IDC

Top Challenges for IT in 2023 and 2024

Why Integration and Automation will be more relevant than ever

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September 2023

Agenda for Today

1 **Business Has Changed**

Digital business strategies are underway

2 **Success Measures Must Change**

KPIs are evolving to tie IT projects to business outcomes

3 **Automation is Changing**

Holistic enterprise automation is a must

4 **AI Will Change Business Again**

Capabilities will shift roles needed in businesses

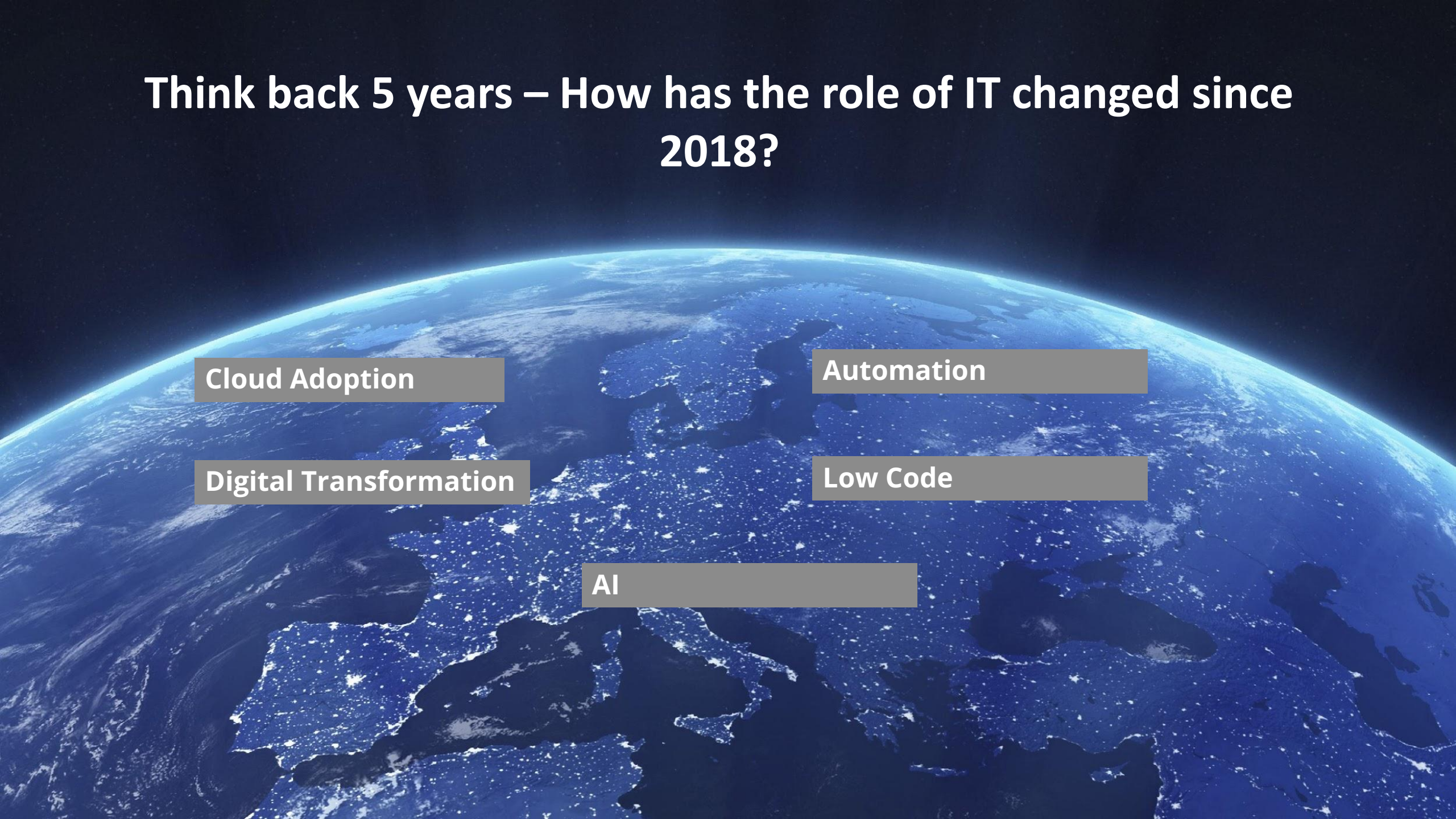# Think back 5 years – How has the role of IT changed since 2018?
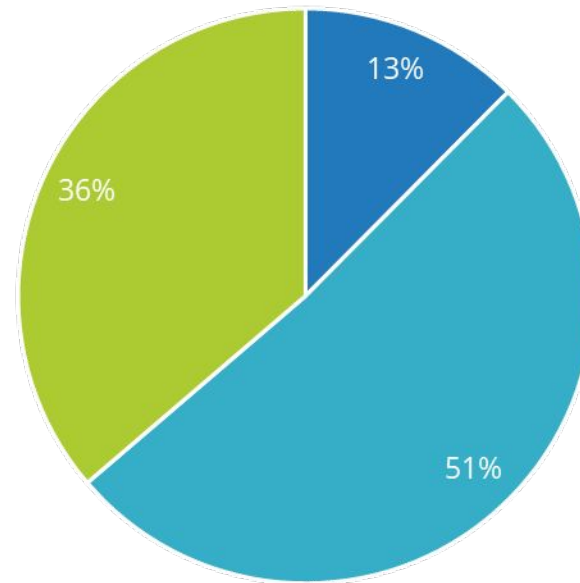
Cloud Adoption

