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# Stakes Rise for IT:

## The IT Transformation Journey

Commissioned by Datalink, a division of Insight.

2017



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## Methodology and Objectives

The purpose of this survey was to understand the decision-making process and considerations for optimizing IT to support business needs. It also explored experiences and expectations with respect to public cloud deployments.

This is a follow on survey to *Data Centers in Flux: The IT Optimization Challenge* conducted in 2016.

See Appendix (slide 25) for a list of terms and definitions referenced in this survey.

### Sample

<b>Field Work</b>	This survey was fielded in the U.S. from September 15, 2017 through September 25, 2017
<b>Total Respondents</b>	142 qualified completes

### Method

<b>Collection</b>	Online Questionnaire
<b>Number of Questions</b>	17 (excluding screeners and demographics)
<b>Audience</b>	To qualify for this survey, respondents were required to work in an IT-related function at to Director level or above. Qualified respondents are employed at a company with 1,500 employees or more.

## Respondent profile



### Number of employees

100,000 or more	9%
50,000 - 99,999	8%
30,000- 49,999	6%
20,000 - 29,999	1%
10,000 - 19,999	8%
7,500 - 9,999	7%
5,000 - 7,499	18%
2,500 - 4,999	30%
1,500 - 2,499	13%

**Mean number of employees:** 22,981  
**Median number of employees:** 6,250

### Job title (100% IT-related)

CIO,CTO	44%
CSO,CISO	5%
Executive VP, Senior VP, General Manager	14%
VP	7%
Director	30%

# Key Findings

**Ninety eight percent of IT leaders indicated that IT was crucial/very important to their company's business strategy.**

- In the next 12 months, IT will focus on the following business goals: efficiency, customer experience improvement, increasing agility, and digital transformation.

**In order to achieve their top business goals, IT's top priorities over the next 12 months will be improving the speed of IT service delivery (25%) and leveraging new technology platforms (e.g., public, private and hybrid cloud, and converged infrastructure) (20%).**

**Compared to the results of an IDG survey conducted in 2016, respondents report higher levels of progress in optimizing IT.**

- However, less than one quarter (22%) feel their organizations are fully optimized.



## Key Findings (cont.)

**Compared to 2016 survey results, respondents report higher levels of progress in optimizing IT (average rating of 7.6 where 10 is “Fully optimized”, versus 6.4 in 2016).**

- However, less than one quarter assign a rating greater than “8”.

**Nearly all respondents perceive IT optimization as highly important to the success of digital transformation initiatives.**

- This sentiment is consistent among C-level as well as mid-level IT titles.

**Most organizations (65%) have made process, operational and/or technology changes on some level to support digital transformation; 38% have made these changes on an enterprise-wide scale to help tackle these challenges.**

## Key Findings (cont.)

**IT organizations are truly bimodal, with two-thirds (66%) of the IT budget today, on average, allocated to “mode 1” or “keeping the lights on” and 34% to “mode 2” or more innovative initiatives.**

- This allocation is expected to shift in favor of “mode 2” projects over the next 2 years, with 45% of the IT budget expected to be earmarked for business advancing projects.

**More than half of the respondents rate the challenge of funding and supporting innovative/business advancing projects as a 9 or 10 on a 10-point scale where 10 is “extremely challenging”.**

- However, in the next 2 years respondents expect a greater ability to free up funds from traditional IT projects to fund “Mode 2” IT initiatives.

**The balance of public versus private cloud workloads is relatively even today and not expected to shift much over the next couple of years.**

- Despite this, respondents cite concerns regarding their choice to deploy workloads in a public cloud platform, with the most critical being security. Compliance, performance concerns and a perceived lack of control are also high on the list.

Source: “Stakes Rise for IT: The IT Transformation Journey,” IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)

## Key Findings (cont.)

**More than half (52%) report their organizations have ever moved applications and workloads away from the public cloud to an on-premise platform.**

- This is an increase since 2016 (38%) and more likely to be cited by C-level titles. Concerns about control over resources or data, and the pressure to meet compliance requirements, are top reasons for moving away from the public cloud.

**Additionally, three quarters (76%) of IT organizations report being more cautious versus one year ago when making the decision to move particular applications or workloads to a public cloud.**

- While C-level titles are slightly more likely to hold this view, results are relatively consistent across titles and company sizes.

**Given the concerns around security, it's not surprising that determining security requirements is a top challenge when deciding which platforms are best suited for specific applications.**

- Equally challenging is defining storage requirements for these workloads. Half of organizations will seek at least partial help from a third party to help tackle these challenges.



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# Survey Results

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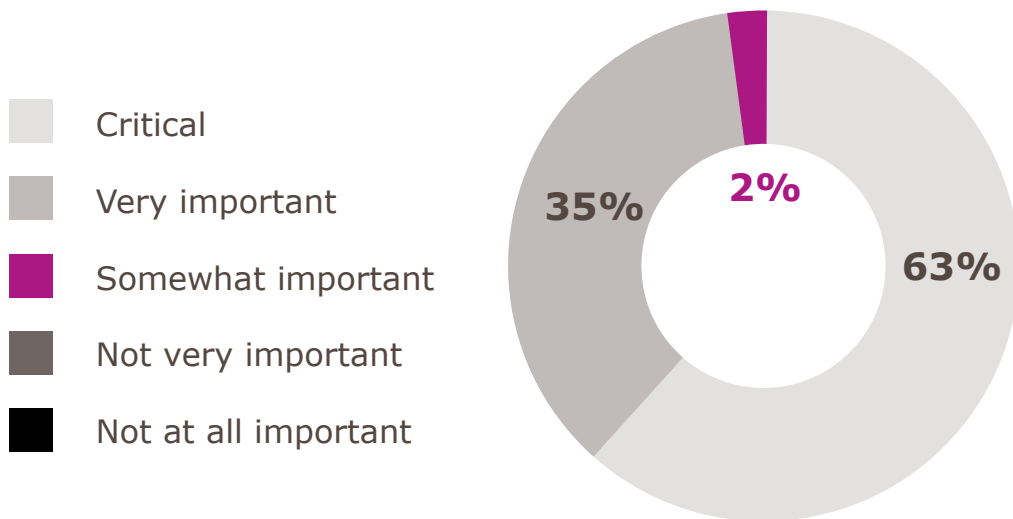


