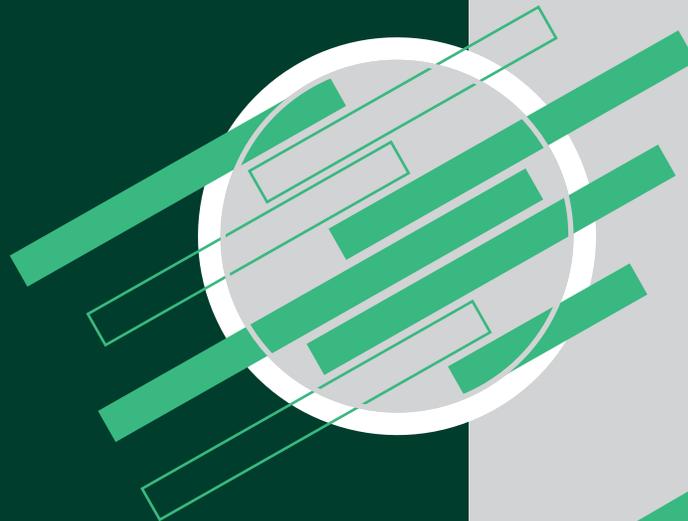
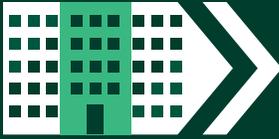


A Forrester Consulting
Thought Leadership Spotlight
Commissioned By Dell Technologies
May 2021

IT Leaders Leverage Outside Expertise To Achieve Business Outcomes: A Spotlight On IT Services Providers





Ensuring business continuity during critical times is the number one need firms have for IT services providers.



Guidance on IT decisions that are aligned with desired business outcomes is another top need firms have for IT services providers.

Introduction

Digital technology has made business faster and easier, creating tremendous opportunities for IT and business leaders — but it has also introduced more complexity. It's difficult for any organization to keep up with the rapidly evolving landscape of technology options. IT services providers offer expertise, integration, and accelerators that help businesses deliver more value to clients. Providers across the services ecosystem marry their ability to provide strategic advice with expert services that span the technology lifecycle. This ensures that no implementation is just a technology project and that the solution choices IT leaders make will serve as the right foundation to transform their businesses to win, serve, and delight customers.¹

Firms are looking to IT services providers to not only continue helping with the day-to-day operations of their business, but also for strategic guidance aligned with business objectives. IT services providers offer their expertise and best practices, enabling internal staff to focus on innovation efforts and achieve critical outcomes.

Dell Technologies commissioned Forrester Consulting to evaluate how IT leaders use the strategic advantages that IT services providers can offer. Forrester conducted an online survey with 661 IT decision-makers (ITDMs) responsible for infrastructure solution services, client/workforce solution services, cloud services, managed services, or information as a service (IaaS)/platform as a service (PaaS) to explore this topic. We found that uncertain times and the constantly evolving technology landscape exposed the critical need for the expertise third-party IT services can provide.

KEY FINDINGS

- › **IT leaders are investing in IT services to evolve and innovate.** Firms are shifting from capex to opex over the next 12 months, and plan to expand their usage of trusted IT services providers in several critical areas. These areas include workforce, infrastructure, and cloud, and span the life of technology with services ranging from consulting, implementation and residency to support, managed, education and asset disposition. The use of these services is growing and firms already using them are increasing their investments.
- › **Expertise from IT services providers enables better outcomes.** IT services providers are shifting to align to business value. The new paradigm taking hold in the services world shifts the relationship from transactional to value-based.² IT services providers fill current internal skill gaps and provide businesses with the mastery needed to guide them in their digital transformation, accelerate business objectives, and achieve desired outcomes. This gives firms a strategic edge.
- › **A constantly changing technology landscape requires agility to navigate change.** The one constant in life is change. Firms that can adapt and respond quickly are more likely to have a competitive advantage and delight their customers. This includes not just keeping up with emerging tech trends like edge computing and 5G, but also leveraging them. IT leaders who have an established relationship with strategic IT services providers are positioned to limit disruptions to employees and customers, ensuring business can continue and outcomes can still be achieved, even during times of change.

Customers And Technology Drive A New Digital Age

The technology landscape is constantly changing. For the last twenty years, the rapidly evolving digital way of life has shifted the way people work, shop, and live. While this has created exciting opportunities, IT leaders within organizations are sometimes standing in their own way when trying to achieve key business outcomes.

