This InfoBrief

Findings for this infobrief derive directly from IDC’s March 2018 study of IT business transformation and the practices correlated with overall business success.

To conduct this study, IDC surveyed 810 enterprise IT executives with decision making or recommending authority for IT solutions and services. Respondents were located in eight countries across North America, Europe, and Asia/Pacific and spanned a broad mix of industries.

For each respondent IDC collected a series of business and IT KPIs including time to market, revenue growth, and performance of IT systems. IDC analyzed the correlations between these critical success metrics and enterprises’ IT policies and behaviors to determine best practices for IT digital transformation, including practices in firms’ own datacenter and edge facilities.
In today’s hypercompetitive business environment, a high-functioning IT organization is a meaningful competitive advantage. The most advanced enterprises demand that IT be a service-driven organization that plays a critical role in improving top-line revenue, driving innovation, and delighting customers.

These organizations, which we refer to as Digital Leaders, or simply Leaders, are more prepared to assist digital transformation initiatives by supporting data assets wherever they reside:

- Up-to-date corporate datacenters
- Colocation datacenters
- Cloud environments
- A growing range of emerging digital edges

Leaders’ high-functioning IT organizations enable significant differences in business outcomes.

- Responsiveness to line-of-business needs
- Improved system and data security
- Growth in revenue and profit
Business Needs Are IT Needs

In the most successful companies, IT and Digital Transformation (DX) are there to:

Serve people

Customers + Employees

Drive innovation

Achieve business goals

Four of IT’s six most important initiatives are business-oriented and not IT-oriented.

- Increase employee productivity/efficiency: 35%
- Improve security to minimize risk: 33%
- Improve business agility/responsiveness: 32%
- Reduce IT operational costs: 31%
- Deliver better customer experience: 28%
- Use data to improve business outcomes: 28%
IT Leaders Should Be Strategic and Service Oriented

Leading companies see it as their mission to contribute to key business goals.

- **Leading Companies**
  - Improve business agility/responsiveness: 44%
  - Respond to disruptive threats: 24%
- **Laggards**
  - Improve business agility/responsiveness: 23%
  - Respond to disruptive threats: 20%

...while laggards are much more interested in minimizing cost and risk.

- **Leaders**
  - Improve security to minimize risk: 28%
  - Reduce LOB operational costs: 38%
- **Laggards**
  - Improve security to minimize risk: 18%
  - Reduce LOB operational costs: 38%

Investing in tools to provide insight for LOBs on their use of cloud resources.

- **Leading Companies**
  - 90%
- **Laggards**
  - 45%

Adopting IT-as-a-Service orientation
- Governance
- Process audits
- SLAs

Service-centric culture
- Outside-in approach
- IT competitive analysis
- Metrics

- **Leading Companies**
  - 87%
- **Laggards**
  - 48%

- **Leading Companies**
  - 86%
- **Laggards**
  - 47%
Are Companies Satisfied with IT?

Overall more companies view their central IT departments as barriers to success than enablers of it. 34% view it as an enabler, while 42% view it as a barrier.

And companies leading in digital maturity have much higher expectations of central IT as a business asset than laggards do.

<table>
<thead>
<tr>
<th></th>
<th>Leaders</th>
<th>Laggards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong barrier</td>
<td>35%</td>
<td>28%</td>
</tr>
<tr>
<td>Somewhat of a barrier</td>
<td>17%</td>
<td>29%</td>
</tr>
<tr>
<td>Neither barrier nor enabler</td>
<td>8%</td>
<td>20%</td>
</tr>
<tr>
<td>Somewhat of an enabler</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>Strong enabler</td>
<td>18%</td>
<td>15%</td>
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How Do They Optimize Their Datacenters?

In high digital maturity companies, datacenter focus is on business enablement. New services, advanced analytics, and multi-cloud environments are higher priorities.

...while low maturity companies are still trying to get the core infrastructure and processes right. Modernizing architectures, software-defined infrastructure, and cloud development platforms are still more important.

1 = Strong barrier  
2 = Somewhat of a barrier  
3 = Neither barrier nor enabler  
4 = Somewhat of an enabler  
5 = Strong enabler  
Not applicable/no IT team
Infrastructure is moving from solely on-premises datacenters to many locations – from the edge of business to large cloud environments.

3 years ago
Private cloud with dedicated resources is growing fastest in share of compute as respondents seek to complement shared IaaS and SaaS resources they already use.

