The Path to Digital Transformation

Where Leaders Stand in 2023

Insight®

FOUNDRY
an IDG, Inc. company

A special report featuring Insight-commissioned Foundry survey findings

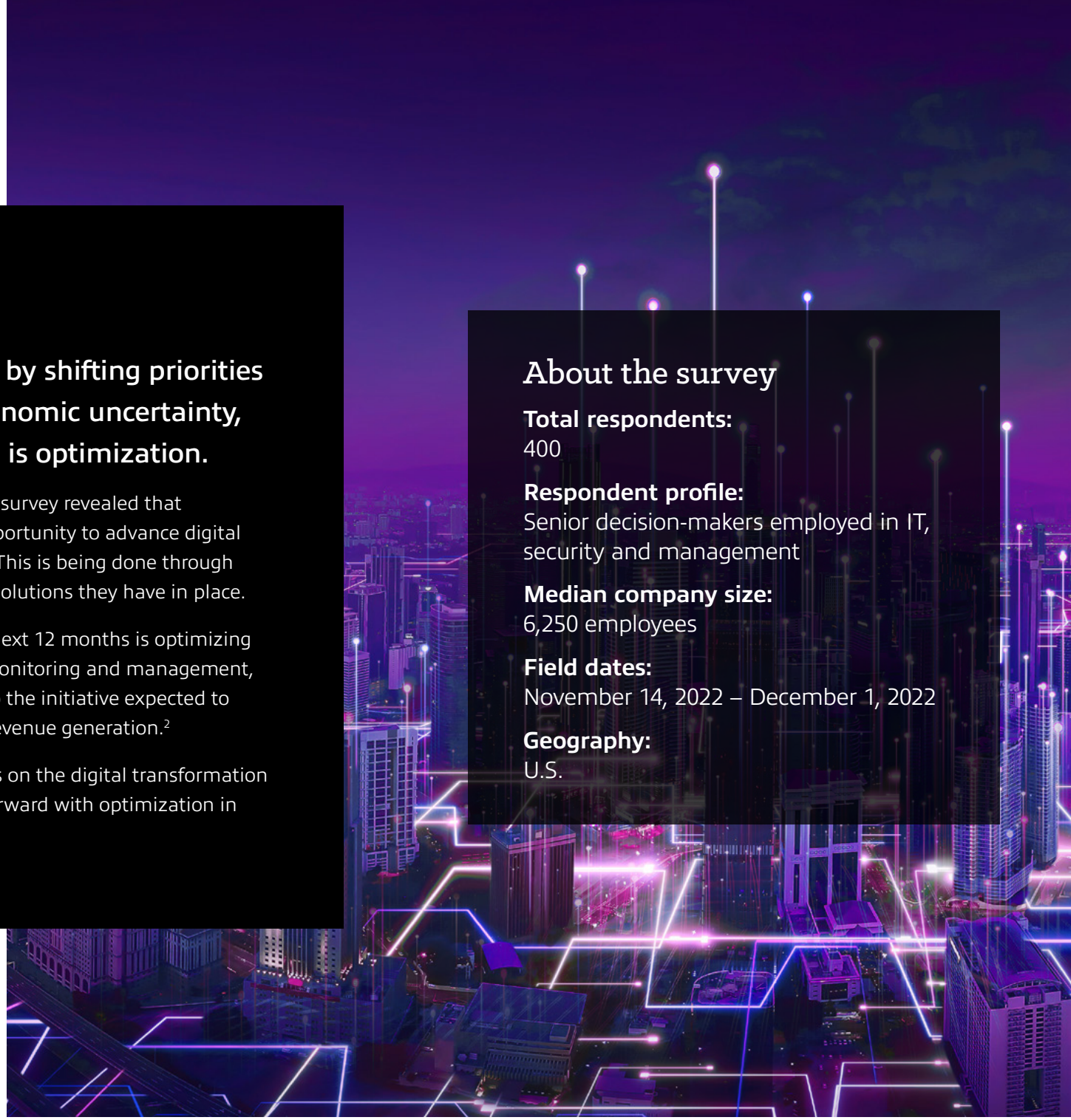
Introduction

On the heels of a year defined by shifting priorities and in the face of looming economic uncertainty, the name of the game in 2023 is optimization.

Our annual Insight-commissioned Foundry survey revealed that organizations are recognizing immense opportunity to advance digital transformation in the name of innovation. This is being done through improving, expanding and building on the solutions they have in place.

