

The Path to Digital Transformation: Where IT Leaders Stand

in 2024

Evolution in AI, cloud, cybersecurity and consumption has brought digital transformation to a critical juncture as IT leaders stack multifaceted initiatives across key technology areas in a bid to lock in desired outcomes.

In this ebook, we break down the leading priorities and challenges cited by today's decision-makers and offer insights on how to ensure a winning strategy.

About the survey

Total respondents:

400

Respondent profile:

Senior IT decision-makers at
U.S. enterprise organizations

Average company size:

15,609 employees

Field dates:

March 28, 2024 – April 11, 2024

Geography:

U.S.

Introduction

Decades ago, technology offered an add-on or upgrade — a fresh way to get things done. Now, it's the foundation. For the modern enterprise or agency, strategic success requires several moving parts across the IT landscape to fall into place, interlocking. It takes an orchestrated convergence of multiple critical technologies for an ambitious organization in the present day to realize desired outcomes.

In this year's Insight-commissioned digital transformation survey, conducted by Foundry, we see business goals like security, flexibility, efficiency and scalability shaping technology priorities and trends. At the same time, as key technologies evolve, we see decision-makers pivoting to prioritize the solutions that will help resolve top challenges and enable them to reach goals faster.

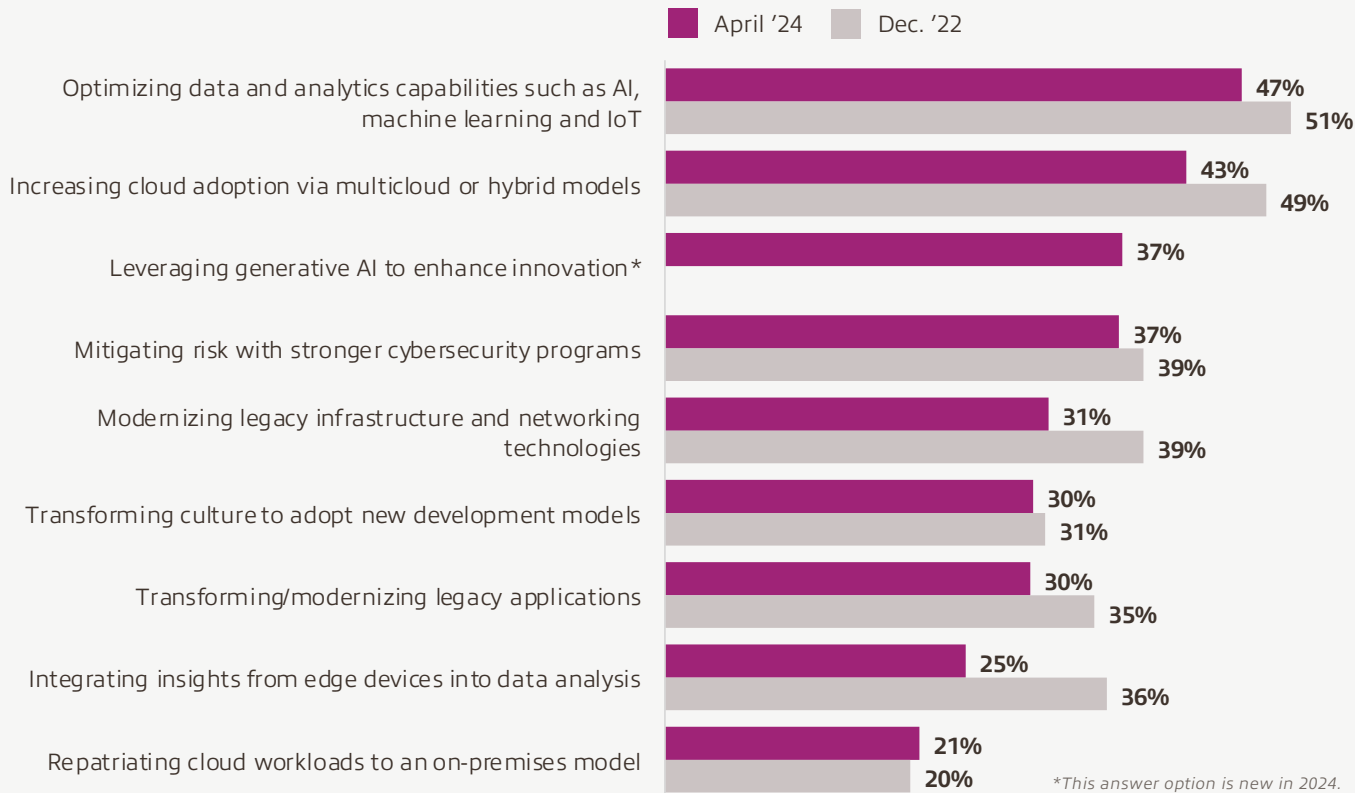
Familiar objectives and obstacles

Despite rapid changes in organizations' approaches to AI, cloud and other core technologies, priorities and pitfalls remain relatively unchanged since the last survey — and even the one before that.

As for top objectives, decision-makers continue to prioritize optimizing data and analytics capabilities (47%) and increasing cloud adoption (43%) for the third year running. Risk mitigation remains in the top four, as well, tied with generative AI — a new addition in the 2024 survey.

Top objectives to enable digital transformation

(select three)



