

The Importance of Linking Business Outcomes to IT Investment Strategy

Q4 – 2015



An Insight company



About the survey

The purpose of this survey, commissioned by Datalink, is to identify where IT decision makers are investing their budgets and how they are connecting these investments to key business outcomes. This survey also addresses key challenges in achieving IT investment priorities while accomplishing business goals.

Respondents

100+ IT executives and senior level managers from large U.S organizations polled.

Strategic business goals are increasingly driving IT investment decisions

- When asked for their organization's top five considerations when choosing where to invest IT dollars today, respondents most frequently mention improvement of IT security, improving customer/client experiences, managing costs, boosting operational efficiency and mitigating risk.
- Looking at the percent ranking each consideration as their #1 or #2 most important, improving IT security is highest on the list, followed by improving the customer experience, boosting operational efficiency, achieving regulatory compliance and managing costs
- While IT security improvement has definitely grown in focus as an influencer in IT investment decisions, respondents also report that key business outcomes such as cost management, risk mitigation, improvement of the customer experience, revenue growth and boosting operational efficiency have grown in importance.

High importance is placed on the ability to link IT investments & business outcomes

- Seven in ten IT (70%) decision makers feel the ability to link IT investments to key business outcomes is critical/very important.
- Less than half of respondents (47%) believe their organizations are doing an excellent or very good job of communicating and demonstrating the impact of IT investments on key business outcomes. Just 8% indicate no improvement is needed in this area.
- When making IT investment decisions, respondents believe that key business goals take higher priority in comparison to IT operational goals.

Challenges in driving business outcomes with technology

- Security is deemed the most challenging technology initiative to deploy or maintain. Those who are already in the “run” stage with process automation and application performance management initiatives are more likely than respondents as a whole to report that each technology is challenging to deploy.
- Respondents find the plan and build stages to be the most difficult when considering the lifecycle of an IT project.
- A variety of challenges arise when attempting to derive business outcomes through IT investments, including difficulty standardizing business processes, and the need for more automation.

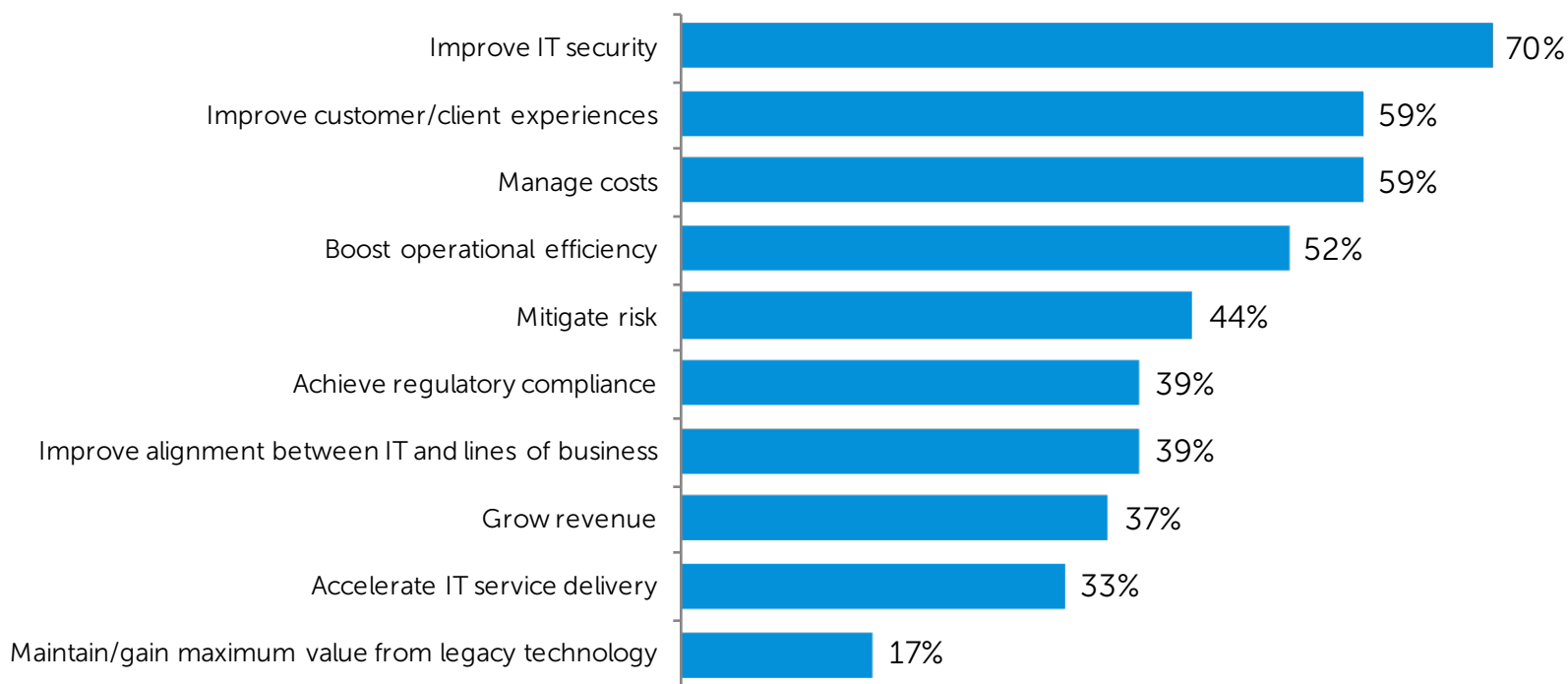
Current and future plans...

