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

Field Work
This survey was fielded in the U.S. from September 15, 2017 through September 25, 2017

Total Respondents
142 qualified completes

Method

Collection
Online Questionnaire

Number of Questions
17 (excluding screeners and demographics)

Audience
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

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

### Number of employees

<table>
<thead>
<tr>
<th>Employee Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000 or more</td>
<td>9%</td>
</tr>
<tr>
<td>50,000 - 99,999</td>
<td>8%</td>
</tr>
<tr>
<td>30,000 - 49,999</td>
<td>6%</td>
</tr>
<tr>
<td>20,000 - 29,999</td>
<td>1%</td>
</tr>
<tr>
<td>10,000 - 19,999</td>
<td>8%</td>
</tr>
<tr>
<td>7,500 - 9,999</td>
<td>7%</td>
</tr>
<tr>
<td>5,000 - 7,499</td>
<td>18%</td>
</tr>
<tr>
<td>2,500 - 4,999</td>
<td>30%</td>
</tr>
<tr>
<td>1,500 - 2,499</td>
<td>13%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Job Title</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIO, CTO</td>
<td>44%</td>
</tr>
<tr>
<td>CSO, CISO</td>
<td>5%</td>
</tr>
<tr>
<td>Executive VP, Senior VP, General Manager</td>
<td>14%</td>
</tr>
<tr>
<td>VP</td>
<td>7%</td>
</tr>
<tr>
<td>Director</td>
<td>30%</td>
</tr>
</tbody>
</table>

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

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.

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.

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?
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**

<table>
<thead>
<tr>
<th>Priority</th>
<th>Top Priority</th>
<th>2nd Priority</th>
<th>3rd Priority</th>
<th>4th Priority</th>
<th>5th Priority</th>
<th>Lowest Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve the speed of IT service delivery</td>
<td>25%</td>
<td>20%</td>
<td>20%</td>
<td>8%</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Leverage new technology platforms (e.g. private/public/hybrid cloud, converged infrastructure, etc.)</td>
<td>20%</td>
<td>22%</td>
<td>18%</td>
<td>19%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Improve flexibility to react to business changes</td>
<td>18%</td>
<td>18%</td>
<td>15%</td>
<td>18%</td>
<td>18%</td>
<td>12%</td>
</tr>
<tr>
<td>Reduce operational IT costs</td>
<td>17%</td>
<td>12%</td>
<td>16%</td>
<td>14%</td>
<td>15%</td>
<td>26%</td>
</tr>
<tr>
<td>Enable the adoption of new digital technologies</td>
<td>12%</td>
<td>19%</td>
<td>22%</td>
<td>16%</td>
<td>17%</td>
<td>13%</td>
</tr>
<tr>
<td>Reallocate IT operations costs to reinvest in IT innovation</td>
<td>12%</td>
<td>15%</td>
<td>14%</td>
<td>22%</td>
<td>18%</td>
<td>19%</td>
</tr>
<tr>
<td>Other</td>
<td>17%</td>
<td>33%</td>
<td>50%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

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)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving IT’s ability to help drive business growth</td>
<td>39%</td>
</tr>
<tr>
<td>Increasing agility</td>
<td>36%</td>
</tr>
<tr>
<td>Making best-fit platform choices based on workload requirements and business needs</td>
<td>36%</td>
</tr>
<tr>
<td>Updating and standardizing processes and services</td>
<td>28%</td>
</tr>
<tr>
<td>Increasing automation and orchestration</td>
<td>27%</td>
</tr>
<tr>
<td>Reducing costs</td>
<td>26%</td>
</tr>
<tr>
<td>Preparing for digital transformation</td>
<td>25%</td>
</tr>
<tr>
<td>Migrating to a services model</td>
<td>25%</td>
</tr>
<tr>
<td>Expanding cloud deployments</td>
<td>23%</td>
</tr>
<tr>
<td>Managing data growth</td>
<td>20%</td>
</tr>
<tr>
<td>Redesigning staffing models (e.g., changing the proportion of outsourced versus insourced talent)</td>
<td>11%</td>
</tr>
</tbody>
</table>

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

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

C-level titles are more likely to assign a high progress rating (average rating of 7.9 vs. 7.2 among other titles).

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
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: 50%
- Very important: 48%
- Somewhat important: 2%
- Not very important: 0%
- Not at all important: 0%

Q7: In your opinion, how important is IT optimization to the success of digital transformation initiatives?
Most organizations (65%) have made process, operational and/or technology changes on some level to support digital transformation.

Digital transformation progress

- We have made process, operational and/or technology changes on an enterprise-wide scale to support digital transformation: 38%
- One or more departments or business units have made process, operational and/or technology changes on their own to support digital transformation: 27%
- We are currently piloting digital technologies: 15%
- We are creating a digital transformation strategy: 18%
- Our IT organization is being asked by business unit leaders to prepare for digital transformation: 2%
- We are not pursuing digital transformation in any part of our business: 0%
- Don’t know: 0%

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?
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”).

<table>
<thead>
<tr>
<th><strong>“Mode 2” project funding</strong></th>
<th>Today</th>
<th>In 2 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freeing up funds from traditional “mode 1” IT projects to allocate to “mode 2”</td>
<td>34%</td>
<td>44%</td>
</tr>
<tr>
<td>Increasing overall IT investment for “mode 2” projects</td>
<td>49%</td>
<td>42%</td>
</tr>
<tr>
<td>Relying on lines of business to fully or partially fund “mode 2” projects</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>Not applicable - no “mode 2” projects</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>0%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Among the very small percentage that have **no “mode 2” plans**, lack of executive buy-in is the primary reason.

