IN THIS SPECIAL RESEARCH REPORT, we look at business and IT stakeholder views on transformation to IT-as-a-service (ITaaS). The overriding questions: First, is IT being run like a business? Second, where are the gaps between what IT delivers and what the business needs?

The perception of many business leaders has been that IT is a cost center that speaks business as a second language. The perception of IT is that business leadership doesn’t fully understand the cost and contribution of technology to the business. While improvements are being made on both sides of the issue, some level of disconnect remains. This global survey by IDG Research Services of more than 350 IT and business unit directors at enterprises of 1,000 employees or more reveals significant differences in the perception and priorities of business and IT when it comes to many aspects of running IT like a business. The report was sponsored by EMC and VMware.

**AGREEMENT: RUNNING IT AS A BUSINESS**—The highest priority of both IT and business unit executives is getting IT to run like a business. Both business and IT leaders agree this is essential, yet IT leaders rank it higher as a critical priority than business leaders, at 28 and 17 percent, respectively. In this instance, there is minimal disconnect between business and IT leaders.
**FIGURE 2** IT HAS ROSIER PICTURE OF PROGRESS

- Significant progress, IT already runs like its own competitive business (27% IT, 18% Business)
- Moderate progress, IT is currently moving toward this model, but there is still work to be done (54% IT, 48% Business)
- Little progress, but we’re actively planning to move IT toward this model (12% IT, 21% Business)
- No progress, regardless of any desire to do so, we have not taken any steps yet to move IT toward this model (6% IT, 11% Business)

**FIGURE 3** BUSINESS SEES MORE ROOM FOR IMPROVEMENT FOR IT
IT DOES THIS VERY WELL, LITTLE NEED FOR IMPROVEMENT

- IT: ....demonstrate an accurate understanding of the services the business needs/wants (24%)...help improve product time to market (22%)...communicate a clear vision for future services (22%)...gain the trust of business stakeholders (18%)
- BUSINESS: 11% 9% 9% 9%

**DISCONNECT: RUNNING IT AS A BUSINESS**—IT executives are also more optimistic about the progress made to date, with a combined 81 percent reporting significant or moderate progress. There is a bit more disconnect in assessing the progress made, as only a combined 66 percent of business leaders agree.

**DISCONNECT: IT UNDERSTANDS THE BUSINESS**—Another area of disconnect: where is there room for improvement for IT? IT executives are more likely than those in business to indicate that IT does a good job of understanding what the business wants, improving time to market, communicating a clear vision, gaining the trust of business stakeholders, informing the business of new services, articulating business value, enabling innovation and collaboration, and supporting mobility. Business executives are more likely to see significant room for improvement in:
- Making IT services easier to package and deliver — What do you have that can help me? (76% say needs some to significant improvement)
- Demonstrating an accurate understanding of the services the business needs/wants — Give me the tools/services to help me do my job better — in a timely manner. (74% say needs some to significant improvement)
- Communicating a clear vision for future services — How can IT help me achieve my business goals? (73% say needs some to significant improvement)

**FIGURES 4-5** BENEFIT DISCONNECT
IT: SERVICE-BASED IT = LOWER COSTS

<table>
<thead>
<tr>
<th>IT Benefits Associated with Moving to an ITaaS Model (IT Only)</th>
<th>IT</th>
<th>BUSINESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT cost savings</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>Increased customer (end-user) satisfaction</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Better customer service</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Improved IT image/alignment with the business</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>Improved staff efficiency</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td>Increased IT innovation</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>Increased demand for services from the business</td>
<td>23%</td>
<td></td>
</tr>
</tbody>
</table>

**DISCONNECT: IMPACT OF IT ON BUSINESS BENEFITS**—Business and IT executives are not in full agreement regarding the business benefits of ITaaS. Business executives view ITaaS as enabling alignment, promoting efficiency, and improving customer satisfaction. IT executives cite cost savings as the No. 1 IT benefit of ITaaS.
More than half of all respondents report that lines of business (LOBs) occasionally turn to outside providers for IT services. Business leaders cite faster service delivery and the ability to leverage technical expertise as the top attractions for leveraging outside IT service providers.

