IT Productivity: Integrating and enabling the corporate workspace

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A day in the ‘Midmarket.biz’ office

Each Monday, Fran, the IT director for Midmarket.biz, takes a minute to focus on a piece of paper beside her desk. It contains three highlights from a conversation Fran had with Midmarket’s CEO before the last all-hands meeting.

“IT is a source of innovation,” it reads across the top. A few inches further down the page, in 36-point type, is the second line: “IT is a critical source of competitive advantage.” Near the bottom, a third line says “We must match and exceed the pace of change in our industry – and that change is driven by technology.”

Fran believes in these statements – at least in the abstract. And she is uncomfortably aware that at the end of the meeting, she promised the CEO that she would present a plan describing how Midmarket’s IT department would deliver on these objectives. The quarter had now dwindled to less than a month...but on this Monday morning, as with so many others, strategic goals are sideswiped by the tyranny of the immediate. A stream of URGENT! emails, each with its own “High importance” red exclamation point at the left edge of the screen, has filled Fran’s inbox. A quick scan shows that there are four “URGENT” issues that require attention:

- Joanne, the creative director, is frantic. Her team just received six high-power workstations, which are needed for an overdue marketing site update – but there’s been an issue with the configuration, and the team can’t access either the applications or the directories they need to launch the week’s work. Fran remembered that Edward, the newest member of the team, had been struggling with the set-up on Friday. She had wanted Edward to start building rapport with the user groups, but now, a senior staff member would need to spend a day diagnosing and resolving the problems.
• JD, the head of engineering, also has a file access ‘situation,’ but this one has nothing to do with configuration: the disk array dedicated to the group stopped being intermittent and graduated directly to dead. Operations had been looking for budget for either a service tech visit or a replacement array, but both requests were tied up in finance. “Do we even have a maintenance contract on that – and if so, who is it with?” Fran wondered, paging further down her screen...

• Four messages in a row told Fran that Kyle, the ‘fix-it’ guy for sales and marketing, needed a fix-it resource of his own. Somehow, in the course of a weekend, Kyle managed to leave his phone ‘somewhere,’ and split his laptop in half after an unfortunate collision with a car door. Without either device, Kyle can’t connect with customers – though somehow, he’s managed to maintain the ability to send every-20-minute requests for replacement and repair updates, demanding that his hard drive be transplanted immediately into an up-to-date chassis.

• Meanwhile, Rick has a problem, and both he and a member of the senior leadership team are looking for answers. Someone in business development convinced everyone involved in a new development project that the building site should incorporate a state-of-the-art edge data center. Today is launch day, but there’s a glitch: Rick’s team can’t connect with the project partners for the kick-off meeting. Jimmy, the ops manager, thinks that the problems might trace back to the hypervisor, but warns that it might be some hours before the issue is isolated and resolved.

The names of each of these employees are fictitious, as is the “Midmarket.biz” company. The scenarios, though, will be familiar to anyone who works in an office environment. Configuration problems with client devices or in the data center, broken or lost laptops, failing system gear… all are regular occurrences in a midmarket firm. These kinds of issues derail employee productivity inside and outside of IT every day – and they derail as well the aspiration that midmarket firms have of positioning IT as a source of innovation and a means of developing the competitive edge needed to keep pace with deep-pocketed enterprises and nimble start-ups that are looking to carve away at Midmarket’s market position.

A quick primer on scarce resources

What is the common thread in the scenarios above? In each case, the IT department dedicated staff to repetitive, mundane tasks. In most of the examples, performance problems required rework, which consumed additional resources that had to drawn away from other priority activities. But even if each task had gone perfectly – even if the set-up and configuration had been flawless, and staff had been ready to repair broken laptops or DOA disk drives immediately – Fran would have been unable to help management understand where and why IT can contribute to innovation and competitive success.

To be fair, this problem isn’t unique to Midmarket.biz. IT professionals like to say that 80% of their time is consumed by tasks that aren’t a source of differentiation – the repetitive functions, like set-up and configuration and support, that are entirely necessary but which don’t contribute to an edge in efficiency,
market reach or profitability. Most will admit that assigning even 20% of time to new initiatives is optimistic; often, IT departments are so preoccupied with a mix of ‘keep the lights on’ and ‘new but mandated’ tasks that they have less than 10% of time available for high-value, new initiatives. This doesn’t stop senior executives (like Fran’s CEO) from seeing IT as a source of innovation and expecting it to deliver competitive advantage – but it does constrain Fran’s ability to make good on these expectations.

Staff resources by the numbers

Let’s try to break down Midmarket.biz’s situation by the numbers. Firms like Midmarket have limited IT staff resources: globally, businesses with 100-249 employees have an average of 5.6 IT staff members, and organizations with 250-499 employees have an average of 9.7 IT employees.

