

Unlocking the Power of Digital Transformation: Freeing IT from Legacy Constraints

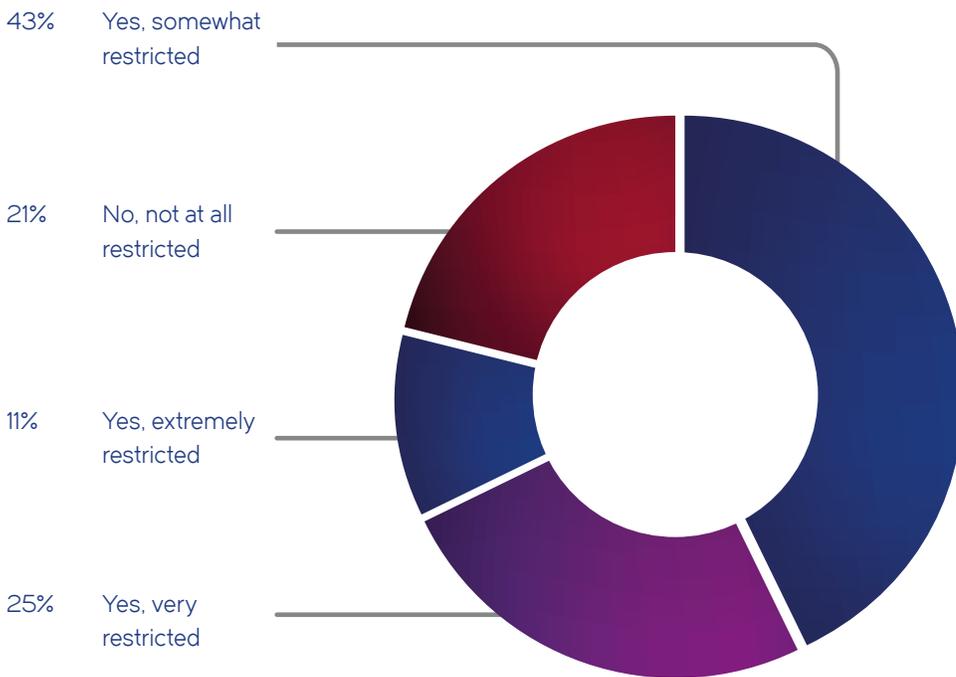
A global study from Brocade, “Unlocking the Power of Digital Transformation: Freeing IT from Legacy Constraints,” reveals that businesses are missing opportunities to unlock innovation more effectively due to legacy technology and historical misperceptions about the role of IT departments.

The study examines the current state and perceptions of IT departments in the UK, US, Germany, Singapore, France, and Australia. It reveals that daily tasks such as maintaining data security/privacy and legacy systems take so much time that opportunities to innovate and transform are being missed in many businesses. Here we present the highlights of the study.

In recent years, an increasingly dynamic technology environment has resulted in organisations needing to be more fluid with their uptake and deployment of technology. The IT department is crucial to this. The modern dynamic technology environment offers a wealth of digital transformation opportunities for organisations, but only if the IT department can effectively and efficiently overcome restrictive legacy technologies.

As such, the vast majority (87%) of IT Decision-Makers (ITDMs) interviewed report that their organisation is adopting digital transformation strategies. An even larger proportion (94%) say that their organisation's CIO and IT managers feel that it is important to adopt digital transformation in order to achieve business objectives. However, IT departments are likely to spend large proportions of their time maintaining data security (73%) and legacy systems (63%) which will restrict the time they have available to digitally transform their organisation.

Implementing digital transformation is not always a simple process. Almost four - fifths (79%) of those surveyed state that their organisation is restricted in its ability to support digital transformation.