- While most respondents have security and disaster recovery/business continuity initiatives underway, building and plans are in the works for initiatives such as agile development, process automation, converged data centers and migration to an IT-as-a-Service model.
- Process automation is associated with achievement of several key business outcomes. Additionally, application performance management and cloud/virtualization management are associated with improving the customer experience and managing costs, respectively.
- Fifty-six percent (56%) of respondents are thinking of streamlining their operational processes to more effectively drive business outcomes through IT investments.
- Project management, managed services and skill & staff optimization are expected to be the top third-party IT services leveraged over the next 12 months to help achieve desired business outcomes.

Survey results

When asked for their organization's top five considerations when choosing where to invest IT dollars today, respondents most frequently mention improvement of IT security, improving customer/client experiences, managing costs, boosting operational efficiency and mitigating risk.

Important Considerations When Choosing Where to Invest IT Dollars Today



Q1: How important are the following considerations at your organization when choosing where/how to invest your IT dollars today? (Please select your top five.)

Base: 109 qualified respondents

Looking at the percent ranking each consideration as their #1 or #2 most important, **improving IT security** is highest on the list, followed by **improving the customer experience, boosting operational efficiency, achieving regulatory compliance and managing costs**.

IT Investment Considerations Ranked

	Percent Considering (out of total)	Ranked #1 or #2 (out of those considering)		#1 Most Important	2 nd Most Important	3 rd Most Important	4 th Most Important	Least Important
Improve IT security	70%	52%	#1	31%	21%	21%	12%	15%
Improve customer/client experience	59%	50%	#2	23%	27%	22%	16%	13%
Boost Operational Efficiency	52%	49%	#3	26%	23%	26%	9%	16%
Achieve regulatory compliance	39%	47%	#4	23%	23%	16%	16%	21%
Manage costs	59%	46%	#5	27%	19%	14%	25%	14%
Grow revenue	37%	45%		25%	20%	23%	23%	10%
Mitigate risk	44%	40%		10%	29%	27%	17%	17%
Improve alignment between IT and lines of business	39%	19%		19%	16%	28%	16%	21%
Accelerate IT service delivery	33%	28%		11%	17%	11%	36%	25%
Maintain/gain maximum value from legacy technology	17%	24%		12%	12%	6%	47%	24%

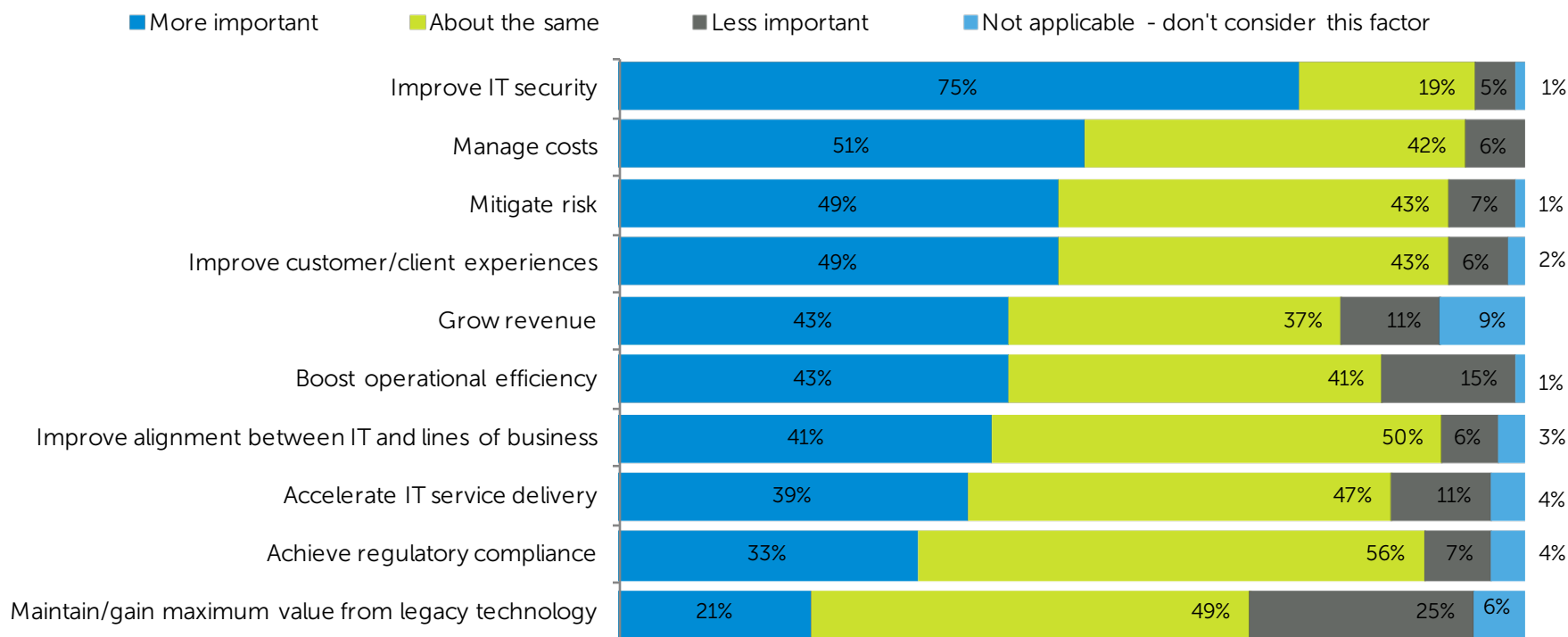
Q1: How important are the following considerations at your organization when choosing where/how to invest your IT dollars today?

