



The Future-Ready Enterprise

Driving Business Results Today While Preparing
for the Challenges of Tomorrow

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What is a Future-Ready Enterprise?

A “future-ready” organization is one that is always extending the abilities of its IT infrastructure and applications while also pursuing IT organizational practices that enable it to identify and address changing business and technology needs. These future-ready organizations not only react quickly to market changes but also are better able to become disruptors themselves.

- ✓ Extends IT infrastructure abilities
- ✓ Drives new sources of competitive differentiation
- ✓ Supports ongoing business processes

Business success or failure ties directly to the effectiveness and timeliness of the business' IT service delivery environments.



Source: IDC's Future-Readiness Enterprise Study, June 2015

The Four Levels of Enterprise Future Readiness

A recent IDC study quantified the extent to which future readiness matters in today's digital business world. IDC identified four levels of enterprise future readiness:



Current Focused



Future Aware



Future Focused



Future Creators

Business success or failure ties directly to the effectiveness and timeliness of the business' IT service delivery environments. The more future ready the organizations in the study were, the stronger their business outcomes across a wide range of key performance indicators (KPIs), from revenue growth and profitability to employee productivity and retention.

Key Findings

The more future ready the organizations in the study were, the stronger their business outcomes across a wide range of key performance indicators (KPIs), from revenue growth and profitability to employee productivity and retention. Future Creators, the most future-ready organizations, outperformed all other groups and significantly outperformed Current Focused in all business metrics studied. Today, only 18% of companies fall into the Future Creators category.

The most important findings from IDC's study

Regardless of the level or scope of focus on the three technology aspects, an effective IT organization that can work closely with lines of business (LOBs) is critical to becoming a truly future-ready enterprise.

Organizations' future-ready efforts can also deliver major benefits even if the organizations focus on improving whichever specific aspects of their IT infrastructure (converged, cloud, BDA) are most important for their needs today.

One doesn't have to wait to reach the top of the index.

Future readiness is an ongoing journey.

Source: IDC's Future-Readiness Enterprise Study, June 2015



The Four Key IT Aspects That Define Future-Ready Companies

The remaining 82% of companies are missing out on the complete benefits of future readiness, but IDC identified four areas where the right investments can speed the journey to a more successful future.

The four key IT aspects that define future-ready companies



Converged Infrastructure

Enables simpler, more efficient, and more scalable IT infrastructure within an organization's own datacenters.



Cloud

Provides greater agility, flexibility, and data control at the application level and the business level, improving productivity and enabling resource-intensive applications no matter where they are.



Big Data and Analytics

Enables better and faster business decisions by getting the right data to executives, frontline employees, and (increasingly) customers at the right time, with most advanced organizations also using BDA to automate critical business functions for improved accuracy and efficiency.



Future-minded IT organizational practices

Are the foundation that ensures the sustained effectiveness of investments in the other three areas.