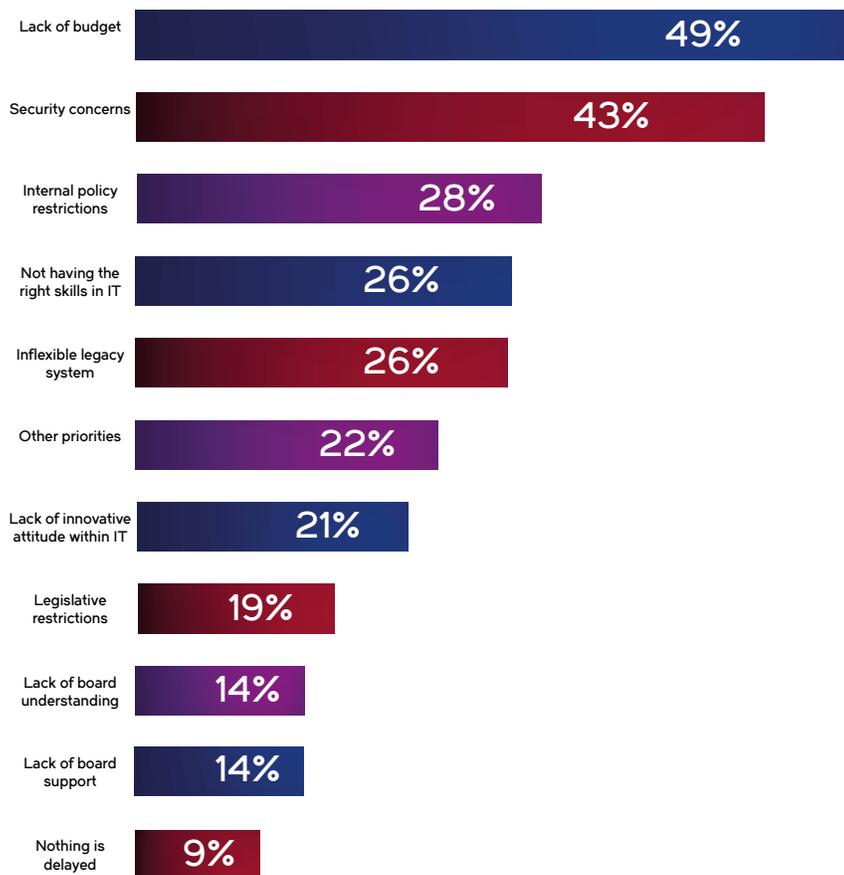


¹ Figure 1: "Do you feel that the IT department in your organisation is restricted in its ability to support digital transformation?" asked to all respondents (630 respondents)

The IT department could be key to digital transformation for organisations. Nearly all respondents (97%) recognised the IT department as important to enabling the organisation to innovate and grow. The IT department's goals tend to support this too, with slightly more than four in ten who say that the innovation of IT services (44%) and the introduction of new technologies (42%) are the most important factors in their IT team's KPIs.

Despite the potential for innovation that the IT department has, more than four in five (84%) of those interviewed believe that the CIO and IT management in their organisation feel limited in how much they can innovate. Almost half (46%) of respondents state that their IT department is perceived as not being able to deliver on some business needs.

There are clearly challenges for the majority of IT departments in meeting their organisation's business needs; nine in ten (91%) respondents report that there are issues preventing their IT department from delivering on current business demands immediately.

