Innovation Leaders Need IT Services To Drive Transformative Outcomes

Partnering With IT Service Providers Enables Internal IT Staff To Innovate And Build IT Expertise

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Table Of Contents

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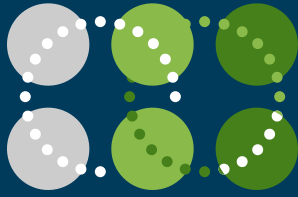
The impact of IT services:

36% of staff's time shifted to innovation/ strategic initiatives as a result of shifting deployment/support to an IT service provider.

26% increase in staff productivity by using staff augmentation services.

17% reduction in overall IT costs by using staff augmentation services.

Executive Summary

In the age of the customer, digital transformation disruption is occurring at a pace never before experienced. There has been a drastic shift in the way customers behave, and innovation is the critical response lever for companies to meet those ever-evolving customer demands. Forrester data shows that innovation and transformation is a top priority for C-level executives, however, companies struggle to get innovation right.[1] Since technology is the accelerant of modern business, IT plays a key role in corporate innovation efforts. CIOs must have the right processes, talent, and technologies in place to enable fast and streamlined innovation that is customer-led and insights-driven. Companies need to shift their focus on things that will propel their business forward, maximize their success, and move them ahead of the competition. This drive cannot be complete without the efforts of the IT team, who are often too consumed with day-to-day activities to focus on high-level innovative tasks. Executives can refocus their internal IT staff on digital transformation efforts by leveraging the capabilities of IT service providers.

The role IT has within organizations continues to evolve, driving changes in the role IT services plays when it comes to deploying and supporting new technology. To achieve digital transformation, companies must decide how to utilize their IT staff, whether on standard maintenance activities or innovation tasks that could impact the way the company interacts with customers, employees, and stakeholders. As the landscape continues to change, organizations need to focus on achieving top-line business results while transforming their staffing models and acquired deployment/support services.

In October 2018, Dell EMC commissioned Forrester Consulting to evaluate the impact of evolving IT staffing needs when deploying and supporting technology, as well as tools and services that will facilitate the outcomes desired. Forrester conducted an online survey with 684 IT decision makers in EMEA, Asia Pacific, North America, and South America to explore this topic.

KEY FINDINGS

› **The role of IT and IT services is changing.** In the past, IT functioned primarily to enable the business to deliver its core competencies. Today, the expectation is changing, and IT is now viewed as a critical component for business transformation and innovation.

› **Delivering on digital transformation and innovation requires a new approach to IT services.** Ninety-nine percent of companies see the need for digital transformation, with two-thirds of companies currently undergoing the digital transformation process. The challenge is that, as they work to create and enable improved customer and employee experiences, IT teams typically lack the bandwidth and/or expertise to drive innovation.

› **Leveraging IT service providers allows companies to shift staff to more innovative tasks.** In fact, 36% of staff's time shifted to innovation/ strategic initiatives as a result of shifting deployment/support to an IT service provider. IT service providers can be invaluable in implementing and managing routine but critical functions such as technology deployment and support. This allows CIOs to focus critical and scarce IT staff on higher value activities that deliver greater business outcomes.

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Businesses Must Transform In Order to Survive, Let Alone Thrive

Digital transformation fundamentally changes the way customers, employees, and partners interact with and generate value from organizations. It goes beyond creating digital touchpoints by revitalizing the ways businesses create and capture value such as improved customer and employee experience, improved existing IT capabilities to promote agility/innovation, and the reduction of costs. Our data showed that:
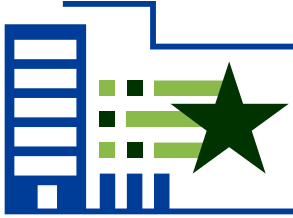
> › **Companies must transform to survive.** Two-thirds of companies report that they are undergoing a current or continual digital transformation process (see Figure 1). Meanwhile, 17% are researching the execution of digital transformation, but haven't begun yet. Digital transformation has become such a necessity that only 1% of companies say they are not currently considering transformation.