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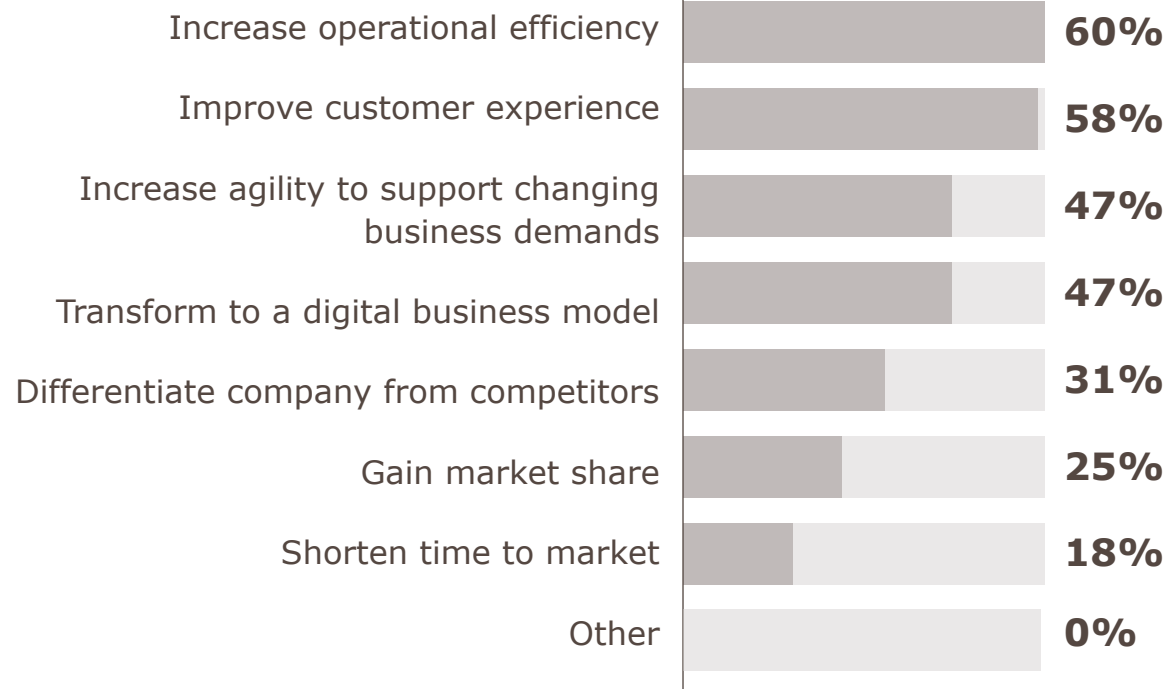
## Ninety eight percent of IT leaders said that IT is critical/very important to their company's business strategy.

In the next 12 months, IT will focus on efficiency, customer experience improvement, increasing agility, and digital transformation.

### Importance of IT to business strategy – Next 12 months



### Business goals for IT – Next 12 months (select three)



Q1: How critical is IT to your company's business strategy over the next 12 months?

Q2: Which of the following business goals is your IT organization focusing on over the next 12 months?

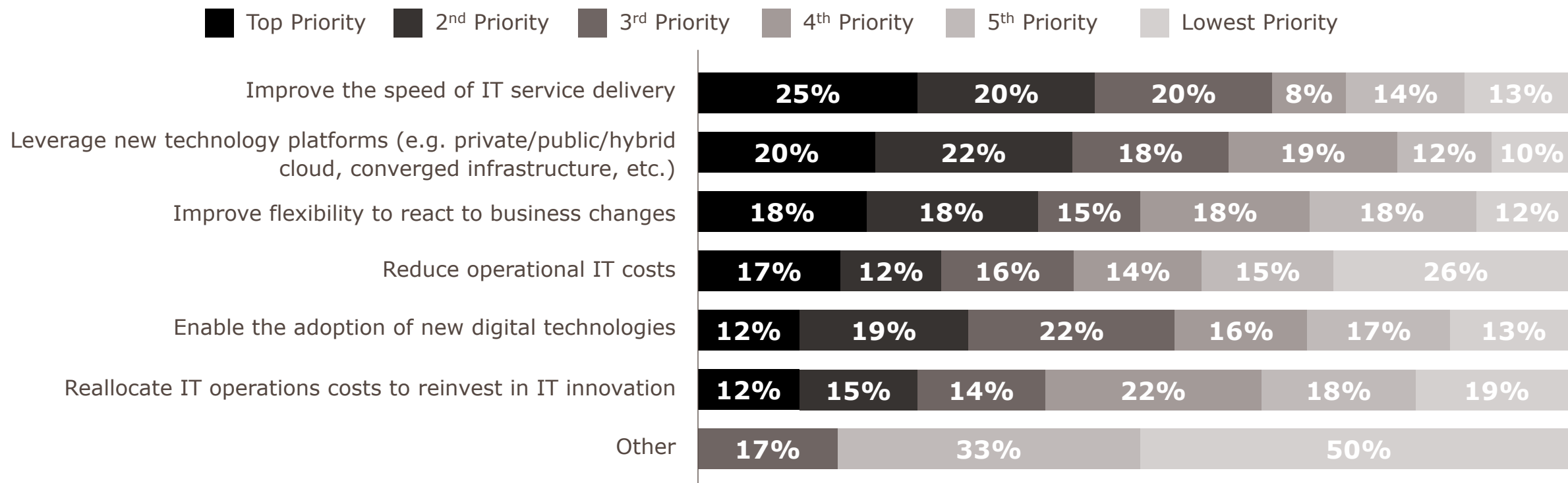
Source: "Stakes Rise for IT: The IT Transformation Journey," IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)



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**In order to achieve their top business goals, IT's top priorities over the next 12 months will be improving the speed of IT service delivery (25%) and leveraging new technology platforms (20%).**

### IT priorities in approaching business goals



Q3: How will IT help to achieve your company's top three goals over the next 12 months? Please rank the following in priority order.

