Claranet research report 2018

Beyond Digital Transformation

Reality check for European IT and Digital leaders

69% say they are not securing customer data effectively > **81%** want more process and technology experimentation > **62%** are battling with fragmented systems

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Contents

Beyond Digital Transformation

Introduction

Digital disruption

The new imperative for business

When Netflix launched its DVD-by-mail business in 1997, Blockbuster ignored the new kid on their block.

Blockbuster's view was that consumers preferred to drive down to their local store than wait for their films to arrive a few days later. But then Netflix developed a platform offering an all-you-can-watch, on-demand approach to "streaming" entertainment.

The rest is history.

The repercussions of this kind of disruption cannot be underestimated. For nearly every industry the impact of new digital technology is fundamental, even existential, stirring up business-critical agendas for the boardroom and their IT departments.

Around the world today, businesses are learning to serve a new breed of customer – both young and old – who expect reliable 24/7 access to seamless, multi-channel experiences. They are highly attuned to how well you perform and will deliver immediate feedback through social media. They also expect you to know their personal preferences, giving rise to the need for a new generation of data management and analytics.

Interactions with customers and partners lead to greater volumes of valuable data, combined with tightening data protection regulation. Rapidly intensifying cyber-crime also makes for a very challenging environment for businesses.

Like Netflix, digital disruption may be great news if you are a new company starting up. Unshackled from existing systems, you can launch your business to the world and rent services to spin up or down without the hassle of traditional IT platforms.

But for established businesses with older systems, the plotline isn't so simple and overnight digital transformation – as the phrase goes – is simply not an option.

For both groups, the challenge is how to manage all of this. The IT landscape is more complex, with more options to choose from and more decisions to make. Effective IT and Digital leadership is more important today than it has ever been.

In Beyond Digital Transformation, we report on the decision-making that is taking place today across Europe. To gather the evidence, we surveyed 750 IT and Digital leaders, plus their C-suite colleagues, about their main priorities, challenges, and future plans.

Take a look to see how teams in the Benelux, France, Germany, Portugal, Spain, and the UK compare.

Priorities this year include IT security, cost control, application performance, and the agility to react to changing customer demand. Delivering service availability, customer experience, and aligning teams across the business are just three areas where decision-makers appear to be facing the biggest challenges.

With some final commentary around how leading companies are re-organising their IT and working with third party service providers, one question prevails: with every business now a technology business, according to Forbes, where are the best places to put your applications and data to meet the needs of customers?

A final thought
In most walks of life, "Heritage" and "Legacy" are welcome attributes. But in IT, the speed at which the digital landscape is evolving is forcing business leaders to refocus minds on new threats and new opportunities.

We hope our Beyond Digital Transformation report will help the future planning for your business.

Best wishes

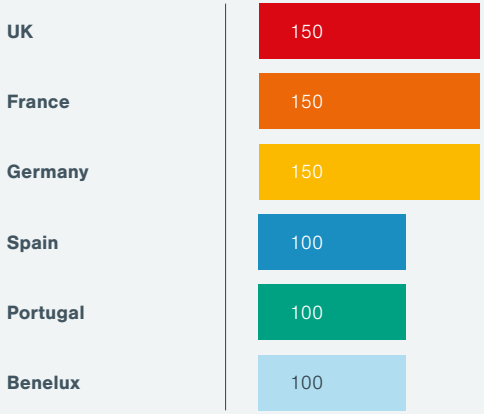
Charles Nasser
Founder and CEO, Claranet

"The impact of new digital technology is fundamental, even existential."

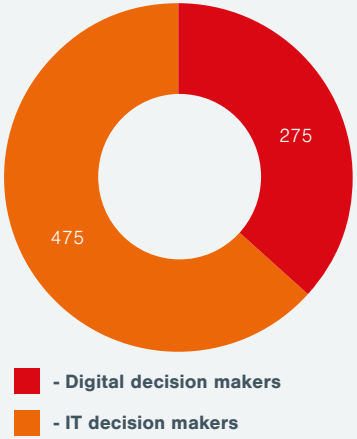
Research Methodology

To harness these insights, we interviewed 750 senior IT and Digital decision makers across a variety of organisations in Europe, each with between 100 and 2,000 employees.

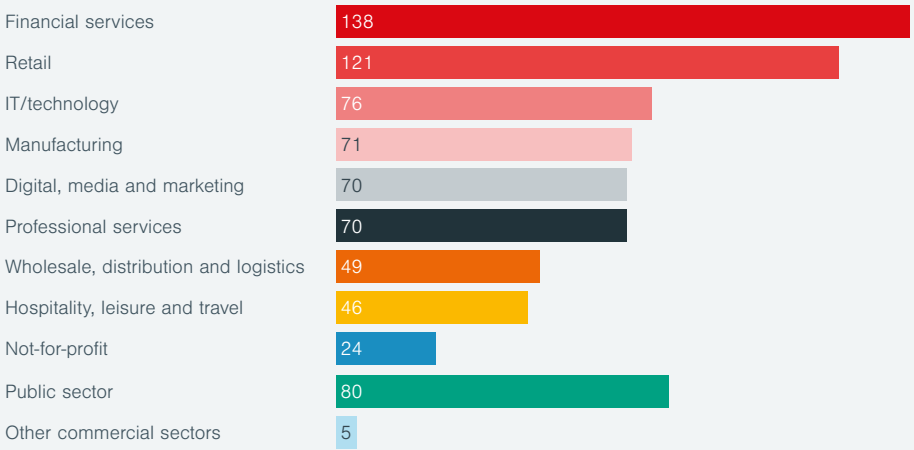
Country



Decision maker role



Sector



Spotlight on Europe

As digital business increases in importance for corporate strategy, IT teams across Europe are reassessing how they can deliver the best value for their organisations.

Change is unavoidable in the face of increased competition, improved system availability, and the shifting demands of customers.

However, although the commonly used phrase “digital transformation” suggests the process can be completed overnight, experience proves it to be a long journey of continuous improvement.

Decisions made will have long-lasting consequences, determining the success or failure of their customer-driven business strategy. Business leaders all over Europe continue to push for a more proactive, strategic approach to IT, but the same regional disparities recorded last year are still present.

5 key findings

IT security is the #1 priority

Across the entire region, IT decision makers have consistently identified security as their biggest technology challenge.

Now that data is the most valuable corporate asset, it is little surprise that CIOs are dedicating even more resources to improving security provisions, keeping Intellectual Property and data out of the hands of increasingly determined hackers.

There is, of course, another major reason for security topping priority lists in most of the countries interviewed: the new General Data Protection Regulation (GDPR), which comes into force in 2018. The GDPR places a number of additional burdens on businesses holding personal data – and levies potentially huge fines for security breaches. Faced with a fine of up to 4% of total global revenue, proactive investment in IT security obviously makes good business sense.

Customer experience goals don't line up with investment

IT and Digital leaders also identified the need to improve the customer experience as the second biggest challenge faced this year. However, it is still a complex picture.

Behind the scenes, just one in ten European businesses report that applications and infrastructure are ready to support increased stability, reliability, and responsiveness. Most are also still constrained by fragmented systems and disparate data sets – they simply cannot access data efficiently in order to generate actionable insights.

Within this context, it's perhaps no suprise that responses to more general questions around "customer-facing" technology projects in our survey (such as personalisation and creating seamless multi-channel experiences) were low in nearly all priority lists. However, with so many technical fixes amd improvements to carry out, there's the danger of IT teams becoming – and earning a reputation for being – isolated from the business.

This is important, because to win the hearts and minds of colleagues at all levels across the business, IT and Digital leaders need to translate their technical plans into business strategy if they want to do bigger things. To succeed, they will need to explain why change is needed and how this will secure the future of their business. IT and Digital leaders are clearly making efforts in this area, but it would appear that many still feel they have a long way to go.

DevOps becoming a reality

Looking at the results, there is significant interest in implementing a DevOps approach to deliver application improvements across the region.

Nearly a third (29%) of respondents said their organisations have implemented new ways of working in this area, and 63% plan to introduce DevOps in the next few years. This change of process will be increasingly important as the software revolution gathers pace and the application-first model allows businesses to improve the experience offered to customers. Another significant factor is how just 10% of survey respondents claim to have processes that are fully scalable in line with demand.

Self-imposed resource shortages

Although CIOs are aware that IT partnerships can deliver significant benefits, some businesses still seem determined to retain responsibility for hosting and managing many of their core applications.

This is despite the evidence that effective digital improvement is almost completely reliant on adopting agile and flexible solutions – like cloud and managed services – to reduce capital spend, freeing up time and resources for strategic projects. Partnering with third parties could help organisations across Europe navigate business challenges and wider economic uncertainty more effectively, and potentially to establish competitive advantage through innovative IT infrastructure and applications.

The importance of IT partnerships

Increasingly, partnerships with third parties are helping to reduce the strain on IT resources and budgets.

This is further compounded by an apparent disconnect between IT and Digital decision makers; IT engineers are being drawn into digital projects, whilst retaining all their existing responsibilities. This raises the question: what could IT managers achieve if they had fewer priorities and more time to focus on their core objectives?

In some regions, particularly Spain and Portugal, a reluctance to working with partners still exists.

However, there is broad recognition elsewhere that effective relationships with managed IT service providers can offer businesses the right products and services to help them move forward, freeing up resources to focus on innovation and customer experience projects.

Working with third parties also provides an answer to the Europe-wide challenge of skills shortages, particularly in regions like Germany, Spain and Portugal, where around 40% of firms cannot find the people they need to complete strategic technology projects.

IT challenges

1. Security
Keeping data safe remains a top priority for European businesses and, with the new General Data Protection Regulation on the horizon, there is increased urgency to improve standards.

2. Customer experience
Digital improvements mean that businesses can reassess how they serve their customers, using technology to improve customer experience and back end operations.

3. Applications
Applications are crucial to retaining and returning data, powering almost every modern business process. European businesses are turning their attention to improving performance and reliability.

4. Fragmented systems
Increasingly complex systems have led to system fragmentation, making them harder to manage and control costs, customers and employees.

5. Mobile
Applications need to be developed to work on mobile devices in order to meet the ongoing 'mobile first' experience that customers now expect.

6. Service availability
In a 24x7x365 world, customers and employees expect to reach businesses whenever, wherever and however they choose.

Top five IT priorities

Improving security (43%)

Application performance and reliability (34%)

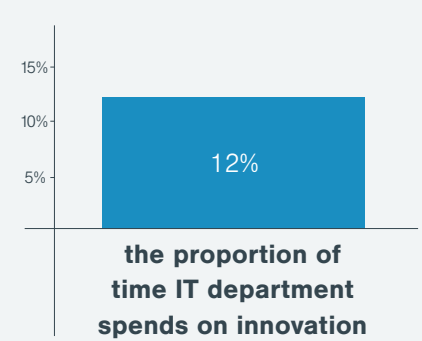
Reducing expenditure (30%)

Enabling business agility (29%)

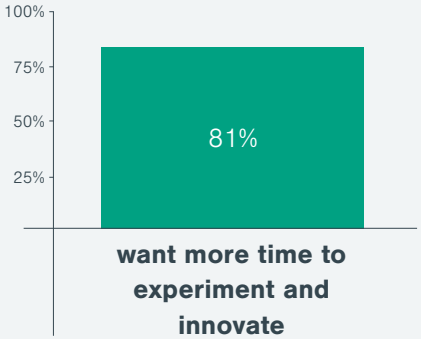
Improving application development (28%)

Innovation

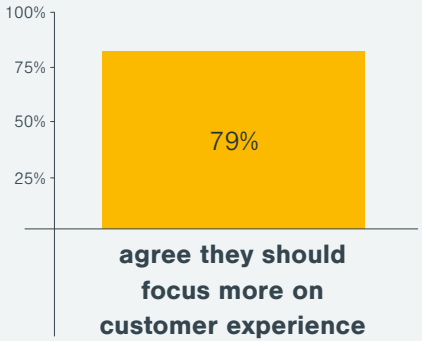
Many organisations talk about the importance of innovation, but what does this look like in practical terms? What resources are being dedicated to driving innovation, and what are the priorities?



