2018 | Europe

Insight Intelligent Technology Index

Insight

Introduction

Today, technology is no longer simply a source of productivity. It dictates how companies innovate, collaborate, and ultimately, differentiate themselves from their competition. Intelligence is increasingly built into products and processes, making them more valuable to end users, be it customers or an organisation's own talent.

As technology has moved from the periphery to the centre of business, the role of the IT professional has expanded rapidly and dramatically. In this climate, IT professionals face complex questions:

• How do I keep our IT and data secure? Especially in the cloud?

• Which on and off-premise platforms are best suited for each workload?

• How can I increase the agility and mobility of our workforce?

• How do I optimise our current investments and resources?

• What is the best way to modernise our IT infrastructure?

• How can we create superior experiences for employees and customers?

• How do I run day-to-day operations while turning innovative ideas into value?

A transformation journey

In essence, today's IT professionals are tasked with developing winning strategies to manage today's complex requirements while preparing the business for the future. As IT professionals recognise the need to successfully navigate this "new normal," they are seeking new ways of operating, derived from modern IT solutions, processes, skill sets, and business optimisation tools.

1,012 IT pros from small & large companies

9 european countries

30 days for fieldwork

The 2018 index

Currently, IT professionals have many questions about the best way to help their organisations evolve. With this in mind, Insight presents the 2018 European Intelligent Technology Index: an assessment of the latest industry trends reflecting the primary concerns, challenges, advantages, and decisions facing Europe's IT professionals. We hope these insights will help IT leaders to make better informed decisions about how to manage today and transform for tomorrow.

Methodology

The findings in this inaugural Index come from an online survey of a random sample of 1,012 IT professionals across Europe. To qualify for the survey, respondents had to be responsible for at least two of the following areas: management and supervision of IT systems, determining IT needs for their company, and approving or selecting IT consultants. Fieldwork was conducted between 1st May and 30th May, 2018.

For this research, small companies are defined as having fewer than 100 employees, medium companies as having 100 to 999 employees, and large companies having 1,000 or more employees.

Technology is the currency of business.

IT departments and professionals no longer operate at the periphery of business. Instead, they increasingly impact the core business and its organisational structure, internal processes, and external offerings.

Technology is the currency of business.

Technology is becoming integral to the administration and innovation of the business itself. After all, **68%** of IT managers agree that their leadership team believes all organisations are really IT companies at heart.

Over three-quarters (**78%**) of IT influencers indicate their organisation has adopted a somewhat bimodal IT talent approach.

As businesses make technology a strategic imperative, IT managers are seeing changes in the structure of their department - often, with positive results. Over three-quarters (**78%**) of IT influencers indicate their organisation has adopted a somewhat bimodal IT talent approach, whereby one group is focused on predictability and operations and another group is focused on innovation. Among those IT professionals in companies that have adopted a bimodal approach, **94%** report their teams have adapted well. This allocation of specialised workforces to both operations and innovation suggests companies are recognising the need to manage and transform simultaneously.

In today's landscape, companies are not only adopting new strategies for IT talent. They are also using technology to elevate internal processes in other areas of the business—notably, R&D. Over half (**52%**) of IT professionals report that their organisations' product innovation teams are incorporating the Internet of Things

(IoT) into their strategies and processes. Moreover, just as internal R&D processes are benefiting from technology strategies, so are the teams who oversee the development of external offerings. IT managers report that, after finance, product development has the most influence over technology decisions.

More and more, organisations recognise that technology is not only supporting the business but becoming the business - and IT managers are noting the change. Within the IT department and across the company, technology is evolving organisational structures and new stakeholders are entering the conversation about technology strategies. Businesses realise that investing in IT to improve internal operations and innovation is just as important as using technology to create superior customer experiences. Indeed, IT managers are poised to lead the digital transformation from the inside out.

Security looms large for IT experts.

As technology plays an increasingly pivotal role in business, data privacy and security can mean the difference between success and failure for many organisations. The advent of the General Data Protection Regulation (GDPR) only increases this pressure for IT managers.

