The Path to Digital Transformation: Where IT Leaders Stand in 2022

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Sample

Field work:	This U.S.-based survey was fielded between Nov. 8, 2021, and Nov. 22, 2021.
Total respondents:	400 qualified

Method and objectives

Data collection:	Online questionnaire
Length:	20 questions (excluding screeners and demographics)
Audience:	Respondents were qualified as follows: • Senior IT decision-makers (director and above) who indicate digital transformation is on their organization's radar, planned, or underway • Employed at a company with 1,500 or more employees (minimum 75% of respondents at companies with 2,500 or more employees)

Research objectives:

In this survey, we seek to understand how IT priorities and budgets are shifting to enable innovation and move businesses forward in an increasingly digital business environment. We examine the specific technology-related initiatives in which enterprises are making the most progress, and then uncover the measurable improvements experienced to-date.

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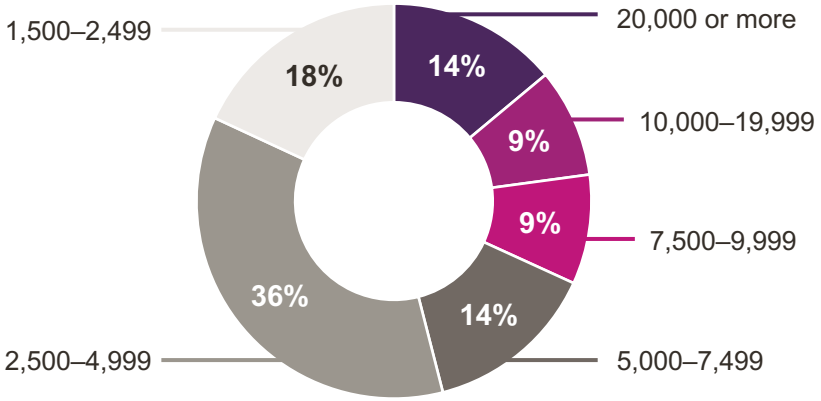
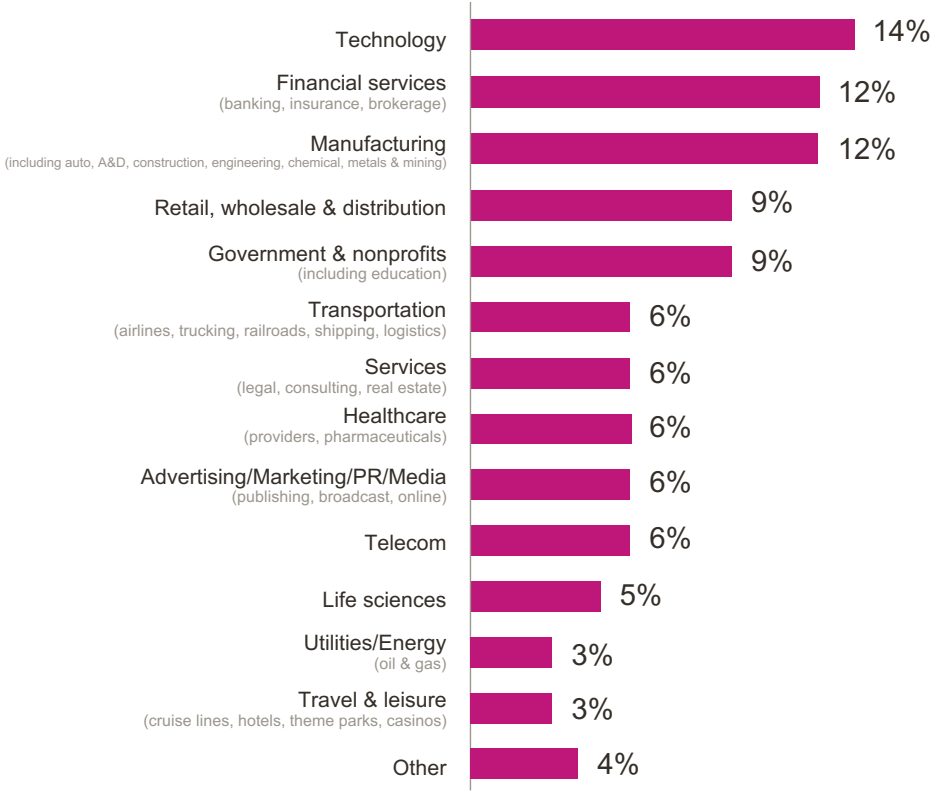
Job title

CIO, CTO, or top IT executive	16%
CSO, CISO	5%
Chief data officer	2%
Chief digital officer	2%
Executive VP, senior VP, general manager	11%
VP, IT-related function	31%
Director, IT-related function	32%

Number of employees



Primary industry



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Key Findings

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DIGITAL TRANSFORMATION INITIATIVES ARE ACCELERATING

- **90% report digital transformation has accelerated over the last 18 months,** with dramatic changes in priorities led by new workplace and business realities.
- **87% of respondents are actively pursuing digital transformation, with 46% undertaking enterprisewide efforts and 41% focusing on specific business areas.** 13% are still in the no-action or discussion stages
- **Optimizing data and analytics capabilities such as AI, machine learning, and IoT (48%) and increasing cloud adoption via multicloud or hybrid models (47%) are the top two enterprise IT goals in 2022,** with transforming/modernizing legacy applications and modernizing legacy infrastructure and networking technologies tied for third place (37%).

IT MODERNIZATION IS A CORNERSTONE OF BUSINESS INNOVATION

- **Nearly 90% expect IT modernization to have a transformative/significant impact on long-term growth.** Those at organizations with enterprisewide digital transformation efforts underway are significantly more likely to expect a transformative impact than those with only business unit initiatives (54% vs. 30%).
- **IT infrastructure optimization is expected to have the biggest impact on enabling innovation and revenue creation** (26%), followed by the increased use of As a Service delivery models (20%).
- **The average respondent reports three to four measurable improvements from IT modernization efforts to-date,** topped by improved quality of service and improved user experience/satisfaction.

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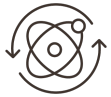
IT ROADBLOCKS HINDER MODERNIZATION EFFORTS

- **89% of IT leaders report innovation and strategic business growth are constrained by existing infrastructure, operations, and culture,** either to a great extent (49%) or to some extent (40%).
- **The developer/IT relationship is hindering the ability to take advantage of digital transformation at most organizations (87%).** Just 20% are in progress with implementing platform teams that collaborate with DevSecOps/Agile teams.
- **The #1 roadblock to innovation progress is a skills/knowledge gap** (44%), followed by lack of infrastructure optimization and inadequate data analysis (each cited by 39% of respondents).

MULTIPLE STRATEGIES ARE USED TO FUND DIGITAL INNOVATION

- **Multiple approaches are used to fund innovation**, including the use of business-critical transformation funds (48%), restructuring to bridge gaps between infrastructure and developer teams (44%), and reclassifying projects to fit funded budget areas (41%).



TRANSFORMATION PROJECTS GO BEYOND INFRASTRUCTURE AND SECURITY

- **Optimizing and securing IT infrastructure tops the list of projects in progress,** led by evaluating optimal/best-fit cloud, on-premises, and hybrid cloud platforms for infrastructure and applications.

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TRANSFORMATION PROJECTS GO BEYOND INFRASTRUCTURE AND SECURITY (CONTINUED)

- **92% of organizations are increasing or planning to increase their use of As a Service models,** with improved risk management (43%) and scalability (37%) cited as the most compelling benefits of As a Service delivery.
- **42% currently rely on third-party providers to help plan and execute digital transformation strategies, and another 45% plan to leverage third parties in the next year.** Those at organizations currently pursuing enterprisewide digital transformation initiatives are twice as likely to report use of third parties for strategy and execution as those with smaller-scale initiatives, suggesting that third-party consultants help advance these efforts.
- **65% place high importance on the acceleration of application development and modernization to enable innovation.** Several strategies are already in play to assist, including enabling security protocols and governance early in the app development lifecycle (66%), implementing metrics, dashboards, and monitoring (66%), early testing during application development (64%), managing infrastructure updates and patch management (63%), and automation and CI/CD to address performance issues (60%).
- **5G/5G + CBRS leads the list of networking-related projects to be pursued over the next 12 months.** Also high on the list of networking priorities are upgrades to Wi-Fi 6 technology and core network bandwidth modernization.
- **Top IT automation focus areas are infrastructure deployment, disaster recovery, resource provisioning, and data protection,** each cited by two-thirds of survey respondents.
- **Top security initiatives include performing security testing (68%), implementing Zero Trust policies (65%), updating governance policies (64%), and implementing a Security Operations Center (SOC) (63%).** More progressive organizations are further along in SOC implementation.

