

# The Challenge of Change: IT in Transition

# Methodology and Objectives

## Sample

**Field Work** This survey was fielded in the U.S. from September 5, 2018 through September 12, 2018

**Total Respondents** 200 qualified completes

## Method

**Collection** Online Questionnaire

**Number of Questions** 15 (excluding screeners and demographics)

**Audience** To qualify for this survey, respondents were required to be employed in an IT-related function at the Director level or above.

Qualified respondents are employed organizations with 1,500 or more employees that are pursuing or plan to pursue digital transformation initiatives. Respondents included a wide range of industries from midrange to large organizations with a median of 6,250 employees.

## Survey Goals

In this survey we seek to understand where enterprises are with respect to their IT transformation journey. Specifically, we explore the steps being taken to support IT transformation, barriers to progress, cloud computing strategies, drivers for and experiences with cloud and on-premises deployments, use of third parties to handle aspects of IT transformation initiatives, and skills required to meet IT transformation goals.

# Respondent Profile

## Company Size

100,000 or more	11%
50,000 - 99,999	4%
30,000 - 49,999	11%
20,000 - 29,999	5%
10,000 - 19,999	10%
7,500 - 9,999	11%
5,000 - 7,499	14%
2,500 - 4,999	24%
1,500 - 2,499	13%

## Job Title

CIO, CTO	32%
CSO, CISO	5%
Chief Data Officer	10%
Chief Digital Officer	2%
Executive VP, Senior VP, General Manager	14%
VP	8%
Director	31%

**Employee median size:**  
6,250 employees

## Primary Industry

Financial Services (banking, insurance, brokerage)	22%
High Tech	16%
Manufacturing (auto, A&D, construction, engineering, chemical, metals & mining)	15%
Healthcare (providers and pharmaceuticals)	10%
Retail, Wholesale and Distribution	8%
Utilities/Energy (oil & gas)	6%
Government and Nonprofits (including education)	5%
Life Sciences	4%
Services (legal, consulting, real estate)	4%
Telecom	4%
Transportation (airlines, trucking, railroads, shipping, logistics)	2%
Advertising/Marketing/PR/Media (publishing, broadcast, online)	2%
Travel and Leisure (cruise lines, hotels, theme parks, casinos)	1%
Other	3%



# Key Findings

**62% of organizations have failed to lay a strong foundation for IT transformation by both documenting and communicating their plans.**

**44% have not yet taken action to support IT transformation.** Interestingly, very large enterprises are more likely to place their organizations on the low end of the IT transformation progress scale.

**The least progress has been made with respect to technology changes. Most organizations begin IT transformation with a focus on people/skills and processes,** including reorganizing to support IT strategy (64%), defining new required skills (57%), defining roles and responsibilities (52%), hiring skilled workers (50%) and aligning skill sets with priorities (49%).

**51% report that the challenges they've experienced have prompted them to stall or abandon some IT transformation initiatives.** Larger enterprises are more likely to report stalls or stops due to challenges.

**Respondents expect that more than one-third (38% on average) of their IT transformation initiatives will be handled by a third party.** Respondents who indicate later in the survey that their organizations have a "cloud first" policy expect that a higher proportion of IT transformation initiatives will be handled by a third party (42% on average vs. 25% among others.)

**While *budget* is most often ranked as the single biggest infrastructure barrier to transformation, *outdated legacy technology* leads the concerns when respondent's five top concerns are aggregated, followed by *security* and *technology silos*.** Legacy technology is of particular concern to those who haven't yet started to talk about IT transformation.



# Key Findings (continued)

**Just 28% have documented AND communicated a cloud strategy,** indicating that many cloud deployments have proceeded without a clear understanding of the impact on cost, management and other factors.

**Determining which workloads should move to the cloud is most often ranked as the #1 challenge** in executing a cloud strategy, running neck and neck with new tools needed, change management, and choosing cloud deployment models.

**Most organizations state they have a “cloud first” policy, but there is confusion over the definition of “cloud first.”** Those who define “cloud first” as hybrid cloud strategy have made the most progress with IT transformation versus “cloud only.”

**On average, only 42% of applications (in-house or commercially developed) are optimized to support cloud storage consumption,** leaving more than half still to be optimized.

**A hybrid cloud strategy appears to accelerate the IT transformation journey, with 63% of respondents reporting the most progress using a hybrid cloud approach.**

**Security and compliance top the drivers for on-premises workload deployments, while cost and ease of integration are typically the key factors in cloud deployment decisions.**

**After deployment, security and high availability rank #1 and #2 in perceptions of on-premises and cloud data attributes, but other factors rank differently.** Simple access management weighs in at #3 for on-premises data, for example, while low storage costs occupies the #3 spot for cloud data.

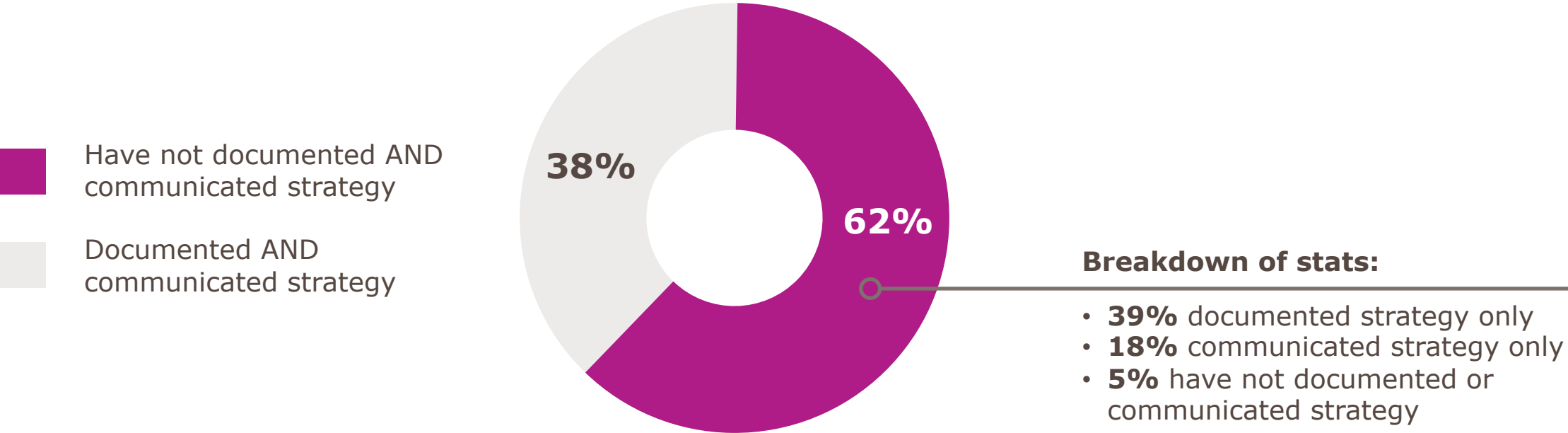
**Security and data analytics/Bi are the top skills in demand overall, but rankings change as IT transformation progresses.** Security skills aren't in the top four in early stages but gradually rise to #1 as the journey continues.

# Survey Results

# 62% of organizations have failed to lay a strong foundation for IT transformation by both documenting and communicating their plans.

In this survey we are defining **IT transformation** as adapting IT skills, processes, technology, and tools to advance the business and improve customer experiences. IT transformation leverages DevOps and technology such as hybrid cloud, automation, containerization and orchestration.