Figure 1

"Thinking about your organization's 'digital transformation' efforts, which of the following best describes your current approach to digital transformation?"

14% We completed our digital transformation in the past 24 months.

57% We are currently undergoing a digital transformation.

10% Our digital transformation doesn't have a definitive endpoint; it's a continuous process.

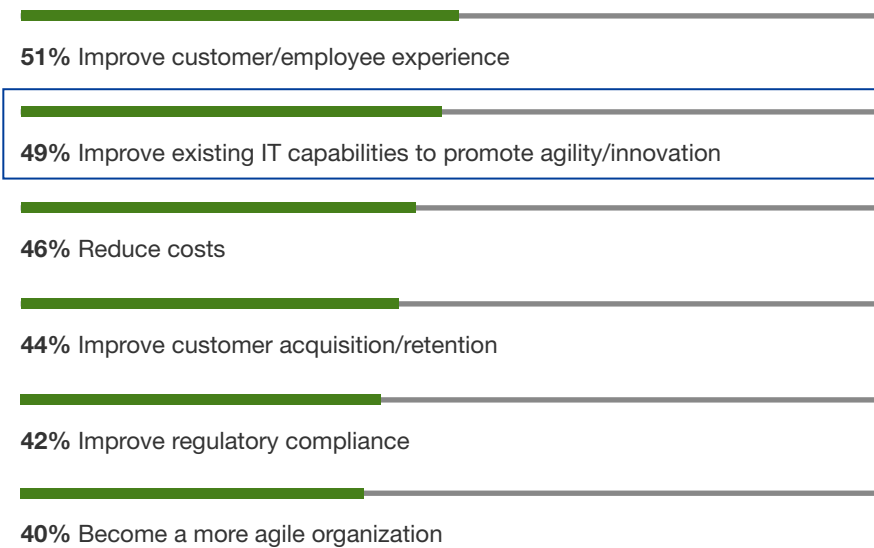**17%** We are investigating execution of a digital transformation but haven't yet begun.

1% We are not currently considering a transformation.

Base: 684 IT decision makers in EMEA, AP, NA, and SA
Source: A commissioned study conducted by Forrester Consulting on behalf of Dell EMC, October 2018

› **Customer and employee experience drive digital transformation initiatives.** With customer focus being so critical to success, half of companies say that improving the customer and employee experiences fuels the need for transformation (see Figure 2).

› **Innovation is required to be successful in the digital transformation process.** Forty-nine percent of companies cite improving existing IT capabilities for agility and innovation as a key driver of digital transformation efforts (see Figure 2). Companies recognize there is a need to enable their IT staff to focus on innovative, business-growing tasks outside of day-to-day operations, so much so that it is a critical driver of digital transformation. As long as internal staff are consumed with day-to-day tasks, which are laborious and time-consuming, they will rarely or never get to work on more innovative, big picture tasks.

Figure 2

"Which of the following objectives are key drivers of your most recent digital transformation efforts?"

51% Improve customer/employee experience

49% Improve existing IT capabilities to promote agility/innovation

46% Reduce costs

44% Improve customer acquisition/retention

42% Improve regulatory compliance

40% Become a more agile organization

Base: 684 IT decision makers in EMEA, AP, NA, and SA
Source: A commissioned study conducted by Forrester Consulting on behalf of Dell EMC, October 2018

Half of companies (49%) cite improving existing IT capabilities for agility and innovation as a key driver towards digital transformation.

› **In the digital transformation process, only 36% of companies agree they have the right number of IT professionals to address their efforts.** This leads 44% of companies to turn to IT service providers to augment IT staff with onsite or remote expertise, while more than half of companies (53%) are using IT service providers to integrate new technology into their organization.

› **Businesses are turning to IT service providers to take on deployment and support tasks to free up time for the IT team to innovate.** In fact, approximately 60% of companies are purchasing additional deployment/support services or planning to purchase services in the next 12 months (see Figure 3).