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Results

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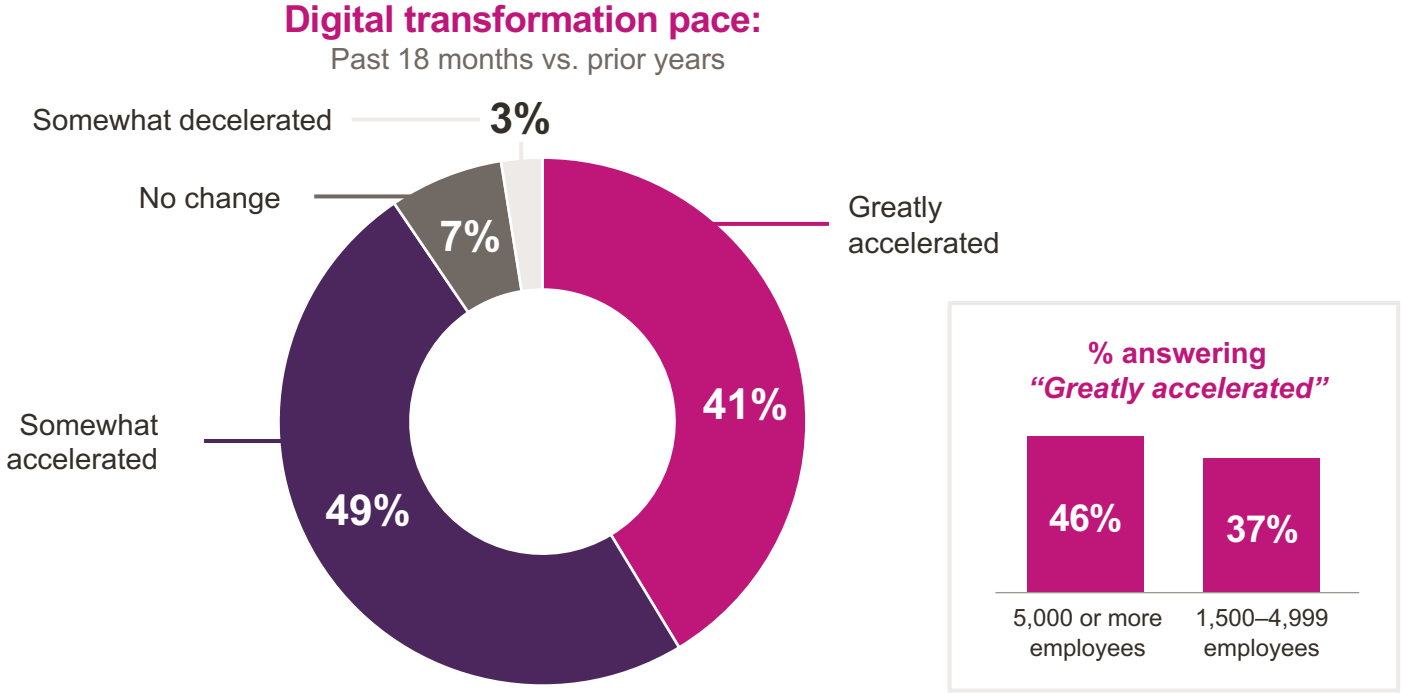
Nine in 10 respondents (90%) report the pace of digital transformation has accelerated over the past 18 months



Q1: How would you describe your organization's pace with respect to digital transformation over the past 18 months versus prior years?

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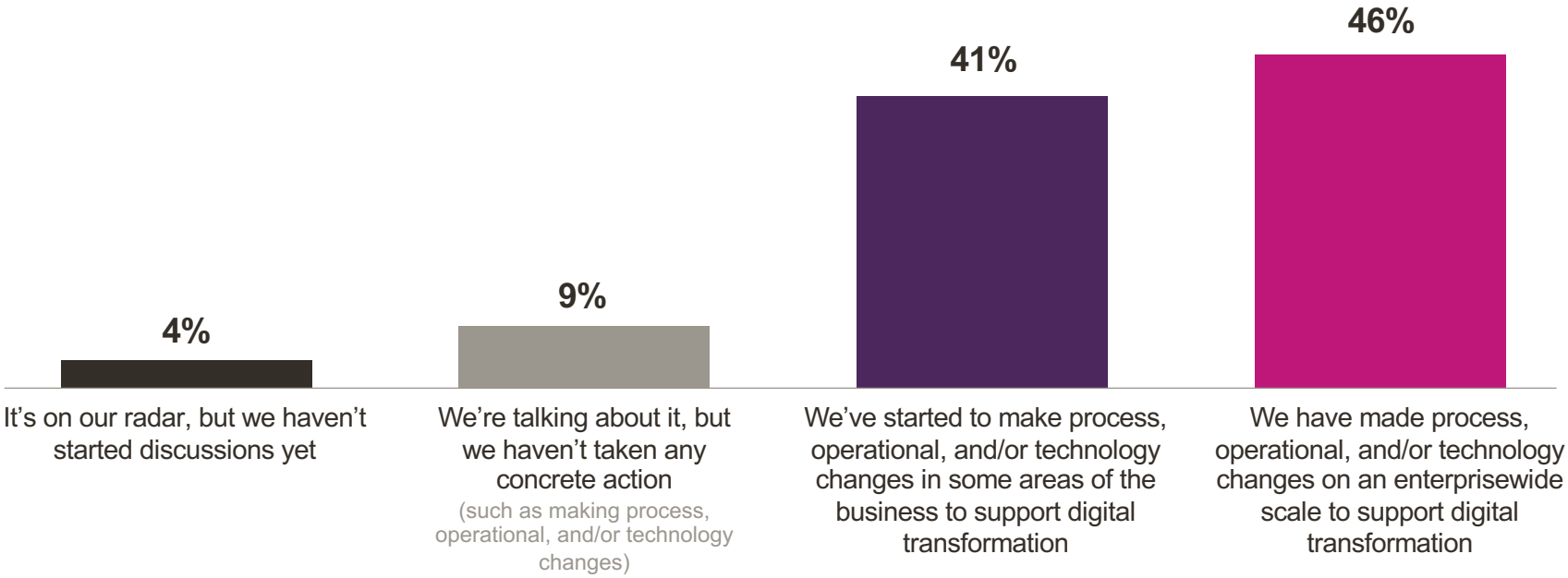
87% of respondents report that digital transformation is under way in at least some areas of the business, with 46% pursuing these initiatives on an enterprisewide basis and 41% focusing on specific business areas



Q4: From a high level, where is your company with respect to your digital transformation journey today?

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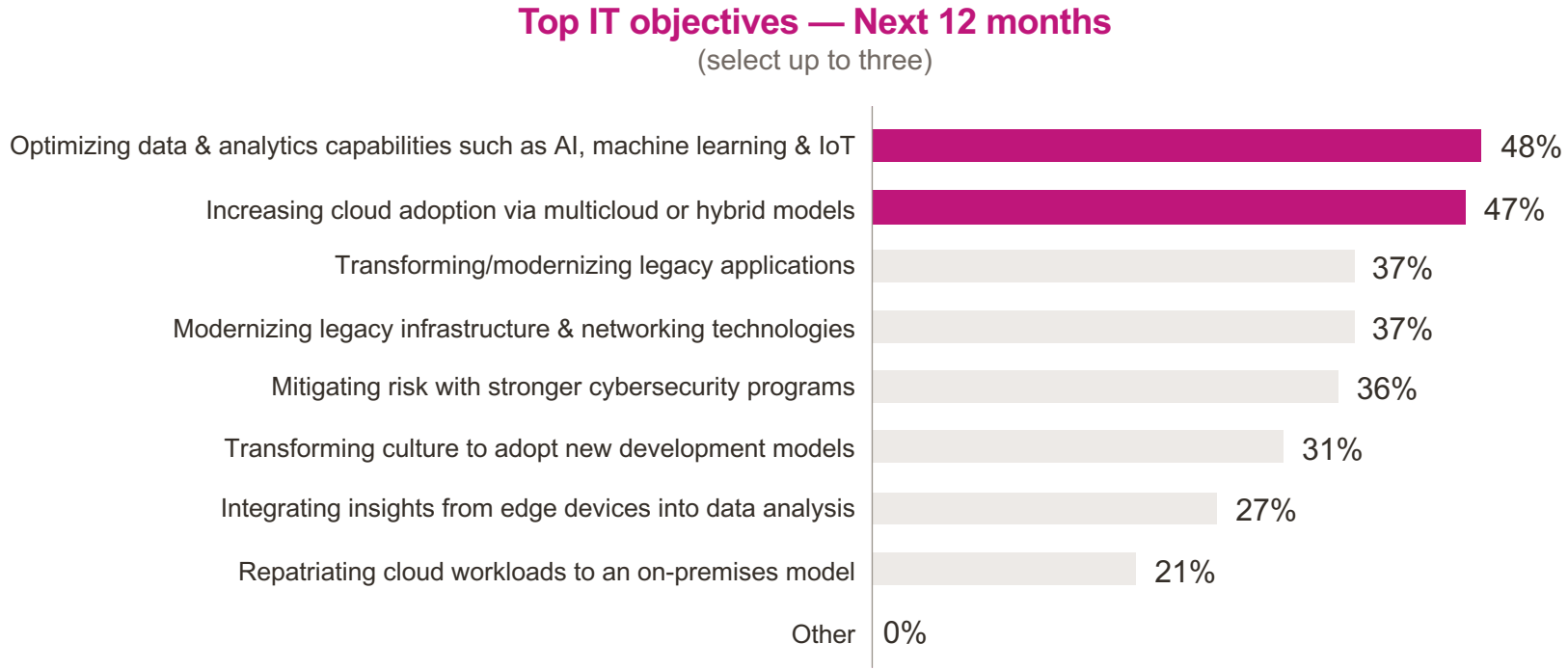
Optimizing data/analytics and increasing cloud adoption rank as the top two goals for enterprise IT in 2022



Q2: What are your organization's top IT objectives over the next 12 months to enable innovation and advance your business?