Automation

Digital Transformation

Low Code

AI

Most organizations took big steps to becoming more digital businesses in the last 5 years, becoming more resilient and data-driven

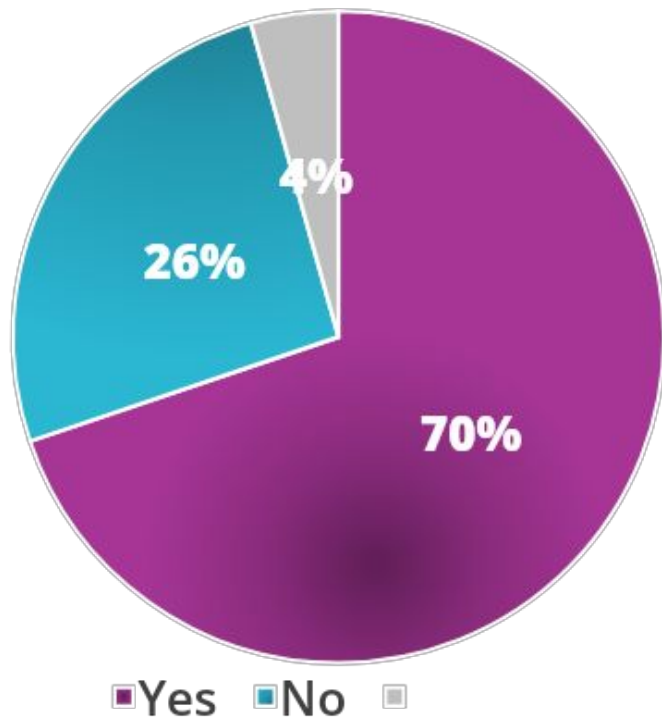**To what extent do you think your organization is a digital business?**

13%

51%

36%

- Not at all: we are still figuring out how to transform our business
- Somewhat: we have a digital strategy and are in the process of transforming the business to become more digital
- To a large degree: we have a digital-first strategy, and our organization has deployed digital technologies at scale acr

n = 829
Source: FERS Wave 7 2022

The global economy is volatile currently, causing concerns about the continued investment on digital initiatives

Will there Be a Recession in the Coming Year?

- 70% Yes
- 26% No
- 4%

Legend: ▪ Yes ▪ No ▪

How Severe Will that Recession Be?

North America
- 27%
- 15%
- 58%
- 86% Recession

Europe
- 16%
- 1%
- 10%
- 73%
- 70% Recession

AP
- 27%
- 34%
- 39%
- 45% Recession

Legend: ▪ Mild ▪ Moderate ▪ Severe ▪ Don't Know
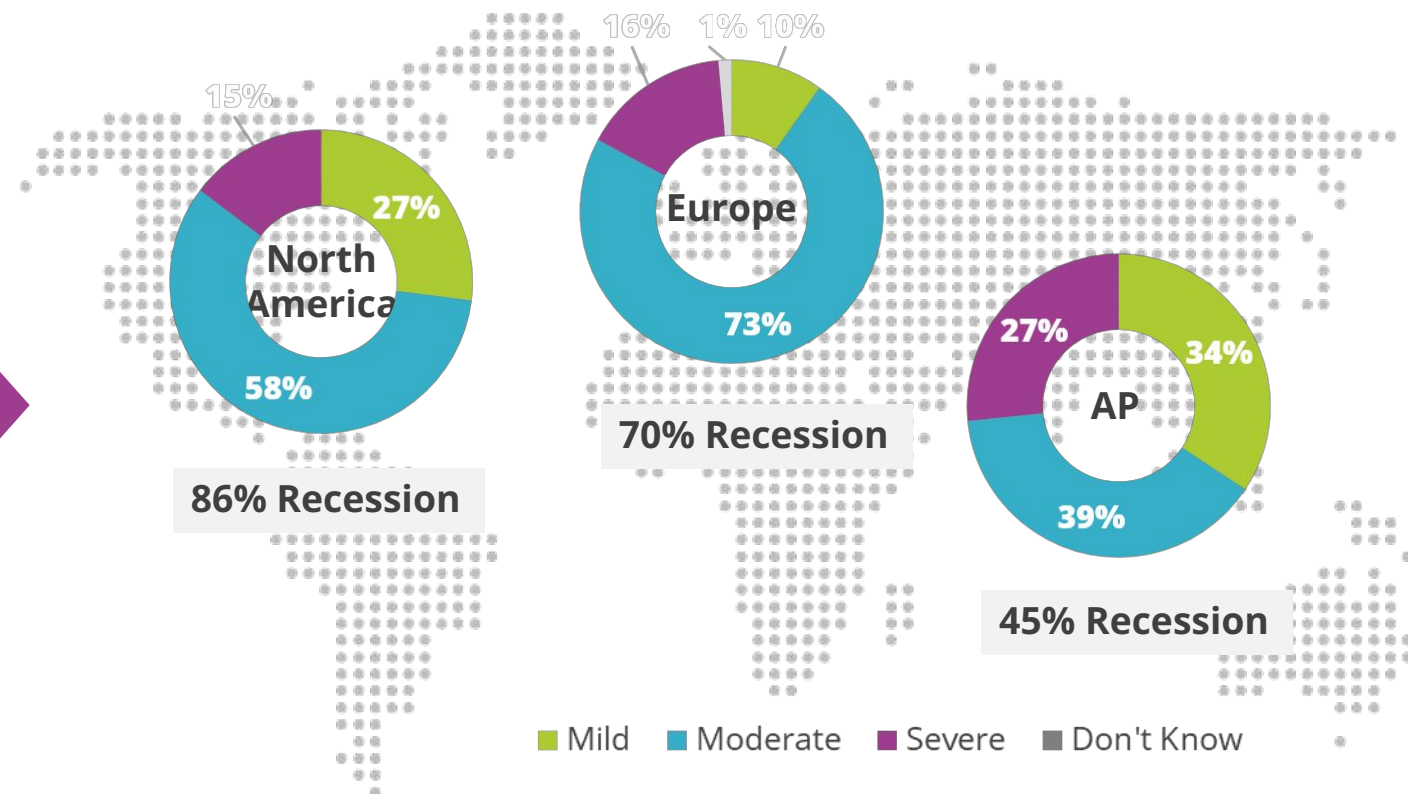
But IT Budgets are showing some resilience against 'cross-the-board' budget reductions

How do you think a recession in 2023 would impact your organization's IT budgets?