Figure 3

"What are your company's plans when it comes to purchasing the following services?"

■ Purchasing additional services or upgrades	■ Planning to purchase services in the next 12 months	■ Purchased services, not expanding/upgrading

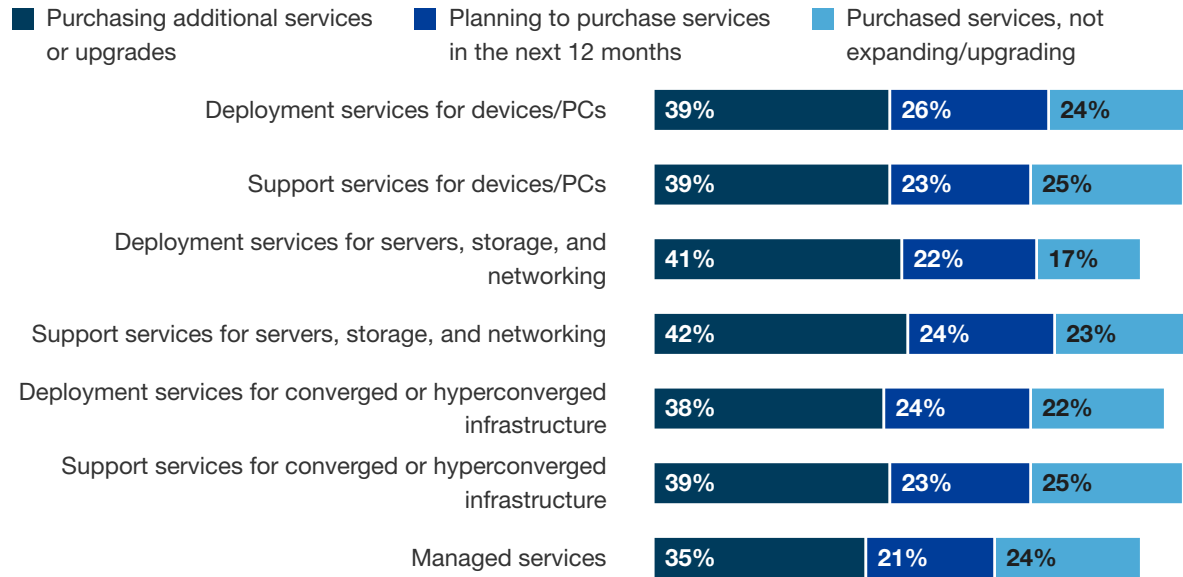|	Purchasing additional services or upgrades	Planning to purchase services in the next 12 months	Purchased services, not expanding/upgrading
Deployment services for devices/PCs	39%	26%	24%
Support services for devices/PCs	39%	23%	25%
Deployment services for servers, storage, and networking	41%	22%	17%
Support services for servers, storage, and networking	42%	24%	23%
Deployment services for converged or hyperconverged infrastructure	38%	24%	22%
Support services for converged or hyperconverged infrastructure	39%	23%	25%
Managed services	35%	21%	24%

Base: 684 IT decision makers in EMEA, AP, NA, and SA
Source: A commissioned study conducted by Forrester Consulting on behalf of Dell EMC, October 2018

Companies recognize the need to digitally transform. Many are in that process (67%) - whether for the first time or as part of a continuous process - or have completed (14%) digital transformation (see Figure 1). However, they are facing challenges such as not having enough IT workforce to focus on innovating because they are too focused on the day-to-day IT tasks. Therefore, companies are turning to IT service providers to handle support, deployment, and managed services to free up time for internal staff to focus on the more transformative initiatives.

IT Teams Are Challenged To Innovate; Deploying And Supporting Technology Takes Time

Shifting the focus of crucial and scarce IT staff toward innovation is challenging. On average, companies report that 20% of internal IT staffer's time is spent on planning, deployment, installation, and implementation of new technologies. This limits IT bandwidth and impacts the ability to be fast, agile, and focused on tasks beyond day-to-day maintenance. We found that:

› **Deployment challenges vary by the type of technology deployed.** The top challenges cited were:

   • **Devices/PCs:** Takes IT staff away from other priorities (45%).