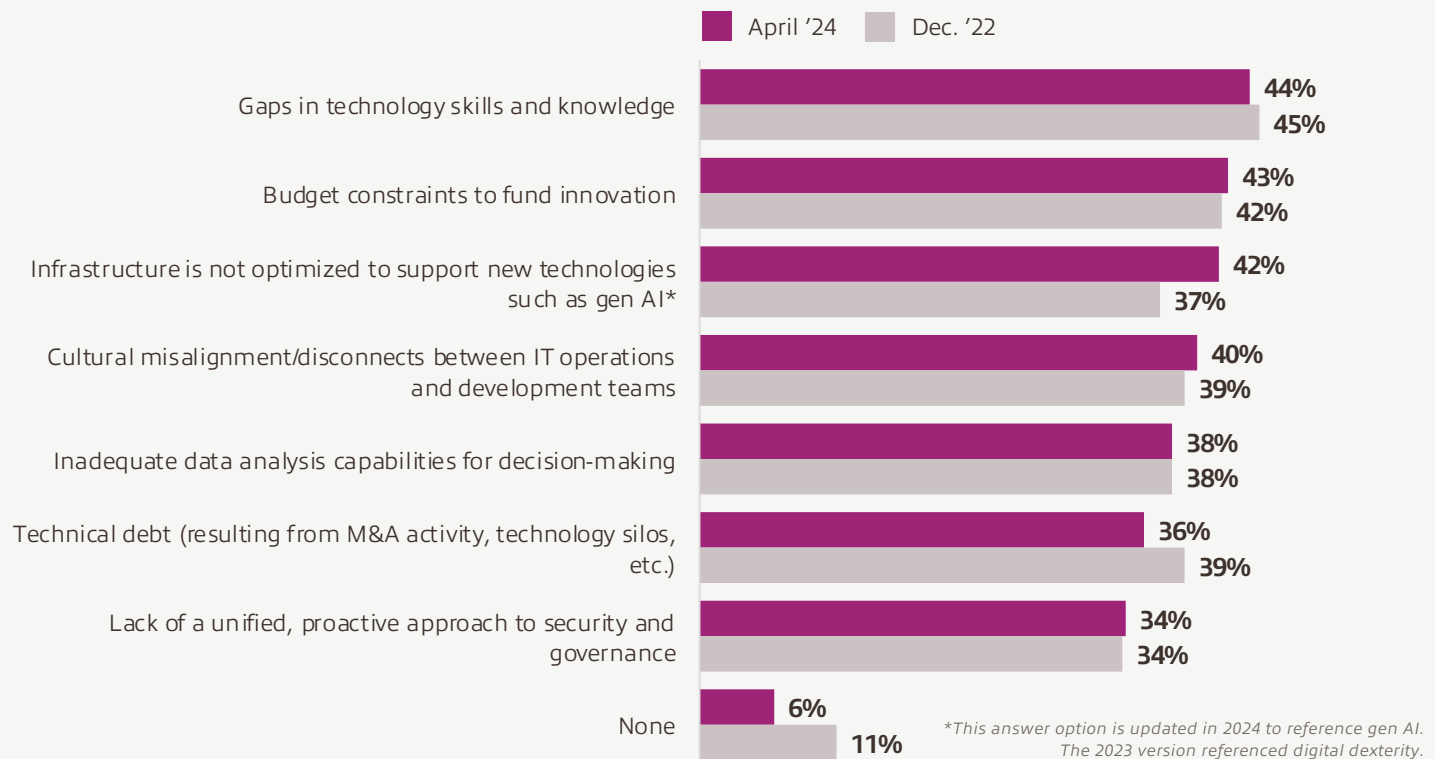
*This answer option is new in 2024.
Source: Foundry¹

The story around obstacles is similar:

Skills gaps (44%), budget constraints (43%) and inadequate infrastructure to support modern technologies (42%) continue to top the list of roadblocks inhibiting innovation.

Infrastructure and operational constraints inhibiting innovation

(select all that apply)



Source: Foundry²

Four focal points emerge in key findings.

Echoing organizations' top objectives, we found our most significant findings from this year's survey fit into one of the four following categories:



Furthermore, within each category, decision-makers have multiple initiatives in play. And, looking at the types of efforts underway, a theme emerges: **Broadly speaking, in 2024, adoption and acceleration are not primary concerns — decision-maker energy is now focused on tailoring IT solutions to meet the organization's overarching goals.**

#1

Customizing AI to match top use cases

#2

Strategizing workload alignment to meet cloud priorities

#3

Updating security strategies to address new concerns

#4

Increasing as-a-service adoption to improve performance

Read on to uncover which tactics have emerged as leading strategies for aligning technological capabilities and solutions to desired outcomes.

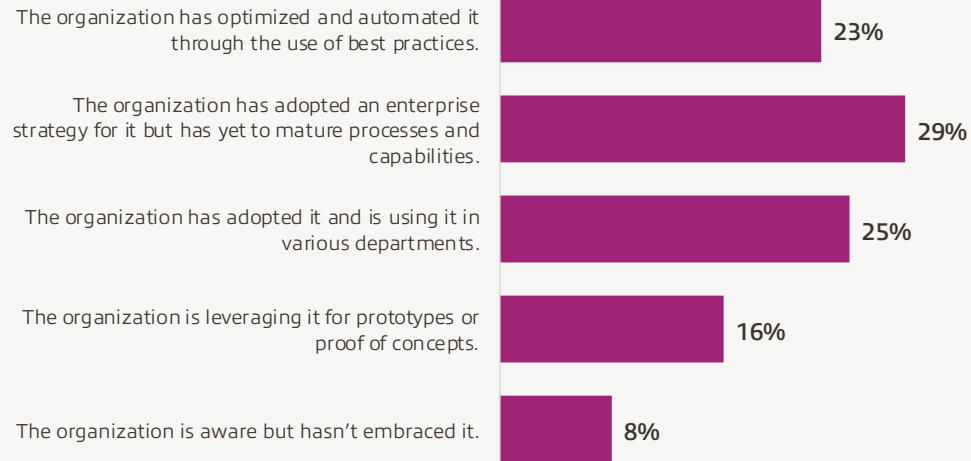


Section 1: Customizing AI to match top use cases

Unsurprisingly, given the recent rapid developments in the AI space, survey results show that nearly all decision-makers (92%) report their enterprises are leveraging or testing AI/Machine Learning (ML) technology.

We asked all respondents leveraging or testing AI to also cite their organizations' highest-priority AI use cases. Notice that data and analytics capabilities and risk mitigation feature highly, reflecting top digital transformation goals overall.

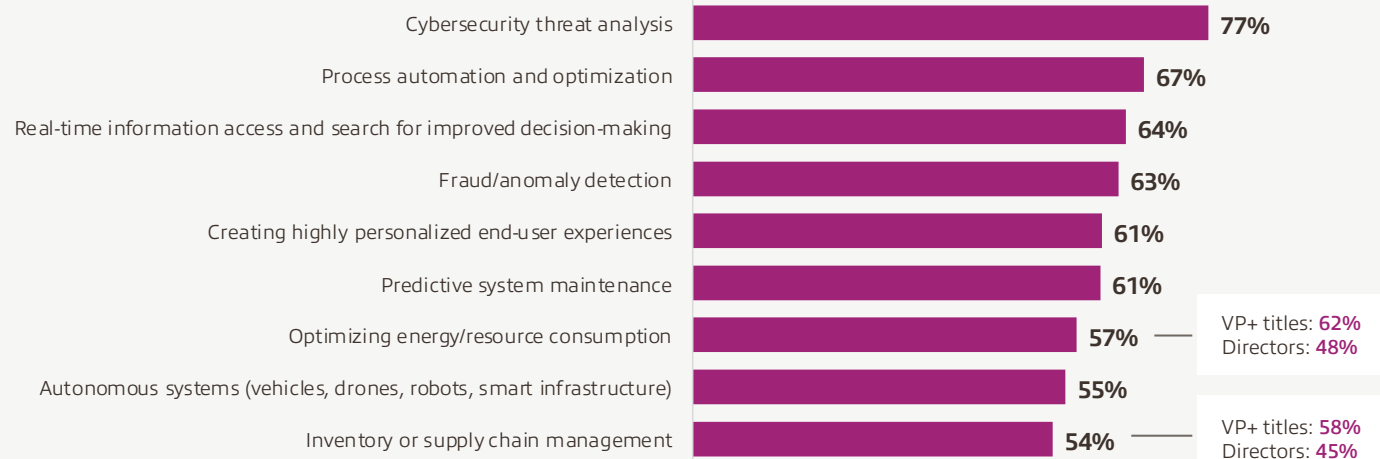
AI/ML adoption



Source: Foundry³

Importance of AI use cases: Top priority today

(among those leveraging or testing AI technology)