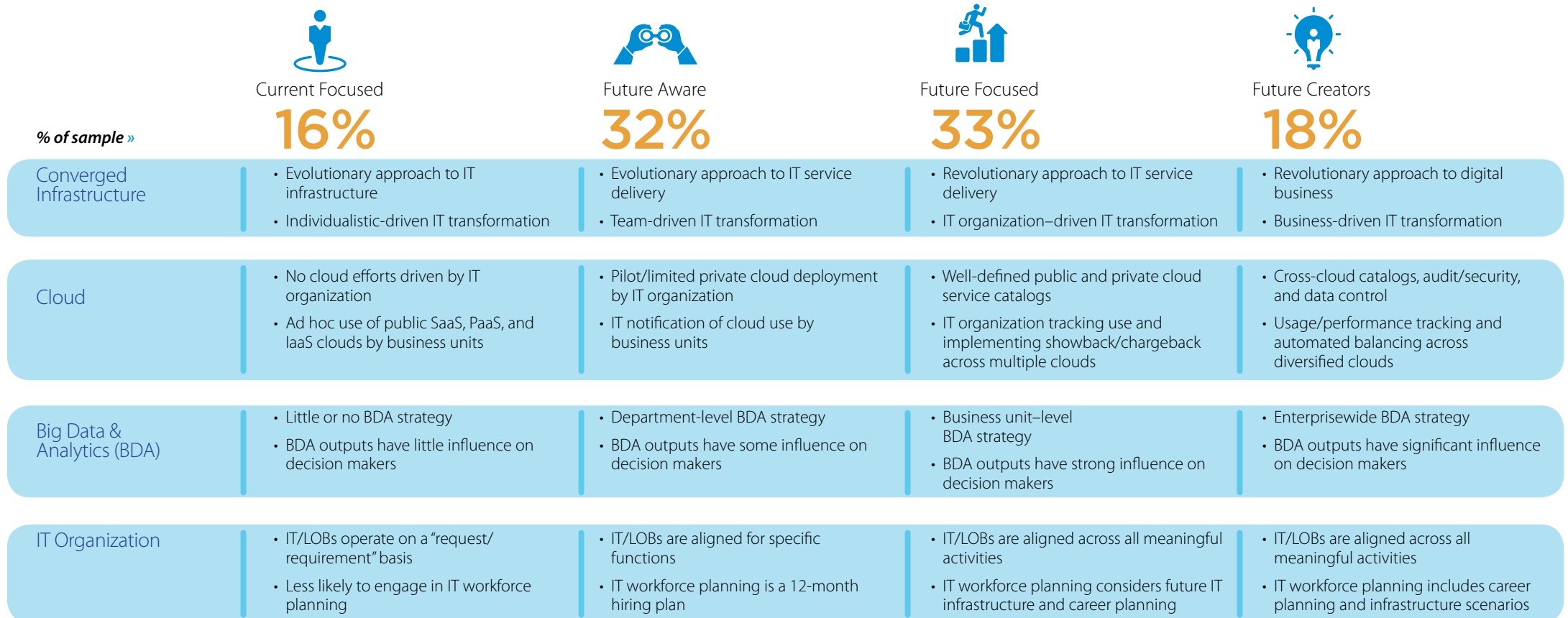


Future Readiness Drives Improved Business Results

In today's economy, the success of organizations is driven by their ability to innovate and to adapt to change. A future-ready organization has the IT infrastructure and organizational practices in place to both initiate change and adapt to outside disruptions.

Many organizations that IDC speaks with **are not future ready today**, and they risk falling further behind if they don't take steps to begin their future-readiness journey.

Future-Readiness Category Profiles



Organizations were measured and ranked by behaviors in each aspect that were most closely linked to positive business outcomes. Only 18% of the organizations in our study displayed the greatest degree of future readiness and were classified as Future Creators. They excelled across all four key aspects and reported the strongest results. Above is a summary of the four levels, as well as their key characteristics.

Future-Ready Organizations Enjoy Better Business Results

IDC's *Future-Readiness Enterprise Study* showed that the higher organizations move on the future-readiness scale within individual aspects and across multiple aspects, the better their business outcomes across a range of metrics. The difference can be seen by comparing business outcomes between the most future-ready organizations and the least future-ready organizations.



KPI Improvements Seen over the Past Three Years % of respondents



The Future-Readiness Journey

To maintain future readiness, organizations can't become complacent — they will need to think of future readiness as an ongoing journey and stay nimble, adaptable, and innovative to maintain their competitive edge.

The economic benefits are clear — future readiness corresponds to better business outcomes. But organizations that don't find themselves at the top of the scale should not be disheartened. Future readiness is an ongoing journey, and organizations can see significant improvements in business outcomes from increasing their future readiness regardless of their starting point.



“With converged infrastructure, every week, we have a release, which is more than we used to be able to do. Before, it was every few months, and now it is weekly.”