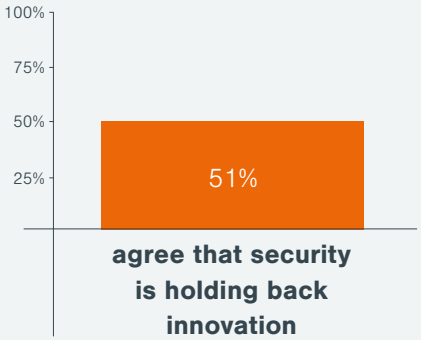
the proportion of time IT department spends on innovation



want more time to experiment and innovate



agree they should focus more on customer experience



agree that security is holding back innovation

What is delaying innovation?

Identifying the barriers to innovation is the first step to removing them. Here's what our respondents cited as the main roadblocks around embracing new technology and new ways of working.

Skills shortages holding teams back

Too slow to make changes

Lack of senior management support

Lack of resource for innovation

Results from our survey indicate people, not technology, are the main limiting factor for innovation. The effects are widespread, with just 13% of respondents reporting no barriers to implementing organisation-wide technology changes.

Where is innovation spend going?

Innovation is a broad term, so what are some of the main priorities?

IT security

Cloud infrastructure

Data Analytics

Less interest in

At the other end of the scale, what are the least important areas?

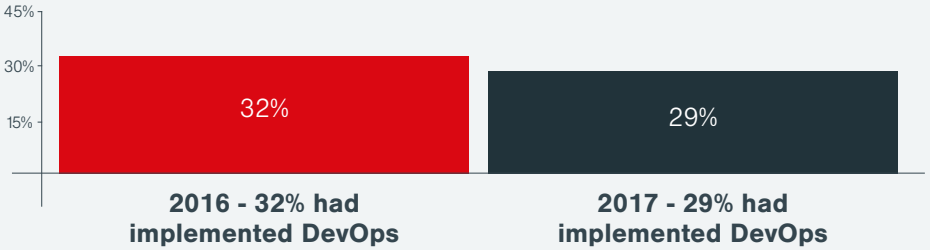
Artificial Intelligence

Internet of Things

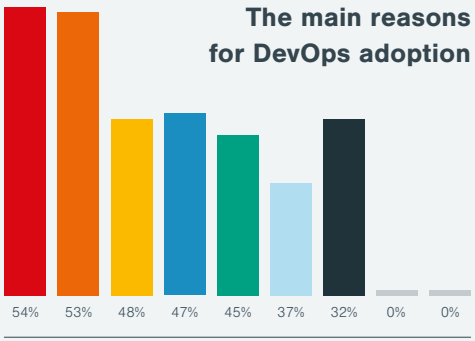
DevOps, agility and automation

The journey to DevOps

Although there is a slight dip on last year's survey responses, DevOps adoption has continued to gain traction over the last 12 months:

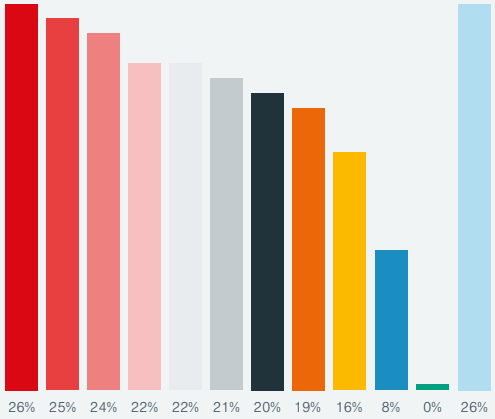


Significantly, 63% now plan to implement DevOps – up 18% on last year – with respondents citing a wide range of anticipated benefits



- **54%** Better applications
- **53%** Greater operational efficiency
- **48%** Increased profitability
- **47%** Greater business agility
- **45%** Improved levels of customer satisfaction
- **37%** Better understanding between employees
- **32%** Increased application stability
- **0%** *Other (please specify)
- **0%** There are no benefits of a DevOps approach in my organisation

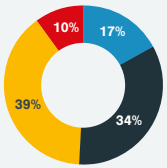
Bumps in the road: the main barriers to change



- **26%** Operations teams limiting the potential of DevOps projects
- **25%** Lack of clear business objectives and leadership within management
- **24%** A lack of time to automate all of the tasks we want to
- **22%** Unstable applications
- **22%** Conflict with historic ITIL
- **21%** Skills shortage of people experienced in modern DevOps tools
- **20%** Unstable infrastructure
- **19%** Cultural resistance to change
- **16%** The business lacks understanding in how to leverage strategically
- **8%** A siloed mentality between different units in the organisation
- **0%** *Other (please specify)
- **26%** My organisation has not faced any challenges as a result of implementing a DevOps approach

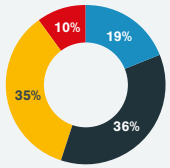
DevOps health check

Survey participants were asked to assess their processes, applications and infrastructure to consider how ready their organisation really is for DevOps.



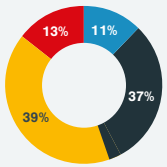
Processes

- **17%** Processes are poorly-defined and changes have a high risk of side-effects and failures
- **34%** Processes are defined, but side-effects and failures are common
- **39%** Processes are well defined and there are very few issues or side-effects
- **10%** The organisation is agile with regard to processes, which are all scalable



Applications

- **19%** Applications are complex and time consuming to maintain, leaving no resources for innovation and change
- **36%** Applications are maintained, but use a lot of resource
- **35%** Applications are almost entirely automated with very little time and resource required for maintenance
- **10%** The architecture is decoupled to minimise dependencies and facilitate easy change



Infrastructure

- **11%** Infrastructure configuration is heavily manual, time-consuming and subject to human error. Infrastructure has fixed capacity or is expensive to change
- **37%** Infrastructure configuration is mostly manual and takes time. Changes are fairly expensive, but capacity is expanding
- **39%** Infrastructure configuration is mostly automated. Changes are straightforward to make and costs are low
- **13%** Infrastructure configuration is heavily automated. Change is reliable and repeatable

Management, people and strategy

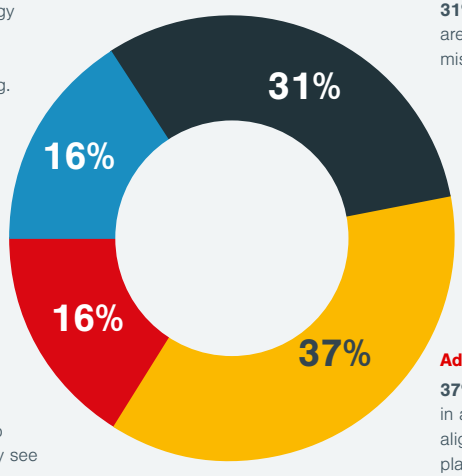
Technology solutions to help businesses compete in the new digital economy are essential. In addition, our survey results highlight that aligning the right people and processes around such technology is just as important, with some challenges involved.

Alignment

Progress is being made to align leadership, processes and culture, but a significant proportion of European organisations are still struggling. In particular, businesses commonly report teams working in silos and a lack of proactive strategy when asked to describe the leadership and culture within their organisation.

Laggards
16% Leadership and strategy are mainly reactive and misaligned. Teams work in silos and are inward looking.

Followers
31% Leadership and strategy are somewhat reactive and misaligned. Teams work in silos.



Leaders
16% The direction is set in a proactive way. All teams work towards a common goal and are empowered to implement solutions as they see fit. They are outward looking.

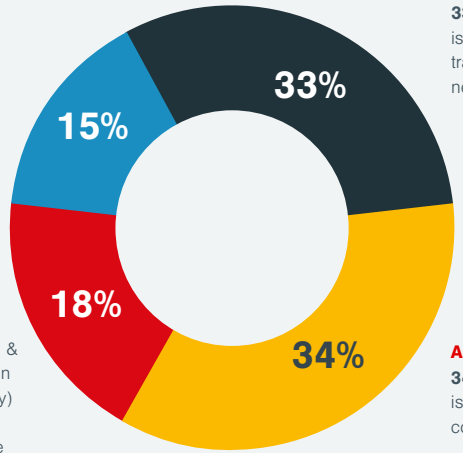
Adopters
37% Direction is largely set in a proactive way, but lacks alignment. There are initiatives in place to break down team silos.

Skills and capability planning

Almost half of European businesses still cannot proactively assess their capabilities. As a result, these organisations often lack essential skills, or are forced to learn skills at the same time as new processes are being implemented. A reactive approach also means teams and departments may not always be working towards common goals.

Laggards
15% Capability planning is mainly reactive. Skills are acquired by learning as you go.

Followers
33% Capability planning is quite reactive, but skills training is provided when a new process is implemented.



Leaders
18% Capability planning is proactive and backed by predictive analytics. All teams work towards a common goal & have the independence to train in advance (even speculatively) and are prepared for change (even though the nature of the change cannot be predicted).

Adopters
34% Capability planning is proactive and continuously reviewed.

Benelux

Survey responses suggest the Benelux region continues to lead on the adoption of progressive IT and application management practices.

39% of businesses already have a DevOps approach in place, and a further 53% will join them in the next few years. This change in structure is paying dividends as well – two-thirds of IT and Digital decision makers believe they are well positioned to keep pace with their competitors' digital solutions and offerings. Benelux businesses are also more likely to keep pace with external factors that affect their operations and processes.

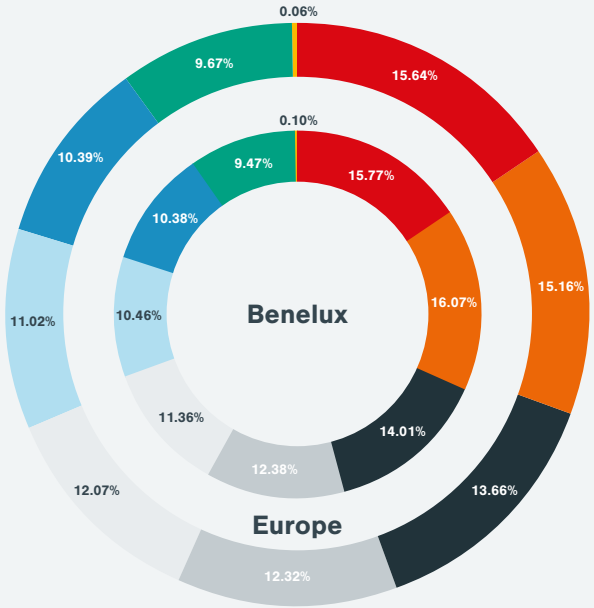
There also appears to be a concerted effort to focus on core business operations, outsourcing functions that are not critical to the service or products offered to customers. 44% of survey respondents reported outsourcing network management and support, 37% application development and 36% IT security. Benelux leads the field in almost every function, with just 15% of businesses claiming they do not outsource at all.

Unsurprisingly, the use of third party managed services accounts for almost 20% of the annual IT budget. This percentage of total spend is expected to remain static for the next five years. Why are Benelux businesses so committed to outsourcing? Nearly half believe that they gain more time to focus on innovation.

On the other hand, over a third (37%) of those surveyed reported challenges when trying to balance improved customer experience, with the need to secure data. Nevertheless, although this was the biggest challenge in customer experience improvements, Benelux is still well-ahead of their European counterparts.

How much time does the IT department spend on the following activities?