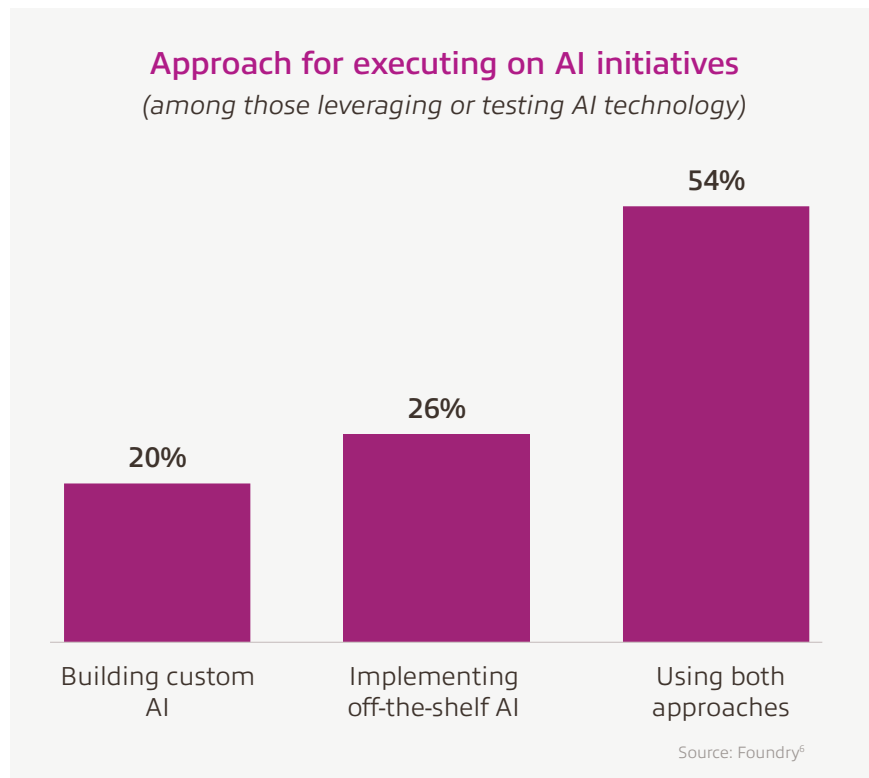


Source: Foundry⁴

³MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 16. Commissioned by Insight.

⁴MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 19. Commissioned by Insight.

And, while less than one-quarter of organizations say they have already optimized AI/ML,⁵ the intention to do so seems apparent, based on interest in custom AI solutions and AI Centers of Excellence (CoEs). **A full 74% of respondents reported they have focused time and budget on building custom AI tools**, either as a stand-alone approach or in conjunction with off-the-shelf tools.



Create, consume, adapt.

When it comes to AI adoption, there are three common approaches: create, consume and adapt.



For those who choose to create their own AI solutions (20% of survey respondents), this means building custom AI tools from scratch — a highly demanding and resource-intensive project.⁷



For those with less demanding AI use cases, consuming off-the-shelf AI offers many organizations (26% of survey respondents) a simple approach to faster AI adoption.⁸



For those seeking a more strategic balance of speed and simplicity plus tailored tool sets, the adaptive approach brings together the flexibility of custom AI and ease of off-the-shelf solutions to create something new. While it is possible that survey respondents who reported using both approaches are simultaneously but separately leveraging custom and off-the-shelf AI, the likelier possibility is that most of them are adapting off-the-shelf solutions with a custom AI tool and/or enhancing custom AI efforts with off-the-shelf offerings.

⁵MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 16. Commissioned by Insight.

⁶MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 17. Commissioned by Insight.

⁷Ibid.

⁸Ibid.

Not only do organizations plan to capitalize on AI through custom-built solutions, they are also realizing the importance of building an AI CoE. While less than one-third (29%) have already built an AI CoE, 62% are planning to or experimenting with doing so.⁹



An AI CoE allows organizations to remove team silos and accelerate AI impact.

What about generative AI?

Generative AI has played a considerable role in making AI more accessible in the last couple of years. Given its newfound accessibility and increased rate of adoption, we also wanted to find out how organizations plan to use generative AI to drive business value and innovation.

The top uses include:¹⁰



Data augmentation
(40%)



Intelligent search
(39%)



Personalized recommendations
(35%)

As IT leaders continue to pursue ways to drive more value from their organizations' data, priorities for AI — including generative AI — indicate increasing expectations for AI to help accelerate that value, empowering data-driven decision-making and innovation potential.

Supporting AI with scalable infrastructure

Making the most of AI requires flexible, scalable cloud and data infrastructures with the capabilities needed to support AI. While this year's survey does not offer direct insights into how organizations are aligning their cloud compute strategy to support AI, it does offer a high-level look at trends around hybrid cloud and repatriation. Given the interconnectivity between the facets of an organization's IT landscape, it seems highly probable that this need to support data-driven initiatives using AI and ML is at least one driver behind cloud optimization.

⁹ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 21. Commissioned by Insight.