In fact, the #1 technology initiative for the next 12 months is optimizing existing IT infrastructures through better monitoring and management, cited by half of all respondents.[1] This is also the initiative expected to drive the most impact for innovation and revenue generation.[2]

Continue reading to discover top challenges on the digital transformation journey and how leaders intend to move forward with optimization in pursuit of business innovation.



About the survey

Total respondents:
400

Respondent profile:
Senior decision-makers employed in IT, security and management

Median company size:
6,250 employees

Field dates:
November 14, 2022 – December 1, 2022

Geography:
U.S.

[1] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 23. Commissioned by Insight.
[2] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 24. Commissioned by Insight.

What does it take to thrive?

The most pressing question for leaders right now is "What does it take to thrive?" In this unique era of transformation, technology as a business agenda is front and center. This means:

Expectations have shifted to **better accommodate the people behind the processes.**

Mobile, agile, data-driven solutions **are the new gold standard.**

Organizations need transformation **with minimal risk.**

All of this is influencing how companies are deciding to move forward. The result is that optimization is taking priority, and it's focused in three key technology areas: data and application initiatives, platform performance and security integrations.

Top enterprise IT goals in 2023 prioritize optimization in three key areas:

Data and application initiatives

#1 **Optimizing** data and analytics capabilities (51%)

#5 **Integrating** insights from edge devices into data analysis (36%)

Platform performance

#2 Increasing cloud adoption via **multicloud and hybrid cloud strategy** (49%)

#3 **Modernizing** legacy infrastructure and networking technology (39%)

Security integrations

#4 **Mitigating risk** with stronger cybersecurity programs (38%)[3]

The data shows: Transformation in these core areas will be the key to unlocking meaningful business innovation in the near future.

[3] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 21. Commissioned by Insight.

Optimizing data and applications

Data tops this year's priority list, having become more crucial to business success and more challenging to handle. Key players know data should be delivering business value, but half say theirs isn't delivering the value it could be,[4] and 39% say challenges with governance is the main reason why.[5]

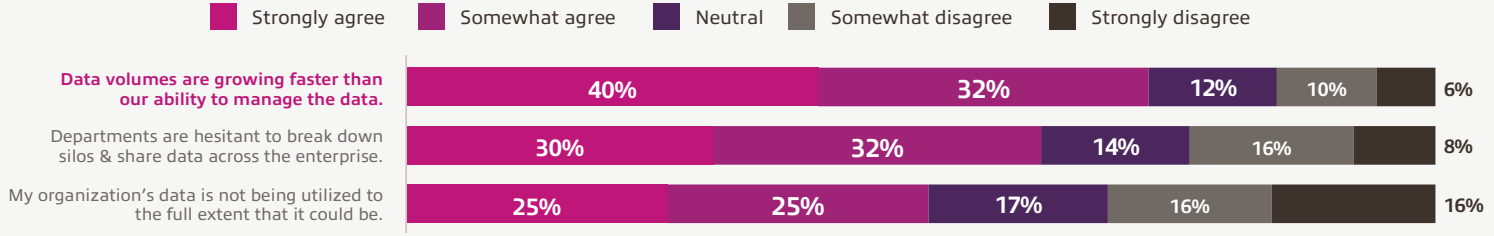
Challenges in the data sphere

Respondents' self-assessment of their data environments

72% report data volumes are growing **faster than their ability to manage them**.

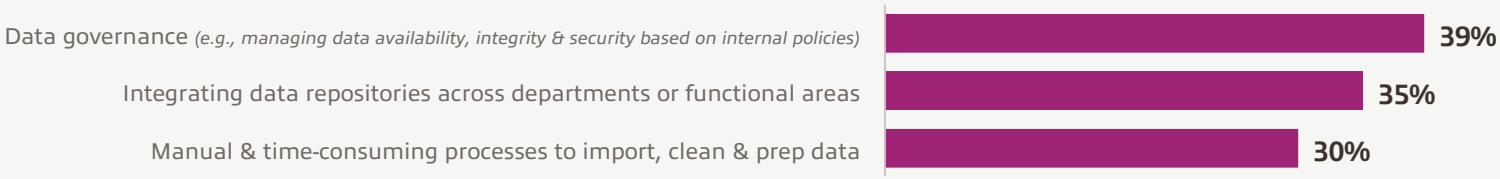
62% agree departments are **hesitant to break down silos and share data.**