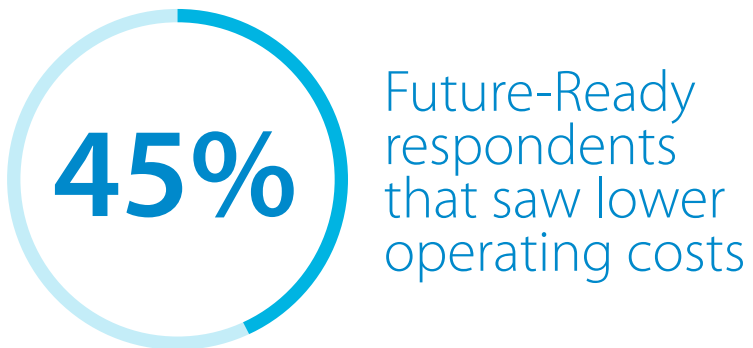
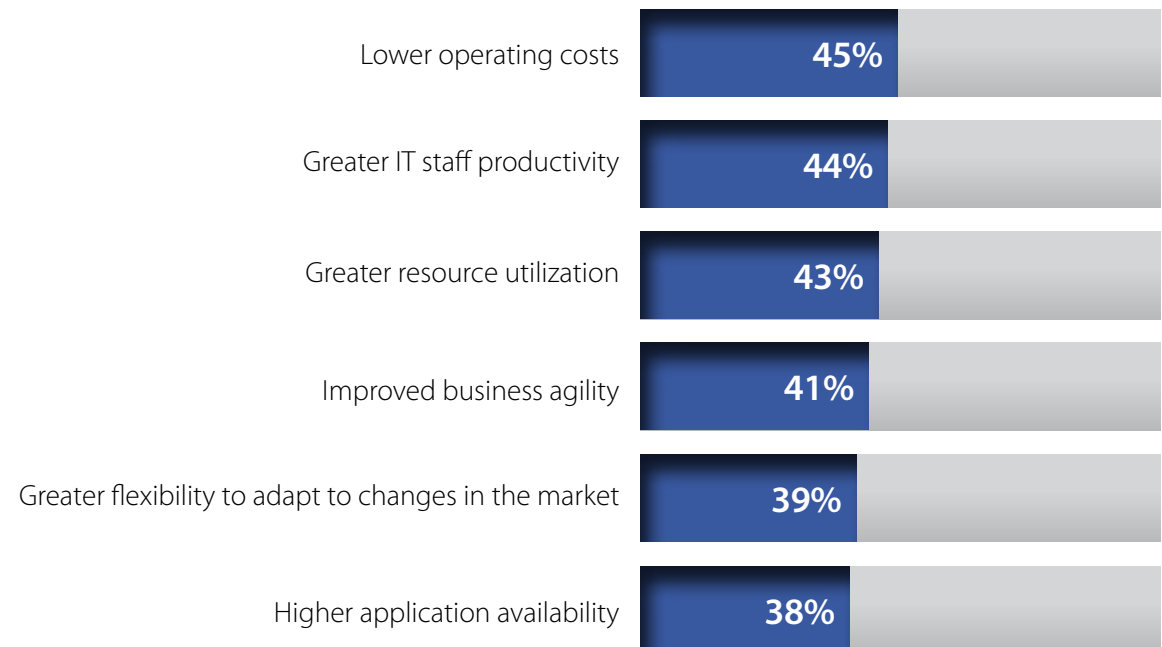
— VP of IT, Financial Services Company

Converged Infrastructure Provides Direct IT Infrastructure Benefits

Converged infrastructure — integrated bundles of hardware and software components grouped into a single optimized package — allows organizations to better utilize their existing IT assets. It provides an agile, scalable foundation organizations can rely on as they change business processes and launch new services.

Converged IT Infrastructure Benefits

% of respondents



Future-Ready Organizations Have a More Sophisticated Approach to Use of Converged Infrastructure

While many organizations cite converged infrastructure benefits in terms of IT improvements, a higher percentage of future-ready organizations are seeing business benefits from their converged infrastructure. For example, comparing Future Creators with Current Focused, we see:

60% OF FUTURE CREATORS SEE **GREATER IT STAFF PRODUCTIVITY** AS A SIGNIFICANT BENEFIT DELIVERED BY CONVERGED INFRASTRUCTURE, WHILE ONLY 30% OF CURRENT FOCUSED SEE IT AS A SIGNIFICANT BENEFIT.

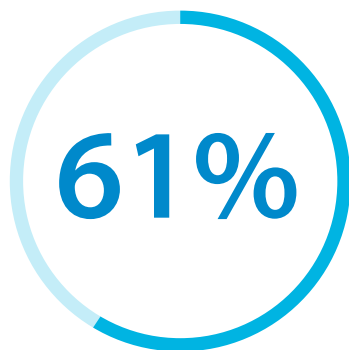
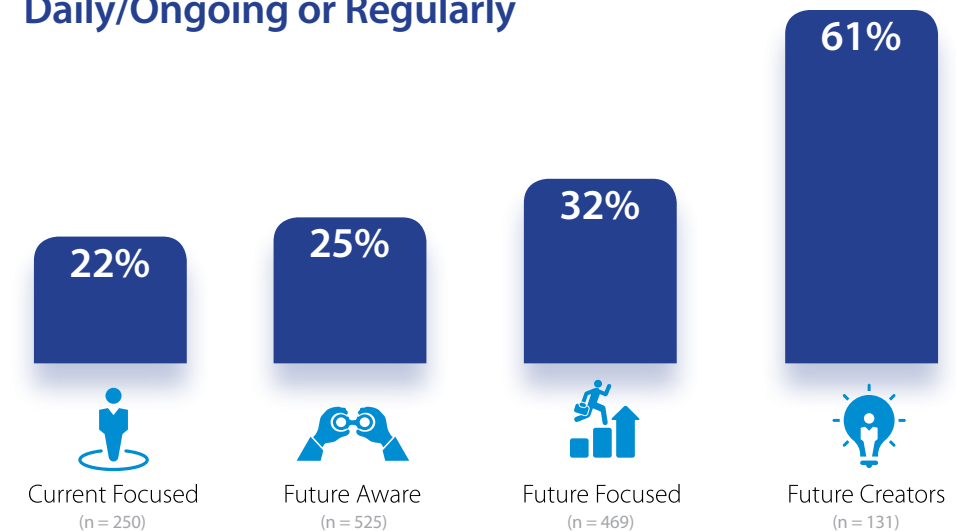
By comparison, 25% of Current Focused, 51% of Future Creators see the ability to allocate IT staff to innovative projects as a significant benefit of converged infrastructure.