- IT operations projects
- Business projects
- General maintenance
- Innovation
- Responding to user problems
- Unplanned work
- Change management
- Talking to vendors
- Other



Top 3 priorities

1. Improving security
2. Reducing expenditure
3. Enabling business agility

Top 3 challenges

1. Information security
2. IT systems are fragmented
3. Improving customer experience

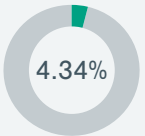
Top 3 barriers to change

1. Skills shortage in the IT department
2. Our IT infrastructure is not scalable
3. We are too slow to make the changes

IT budget growth

Benelux

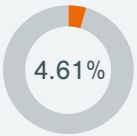
2016



2017

Europe

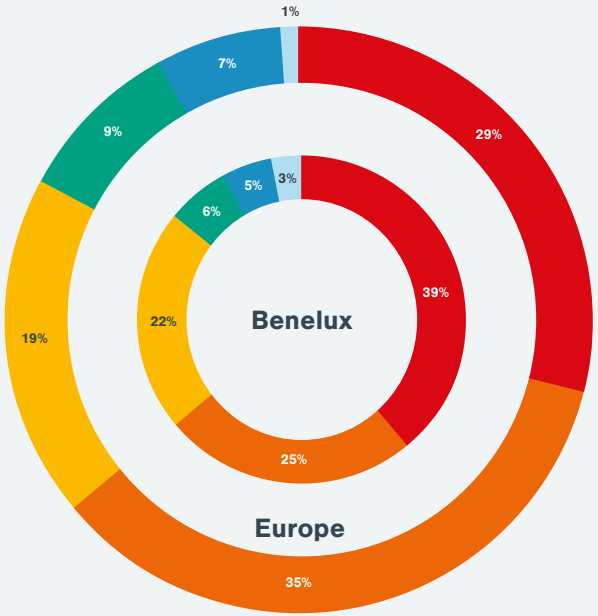
2016



2017

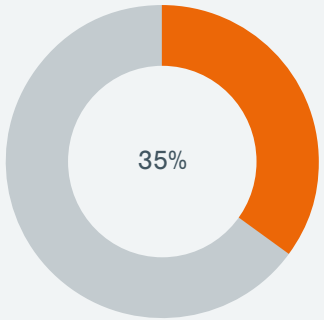
DevOps adoption

- Yes
- No, but we are planning to within the next year
- No, but we are planning to in the next two years
- No, but we are planning to beyond the next two years
- No, and we are not planning to
- I don't know

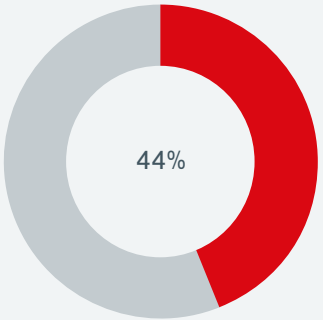


Companies failing to keep pace with competitors

Benelux



Europe



France

For French businesses, the next 12 months are customer-focused. IT leaders are prioritising application performance and reliability, and their actual application development processes.

This stands in stark contrast to their European counterparts, most of whom are channelling funds and resources into improving security; at the business level, just 33% of French firms named security as a priority.

It may be that efforts in 2016 have paid off for French IT managers – security was the number one priority for IT departments last year. But despite the change in focus at the business level, French IT professionals still agree that information security is their number one challenge this year. This is closely followed by a desire to improve customer experience, perhaps explaining the new emphasis on applications.

When it comes to driving change, technology changes in French firms are most likely to run into problems then they dedicate resources to innovation projects. Almost a third also struggle to identify the data they need to make informed decisions. Unsurprisingly, an above-average 60% of those questioned reported common failures with their IT processes – even those that have defined processes in place.

In terms of time spent by the IT department, French businesses do not deviate far from the European average. Fractionally more time is spent "keeping the lights on" than other projects – but this does appear to be paying off. French IT teams are the best performing in Europe when it comes to unplanned work which accounts for just 10% of their workload. Nevertheless, more than a third (39%) are "using a lot of resources" to maintain their applications.

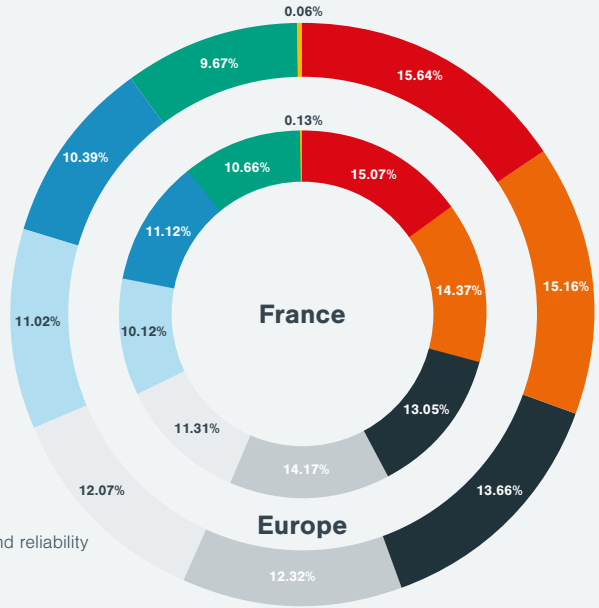
The same is true of infrastructure management. France remains heavily reliant on manual infrastructure configuration, increasing administrative costs and the margin for human error. Less than half of IT leaders have managed to automate their infrastructure, leaving France lagging behind the rest of Europe.

France has also slipped to second place behind Benelux in terms of DevOps adoption since last year. But with 37% of firms having already implemented DevOps, French firms remain well ahead of the European average.

France is neither the biggest or smallest spender when it comes to IT investment, but it would appear that IT leaders have two areas of focus if they are to keep pace with businesses elsewhere in Europe:

- Increase their use of automation for business processes and IT provisioning.
- Re-architect applications to increase automation and reduce dependencies that restrict business growth or operational flexibility

How much time does the IT department spend on the following activities?



Top 3 priorities

1. Improving application performance and reliability
2. Improving application development
3. Improving security

Top 3 challenges

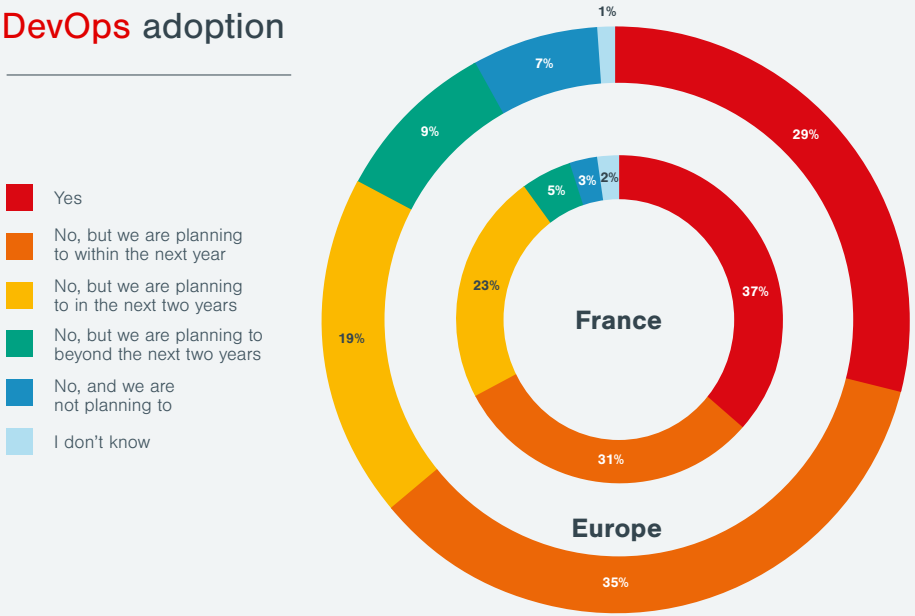
1. Information security
2. Improving customer experience
3. Performance and reliability of applications

Top 3 barriers to change

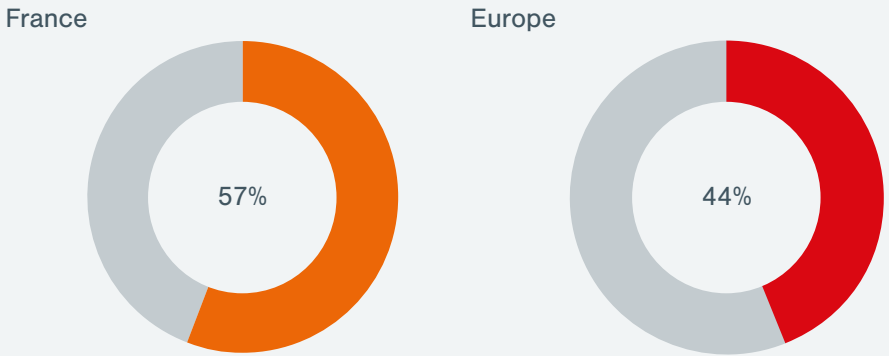
1. Lack of available resource for innovation projects
2. Lack of data available to make informed decisions
3. Poor advice from partners

IT budget growth

DevOps adoption



Companies failing to keep pace with competitors



Germany

Although the percentage has fallen slightly on previous years, improving security still tops the IT issues list in Germany by some considerable distance, with 45% of respondents naming it as a top priority.

Echoing IT departments elsewhere, German businesses are also focusing their resources on improving the performance of their applications, and improving application development.

Interestingly, the CIO reigns supreme in Germany, with 73% of respondents stating that they are responsible for implementing organisation-wide technology. However there are questions about the CTO's authority – nearly a third of businesses report a lack of senior management support as being a significant barrier to organisation-wide technology change.

These challenges are exacerbated by a skills shortage in the IT department, suggesting that senior management is unwilling to sign off on projects knowing that the required human resources are not in place.

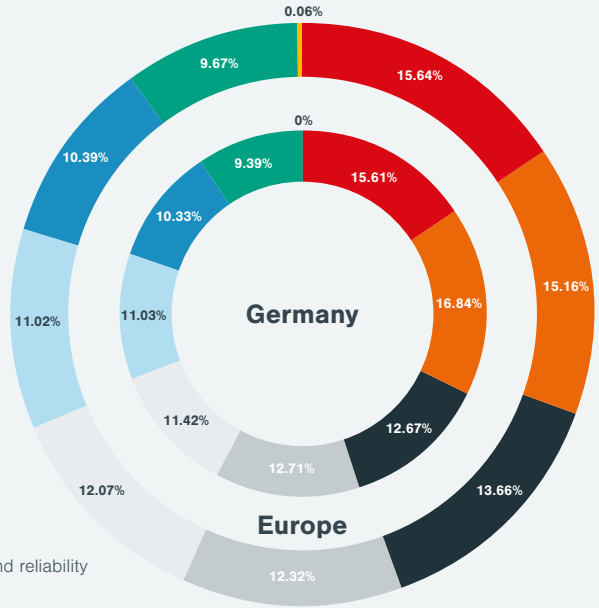
German IT departments also lead the field when it comes to the way they allocate their time. Nearly 17% is assigned to business projects, more than any of the other countries surveyed. This suggests that German firms are properly engaged with digital improvement projects, elevating IT from a purely supporting role.

Key to this change in approach has been the careful definition of IT processes. Just 25% of businesses with defined IT processes experience frequent failures or side-effects, well below the European average of 34%.

Despite advances in IT processes, infrastructure is still a concern, with 49% of firms still relying on manual configuration, reducing operational agility and adding to administrative costs. This inflexibility will have a knock-on effect as IT leaders try to improve the performance of their applications.

In short, German IT leaders are making significant advances in digital improvement. But without resolving ongoing political issues and the inflexibilities of existing infrastructure set-up, further advances will be costly and difficult.

How much time does the IT department spend on the following activities?