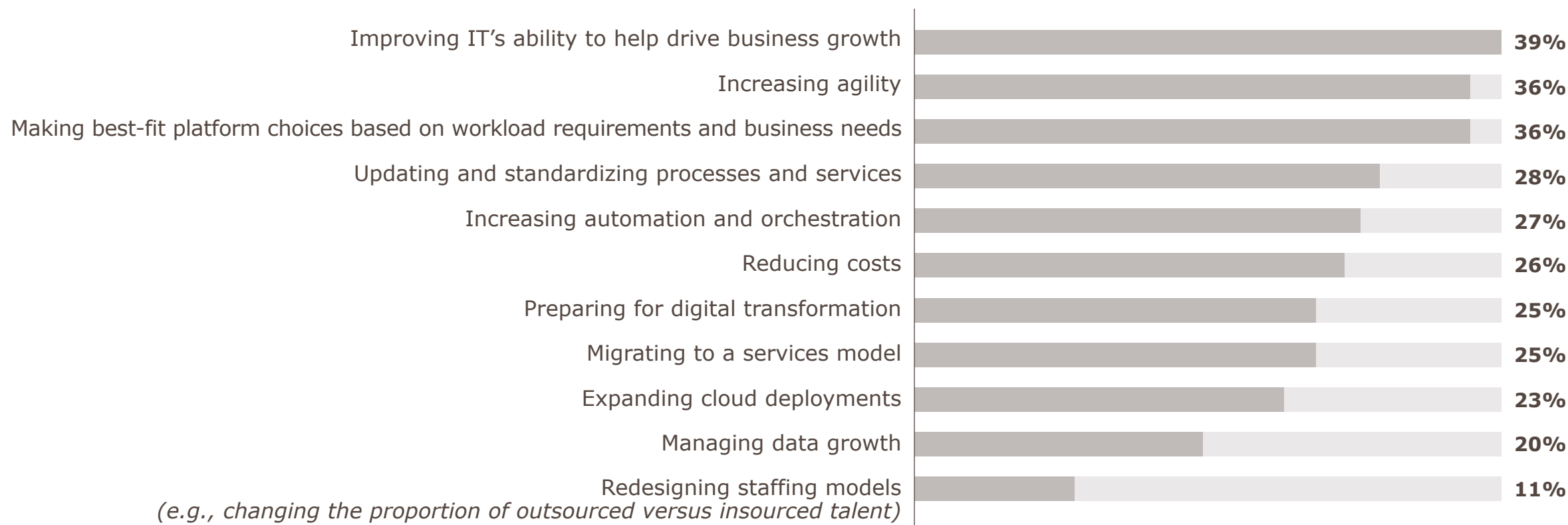
Source: "Stakes Rise for IT: The IT Transformation Journey," IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)



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**While the definition of “IT optimization” varies, three descriptions stand out among the respondents: improving the ability to drive business growth, increasing agility, and making best-fit platform decisions based on business needs.**

**Perception of the term “IT optimization” (select three)**

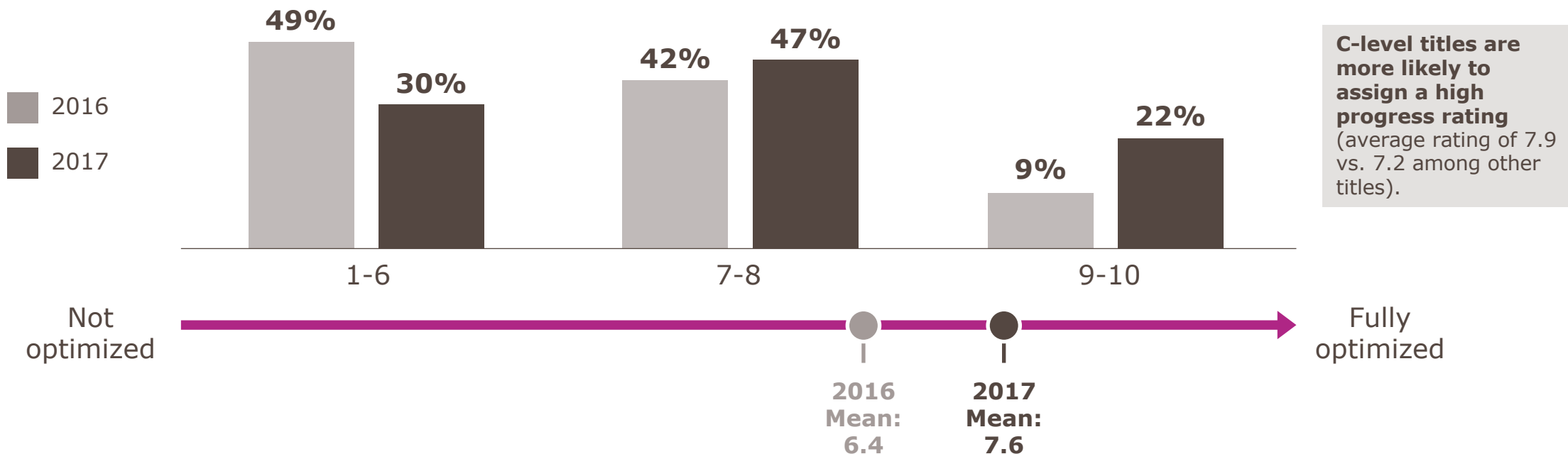


Q5: What does the term “IT optimization” mean to your organization? (Please select up to three and rank in order of priority.)

Source: “Stakes Rise for IT: The IT Transformation Journey,” IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)

Compared to the results of an IDG survey conducted in 2016, respondents report higher levels of progress in optimizing IT. However, less than one quarter feel their organizations are fully optimized.

Perception of progress in optimizing IT operations –  
2016 vs. 2017



Q6: How would you rate your IT organization's overall progress to-date in optimizing IT operations - including team staffing models, standardizing processes, and managing application workloads?

Source: "Stakes Rise for IT: The IT Transformation Journey," IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)



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## Nearly all respondents perceive IT optimization as highly important to the success of digital transformation initiatives.