   • **Servers, storage, and networking:** Disruption of processes and/or operations (43%).

   • **Converged or HCI infrastructure:** Managing security risks (48%) and IT staff doesn't have the right expertise to effectively deploy (48%).

› **Deployment tasks take up too much time for internal IT staff.** IT decision makers indicate that the following items need to be addressed to alleviate this strain: security/regulatory requirements (48%), integration with other systems (46%), and automation in the build process (45%).

› **Managing security risks is the top challenge as companies support their organization's technology.** While support takes IT staff away from other priorities, and can disrupt processes, managing security risks was the top support concern for all three categories: devices/PCs (37%); servers, storage, and networking (42%); and converged or HCI infrastructure (48%).

› **Support services put a strain on IT staff's time.** Half of companies (47%) rank training and education as a top solution for taking the pressure off the IT team. Implementing change management processes (43%) and innovative support technologies (41%) were also ranked high as possible solutions.

› **There's an IT skills gap.** As companies deploy new technologies, 62% report their IT staff lacks the needed expertise to deploy the technology. As a result, 44% of companies report they don't have the right IT resources available to effectively deploy new technology, and 65% are unable to maximize the value of new technology (see Figure 4).

› **Visibility into the company's challenges may be skewed by the vantage point.** For example, when asked about staffing challenges, only 28% of senior leadership (C-Suite and VPs) say that support for devices/PCs takes IT staff away from other priorities — while 36% of mid-level professionals (managers and directors) agree to the statement. From this example, it is evident that the senior level employees may not have a clear understanding about staffing needs, therefore underestimating effective staffing requirements.

Figure 4

62%
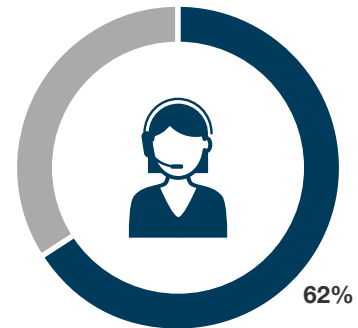
62% **lack IT skills** or expertise internally to **realize full potential of tech purchases.**

44%
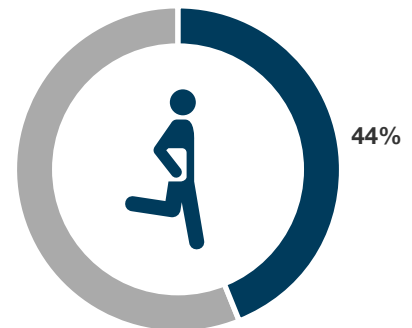
44% **don't have the right IT resources to effectively deploy new technology.**
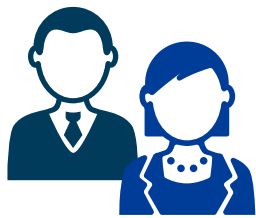

65%
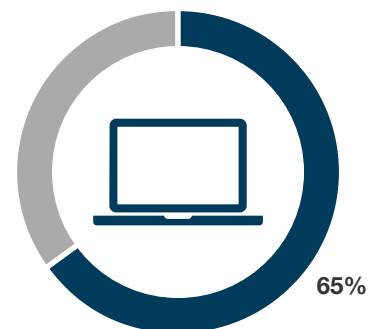
65% are **unable to maximize the value of new technology.**

Base: 684 IT decision makers in EMEA, AP, NA, and SA
Source: A commissioned study conducted by Forrester Consulting on behalf of Dell EMC, October 2018

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> **An increased security risk is a significant negative implication of inefficient or ineffective deployment or support.** Adequate staffing is not only critical for innovation, but a deficit could lead to greater security risks which pose a major threat to business. Companies also rank a higher total cost of ownership and increased downtime as their top concerns of sub-par deployment and support (see Figure 5).

