Is Your IT Transformation Driving Digital Value?

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Executive Summary

IT Modernization is a critical first step to enable the broader benefits of IT Transformation (ITX). IT organizations that undergo modernization are able to realize a vast reduction in hidden costs associated with maintaining and operating legacy IT systems.

Organizations with more modernized and transformed IT are:

- 12X more likely to be able to drive competitive advantage through agility and business innovation.
- 6X more likely to leverage integrated analytics, AI, &/or cognitive to achieve digital business goals.
- 2X the rate of non-modernized organizations growing revenue

IT Transformation allows IT to enable incremental revenue for the business.

In This InfoBrief

To measure and describe the impact of IT transformation, Dell EMC partnered with IDC to develop a informative research plan, including:

**INTERVIEWS WITH 16 ORGANIZATIONS ACROSS 7 INDUSTRIES WORLDWIDE**

about the impact of their IT modernization efforts and initiatives on their IT costs and operations.

**A SURVEY OF 1,008 GLOBAL RESPONDENTS** in mid- to large-sized organizations that are engaged in or planning to engage in transforming IT for hybrid cloud.

» Respondents included IT and/or Lines of Business (LOBs) that have responsibility for IT systems and are knowledgeable about IT modernization and transformation.
How to Lower “Technical Debt”

IDC research shows that organizations are achieving reduced technical debt through the following means:

- Consolidating their server hardware infrastructures and associated licensing and other costs. **5% budget saved**
- Enabling IT infrastructure staff members to be more productive. **22% budget saved**
- Making security and data protection efforts more efficient and effective. **5% budget saved**

Creating more value through their application development efforts. **Including development of more data and analytic driven applications.**
Technical Debt: What is it? How much do you have?

IDC refers to the costs associated with aging technology and legacy infrastructure as “technical debt.”

Technical debt includes direct and indirect costs of work that simply maintains an existing system but can’t be applied to implement new, innovative programs or to new uses of existing data.

IDC finds that surveyed organizations reduced or eliminated technical debt or opportunity costs worth almost one-third (32%) of their annual IT budgets.

Source: IDC’s ITX Business Value Research, 2017
The Changing Role of IT Through IT Transformation

In today’s highly competitive, always-on business environment, IT must evolve from an enabler of back-office processes into an engine that helps multiply revenue.

This evolution, called IT transformation (ITX), requires the widespread modernization and automation of IT platforms and processes, along with the deployment of cutting-edge technologies that can help IT better align its offerings with line-of-business (LOB) needs.

**ITX is a necessary step in a full digital transformation strategy for the business.**
Top IT Transformation Targets

IT infrastructure hardware modernization is an important ITX priority area—but it doesn’t mark the end of the ITX journey.

A majority of organizations have already gone beyond 50% of the effort in IT Modernization. The key is to work on other areas as well.

### IT Transformation Areas

- **IT Infrastructure Hardware Modernization**: 51% currently well underway, 38% currently in process
- **Standardization / Simplification of systems and software in use to reduce complexity**: 38% currently well underway, 47% currently in process
- **Governance processes to improve data controls and reduce security risk**: 31% currently well underway, 46% currently in process
- **Governance processes to insure business DX leverage of IT capabilities**: 30% currently well underway, 40% currently in process
- **Virtualization of data center resources (storage, memory, server nodes, network i/o, virtual OS images, etc.) to enable deployment from a pooled ...**: 30% currently well underway, 36% currently in process
- **Integration: steps to expose / rework critical legacy applications and data to innovative, cloud-native front ends e.g. RESTful modules**: 30% currently well underway, 44% currently in process
- **Reorientation / Retraining of Dev Ops to enable cloud native application building**: 28% currently well underway, 45% currently in process

Q2. Please indicate whether your organization’s ITX program has targeted substantial transformations in the following areas.

Source: IDC’s Global ITX Survey, Nov 2017, n=1,008
Benefits of IT Transformation

Companies that are quick to modernize their infrastructure:

- Free up IT budgets for innovation by **32%**
- Make IT operations more efficient by **35%**
- Lower infrastructure costs **23%**
- Reduce revenue loss of unplanned outages/downtime by **69%**

Source: IDC ITX Business Value Research, 2017
Organizations with more established ITX practices also benefit from faster time to market.

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ITX oriented orgs experienced a 30% reduction in time for both major enhancements to current applications, and new applications/new logic.

With faster time to market, organizations with more modernized IT have:

- 12X the ability to use it to drive business innovation, agility and competitive advantage.
- 2X the revenue growth rate of non-modernized orgs.

Products that are out faster amount to incremental revenue gains of 20% by year 5

Source: IDC’s Global ITX Survey, Nov 2017, n=1,008
ITX: Launch Point for the Next Wave of Smart Innovation

ITX leaders are:

6 TIMES MORE LIKELY
to leverage integrated analytics, artificial intelligence, and/or cognitive computing to achieve digital business goals.

Q5c. Does your organization currently use or is it planning to use Artificial Intelligence and/or Machine Learning in IT operations planning and management? Source: IDC’s Global ITX Survey, Nov 2017, n=1008
**Overcoming Technical Obstructions to ITX**

Most organizations don’t have the luxury of starting each new project with a fresh new approach to IT. Technology, data, and processes must be integrated into the existing IT framework.

This integration often creates friction, and requires a coordinated approach. Here are the top pitfalls along the ITX journey, related to how existing technology hinders progress:

**Top rated obstructions to ITX (% of respondents)**

- **44%**  
  Redundant systems and duplicate clouds.

- **40%**  
  Lack of adequate business continuity capabilities (data protection).

- **40%**  
  Multiple management systems for each aspect of the datacenter (IT infrastructure, network/ connectivity, building management system, DCIM) and no ‘single version of truth’ in datacenter resource management.
Overcoming Organizational Obstructions to ITX

The power of people can’t be underestimated in the journey to ITX.

Established (and often unwritten) organizational structures and an inability to overcome internal siloes of control often inhibit positive change:

Top obstructions (% of respondents)

44% Lack of visibility into total costs and performance needs associated with projects make it difficult to make decisions on whether it is better to use a service provider or on-premises resources.

43% Limited coordination or communication between business leaders and the IT organization supporting these projects or initiatives.

42% Difficulty coordinating or planning for resource needs across organizational domains of IT, network, and physical datacenter resources.

Q12. Please select which of these organizational obstructions to DX prevail at your enterprise?
Source: IDC’s Global ITX Survey, Nov 2017, n=1008
Lower Technical Debt and Get Ready for ITX

Interested in learning more about the benefits of reducing technical debt?

Click here to download the IDC white paper: “Technology Impact of ITX,” sponsored by Dell EMC and Intel.

Click here to download the IDC white paper: “The Business Impact of IT Transformation,” sponsored by Dell EMC and Intel.