## Does your organization have a documented & communicated IT transformation plan outlining strategies and tactics?

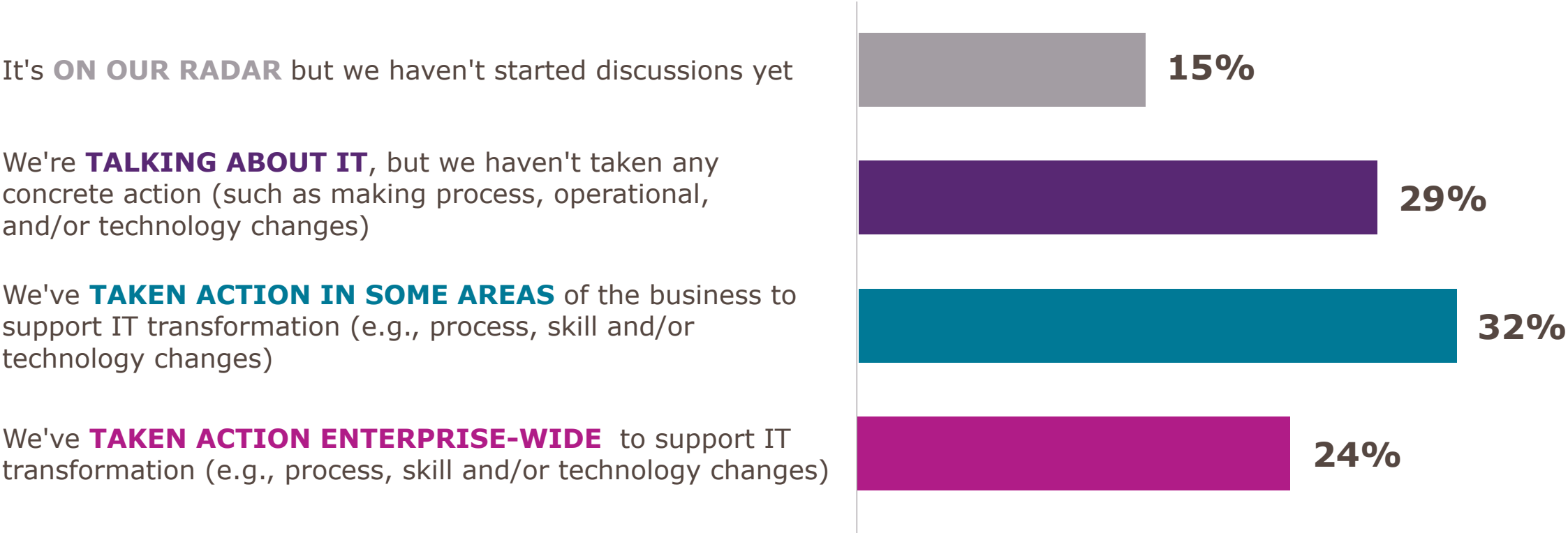


Q: Does your organization have a documented & communicated IT transformation plan outlining strategies and tactics?



# More than four in ten respondents (44%) have not yet taken action to support IT transformation.

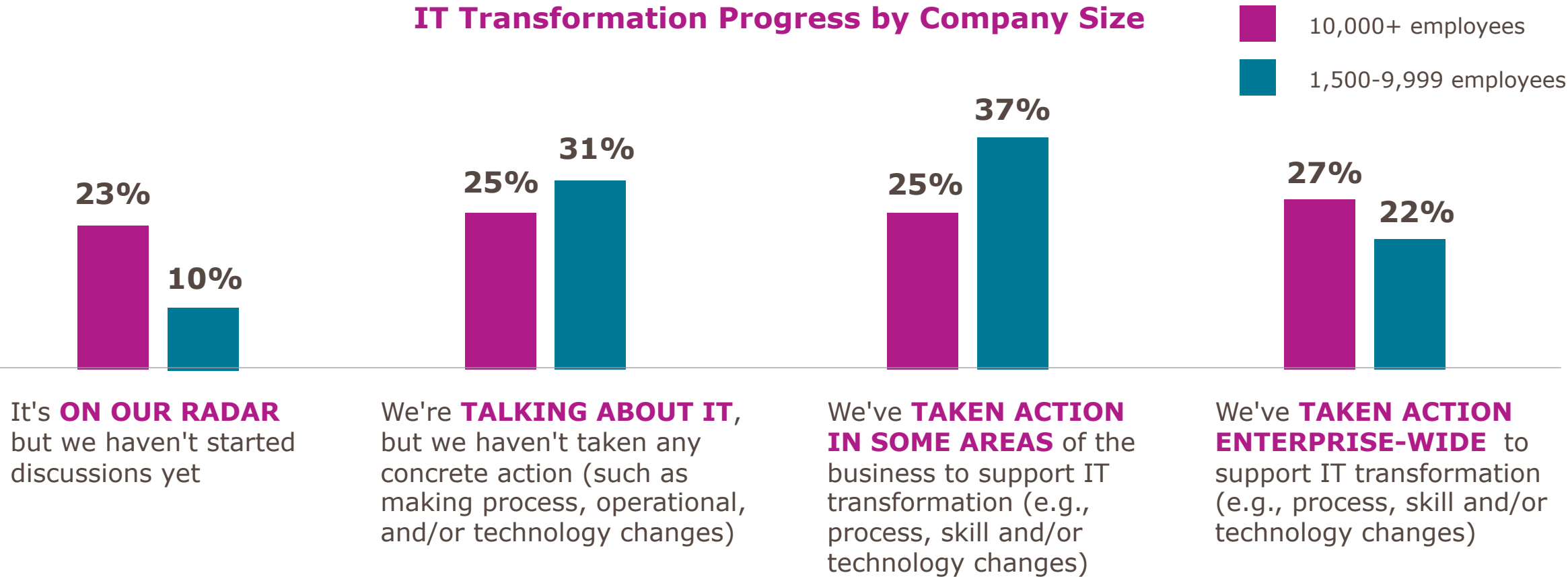
## IT Transformation Progress



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

Very large enterprises are more likely to place on the low end of the IT transformation progress scale. Nearly 25% with 10,000+ employees have not even started discussions compared to 10% of those with 1,500-9,999 employees.

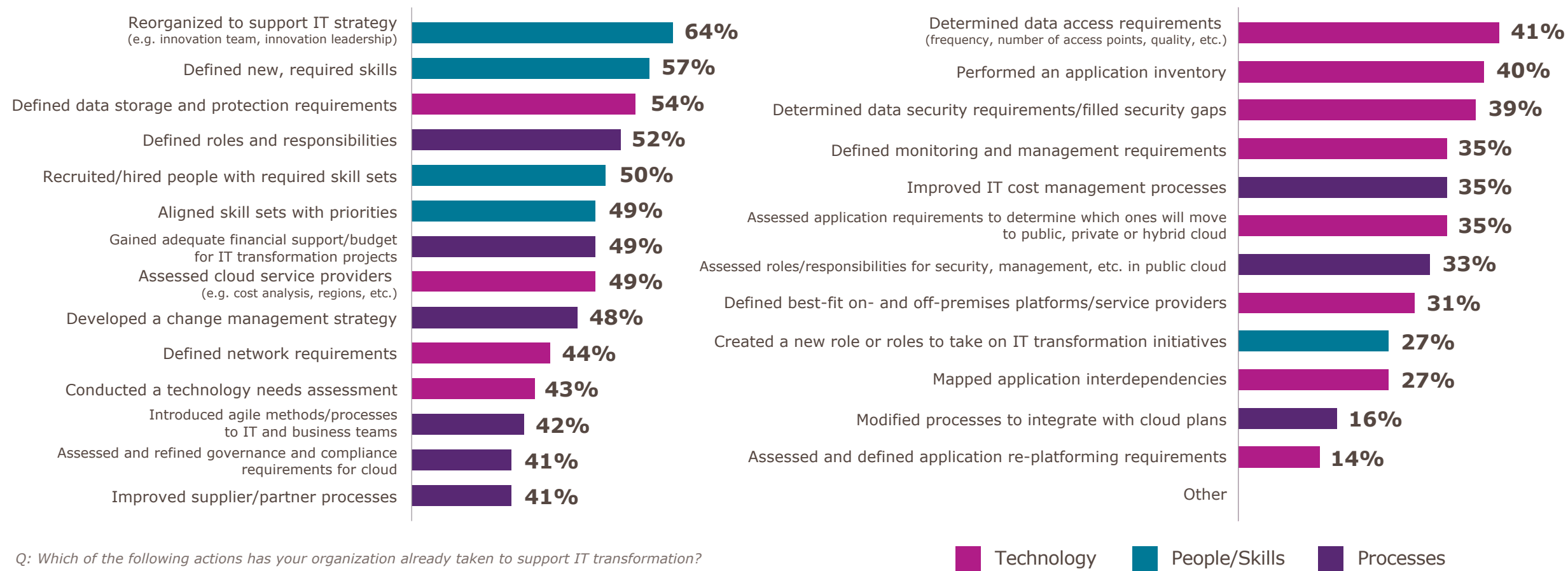
IT Transformation Progress by Company Size