WORLDWIDE
- 14%
- 37%
- 31%
- 16%
- 2%

North America
- 18%
- 32%
- 31%
- 17%
- 2%

WE
- 17%
- 33%
- 33%
- 14%
- 3%

AP
- 7%
- 48%
- 30%
- 16%
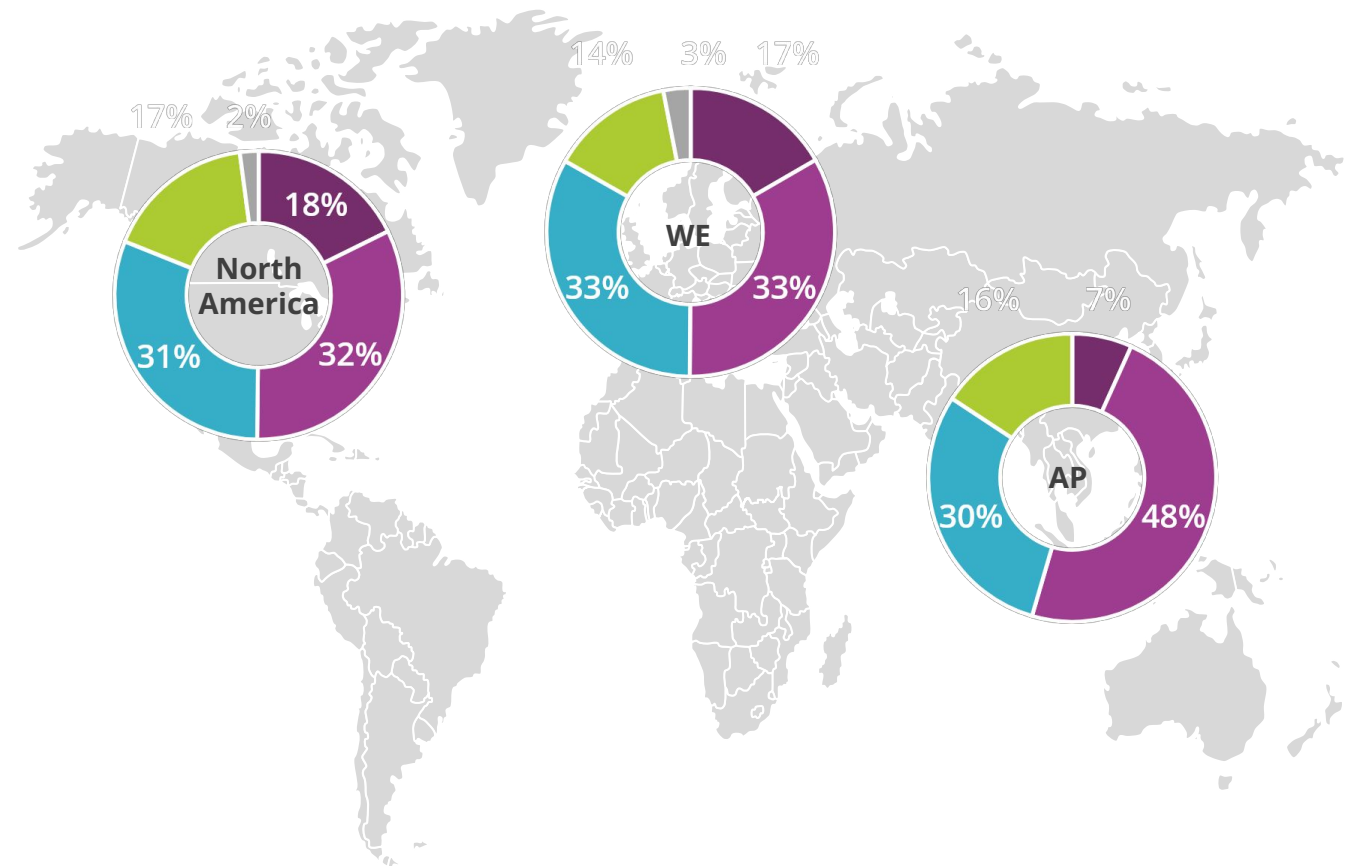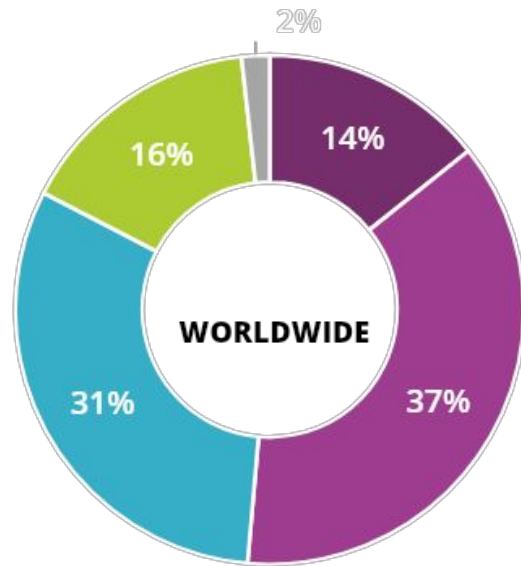
Legend:
- Reduction in overall IT budgets in 2023
- Reduction in specific IT budget items in 2023
- No impact on IT budgets in 2023
- Increase in IT budgets in 2023
- Don't Know

CEOs are Taking Significant and Active Roles in Digital Strategy

In your organization, what role does the CEO play in driving your digital strategy?

