

2018

Insight Intelligent Technology Index



Today, technology is no longer simply a source of productivity. It now 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 the talent organisations employ.

As technology has moved from the periphery to the centre of business, the role of the IT professional has expanded rapidly and dramatically, as well. In this climate, IT professionals trying to keep pace and evolve efficiently 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 ideas into value through innovation?

In essence, today's IT professionals are tasked with developing strategies to manage today's needs while transforming for the future. Businesses that fail to do both simultaneously will fall behind. As IT professionals recognise the need to successfully navigate this "new normal," they are embarking on a transformation journey that requires new ways of operating derived from modern IT solutions, processes, skill sets and tools that optimise business outcomes.

404 IT pros from
small & large
companies

1 online
survey

7 days for
fieldwork

The 2018 index

Whether IT professionals have begun their transformation journey or are preparing for it, they will have many questions about the best way to move forward. With these needs in mind, Insight presents the 2018 Insight Intelligent Technology™ Index: an assessment of industry trends reflecting the primary concerns, challenges, advantages and decisions facing IT professionals. We hope these insights will help IT leaders make more informed choices about how to manage business today and transform for the future.

Methodology

The findings in this year's index come from an online survey of a random sample of 404 IT professionals from companies with one to more than 1,000 employees. 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 by Market Insights Group between May 8, 2018, and May 15, 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 as having 1,000 or more employees.



KEY INSIGHT

IT budgets leave tech experts wanting more.

*2018 budgets at large companies are expected to increase **19%** on average, which is significantly lower than the **27%** increase reported in 2017.*

Finance is the one department outside of IT exerting the most influence over technology decisions.

As companies transition IT from a back-office function to the core of their operations, budget concerns are prevalent among IT professionals. Monitoring budgets and costs is a top technology concern for just over half (52%) of survey respondents, and 44% of IT influencers identify overall cost increases in infrastructure as their top concern when it comes to realising the benefits of cloud computing.

As the question of resource allocation becomes more urgent and IT takes on a greater strategic role, other segments of the business are more involved in IT decision-making. According to IT professionals, finance is the one department outside of IT exerting the most influence over technology decisions. The finance department's influence over IT has increased significantly, with 29% of IT professionals naming finance in 2018, compared to just 20% in 2017.

IT's prominence within the business, along with greater oversight from finance, might imply IT budgets are expanding accordingly. A first look at the number of IT budgets increasing from 2017 to 2018 seems to affirm this conclusion: Almost one-half (47%) of IT influencers report an increase in their 2018 IT budget, with an average increase of 22% over 2017 budgets.

Although the turn toward budget increases is being driven by large organisations where 72% of IT professionals indicate 2018 budgets will increase, these budgets may not be growing fast enough. In fact, 2018 budgets at large companies are expected to increase 19% on average, which is significantly lower than the 27% increase reported in 2017. This news from large companies may signal a sobering reality across organisations of all sizes: that even when IT budgets increase, they remain inadequate to cover IT's many responsibilities.

Taking a closer look at how IT budgets are aligned, especially with respect to balancing today's needs and tomorrow's demands, reveals IT managers feel constrained by inadequate financial resources. Currently, IT budget alignment highlights that companies are prioritising day-to-day operations. At 43%, the largest portion of 2018 IT budgets will go toward maintenance of existing equipment and infrastructure. Yet, even as a majority of resources goes to maintaining existing infrastructure, IT professionals display a lack of confidence in their current IT infrastructure: Two-thirds give it a grade of B-.

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Furthermore, companies increasing their 2018 IT budgets are significantly more likely to express a variety of challenges with optimisation of their IT infrastructure, including implementing a data management strategy with the use of the cloud, integrating applications without threatening the core architecture, increasing visibility into traffic patterns and data management, and improving support for their remote branch locations. Thus, it would seem more money for IT infrastructure does not necessarily translate to more satisfactory infrastructure.

dedicate **30%** of their budgets to the adoption of new technologies and innovation.

More specifically, when IT professionals reflect on their ability to manage business today while also transforming for the future, nearly **nine in 10** say they struggle to fulfill both obligations. Furthermore, **51%** believe IT is being set up to fail because it has to serve competing demands without enough resources to effectively support the organisation.

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IT professionals are concerned about the resources needed to keep day-to-day operations running smoothly, but the outlook is not much better on the innovation front. When asked if IT is more of a cost center or an innovation center, **38%** of IT professionals say IT is a cost center, compared to only **20%** who identify it as an innovation center. This outlook exists even as medium and large organisations plan to


Technology has moved from the sidelines to the centre of the business. As a result, organisations are allocating more financial resources to IT priorities. Even so, IT professionals are still coming up short. Without adequate resources to support both operations and innovation, IT becomes a burden on the company rather than a differentiator or competitive advantage.



KEY INSIGHT

Demand for IT talent is reshaping organisations.