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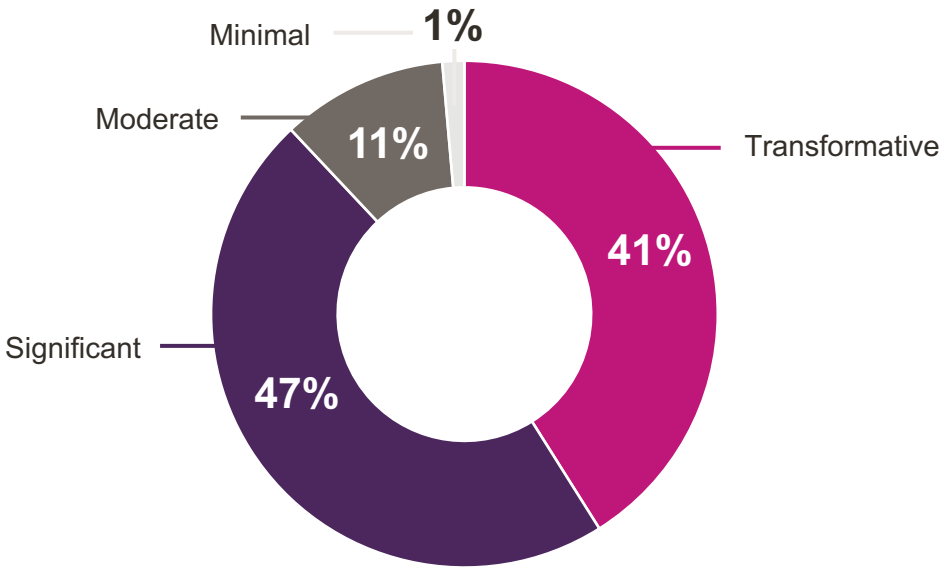
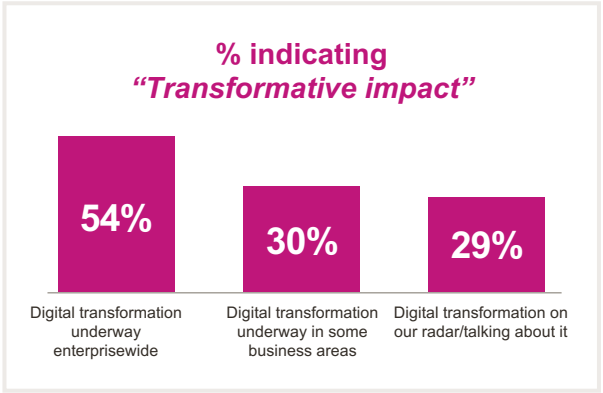
Nearly 90% expect IT modernization to have a transformative/significant impact on long-term growth

Expected impact of application and infrastructure modernization on long-term growth





Those reporting more progress with digital transformation have **higher expectations regarding the impact of their efforts on long-term growth**.

Q3: What impact do you expect application and infrastructure modernization will have on your organization's long-term growth?

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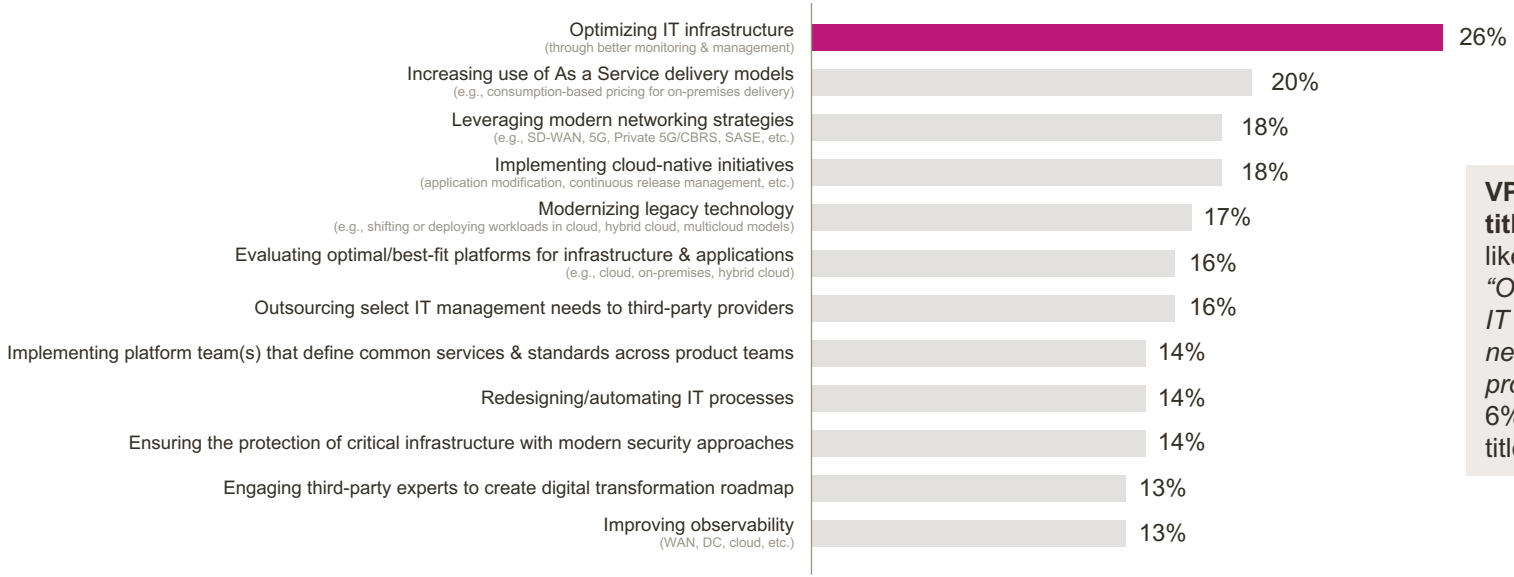
IT infrastructure optimization is expected to have the biggest impact on enabling innovation and revenue creation

Technology initiatives expected to have the biggest impact on ability to enable innovation and revenue generation

(select two)



VP and above titles are more likely to cite *"Outsourcing select IT management needs to third-party providers"* (18% vs. 6% of director titles).

Q17: Which of the following technology initiatives do you expect to have the biggest impact on your IT organization's ability to enable innovation and new revenue generation over the next 12 months?

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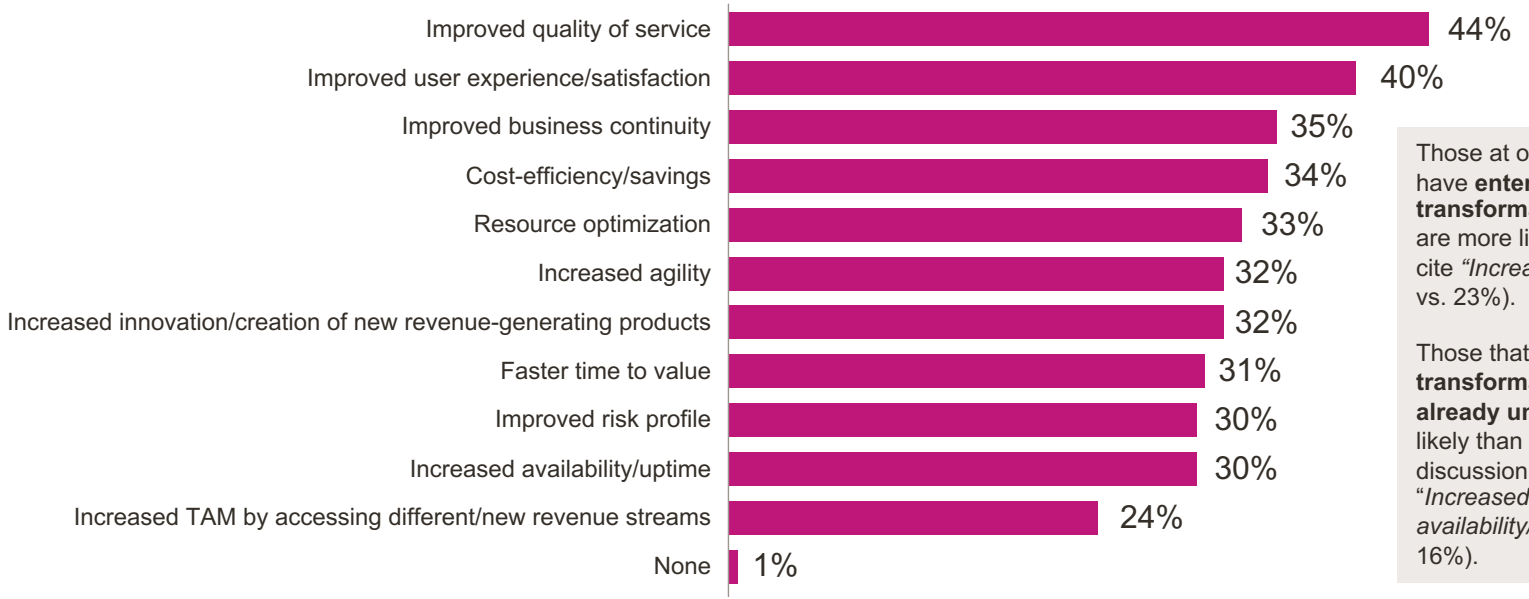
IT modernization efforts are yielding significant business improvements, even in early stages

Measurable improvements seen to-date from IT modernization



Those at organizations that have **enterprisewide digital transformation initiatives** are more likely than others to cite *"Increased agility"* (40% vs. 23%).

Those that have **any digital transformation initiatives already underway** are more likely than those still in discussion phases to cite "*Increased availability/uptime*" (32% vs. 16%).

Q19: What measurable improvements has your IT organization seen to-date as a result of IT modernization progress?