Top 3 priorities

1. Improving security
2. Improving application performance and reliability
3. Improving application development

Top 3 challenges

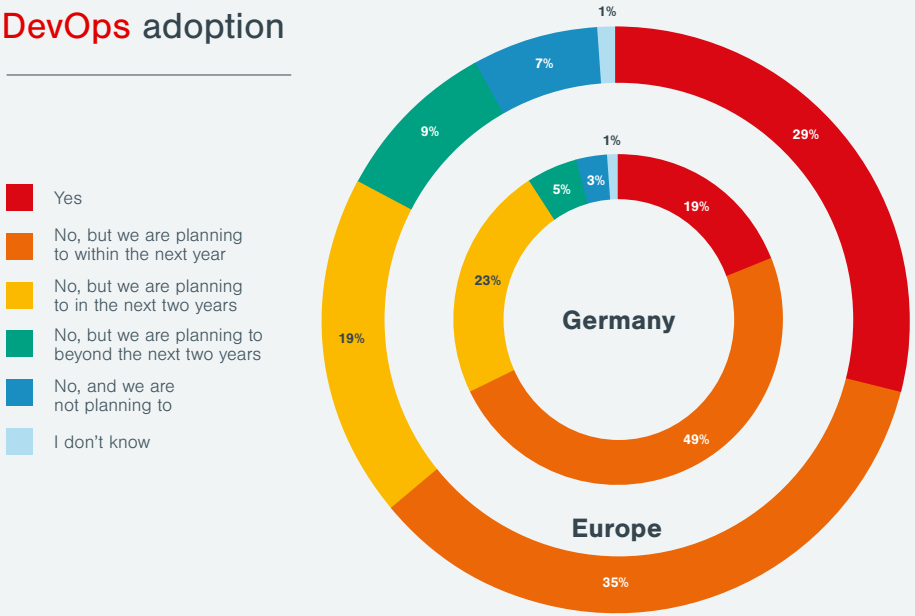
1. Information security
2. Performance and reliability of applications
3. Improving customer experience

Top 3 barriers to change

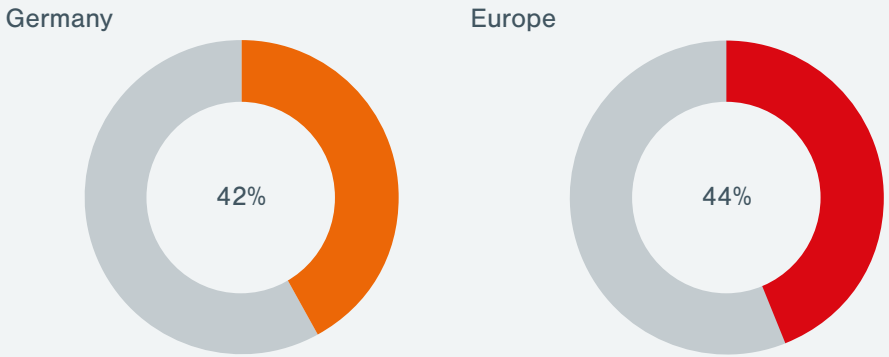
1. Skills shortage in the IT department
2. Lack of senior management support
3. Our IT infrastructure is not scalable

IT budget growth

DevOps adoption



Companies failing to keep pace with competitors



Portugal

As noted in last year's report, the Portuguese IT department remains one of the most challenged in Europe. As a result, the most pressing concerns raised by IT leaders are considerably different to their counterparts operating elsewhere on the continent.

Portuguese IT leaders face significant problems implementing technology change. Attracting suitably skilled staff to help drive IT forwards is a problem for 43% of businesses for instance.

Unique to Portugal, however, is the corporate aversion to risk – again 43% of businesses report this to be a problem that prevents much-needed change. This has a knock-on effect too, making Portuguese businesses too slow to affect change.

When it comes to objectives set by the IT department, Portugal is roughly aligned with other firms across Europe. Improvements to security and business agility are in the list of top priorities, but so is a desire to reduce IT expenditure. Almost paradoxically, 45% of IT leaders report budgetary constraints as a major challenge, second only to the need to improve customer experience.

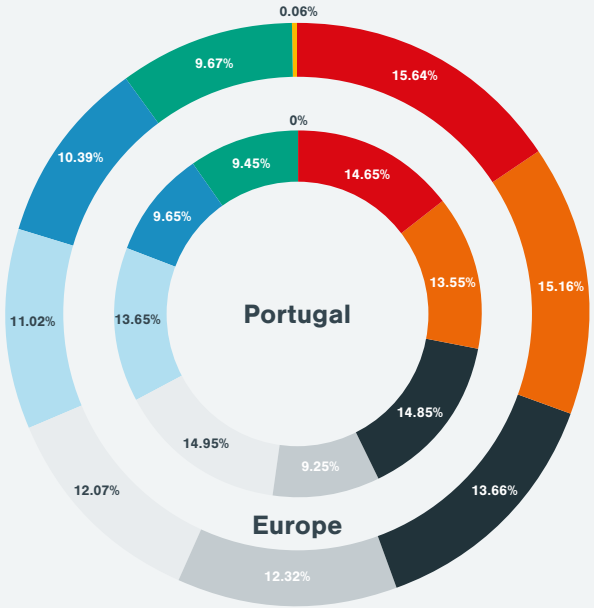
Constricted IT spend may provide the impetus for greater adoption of Cloud services – currently Portugal has the highest concentration of on-premise systems in Europe. In fact, 44% of firms do not put anything out to third parties.

There are some encouraging signs however. For instance, Portugal leads the way when it comes to infrastructure automation, with 63% of IT leaders reporting that their infrastructure has been mostly automated, helping to reduce operating costs and reducing the risk of human error. Importantly, over 90% of respondents said their organisation's annual IT budget is allocated directly to the IT department, which is again much higher than the European average (77%).

The investment isn't wasted either and 87% of respondents believe the IT department provides the greatest return on investment when compared to other business units, well above the Euro average of just 68%.

Obviously Portuguese IT leaders are doing something right, even if they are struggling to keep up with their international counterparts in terms of DevOps adoption and structuring internal data sources for analytics-driven decision making.

How much time does the IT department spend on the following activities?



Top 3 priorities

1. Improving security
2. Reducing expenditure
3. Enabling business agility

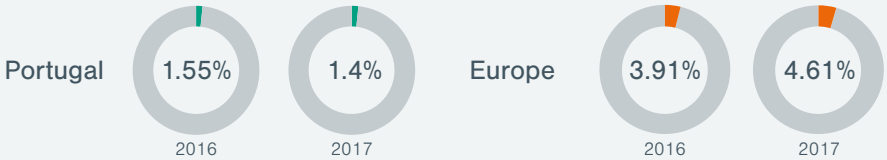
Top 3 challenges

1. Improving customer experience
2. Budget constraints
3. Applications are not mobile friendly

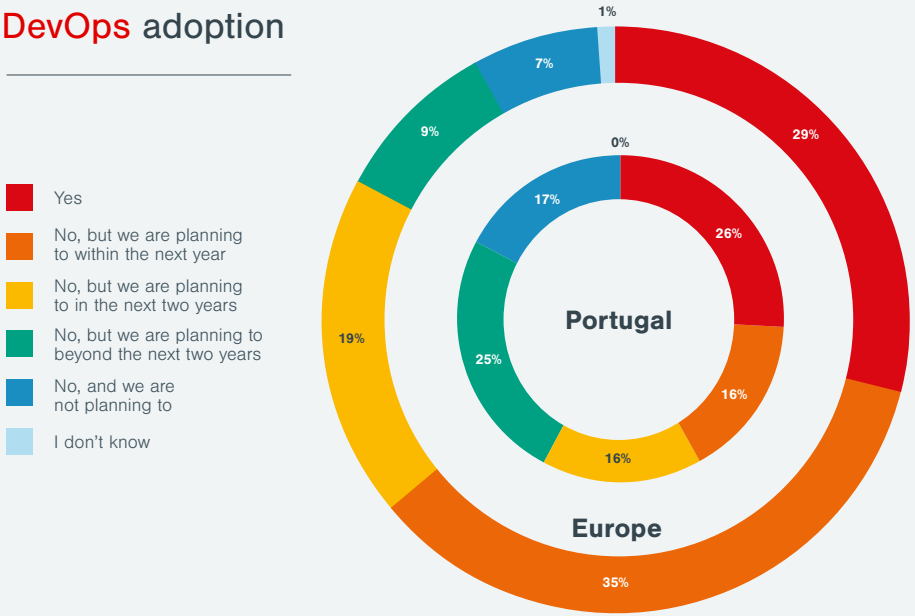
Top 3 barriers to change

1. Skills shortage in the IT department
2. Too risk averse
3. We are slow to make changes

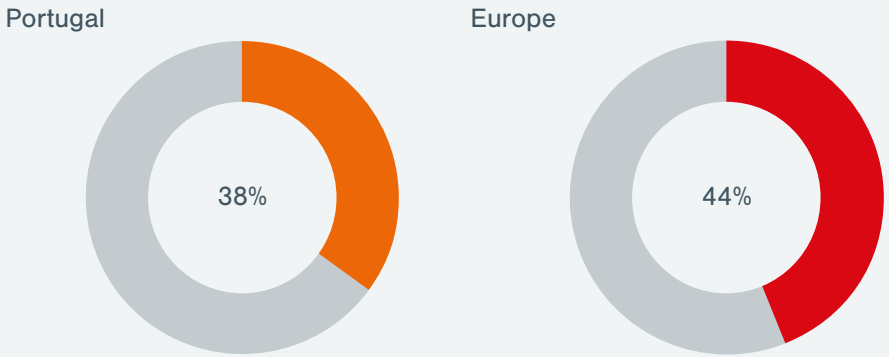
IT budget growth



DevOps adoption



Companies failing to keep pace with competitors



Spain

Last year, Spanish IT leaders enjoyed an above average increase in budget, and good all-round strategic performance. Yet despite having more to spend, our survey respondents in Spain said they have the smallest IT budgets; just £3.9m against the European average of £6.2m.

Spanish firms still face the same primary challenges as their international counterparts – a need to increase security, plus application performance and reliability.

Their third priority is somewhat different, however, with businesses struggling to meet the 24x7x365 access demands of their customers.

There are still encouraging signs, however. Spain leads the way when it comes to leadership culture, with 29% of respondents saying that teams are outward-looking and fully empowered to act proactively.

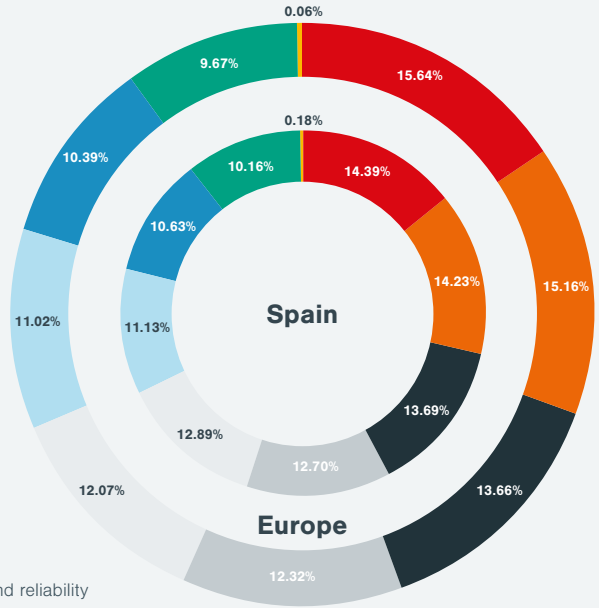
This is considerably higher than the average 16% and nearly four times more than their neighbours in Portugal. Respondents expect to see this customer-centric approach manifest in developing products more quickly and increased business agility.

By prioritising data, analytics and responsiveness, Spanish businesses are winning the digital improvement battle. One-fifth (20%) have already structured all of their data, ready for use in analytics and strategic decision-making – again, well ahead of the Euro average of just 13%. Similarly, IT leaders are making significant advances as they try to automate business applications for greater efficiency, and to reduce the need for manual intervention.

As Spanish IT leaders focus on application availability and reliability, they may be overlooking another important aspect of their operations. More than half of respondents are failing to automate infrastructure configuration, adding to their administrative overheads and operating costs.

Interestingly, nearly a quarter (23%) of Spanish firms still do not outsource any of their IT estate. When faced with a real skills shortage, this will undoubtedly add to running costs, placing further pressure on the IT budget and making it harder still to maintain 24/7 operations. Those firms who do engage third party providers expect to free up additional time to focus on innovation, and resources to dedicate to company strategy – which would help stretch the limited IT budget further.

How much time does the IT department spend on the following activities?