Figure 5

Deployment/support concerns

1. Increased security risk
2. Higher total cost of ownership
3. Increased downtime

Base: 684 IT decision makers in EMEA, AP, NA, and SA
Source: A commissioned study conducted by Forrester Consulting on behalf of Dell EMC, October 2018

When it comes to support and deployment tasks, many companies are concerned about the amount of time that these tasks take, as well as the security risks associated with these tasks. Further, there is often a lack of internal IT skills to support or deploy some technologies. These concerns are driving IT teams to use IT service providers for these types of tasks.

Shifting Deployment And Support To IT Service Providers Drives Clear Benefits

As companies shift deployment and support responsibilities to IT service providers, they alleviate challenges and realize measurable benefits. Investments with IT service providers lead to the following benefits:

> **Deployment services** increase system performance and stability, while also reducing costs, downtime, and provisioning cycle time.

> **Support services** reduce downtime, costs, and business risk.

> **Managed services** improve compliance configuration and change management tracking, while also reducing business risk and increasing IT staff productivity.

IT service providers help companies deploy technologies faster with less risk, bring needed expertise to grow the internal IT team's knowledge base, and allow IT staff to shift toward innovation efforts. Working with IT service providers:

- **Allows for more IT time to be spent on innovation.** IT decision makers agree that IT staff have more time to spend on innovation when using IT service providers for deployment (80%), support (77%), and leveraging automated support tools and technologies (81%) (see Figure 6).

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- **Helps companies deploy technologies faster with less risk.**
Seventy percent of companies report that using IT service providers allows them to deploy new technologies faster, and 63% report that using IT service providers reduces the risk of deploying new technologies (see Figure 6).

- **Grows the internal IT team's expertise and knowledge base.**
Sixty-six percent of companies report outside IT experts have been effective in building expertise on their IT team and shoring up knowledge gaps.

Figure 6

The Use Of IT Providers:

Helps IT Teams Manage The Demand For IT Expertise

70% use IT providers to **deploy new technologies more quickly.**

63% say using outside services from IT providers **reduces risk in deploying new technologies.**

66% think their **IT team benefits from use of outside IT experts.**

72% say services from IT providers help organizations **manage spike in demand for IT expertise.**

Provides More Time For IT Teams To Innovate

80% think **deployment services** from IT providers **allow IT staff to spend more time on innovation.**

77% agree that using **IT support services** allows for **more time to be spent on innovation.**

81% agree that using **automated support tools and technologies provided by IT providers** allows IT staff to **spend more time on innovation.**

Base: 684 IT decision makers in EMEA, AP, NA, and SA
Source: A commissioned study conducted by Forrester Consulting on behalf of Dell EMC, October 2018

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> **Working with IT service providers allows organizations to shift IT staff toward innovation initiatives.** On average, 20% of internal staff time is focused on planning, deployment, installation, and implementation of new data center hardware. Companies that have started using IT service providers have seen the following positive changes to their internal IT staff workloads:

- 36% of the IT staff's time has shifted to innovation or more strategic initiatives as a result of shifting technology planning, deployment, installation, and implementation services to an IT vendor.

- IT staff productivity has increased 26% by using augmentation services.