While out of 25% of Current Focused, 49% of Future Creators see greater business agility as a benefit of converged infrastructure.

Future Creators More Closely Measuring Infrastructure Utilization

Future Creators are measuring not only more frequently but also more accurately. They are most likely to use an integrated suite of tools to measure utilization rates (66%) and not rely on ad hoc or manual processes for measurement (66%) compared with Current Focused (35%).

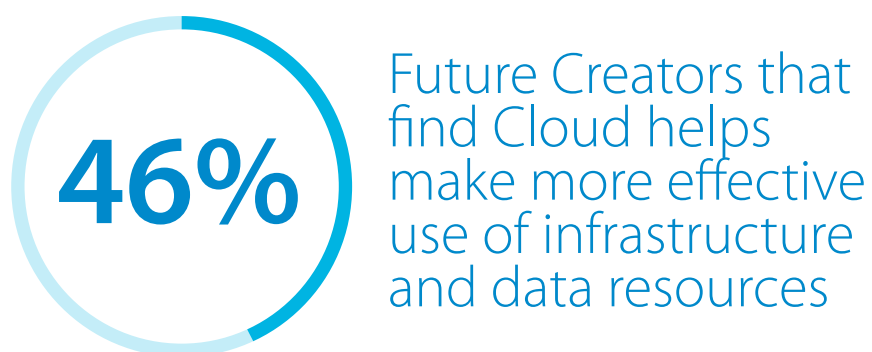
Measure Compute, Storage, Network Utilization Daily/Ongoing or Regularly



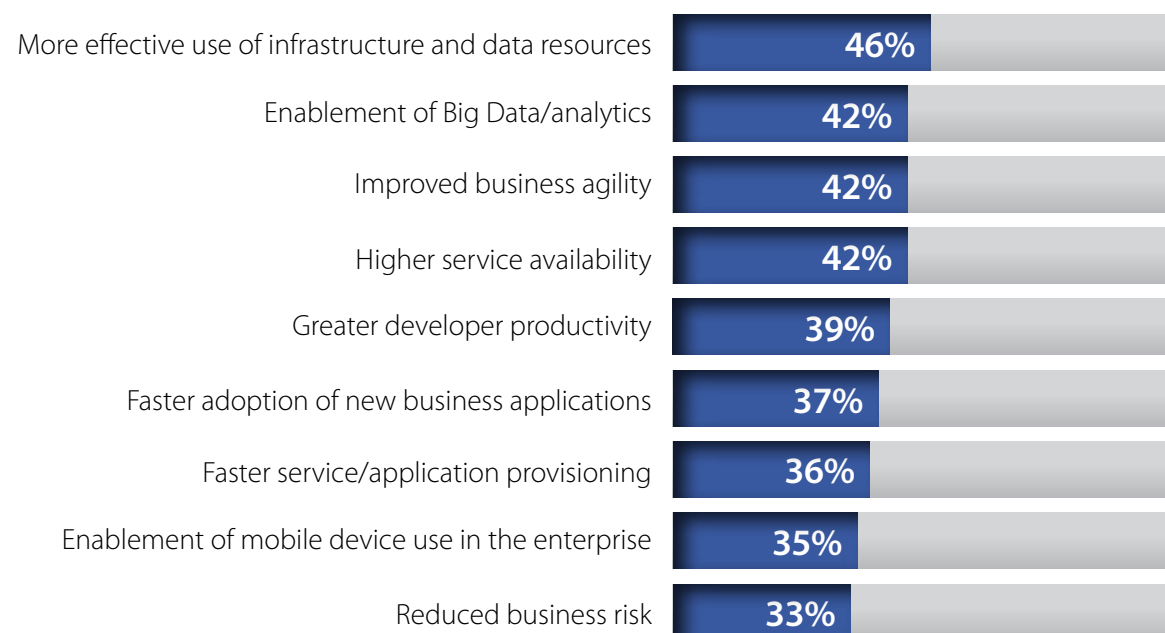
Future Creators that use integrated tools to measure utilization rates

Cloud Provides Agility, Flexibility, and Control

Cloud adoption isn't about a specific product or service delivery model. It reflects an approach to application design, deployment, and delivery that allows organizations to get more effective use out of their own IT and data assets. Cloud gives organizations the ability to scale services up and down more quickly to better align with real business cycles and meet fluctuations in demand.