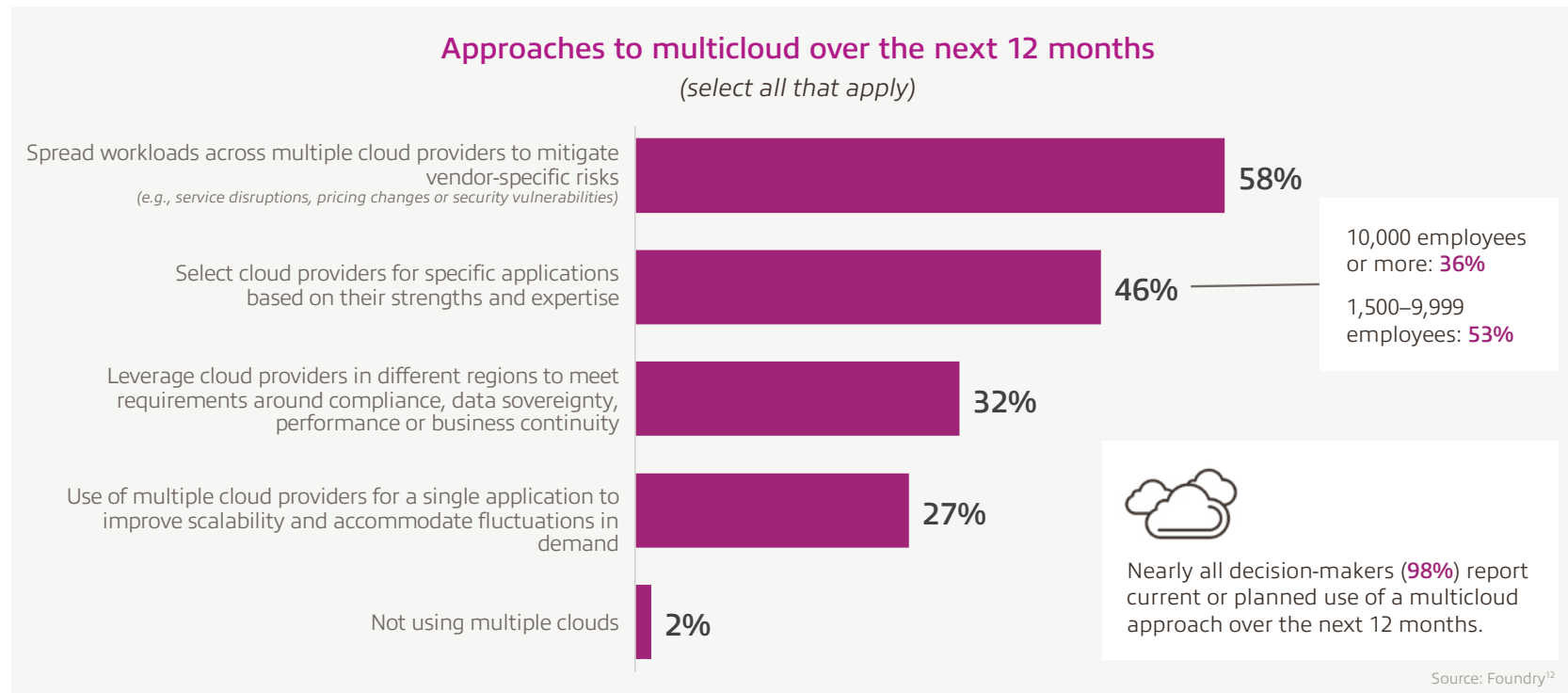
¹⁰ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 20. Commissioned by Insight.

Section 2: Strategizing workload alignment to meet cloud priorities

Cloud continues to lead as an enabler of modern infrastructure strategies. In fact, 54% of enterprise data, on average, resides in a public or hybrid cloud.¹¹ Offering scalability and flexibility, cloud (and hybrid and multicloud) platforms provide performance enhancements and capabilities that promote innovation. But, as survey results indicate, a cloud strategy can be difficult to fine-tune. Enter: repatriation.

Multicloud and the majority

Multicloud, especially, has gained traction: Nearly all decision-makers (98%) report current or planned use of a multicloud approach over the next 12 months. Rationale for this decision ranges from mitigating vendor-specific risks to taking advantage of vendor-specific expertise or locality.



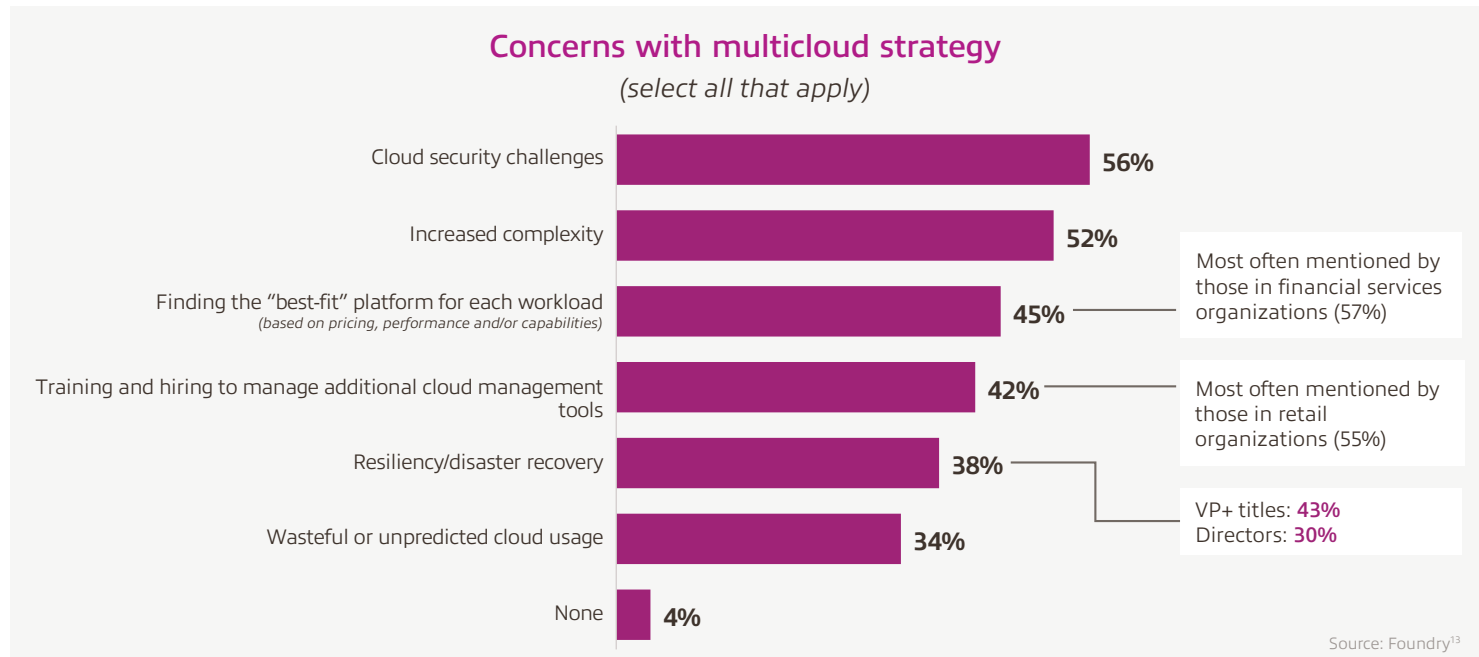
Especially as organizations tailor digital transformation to accommodate new capabilities and multiple efforts, and as hyperscalers invest in varying areas of specialization, multicloud is a smart strategy for balancing cost and performance while leveraging targeted expertise as needed.

¹¹ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 24. Commissioned by Insight.