Q1A: Please rank your previously chosen considerations in order of importance.

Base: 109 qualified respondents

While **IT security improvement** has definitely grown in focus as an influencer in IT investment decisions, respondents also report that key business outcomes such as **cost management, risk mitigation, improvement of the customer experience, revenue growth** and **boosting operational efficiency** have grown in importance.

Organization's Focus Compared to 2 Years Ago

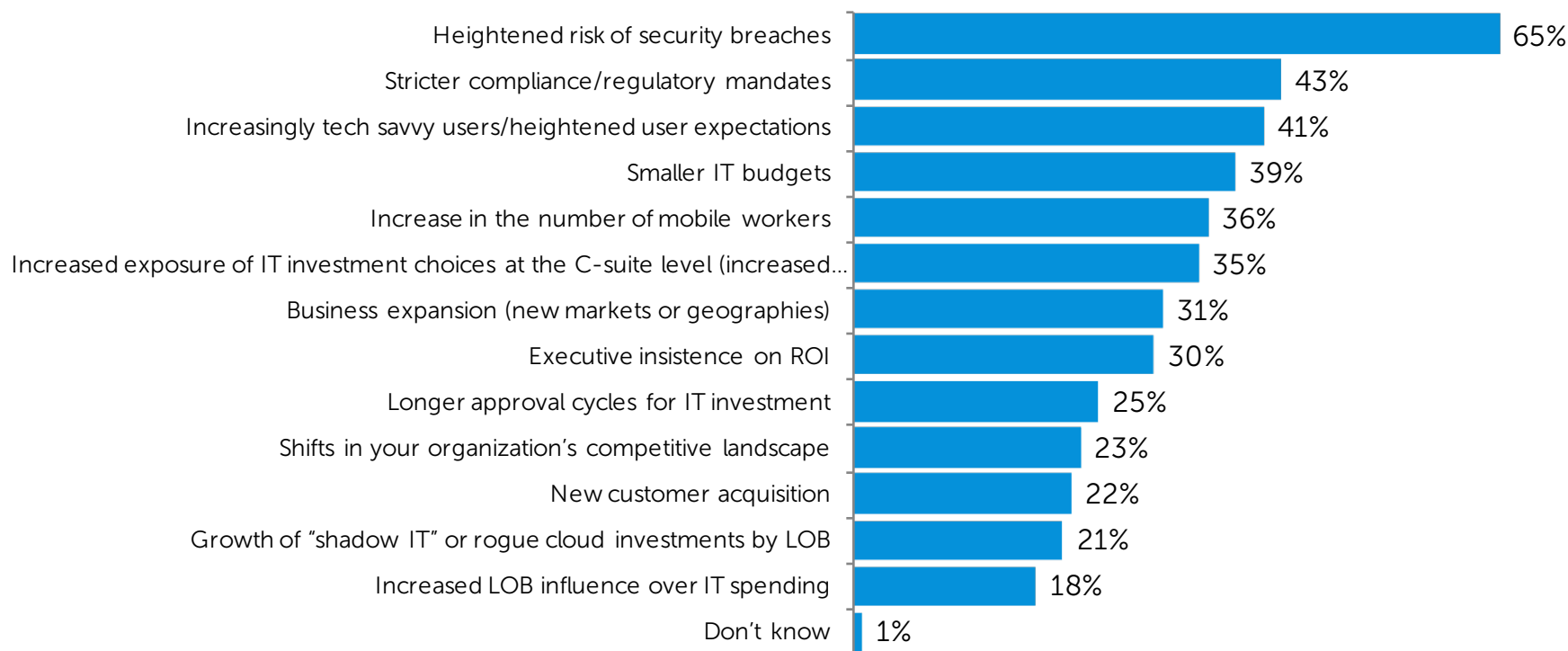


Q2: Compared to 2 years ago, how has your organization's focus on these factors changed when choosing where/how to invest your IT dollars?

Base: 109 qualified respondents

A **heightened risk of security breaches** is by far the top factor impacting strategy for IT investment decisions. **Compliance mandates** and **increasingly tech savvy users** round out the top three factors.