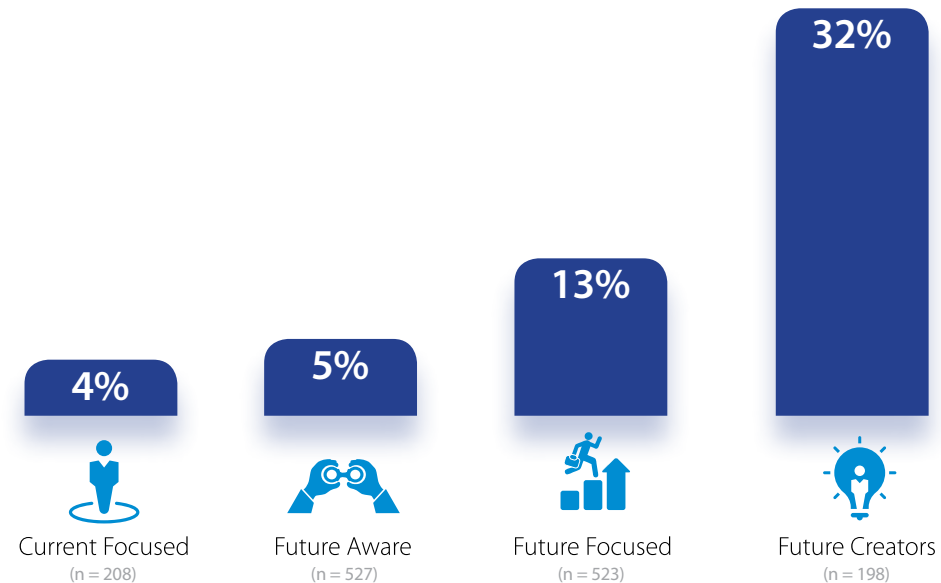
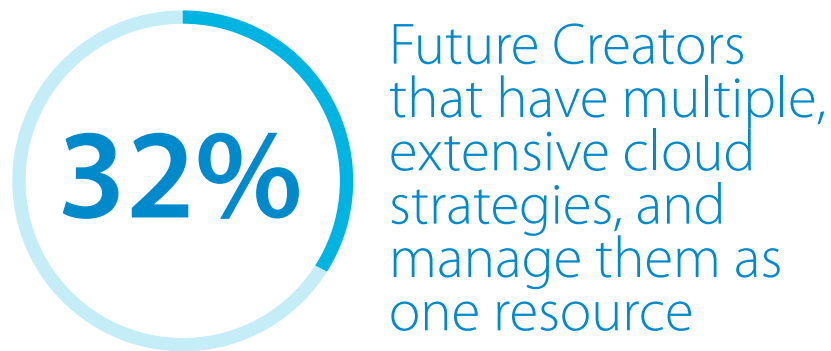
Cloud Benefits % of respondents



Future Creators More Likely to Have Highly Diversified Cloud Strategies

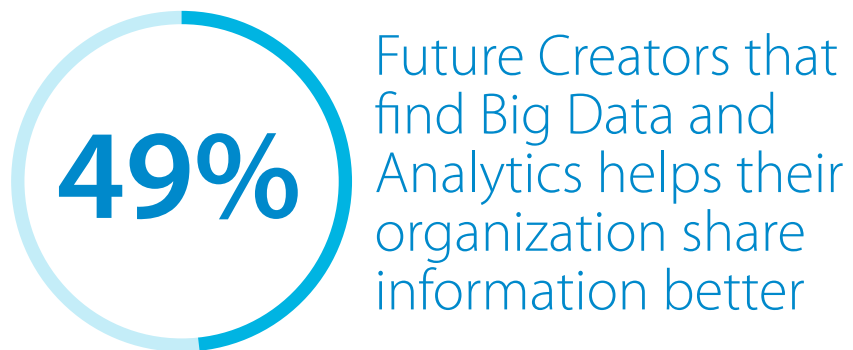
Future Creators not only are making more extensive use of cloud but also have more sophisticated cloud strategies using the right cloud option for each requirement.