50% agree their data is **not being utilized to its full potential.**



Source: Foundry[6]

The top three barriers to achieving business value from data



Source: Foundry[7]

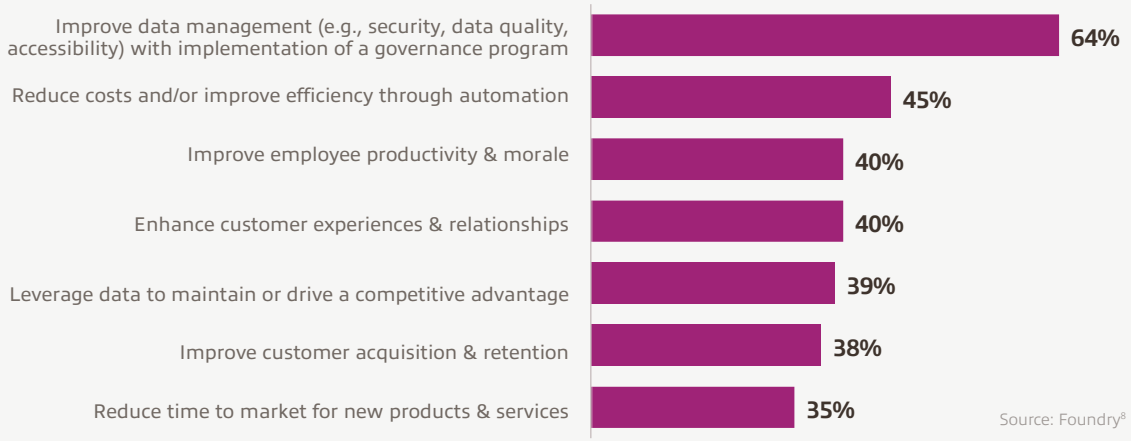
[4] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 27. Commissioned by Insight.
[5] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 29. Commissioned by Insight.
[6] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 27. Commissioned by Insight.
[7] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 29. Commissioned by Insight.

Delivering results with data

More efficient, impactful data use is a primary priority for organizations as successful market leaders implement analytics, Artificial Intelligence (AI) and other advanced data use cases for improved operations and experiences.

Moving toward that goal will require implementing new governance strategies to optimize the data and infrastructures already in place.

Data-driven digital transformation objectives



Source: Foundry[8]

Doing more with AI

AI is gaining traction as a means to drive value from business data — the majority of respondents report using AI for this reason:

85% indicate their organization is using AI to drive business insights and/or efficiencies.

36% have optimized their use of AI organizationwide.

23% have adopted a strategy but have yet to mature processes.[9]

What about application modernization?

Applications are a crucial element in the digital transformation journey. Legacy apps lead to poor user experiences, performance issues, management challenges and more, making application modernization a must on the path to innovation.

87% agree their organization needs to **modernize critical applications for success**.[10]

60% report **efficiency is the top objective** of application modernization.[11]

53% cite **creating a plan for application modernization rationalization** as their primary application modernization challenge.[12]

[8] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 28. Commissioned by Insight.
[9] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 12. Commissioned by Insight.
[10] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 31. Commissioned by Insight.
[11] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 32. Commissioned by Insight.
[12] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 34. Commissioned by Insight.

Optimizing platform performance

Modern platforms follow data as a priority. Organizations are planning to increase cloud adoption (most notably in the form of multicloud) and to modernize legacy infrastructure. Based on our research, we believe this expansion and modernization is tied to the need for more advanced data and analytics capabilities.

Platform challenges

The most challenging aspect of digital transformation **is technology** (47%).[13]

The top technology challenges hindering digital transformation are:

39% Complexity of IT infrastructure

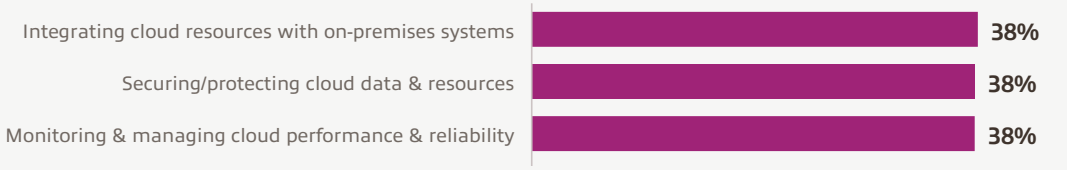
33% Integration of legacy systems with new applications[14]

Top cloud challenges

More than half (54%) of data at respondents' organizations, on average, resides in a public or hybrid cloud.[15] And as data volumes continue to grow, multicloud has become the status quo, with nearly all (91%) organizations relying on multiple public cloud providers.[16]

But despite embracing multicloud and hybrid cloud strategies, many organizations still struggle with issues like integration, security and performance.