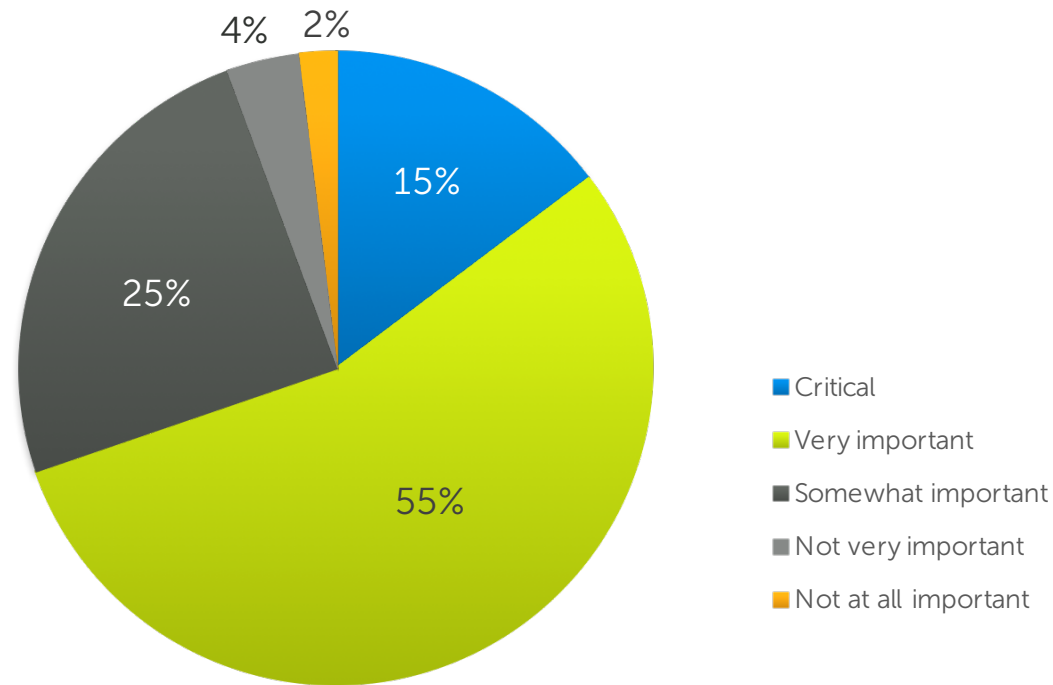
Factors Impacting Strategy When Making IT Investment Decisions



Q3: Which of the following trends or factors have impacted your organization's strategy when making IT investment decisions?
Base: 109 qualified respondents

Seven in ten IT (70%) decision makers feel the **ability to link IT investments to key business outcomes is critical/very important.**

Importance of Ability to Link IT Investments to Key Business Outcomes

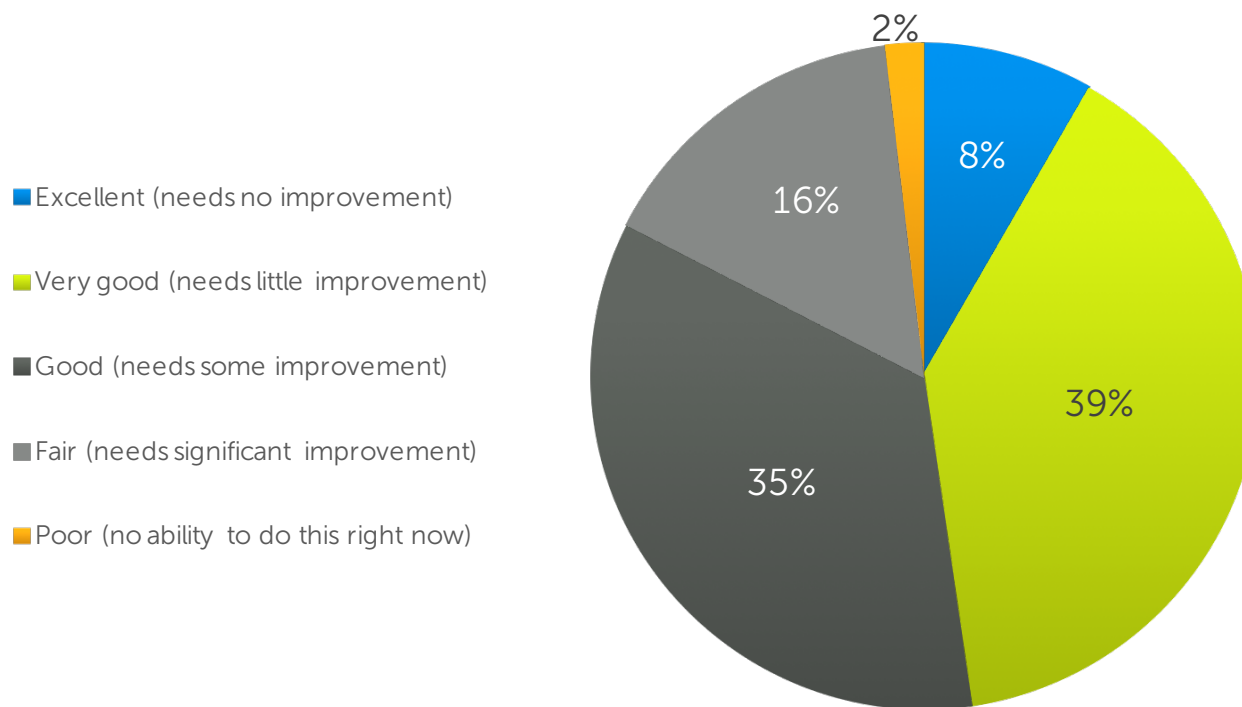


Q4: In general, how important is it to your organization to be able to clearly link your IT investments to key business outcomes (that is, to be able to demonstrate the impact of those investments on specific business outcomes)?