Low: minimal involvement in digital initiatives

Medium to low: reviews our digital plan that is IT led and defined

Medium to high: has an active role in defining the digital strategy of the organization

High: personally involved in defining and championing our digital-first strategy internally and externally

0   10   20   30   40   50   60
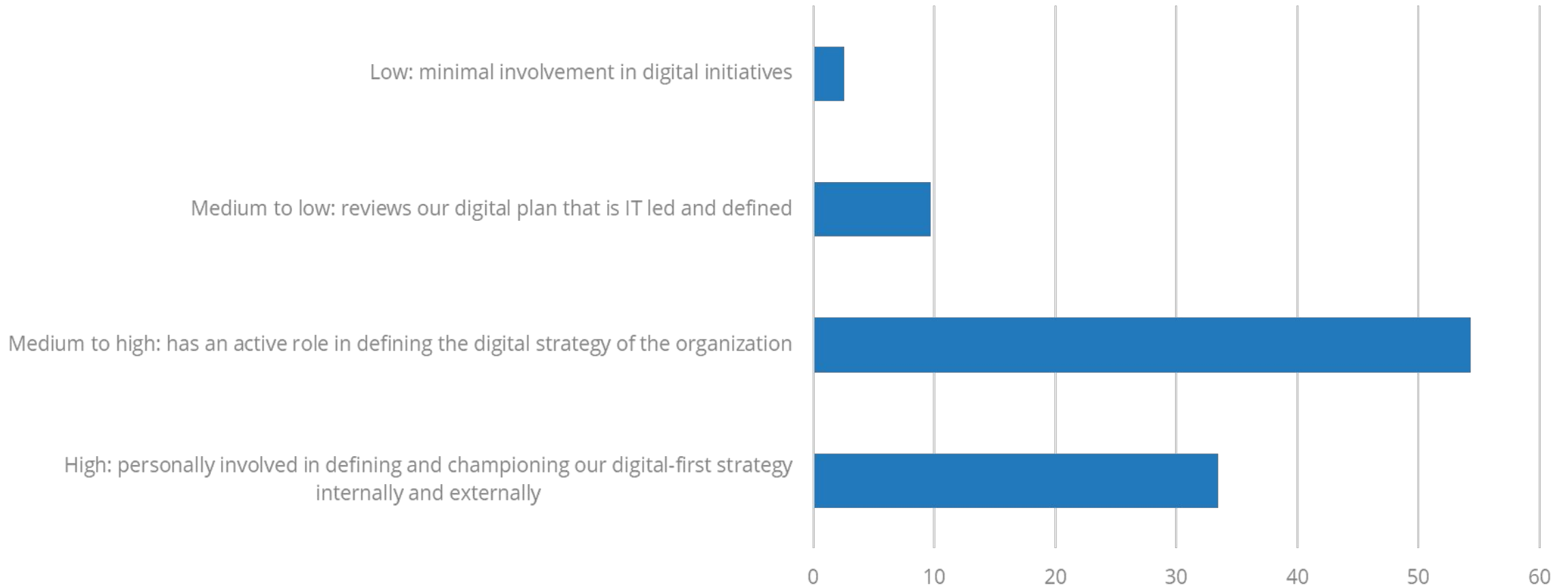
n = 829
Source: FERS Wave 7 2022

Stakeholders across the organization are increasingly using KPIs to measure success of enterprise automation projects including software projects