- Overall IT costs have been reduced by 17% from using onsite IT experts/staff augmentation services.
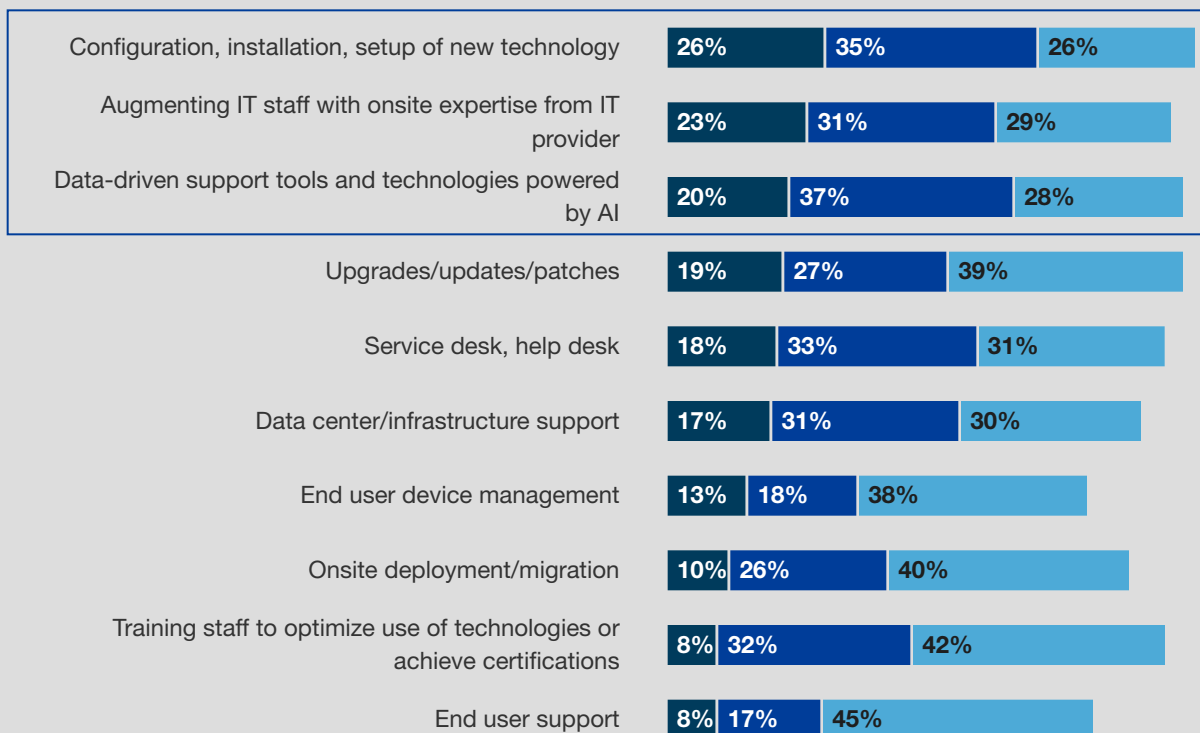
These benefits are driving an increase in investments in deployment and support services. In fact, 87% of companies are increasing investments in configuration, installation, and setup of new technology, as well as 83% increasing the augmentation of IT staff with onsite expertise (see Figure 7).

Investments in IT service providers is growing. 61% of companies report increasing spend on configuration, installation, and setup of new technology by more than 10% in the coming year.

Figure 7

"Which of the following best describes how your organization plans to invest in services from your IT providers during the coming year?"

- Increasing by more than 20%
- Increasing from 11% to 20%
- Increasing from 1% to 10%

	Increasing by more than 20%	Increasing from 11% to 20%	Increasing from 1% to 10%
Configuration, installation, setup of new technology	26%	35%	26%
Augmenting IT staff with onsite expertise from IT provider	23%	31%	29%
Data-driven support tools and technologies powered by AI	20%	37%	28%
Upgrades/updates/patches	19%	27%	39%
Service desk, help desk	18%	33%	31%
Data center/infrastructure support	17%	31%	30%
End user device management	13%	18%	38%
Onsite deployment/migration	10%	26%	40%
Training staff to optimize use of technologies or achieve certifications	8%	32%	42%
End user support	8%	17%	45%

Base: 684 IT decision makers in EMEA, AP, NA, and SA
Source: A commissioned study conducted by Forrester Consulting on behalf of Dell EMC, October 2018

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Key Recommendations

Given the rapid pace of digital transformation, internal IT staff can no longer afford the distraction of performing work that is not directly focused on innovation and growth. Tasks associated with deployment and support are necessary, but do not drive true digital transformation aimed at meeting customer demands. Even without the need to shift staff to more strategic initiatives, it is becoming more difficult for IT organizations to effectively deploy and support their environment optimally on their own. When they attempt to do so, it often results in avoidable issues and failure to take full advantage of technology. Companies should consider engaging an external partner with the following things in mind:

Determine where internal IT teams can best deliver strategic value. Although support and deployment are important to business operations, these tasks prevent IT professionals from being able to spend valuable time progressing their innovative efforts. Incorporating the expertise of IT service providers can allow internal IT staff to deliver more strategic, directional value to organizations.