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

# Technology change is slower than people and process change. Only 3 of the 10 most-performed planning steps are technology-related.

## Actions Taken to Support IT Transformation (Among those who have begun the transformation process)

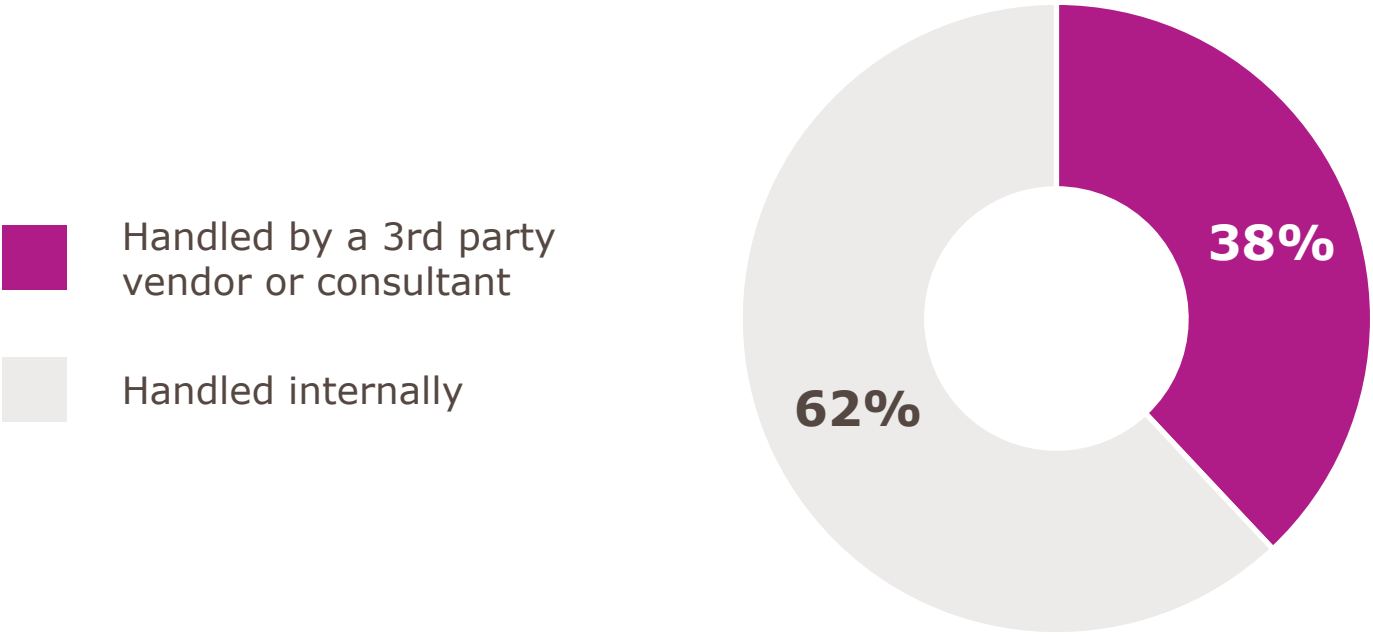


Q: Which of the following actions has your organization already taken to support IT transformation?



Respondents expect that more than one-third (38% on average) of their IT transformation initiatives will be handled by a third party.

Percent of IT Transformation Initiatives Handled Internally vs. Externally

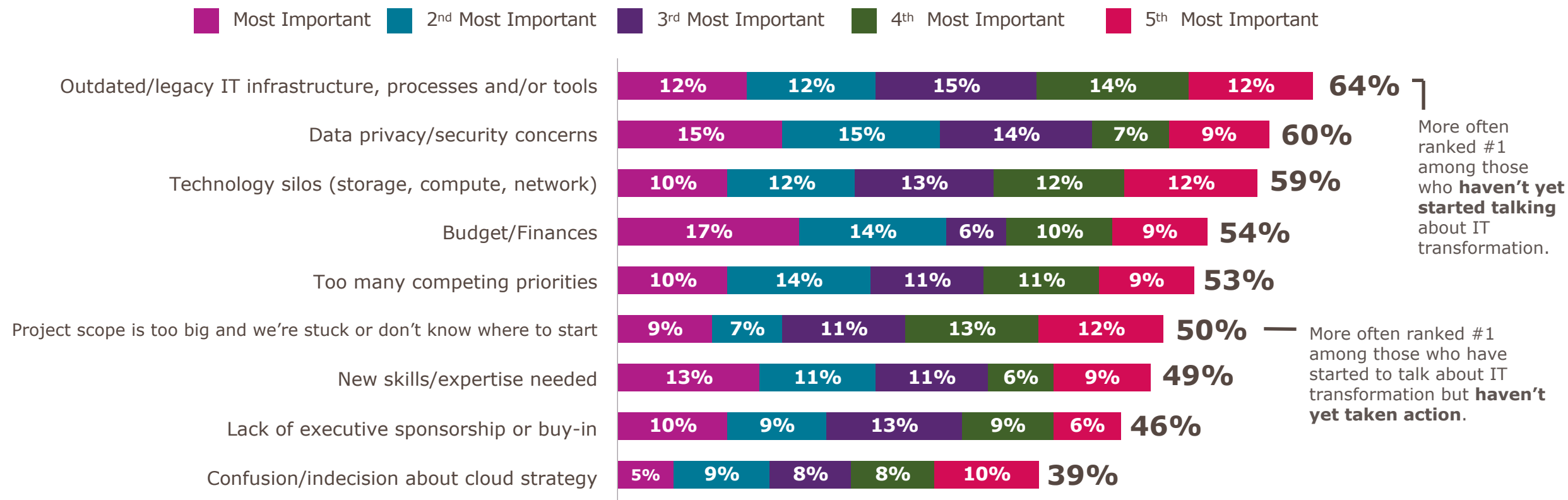


Respondents who indicate later in the survey that their organizations **have a “cloud first” policy** expect that a **higher proportion** of IT transformation initiatives **will be handled by a third party** (42% on average vs. 25% among others.)

Q: With the total equal to 100%, approximately what percent of your company’s IT transformation initiatives and tactics do you expect will be handled internally (by in-house staff) versus externally?

# While budget is most often ranked as the #1 barrier to transformation, outdated legacy technology leads the concerns when respondent's five top concerns are aggregated, followed by security and technology silos.