Business KPIs in Use
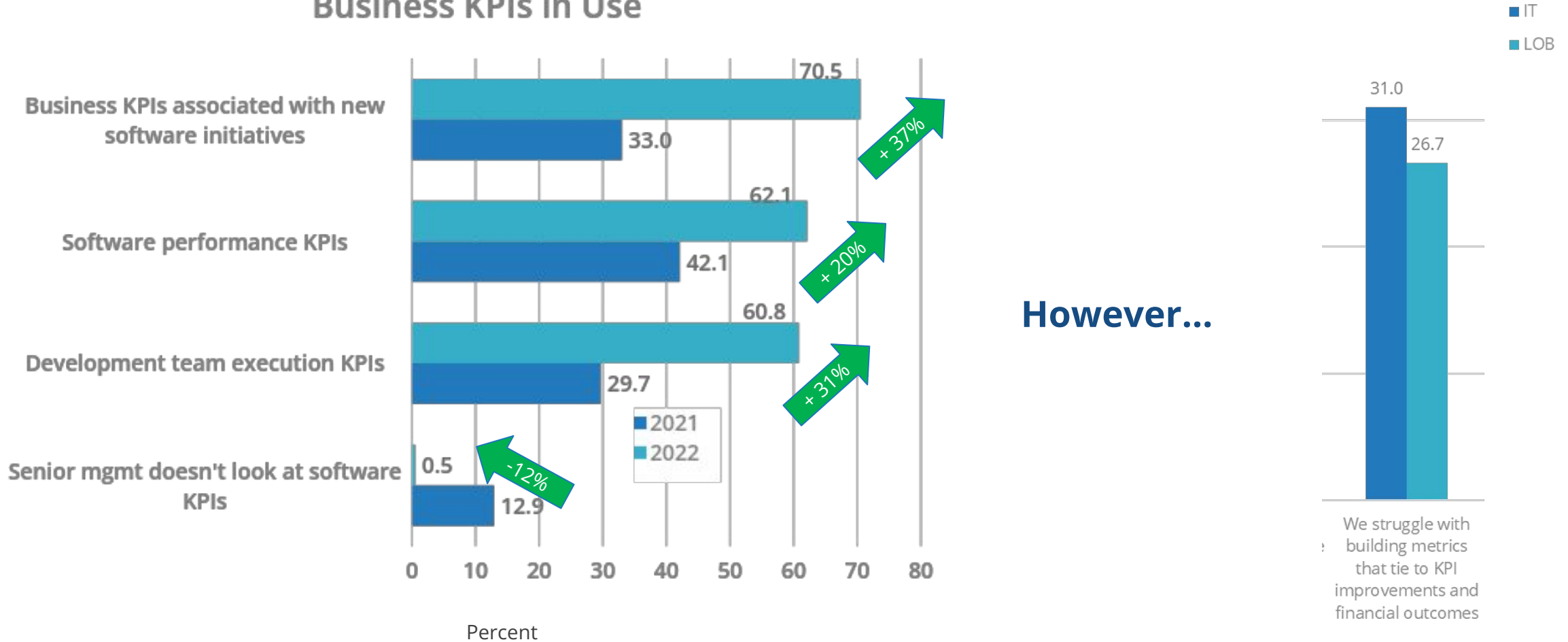
Legend: ■ IT ■ LOB

Business KPIs associated with new software initiatives
- 2022: 70.5
- 2021: 33.0
- +37%

Software performance KPIs
- 2022: 62.1
- 2021: 42.1
- +20%

Development team execution KPIs
- 2022: 60.8
- 2021: 29.7
- +31%

Senior mgmt doesn't look at software KPIs
- 2022: 0.5
- 2021: 12.9
- -12%

Legend:
■ 2021
■ 2022

X-axis: 0 10 20 30 40 50 60 70 80

Percent

However…

- IT: 31.0
- LOB: 26.7

We struggle with building metrics that tie to KPI improvements and financial outcomes

Connecting IT output to business benefits and outcomes is needed to keep momentum and executive support strong in digital business transformation

Scope of Measurement

Enterprise outcome

Predictable Outcomes
(Cost of services, time required to deliver, spending on external resources)

Customer Confidence
(Serving as a trusted supplier, offering trustworthy and secure technology)

Customer Experience
(Repeat business, deeper relationships)

Department/ LoB outcome

Cloud/Service consumption
(Ability to scale predictably, overall efficiency of operations, cost management)

Regulatory Compliance
(Ability to meet compliance requirements proactively)

Competitive Differentiation
(Ability to repeatably deliver disruption and respond to disruptive threats)

Process Output

Productivity
(IT skills, time to deploy, embrace new/emerging technologies)

Best Practices
(Secure development, supply chain, dev operations, monitoring, testing)

Operational Agility
(Comprehensive use of automation, AI, smart tooling, DevOps/DevSecOps)

Speed & Cost
(Velocity, Efficiency, Scalability)

Risk Management
(Transparency, Compliance)

Experience
(Agility, Resiliency)

Range of Automation Benefits

Increases in digital maturity build the appetite for more use of AI and Automation, but to do that the organization needs strong data movement capabilities

Which of the following technologies is your organization investing in to improve enterprise value?
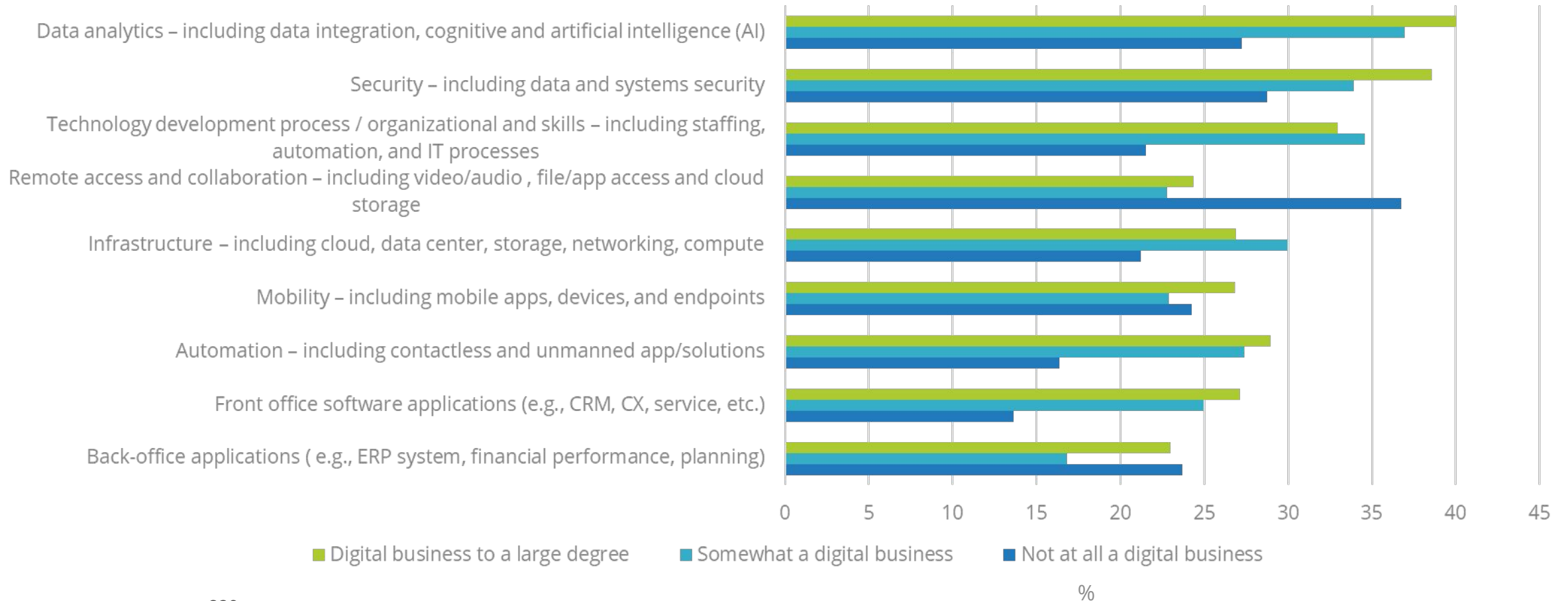
Legend:
- ■ Digital business to a large degree (green)
- ■ Somewhat a digital business (teal)
- ■ Not at all a digital business (blue)