Top 3 priorities

1. Improving security
2. Improving application development
3. Improving application performance and reliability

Top 3 challenges

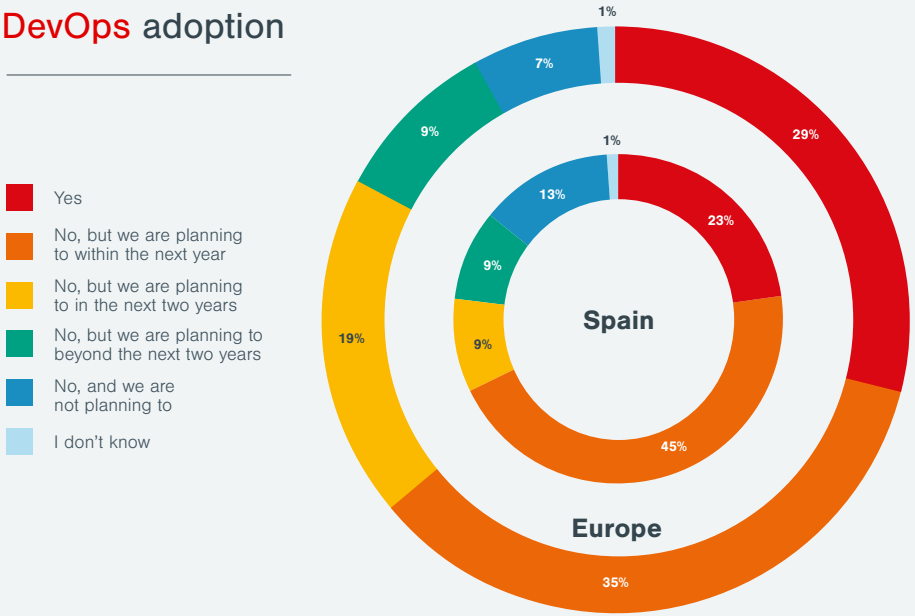
1. Information security
2. Performance and reliability of applications
3. The 24x7 demands of our customers

Top 3 barriers to change

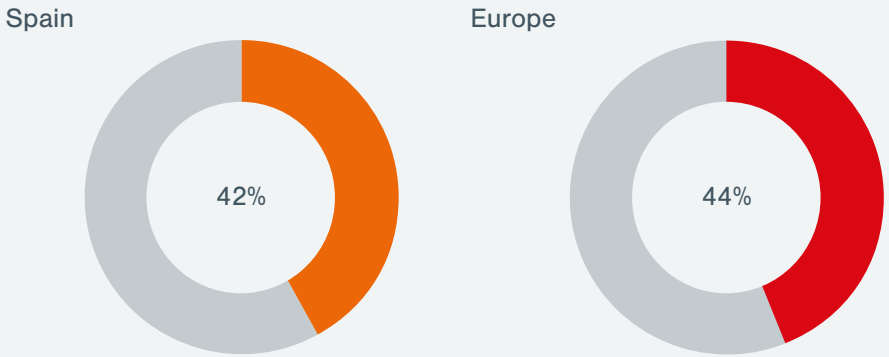
1. We are too slow to make the changes
2. Skills shortage in the IT department
3. Our IT infrastructure is not scalable

IT budget growth

DevOps adoption



Companies failing to keep pace with competitors



UK

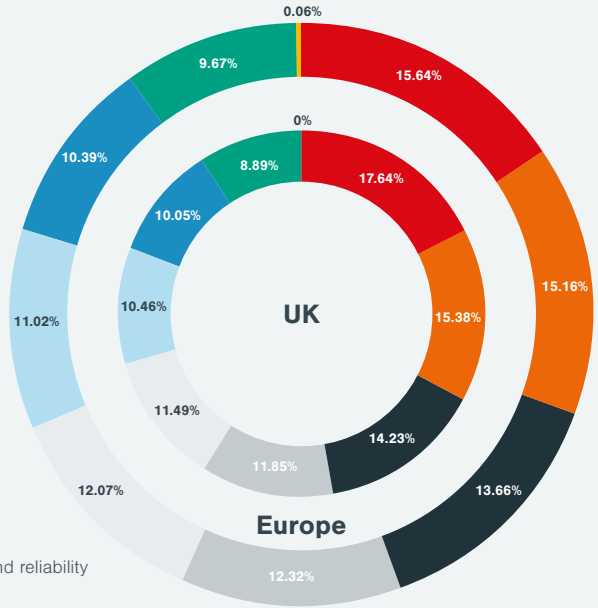
In 2015 and 2016, the UK was reported as having one of the most challenging IT landscape in Europe. This year, a similar picture emerges with the added frisson of an uncertain political and economic future brought about by Brexit. Specifically, IT and Digital leaders in the UK are concerned about access to the skills they require, time spent on innovation, are open to working with partners, and believe they are delivering good services overall.

Responses from all the countries we surveyed suggest that a means of addressing the need for greater flexibility and the additional skills can come from working with an IT partner. This is particularly relevant in the UK, with 38% of participants saying a skills shortage is one of their biggest challenges, compared to the European average of 25% and just 13% in France. The UK also stands out with one of the largest number of respondents agreeing that IT systems are fragmented (39% and second only to Portugal).

Nevertheless, UK businesses would seem to be more outward-looking than many of their counterparts across the continent, with 52% of British IT leaders believe that transferring various processes and operations to service providers frees up the space and resources they need to push on with their digital improvement efforts. Along with Spain this is the second highest level of agreement, just behind Germany.

In addition, IT budgets in the UK report slightly stronger than average growth when compared to others in Europe.

How much time does the IT department spend on the following activities?



Top 3 priorities

1. Improving security
2. Improving application performance and reliability
3. Reducing expenditure

Top 3 challenges

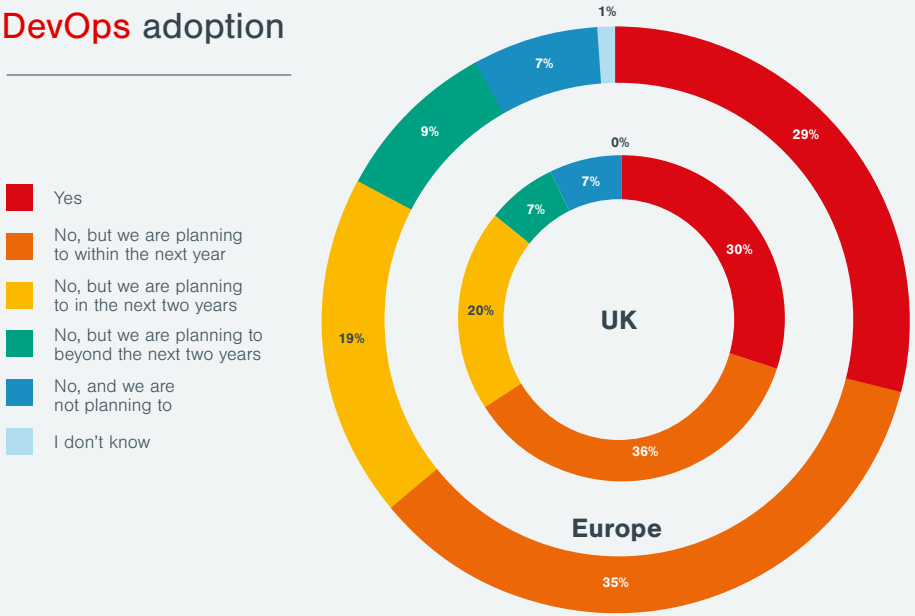
1. Information security
2. IT systems are fragmented
3. Skills shortage in the IT department

Top 3 barriers to change

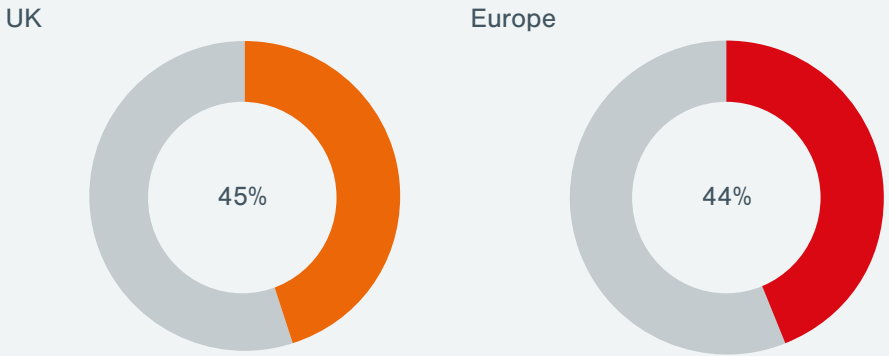
1. Lack of senior management support
2. Lack of available resource for innovation projects
3. Lack of data available to make informed decisions

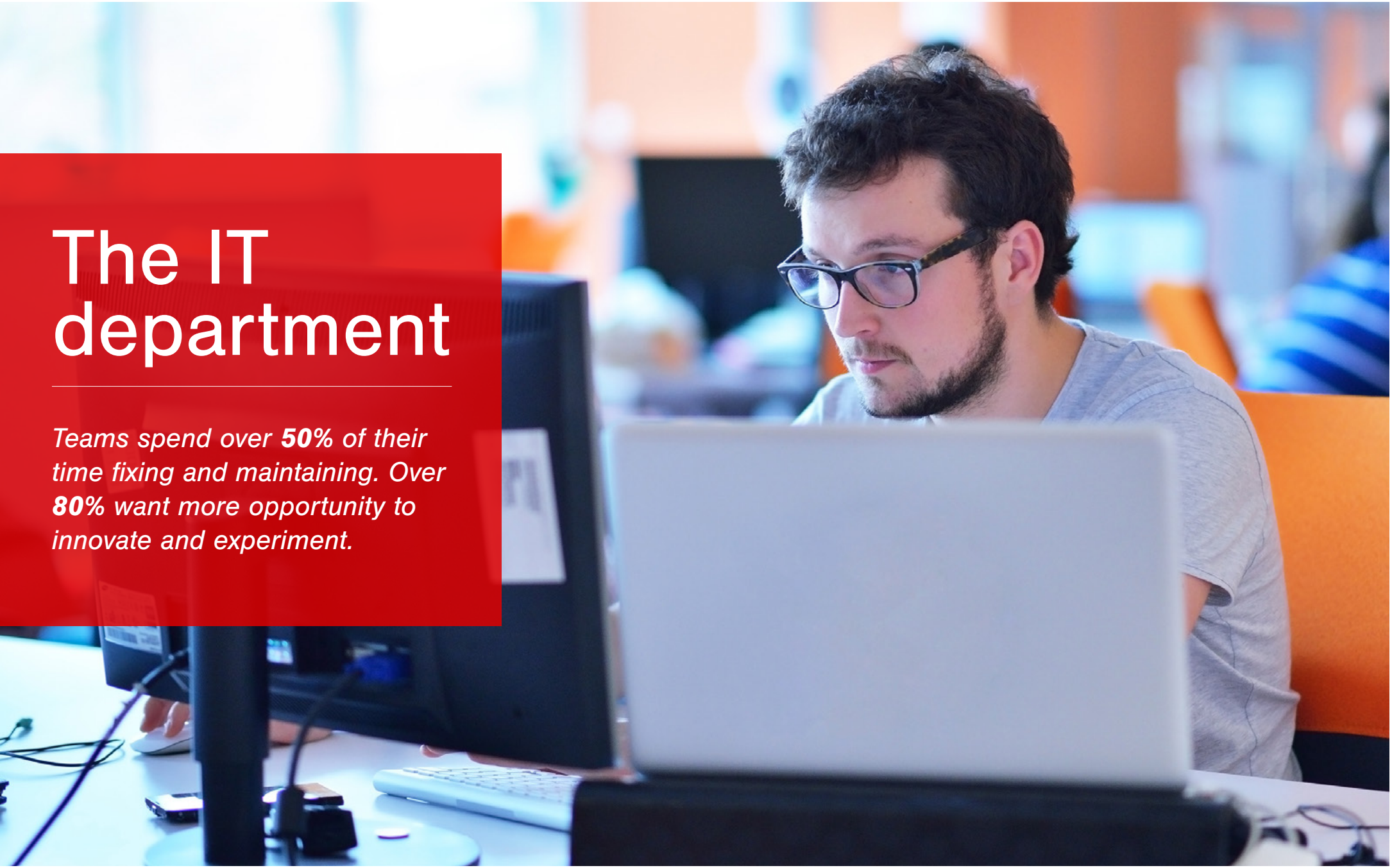
IT budget growth

DevOps adoption



Companies failing to keep pace with competitors





The IT department

*Teams spend over **50%** of their time fixing and maintaining. Over **80%** want more opportunity to innovate and experiment.*

IT challenges

The responses in this year's survey illustrate a wide range of challenges for IT, plus a long list of priorities for teams to digitise their businesses.

The perennial challenge for IT – future planning to drive the business forward combined with the day-to-day operational requirement to keep the lights on – features strongly, with teams having to manage a balancing act of activity.