Figure 1. What does one midmarket IT staff member support?

A staff of six – or ten – might be able to respond to Joanne, JD, Kyle and Rick in time to make Monday afternoon productive. But midmarket IT resources have responsibilities well beyond rapid response to
trouble tickets. As Figure 1 shows, IT employees in smaller midmarket businesses (100-249 employees) support an average of 23 employees, and 26 desktops and notebooks, while IT staffers in larger midmarket firms (250-499 employees) support an even greater workload: an average of 33 employees, 31 client devices, plus 1.3 servers used by the business. The most telling statistics in Figure 1, though, concern revenue. Smaller midmarket firms average $6.3 million in revenue for each IT employee; this jumps to $9.5 million per IT staff member in larger midmarket firms. As the Midmarket.biz example shows, businesses rely heavily on IT services for both ongoing service delivery and as a source of new activity – and as this data demonstrates, a hiccup in IT service delivery could have a dramatic impact on the financial success of a midmarket business.

We are all IT companies

Traditionally, there has been a distinction between “IT companies” – firms that build or deliver hardware, software or integrated IT solutions – and the firms that use IT to support business operations. A global survey conducted by Techaisle finds, though, that organizations are increasingly reliant on IT as a core capability in their businesses. As Figure 2 shows, 97% of midmarket businesses have become more dependent on technology over the past three years. IT delivers enormous productivity, efficiency, reach and related advantages – but these benefits aren’t always readily accessible to midmarket firms with limited resources. The complexity associated with advanced technology can discourage firms from investing in new technologies – to the extent that 61% of midmarket firms admit to ignoring technologies even though they may be useful to the business. And the issue is unlikely to disappear in the future: more than half of midmarket firms believe that technology adoption is becoming more difficult.

Figure 2. Increased dependence on technology – and increasing difficult in adopting advanced solutions

| % Midmarket Firms have become more dependent on technology than in the last 3 years | 97% |
| But IT is evolving so fast and in such uncertain ways that it adds to the business pressure | 72% |
| find technology becoming more complex creating adoption inertia | 61% |
| are ignoring some technologies even though they may be useful | 54% |
| find technology adoption related pain points have increased |  

Source: Techaisle global survey of 2075 midmarket (100-499 employees) businesses
It takes a village

The data presented above demonstrates that midmarket businesses—organizations that are seeking to keep pace with global enterprises boasting far more extensive IT resources—are increasingly reliant on technology but have a limited pool of skilled IT staff members capable of delivering the services that their operations require. Are midmarket firms doomed to fall behind their larger peers—constrained, as Figure 2 suggests, by their inability to adopt useful solutions?

Techaisle research shows that many midmarket firms are making extensive use of external services—IT services delivered by suppliers, rather than internal staff—and that use of service suppliers correlates directly with IT sophistication. Techaisle’s research divides midmarket operators into three groups: basic IT or firms that are “focused on delivering core IT capabilities to internal users, but lack ability to expand into more sophisticated applications and technology categories;” advanced IT, businesses that have “progressed beyond core applications and are actively working with more sophisticated solutions;” and organizations with enterprise IT operations, in which “IT itself is run a business, providing enterprise-grade support to all aspects of the organization. Roughly 60% of firms in the more sophisticated groups (Advanced and Enterprise) use managed services today, as compared with less than half that number for organizations that have only “basic IT.” And even those that aren’t already capitalizing on external services are moving in that direction: more than half of sophisticated IT user organizations who are not currently using managed services plan to do so in the near future.

The reasons for this intense (and growing) interest in service delivery are both varied and compelling. The top two issues, as shown in Figure 3, are “to keep IT costs under control” (49%) and “improve security” (38%).

Looking past these issues, though, we see a number of responses that tie to the need to offload repetitive, low value activities. “Improve IT management processes and working practices” (26%) is the third most common answer gleaned from Techaisle’s survey of more than 2000 midmarket firms. The next most common response, “identify and fix problems before they occur” (25%), speaks directly to the need for support services that focus on preventing failure (such as the disk system crash that affected Midmarket.biz’s engineering group) and maintaining productivity. The objectives of “achieving greater control over the IT environment” (24%) and “reducing business and IT risk” (23%) also reflect objectives that are achieved, at least in part, through effective and proactive support offerings. Several additional items—“optimize availability and performance, while maintaining downtime,” provide predictability of performance, user experience and cost, and “better response time to IT problem resolution”—re-emphasize the global demand for better and more efficient handling of important-but-routine IT tasks.
The message from this data is clear: supplier delivered services positively impact both the quality and economics associated with repetitive IT tasks.

Q: Fran’s CEO has identified the ability to keep pace with change as a key objective in Midmarket.biz’s business. Should she invest in supplier-delivered services that cover routine tasks like set-up, deployment and maintenance to free up scarce cycles for higher-value activities?

