vendors and distributors (9%) and creating configurations or determining what to quote (10%).

## What has been your biggest pain point when creating a quote or proposal with products in the past twelve months?





# How does your team share quotes with clients?



## The State of IT Procurement Automation

Successful professional services companies typically employ a combination of industry-specific and general business tools to manage their operations and drive greater process efficiencies. Automation allows ITSPs to optimize productivity, employee satisfaction, client retention and the “customer experience.”

Industry tools help providers improve virtually every part of their operations, including sales and procurement activities. Customer Relationship Management (CRM) applications streamline and enhance communications and collaboration and expedite various steps in the closing process. Modern businesses employ sales intelligence and analytics, e-signature and document tracking, marketing automation and customer success solutions to increase short- and long-term revenue opportunities. By selecting feature-rich industry-specific tools typically with comprehensive integration points, technology providers can create a “single pane of glass” platform that eases management headaches and maximizes productivity.

For example, approximately 80% of the survey respondents report using a Professional Services Automation (PSA) tool such as Autotask, ConnectWise, TigerPaw, or Kaseya (a sample of the available options today). These central management consoles become “force multipliers” for ITSPs, giving their teams instant access to the information needed to make fast and accurate decisions while automating many key business processes. PSAs allow providers to streamline workflow and automate many sales and procurement activities through features and integrations with other essential tools, like quoting applications.

Several respondents indicated leveraging different tools and specialized applications. For example, Internet Services Providers may use software that addresses specific customer and provider needs, while project-focused providers tend to rely more on scheduling systems with dedicated coordinators.

Automation also plays a big role in the procurement process. Today, while one-third (33%) of ITSPs use email for developing and sharing quotes with customers, with another 2% presenting that information in person, most providers (60%) of providers employ automation to manage customer RFQs. Web-based applications typically give providers instant access to product availability and pricing from numerous suppliers and expedite the proposal and approval processes.

One survey respondent stated that automation is a “true differentiator” for the business, simplifying the sales process for their customers and team members. Another suggested how essential these systems are for keeping track of customer quote interactions and managing the purchasing process and inventory.



**33% of ITSPs Use Email**  
for Developing & Sharing  
Quotes with Customers



**60% of Providers**  
60% of Providers Employ  
Automation to Manage  
Customer RFQs



ITSPs are expanding their supplier networks to **improve availability and pricing options** and leveraging tools to **speed communications and approvals.**

## Focus on Sales Efficiency and Success

While supply chain and availability concerns remain high, customer demand for hardware and other IT-related supplies remains similarly strong. Combined with ongoing employee shortages, that imbalance forces many ITSPs to optimize the most critical parts of their operations, including sales and procurement activities. Generating and delivering quotes faster than the competition improves the likelihood of a successful close and sales growth.

Enhancing and automating those processes helps make those objectives possible. ITSPs are expanding their supplier networks to improve availability and pricing options and leveraging tools to speed communications and approvals.

The high adoption rate of PSAs and quoting technologies underscores the importance of innovation today. Integrating these tools with other sales and business management platforms allows ITSPs to drive more revenue with fewer people.

The logo for QuoteWerks, featuring the word "Quote" in a bold, italicized yellow font and "Werks" in a bold, italicized white font, with a registered trademark symbol (®) at the end. The background of the entire page is a dark blue with abstract, flowing lines in shades of teal and light blue, creating a sense of motion and technology.

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