Today
Enterprises are actively choosing the infrastructure types that best suit their individual workloads.

3 years from now
Companies will continue to proactively adjust their infrastructure mix in the years to come.
A Balanced Mix of Architectures Enables Success

The most successful IT organizations take full advantage of available architecture types to run workloads in their best suited environments.

Mature IT organizations use a well-balanced mix of computing architectures.

IT laggards still rely heavily on traditional on-premises infrastructure.
Leaders Proactively Optimize the Locations of Workloads

To get to this more even balance of workloads between environments, Leaders are more thoughtful about workload placement at times of development and of deployment.

**PERCENTAGE OF COMPANIES THAT ANTICIPATE...**

**Leading Companies**

- Greater deployment of IT resources to deliver digital services to edge locations: 95%
- Moving assets out of their own datacenters and into colocation facilities: 91%
- Closing most datacenters and moving workloads to hosted private or public cloud: 86%

**Laggards**

- Greater deployment of IT resources to deliver digital services to edge locations: 59%
- Moving assets out of their own datacenters and into colocation facilities: 32%
- Closing most datacenters and moving workloads to hosted private or public cloud: 41%

**Did you know?**

The word repatriation doesn't just signify moving workloads from public cloud back to company-owned infrastructure. In fact, it refers to **moving workloads from any computing location to any other**, into or out of datacenters and from any platform type to any other (be it public cloud, private cloud, or traditional architecture).
Moving Workloads when Needed Is Part of IT Success

60% of enterprises have moved workloads or are seriously considering moving them away from shared public cloud environments into dedicated infrastructure.

Overall, Leaders are 14 times more likely to have repatriated workloads between environments than Laggards.

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<th>Laggards</th>
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<tbody>
<tr>
<td>Have repatriated workloads back in house</td>
<td>69%</td>
<td>5%</td>
</tr>
<tr>
<td>Have shifted workloads from public cloud to hosted private cloud</td>
<td>73%</td>
<td>&lt;1%</td>
</tr>
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</table>
Tools and Experts Are Important to Maintaining the Best Mix of Architectures

The most effective IT organizations realize they need to alleviate performance burdens and bottlenecks to ensure that moving workloads between architectures, when necessary, is successful and cost effective. Part of what enables Leaders to repatriate workloads is greater confidence in their ability to deploy and manage flexible infrastructure assets in their own facilities.

To ensure their infrastructures are ready, Digital Leaders are more focused on investing in network bandwidth, data migration tools, and software defined infrastructure.
Leading Enterprises Prefer Multicloud Environments

A “cloud-first” strategy is one where the organization approaches new projects with the default stance to run them on a cloud architecture unless they find a compelling reason not to. High performing IT organizations select multi-cloud as their environment of choice.

Did you know?

Cloud-first strategies do not need to favor public cloud exclusively or even primarily. Enterprises with cloud-first strategies may take advantage of on-premises private, hosted private, or hybrid cloud environments to suit the needs.

Enterprises with cloud-first strategies are more likely to elect for dedicated infrastructure, either in their own datacenters or hosted datacenters.

<table>
<thead>
<tr>
<th>Leading Companies</th>
<th>Laggards</th>
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<tr>
<td>Follow a cloud-first strategy</td>
<td>95%</td>
</tr>
<tr>
<td>Employ a multi-cloud environment</td>
<td>97%</td>
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48% prefer to use shared public cloud
38% prefer to use private cloud

95%
97%

2%
30%
Focus IT initiatives on business needs first
The most successful organizations view IT as a critical enabler of business success, with an eye toward innovative development, agility, top-line revenue growth, and excellence in customer experience. Focus on strategic outcomes and alignment with business objectives.

Provide a mix of architectures
Recognize the strengths of various infrastructure types and employ them to match your varying development and business needs. Firms leading in IT maturity use a relatively even mix of architectures and feel confident in this mix for the coming few years.

Place workloads on the platforms best suited to them
Seek to proactively move workloads and applications between platforms to serve the business’s needs. Continually evaluate your architecture’s suitability and make necessary changes to keep applications running at their best. Make the investments required to keep the IT assets in your datacenters and edge locations at peak performance.

Take a “cloud first” approach
Institute a policy whereby your organization builds and hosts new applications and workloads on a robust cloud foundation unless there is a compelling reason not to. Consider a multi-cloud strategy to use the most fitting public and private cloud architectures to deliver the best service to customers.