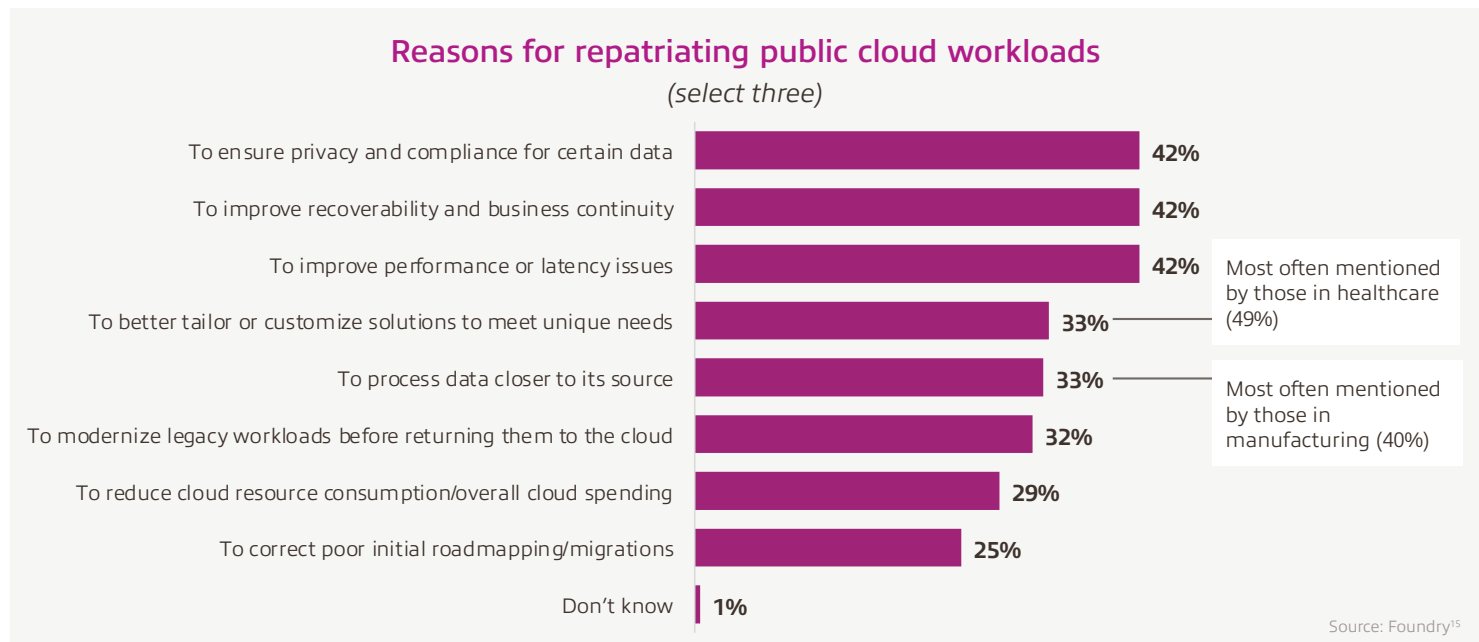
¹² MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 29. Commissioned by Insight.

SECTION 2: STRATEGIZING WORKLOAD ALIGNMENT TO MEET CLOUD PRIORITIES

Despite these advantages, respondents also cite drawbacks to multicloud, with security and complexity topping the list. Interestingly, training and hiring concerns crop up as well, echoing the most commonly cited pain point in pursuit of innovation: skills and knowledge gaps.



It seems similar challenges are cropping up in the public cloud space, as well, resulting in repatriation efforts. Nearly half (46%) of public cloud-based workloads will be repatriated (to an on-premises or private cloud environment) over the next 12 months.¹⁴ The primary reasons behind workload egress echo the top multicloud concerns, with risk mitigation and performance being key considerations.



¹³ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 30. Commissioned by Insight.

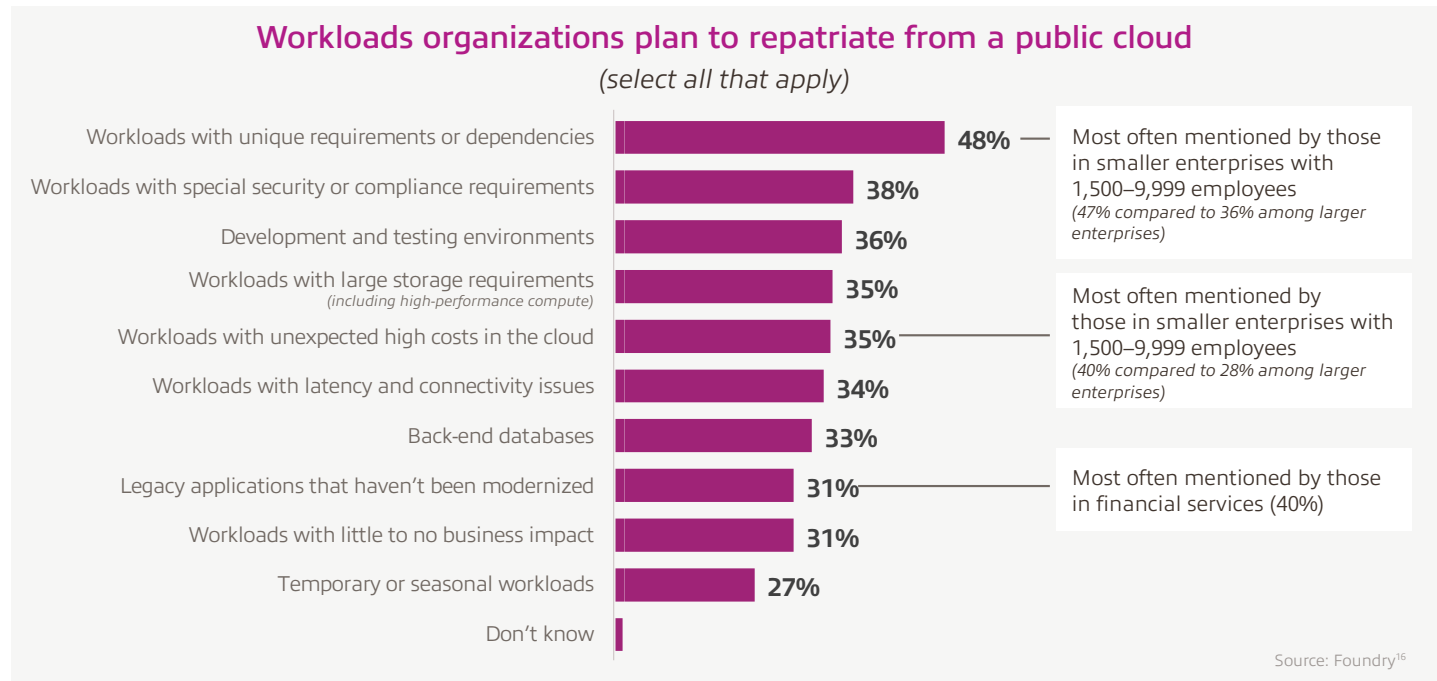
¹⁴ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 25. Commissioned by Insight.

¹⁵ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 28. Commissioned by Insight.

Restoring balance with repatriation

Repatriation allows organizations to take stock of the right location for a given workload and optimize that location to achieve a desired outcome, whether cost-efficiency, reduced latency, compliance or otherwise.