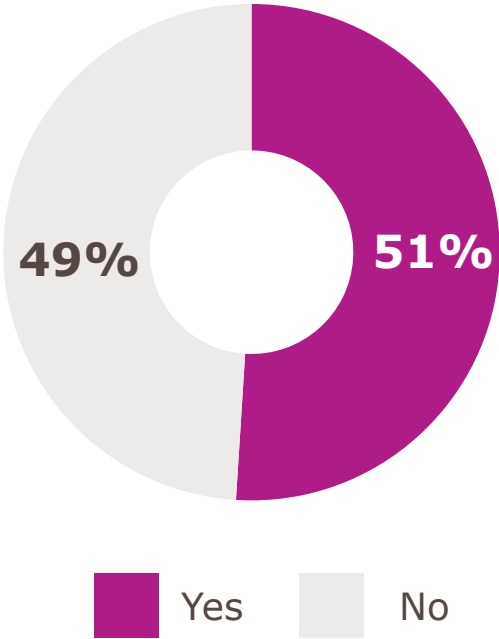
## Top Impediments to IT Transformation



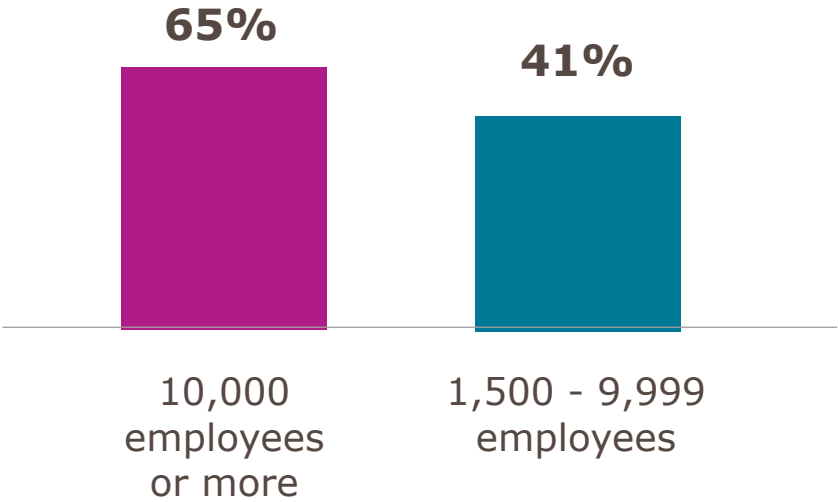
Q: What are the top barriers to transformation in your current IT infrastructure, if any? (Please select up to five and rank in order of importance.)

51% report that the challenges they've experienced have prompted them to stall or abandon some IT transformation initiatives.

Have any of these difficulties prompted you to stall or abandon any IT transformation initiatives?



% Answering "Yes" by company size:

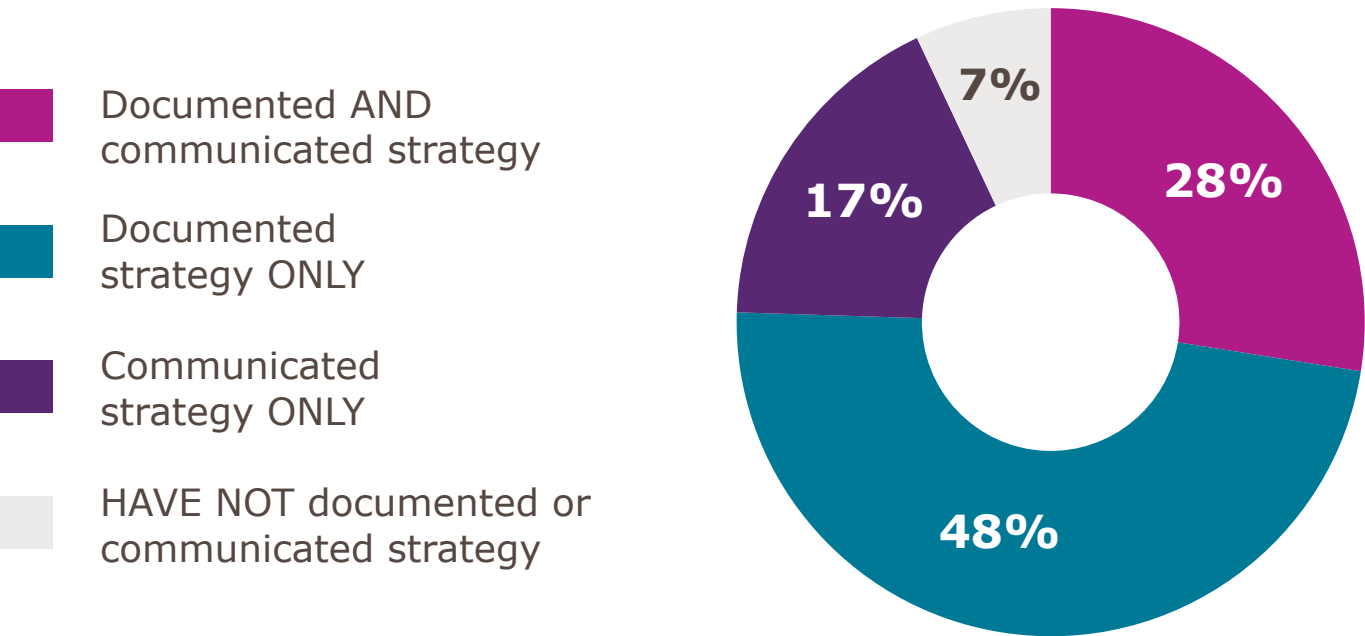


Q: Have any of these difficulties prompted you to stall or abandon any IT transformation initiatives?



**Just 28% have documented AND communicated a cloud strategy**, indicating that many cloud deployments have proceeded without a clear understanding of the impact on cost, management and other factors.

**In addition, 17% have communicated but not documented a strategy, and 7% have done neither.**



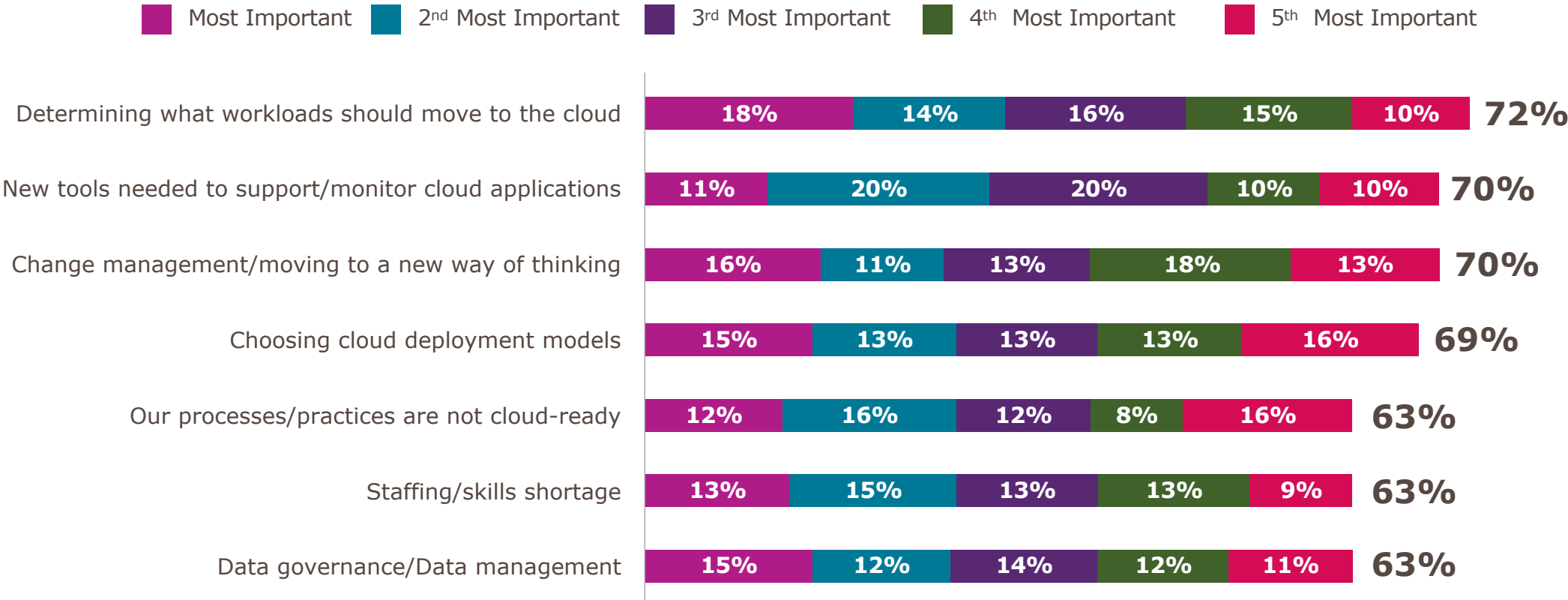
In this survey when we refer to cloud technology we are referring to **Infrastructure-as-a-Service\* (IaaS)** and/or **Platform-as-a-service (PaaS)\***. For the purposes of this survey we are not including Software-as-a-service (SaaS) in our definition.