Can Easily Choose Among Three or More Cloud Options While Managing Them as a Single Resource

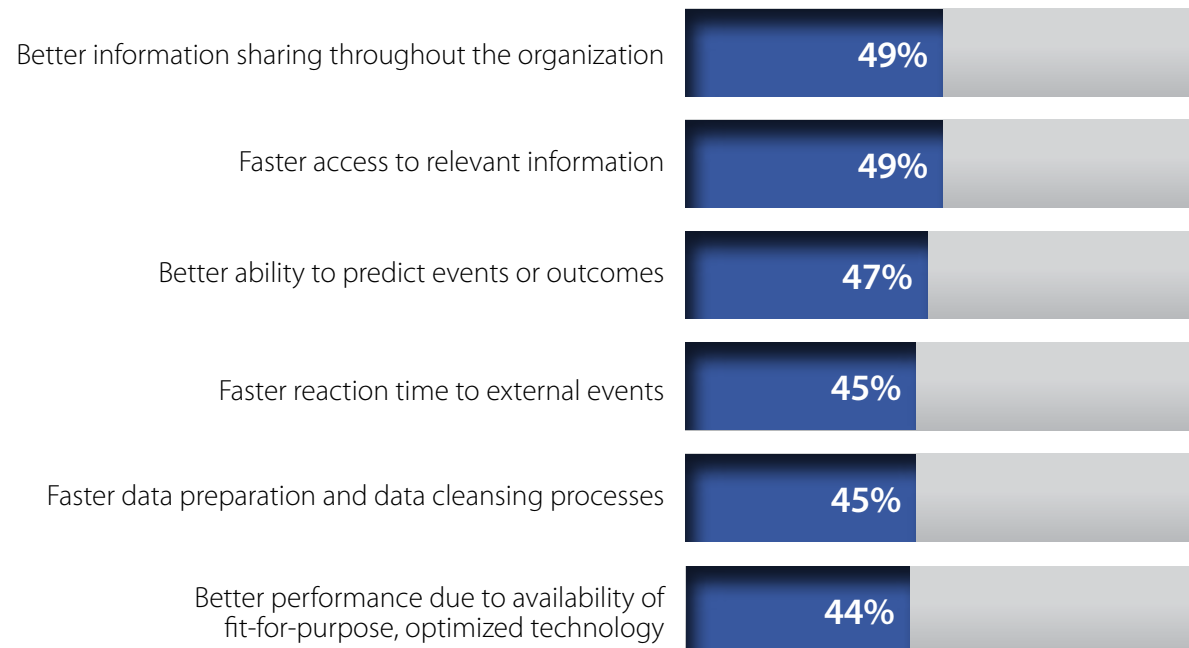


Big Data and Analytics (BDA) Drives Business-Level Benefits for Future Creators

Big Data and analytics (BDA) is critical for business innovation and transformation. It allows organizations to capture insights from, and better monetize, their data by getting the right information to the right individuals at the right time. BDA benefits go beyond data democratization, with benefits including better ability to predict events.