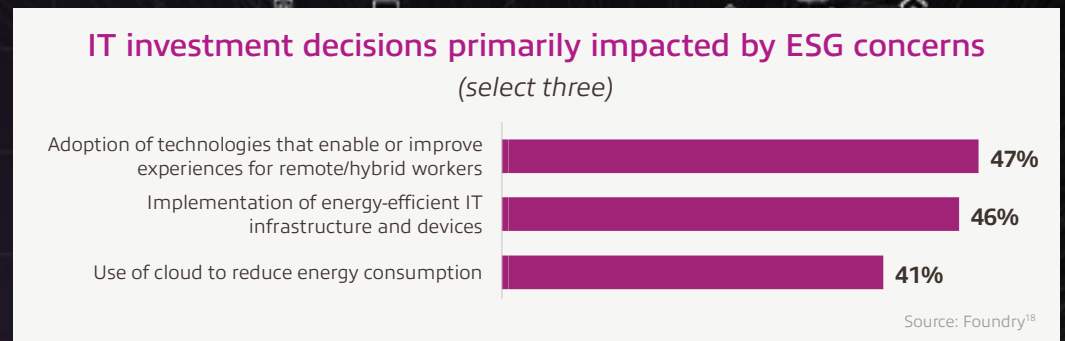
Most commonly, we see workloads moved to accommodate data privacy and support business continuity. Among workloads destined for repatriation, those with unique requirements or dependencies (48%) and those with special security or compliance requirements (38%) take the lead.



Considering the way security and risk mitigation continue to crop up in the cloud conversation, it's no wonder cybersecurity is a core focal point in this survey's key findings. Given the complexity of the multicloud landscape and the need to protect growing data volumes, it's not likely to diminish as a top concern anytime soon.

Reducing energy consumption with cloud

The majority (87%) of respondents indicate Environment, Social and Governance (ESG) concerns have a moderate to significant impact on IT investment decisions.¹⁷ Results show that, among IT investments impacted by ESG considerations, cloud ranks in the top three for its ability to reduce energy consumption:



¹⁶ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 27. Commissioned by Insight.

¹⁷ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 46. Commissioned by Insight.

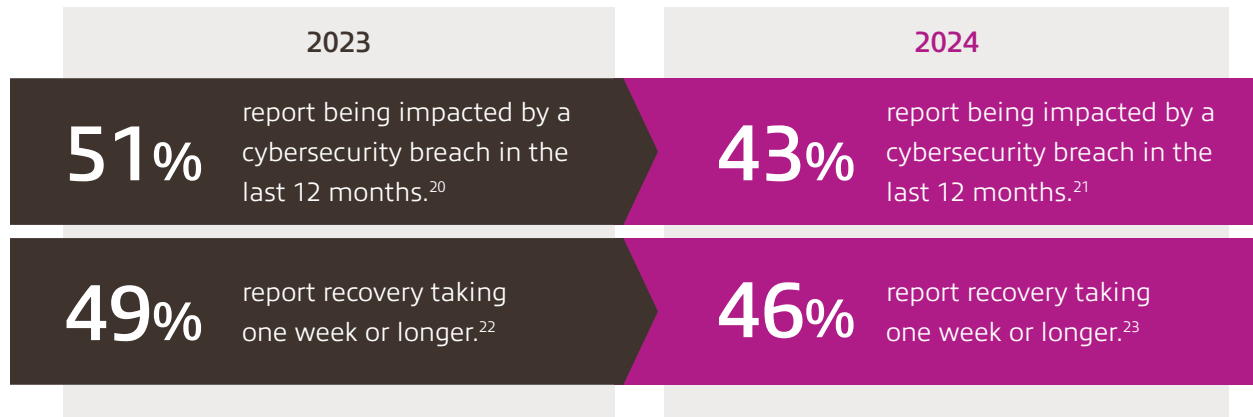
¹⁸ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 47. Commissioned by Insight.

Section 3: Updating security strategies to address new concerns

With the addition of widespread AI adoption across the technology landscape, decision-makers have grown increasingly uneasy about the potential for AI to assist malicious actors in executing cyberattacks. In fact, most organizations are already acting on the perception that AI will enable cyberattackers to do more harm, more easily: 89% of survey respondents say their organization is in the process of updating cybersecurity strategies in direct response to perceived increase in risk.¹⁹

Rates of incidents and recovery

Despite the perception of increased risk, survey respondents reported slightly fewer instances of cybersecurity breaches than in last year's survey.



11 days

was the average length of time to recover from the most recent cybersecurity breach.²⁴

¹⁹ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 39. Commissioned by Insight.

²⁰ MarketPulse Research by Foundry Research Services. (February 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 35. Commissioned by Insight.

²¹ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 37. Commissioned by Insight.

²² MarketPulse Research by Foundry Research Services. (February 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 35. Commissioned by Insight.

²³ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 38. Commissioned by Insight.

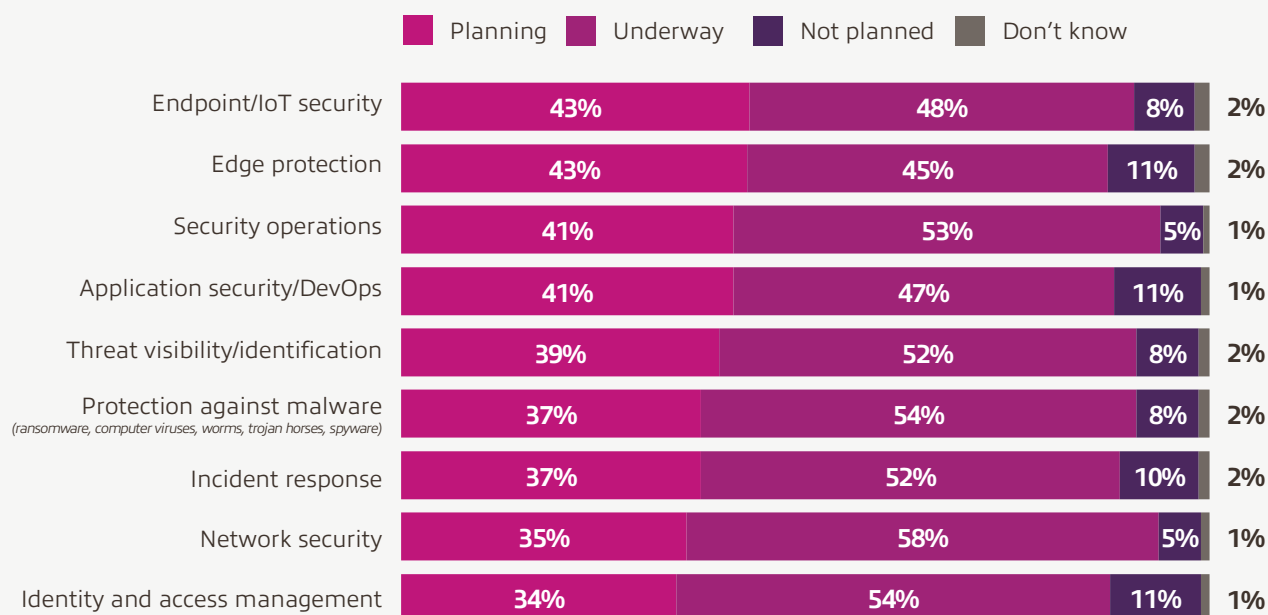
²⁴ Ibid.