This sentiment is consistent among C-level as well as mid level (director) IT titles.

### Importance of IT optimization to the success of digital transformation initiatives

■ Critical   ■ Very important   ■ Somewhat important   ■ Not very important   ■ Not at all important



Q7: In your opinion, how important is IT optimization to the success of digital transformation initiatives?

Source: "Stakes Rise for IT: The IT Transformation Journey," IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)

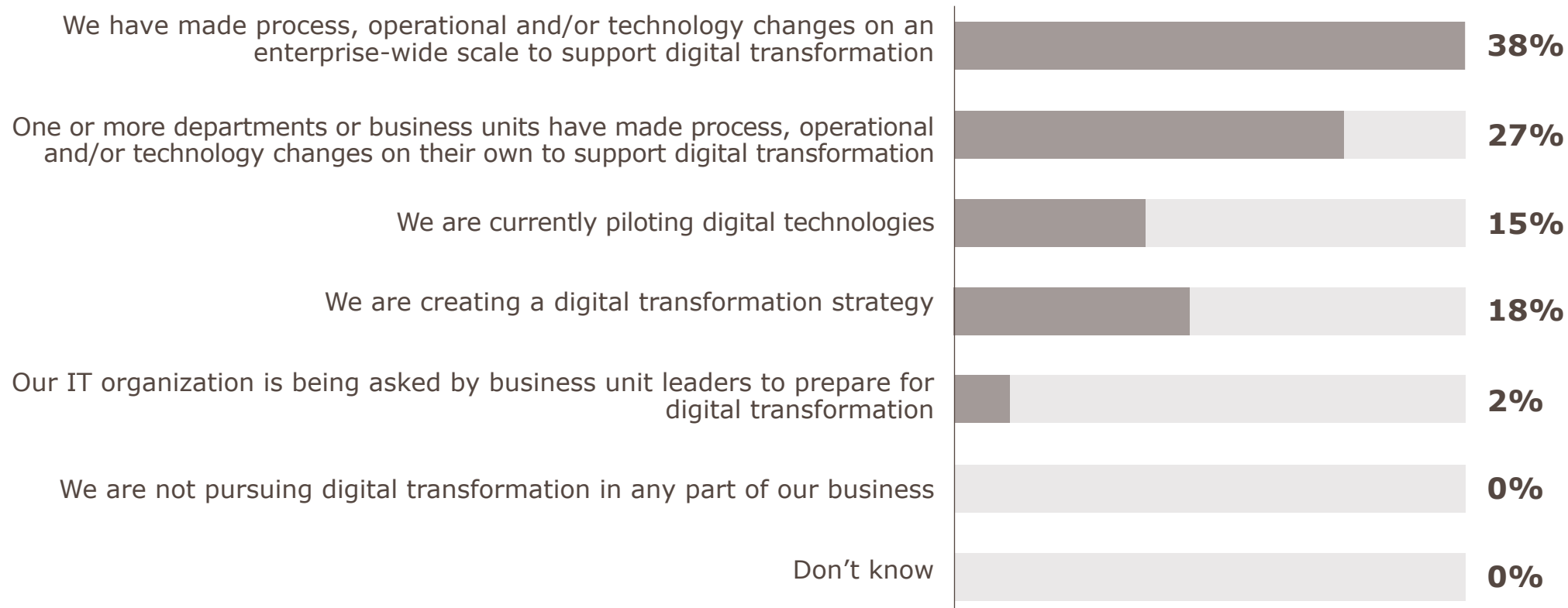




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## Most organizations (65%) have made process, operational and/or technology changes on some level to support digital transformation.

### Digital transformation progress



**50% of C-Level** titles report that they have made process, operational and/or technology changes on an enterprise-wide scale to support digital transformation.

Q8: How would you describe your organization's progress with digital transformation as defined in this survey?

Source: "Stakes Rise for IT: The IT Transformation Journey," IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)

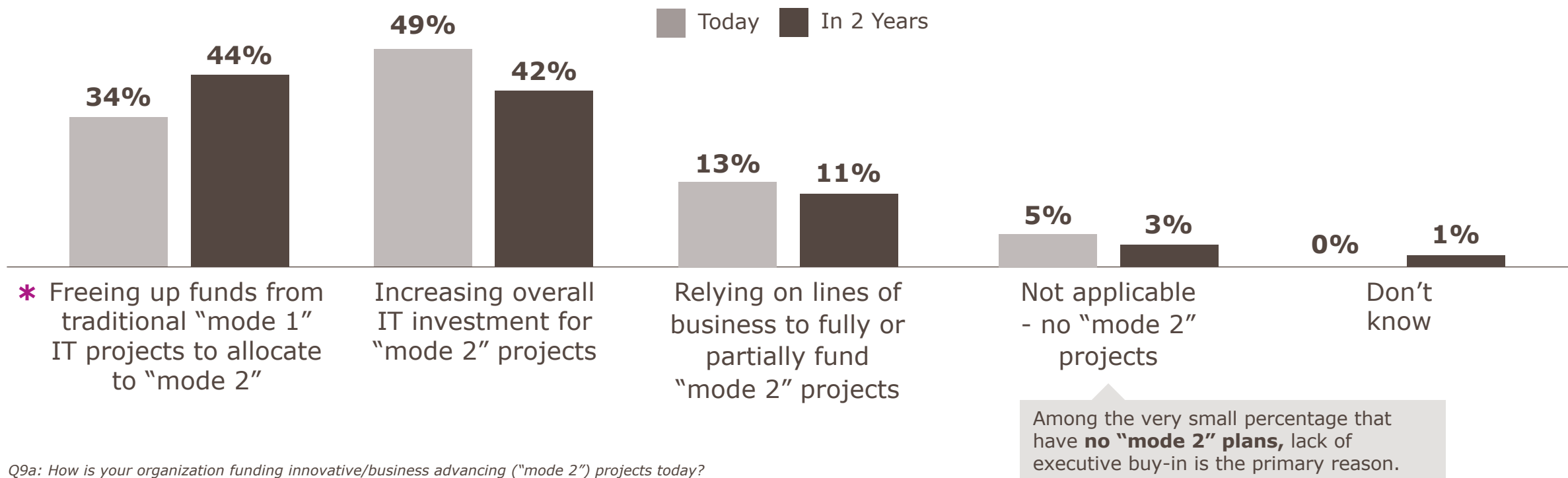


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## Over the next 2 years respondents expect a greater ability to free up funds from traditional IT projects to fund “Mode 2” (innovation/business advancing) IT initiatives.