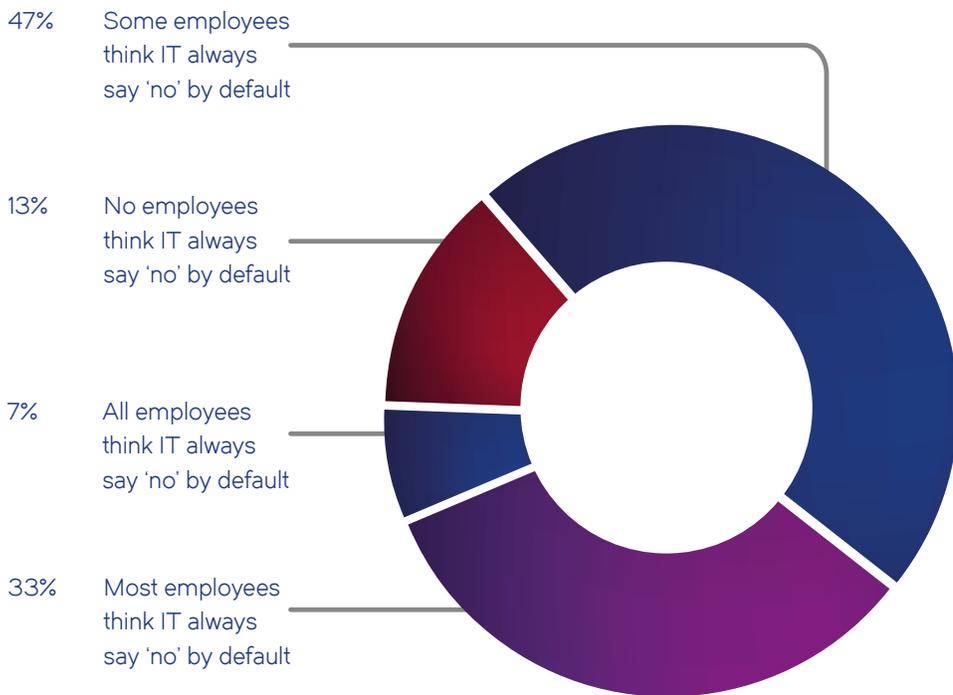


² Figure 2: "Which of the following are delaying the deployment of new technologies, business processes and systems in your organisation?", asked to all respondents (630 respondents)

This can cause concern across businesses. Nearly three-quarters (72%) of surveyed IT decision makers feel frustrated that the IT department cannot readily deliver what is demanded by the business.

But, the IT department can still be highly influential in driving organisations. Around seven in 10 respondents report that if the IT department had the opportunity to be more flexible in its approach and use of technology then organisations could increase their revenue (72%) and decrease their costs (70%). Of those who expect a revenue increase or cost saving, a 12% increase in revenue and 10% decrease in costs over the next 12 months was predicted, which shows the potential benefits to organisations' bottom line.

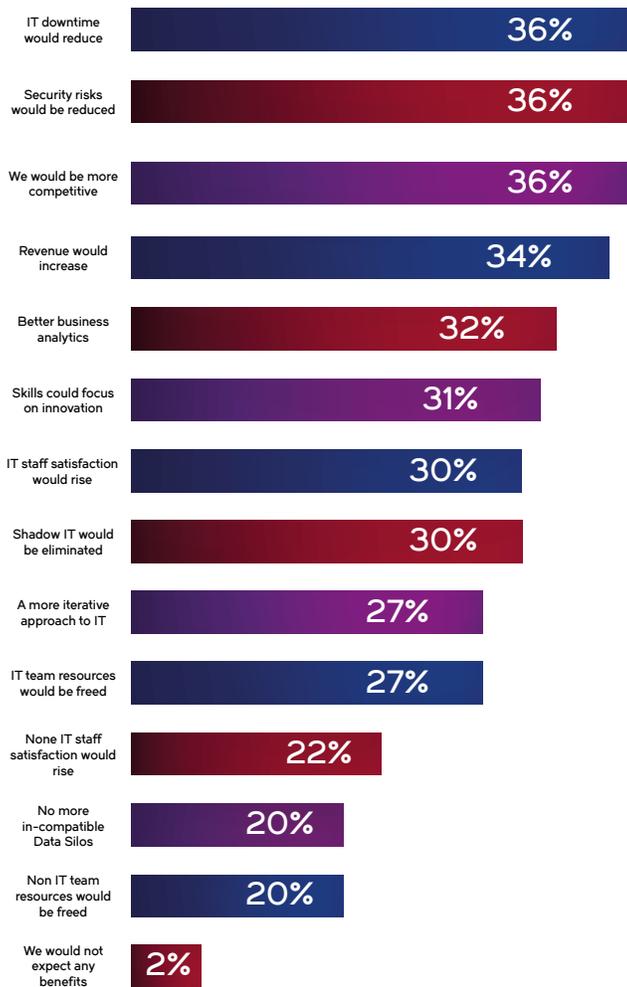
However, there is still a negative perception around the attitude of IT departments. Almost nine in 10 (87%) of those surveyed feel that at least some employees think that the IT department always say 'no' by default. This perception is, at least in part, being caused due to legacy infrastructures holding back IT departments and businesses. If organisations are able to utilise modern technologies then the IT department might be able to say 'yes' more in an era of digital transformation.