40% of IT professionals at medium companies and 49% at large companies identify talent retention and attraction as a top technology concern.



IT professionals recognise that the success of current and future technology initiatives depends, in large part, on attracting and retaining the right IT talent. This focus is especially true at medium and large companies, where **40%** and **49%** of IT professionals, respectively, identify talent retention and attraction as a top technology concern.

Indeed, when it comes to big data, in particular, lack of in-house talent that specialises in big data is the number two concern (after security) that keeps IT professionals up at night.

More than half of IT influencers indicate their organization has adopted a 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, **92%** report their teams have adapted very well.

A word of caution: Given that the bimodal approach leads to such positive outcomes, IT leaders should prioritise this talent strategy when possible. However, bimodal adoption

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Businesses are dealing with this concern about in-house talent in several ways, ranging from allocating larger hiring budgets to allowing employees to specialise, to investing in employee-centric cloud services and managed services.

Medium and large companies have recognised the need for more human resources and are aligning almost **20%** of their IT budgets to new hires. Companies of all sizes are also realising the importance of funneling employees into specialised roles.

has dipped significantly, down by 10% since 2017. Without the chance to maximise their specialised talents, IT employees may look elsewhere.

In an effort to combat employee turnover and attract top-tier talent, organisations are investing in cloud services that can contribute to higher workforce satisfaction — and they are seeing returns. A decisive **64%** of IT professionals report a more flexible and/or collaborative IT environment as a result of investing in cloud services. Similarly, **61%** report better remote access.

Organisations are looking to managed services as a means to better support employees who expect intelligent technology experiences.

Additionally, organisations are looking to managed services as a means to better support employees who expect intelligent technology experiences. More specifically, **36%** of IT professionals report they have invested in managed services so that employees can manage and personalise their technology and tools.

Taken together, these findings indicate organisations are prioritising the creation of a mobile connected work environment. Such a workplace 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 invest in another chapter in their transformation journey.

However, given inadequate budgets or the proliferation of new IT roles, some organisations may not be able to fulfill all of their workforce obligations in-house, and they will need to look outside the organisation for solutions.





KEY INSIGHT

IT experts need a hand.

***59%** of IT professionals report upgrading existing hardware and software is the biggest hurdle to optimising IT infrastructure.*



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. As a result, companies need outside partners who can help them solve IT challenges with custom solutions, expert skill sets and managed services.

Looking at IT influencers' top concerns reveals the areas that can benefit most from outside help. Above all, data privacy and security

are managing, it is an ongoing and overwhelming challenge — which will only intensify as smart technologies and business grow more intertwined. Consequently, an outside partner can help companies devise programs and solutions that maximise resources in order to anticipate and respond to modern security challenges.

Following security, infrastructure is another area in which IT professionals can benefit from outside resources. A notable **59%** of IT professionals report upgrading existing hardware

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continue to plague IT professionals. At **69%**, data privacy is the primary technology concern for IT professionals, especially those with increased 2018 IT budgets. At **36%**, security is the primary concern regarding big data and, at **70%**, IT professionals overwhelmingly identify data security as their leading concern surrounding cloud services.

Compounding security challenges is the fact that IT professionals need to do more for security with less: At **51%**, security is the top area where technology budgets need to grow. No matter which type of security challenge IT professionals

and software is the biggest hurdle to optimising IT infrastructure. Here, a partner can assist IT professionals in determining priority areas for upgrades that will lead to maximum optimisation, as well as offer guidance on the best fit for on- and off-premise platforms, workloads assessment and data migration.

Similarly, **one-third** of IT professionals say ongoing maintenance and support is the biggest technology pain point. Partners with expertise in these areas can alleviate the burdens of regular operations, freeing organisations to focus on innovation.

The pressure to evolve for the future while also fulfilling today's operational needs will only grow more intense.

This desire to support innovation more effectively also drives investment in managed services. **More than a third (37%)** of IT professionals look to managed services to free internal IT resources. With features such as 24/7 monitoring and routine troubleshooting that drive down costs while increasing efficiency, managed services ensure operations run smoothly in the background while internal IT teams focus on growth and new initiatives.

More broadly, many IT influencers are investing in managed services to address a range of challenges and responsibilities. More than three-quarters of IT professionals — and nearly **90%** at medium and large businesses — report a portion of their 2017 IT budgets were dedicated to managed services. On average, **28%** of 2017 IT budgets were allocated to managed services.

In particular, IT professionals are investing in managed services primarily because they need additional expertise to handle the complexity of their IT processes. This is the

case for **almost half** of organisations investing in managed services.

Looking ahead, investment in managed services does not seem to be slowing. Indeed, businesses that did not invest heavily in managed services in 2017 are looking to increase their investment. Among those that budgeted 20% or less for managed services in 2017, more than half (**51%**) are likely to increase their investment in managed services over the next 12 to 24 months.