**Bimodal IT** is the practice of managing two separate, coherent modes of IT delivery, one focused on stability and the other on agility. “Mode 1” is traditional and sequential, emphasizing safety and accuracy (e.g. “keeping the lights on”). “Mode 2” is exploratory and nonlinear, emphasizing agility and speed (e.g. “innovation/business-advancing”).

### “Mode 2” project funding



Q9a: How is your organization funding innovative/business advancing (“mode 2”) projects today?

Q9b: How is your organization funding innovative/business advancing (“mode 2”) projects 2 years from now?

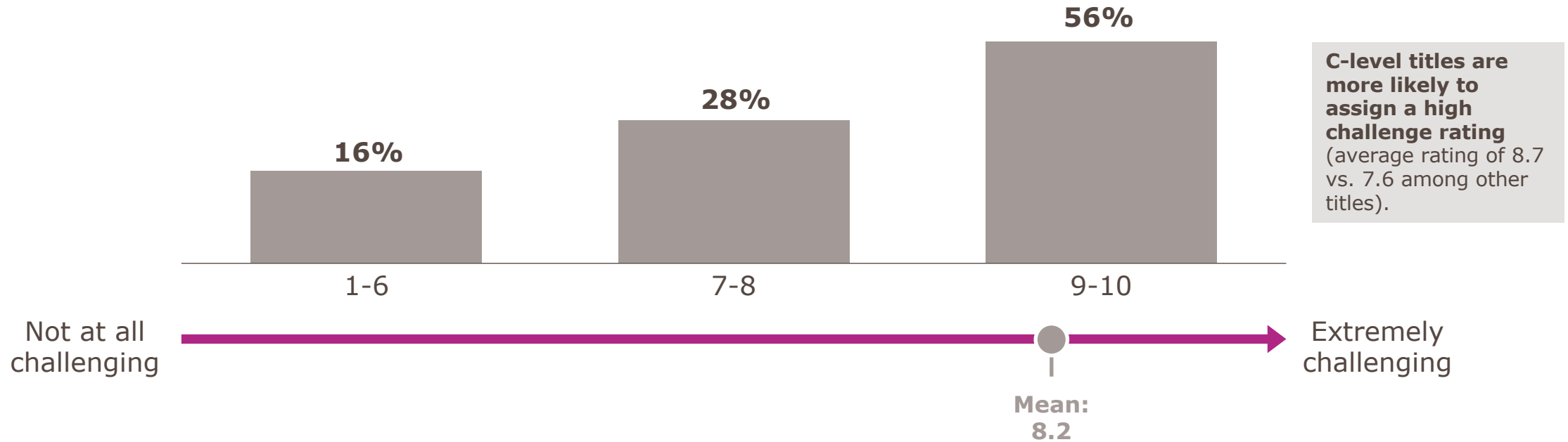
Source: “Stakes Rise for IT: The IT Transformation Journey,” IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)



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**More than half of the respondents rate the challenge of funding and supporting innovative/business advancing projects as a 9 or 10 on a 10-point scale where 10 is “extremely challenging”.**

### Challenge of funding and supporting innovative/business advancing projects



Q10: How challenging is it for your IT organization to find funding and support for innovative/business advancing projects?

Source: “Stakes Rise for IT: The IT Transformation Journey,” IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)



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**With the total equal to 100%, one-third (34%) of the IT budget, on average, is allocated to “mode 2” (innovation/advancing the business) projects and activities.**

This is expected to increase to 45%, on average, over the next 2 years.

### Budget allocation today



### Budget allocation 2 years from now



Q11a: With the total equal to 100%, approximately what percent of your organization's budget is allocated to "mode 1" projects and activities versus "mode 2" TODAY?

Q11b: With the total equal to 100%, approximately what percent of your organization's budget do you expect to be allocated to "mode 1" projects and activities versus "mode 2" 2 YEARS FROM NOW?

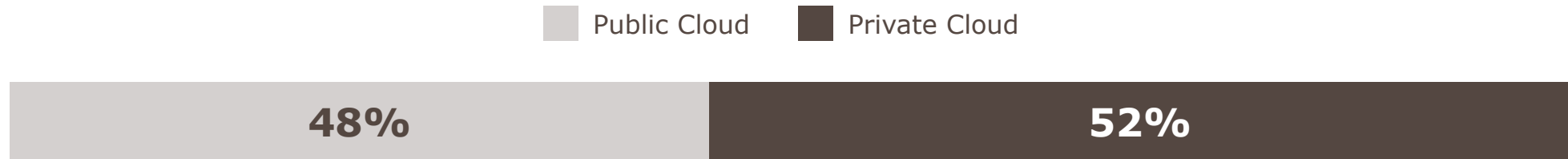
Source: "Stakes Rise for IT: The IT Transformation Journey," IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)



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**The use of public versus private cloud is fairly even today and is not expected to change significantly over the next 2 years.**

### Cloud-based workload allocation today



### Cloud-based workload allocation 2 years from now



Q12a: Approximately, how much of your cloud-based IT infrastructure and application workload is distributed across each cloud model below TODAY? Your answers must add to 100%.

Q12b: Approximately, how much of your cloud-based IT infrastructure and application workload do you expect to be distributed across each cloud model below 2 YEARS FROM NOW? Your answers must add to 100%.

