Modernizing IT Operations for Digital Economy

Research Study

Executive Summary

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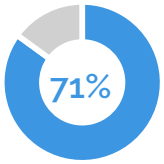
IT in Digital Economy

Requirements of digital economy are driving organizations to meet increasing customer expectations for engagement and experience, use technology as a source of competitive advantage and become more agile. In order to achieve these goals, organizations are recognize the need to transform their IT departments and make them more strategic. Additionally, The perfect storm of market pressures and technologies that are driving entire organizations to change how they operate and become digital businesses is making the same, if not the stronger, impact on IT Operations



Of organizations looking to make IT more strategic

68% Reported higher customer expectations for experience and engagement over last 12 months

61% Reported increased importance of technology in gaining competitive advantage

47% Reported need to be more agile as one of the key business pressures

Key attributes of IT for digital economy:

1. Integration
2. Analytics and data management
3. Democratization - both purchasing decisions and use of technology
4. Self-service
5. Focused on internal customer
7. Collaboration
8. Agility
9. Automation
10. RGT (Run, Grow, Transform) technology budgeting
11. Enabling business technology use
12. Machine learning

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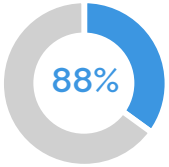
Key Drivers for Transforming IT Operations

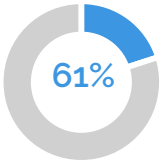
IT Operations Management is going through a major transformation that is being driven by a variety of technology and business trends.



Volume & velocity

Processed metrics, events & alerts

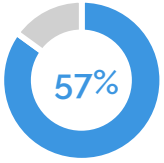
Average increase over last 12 months



User expectations

New definition of user experience

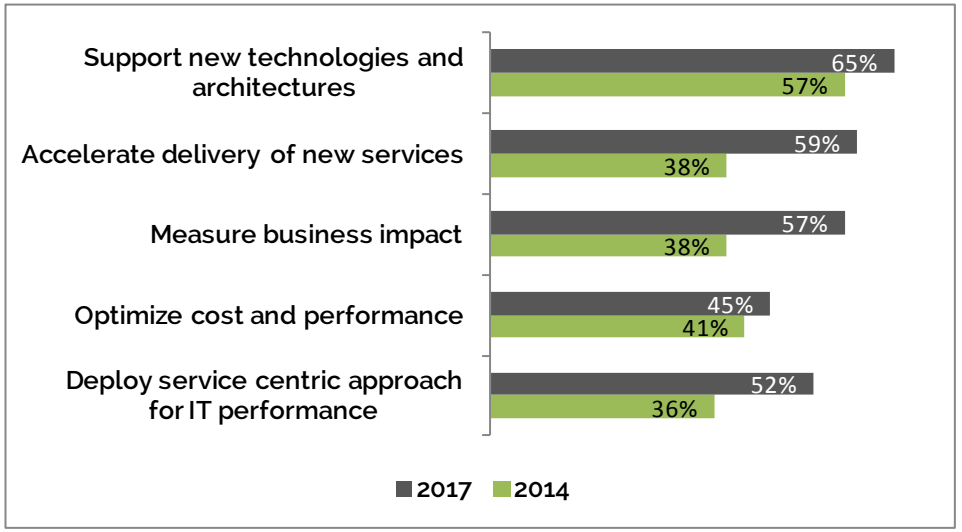
Reported that user expectations for performance increased over the last 12 months



Complexity

More devices, platforms & technologies

Average visibility into performance of entire application delivery chain



Increasing complexity of managing IT Operations is driving organizations to adopt a new mix of technology capabilities and strategies that go well beyond traditional monitoring approaches. Additionally, organizations are increasingly looking to maximize business value of their .IT Operations management solutions and expand the use of their management tools beyond IT departments.

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Maturity Framework & Best Practices

DEJ's research collected data on current deployments and deployment plans for close to 100 management and organizational capabilities and identified those that have the most significant impact on performance. The list of capabilities that Top Performing Organizations (TPO) are more likely to be deploying shows that there is more innovation in this space than vendors are given credit for, which is already causing a power shift in a competitive landscape for these types of solutions.

	Top Performing Organizations (20%)	All Others
Percent of performance issues that are proactively detected	76%	52%
Average Mean Time to Resolution (MTTR) per incident	46 minutes	252 minutes (4.2 hours)
Percent of IT budget available for growth and innovation	53%	21%

Capability	TPOs more likely to be deploying as compared to others
Predictive analytics	*3.9 times*
Monitoring all key elements of digital/web experience delivery	*3.2 times*
Anomaly detection	*3.1 times*
Real-time analysis of streaming machine data	*2.6 times*
Ability to correlate application performance and business metrics	*2.2*
Automated root cause analysis	*92%*
Automated resolution scripts and repetitive tasks	*89%*
Ability to generate contextual alerts	*84%*
Single platform for monitoring both on premise and cloud infrastructures and applications	*78%*
Single data warehouse for all events and performance data	*72%*
Ability to aggregate events data and alerts across entire infrastructure stack	*71%*
Performance and security monitored through a single platform	*70%*
SaaS delivery method for IT Operations Management solutions	*68%*
Workflows defined based on facilitating collaboration between teams	*66%*
Ability to recognize context and identify patterns of log events	*63%*
Solution based on community knowledge	*59%*
Ability to forecast changes in usage patterns to adjust IT resources	*58%*
Single platform for monitoring all infrastructure elements and IT domains	*51%*

In addition to the technology capabilities identified in the research, Top Performing organizations also have three organizational attributes in common:

- Customer-centric culture
- Seeing technology as a source of competitive advantage
- Well defined strategy for digitalizing and transforming key business processes.