Whether it's a lack of internal training on the latest technology, challenges with collaboration across stakeholder groups, or insufficient resources, IT services providers can help firms navigate roadblocks and solve critical skills gaps and other issues that slow progress. ITDMs often find themselves facing the following realities:

- > **Customers are at the center of every firms' focus, demanding more — more quickly — than ever before.** In a digital world, technology is the means to meeting customer demands and achieving desired business outcomes. More than half (56%) of ITDMs report improving customer experience as a top driver of their digital transformation efforts (see Figure 1). This requires technology solutions that enable business agility, scalability, and easy modification. Cloud-based solutions, particularly those based on public or hybrid cloud, and as-a-service consumption models are ready to go and quick to scale, significantly shortening deployment times upfront and throughout the solution lifecycle.³ IT services providers can offer the expertise needed to accelerate the journey to cloud, thus improving CX in the shorter term.

Figure 1

Top 5 Drivers Of Digital Transformation Efforts

“Which of the following objectives are the key drivers of your digital transformation efforts?”



Base: 661 global IT decision-makers responsible for infrastructure services, client solution services, managed services, or IaaS/PaaS
Source: A commissioned study conducted by Forrester Consulting on behalf of Dell, December 2020

- › **Work is now increasingly virtual, real time, and ubiquitous, and employees need flexible processes and tools to keep one step ahead.** The last year, 2020, validated and accelerated the need for flexible, work-anywhere solutions. Nearly half (46%) of ITDMs want services that would enable them to support technology onsite or remotely. ITDMs plan to invest significantly in their remote workforce over the next year. Nearly 70% plan to increase their investment in their remote workforce and distributed teams in the next year. They are also pivoting their IT plans to ensure support for remote employees (37%).
- › **IT departments and the technology they provide are the foundation to empower employees to delight demanding customers.** This means a fundamental change in how tech teams organize, staff, collaborate, and automate. Firms that are adaptive, creative, and resilient will have technology teams that leverage platforms, practices, and partners to enable employees to quickly adapt to changing customer needs and demands. The use of IT services providers for everything from planning and implementation to ongoing management and support allows them to take over routine tasks and guide decision-makers on strategic directions, giving them the chance to focus their efforts on their customer. Recent times of change are proof that IT services providers can help firms adapt to unforeseen situations with minimal disruption — and keep customers happy.⁴



Firms use IT service providers during times of change to:

1. Support technology either onsite or remotely (46%).
2. Accelerate remote workforce productivity (42%).

Firms Must Leverage IT Services Providers With A Robust Portfolio Of Solutions To Meet Challenges

ITDMs face a range of technology, process, and people challenges as they try to keep up with the evolving technology landscape. Our study revealed that these barriers are too numerous for most firms to address on their own. IT services providers offer the expertise, day-to-day operational support, strategic guidance, and technical proficiency to help IT teams identify, deploy, and manage the right solutions to address these challenges:

- › **Specialized infrastructure needs drive increased investment in services and cloud expertise.** The cloud market is changing quickly, and ITDMs face a fragmented and diverse technology landscape. A short time ago, the market appeared headed for a world that was not just public cloud first, but public cloud only. However, substantial interest remains in private cloud alternatives, including the hosted private cloud (HPC).⁵ While SaaS and public cloud alternatives still dominate today, ITDMs envision supporting hybrid (and multicloud) environments for many years to come. IT services providers are critical to navigating technologies ITDMs are least confident in, including edge computing and 5G, while meeting increasing customer demands.



Top 3 IT Areas Of Investment Over The Next 12 Months

Multicloud/hybrid cloud (81%)