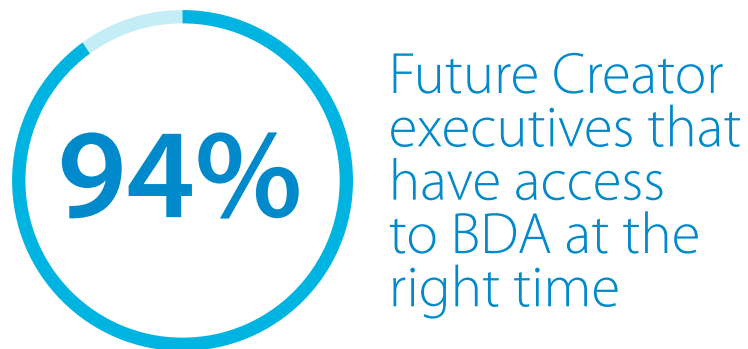


Big Data Benefits % of respondents

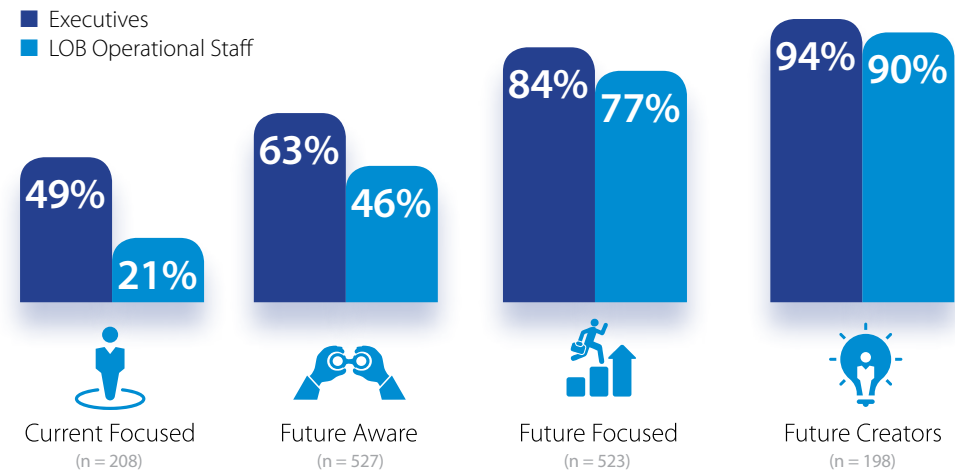


Future Creators Providing More Access to BDA at All Levels

Future Creators are also most likely to provide access to BDA directly to executives to a significant extent, with 94% providing access compared with only 49% of Current Focused. This implies that Future Creators have trust in the data. Staff don't have to spend time cleaning and checking data and making data actionable before "sending it upstairs" for decisions.

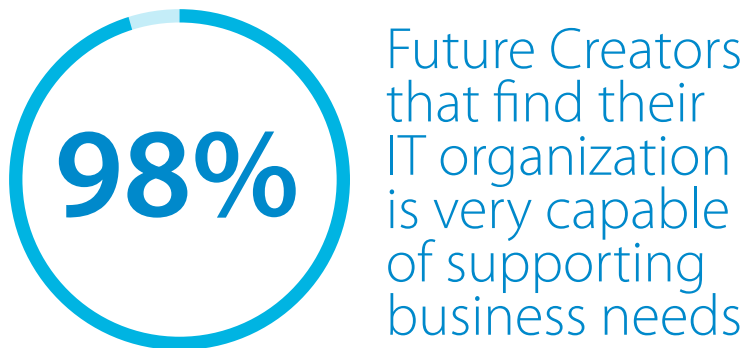


Have Access to BDA at the Right Time to a Significant Extent

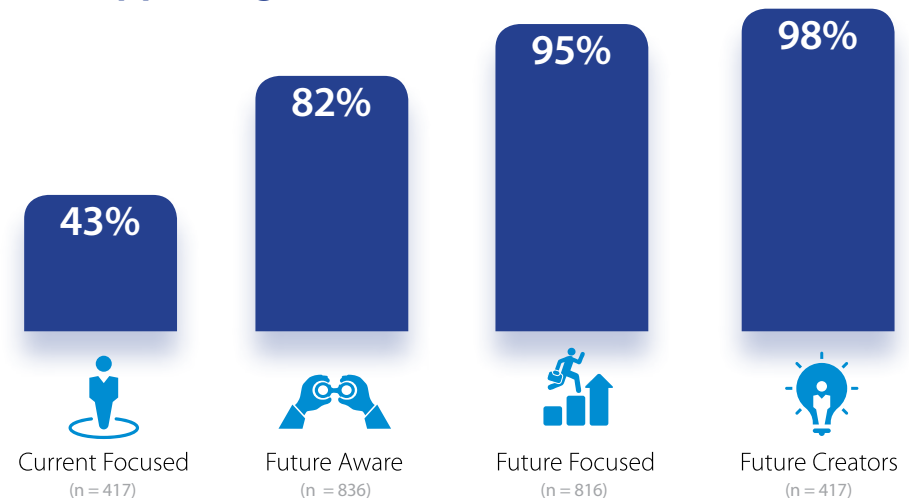


IT Organizational Practices Are the Catalyst for Future Readiness

While successful converged infrastructure, cloud, and BDA strategies are the technological underpinnings of future-ready organizations, effective and aligned IT organizations are also essential. An effective IT organization contains the right people with the right skills to implement and maximize the benefits of those technologies.