%

Causes of Islands of Automation

Disconnected Transactional Systems

Point to Point Data Movement

Siloed Project Teams

Incomplete Toolset

Integration continues to be adopted because it drives efficiency, but also because it is foundational to achieving the business outcomes from other priorities

Which of the following areas are most immune to budget reduction regardless of the economic environment? Continued investment is a must in 2023 for......? (Most and next Most)

Feb 2023

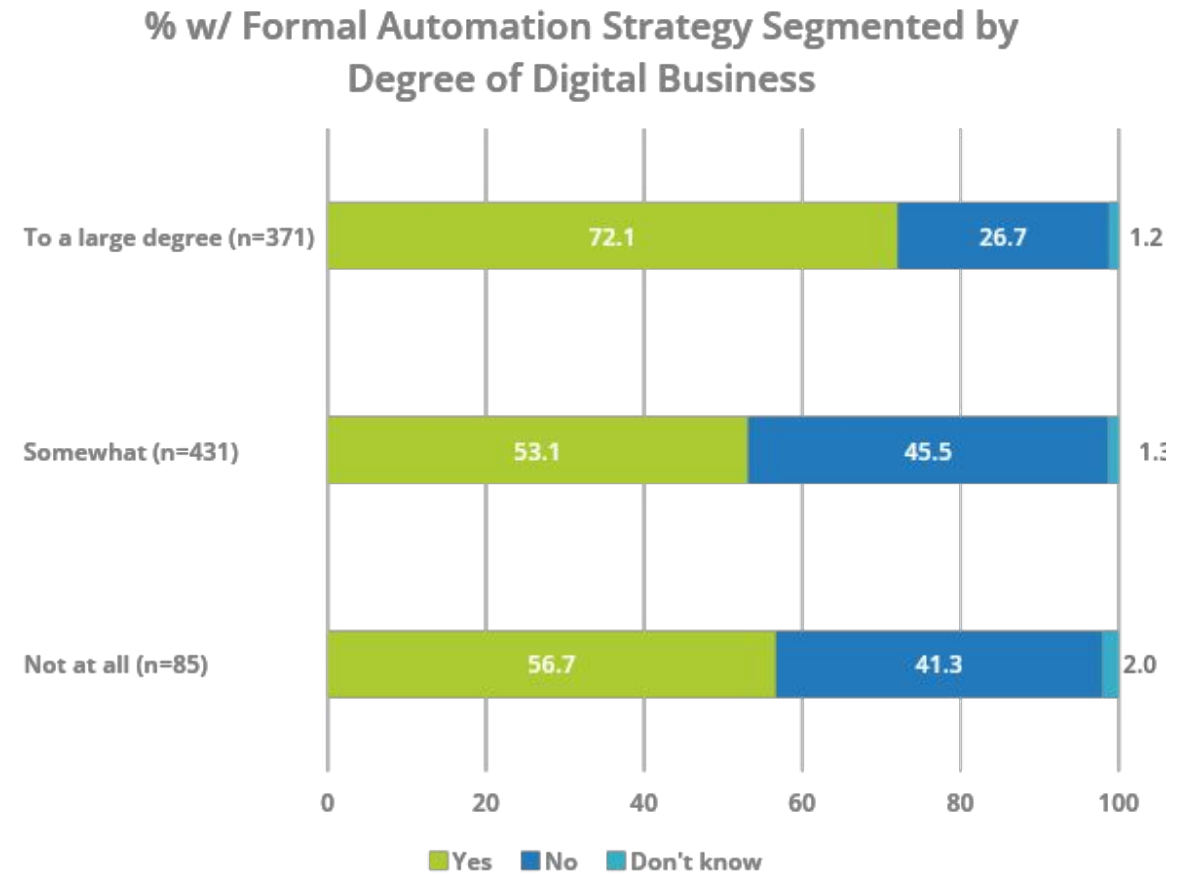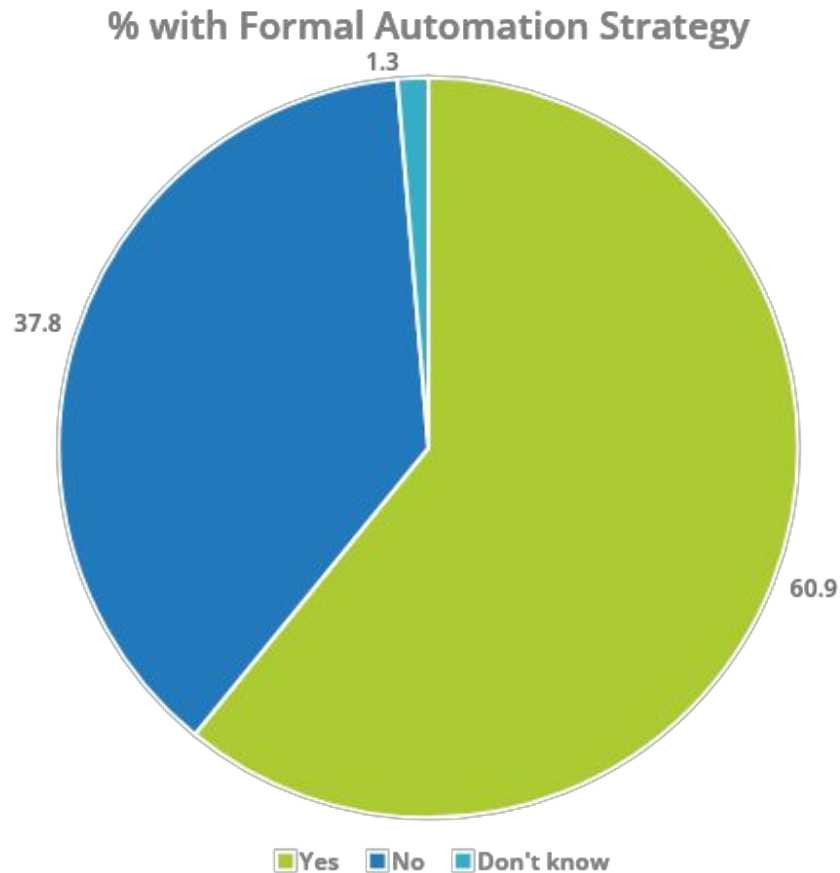|	Worldwide	
Security, Risk, & Compliance	19%	9%
Customer Experience initiatives/projects	10%	10%
Infrastructure & IT Operation optimization initiatives/projects	9%	11%
Workplace Solutions	9%	11%
Data & Analytics initiatives/projects	8%	10%
Back-office Applications	8%	10%
Consulting and systems integration services	9%	8%
Application Development and Deployment platforms	8%	8%
End-user Devices	8%	8%
Integration and Automation initiatives/projects	7%	8%
No area is immune to budget reduction	7%	