Primary challenges with respect to public and/or hybrid cloud deployment



Source: Foundry[17]

Primary challenges with multicloud strategy

Source: Foundry[18]

[13] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 19. Commissioned by Insight.
[14] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 20. Commissioned by Insight.
[15] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 39. Commissioned by Insight.
[16] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 40. Commissioned by Insight.
[17] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 42. Commissioned by Insight.
[18] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 43. Commissioned by Insight.

Plans for moving forward with modern platforms

While the majority (78%) of organizations intend to leverage more than one cloud provider over the next 12 months, it seems many are considering moving certain workloads back on-premises in pursuit of further optimization:

of organizations plan to leverage multicloud providers in the next 12 months.

1 IN 5

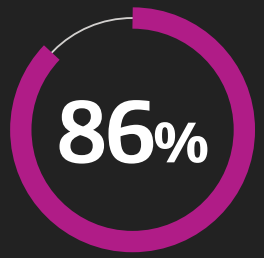
are repatriating cloud workloads **to an on-premises model**.[19]

[19] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 41. Commissioned by Insight.

Tackling technical debt

Definition: The measure of the cost of reworking a solution caused by choosing an easy, yet limited, solution

One of the most important findings of this year's survey is that technical debt now ranks as the #3 challenge to digital transformation — up from #6 in just one year.[20] These findings highlight the impact of relying on quick fixes or shortcuts in IT modernization.



have been impacted by technical debt in the last 12 months.

Top challenges affected by technical debt include:

- **43%** Limited ability to innovate
- **41%** Difficulty meeting SLAs
- **37%** Outages/downtime[21]

How will leaders facing technical debt get out of this position? While survey data does not explicitly indicate respondents' plans for handling technical debt, it does show that roughly half of organizations surveyed intend to increase the use of third-party services within the next year, as well as delay some IT investments due to budget and strategy shifts.[22]

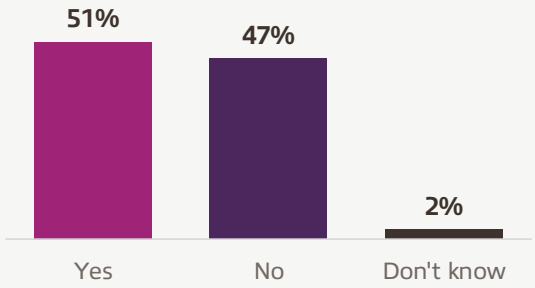
[20] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 15. Commissioned by Insight.
[21] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 16. Commissioned by Insight.
[22] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 25. Commissioned by Insight.

Optimizing security integrations

Cybersecurity is a constant undercurrent in IT conversations, so it's no surprise that it, too, tops the list. The three big security goals for the year are threat detection, threat response and user awareness/training.[23] For context, more than half of respondents reported a security breach in the last year, and nearly half of respondents reported taking a week or more to recover.[24]

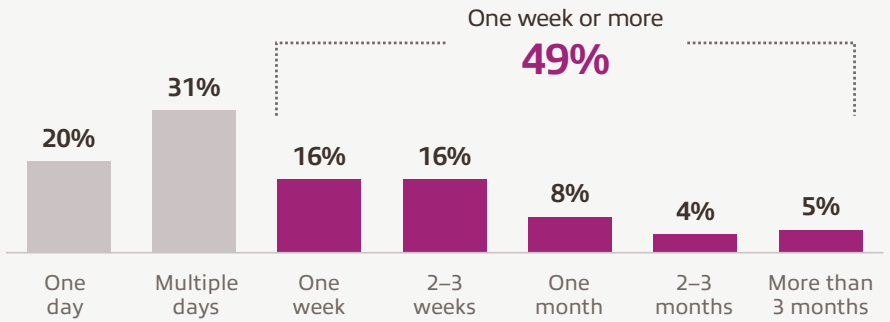
Cybersecurity challenges

Has your organization been impacted by a cybersecurity breach in the last 12 months?