Base: 109 qualified respondents

Less than half of respondents (47%) believe their organizations are doing an excellent or very good job of **communicating and demonstrating the impact of IT investments on key business outcomes**. Just 8% indicate no improvement is needed in this area.

Rating of Demonstrating Impact of IT Investments on Key Business Outcomes Today

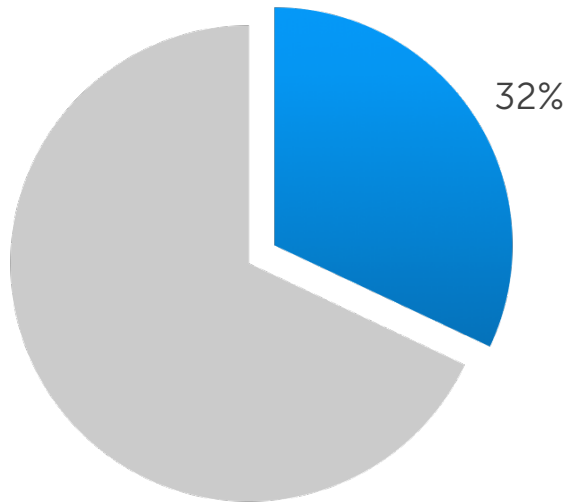


Q5: Would you say your organization does an excellent, good, fair or poor job of communicating and demonstrating the impact of its IT investments on key business outcomes today?
Base: 109 qualified respondents

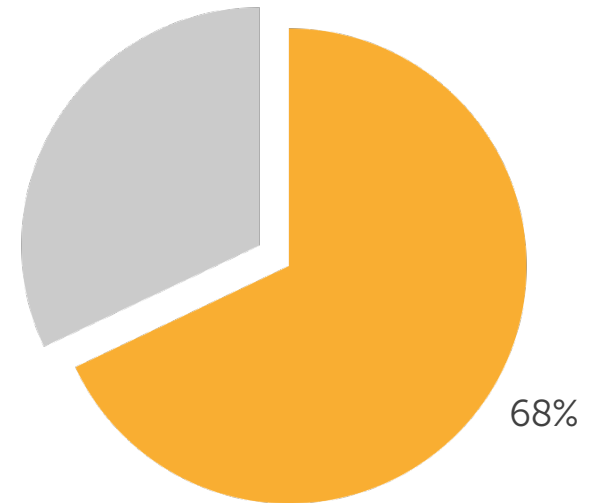
When making IT investment decisions, respondents believe that **key business goals take higher priority** in comparison to **IT operational goals**.

Higher Priority Placed on Achieving IT Operational Goals or on Business Goals When Making IT Investment Decisions

■ IT operational outcomes or goals take a higher priority when making IT investment decisions




■ Key business outcomes or goals take a higher priority when making IT investment decisions



Q6: In general, does your organization place a higher priority on achieving IT operational goals/outcomes or on business goals/outcomes when making IT investment decisions?
Base: 109 qualified respondents

While most respondents have **security** and **disaster recovery/business continuity** initiatives underway, building and plans are in the works for initiatives such as **agile development, process automation, converged data centers** and **migration to an IT-as-a-Service model**.

Organization's Status with Respect to Technology Initiatives:

 Shows most frequently mentioned Technology initiatives for each stage.

	Currently in Planning Stage	Currently in Build Stage	Currently Running	No plans	Don't know
Security	8%	13%	74%	4%	1%
Disaster recovery/Business continuity	12%	15%	70%	3%	1%
IT governance/compliance management	15%	15%	59%	10%	2%
Cloud/virtualization management	12%	18%	50%	18%	1%
Public cloud (including SaaS)	11%	8%	48%	31%	2%
Application performance management	11%	17%	47%	22%	3%
Process automation	14%	21%	43%	17%	6%
Converged data center infrastructure	13%	20%	38%	26%	4%
Flash storage	14%	11%	37%	30%	8%
Agile development platforms	10%	22%	36%	29%	3%
Hybrid cloud	15%	10%	34%	39%	3%
Private cloud (including PaaS, IaaS)	17%	17%	33%	31%	1%
Migration to an IT-as-a-service model	21%	17%	22%	36%	5%

Q7: What is your organization's status with respect to the following technologies or technology initiatives?

Base: 109 qualified respondents

Process automation is associated with achievement of several key business outcomes. Additionally, **application performance management** and **cloud/virtualization management** are associated with improving the customer experience and managing costs, respectively.

Technology Initiatives with Biggest Impact in Driving Business Outcomes

★ Shows Technology initiatives with the biggest impact.