From detection to protection

While 2023's survey indicated nearly half of decision-makers considered improved ransomware detection their top cybersecurity priority,²⁵ this year's top planned initiatives seem to shift the focus slightly, prioritizing protection over detection. Infrastructure security, especially, seems a primary concern, with planned and current efforts centralizing endpoints, the edge and the network.



Status of cybersecurity modernization objectives



Source: Foundry²⁶

Top security modernization priorities (as denoted by objectives planned and underway combined) include:

94%

Security operations

93%

Network security

91%

Threat visibility

91%

Endpoint/IoT security

91%

Protection against malware

²⁵ MarketPulse Research by Foundry Research Services. (February 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 36. Commissioned by Insight.

²⁶ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 41. Commissioned by Insight.

Fighting fire with fire

As we've navigated conversations around priorities and challenges in the last year, concerns around the use of AI for cyberattacks is matched by a growing interest in using AI to detect and protect against cyberattacks — fighting fire with fire.

In fact, threat analysis is considered far and away the highest-priority AI use case right now, with 77% of respondents who use AI noting it has become their organizations' top AI priority in the last 12 months.²⁷



Cybersecurity threat analysis is the most prioritized AI use case (77%).

Platform engineering supports data protection.

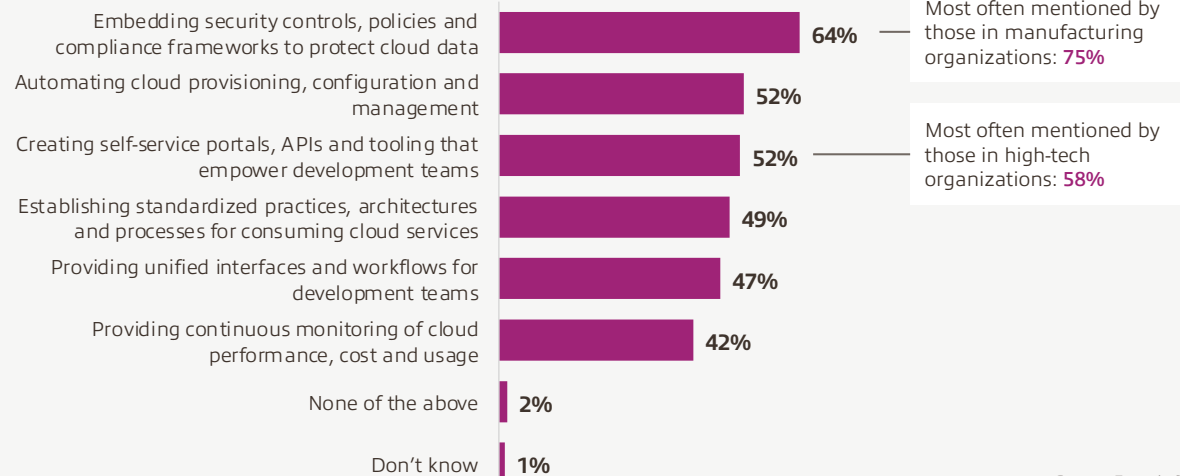
Platform engineering is a discipline intended to accelerate the developer's journey. It involves designing, building and managing the foundational infrastructure and tools that enable the development, deployment and operation of software applications and services.

86% of survey respondents report their organization has a team dedicated to platform engineering.²⁸

Asked in what ways platform engineering is accelerating their organization, survey respondents cited improved data protection as the primary benefit.

How is platform engineering accelerating your organization?

(select all that apply)



Source: Foundry²⁹

Addressing complexity

In the face of multiple threat vectors and growing privacy and compliance concerns, creating and maintaining an effective cybersecurity program continues to be a complex endeavor. As decision-makers lead in strategic efforts across data and AI, infrastructure and cybersecurity, perhaps delegating one or more aspect of the technology ecosystem to a trusted third party can help to relieve some of the pressure.

²⁷ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 19. Commissioned by Insight.

²⁸ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 43. Commissioned by Insight.

²⁹ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 44. Commissioned by Insight.

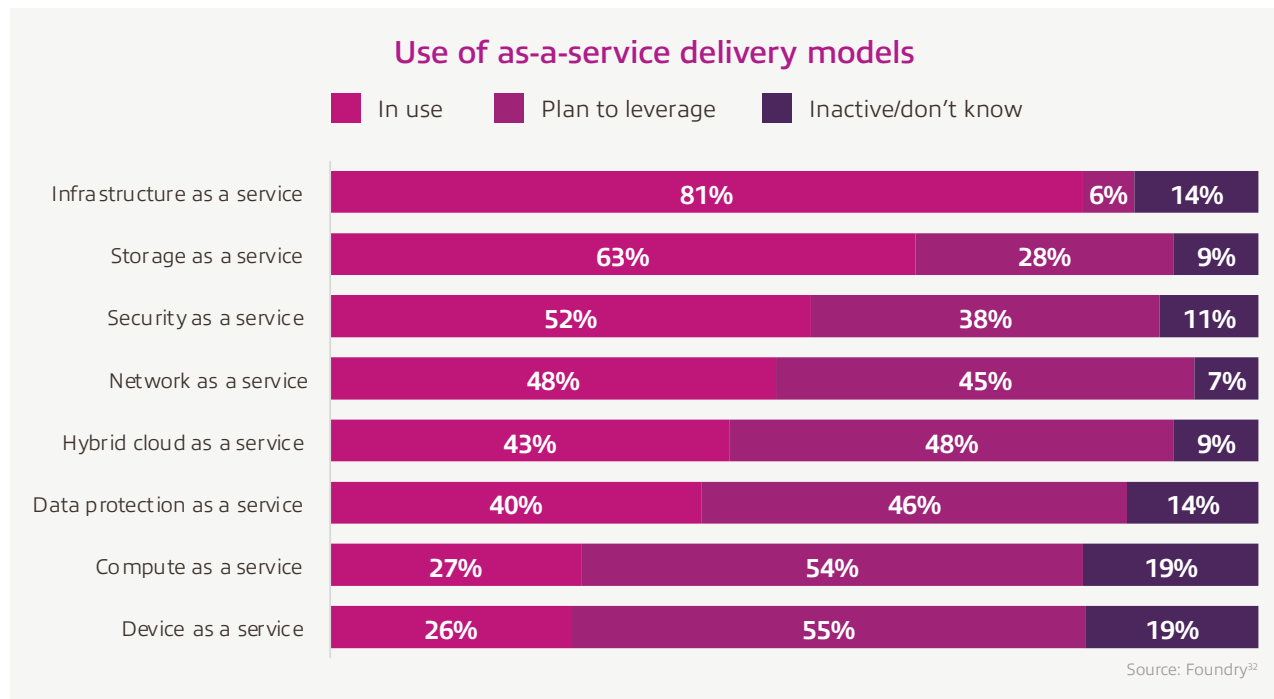
Section 4: Increasing as-a-service adoption to improve performance

Returning again to the top transformation objectives of 2024 — data capabilities, cloud infrastructure, generative AI, stronger cybersecurity — how are decision-makers to navigate this many high-priority initiatives a) simultaneously and b) independently?