A: If she doesn’t, which route will Midmarket.biz go – will they hire suppliers to tackle more advanced functions (relegating the internal staff into low-value niches, and weakening the link between corporate IT and innovation and competitive advantage), or will Midmarket simply ignore potentially-useful advanced solutions?

Hidden near the middle of Figure 3 is an item that should give pause to those – like, presumably, the person in Midmarket’s finance group who is holding up approval for a support contract – who don’t understand the benefit of investment in external suppliers of deployment/configuration and maintenance services: keeping pace with technology changes. Nearly 20% of survey respondents identified access to supplier-delivered services as an important contributor to building the capacity to evolve at or ahead of market norms.

Figure 3. Reasons for using managed services delivered by outside suppliers

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To keep IT costs under control</td>
<td>54%</td>
</tr>
<tr>
<td>Improve Security</td>
<td>51%</td>
</tr>
<tr>
<td>To Reduce business and IT risk</td>
<td>49%</td>
</tr>
<tr>
<td>Keeping pace with technology changes</td>
<td>44%</td>
</tr>
<tr>
<td>Improve IT management processes and working practices</td>
<td>37%</td>
</tr>
<tr>
<td>Disaster recovery and business continuity</td>
<td>35%</td>
</tr>
<tr>
<td>Strong need to identify and fix problems before they occur (proactive management)</td>
<td>31%</td>
</tr>
<tr>
<td>Achieve greater control over IT environment</td>
<td>25%</td>
</tr>
<tr>
<td>Enhance system management capabilities</td>
<td>24%</td>
</tr>
<tr>
<td>Provide predictability of performance, user experience &amp; cost</td>
<td>20%</td>
</tr>
</tbody>
</table>

*Source: Techaisle global survey of 2075 midmarket (100-499 employees) businesses*

Collectively, the data on services paints a clear picture. IT departments in midmarket firms are under intense pressure, with business demands outstripping available staff cycles. Redundant tasks that offer no prospect of competitive advantage consume a majority of time, and – given the realities of scarce
resources—often serve as a drag on innovation. Companies that don’t find a way to navigate around this disconnect risk being left behind by larger competitors, and potentially, by more agile upstarts as well. And in response, midmarket companies are turning to external service suppliers to bridge the gap between needed and on-staff capabilities.

Revisiting Midmarket.biz

After reviewing the opportunities and constraints, what might be happening with the team at Midmarket.biz if IT and business management had established supplier relationships? Monday morning’s unexpected issues would have unfolded much differently:

- Because the workstations would have arrived fully configured and tested, Joanne’s would have been able to start on the new marketing website, and any delays would have been due to ‘creative differences’ rather than application or directory incompatibilities.

- JD’s disk array issues would have been identified by proactive maintenance monitoring weeks ago—before the device got to ‘intermittent,’ let alone ‘dead’! The engineering group which had been working on production designs for a new set of components, would be prepared for Thursday’s client meeting.

- Kyle’s laptop would have been covered by a same-day maintenance contract that included a provision for retaining his hard drive after replacement. Meanwhile, his smartphone data image would have been maintained in a secure location and could have been uploaded whenever he obtained a new device.

- The edge data center specified by the business development exec would have been live well before Rick and his team arrived; by using external professionals to install and configure the new servers and to manage network integration, Midmarket would have avoided the hypervisor hiccup, and Rick would have been able to launch on schedule.

Fran may not have had an easy time winning support for this approach: it is harder to quantify the value of problems that are avoided than to show the need to invest in fixes after issues arise. But by working with the executive team to develop a shared plan for IT-enabled success, Fran may have migrated repetitive tasks to suppliers, freed up more time for her team to work on new, higher-value initiatives—and perhaps, even carved out some individual time to draft a response to her CEO.
About Techaisle

Techaisle is a global SMB IT Market Research and Industry Analyst organization. Techaisle was founded on the premise that Go-to-Market strategies require insightful research, flexible data, and deeper analysis. Understanding the value of data consistency across markets to inform strategic planning, Techaisle has remained holistic in its approach to Insights and provides globally consistent SMB and Channels analysis across geographies. To achieve its objectives Techaisle conducts surveys with SMBs and channels to understand market trends, opportunities, buying behavior, purchase intent, and IT priorities. Besides covering emerging technologies such as SMB cloud computing, managed services, mobility, social media usage, virtualization, business intelligence, big data, collaboration, networking its channel research coverage provides in-depth understanding of resellers and channel partners globally. Techaisle’s insights are built on a strong data-driven foundation and its analysts are conversant with both primary research and industry knowledge, which is a rare combination. Techaisle offers its clients: Syndicated Research, Custom Primary Research, Consulting Engagement, Competitive Intelligence, and Segmentation. For more information, visit www.techaisle.com

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