**FiguRe 8**  
**SHADOW IT—BUSINESS TAPPING OUTSIDE PROVIDERS FOR SPEED, EXPERTISE**  
**FREQUENCY WITH WHICH LOBS TURN TO OUTSIDE SERVICE PROVIDERS FOR IT SERVICES**

- **Frequently — More than 50% of the time**: 11% IT, 11% Business
- **Occasionally — Between 25% and 50% of the time**: 46% IT, 40% Business
- **Rarely — Less than 25% of the time**: 34% IT, 43% Business

**Biggest Attractions for LOB Leaders to Leverage Outside IT Service Providers — Business Only**

- Faster service delivery/time to market: 45%
- Ability to leverage technical expertise not available in-house: 44%
- Lower costs: 38%
- Better application performance: 30%

**FiguRe 9**  
**BUSINESS TO IT**  
**BUSINESS’ SATISFACTION WITH PERFORMANCE OF ENTERPRISE APPLICATIONS (% EXTREMELY/VERY SATISFIED)**

- Collaboration (email, web services, social media, document management): 55%
- Databases (e.g., financial records, order management, customer or patient records): 46%
- Transaction processing: 45%
- Enterprise Resource Planning (ERP): 35%
- Scientific/engineering: 35%
- Sales force automation/CRM: 31%

**BOTTOM LINE: HOW IS IT DOING?**

Business executives are more likely to see room for improvement when asked to rate IT’s abilities. Business executives most often report being highly satisfied with the performance of collaboration and database applications, which are also the enterprise applications most often deployed to a private cloud currently.

IT executives are more likely than those in business to indicate that IT does a very good job of understanding what the business wants, improving time to market, communicating a clear vision, gaining the trust of business stakeholders, informing the business of new services, articulating business value, enabling innovation and collaboration, and supporting mobility.
When it comes to what business skills IT needs to foster or improve to provide better service to the organization, there is much more agreement between business and IT leaders. The leading skill is matching IT services to business requirements. This is the highest ranking missing skill according to 47 percent of IT leaders and 45 percent of business leaders. Similarly, 36 percent of IT leaders and 35 percent of business leaders are looking for better business process management through communications and group collaboration.

**SUMMARY IT AND BUSINESS—AGREEMENT, BUT WORK REMAINS**

IT and business executives are working together in more meaningful ways than ever before, but there is still work to be done to get the two functioning in lockstep for maximum business benefit. Both agree on the importance of running IT like a business. Both agree on the business goals for IT as a service, but they assign different priorities to those goals and have divergent views on how to get there.

- IT is more likely to associate cost savings with ITaaS, while business executives view ITaaS as an enabler of alignment, efficiency, and improved customer satisfaction.
- IT gives itself high marks, but business points out room for improvement. More than 80% of IT say they’ve made good progress. Business leaders point out that IT needs to do a better job understanding what the business wants, improving time to market, communicating a clear vision of the future and gaining the trust of business leaders.
- Business leaders are turning to outside IT service providers for faster service delivery of a broader set of IT skills. The good news is that business and IT agree what needs to be done: match IT services to business requirements and facilitate better communication and group collaboration, especially around business process management.

**KEY TAKEAWAYS**

**IT STILL TAKES FUNCTIONAL VIEW OF ITAAS BENEFITS; BUSINESS SEES ENABLEMENT**

Both IT and business executives place a high priority on running IT like a business, though IT is more positive about its progress and the potential business benefits.

IT is more likely to associate cost savings with ITaaS, while business executives view ITaaS as an enabler of alignment, efficiency, and improved customer satisfaction. This has to change for IT to become more strategic.

Business managers occasionally turn to outside providers for IT services, lured by the promise of faster turnaround times and access to skill sets not available in-house. IT needs to take control of this dynamic.

IT and business are not in sync regarding ITaaS roadblocks. IT is concerned about developing a pricing model, security and compliance issues, and resistance to change. Business executives cite poor communication, challenges in streamlining business processes, and a lack of confidence in IT’s expertise as major ITaaS roadblocks.

During the next 12 months, IT investments will be increasingly focused on improving business knowledge, leveraging virtualization, and implementing social and collaborative applications and services.

**CALL TO ACTION**

New markets, disruptive technologies, and fresh competitors present unprecedented opportunities in today’s global business world. However, this study shows how many IT organizations struggle to keep pace; their line-of-business clients are increasingly impatient and dissatisfied with the services they deliver and frequently bypass IT to directly consume services from cloud providers.

Leading IT executives are realizing that they need to fundamentally redesign their application, infrastructure, and operating models to remain competitive in the marketplace of IT services.

**FOR MORE INFORMATION**

EMC and VMware are at the forefront of the IT and operational shift to run IT like a business, offering innovative products, solutions, and a host of advisory services. See how you compare to responses from our global survey and get advice on the next steps you can take towards running your IT like a business: [http://tools.en.idgresearch.com/itbusiness](http://tools.en.idgresearch.com/itbusiness)