Source: "Stakes Rise for IT: The IT Transformation Journey," IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)





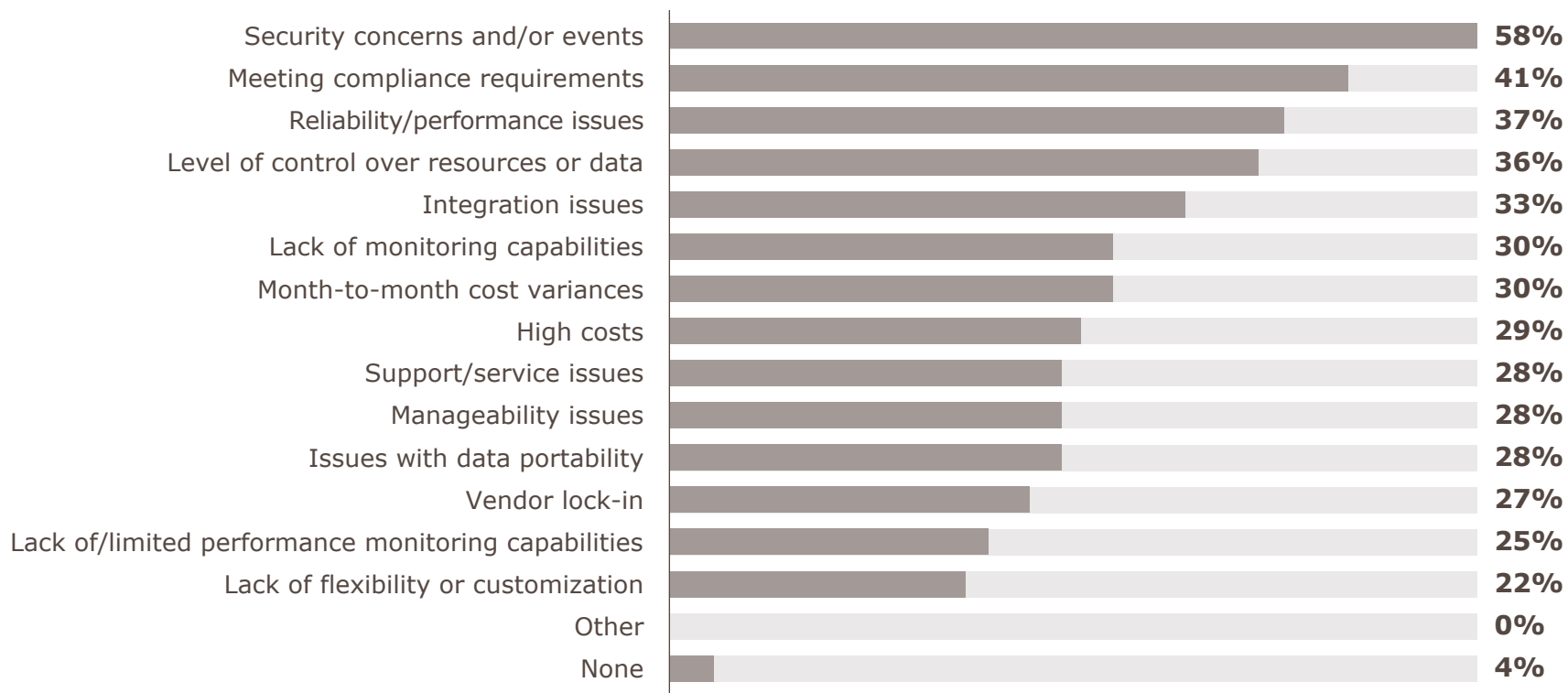
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## Security is a top concern about public cloud, even among those who have chosen to deploy applications on a public cloud platform.

Compliance, performance concerns and a perceived lack of control are also high on the list.

### Concerns about choosing to deploy applications in a public cloud

(Among those who have chosen to deploy applications in a public cloud)



**Issues with data portability** are a much larger concern for C-Level titles (37%) vs. all other titles (18%).

Q13: What concerns, if any, has your organization had when choosing to deploy applications in a public cloud platform (e.g., AWS, Microsoft Azure, Google, etc.)?

Source: "Stakes Rise for IT: The IT Transformation Journey," IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)



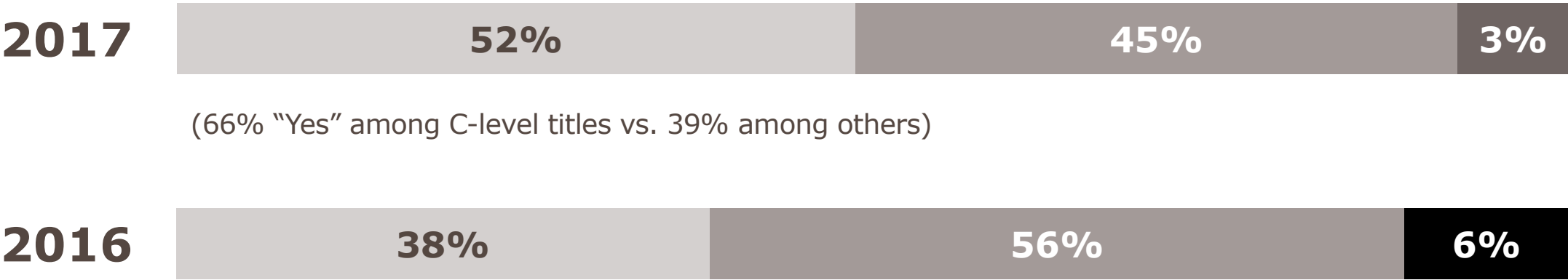
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# More than half have moved one or more workloads away from the public cloud to an on-premise platform.

This is an increase since 2016 and more likely to be cited by C-level titles.