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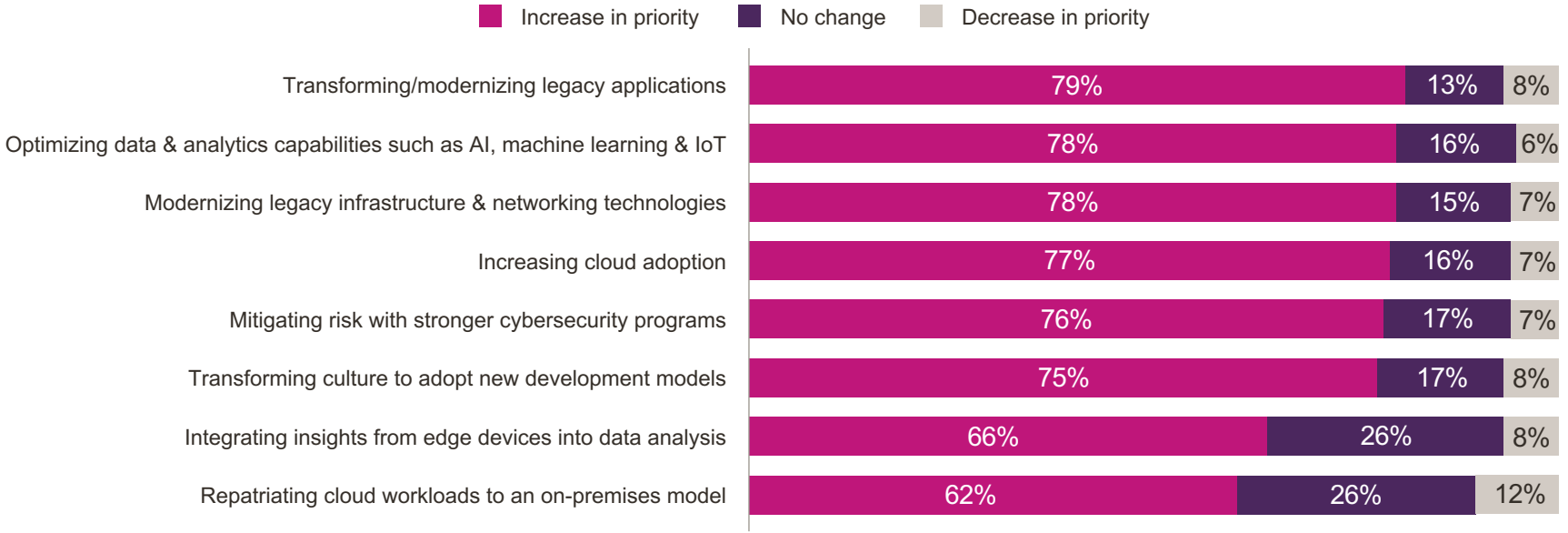
IT modernization priorities have increased over the last 18 months for most respondent organizations

Change in priority placed on IT objectives:

Past 18 months



Q4: How has the level of priority placed on these IT objectives changed over the past 18 months in light of new workplace and business realities?

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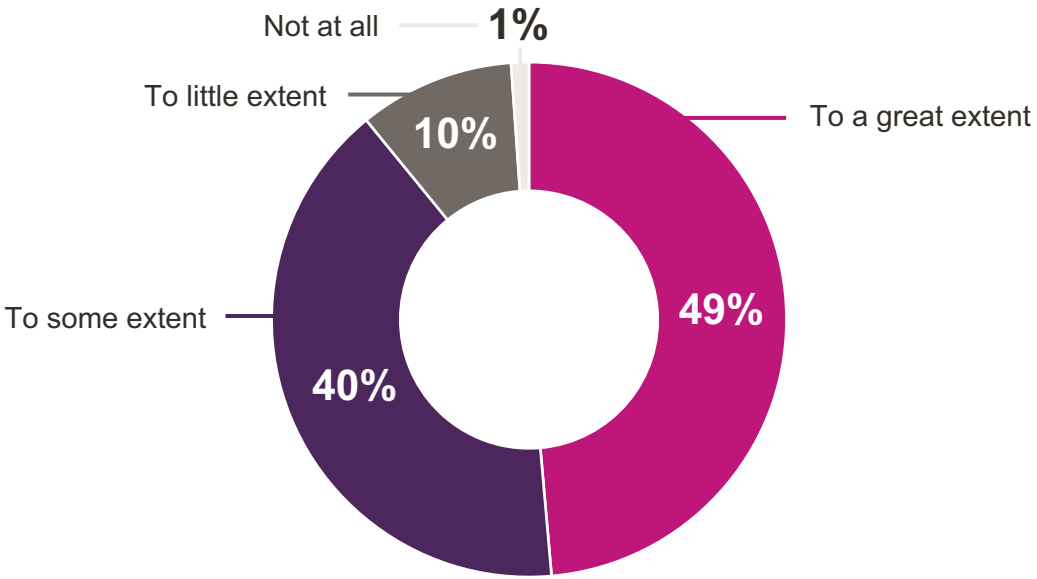
Nine in 10 IT leaders (89%) report innovation and strategic business growth are constrained by existing infrastructure, operations, and culture

Extent to which innovation and strategic business growth is constrained by existing infrastructure, operations, and culture



Q5: To what extent are innovation and strategic business growth constrained by your existing IT infrastructure, operations, and culture?

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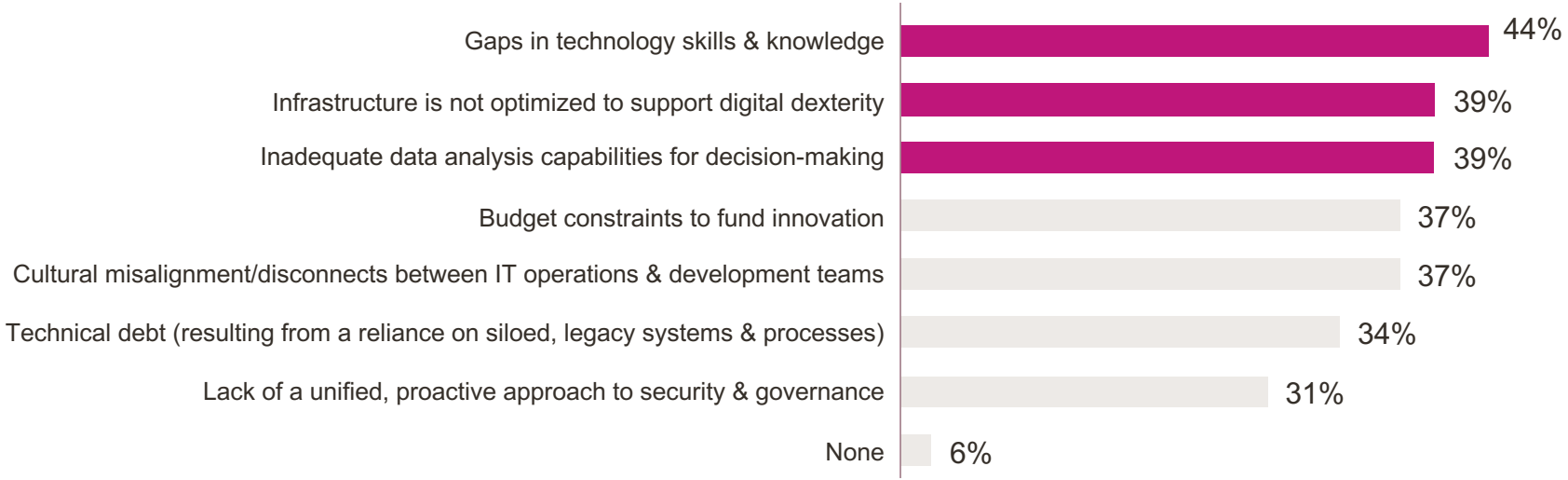
44% cite skills/knowledge gaps as the #1 constraint inhibiting innovation, followed by lack of infrastructure optimization and inadequate data analysis (39%)

IT infrastructure or operational constraints inhibiting progress with innovation



Q6: Which of the following IT infrastructure or operational constraints are inhibiting progress with innovation at your organization?

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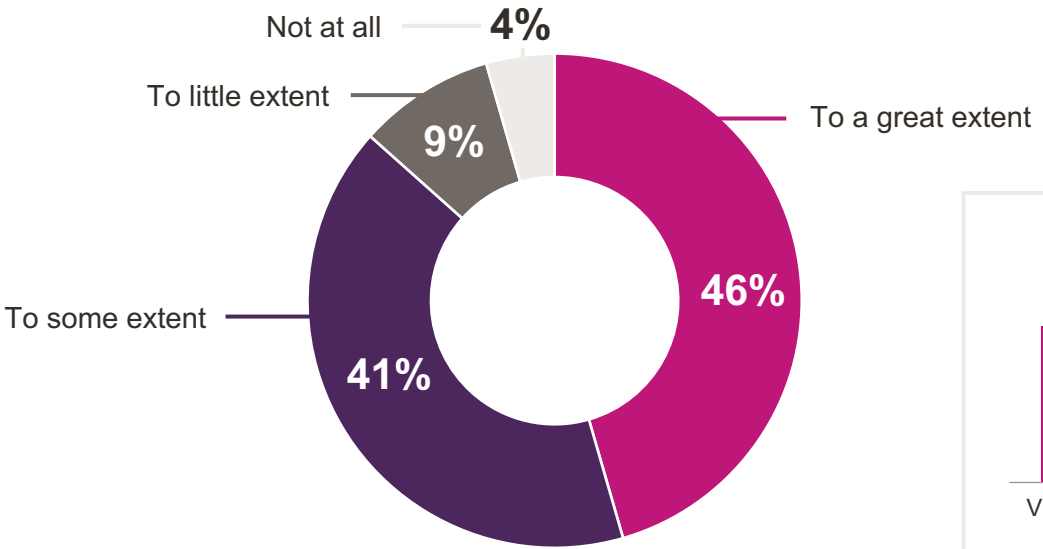
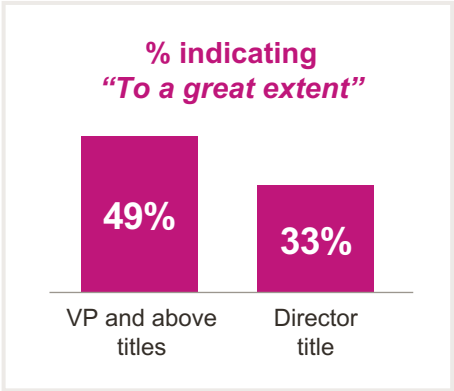
The developer/IT relationship is hindering the ability to take advantage of digital transformation at 87% of organizations

Extent to which the developer/IT relationship is limiting ability to take full advantage of digital transformation





Q10: To what extent is the working relationship between developers and traditional IT limiting your organization's ability to take full advantage of digital transformation to accelerate business growth?