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Key Attributes of IT Operations in Digital Economy

1 Context of monitoring data
Delivering IT monitoring data in the right context is the key differentiator between sole reporting and getting true insights for IT Operations.

2 Hybrid & agile infrastructures
52% - reported that the approach of using different tool sets for monitoring the Cloud and on- premise environments is ineffective

3 Advanced analytics & data management
Advanced analytics for IT Operations is the #1 growth area for IT Performance in 2017

4 Business impact
47% of IT Operations professionals are looking to get more visibility into the business value delivered
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5 New technology readiness
54% of IT Operations professionals listed supporting deployment of new technologies as their key goal (ranked #1)

6 Automation
71% - increase in interest in automation capabilities for IT performance management since 2011

7 Incident management
55% - reported that they are using 10 or more tools for IT performance monitoring

8 Digital Experience Management
48% - organizations using Digital to create new revenue streams

9 Full visibility
45% - reported 5 or more blind spots in the IT service delivery chain

10 Service centric approach
51% - increase in business service performance as KPI for IT Operations since 2013

11 Optimization
44% - average IT monitoring capabilities that organizations are currently paying for but not using

12 Machine learning
39% - average increase in resources available for growth and innovation after deploying machine learning based solution

13 Correlation
41% - reported that they are using 10 or more tools for IT performance monitoring

14 Microservices & dynamic architectures
61% - reported planned increases in deployments of container-based architectures in next 12 months

15 Ease of use
Key selection criteria for 64% of organizations.

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Business Value

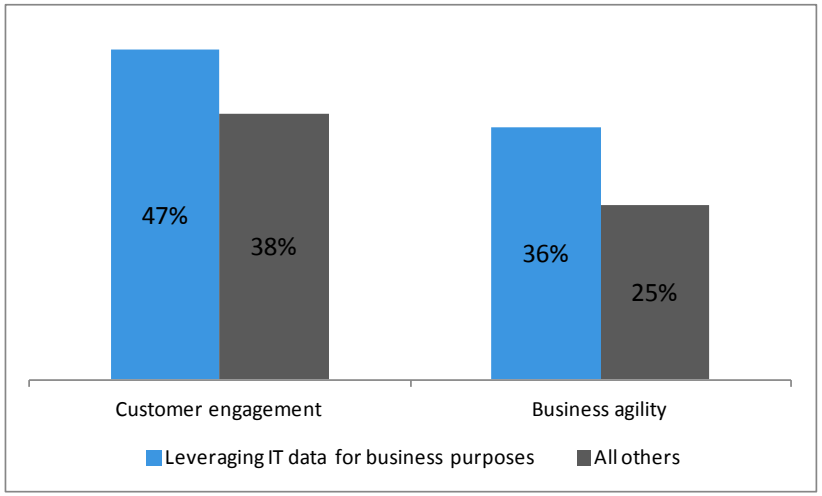
55%
Are deploying modern IT Operations technologies to improve customer satisfaction

$72K
Lost per minute of service outages

43%
Reported their competitive position deteriorated due to performance of IT services

41%
using IT Operations data for business purposes

DEJ's research shows that goals of IT Operations professionals and Digital Transformation leaders (CIOs, CDOs, etc.) are fairly similar. However, only 19% of organizations include modernizing IT Operations in their digital transformation strategy . Many of the IT Operations solutions include capabilities that can benefit organizations in the process of becoming digital business, but use of these solutions is sometimes limited to mostly tactical tasks. Trends around digitization and using technology as a source of competitive advantage provide IT Operations teams an opportunity to leverage technology toolset s that are available to them in the fashion that will allow them to better communicate the value that they bring to the business.



- 72% overlap between the goals of Digital Transformation leaders and IT Operations
- Only 19% of organizations include modernizing IT Operations in their digital transformation strategy
- 62% of organizations are reporting that lack of IT resources is the main obstacle for digital transformation

Key Takeaways and Recommendations

The study's key findings can be summarized in 8 actionable recommendations for end-user organizations

1. IT Operations management is becoming an analytics, data management and automation business
2. Modernizing IT Operations should be a key part of Digital Transformation strategies.
3. New challenges can't be addressed by using old tools
4. Start with a business problem, not a technology class
5. Putting more people on a problem is not an effective approach
6. "Do it yourself" approach is more costly in the long run
7. Look beyond operational cost savings – focus on internal and external customer and business value
8. There is no alternative for a proactive management approach

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