Security looms large for IT experts.

There is no doubt that IT managers are preoccupied with privacy and security. **57%** state data privacy as their primary technology concern. Compounding this anxiety is the feeling among more than half (**55%**) of IT professionals that security is the top area where IT budgets need to grow.

While IT professionals have always focused on data privacy and security, GDPR implementation has likely exacerbated their concerns. In today's world, a data privacy breach can cause customers to lose trust in a company, damage a brand's reputation, and jeopardise the future of an organisation.
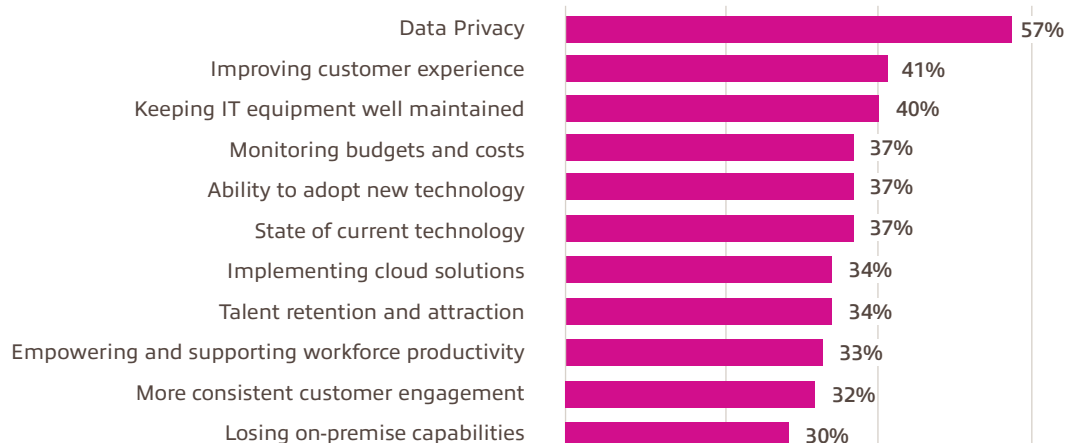
Interestingly, even with serious business implications lingering overhead, IT professionals are optimistic about their organisations' ability to comply with the GDPR. **74%** believe their data and data processing methods are fully compliant. This optimism might stem from short-term investment in basic privacy protections, including email security and data leak prevention, rather than long-term investment in more rigorous compliance and governance solutions.

IT professionals' optimism toward GDPR compliance might also be rooted in the perception, held by **50%** of IT professionals, that the GDPR will have a positive impact on their business. They could be right. Even with the threats it poses, the GDPR is an opportunity for businesses to rethink their relationship to data privacy for the better. For instance, incorporating new privacy protections can drive innovation that improves products and services.

The GDPR is a new reality in Europe and companies are still trying to understand the impact it will have on business and long-term success. While some organisations may rush to comply, others may wait to see how non-compliance fines will be assessed and levied. Either way, the GDPR has challenged business as usual, raising important questions about how to process and use customer data in a compliant manner without sacrificing valuable client engagement opportunities.

Percentage of IT professionals who are 'very' concerned with the following technology areas:

Technology Area	Percentage
Data Privacy	57%
Improving customer experience	41%
Keeping IT equipment well maintained	40%
Monitoring budgets and costs	37%
Ability to adopt new technology	37%
State of current technology	37%
Implementing cloud solutions	34%
Talent retention and attraction	34%
Empowering and supporting workforce productivity	33%
More consistent customer engagement	32%
Losing on-premise capabilities	30%

Investing smarter is imperative.

IT professionals do not yet have the resources they need to service the business today and keep pace with tomorrow's demands. As a result, IT professionals see IT as a cost centre and innovation suffers.

Investing smarter is imperative.