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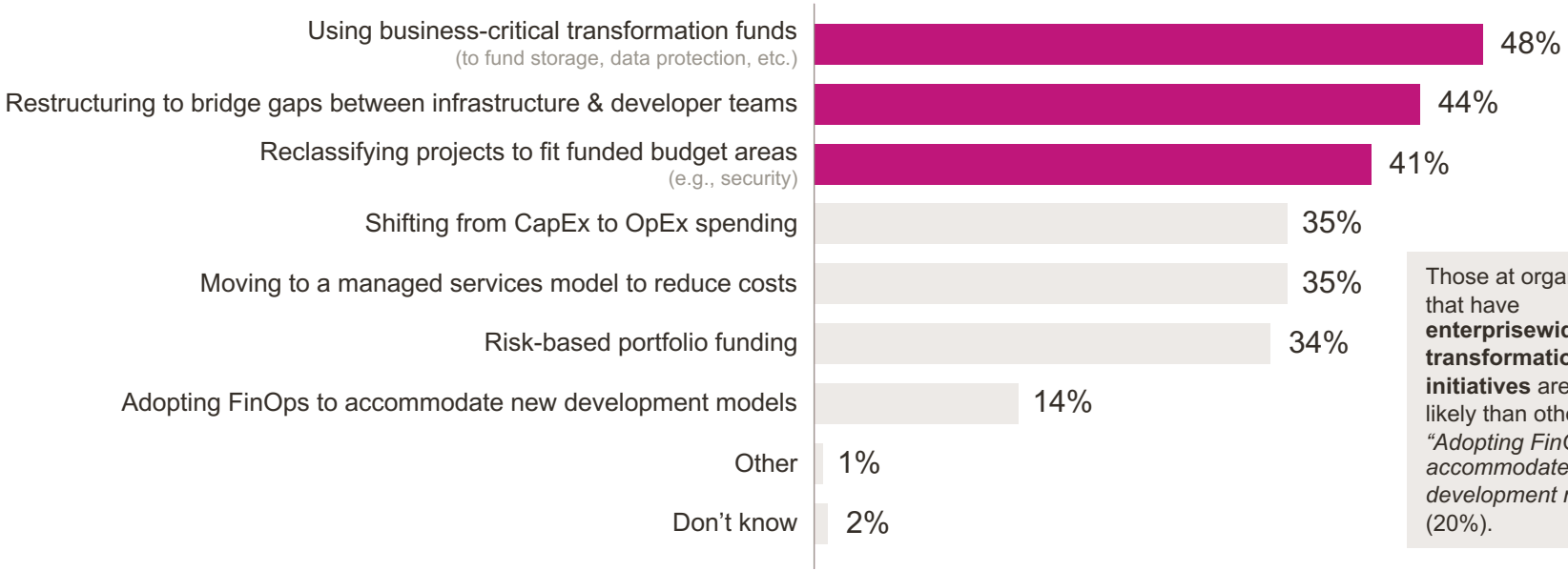
Top IT innovation funding strategies include the use of business-critical transformation funds, restructuring IT teams, and reclassifying projects

Methods of securing funding to support innovation



Those at organizations that have **enterprisewide digital transformation initiatives** are more likely than others to cite *"Adopting FinOps to accommodate new development models"* (20%).

Q18: How is your organization securing funding to support innovation projects?

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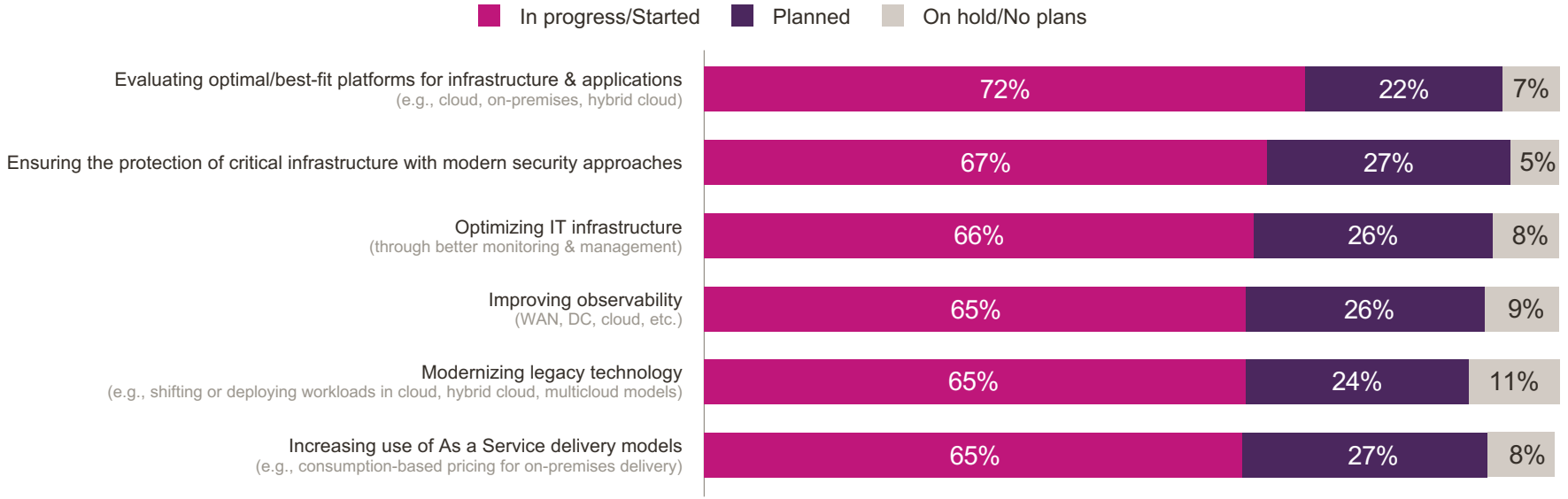
Optimizing and securing IT infrastructure, including cloud-related projects, will take center stage over the next 12 months

Status with respect to technology initiatives — Next 12 months

Top 6



Q11: How would you describe your organization's status with respect to each of the following technology initiatives over the next 12 months?

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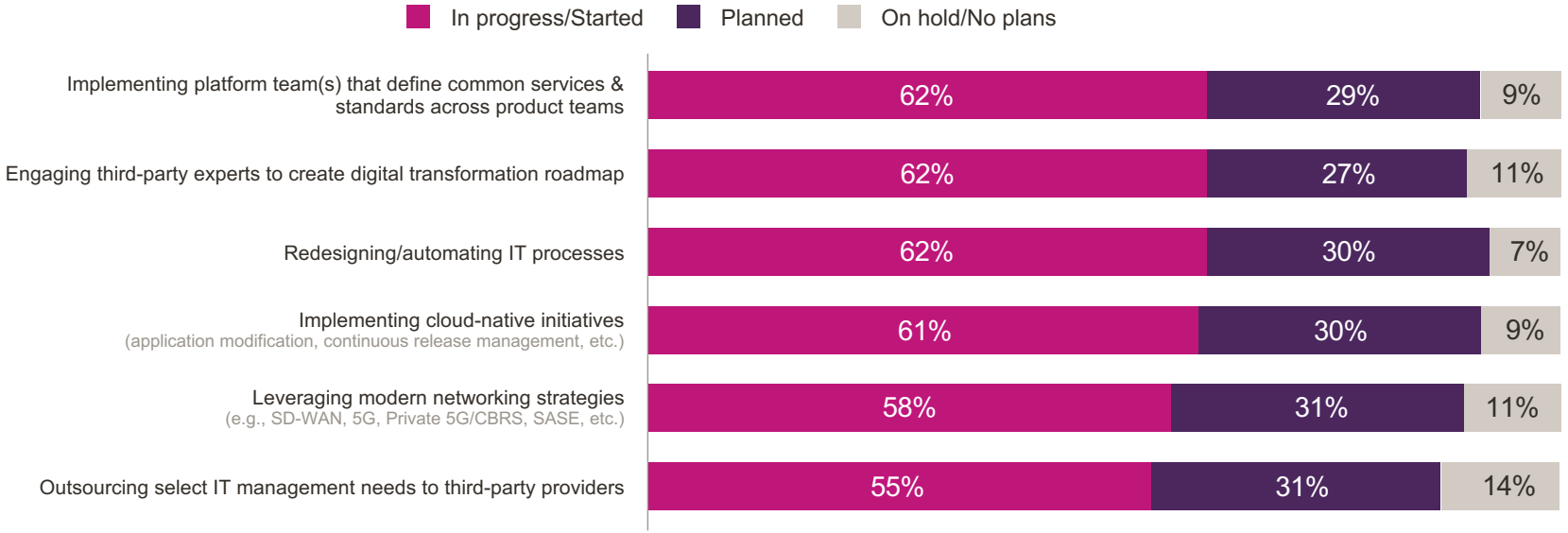
The majority of respondents are also pursuing other initiatives, including third-party assistance and automation

Status with respect to technology initiatives — Next 12 months

Continued



Q11: How would you describe your organization's status with respect to each of the following technology initiatives over the next 12 months?