**Has your organization ever moved applications and workloads away from a public cloud (e.g., AWS, Microsoft Azure, Google, etc.) back to an on-premise deployment platform?**

Yes No Not Applicable Don't know

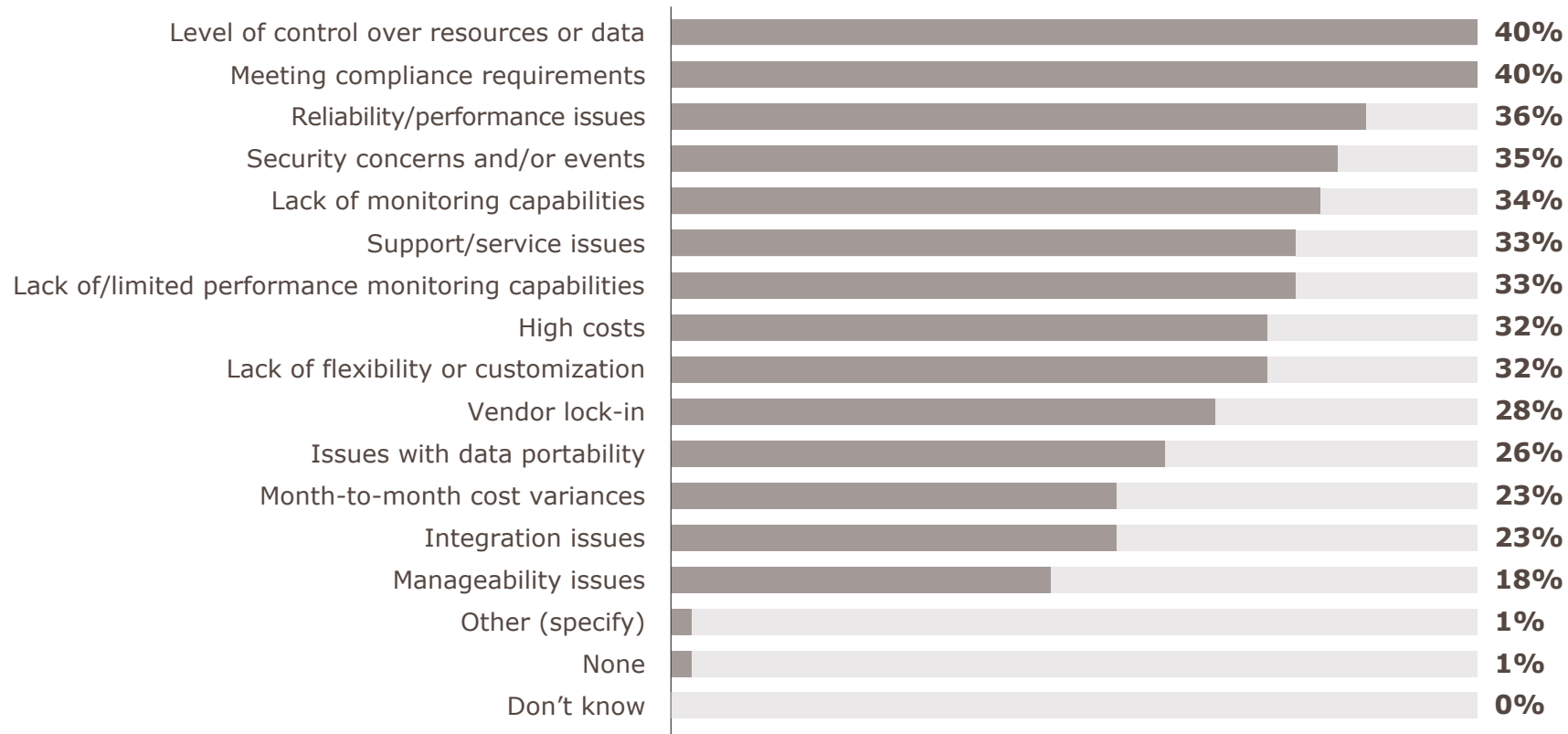


(66% "Yes" among C-level titles vs. 39% among others)

Q14a: Has your organization ever moved applications and workloads away from a public cloud (e.g. AWS, Microsoft Azure, Google, etc.) back to an on-premise deployment platform?  
Source: "Stakes Rise for IT: The IT Transformation Journey," IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)

## Concerns about control over resources or data, and the pressure to meet compliance requirements, are top reasons for moving away from the public cloud.

### Reasons for moving from public cloud to on-site deployment



Once, again, **C-level titles** are more likely to cite **"issues with data portability"** (36%) vs. all other titles (11%)

Q14b: Why did your organization decide to move applications and workloads away from a public cloud to an on-premises deployment platform?

Source: "Stakes Rise for IT: The IT Transformation Journey," IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)



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## Three quarters of IT organizations report being more cautious versus one year ago when making the decision to move particular applications or workloads to a public cloud.

While C-level titles are slightly more likely to hold this view, results are relatively consistent across titles and company sizes.

### Change (since 12 months ago) in level of caution when making the decision to move applications or workloads to a public cloud



When those who are **more cautious** are asked **why**, nearly all mention security and the risk of the changing threat landscape. A small handful cite non-security related reasons including "better efficiency", "better service", "performance concerns" and "cost".

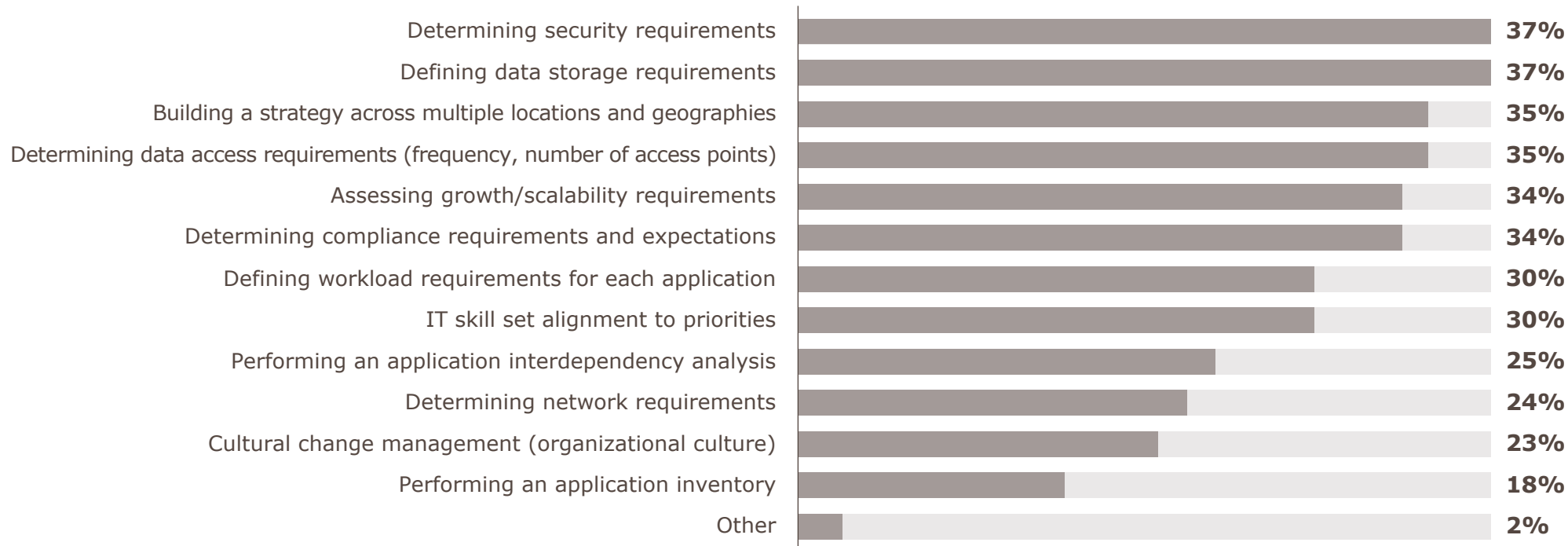
Q15: In your opinion, is your organization more cautious or less cautious when making the decision to move particular applications or workloads to a public cloud versus 12 months ago?