Companies are transitioning IT from a back office function to the core of their operations and IT professionals face new pressures to comply with the GDPR. However, IT budgets are not keeping pace with all that IT is expected to do. Indeed, over one-third (**37%**) of IT professionals report that monitoring budgets and costs is their top technology concern.
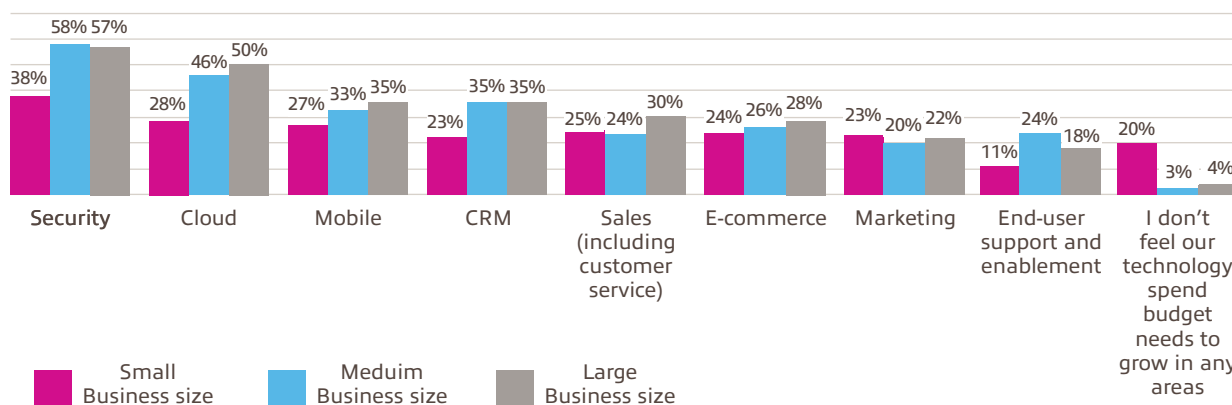
It's a fact that IT budgets are not growing fast enough. Almost one-half (**48%**) of IT influencers report that their 2018 budgets remained unchanged from 2017.

In particular, IT professionals are concerned about the resources needed to keep day-to-day operations running smoothly while also delivering on innovation initiatives. **27%** of IT professionals perceive IT as more of a cost centre, compared to **13%** who identify it as an innovation hub. More specifically, when IT professionals reflect on their ability to manage for today while also transforming for tomorrow, nearly 7 in 10 (**69%**) say they struggle to fulfill

both obligations. Furthermore, **57%** believe IT is being set up to fail because it has to serve competing demands without enough resources to effectively support the organisation.

Technology has moved from the sidelines to the centre of the business, but IT professionals are waiting for their budgets to catch up. Without adequate resources to support IT's many and expanding responsibilities, the function becomes a burden on the company rather than a differentiator for competitive advantage. In order to avoid this outcome, IT budgets will need to be invested smarter to drive costs out of operations to fund innovation.

Areas where technology spend budgets need to grow:

	Small Business size	Medium Business size	Large Business size
Security	38%	58%	57%
Cloud	28%	46%	50%
Mobile	27%	33%	35%
CRM	23%	35%	35%
Sales (including customer service)	25%	24%	30%
E-commerce	24%	26%	28%
Marketing	23%	20%	22%
End-user support and enablement	11%	24%	18%
I don't feel our technology spend budget needs to grow in any areas	20%	3%	4%

Demand for IT talent is reshaping organisations.

As IT professionals struggle to fulfil competing obligations, they also express concern about a shortage of in-house employee resources. However, IT leaders are channelling this concern into action by taking steps to make their organisations more attractive to top-tier IT talent.

Demand for IT talent is reshaping organisations.

IT professionals recognise that the success of current and future technology initiatives depends, in large part, on attracting and retaining the right talent. **1 in 3** IT professionals identify talent retention and attraction as their top technology concern. Indeed, when it comes to big data in particular, lack of specialist in-house talent is the number one concern that keeps IT professionals up at night.

42% of IT professionals report they plan to invest in managed services to better support their employees.

Businesses are addressing this concern in several ways, including investing in cloud technologies that enable flexible working, improve communication and aid collaboration. In an effort to combat employee turnover and attract top-tier talent, organisations are committing to cloud services that can contribute to higher workforce satisfaction—and they are seeing returns. **65%** of IT professionals report a more flexible and/or collaborative IT environment as a result of investing in cloud services. Similarly, **54%** report better remote access.