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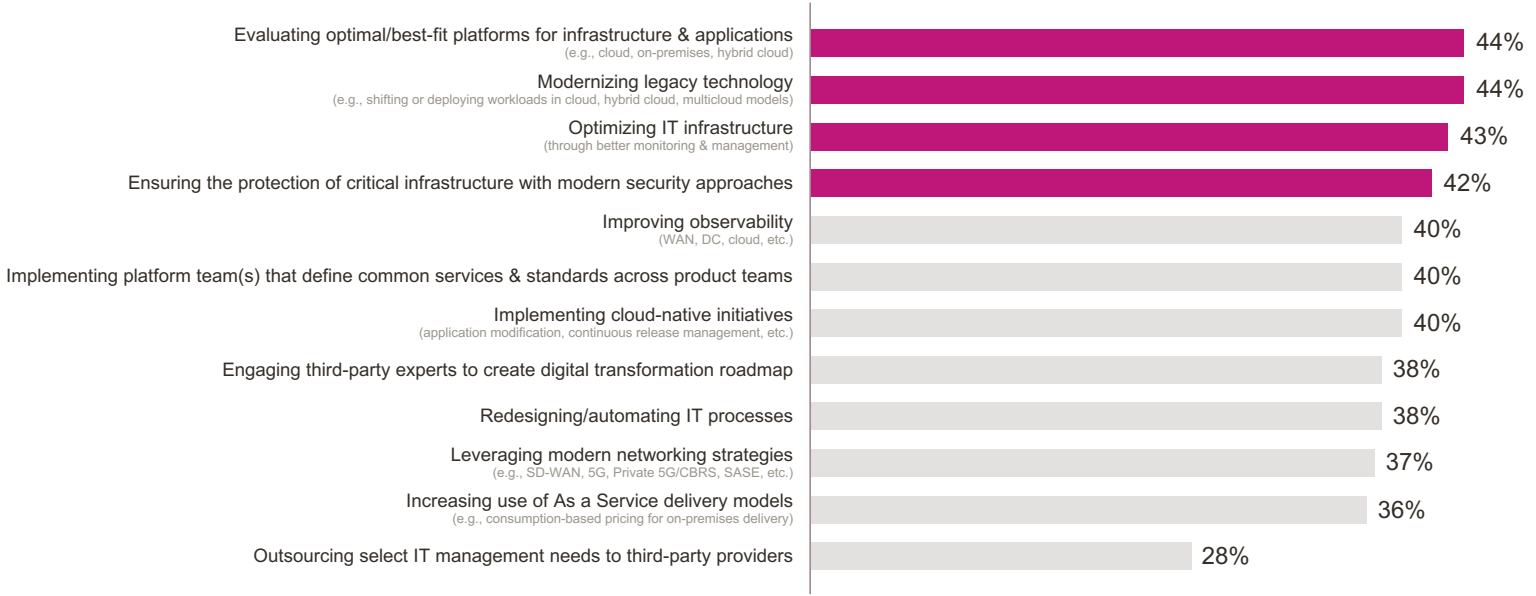
Cloud, data platform, and network modernization efforts are key for organizations pursuing enterprisewide digital transformation

Digital transformation initiatives in progress

As reported by organizations with enterprisewide transformation efforts



Q11: How would you describe your organization's status with respect to each of the following technology initiatives over the next 12 months?

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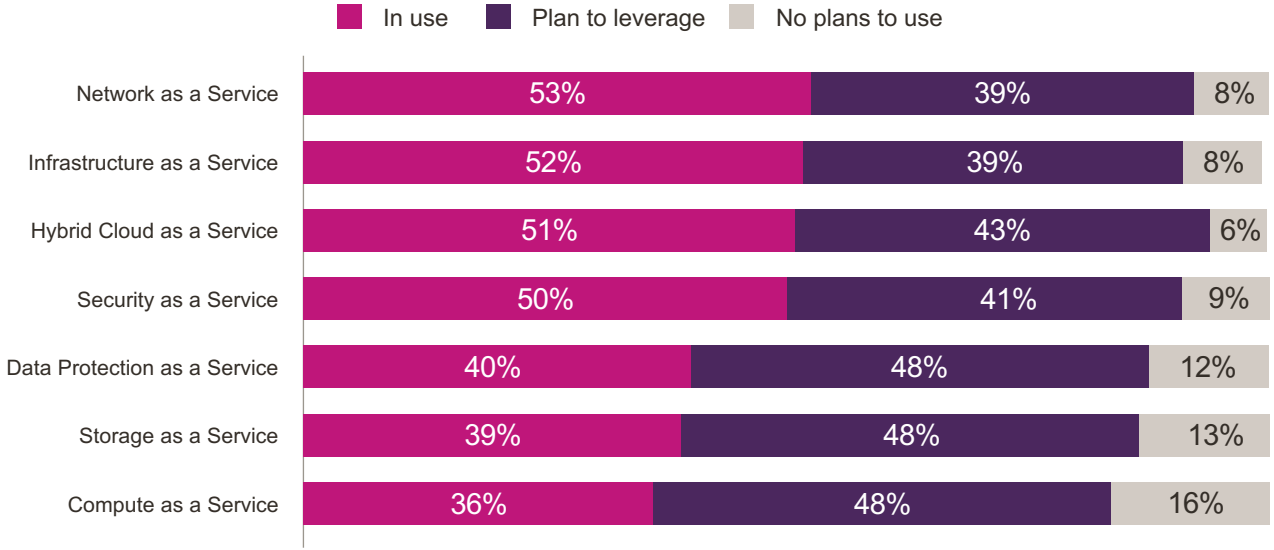
92% of respondents report their organizations are increasing or planning to increase use of As a Service models

As a Service models in use or planned over the next 12 months

(among those who report they have increased or will increase use of As a Service models)



By "As a Service" models, we are referring to the ability to take advantage of consumption-based pricing for on-premises delivery.

Q15: Which of the following As a Service delivery models is your IT organization leveraging or planning to leverage over the next 12 months? By "As a Service" models, we are referring to the ability to take advantage of consumption-based pricing for on-premises delivery.

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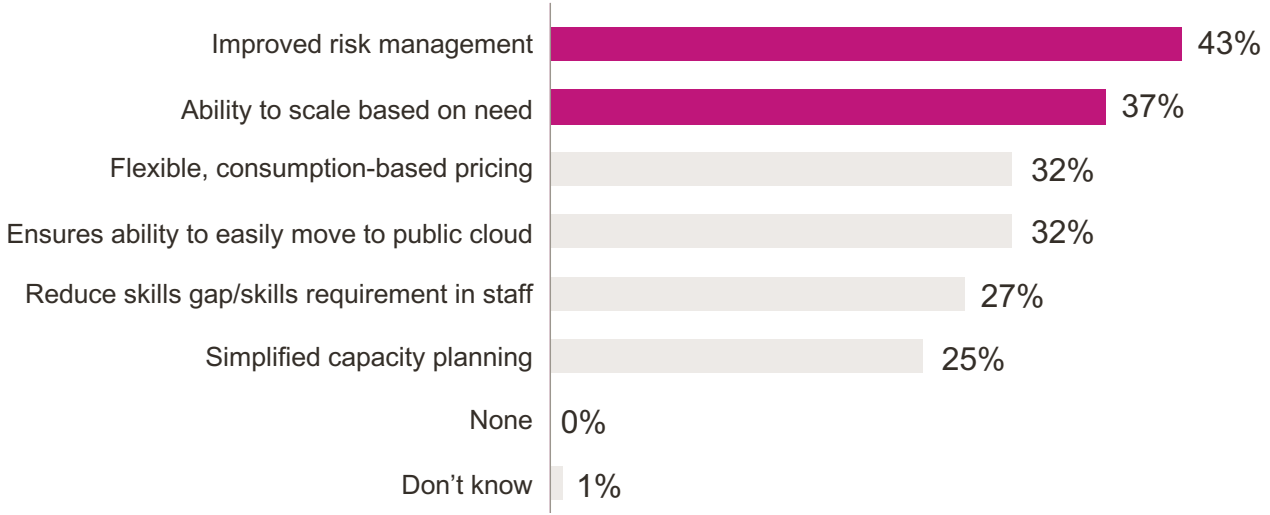
Top reasons for embracing As a Service models are improved risk management (43%) and scalability (37%)

Most attractive potential benefits of As a Service delivery models



VP and above titles are more likely to cite *"Ensures ability to easily move to public cloud"* (35% vs. 21% of director titles).

Q16: What do you perceive as the most attractive benefits of As a Service delivery models?

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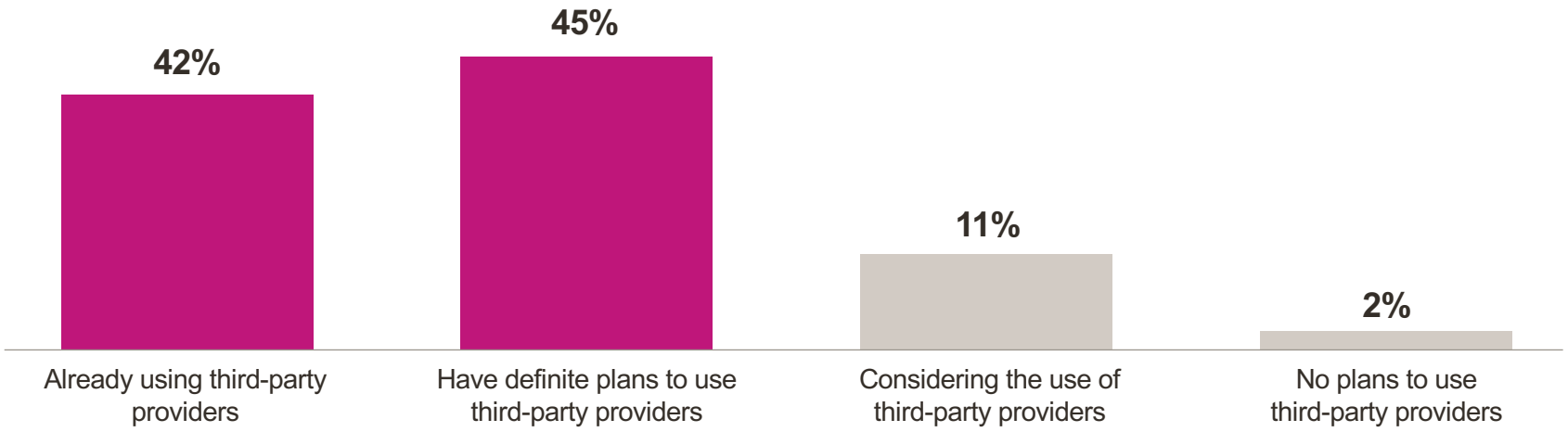
42% rely on third-party providers to help plan and execute digital transformation for business innovation. An additional 45% plan to leverage third parties in the next year.