Develop the right partnerships with external IT service providers that are flexible and meet core business needs. Flexible providers that meet core business needs (often by taking on tactical functions) enable internal employees to deliver capabilities that foster future growth. Leveraging the capabilities of IT service providers opens doors to areas of expertise that internal IT staff may not have on their own.

Reallocate IT staff into more innovative tasks. A true business transformation requires a hard focus on innovation that is free from the distractions of repetitive tasks. Once such tasks are reallocated to external IT services providers, internal IT staff can focus on creative opportunities that drive digital transformation for the company.

Make technical people happy with their work. Technologists often thrive when challenged to create, but they get disillusioned by repetitive tasks that add little strategic value. The employment market for technical talent is hot and the threat of dissatisfied employees being poached by other firms is real. A company's strongest innovators will leave unless offered a superior employee experience.[2] Forrester's research proves how better employee experiences translate to better revenue. Technology staff should be free to enjoy the challenges of innovation. Happy employees lead to happy customers. And happy customers give way to a stability that delights stakeholders.

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Appendix A: Methodology

In this study, Forrester conducted an online survey of 684 IT decision makers in EMEA, AP, NA, and SA to evaluate the impact of evolving IT staffing models and talent needs when deploying and supporting technology and the tools and outsourcing services that will bring benefits to the business. Survey participants included decision makers in manager-level and above positions. The study began in October 2018 and was completed in November 2018.

Appendix B: Demographics/Data

RESPONDENT LEVEL

100% in IT roles

- 9% C-level executive
- 18% Vice president
- 36% Director
- 37% Manager

GEOGRAPHY

- 30% NA
- 8% Brazil
- 32% EMEA
- 31% AP

COMPANY SIZE (EMPLOYEES)

- 6% 20,000 or more employees
- 15% 5,000 to 19,999 employees
- 16% 250 to 499 employees
- 28% 500 to 999 employees
- 35% 1,000 to 4,999 employees

COMPANY SIZE (ANNUAL REVENUE)

- 7% Greater than $5B
- 16% $1B to $5B
- 16% <$1M to $99M
- 15% $500M to $999M
- 47% $100M to $500M

INDUSTRY

Industry	%		Industry	%
Retail	10%		Consumer services	4%
Technology/technology services	10%		Business or professional services	4%
Healthcare	8%		Energy, utilities, waste mgmt	3%
Media/leisure	7%		Electronics	3%
Manufacturing and materials	7%		Education/nonprofits	3%
Telecommunications services	6%		Advertising/marketing	3%
Construction	6%		Legal services	2%
Transportation and logistics	5%		Government	2%
Financial services/insurance	5%		Chemicals/metals	2%
Consumer product/manufacturing	5%		Agriculture, food, beverage	1%
Travel and hospitality	4%			

Base: 684 IT decision makers in EMEA, AP, NA, and SA
Source: A commissioned study conducted by Forrester Consulting on behalf of Dell EMC, October 2018

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Appendix C

RELATED FORRESTER RESEARCH

"Technology Innovation Chains Create Breakthrough Opportunities," Forrester Research, Inc., June 21, 2018.

"Expand Your Ecosystem To Set Your Tech Organization On A Path To Excellence," Forrester Research, Inc., February 20, 2018.

"Technologists — And The Business — Must Execute At The Speed Of DevOps," Forrester Research, Inc., February 20, 2018.

"The Best Tech Leaders Develop Creative People For Customer Obsession," Forrester Research, Inc., February 20, 2018.

Appendix D: Endnotes

[1] Source: "Not All Innovations Are Created Equal," Forrester Research, Inc., July 18, 2018.

[2] Source: "The Employee Experience Imperative," Forrester Research, Inc., December 17, 2017.

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