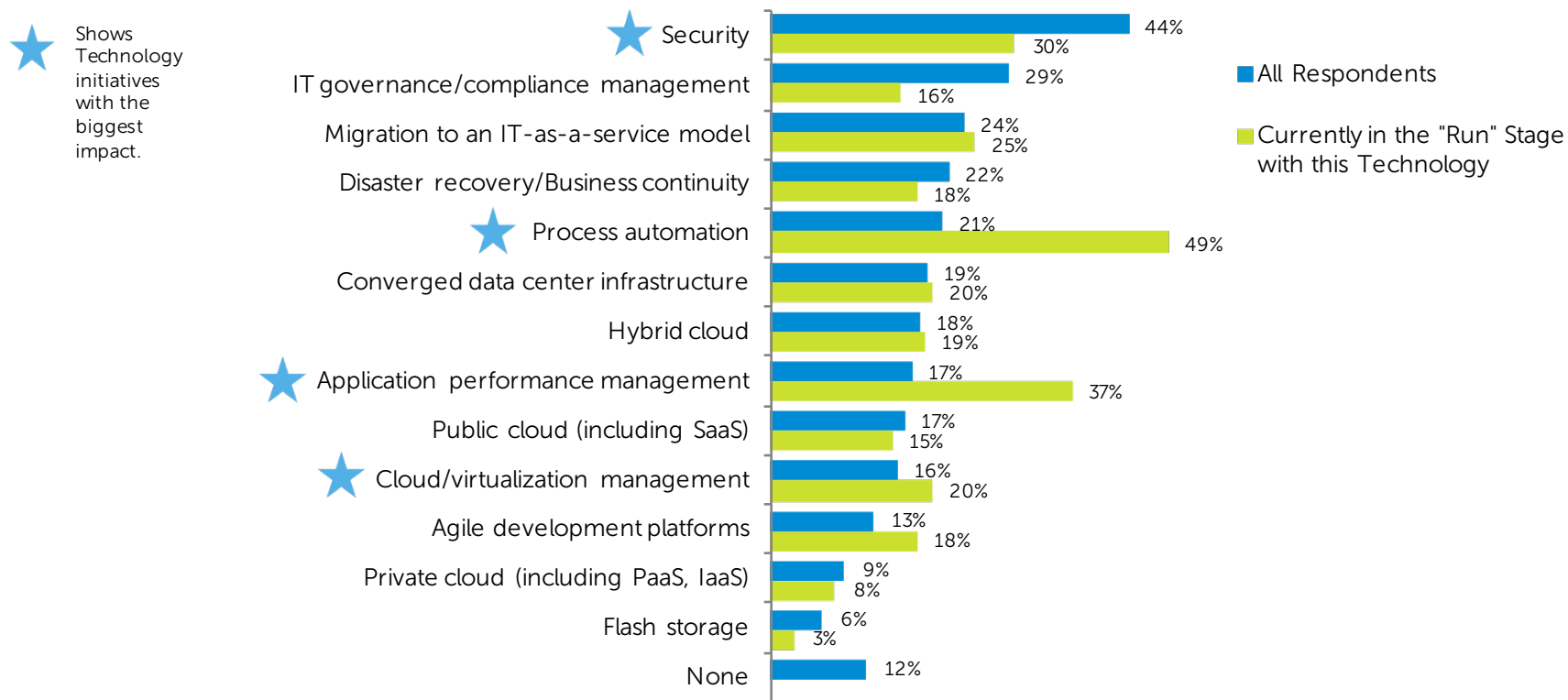
Business Outcomes:	Revenue Growth	Boosting Operational Efficiency	Mitigate Risk	Improve Customer/Client Experiences	Managing Costs
Private cloud (including PaaS, IaaS)	22%	28%	19%	16%	27%
Public cloud (including SaaS)	19%	19%	17%	20%	29%
Hybrid cloud	23%	18%	11%	14%	26%
Converged data center infrastructure	21%	28%	9%	16%	35%
Flash storage	9%	18%	6%	16%	13%
Migration to an IT-as-a-service model	19%	26%	15%	28%	29%
Agile development platforms	27%	32%	9%	33%	23%
Process automation	35% ★	48% ★	26%	39% ★	40% ★
Application performance management	25%	31%	16%	42% ★	28%
Cloud/virtualization management	24%	40%	22%	20%	39% ★
Disaster recovery/Business continuity	17%	21%	54%	19%	14%
IT governance/compliance management	26%	28%	52%	16%	22%
Security	29%	22%	72% ★	28%	17%
None	12%	4%	1%	8%	7%
Don't know	5%	1%	0%	0%	3%

Q8A-E: Please indicate which technologies or technology initiatives you believe do or will have the biggest impact in driving each of the following business outcomes.

Base: 109 qualified respondents

Security is deemed the most challenging technology initiative to deploy or maintain. Those who are already in the “run” stage with **process automation** and **application performance management** initiatives are more likely than respondents as a whole to report that each technology is challenging.