Use of third parties to plan/execute digital transformation strategies to drive business innovation



Q7: Will your organization rely on third-party service providers to plan and/or execute digital transformation strategies to help drive business innovation over the next 12 months?

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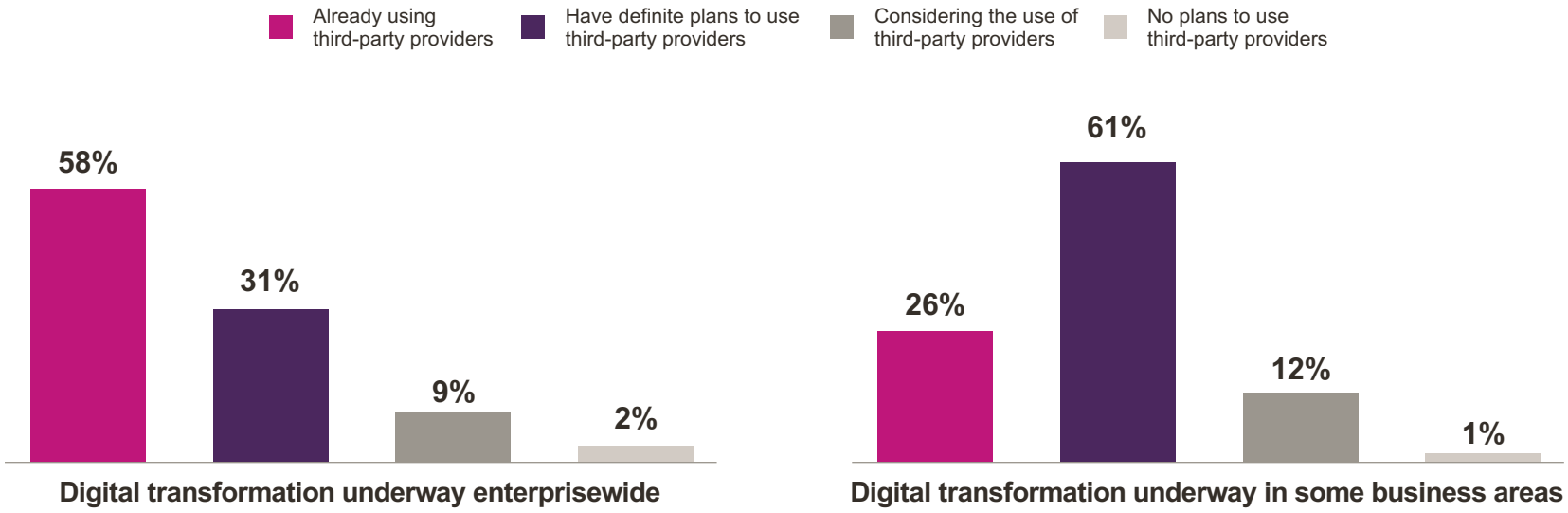
Organizations that use third-party providers appear to be at an advantage for modernization; organizations experiencing enterprisewide transformation leverage third parties at twice the rate of those with narrower efforts

Use of third parties to plan/execute digital transformation strategies to drive business innovation



Q7: Will your organization rely on third-party service providers to plan and/or execute digital transformation strategies to help drive business innovation over the next 12 months?

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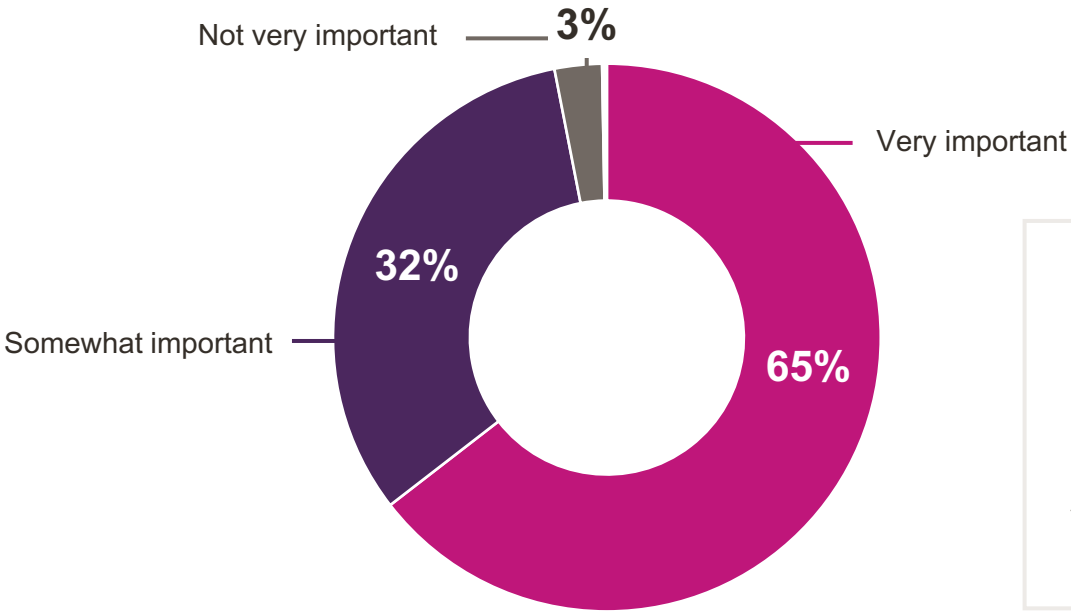
65% place high importance on accelerating application development and modernization to enable innovation. This is consistent across company size.

Importance of the acceleration of application development and modernization to enable innovation



% indicating *"Very important"*

Q8: How important is the acceleration of application development and modernization as a means of enabling innovation and advancing your business?

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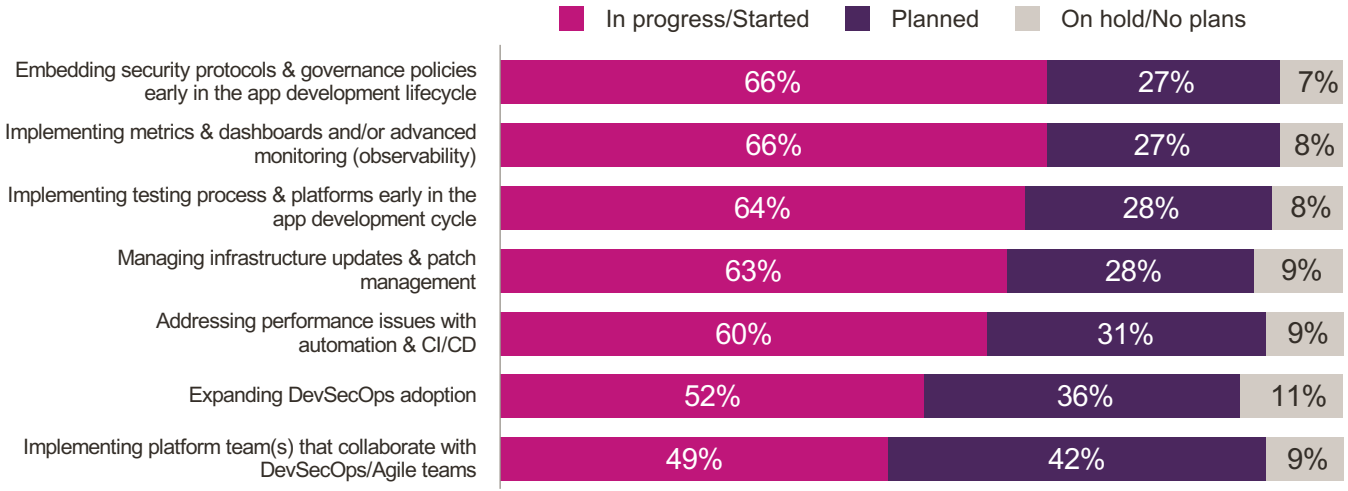
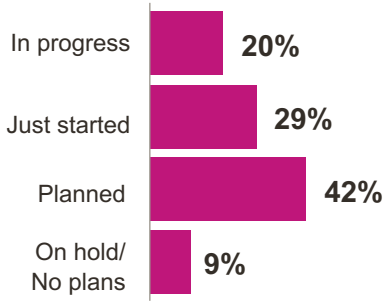
66% indicate their organizations are embedding security and governance into applications early in the dev lifecycle

Strategies underway or planned at organization to accelerate application development and modernization



Those at organizations that have **enterprisewide digital transformation initiatives** are more likely than those that have made progress in specific business areas to report they are **In progress/Started "***Expanding DevSecOps adoption"* (62% vs. 49%).

% indicating *"Implementing platform team(s) that collaborate with DevSecOps/Agile teams"*



Q9: Which of the following strategies are underway or planned at your organization to accelerate application development and modernization?