The pressure to evolve for the future while also fulfilling today's operational needs will only grow more intense. In order to meet this imperative, organisations will require professionals with broader skill sets, additional processes and cutting-edge tools, many of which will be realised through expert partners. As IT professionals navigate today's complex and rapidly changing technology landscape, they are looking for guidance and support throughout the transformation journey — from strategy to execution to ongoing management.



KEY INSIGHT

After investing
in the cloud, the
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Almost 100% of companies that invested in cloud services in 2017 consider the services to be beneficial to their organisations.



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Although cloud concerns remain, the benefits of cloud computing outweigh its challenges.

There is little doubt the benefits of the cloud play a major role in business today. All types of companies have realised the value of the cloud and have begun evolving their strategies to take advantage of everything it has to offer. In particular, the majority of companies are investing in cloud services, which include software, security, infrastructure, platform and disaster recovery as services.

In 2017, **82%** of companies invested in cloud services. Medium and large companies are leading this investment: Almost all (**95%** and **99%**, respectively) invested in cloud services in 2017.

The top cloud service investment was software as a service at **57%** — a trend also driven by medium and large companies, with **67%** and **76%**, respectively, investing in it. At **46%** overall, security as a service was the second priority for cloud services investment, followed by infrastructure (**35%**), platform (**32%**) and disaster recovery (**31%**).

In addition to investing in cloud services, companies have begun migrating to the cloud. In fact, **42%** of IT professionals report their organisations have migrated more than half of their corporate workloads to a public cloud.

Not surprisingly, medium and large businesses are leading cloud migration: **More than half** of these organisations are more than 50% implemented in the cloud (**60%** and **51%**, respectively). Likewise, businesses with larger 2018 technology budgets are more likely to have more than 50% of workloads implemented in the cloud.

Of course, investing in cloud services, as well as migrating to the cloud, raises concerns and challenges for IT professionals, especially for the more than one-third at medium and large companies, where implementing cloud solutions is a top technology concern overall. Many IT professionals are asking themselves — and looking to outside partners to tell them — which applications to migrate to the cloud and when. For example, roughly **three in 10** say integrating a variety of vendors and disruptive implementation are their top concerns related to cloud service investments.

IT professionals are also evaluating which cloud services make the most sense for their organisation and debating the merits of public clouds versus private ones. Finally, IT professionals are asking how they will pay for life in the cloud: At **42%**, the cloud is the number two area where IT managers report

their technology budgets need to grow. IT influencers at medium and large companies are more likely to desire larger budgets for the cloud, at **51%** and **57%**, respectively, as are those from organisations with increased 2018 IT budgets, at **49%**.

Although cloud concerns remain, the benefits of cloud computing outweigh its challenges. It seems the future of business has arrived — and it looks bright, according to IT managers. **Almost 100%** of companies that invested in cloud services in 2017 consider them to be beneficial to their organisations. Moreover, **63%** report cloud services to be “very beneficial” to their organisations, especially for **78%** and **67%** at medium and large organisations, respectively.

Judging from these benefits, organisations focused on creating a connected workforce to improve the employee and customer experience, and those dedicated to improving security, find the cloud to be an integral piece of their technology strategy.

Finally, it seems the cloud has not only changed life for the IT professional, but it has also transformed today’s businesses at the core. For example, **79%** of IT professionals from organisations more than 50% implemented in the cloud agree their company’s leadership believes the company is really an IT company at heart. In contrast, only **39%** at organisations less than 50% implemented in the cloud agree with this statement.

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Interestingly, the top benefits of cloud services, as reported by IT professionals, seem to provide solutions to some of their largest technology concerns. According to **64%** of IT professionals, a more flexible and collaborative IT environment is the primary benefit of cloud services, and **61%** report better remote access. An impressive **60%** say their data environment is safer after investing in cloud services.

Based on the positive outcomes reported by IT professionals, investing in the cloud can be a significant step forward for organisations. Moreover, success in the cloud may be a reassuring indication of what happens when businesses prioritise technology decisions that streamline day-to-day operations in order to free resources for innovation. In this case, a successful transition to the cloud is an important step in the transformation journey — and one businesses must prioritise.

More than ever, smart technologies are poised to make a tremendous impact on business. Indeed, they have the power to transform the business. But that journey must be an intelligent 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 can define the investments their company needs to make, as well as map out their transformation journey.

Understanding how to prioritise and invest to balance today's and tomorrow's needs can be daunting, but IT professionals do not have to go it

alone. A good partner will help organisations wade through the multitude of modern IT solutions and information overload to determine a custom IT strategy — including device deployment and lifecycle management, cloud migration, day-to-day management, end-user support and digital innovation — that fits the company's unique needs and business goals. By following the smartest path to transformation, IT professionals will power successful business outcomes today and beyond.



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 digital innovation, cloud and data centre transformation, 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.

With 30 years of IT experience and deep partner relationships throughout the industry, Insight is well-positioned to help your organisation stay ahead of rapidly evolving technology.

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