Most Challenging Technology Initiatives to Deploy and/or Maintain

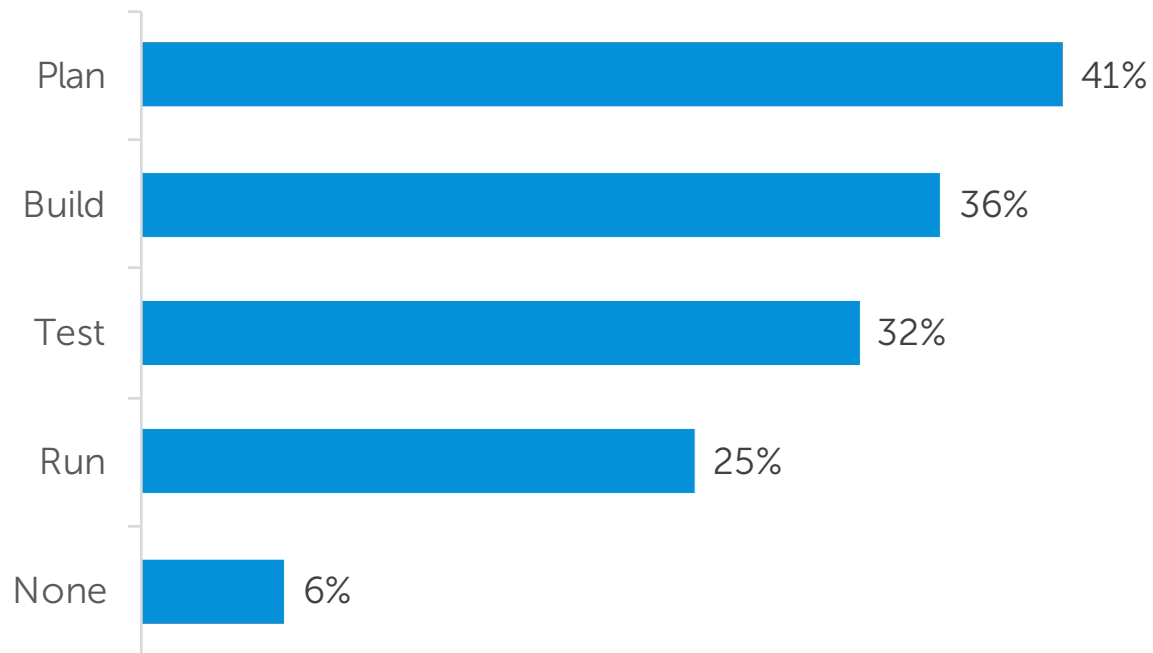


Q9: Which of these technologies or technology initiatives are the most challenging for your organization to deploy and/or maintain?

Base: 109 qualified respondents

Respondents find the **plan** and **build stages to be the most difficult** when considering the lifecycle of an IT project.

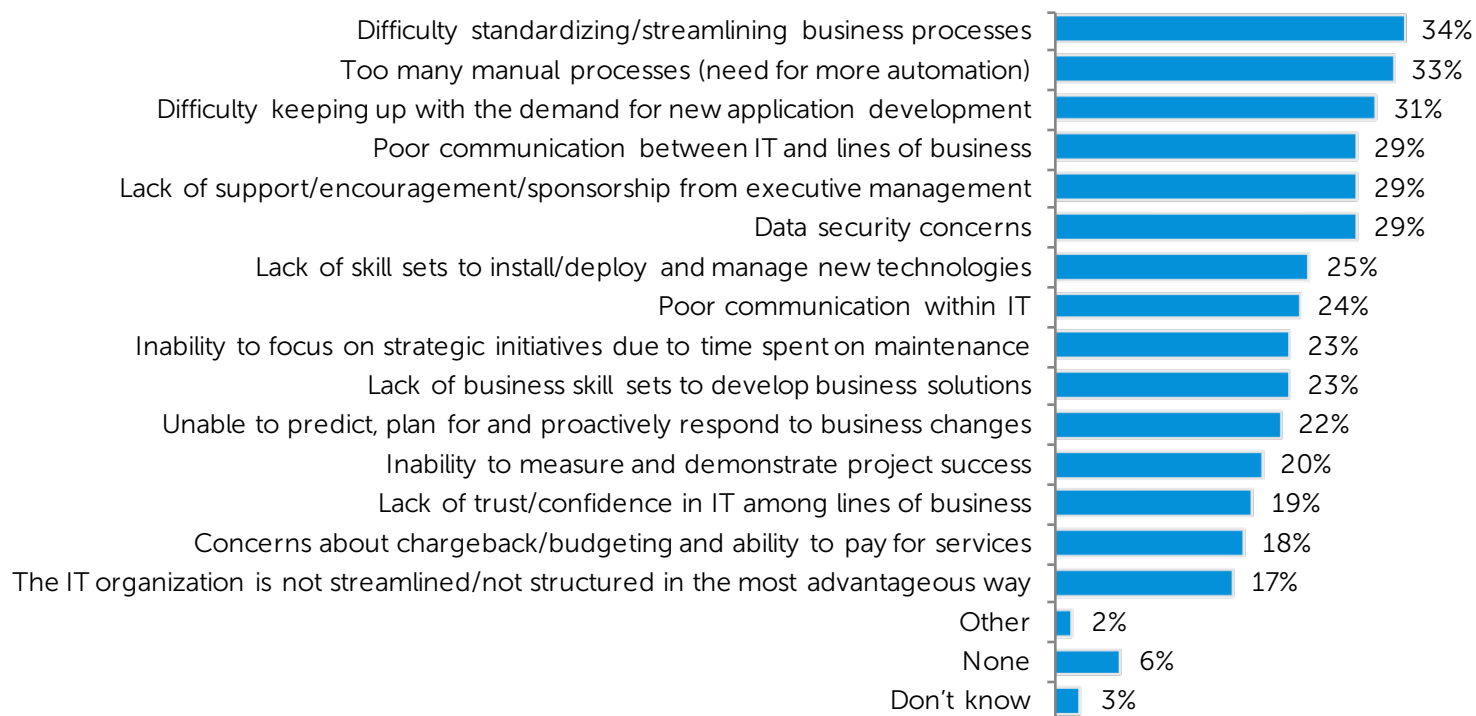
Stages Typically Most Challenging in the Lifecycle of an IT Project