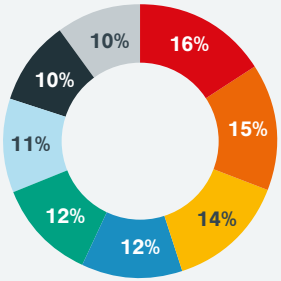
Value to the business?

On average, IT teams spend over half of their time (52%) on operations, maintenance, user problems and unplanned work, with only just a third of their time available for business improvement projects, including just 12% of their time to focus on innovation.

Maybe this is one reason why 50% of respondents said IT teams are still regarded as a cost centre. When asked, the majority said they offer good value and deliver more ROI than any other function in their business. However, until they can pull away from the time-consuming, day-to-day task of keeping things switched on, the IT department will always have a long way to go before it's seen as a catalyst for business improvement.

The time IT teams spend on different tasks

- **16%** IT operations projects
- **15%** Business projects
- **14%** General maintenance
- **12%** Innovation
- **12%** Responding to user problems
- **11%** Unplanned work
- **10%** Change management
- **10%** Talking to vendors



Updating legacy systems

Nevertheless, IT teams looking to the future cannot ignore the past. Some of the common legacy issues apparent in this year's survey still remain from previous years:

Fragmented systems and underperforming applications

Performance and reliability of applications are crucial to the service offered to customers, and more than a third of IT leaders are making this a priority.

However, system fragmentation still appears to be a significant barrier to productivity and efficiency for 51% of businesses.

Immature application strategies are widespread

This fragmentation appears to be exacerbated by application hosting strategy.

More than 60% of businesses questioned still host applications internally for the majority of line-of-business operations. Just 10% (6% in Germany) decoupled their application architecture to minimise dependencies on legacy resources, indicating a lack of maturity in application strategy is limiting their ability to take advantage of the superior flexibility provided by on-demand Cloud platforms.

System infrastructure demonstrates similar problems – only 13% of businesses have managed to automate and template configuration processes to improve efficiency and de-risk the change process, although Benelux performs slightly above average at 19%.

IT budget

In terms of funding, responses in this year's survey suggest IT is enjoying another period of consecutive increases, up almost 4% this year to £6.2 million (survey average). Most expect to see a further increase of more than 4% next year too, although 11% of Portuguese businesses expect to see theirs decrease.

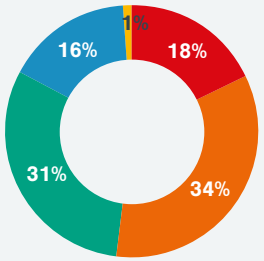
Despite these general increases, 30% of IT leaders have still made spend reduction a priority, indicating that expectations on IT are growing faster than budgets in many cases. Unsurprisingly, when faced with potential future budget reductions, 41% of firms from Portugal were prioritising reducing expenditure. In comparison, spend reduction is a priority for less than a quarter of companies in Germany.

Skills shortages continue to impact progress

Every region reports skills shortages as a specific barrier to implementing change. France remains the least challenged by skills shortages, but even there a quarter of businesses struggle to secure the experts they need.

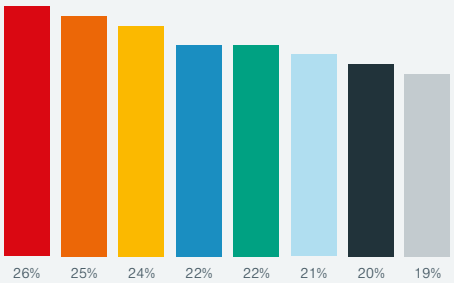
Over half of those surveyed strongly agreed or agreed that there is a digital skills shortage within their organisation. Out of those businesses who had already implemented a DevOps approach, the proportion reporting skills shortage as a challenge fell to 20% - still a significant number but a marked difference.

There is a digital skills shortage across the whole organisation.



- **18%** Strongly agree
- **34%** Agree
- **31%** Disagree
- **16%** Strongly disagree
- **1%** Don't know

The challenges our organisation has faced as a result of implementing a DevOps approach are:



- **26%** Operations teams limiting the potential of DevOps projects
- **25%** Lack of clear business objectives and leadership within management
- **24%** A lack of time to automate all of the tasks we want to
- **22%** Unstable applications
- **22%** Conflict with historic ITIL change control
- **21%** Skills shortage of people experienced in modern DevOps tools
- **20%** Unstable infrastructure
- **19%** Cultural resistance to change

What are the biggest challenges currently faced by your organisation's IT department?

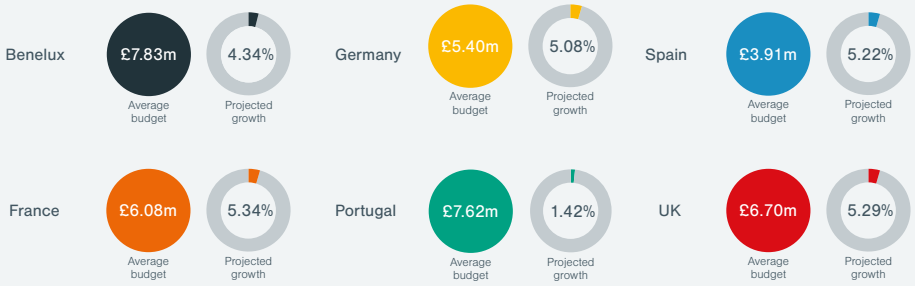
	UK	France	Germany	Spain	Portugal	Benelux
Information security	46%	45%	45%	46%	37%	43%
Improving customer experience	33%	45%	38%	35%	51%	29%
Performance and reliability of applications	31%	40%	39%	37%	25%	29%
IT systems are fragmented	39%	27%	33%	29%	40%	36%
Applications are not mobile friendly	31%	25%	31%	32%	42%	27%
The 24x7 demands of our customers	31%	25%	32%	36%	35%	26%
Gaining and sustaining competitive advantage	28%	31%	33%	27%	26%	27%
Budget constraints	31%	25%	21%	29%	45%	18%
Skills shortage in the IT department	38%	13%	26%	29%	29%	17%
Aligning IT with the KPIs of the wider business	21%	23%	25%	29%	25%	13%
Innovation	13%	18%	17%	14%	8%	12%
Data silos	11%	5%	11%	17%	25%	22%
The IT department is not currently facing any challenges	11%	6%	10%	9%	7%	5%

Which of the following are high priority objectives of the IT department in your organisation over the next 12 months?

	UK	France	Germany	Spain	Portugal	Benelux
Improving security	49%	33%	45%	45%	47%	39%
Improving application performance and reliability	31%	39%	37%	34%	31%	27%
Reducing expenditure	31%	25%	24%	28%	41%	39%
Enabling business agility	25%	29%	26%	22%	40%	35%
Improving application development	26%	38%	33%	35%	18%	12%
Ensuring data compliance	27%	19%	27%	27%	27%	26%
Revenue generation for the wider business	21%	28%	25%	15%	25%	27%
Enhanced data analytics capabilities	17%	17%	27%	20%	20%	24%
Increased speed of product development	26%	19%	18%	19%	16%	20%
Addressing shadow IT	19%	21%	20%	15%	12%	20%
Personalising the customer experience	15%	16%	8%	21%	13%	19%
Providing a seamless experience for customers across all channels	11%	16%	10%	19%	10%	12%
*Other (please specify)	1%*	0%	0%	0%	0%	0%

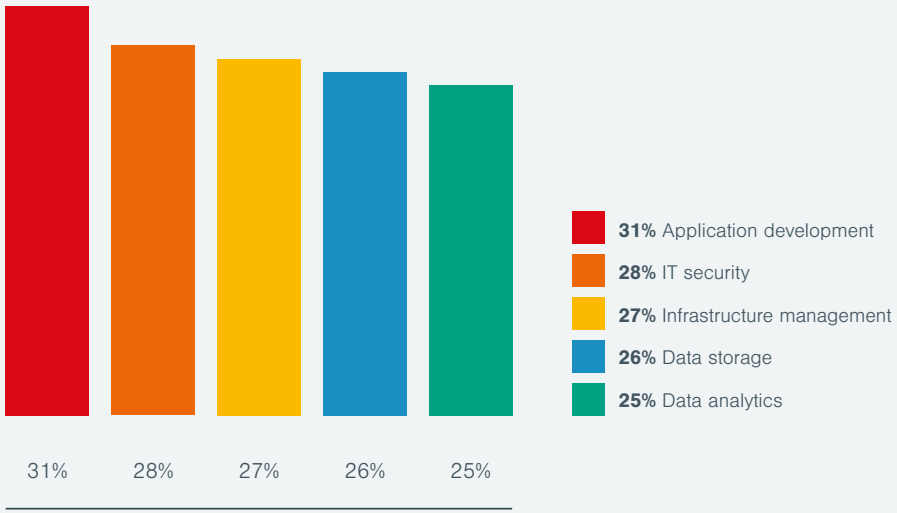
*Other (please specify): Improving connectivity; Improving infrastructure

Average budget vs Projected growth



Hosting and the Cloud

Top five outsourced elements across Europe are:



Barriers to innovation

Eight in ten decision makers see the need for greater experimentation. But over half of respondents say security – the number one challenge – is a drag on innovation.

Barriers to innovation

Every business sees the importance of innovation to respond to changing customer preferences and to stay competitive. Increased operational agility – with DevOps widely accepted as the way to achieve this - will be crucial in the on-demand digital economy.

However, our survey results indicate many organisations have run into problems. Corporate security procedures and requirements were cited by 51% of those questioned as being a significant barrier to innovation. Similarly, more than half of respondents believe that their IT processes are either poorly or improperly defined, increasing the risk of side effects or failure when developing new efficiencies.

The security vs innovation issue will itself require innovative approaches if an agreeable resolution is to be found.

81% **We should experiment more with new processes and technology**

With the new GDPR legislation coming in May 2018, businesses cannot afford to relax security provisions, but they cannot afford not to innovate either. The good news is that organisations that can find a way to address both issues are most likely to succeed. As DigiCert reports in its Making Security Agile survey, businesses who have adopted DevOps practices and ways of working are 22% more likely to say they are doing well at information security and 21% more likely to say this has reduced application risk.

DevOps today

This year 29% of companies surveyed said they have already adopted DevOps. A third (35%) intend to complete the transition this year, with another 19% in the 12 months after that, followed by a further 9% adopting DevOps over "a longer period of time".

Although the majority of respondents will implement DevOps eventually, a minority have no plans at all. Our view is that IT managers at these non-adopting businesses will struggle to keep up with the demands placed on them, eventually falling behind competitors who do. To back this up, IT managers do recognise the benefits provided by DevOps. Improved applications (54%), more efficient operations (53%), profitability (48%), operational agility (47%) and increased customer satisfaction (45%) were their main responses.

In other words, it's fair to assume that those businesses still delaying DevOps adoption are increasing the barriers to achieving their strategic priorities.

The benefits of DevOps

A lack of automation

Complexity is also cause for concern among IT and Digital leaders. In our survey, 55% of respondents said that their applications are "complex to maintain", while 48% claimed that existing infrastructure requires significant manual intervention, making it challenging to implement change.

The consequence of a heavy workload of managing applications and infrastructure manually is little time for innovation projects. In addition, just under a third of IT budget is spent on operations and maintenance (keeping the lights on), with a further 23% going towards resolving user problems and unplanned work. On average, it appears that European IT managers have just 12% of their total budget to spend on innovation to delver new solutions.

Investment is needed in automation as well as IT processes if these cycles are to be broken.

The main barriers to implementing organisation-wide technology changes

	UK	France	Germany	Spain	Portugal	Benelux
Skills shortage in the IT department	30%	25%	39%	39%	43%	32%
We are too slow to make the changes	21%	25%	23%	43%	42%	28%
Lack of available resource for innovation projects	33%	36%	23%	22%	25%	28%
Lack of senior management support	34%	20%	32%	24%	34%	24%
Lack of data available to make informed decisions	31%	31%	23%	31%	33%	15%
Lack of funding	24%	26%	23%	29%	34%	23%
Our IT infrastructure is not scalable	23%	17%	30%	32%	26%	30%
We are too risk averse	23%	18%	23%	23%	43%	27%
Poor advice from partners	26%	29%	24%	19%	27%	11%
Some departments have become siloed	14%	15%	13%	14%	7%	9%
*Other (please specify)	1%*	0%	0%	0%	0%	0%
There are no barriers to implementing organisation-wide technology changes	13%	10%	16%	9%	13%	17%

*Other (please specify): Connectivity in rural areas of the UK; Vendor demands for specific software

Security in numbers

Partnering with a third party service provider can offer additional insights into how the necessary balance between security and innovation may be achieved through the application of industry best practice.