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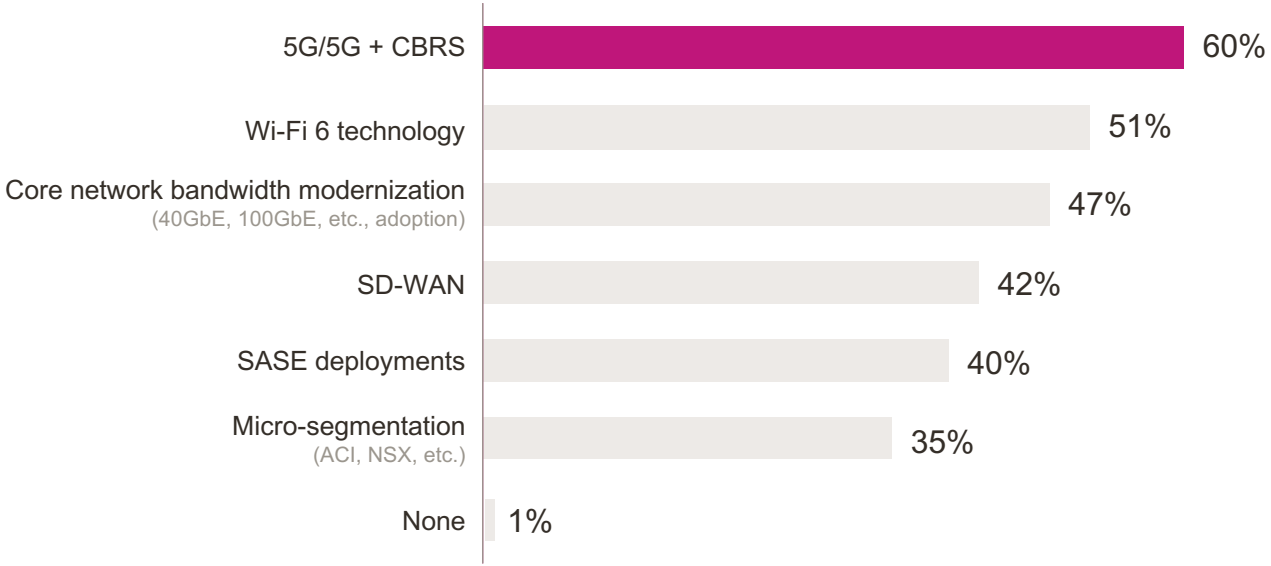
5G/5G + CBRS tops the list of networking strategies to be pursued over the next 12 months

Top networking strategies organization plans to prioritize:

Next 12 months



Q12: What are the top networking strategies/technologies your organization plans to prioritize over the next 12 months?

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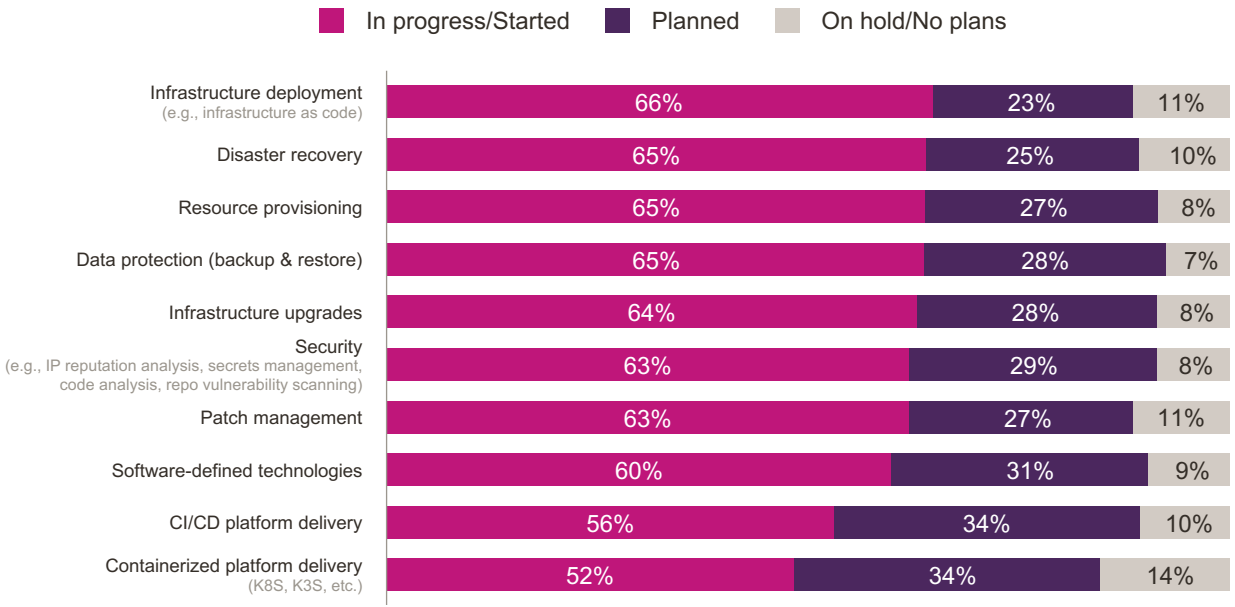
Top IT automation focus areas are infrastructure deployment, disaster recovery, resource provisioning, and data protection

Progress with automating IT processes/areas



Those at organizations that have **enterprisewide digital transformation initiatives** are more likely than those that have made progress in specific business areas to report they are **In progress/Just started** automating "*Data protection*" (70% vs. 57%).

Q13: How would you describe your organization's progress with respect to automating the following IT processes/areas?

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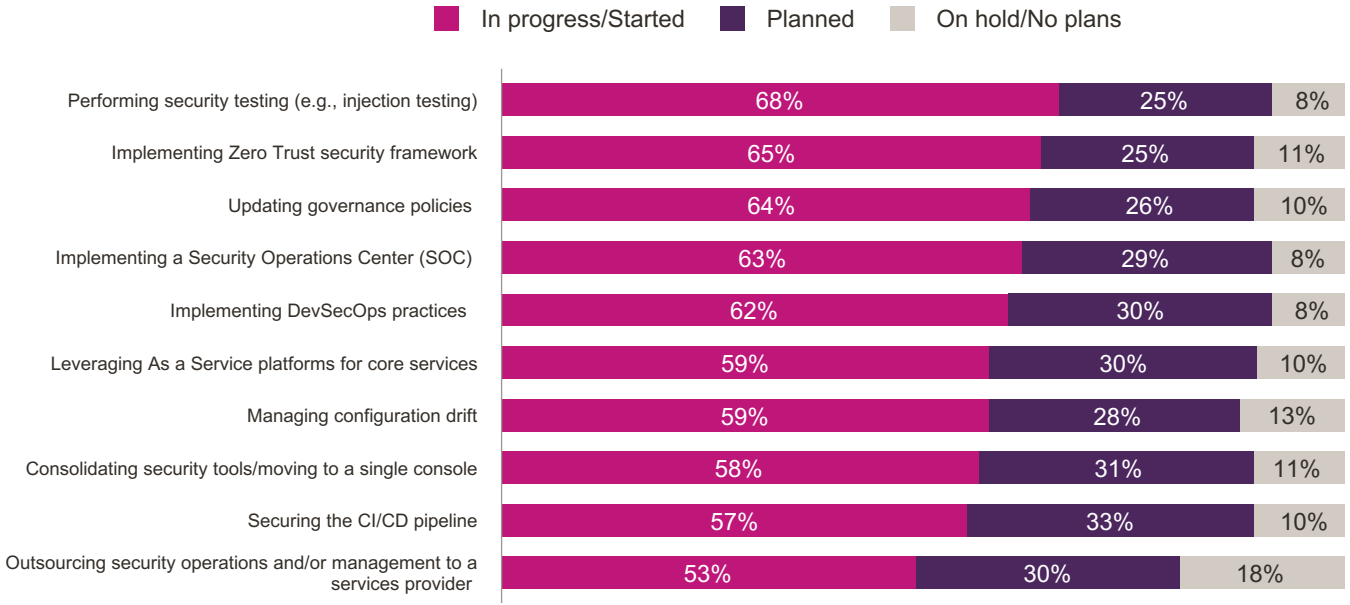
68% are performing security testing, and 65% are implementing Zero Trust to ensure security while enabling innovation

Strategies to ensure balance of innovation and speed with the need for security



Those at organizations that have **enterprisewide digital transformation initiatives** are more likely than those that have made progress in specific business areas to report they are **In progress/Started** "*Implementing a SOC*" (67% vs. 57%).

Q14: What strategies is your organization implementing to ensure you are balancing innovation and speed with the need to keep your critical infrastructure secure?

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Addendum

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Definitions used in the survey

Digital transformation: Adapting the organization to a “digital-first” approach by revising and redefining business processes, organizational structures, applications, and employee/customer/partner engagement points. Digital transformation leverages technology such as cloud, IoT, network infrastructure, data analytics, mobility, and security to innovate or modernize a business function.

Digital dexterity: The set of beliefs, mindsets, and behaviors that help employees deliver faster and more valuable outcomes from digital initiatives

DevSecOps: The practice of embedding security culture, practices, and tools into each phase of the DevOps pipeline to improve security and compliance maturity levels while boosting quality and shrinking time to market

SD-WAN: Simplifies the management and operation of a WAN by decoupling (separating) the networking hardware from its control mechanism

5G: The newest mobile network that will ultimately replace the current 4G technology by providing improvements in speed, coverage, and reliability

CBRS: Citizens Broadband Radio Service

SASE: (Secure Access Service Edge) A network architecture that combines VPN and SD-WAN capabilities with cloud-native security functions such as secure web gateways, cloud access security brokers, firewalls, and Zero Trust network access. These functions are delivered from the cloud and provided as a service by the SASE vendor.

Wi-Fi 6 technology: An IEEE standard for wireless local area networks and the successor of 802.11ac. It is also known as High Efficiency Wi-Fi.

Infrastructure as code: The managing and provisioning of infrastructure through code instead of through manual processes. Tool examples include Ansible, Terraform, etc.

As a Service models: The ability to take advantage of consumption-based pricing for on-premises delivery

FinOps: The practice of bringing financial accountability to the variable spend model of cloud, enabling distributed teams to make business trade-offs between speed, cost, and quality

TAM: Total Addressable Market

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