March 2023

	Worldwide	
Security, Risk, & Compliance	15%	12%
Infrastructure & IT Operation optimization initiatives/projects	14%	10%
Workplace Solutions	10%	11%
Customer Experience initiatives/projects	9%	7%
Integration and Automation initiatives/projects	9%	8%
Application Development and Deployment platforms	8%	7%
Back-office Applications	8%	11%
Data & Analytics initiatives/projects	7%	11%
Consulting and systems integration services	7%	6%
End-user Devices	7%	9%
No area is immune to budget reduction	7%	

A holistic automation strategy is linked to digital business transformation success

Does your organization have an automation strategy in place?

% with Formal Automation Strategy

- Yes: 60.9
- No: 37.8
- Don't know: 1.3

% w/ Formal Automation Strategy Segmented by Degree of Digital Business

	Yes	No	Don't know
To a large degree (n=371)	72.1	26.7	1.2
Somewhat (n=431)	53.1	45.5	1.3
Not at all (n=85)	56.7	41.3	2.0

Legend: Yes ■ No ■ Don't know

n =833
Source: Future Enterprise Resiliency & Spending Survey - Wave 8, IDC, September, 2022

IT and Business users face different challenges in finding success with automation technologies

What are the top two challenge you encounter with automation technologies?


Challenge	IT	LOB
struggle with building metrics that tie to KPI improvements and financial outcomes	31.0	26.7
types of automation we use don't work well together	27.8	38.?
an sometimes be too brittle, which may cause failures	31.0	26.9
wanted business users to do their own automation but too difficult for them	29.4	33.6
too expensive, making it difficult to justify enough business cases to make a difference	23.6	29.6
sometimes difficult to spot automation opportunities	28.8	25.8

n =833
Source: Future Enterprise Resiliency & Spending Survey - Wave 8, IDC, September, 2022
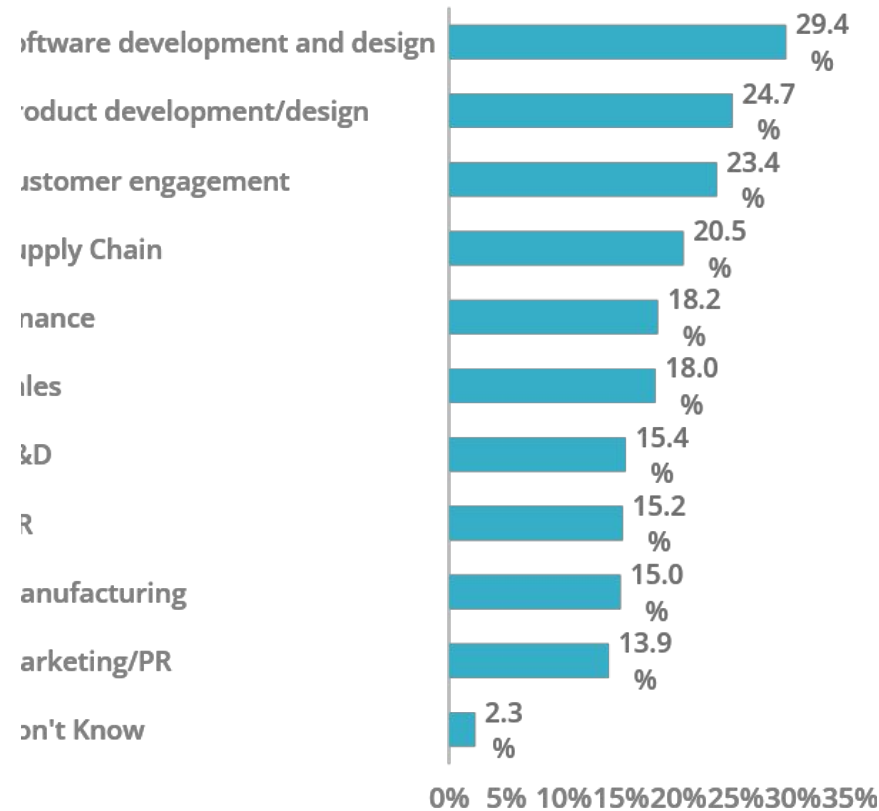
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Generative AI is going to super-charge low code integration development for many companies solving some business user challenges