This will be particularly important to ensure security spend is managed correctly. Survey results suggest the average security budget was £406,015 over the last three years, rising to £557,041 over the next three years. A third party can also share their experience acquired by working with other businesses undergoing similar digital improvement projects.

Views around the cutting edge

Despite industry interest in the Internet of Things (IoT) and Artificial Intelligence (AI) technologies, European investment appears to remain low.

Over the last three years, respondents have spent £171,599 on IoT, and £160,189 on AI. Given that businesses are creating and analysing ever increasing volumes of data to inform strategic decision making, it would be logical to assume that investment in technologies to help automate processes would be a priority.

However, responses to this year's survey indicate that interest in cutting edge technologies will still be muted in the foreseeable future. From the 750 IT and digital leaders we surveyed, IoT investment will reach an average of £294,291, and AI will be £246,833 over the next 3 years. This is still an increase, but not substantial.

Time to reassess priorities

These low rates of investment in technologies designed to deliver continuous improvement have not gone unnoticed. More than four in ten (44%) IT leaders believe their organisations are stagnating because they do are not keeping pace with digital solutions from their competitors.

In this context, IT leaders will need to reassess their priorities to ensure they are not missing out. According to our survey, a third of all high-performing IT teams are currently placing their day-to-day operational work in the hands of Managed Service Providers, so they can focus on innovation and business improvement. Businesses that insist on managing the majority of their systems in-house – especially considering the low levels of investment in automation reported in this survey – may lose out on opportunities to improve as time to maintain becomes the overriding factor.

The customer experience challenge

Seamless, responsive, always on: the digital customer experience is a main priority for nearly everyone we surveyed. But over a half are unable to extract value from their customer data, and nearly a third struggle to satisfy 24x7 demands.

The customer experience challenge

Customers' digital experience is now an essential consideration, with 98% of respondents recognising the value when organisations align IT operations and services with customer preferences.

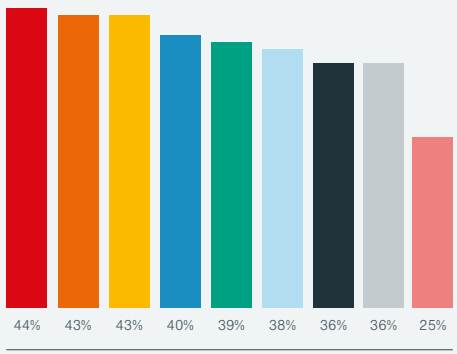
These benefits extend beyond basic revenue increases as well. 44% of our survey respondents said that by focusing on customers they will be able to develop new products more quickly. Others believe the change in strategy will also yield back end benefits, such as increased business flexibility (43%) and being better equipped to manage change (also 43%).

79% **The IT department could be more focused on customer experience**

But two-thirds fail to meet customer expectations. In reality, however, over two-thirds of respondents said they are falling short of customer expectations. What's more, it appears 89% of businesses have run into problems while trying to improve the core components of a great customer experience: securing customer data and achieving maximum application reliability and availability 24x7x365.

A recognised priority for businesses

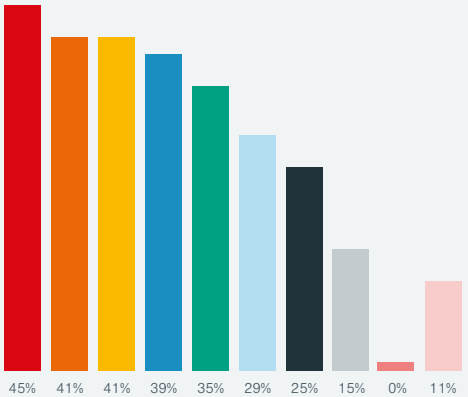
The perceived benefits of IT adopting a more customer-centric approach



- **44%** Developing products more quickly
- **43%** Greater business agility
- **43%** Being more prepared for change
- **40%** Ensuring all teams are working towards common goals
- **39%** Greater levels of innovation
- **38%** Discovering potential problems before they occur
- **36%** Reducing wasted resources
- **36%** Getting ahead of the competition
- **25%** Less chance of teams becoming siloed

But still a major challenge

Major barriers to delivering a better digital customer experience



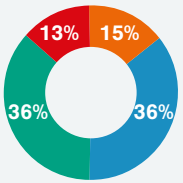
- **45%** Securing customer details
- **41%** Centralising customer data
- **41%** Application reliability across all channels
- **39%** Providing a consistent experience across all channels
- **35%** Drawing out insights from customer data
- **29%** Response times to customer queries
- **25%** Streamlining the customer journey
- **15%** Internal monitoring of application performance
- **0%** Other (please specify)
- **11%** My organisation has not encountered any challenges trying to improve the digital user experience

Extracting full value from the data

IT leaders also face technical challenges related to the way their businesses access and use customer information.

Just 13% report having access to centralised and structured data, enabling them to uncover actionable insights that allow them to improve their products and services. However, more than half (51%) claim they struggle to draw insights of any value from their corporate data stores to understand and respond to the needs of their customers.

With this in mind, it's clear that unifying data will be crucial to understanding customer preferences – and delivering across all channels. If IT can get this right, the rest of the business should be able to capitalise, increasing turnover and profits.



- **15%** The majority of data is unstructured (email, file-shares etc.)
- **36%** Data is mainly unstructured, but we are beginning to convert this into structured data
- **36%** Data is mainly structured, and business-critical data is easy to access
- **13%** The majority of data is structured and can be searched and analysed rapidly

Internal priorities restricting progress

The cost of keeping the lights on

On average, IT departments spend 16% of their time on projects to improve IT operations. A further 14% of time is spent on general maintenance, and 11% on unplanned work.

In total, this means IT teams spend 40% of their time on internally-facing activities. These operational pressures, combined with a lack of funding limiting investment, indicates that businesses across Europe will continue to struggle to improve their customers' experiences.

Lack of focus on customer experience

To further illustrate the point, when asked about the high priority objectives of the IT department, almost all were focused on internal factors.

In fact, of the 12 priorities named, just two are explicitly focused on the customer experience. Significantly, neither personalisation (15%) or the provision of a seamless experience across all channels (13%) were even close to the top five priorities. Is this down to a preoccupation on the operational priorities of the IT department?

Show me the money

When assessing their own performance, 79% of our survey respondents recognised the potential for improving the quality of service offered to customers.

This is no doubt related to relatively low levels of investment in customer user experience projects over the last three years, averaging just £206,739. But with investment predicted to rise to just £340,068 over the next three years, it appears that finances do not match stated goals. Indeed, customer experience is among the lowest IT investment priorities in all of the organisations surveyed.

A new breed of leaders needed

Nearly half say IT and Digital leadership is reactive and misaligned. Almost all agree their business would benefit from a more customer-centric approach.

A new breed of leaders needed

As MIT Sloan argues in Digital Maturity, Not Digital Transformation, the way forward for businesses is as much about people, management, and mindset as technology.

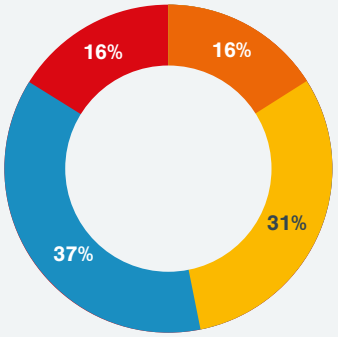
Controlled or in control?

With leading organisations introducing a new culture of agility in IT, plus an acceptance that customer experience is now fundamental in the digital economy, IT and their senior management teams are thinking differently about how to improve their businesses through technology. However, answers in our survey this year suggest it is still very much a work in progress.

Just 16% reported that functions across the business are working to a common goal to improve performance through IT and Digital channels. Less than one in five (18%) apply data analytics for future capability planning for growth. For 47% of respondents, leadership and strategy is still reactive and misaligned.

The result – it would appear – is that while IT leaders face a level of digital disruption that could put their businesses at serious risk, many are still in a reactive, rather than a proactive way of thinking.

Leadership – reactive or proactive?



- **16%** Leadership & strategy are mainly reactive and misaligned
- **31%** Leadership & strategy are somewhat reactive and misaligned
- **37%** Direction is largely set in a proactive way, but lacks alignment
- **16%** The direction is set in a proactive way

Planning for the future around customer need

In Designing and starting up a customer-experience transformation, McKinsey suggests: "Most organisations start customer-experience transformations with a focus on reducing abrasive experiences, which can include rooting out elements that irritate customers."

In today's always-on, 24/7 economy, online channels have become critical, with customers expecting low effort interactions at all times. However, there are all too many examples of weak processes and infrastructure damaging efficiency, security, reputation and sales, and this was clearly an important issue for decision-makers in this year's survey.

One statement to attract the highest level of agreement was: "The IT department could be more focused on customer experience." Overall, almost four-fifths of respondents (79%) either agreed or strongly agreed that this assumption is relevant to their own business. Nearly all (94%) said customer experience will be the focus for investment over the next three years, with 70% citing budgets of £50,000 – £1 million to support this.

Mixed picture

This year we measured the likely digital maturity of the organisations that survey respondents represent (see the next section for more detail). As would be expected, answers provided were very different across a wide range of issues, but questions about customer experience generated the widest gap.

Looking at the issue from this perspective, Leaders with the most developed level of digital maturity said a more customer-centric approach helps them to achieve greater levels of innovation (53%), deliver improved business agility (51%), and be more prepared for change (44%).

In addition, 85% said they are able to draw valuable insight from the data they collect, and 85% believe they have found the right balance between digital and human interaction with customers.

By contrast, responses from survey participants who work for businesses that demonstrate the least digital maturity suggest a view that a more customer-centric approach would only deliver minimal benefits around getting ahead of the competition (14%), innovation (17%), and developing products more quickly (21% compared to a 41% agreement from Digital Leaders).

Issues keeping leaders awake at night

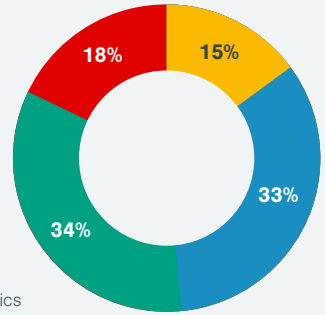
IT leadership is not what it used to be... a few examples why businesses need a new breed of people.

As covered earlier on page 50, we canvassed IT and Digital leaders around a range of possible major challenges. In the final section of this report, we break down some of responses according to digital maturity. Overall, however, a few statements that touched upon leadership decisions around customer experience – either overtly or intrinsically – pulled in the highest levels of agreement.

With data security breaches rising in the news, it's no surprise IT security comes in at number one (44%). Our broad "Improving customer experience" statement also harnessed an agreement level of 38%. Performance and reliability of applications (34%), fragmented IT systems (34%), mobile friendly issues (31%), and challenges around 24/7 business (31%) scored highly as well.

The overall picture this year is that IT and Digital leaders across Europe continue to be faced with a series of fundamental pressure points. These are not merely technological – they are business-critical and will require a new, more inclusive style of leadership that all departments understand and will buy into.

Is capability planning for growth proactive or reactive?



- **15%** Capability planning is mainly reactive
- **33%** Capability planning is quite reactive
- **34%** Capability planning is proactive and continuously reviewed
- **18%** Capability planning is proactive and backed by predictive analytics

Who are the main decision makers when it comes to implementing organisation-wide technology changes?