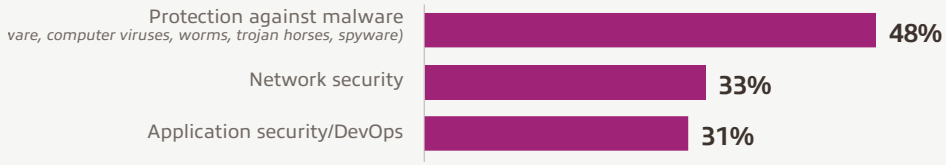
Length of time to recover from most recent cybersecurity breach

(among those who have experienced a breach)



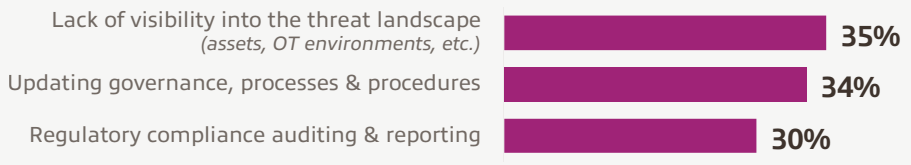
Source: Foundry[25]

Technology challenges with respect to cybersecurity



Source: Foundry[26]

Business challenges with respect to cybersecurity

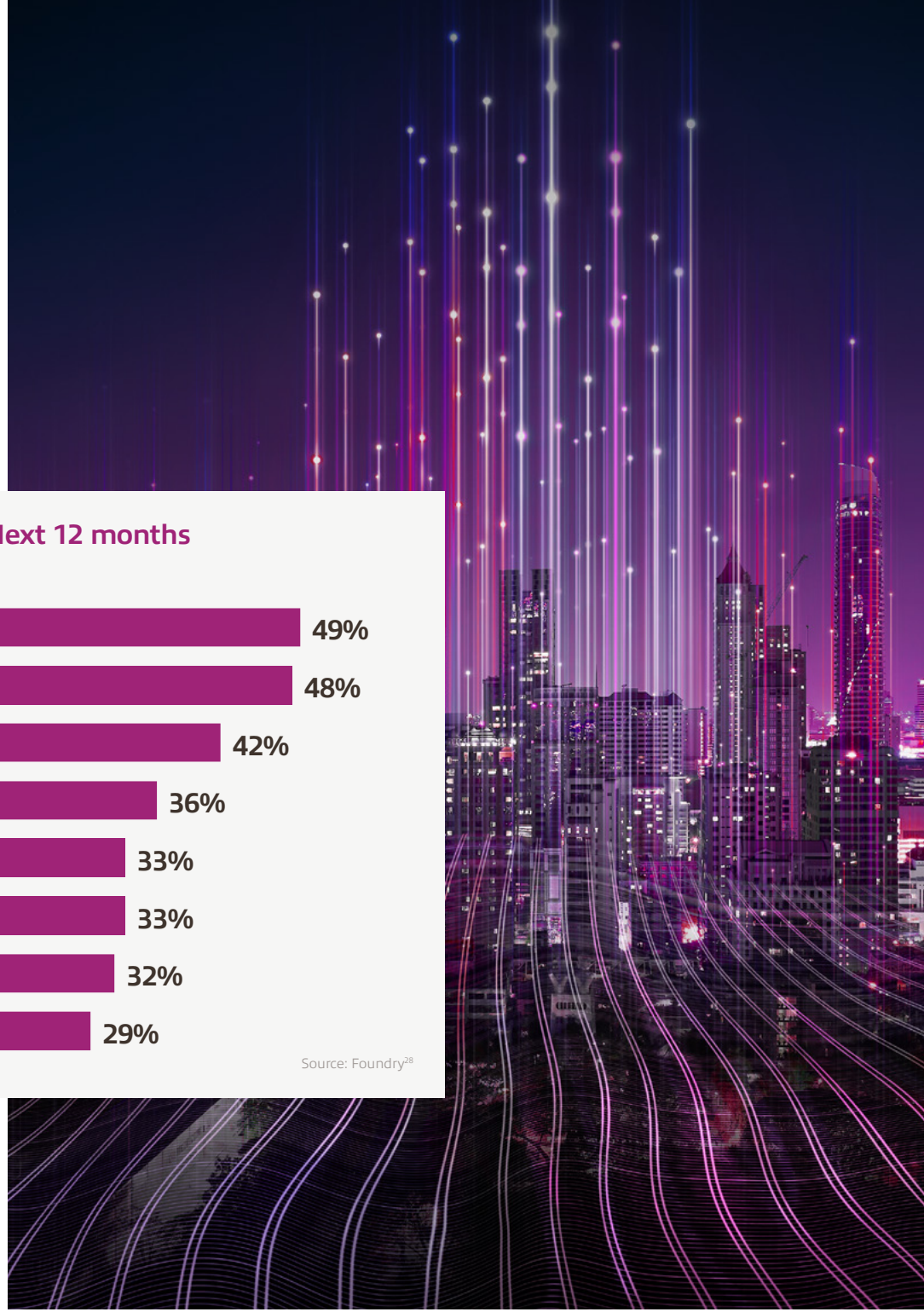


Source: Foundry[27]