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?
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”.

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

C-level titles are more likely to assign a high challenge rating (average rating of 8.7 vs. 7.6 among other titles).

Mean: 8.2
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

- **Mode 1**: 66%
- **Mode 2**: 34%

### Budget allocation 2 years from now

- **Mode 1**: 55%
- **Mode 2**: 45%

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?

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

- Public Cloud: 48%
- Private Cloud: 52%

Cloud-based workload allocation 2 years from now

- Public Cloud: 50%
- Private Cloud: 50%

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%.
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)

- Security concerns and/or events: 58%
- Meeting compliance requirements: 41%
- Reliability/performance issues: 37%
- Level of control over resources or data: 36%
- Integration issues: 33%
- Lack of monitoring capabilities: 30%
- Month-to-month cost variances: 30%
- High costs: 29%
- Support/service issues: 28%
- Manageability issues: 28%
- Issues with data portability: 28%
- Vendor lock-in: 27%
- Lack of/limited performance monitoring capabilities: 25%
- Lack of flexibility or customization: 22%
- Other: 4%
- None: 0%

**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, [wwwdatalinkcom/TransformIT](http://www.datalink.com/TransformIT)
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?

<table>
<thead>
<tr>
<th>Year</th>
<th>Yes</th>
<th>No</th>
<th>Not Applicable</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>52%</td>
<td>45%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>38%</td>
<td>56%</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>

(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?

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**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of control over resources or data</td>
<td>40%</td>
</tr>
<tr>
<td>Meeting compliance requirements</td>
<td>40%</td>
</tr>
<tr>
<td>Reliability/performance issues</td>
<td>36%</td>
</tr>
<tr>
<td>Security concerns and/or events</td>
<td>35%</td>
</tr>
<tr>
<td>Lack of monitoring capabilities</td>
<td>34%</td>
</tr>
<tr>
<td>Support/service issues</td>
<td>33%</td>
</tr>
<tr>
<td>Lack of/limited performance monitoring capabilities</td>
<td>33%</td>
</tr>
<tr>
<td>High costs</td>
<td>32%</td>
</tr>
<tr>
<td>Lack of flexibility or customization</td>
<td>32%</td>
</tr>
<tr>
<td>Vendor lock-in</td>
<td>28%</td>
</tr>
<tr>
<td>Issues with data portability</td>
<td>26%</td>
</tr>
<tr>
<td>Month-to-month cost variances</td>
<td>23%</td>
</tr>
<tr>
<td>Integration issues</td>
<td>23%</td>
</tr>
<tr>
<td>Manageability issues</td>
<td>18%</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>1%</td>
</tr>
<tr>
<td>None</td>
<td>1%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>0%</td>
</tr>
</tbody>
</table>

*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?

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

<table>
<thead>
<tr>
<th>More Cautious</th>
<th>Less Cautious</th>
<th>No Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>76%</td>
<td>13%</td>
<td>11%</td>
</tr>
</tbody>
</table>

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
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

- Determining security requirements: 37%
- Defining data storage requirements: 37%
- Building a strategy across multiple locations and geographies: 35%
- Determining data access requirements (frequency, number of access points): 35%
- Assessing growth/scalability requirements: 34%
- Determining compliance requirements and expectations: 34%
- Defining workload requirements for each application: 30%
- IT skill set alignment to priorities: 30%
- Performing an application interdependency analysis: 25%
- Determining network requirements: 24%
- Cultural change management (organizational culture): 23%
- Performing an application inventory: 18%
- Other: 2%

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?
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

- Determining compliance requirements and expectations
  - Leverage a third party: 27%
  - In-house: 35%
  - Combination: 35%
  - Don’t know: 2%
- Defining data storage requirements
  - Leverage a third party: 23%
  - In-house: 25%
  - Combination: 48%
  - Don’t know: 4%
- Assessing growth/scalability requirements
  - Leverage a third party: 21%
  - In-house: 40%
  - Combination: 38%
  - Don’t know: 2%
- Cultural change management (organizational culture)
  - Leverage a third party: 21%
  - In-house: 21%
  - Combination: 55%
  - Don’t know: 3%
- Performing an application inventory
  - Leverage a third party: 20%
  - In-house: 32%
  - Combination: 48%
  - Don’t know: 3%
- Determining data access requirements (frequency, number of access points)
  - Leverage a third party: 20%
  - In-house: 27%
  - Combination: 53%
  - Don’t know: 3%
- Performing an application interdependency analysis
  - Leverage a third party: 19%
  - In-house: 36%
  - Combination: 42%
  - Don’t know: 3%
- Determining network requirements
  - Leverage a third party: 18%
  - In-house: 24%
  - Combination: 59%
  - Don’t know: 3%
- Determining security requirements
  - Leverage a third party: 15%
  - In-house: 34%
  - Combination: 51%
  - Don’t know: 2%
- Building a strategy across multiple locations and geographies
  - Leverage a third party: 14%
  - In-house: 38%
  - Combination: 48%
  - Don’t know: 2%
- IT skill set alignment to priorities
  - Leverage a third party: 14%
  - In-house: 26%
  - Combination: 57%
  - Don’t know: 2%
- Defining workload requirements for each application
  - Leverage a third party: 9%
  - In-house: 28%
  - Combination: 63%
  - Don’t know: 2%
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.
About Datalink, a division of Insight

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