	UK	France	Germany	Spain	Portugal	Benelux
Chief Information Officer (CIO)	63%	49%	73%	50%	75%	64%
Chief Technology Officer (CTO)	50%	55%	44%	44%	36%	48%
Chief Executive Officer (CEO)	36%	39%	42%	22%	28%	46%
Chief Financial Officer (CFO)	23%	29%	24%	27%	42%	35%
Managing Director	25%	35%	21%	43%	27%	22%
Head of IT, IT Director or SVP/VP of IT	30%	22%	23%	27%	43%	21%
Chief Information Security Officer (CISO)	23%	28%	34%	20%	17%	26%
Chief Digital Officer (CDO)	21%	22%	26%	31%	8%	14%
Chief Operations Officer (COO)	19%	7%	11%	21%	21%	14%
Head of e-Commerce	8%	7%	2%	11%	2%	7%
Head of multi-channel	1%	7%	1%	4%	1%	3%
*Other (please specify)	1%*	0%	0%	0%	0%	0%

*Other (please specify): Commercial Director

Signs of digital maturity

How leading businesses have adopted new ways of working... and what this might tell us about the business of IT today.

Signs of digital maturity

Across a range of questions in this year's survey, we assessed the opinions of respondents according to the digital maturity of their organisation.

Out of the 750 senior decision-makers who took part, 150 represent organisations that have made the most progress and, in this final section, we look at how these businesses do things differently.

With businesses facing fundamental disruption and even an existential threat, the need to digitise the business in line with ever-changing customer and market needs is not simply a conversation for the IT department to hold in isolation. It's now an agenda item for all departments to achieve organisation-wide continuous improvement, better customer service and market differentiation.

Defining the curve

Gartner's Digital Maturity Benchmark Summary provides some excellent examples of the new business of IT. In their own words:

- The creation of new business designs by blurring the digital and physical worlds
- A new and disruptive world of people, business, and things
- A $300 billion market for technology products and services by 2020

The methodology developed for our report with Vanson Bourne was to score answers against an established understanding of digital maturity – Laggards, Followers, Adopters, and Leaders – to explore how businesses across Europe organise their IT and Digital estate. Steps on the journey are nuanced, but taking a look at how Digital Leaders operate is possibly the best way to illustrate what needs to be achieved.

> ***"Not only is there a distinctly wide gap between the digital haves and have-nots, but that gap appears to be growing. The leaders in digitization are moving ahead quickly, while progress among many of the laggards remains relatively slow."***
>
> Measuring industry digitization. Leaders and laggards in the digital economy. PwC

Digital Leaders

These organisations are leading the way when it comes to digital progress.

Their business leadership is progressive, outward looking and proactive. Infrastructure and applications are heavily automated, and scalable. Analytics play a large part in these organisations, especially in decision making and planning.

As a result of this more progressive approach, these organisations are the most likely to have implemented DevOps, and to be really pushing forwards with the digital user experience, overcoming some difficult challenges along the way.

Is your business a Digital Leader?
See our IT and Digital health check on the back page.

A world of difference

This year's survey suggests that while businesses across Europe faces similar challenges, not all respond in the same way. Here are some of the main headlines that illustrate how Digital Leaders are forging ahead:

Skills shortages

Finding the right people with the skills and experience needed is a challenge for all organisations.

Businesses in the early stages of achieving digital maturity appear to be disproportionately affected by these skills shortages. In our survey, two-thirds reported problems hiring the people they need, compared to just over one in ten Leaders.

At the same time, while Digital Leaders may find it easier to attract top IT and Digital talent, their use of intelligent outsourcing actually means they do not need to employ so many specialists in-house staff in the first place.

IT and Digital priorities

Digital Leaders have very different priorities for their IT departments.

Nearly half of all respondents representing Digital Leaders (42%) said a main priority in their organisation is business agility, while the importance placed on agility from respondents further down the digital maturity scale trailed off.

In other words, it is clear that some businesses across Europe are more focused on resolving existing operational challenges around their IT, while Digital Leaders are working at a faster pace – following Google's mantra of failing fast – to discover new ways to make their data and systems work more efficiently.

Barriers to organisation-wide deployments

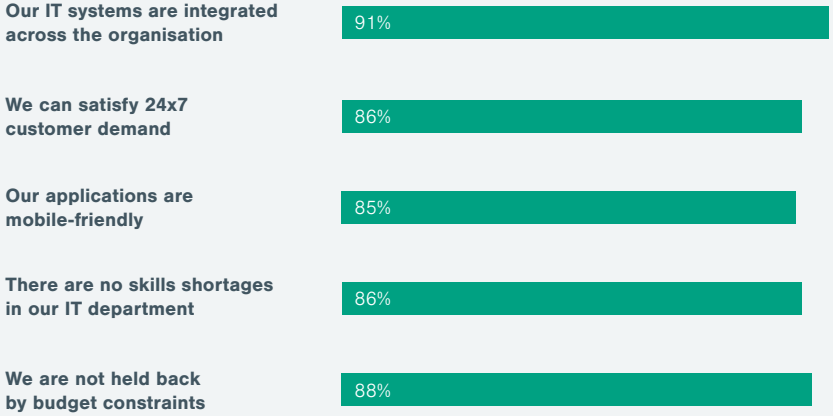
As we review on page 57, there are many issues that can hamper business change and improvement.

Nevertheless, nearly half of all Leaders (48%) reported that there are no barriers to implementing organisation-wide technology changes.

Survey respondents in this category said they have managed to resolve internal political issues, unlock the power of their data and to onboard trusted partners and suppliers to build an infrastructure that drives the business, not just supports it.

The mind of a leader

Common challenges resolved



Leaving time for new priorities

Time spent on innovation v unplanned work

As covered earlier, many teams find themselves preoccupied with fixing and maintaining systems or hardware.

However, in our survey Digital Leaders were significantly more likely to say their organisations have mastered control of their IT infrastructure, giving teams more time to focus on innovation projects. When asked the same question, respondents at businesses that are still moving towards digital maturity said they spend up to twice as long fighting fires, making it even harder to catch up with the industry leaders.

Operational stagnation

Digital disruption and the pace of change means businesses cannot afford to stand still anymore.

When asked for an honest assessment of how well their business is keeping pace with the competition, 77% of Digital Leaders believe they are keeping pace with, or outstripping their competitors.

It would appear that the redesign of IT infrastructure and increased use of external IT partners are just two factors that allows Digital Leaders to establish an advantage over their slower competitors.

Moving applications and data into the cloud

Decision made about where to host applications and data also emerge as a key differentiator.

According to our survey results this year, Digital Leaders have moved large sections of their application estate into the cloud, providing a scalable infrastructure on which to build and innovate. Businesses just starting the journey are not only behind when it comes to cloud adoption, they also fail to use many of the applications that their fast-moving competitors rely on.

To achieve meaningful business improvements, the accepted view is that all businesses will need to increase their cloud adoption in the future, and re-evaluate the applications they use. With migration to the cloud a new discipline for many of these businesses, interest in working with a managed IT service partner is gaining traction.

Digital user experience improvements

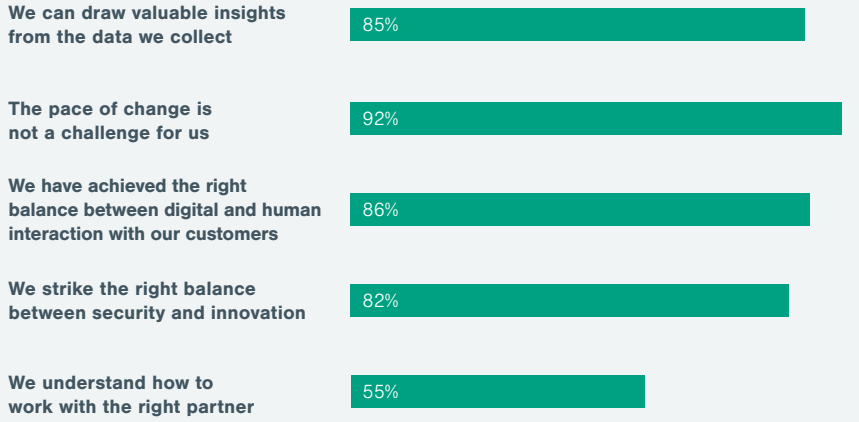
The ability to deliver reliable 24/7 access to seamless, multi-channel experiences is now a real source of competitive advantage.

When asked to assess the challenges faced when improving customers' digital experience, nearly half of all Digital Leaders report no problems at all. This compares to views further down the digital maturity scale where our survey respondents said they are distracted by the need to resolve issues like application reliability, consistency, and extracting value from their data.

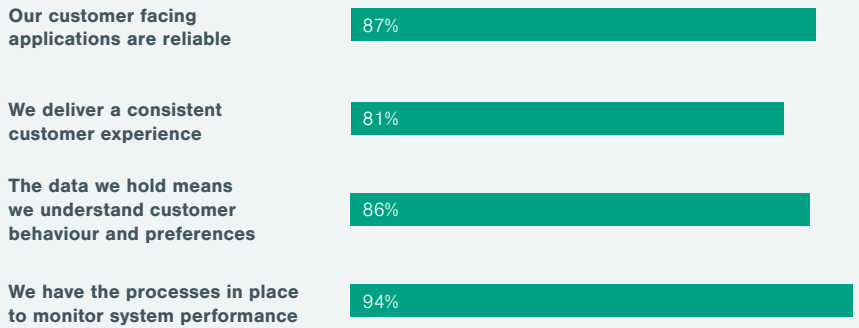
This is a significant area for businesses to gain additional competitive advantage. It is clear that businesses with a solid infrastructure and application stack in place - helping them to avoid many of the challenges that would otherwise prevent them from improving the digital user experience - are likely to be in a position of strength for future success.

The mind of a leader

Internal issues resolved



Overcoming customer experience challenges



Changing the business of IT

How the challenges facing businesses all over Europe can be turned into opportunities to gain an advantage by thinking differently.

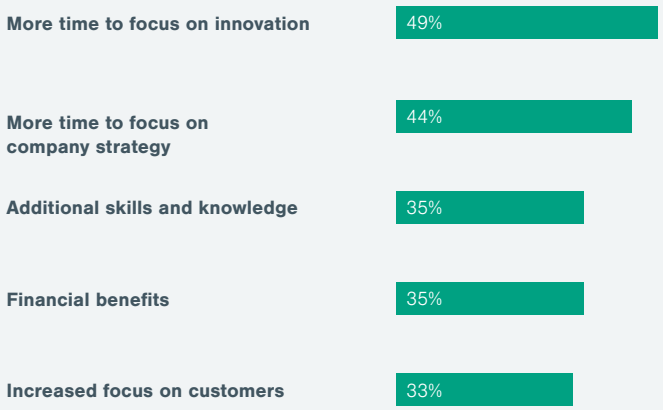
In our survey, responses from participants assessed to be in the Leader category suggest their organisations choose to address these challenges by partnering with Managed Services Providers (MSPs) and the use of cloud technologies.

While responses suggest businesses at the start of their digital improvement process do not generally outsource any of their IT operations – choosing to manage and maintain all systems in-house - two-thirds of Digital Leaders hand at least some of their business-critical functions to trusted partners.

The consensus is that this helps them to free up resources and budget for investment in strategic projects. Respondents said it also helps their businesses to overcome the skills shortage issue because finding suitable staff is then the MSP's responsibility.

The mind of a leader

Reasons to work with an IT partner



In terms of spend, our survey results suggest Leaders currently allocate up to 28% of their annual budget on managed IT services, and they all outsource at least part of their IT estate. In contrast, business at the start of their journey towards full digital maturity appear to continue to operate all of their systems in-house with no support.

Why do Leaders outsource?

Almost half of Leaders (49%) choose to work with an IT provider as a way to free up resources to focus on innovation.

44% also believe that MSPs release resources to focus on initiatives that drive company strategy.

The central challenge

The question today for all businesses operating in highly competitive trading environments, is how they will either catch up with or stay ahead of their competition digitally.

Which cloud platform is the best place for their mission-critical applications and data? What decisions around networks are needed to achieve a robust digital future? Who are the best teams to migrate, run and keep everything secure around the clock? How can they prioritise effectively and turn the business of IT into a source of business improvement and competitive advantage?

In a world of constant digital disruption and unparalleled customer expectations, these are questions that cannot be ignored.

Is your organisation ready for constant disruption and soaring customer expectation?

Start the health check

Take the IT and Digital health check, with a free assessment sent to your inbox

VansonBourne

The research was carried out by Vanson Bourne, an independent market research specialist in the technology sector.

For more information, visit www.vansonbourne.com

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