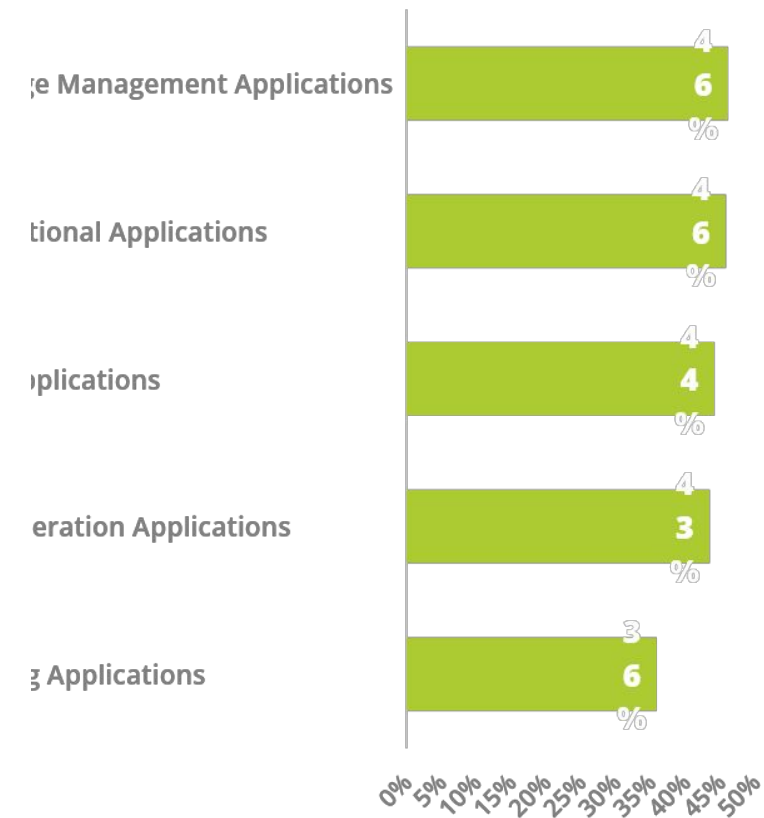**What's your organization's current approach to Generative AI?**

- 22%
- 49%
- 29%
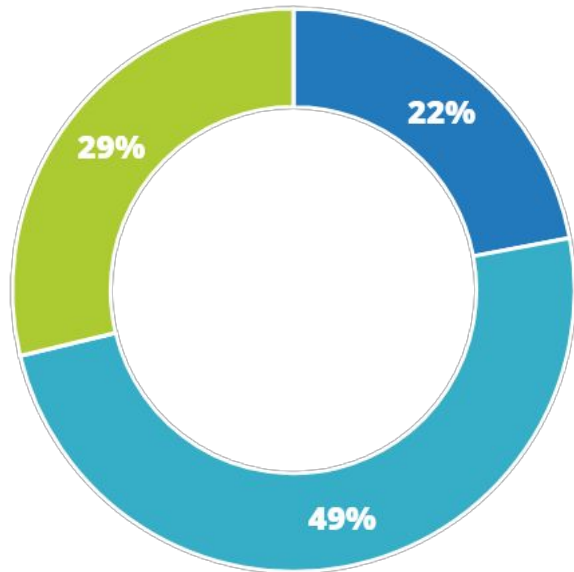
Legend:
- ■ We are not doing anything yet.
- ■ We are doing some initial exploration of potential use cases.
- ■ We are investing in Generative AI technologies in 2023.

In which two business areas do you think generative AI could make the most impact in the next 18 months?

Business area	Percentage
Software development and design	29.4%
Product development/design	24.7%
Customer engagement	23.4%
Supply Chain	20.5%
Finance	18.2%
Sales	18.0%
R&D	15.4%
HR	15.2%
Manufacturing	15.0%
Marketing/PR	13.9%
Don't Know	2.3%

0% 5% 10% 15% 20% 25% 30% 35%

What Generative AI use cases do you anticipate having the most promise for your organization?

- ...e Management Applications: 46%, 4%
- ...tional Applications: 46%, 4%
- ...plications: 44%, 4%
- ...eration Applications: 43%, 4%
- ...g Applications: 46%, 3%

0% 5% 10% 15% 20% 25% 30% 35% 40% 45% 50%

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Key Takeaways

01

Becoming Digital
It's even more important to become a digital business.

02

Measure Up
Change what you measure

03

Re-think Automation
Integration needs strong capabilities to enable the future

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