IT Organization Very/Extremely Capable of Supporting Business Needs

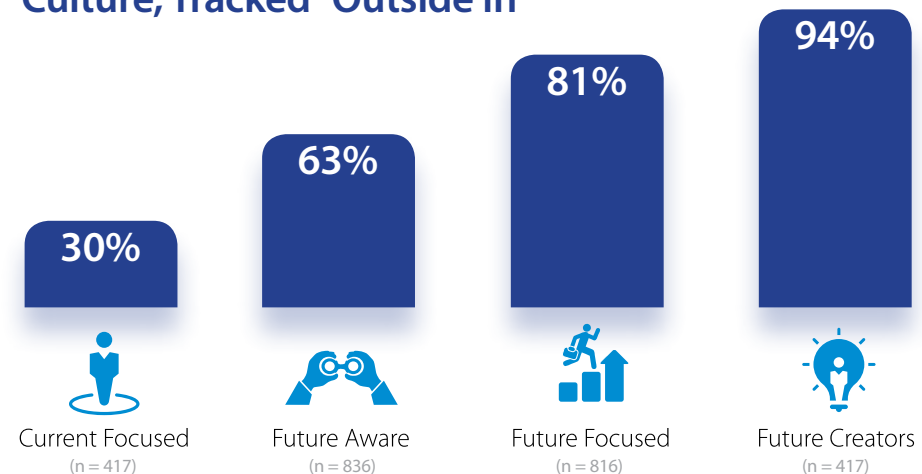


Future Creators Have a “Continuous Improvement” Approach to IT

Just as with their technology infrastructure, Future Creators continually work to improve their IT departments. This includes regularly and continuously improving the skills of the IT staff and measuring the success of the IT organization through the lens of the LOB stakeholders.



IT Organization Has Service-Centric Culture, Tracked “Outside In”



Pitfalls to Avoid

Achieving greater levels of future readiness does not come without risks and pitfalls to avoid. Below are a few pitfalls to avoid.

Going in without a plan. Companies need to be deliberate and thoughtful about their approach to becoming more future ready. Becoming future ready involves more than simply throwing new technology into the IT mix.

Proprietary system. Key to being future ready is the flexibility to adapt to unforeseen circumstances. Locking into a proprietary offering or framework limits the organization's flexibility and increases the risk of choosing a technology dead end.

Big bets. Organizations should take a stepwise approach to improving their future readiness, building incrementally on the IT infrastructure and practices they have in place. With so much of the business dependent on IT, upgrading the infrastructure amounts to performing an organizational heart transplant.

Essential Guidance

Future readiness is critical to business success in today's mobile and data-driven world. To improve future readiness, companies must take several steps, including:

- » **Focus on long-term outcomes.** Future-ready enterprises are less focused on cost take-out and more focused on strategic business outcomes like enhanced organizational agility, greater service availability, and more effective IT staff allocation.
- » **Take steps to improve your future readiness, no matter your starting point.** Set well-defined intermediate goals aligned with your long-term strategy to become more future ready. Regardless of where your organization is now, moving up a single level or focusing on a specific aspect leads to significant improvements.
- » **Start your future-readiness journey by developing an overall strategy.** Future Creators have a strategy that drives their business decisions across technology, processes, and IT organizational practices.
- » **Focus on the areas that will have the biggest impact on your business.** Though future readiness is a journey, there is no single path to get there.
- » **Assess your own state of future readiness, and get help if you aren't where you need to be.** IDC has developed a Future-Ready Enterprise Index tool, which is available at www.dell.it/futurereadyindex. You can use this tool to assess where you are on the future-readiness curve today.

Methodology

The information for this white paper came from IDC's June 2015 global Future-Ready Enterprise Study, sponsored by Dell. IDC surveyed 2,529 members of senior and executive management in IT and lines of business as well as information workers with knowledge of converged infrastructure, Big Data, and/or cloud. They came from organizations of 100 employees or more across a broad range of industries. Survey respondents were asked about their current use of converged infrastructure, Big Data, and cloud as well as their IT department organizational practices. In addition, they were asked about a variety of KPI metrics, enabling IDC to create an index linking IT infrastructure and organizational metrics to KPIs.

IDC developed the future-readiness levels — Future Creators, Future Focused, Future Aware, and Current Focused — using the following methodology:

- » Responses to all questions in the survey were scored on a four-point maturity scale. For example, for the question "What percentage of infrastructure is supported by hybrid cloud?" 0% = 0 points and 50%+ = 3 points. Break points were manually normalized.
- » IDC performed statistical analysis to identify questions best correlated to positive business outcomes. For example, the question "What is the virtualization rate of your IT infrastructure?" is highly correlated to the business outcome "% revenue growth over the past three years."
- » IDC then selected a subset of 16 questions with the highest statistical correlation that also balanced the four key areas: converged infrastructure, cloud, BDA, and future-minded IT organizational best practices.
- » Next, IDC created a maturity scoring histogram for all responders for the 16 questions to identify and score ranges for the four maturity categories and identified natural cutoffs based on mean and standard deviations.

The survey was supplemented with two focus groups, one with senior IT managers and one with senior line-of-business managers.