*\*Definitions included in Appendix*

Q: Does your company have a documented & communicated cloud strategy with associated tactics?

While determining which workloads should move to the cloud is most often ranked as the #1 cloud strategy challenge, aggregating the top five shows a near-tie with new tools needed, change management and cloud deployment models.

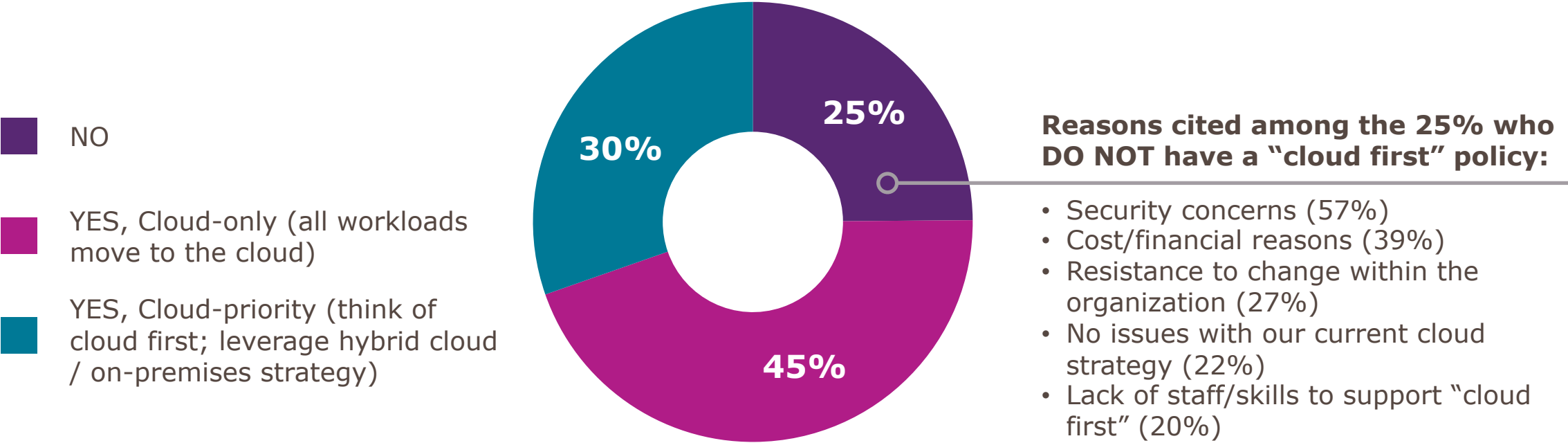
Challenges in Executing a Cloud Strategy



Q: What are the specific challenges your company faces in executing a cloud strategy, if any? (Please select up to five and rank in order of importance.)

# Most organizations state they have a “cloud first” policy, but there is confusion over the definition of “cloud first.”

## Does Your Organization Have a “Cloud First” Policy?

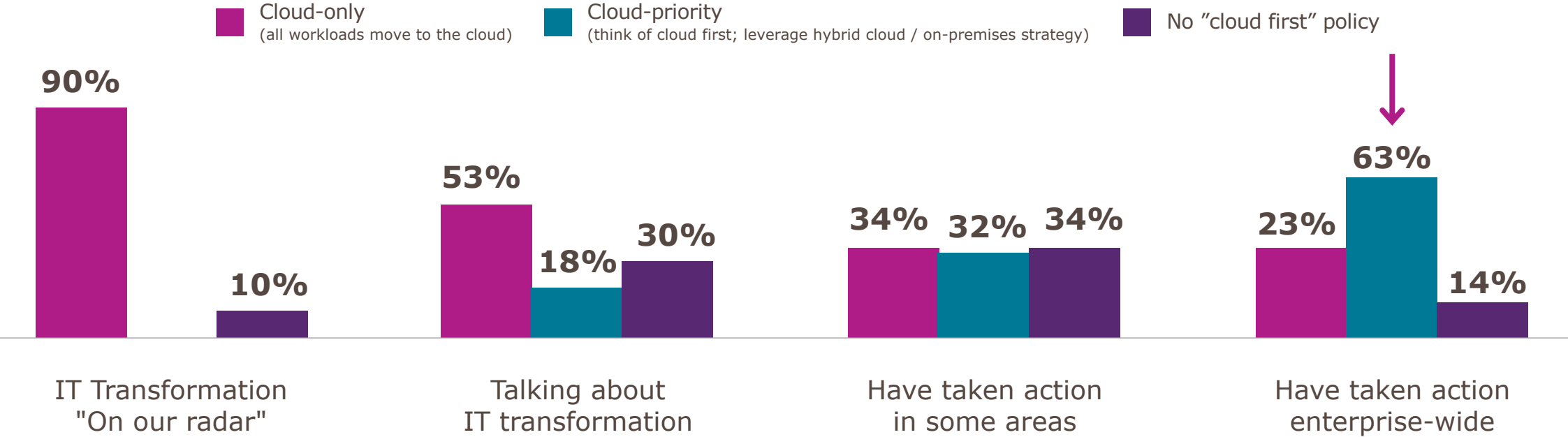


Q: Does your organization have a “cloud first” policy?  
Q: Why has your organization decided against a “cloud first” policy?  
Q: If yes, what is your definition of “cloud first”?