The answer? They're not.

Accelerating as-a-service adoption

Reflecting the growing need for third-party support, the adoption of as-a-service solutions has skyrocketed in the last two years, increasing 50% or more in nearly every category. In 2022, 92% of respondents were increasing or planning to increase their use of as-a-service solutions.³⁰ In 2024, 96% are actively using one or more as-a-service delivery models — more than 80% are using three or more.³¹



Top as-a-service models in use:



Infrastructure as a service
(81%)



Storage as a service
(63%)



Security as a service
(52%)

³⁰ Marketpulse Research by IDG Research Services. (January 2022). The Path to Digital Transformation: Where IT Leaders Stand in 2022. Slide 24. Commissioned by Insight.

³¹ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 31. Commissioned by Insight.

³² Ibid.

Driving operational efficiency with Device as a Service (DaaS)

The average reported device lifecycle is roughly three years.³³ Given all that's involved between purchasing and procurement, monitoring and maintenance, and all the other demands of the device lifecycle, device management can add up to become a significant resource drain and source of inefficiency.

As decision-makers increase their focus on more strategic transformation initiatives, rather than let devices fall by the wayside, many are opting to shift device management to a third party.

While adoption for DaaS hasn't grown quite as dramatically as it has for infrastructure, it is on the uptick, having seen a 43% increase over the last two years.³⁴ For those opting into a DaaS program, primary objectives include improving operational efficiency and workforce productivity, as well as enhanced security and compliance.

Primary objectives with respect to DaaS adoption

(among those using or planning to use DaaS, select three)



Source: Foundry³⁵



Device as a Service (DaaS) is a subscription-based model that provides organizations with hardware devices (such as computers, laptops, tablets, smartphones or IoT devices) along with associated services, including deployment, management, maintenance and support, for a predictable monthly fee.

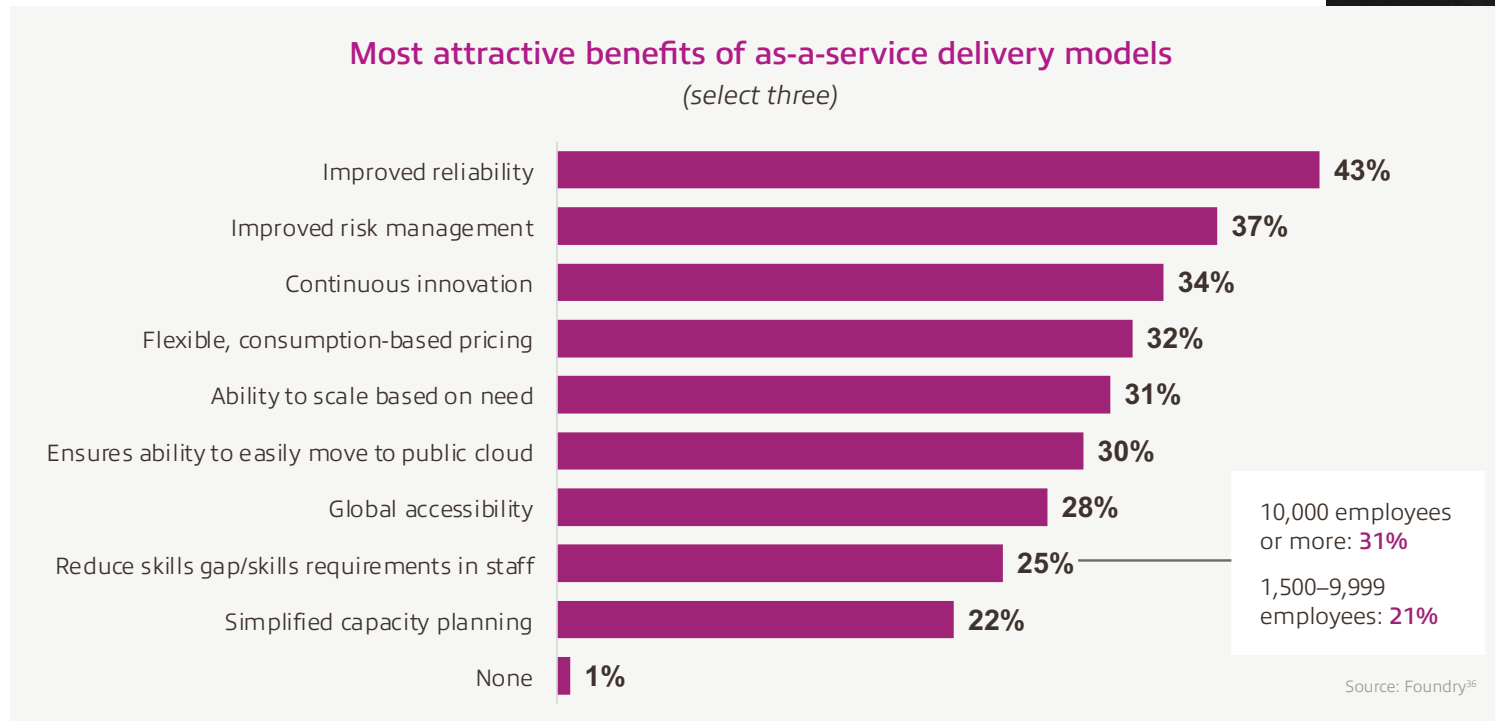
³³ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 35. Commissioned by Insight.

³⁴ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 32. Commissioned by Insight.

³⁵ MarketPulse Research by Foundry Research Services. (June 2024). The Path to Digital Transformation: Where IT Leaders Stand in 2024. Slide 34. Commissioned by Insight.

Benefits behind as-a-service adoption

While as-a-service models are often touted as a way for organizations to streamline operations, reduce risk and gain financial flexibility, we found decision-makers are actually turning to service-based solutions for a different primary benefit: reliability.



We asked participants to select their top three perceived benefits of as-a-service delivery models, and reliability, risk management and continuous innovation topped the list. Consumption-based pricing and reducing skills gaps failed to make the top three, despite skills gaps and budget challenges remaining top inhibitors of innovation.

These perceived benefits continue to underscore a common theme. What organizations expect out of as-a-service delivery models aligns with what we're seeing across the other pillars: Current initiatives prioritize the ability to optimize performance, mitigate risk and drive innovation.

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