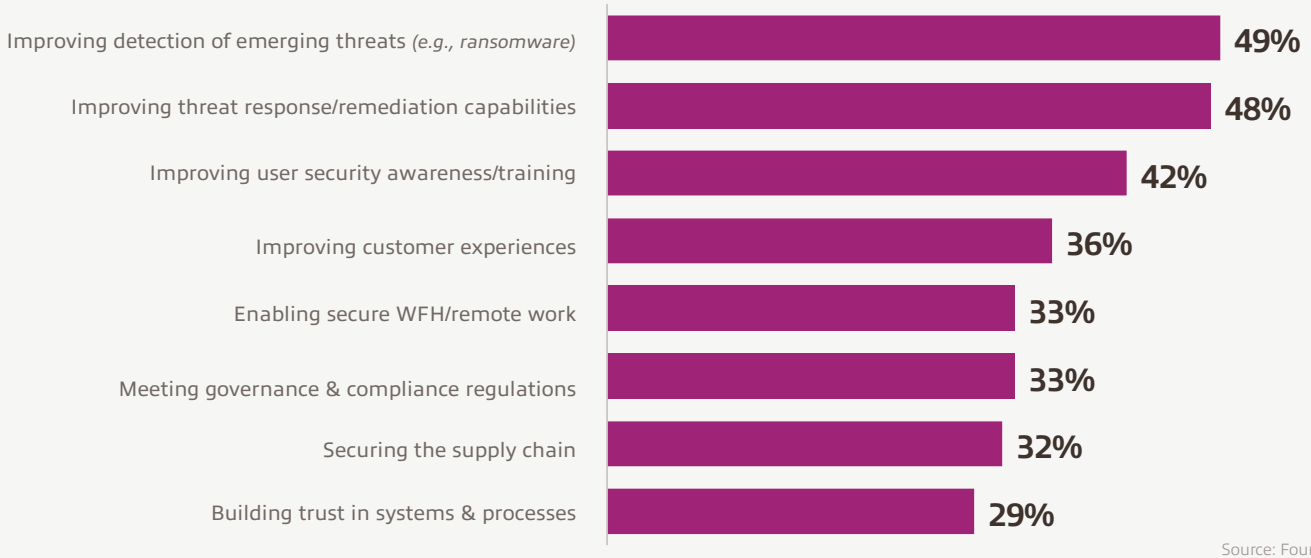
[23] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 36. Commissioned by Insight.
[24] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 35. Commissioned by Insight.
[25] Ibid.
[26] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 37. Commissioned by Insight.
[27] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 38. Commissioned by Insight.

Securing the future

As organizations begin to grasp the critical nature of having security integrated throughout all aspects of the business, cybersecurity priorities for the next 12 months are primarily focused on detection, resolution, and prevention of breaches and incidents, though other focus areas include improved experiences and compliance.



Priorities for improving cybersecurity — Next 12 months



Source: Foundry[28]

[28] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 36. Commissioned by Insight.

Maximize opportunity and minimize risk on the path to innovation.

When it comes to innovation, IT skills and knowledge gaps are still the #1 obstacle (45%).[29] And in a volatile market environment, gaps can't be ignored. Perhaps that's why more than half of respondents intend to increase their use of third-party services in the next year.

When you're ready to accelerate your path to innovation, Insight can help.

We help clients seize opportunity and mitigate transformation risks, enabling them to adapt and compete. We do this by helping them build, adopt, connect, automate and secure modern platforms. This empowers innovation and supports modern applications and advanced data and AI capabilities.

Ready to get started? Learn more at solutions.insight.com.

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Find out how organizations like yours are planning to implement optimization on the journey to digital transformation — **read the full survey results.**

[29] MarketPulse Research by Foundry Research Services. (January 2023). The Path to Digital Transformation: Where Leaders Stand in 2023. Slide 15. Commissioned by Insight.

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