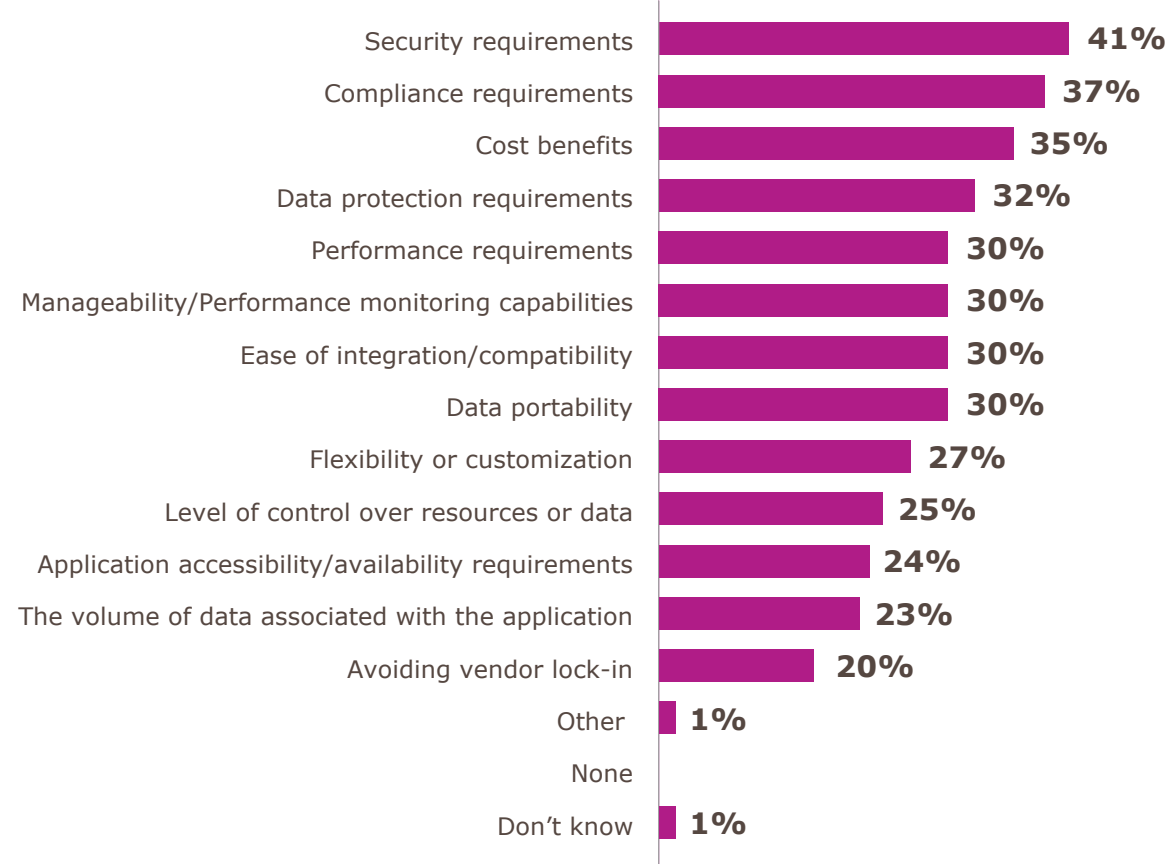
# Those who have made the most progress with IT transformation are more likely to define “cloud first” as a hybrid cloud strategy versus “cloud only.”

63% with active enterprise-wide initiatives use a hybrid cloud approach.

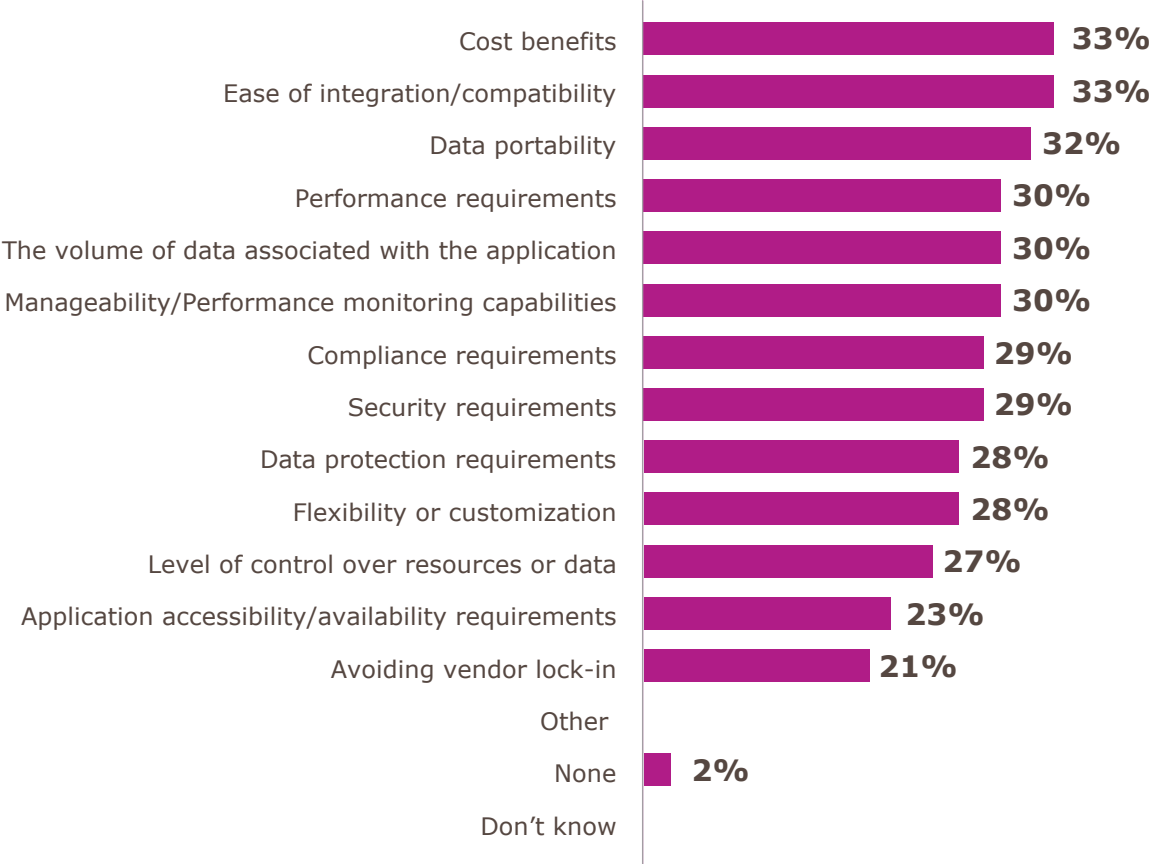


# Security and compliance are the top drivers for on-premises deployments, while cost and ease of integration typically lead cloud deployment decisions.

## Factors Driving Organization to Deploy On-Premises (select five)



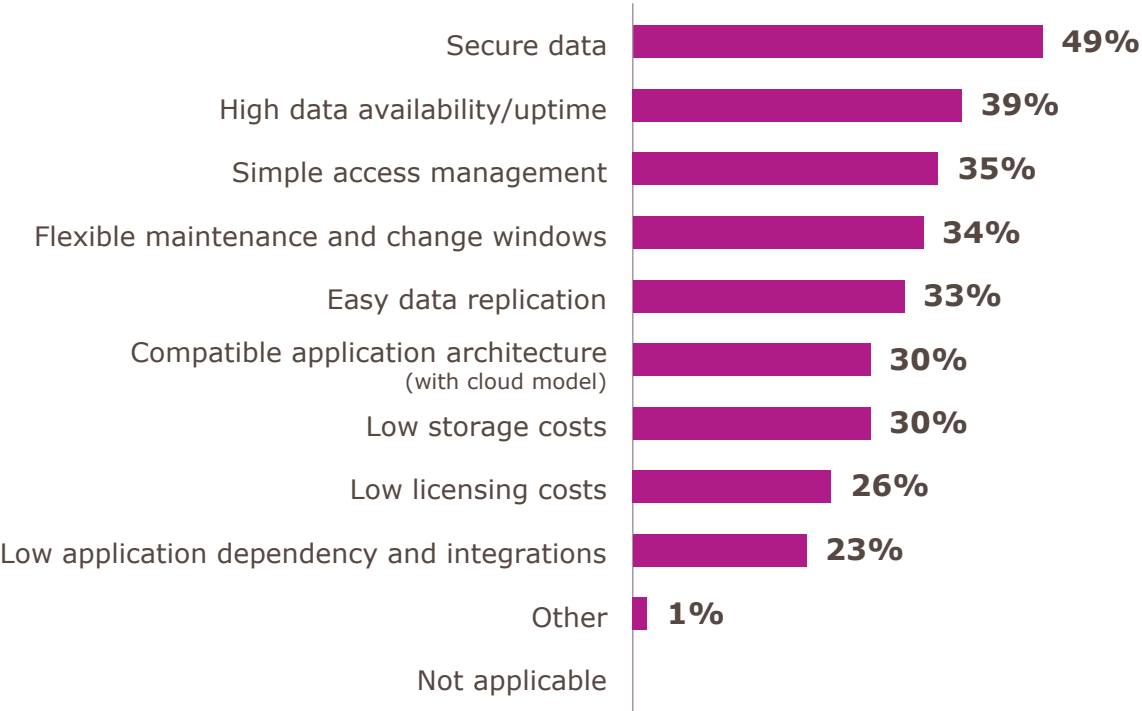
## Factors Driving Organization to Deploy in the Cloud (select five)