Q10: In thinking about the main lifecycle phases of an IT project – plan, build, test, and run – which stages are typically the most challenging for your IT organization?
Base: 109 qualified respondents

A variety of challenges arise when attempting to derive business outcomes through IT investments, including **difficulty standardizing business processes**, and the **need for more automation**.

Challenges in Driving Business Outcomes Through IT Investments

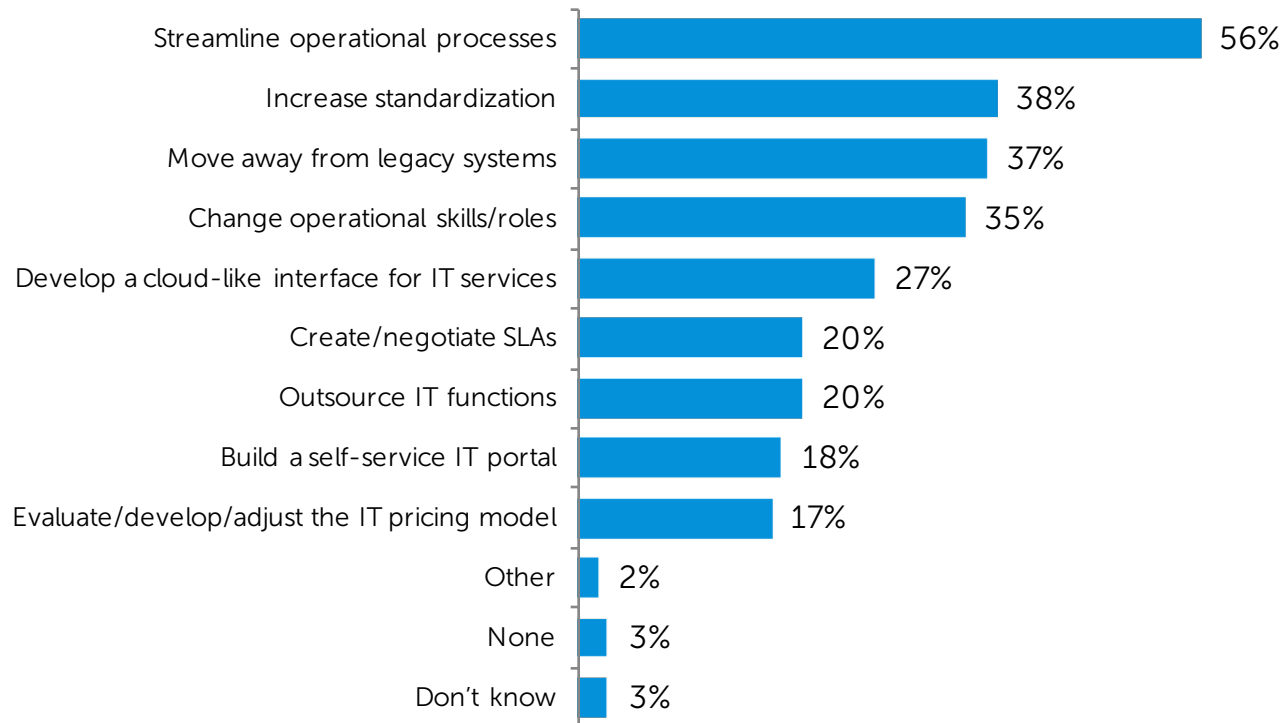


Q11: What are your IT organization's specific challenges in driving business outcomes through IT investments?

Base: 109 qualified respondents

Fifty-six percent (56%) of respondents are thinking of **streamlining their operational processes** to more effectively drive business outcomes through IT investments.

Possible Changes to More Effectively Drive Business Outcomes Through IT Investments



Q13: What changes, if any, will your IT organization need to make to most effectively drive business outcomes through IT investments?

Base: 109 qualified respondents

About Datalink

Datalink is a complete IT services provider that helps companies transform their technology, operations, and service delivery to meet business challenges. Combining extensive experience, a full lifecycle of services and a comprehensive approach to producing IT innovations that empower positive business outcomes, Datalink delivers success across cloud IT transformation, next generation technology, and security.
For more information, call 800.448.6314 or visit www.datalink.com.

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