Source: "Stakes Rise for IT: The IT Transformation Journey," IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)

## Perhaps not surprisingly, determining security requirements is a top challenge when deciding which platforms are best suited for specific applications.

Equally challenging is defining storage requirements for these workloads.

### Challenges when deciding on deployment platforms



**Cultural change management** is a much larger challenge for C-Level titles (31%) vs. all other titles (15%)

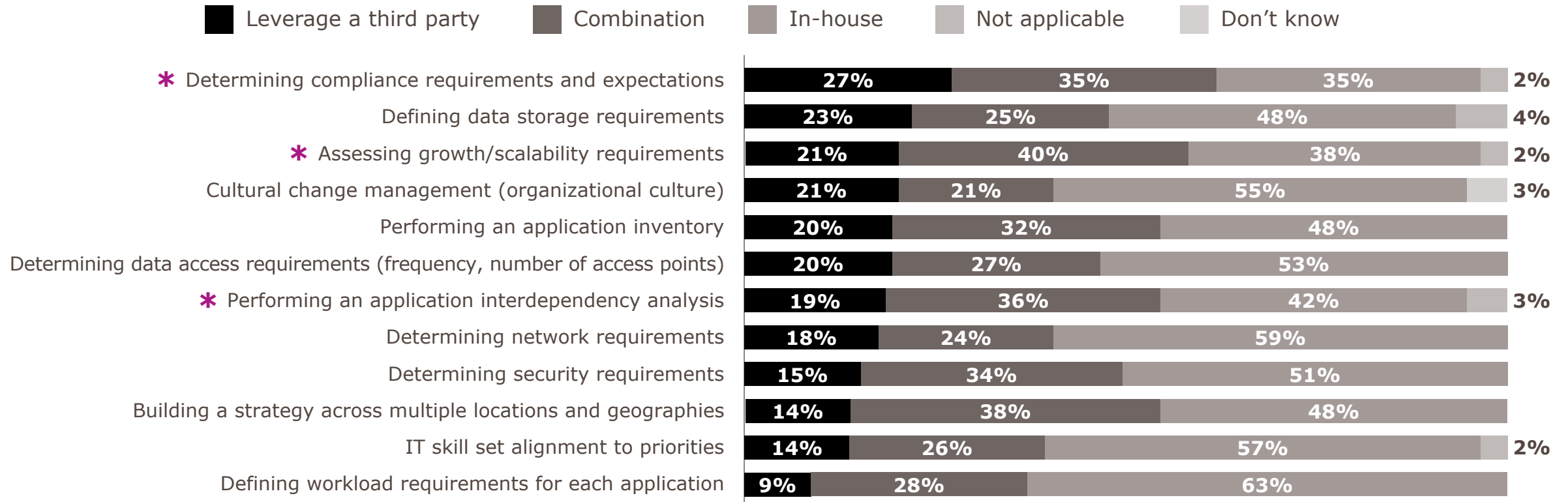
Q16: What are your organization's primary challenges when deciding which platforms are best suited for specific applications and workloads?

Source: "Stakes Rise for IT: The IT Transformation Journey," IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)



## The top areas where companies plan to leverage a third-party to some degree include determining compliance requirements, assessing scalability requirements, and performing application interdependency analysis.

### Reliance on third parties to tackle IT priorities



Q17: How will your organization handle the following priorities over the next 12 months?

Source: "Stakes Rise for IT: The IT Transformation Journey," IDG Research Services, commissioned by Datalink, Q3-2017, [www.datalink.com/TransformIT](http://www.datalink.com/TransformIT)

## Appendix: Definitions

**Digital transformation** is the use of technology to radically improve performance or reach of enterprises. Digital transformation leverages technology such as analytics, mobile, social, cloud, and smart embedded devices – and improves the use of traditional technologies such as ERP – to change customer relationships, internal processes, and value propositions.

**Bimodal IT** is the practice of managing two separate, coherent modes of IT delivery, one focused on stability and the other on agility. “Mode 1” is traditional and sequential, emphasizing safety and accuracy (e.g. “keeping the lights on”). “Mode 2” is exploratory and nonlinear, emphasizing agility and speed (e.g. “innovation/business-advancing”).

**Public cloud** is a computing model where a cloud infrastructure is provisioned by a cloud provider (e.g. AWS, Microsoft Azure, Google, etc.) for open use by the general public. It may be owned, managed, and operated by a business, academic, or government organization, or some combination of them.

**Private cloud** infrastructure is typically provisioned solely for a single organization, whether managed internally or by a third-party and hosted internally or externally.



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Datalink is a complete IT services and solutions provider that helps companies transform their technology, operations, and service delivery to meet business challenges. Combining extensive experience, a full lifecycle of services, and a comprehensive approach to producing IT innovations that empower positive business outcomes, Datalink delivers success across cloud IT transformation, next-generation technology, and security.

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# Thank You

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