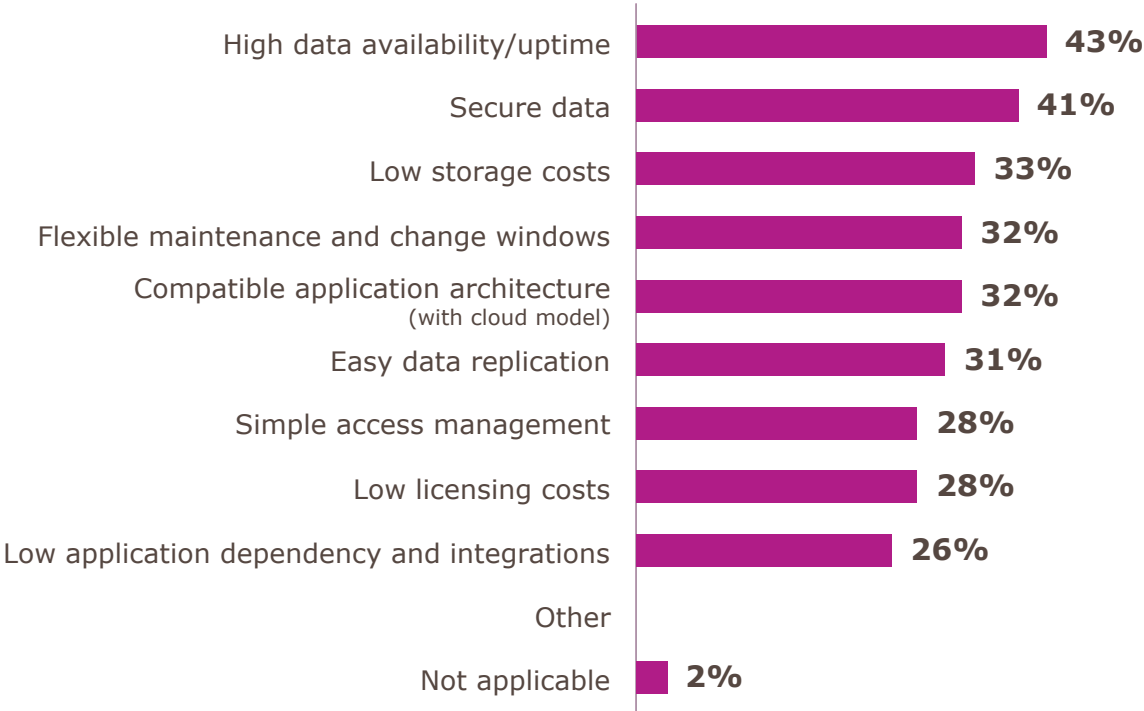
Q: What are the top factors that typically drive your organization to deploy applications on-premises versus in the cloud?  
Q: What are the top factors that typically drive your organization to deploy applications in the cloud versus on-premises?

After deployment, security and high availability rank #1 and #2 in perceptions of both on-premises and cloud data attributes, but other factors vary. The #3 spot is simple access management for on-premises data and low storage costs for cloud.

Characteristics of Data On-Premises  
(select all that apply)



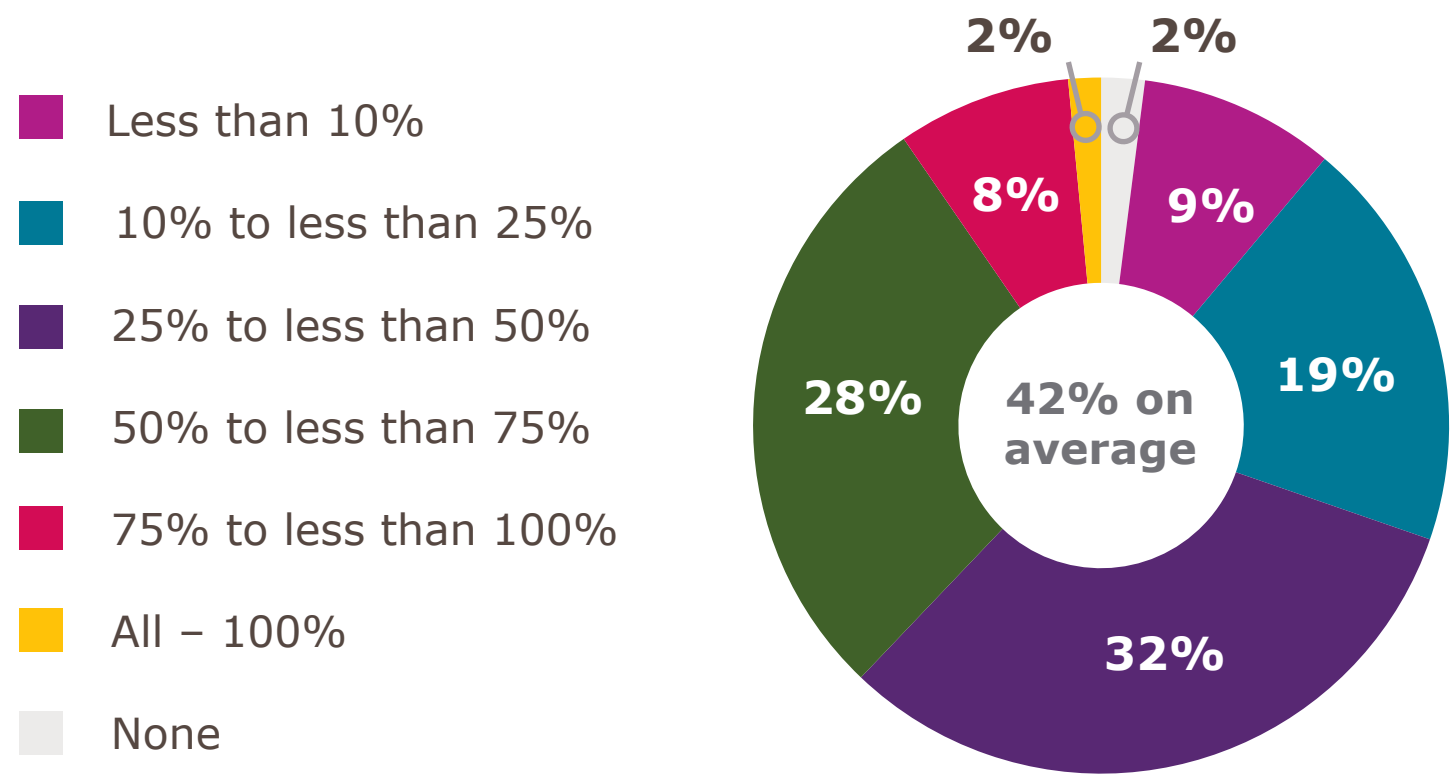
Characteristics of Data in the Cloud  
(select all that apply)



Q: What are the top factors that typically drive your organization to deploy applications on-premises versus in the cloud?  
Q: What are the top factors that typically drive your organization to deploy applications in the cloud versus on-premises?

On average, only 42% of applications (in-house or commercially developed) are optimized to support cloud storage consumption.