³ Figure 3: "Do you feel that employees in your organisation think that the IT department always say 'no' by default?". asked to all respondents (630 respondents)

Around nine in 10 (88%) respondents state that there have been situations in the last year where their IT team has had to defer or decline requests that would have clearly benefited the business. Slightly more than half (53%) say that these situations resulted in missing short-term benefits and even more (72%) missed long-term benefits. Perhaps unsurprisingly, three quarters (77%) of respondents report that IT leaders in their organisation get frustrated with saying 'no' or 'not yet' to the business.

However, the IT department can still play a valuable role in their organisation's success. If the IT department were always able to say 'yes' to requests from the business, then almost all (98%) respondents would expect to see benefits. A variety of benefits would be expected, with around a third of respondents who would expect the business to be more competitive (36%), skills to be more focused on innovation (31%), and the elimination of shadow IT (30%).



³ Figure 4: "If, in an ideal world, your organisation's IT department were able to always say 'yes' to requests from the business, what benefits would you expect to see?", asked to all respondents (630 respondents)

In summary

Organisations are looking to digitally transform, innovate and adopt new technologies, and IT teams are generally seen as critical to innovation. However, in many cases, CIOs and IT management do still feel that they are limited in how much they can innovate and they are spending large amounts of time maintaining legacy systems. This is likely to cause organisations' digital transformation to be slowed and could leave them lagging behind their competitors.

IT departments are facing challenges that prevent them from immediately delivering on current business demands. This can cause frustration across organisations and may ultimately result in organisations being limited in the technology that they can use.

These frustrations could be sparking the perception that the IT department tend to say 'no' by default. Although this doesn't always happen, the vast majority of respondents' organisations have missed out on benefits due to their IT department saying 'no' or 'not yet'. These missed benefits are likely to have had an impact on organisations' revenue.

Despite the challenges and perceptions that IT departments are facing, they could still help to increase their organisation's revenue and decrease costs if they were able to be more flexible with technology. In addition, if IT departments were able to say 'yes' more, then organisations could benefit overall, including being more competitive and being able to focus on innovation. This will also increase an organisation's ability to digitally transform overall.

Country differences

- Respondents in the UK are the least likely to say that their organisation is implementing digital transformation (73%, compared to 87% globally) and are the least likely to feel that it is important in achieving business objectives (82%, compared to 94% globally)
- Of those surveyed from the UK (58%) and France (60%), far fewer say that their organisation could increase its revenue if its IT department had the opportunity to be more flexible in its use of technology (compared to 72% globally)
- However, it is those in France (70%) who are the least likely to feel that employees in their organisation think that the IT department always say 'no' by default (compared to 87% globally)

Methodology

During March 2016, 630 IT decision makers were interviewed for this research. Respondents came from across the globe:

- US - 200 interviews
- UK - 100 interviews
- Germany - 100 interviews
- France - 100 interviews
- Australia - 80 interviews
- Singapore - 50 interviews

To qualify for the research, respondents' organisations could be from any sector, excluding the 'Other public sector' and their organisation had to have at least 500 employees.

IT decision makers were interviewed using an online methodology and a robust multi-level screening process was used to ensure only appropriate respondents participated in the project

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