Along with investing in cloud services that support employee mobility and collaboration, organisations are looking to managed services in order to better support employees who expect superior technology experiences. More specifically, **42%** of IT professionals report they plan to invest in managed services to better support their employees, who increasingly want to manage and personalise their technology and tools.

Resource allocation for cloud services and managed services shows that organisations are prioritising the creation of a connected workforce and workplace. Such an environment can be a strong advantage when it comes to attracting and retaining IT talent accustomed to seamless, intuitive technology, based on their experiences as consumers and digital natives.

The decisions of IT professionals suggest they are deeply aware that prioritising IT talent, as well as employee satisfaction, translates to advantage in today's corporate landscape. As they place greater emphasis on understanding and designing superior workforce experiences and tools, they are simultaneously investing in their ability to manage today and transform for tomorrow. However, given inadequate budgets and the proliferation of new IT roles – such as DevOpSec engineer or data science strategist, some organisations may not be able to fulfil all their workforce needs in-house, and they will look outside the company for solutions.

IT experts need a hand.

Managed services can supplement in-house talent, but they also help IT professionals balance the manage and transform business imperative.
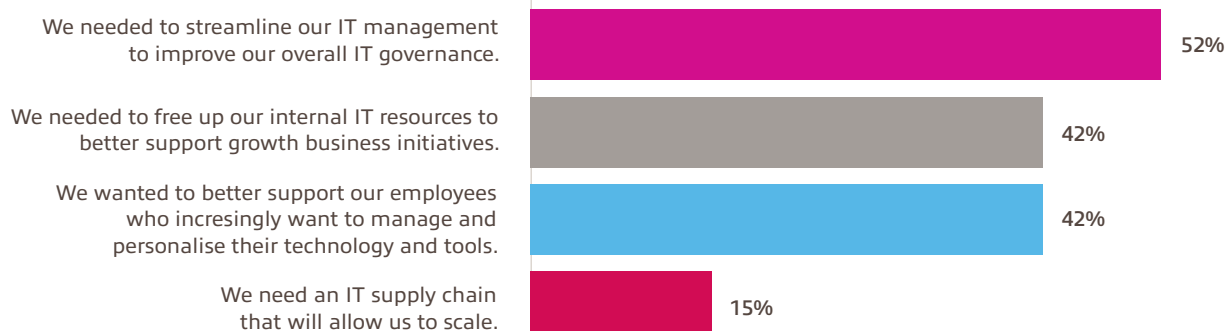
IT experts need a hand.

IT professionals have a lot on their plates. Technology decisions and strategies are increasingly complex. Competing demands exacerbate budget constraints. In-house resources may be incomplete or inadequate for all that is expected of IT departments. Consequently, IT influencers are coping with these challenges by turning to outside help in the form of managed services, which free up valuable internal IT resources to focus on strategic IT projects. Indeed, over three-quarters of IT professionals report that **28%** of their 2017 IT budgets were dedicated to managed services.

58% of IT professionals are likely to invest in managed services over next 12-24 months.

In particular, over half (**52%**) of IT professionals invested in managed services in 2017, to streamline their IT management to improve overall IT governance. Along with supplementing day-to-day responsibilities, IT professionals used managed services to better support innovation. In 2017, **42%** invested in managed services to free up internal IT resources in order to focus on growth and business initiatives. With managed services helping operations run efficiently in the background, companies can channel other resources toward innovation.

Looking ahead, investment in managed services does not seem to be slowing down. Indeed, **58%** of IT professionals are likely to invest over the next 12-24 months. This intention to invest in managed services is not surprising, as the pressure to reduce IT management costs in order to evolve for tomorrow will only grow more intense. To meet this imperative, organisations will require additional processes, skill sets, and tools, many of which will be realised through external resources—delivered by managed services partners.

Why did IT professionals invest in managed services in 2017?