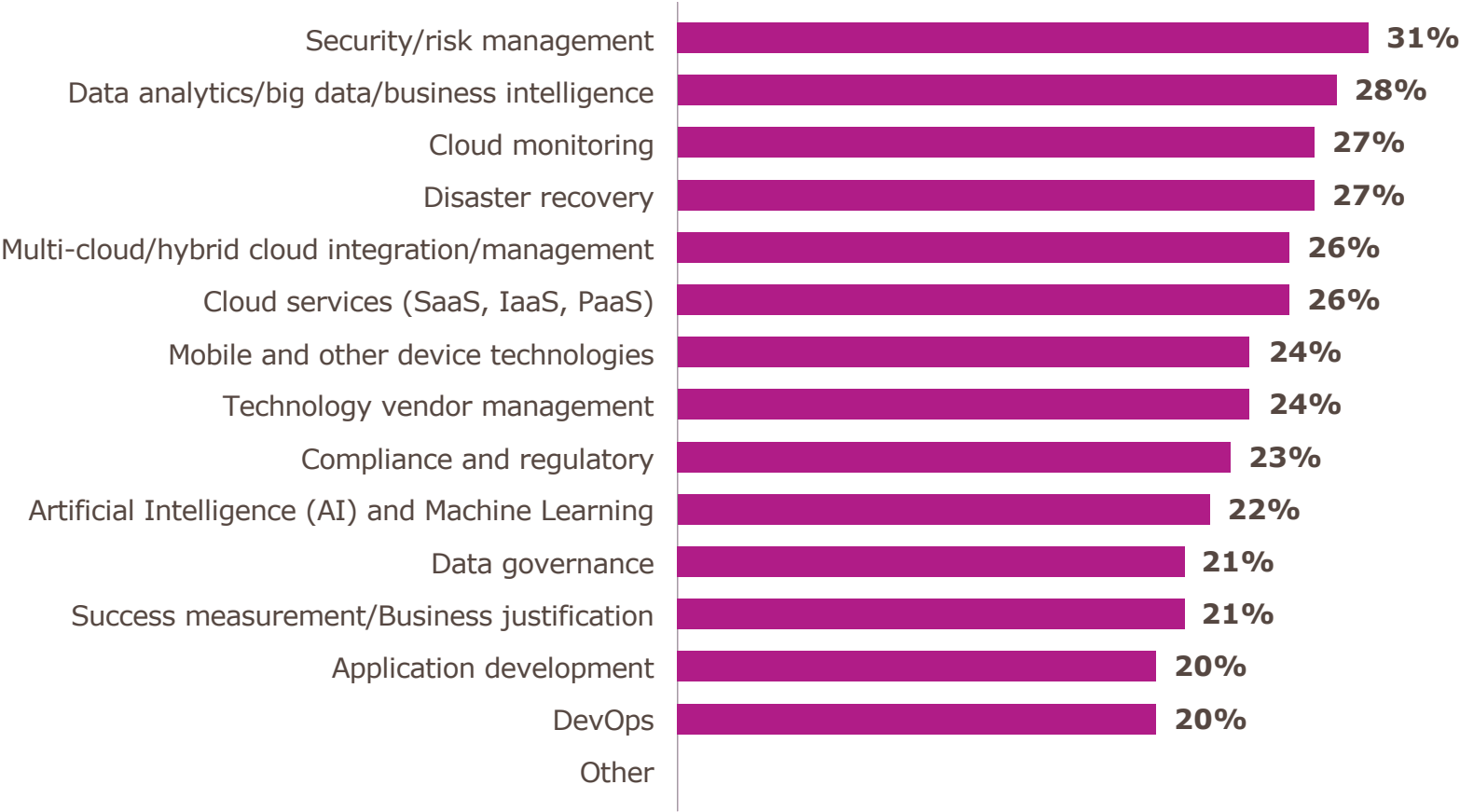
What Percent of Your Applications are Optimized to Support Cloud Storage Consumption?



Q: Approximately, what percent of your company's applications (in-house or commercially developed) have been optimized to support cloud storage consumption?

# Security and data analytics/Bi are the top skills in demand overall, followed by cloud monitoring and disaster recovery.

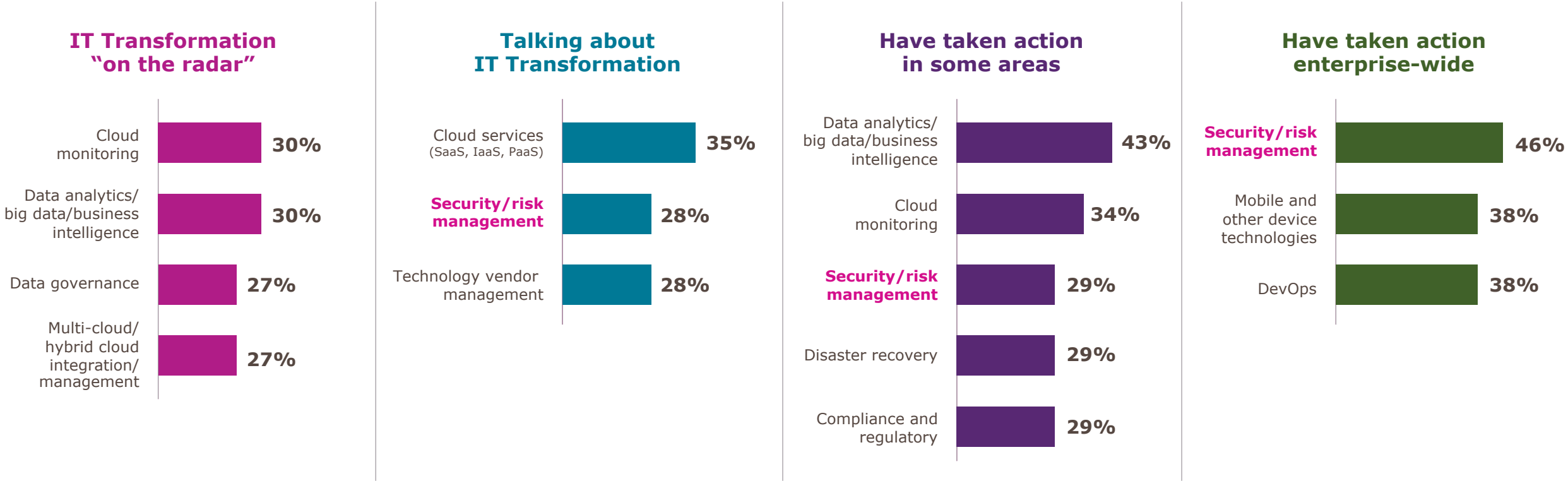
## Skill Sets Needed to Meet IT Transformation Goals



Q: Which of the following skill sets is your organization missing, or in which areas are you in need of additional resources, to meet your IT transformation goals?

Skill needs change as the journey progresses. Security skills aren't in the top four before transformation begins but gradually rise to #1.

Skill Sets Needed by Journey Stage





# Appendix: Definitions

In this survey we are defining **IT transformation** as adapting IT skills, processes, technology, and tools to advance the business and improve customer experiences. IT transformation leverages DevOps, and technology such as hybrid cloud, automation, containerization and orchestration.

**Infrastructure as a Service (IaaS)** – The customer provisions processing, storage, networks, and other fundamental computing resources where the customer can deploy and run arbitrary software, which can include operating systems and applications. The provider manages or controls the underlying cloud infrastructure while the customer has control over operating systems, storage, and deployed applications; and possible limited control of select networking components (e.g., host firewalls).

**Platform as a Service (PaaS)** – Customer-created or acquired applications using programming languages, libraries, services, and tools supported by the provider are deployed onto the cloud infrastructure which the provider manages or controls. The customer has control over the deployed applications and possible configuration settings for the application-hosting environment.

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