Reason	Percentage
We needed to streamline our IT management to improve our overall IT governance.	52%
We needed to free up our internal IT resources to better support growth business initiatives.	42%
We wanted to better support our employees who incresingly want to manage and personalise their technology and tools.	42%
We need an IT supply chain that will allow us to scale.	15%

After investing in the cloud, the future is bright.

IT professionals are juggling new security threats, inadequate budgets, competition for talent and outsourcing, but they seem optimistic about life in the cloud. In fact, the cloud may be the perfect test case for business evolution.

After investing in the cloud, the future is bright.

There is little doubt the cloud plays a major role in business today. All types of companies have realised its value and have begun evolving their strategies to take advantage of everything it has to offer. In particular, **89%** of companies invested in cloud services in 2017. At **66%**, the top cloud service investment platform was software as a service. At **52%** overall, infrastructure as a service was the second priority for cloud services investment, followed by security at **50%**.

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In addition to investing in cloud services, companies have begun moving to the cloud. **91%** of IT professionals report their organisations have migrated some corporate workloads to public clouds. Overall, **38%** of companies have migrated between **40%-60%** of workloads to the public cloud while **28%** of large companies have **61%-99%** of workloads in the cloud.

Of course, some have concerns about which applications to transition to the cloud and when. They are particularly uneasy about managing data in the cloud. Data availability and data localisation are the top cloud concerns for **39%** and **38%** respectively, of IT influencers. Likewise, **34%** of IT professionals report that implementing a cloud data management strategy is their biggest hurdle when it comes to optimising their IT infrastructure. Along with questions about data, IT professionals are wondering how they will fund cloud services: at **47%**, it is the number two area (after security) where IT managers report their technology budgets need to grow.

Though these cloud concerns exist, the benefits outweigh the challenges. It seems the future of business has arrived—and it looks bright, according to IT managers. Almost **100%** of companies who invested in cloud services in

2017 consider them to be beneficial to their organisations, and **55%** report cloud services to be "very beneficial." Interestingly, when IT managers report the top benefits of cloud services, their answers seem to suggest that the cloud provides solutions to some of their biggest technology concerns, particularly those regarding flexibility, efficiency, and security. According to **65%** of IT professionals, a more flexible and collaborative IT environment is the primary benefit of cloud services, and **54%** report better remote access. **51%** believe their data environment is safer after investing in cloud services.

The benefits reported by IT professionals suggest that investing in the cloud can help organisations become more productive and more competitive. Specifically, the clear advantages of investment in cloud services—collaboration, flexibility, efficiency—help businesses develop a more connected workforce and agile IT systems, both of which can decrease time to market and enhance the end-user experience. Indeed, success in the cloud may be a reassuring indication of what happens when businesses prioritise technology decisions that streamline day-to-day operations and free up resources for innovation.

Conclusion

Technology is poised to make a tremendous impact on business—with the power to transform the business in this digital age. But that journey must be a smart one. Technology is evolving quickly, and many solutions a business employs today may become burdensome, or even obsolete in the near future. As a result, IT professionals need to take a proactive stance to identify priorities for their organisation. With knowledge of their current IT environment and how the business is positioned for the future, IT managers must define the technology investments their company requires, as well as map out their digital transformation journey.

Understanding how to prioritise and invest to balance today and tomorrow's needs can be daunting, but IT professionals do not have to go it alone. A good technology partner will help organisations wade through the multitude of modern IT solutions to determine a custom strategy that fits the company's unique profile and business goals. By following the smartest path to transformation, IT professionals will power successful business outcomes today and beyond.

Insight

About Insight

Today, every business is a technology business. Insight Enterprises Inc. empowers organisations of all sizes with Insight Intelligent Technology Solutions™ and services to maximise the business value of IT. As a Fortune 500-ranked global provider of hybrid cloud, connected workforce, and supply chain optimisation solutions and services, we help clients successfully manage their IT today while transforming for the future. From IT strategy and design to implementation and management, our 6,600+ employees help clients innovate and optimise their operations to run business smarter. Discover more at **uk.insight.com**