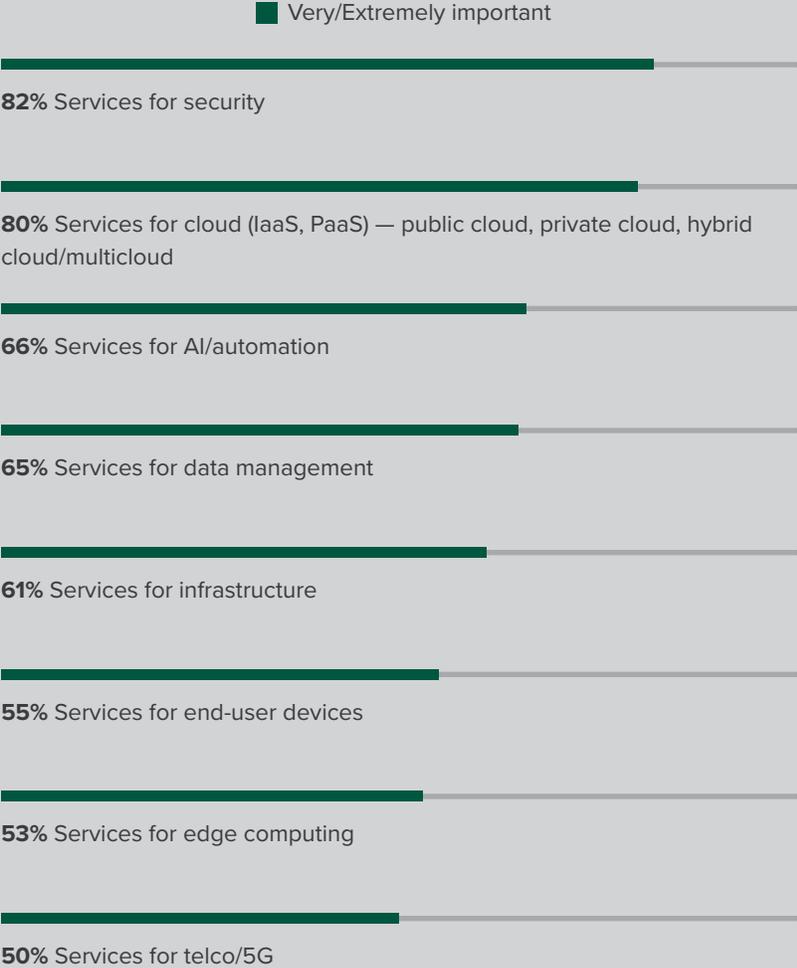
Business resiliency/continuity (73%)

Cybersecurity (73%)

ITDMs face a great deal of uncertainty as they make new technology decisions. IT services providers can be a stabilizing force and expert voice when it comes time to invest in enterprise-wide solutions (see Figure 2). Over 60% of ITDMs said IT services are “Very” or “Extremely important” when making infrastructure purchases. The accelerated journey to cloud is an important specialized infrastructure need. More than 80% of ITDMs plan to increase their investment in multicloud or hybrid cloud in the next year. Additionally, 80% of ITDMs said IT services are “Very” or “Extremely important” when making new cloud purchases.

Figure 2

“When making a new technology purchase in each of these areas, how important are the services available in your decision-making process?”



Base: 661 global IT decision-makers responsible for infrastructure services, client solution services, managed services, or IaaS/PaaS
 Source: A commissioned study conducted by Forrester Consulting on behalf of Dell, December 2020



74% of ITDMs agree they cannot meet their organization’s demand for IT expertise with internal resources only.

› **Firms are looking for help managing day-to-day operational demands and strategic planning.** ITDMs recognize that external help is needed to bolster all aspects of their business and achieve their desired outcomes (see Figure 3). IT services providers can take the burden of increased day-to-day operational demands from a virtual workforce, while offering the expertise and strategic guidance needed to transform the technology ecosystem to support new digital business. In some cases, it doesn't make sense to maintain certain types of skills in-house. This makes outside talent essential. For example, a firm doing a major deployment could use an outside vendor for higher level strategy, best practices, and expertise to get the deployment completed and look to them for ongoing support only as needed. Embedding resources alongside in-house teams can speed up and optimize the ability of trusted IT services providers to share their knowledge across all areas of the technology ecosystem.

IT leaders said the number one hurdle IT services providers help them to overcome is the lack of in-house technology skills or knowledge (55%). More than 60% of ITDMs are already using IT services providers to fill both staffing and technology expertise gaps. As firms struggle to recruit and upskill both technical and non-technical talent, they rely on IT services providers to fill knowledge gaps, as well as educate and align stakeholders on priorities.

Figure 3

“Thinking about your organization’s IT staff and technology purchases, please indicate your level of agreement with each of the following.”



Base: 661 global IT decision-makers responsible for infrastructure services, client solution services, managed services, or IaaS/PaaS
 Source: A commissioned study conducted by Forrester Consulting on behalf of Dell, December 2020

- › **Security and compliance requirements must be met.** The rapidly evolving landscape of technology means that security threats and attacks are also rapidly evolving. Leveraging IT services that help ensure business continuity and resiliency (e.g., services that engineer reliability across the stack, cyber recovery capabilities) is a top way IT services providers can help firms during a time of change or crisis. Additionally, 44% of firms said addressing security issues is a challenge IT services providers have helped them overcome. Firms also look to IT services providers to ensure all IT security and risk requirements are covered when purchasing and deploying new technology, and to identify best practices. They offer the most up-to-date expertise to meet compliance requirements and get ahead of evolving security concerns.

IT Services Providers: Partners To Accelerate Opportunity

Keeping up with the pace of the evolving digital technology landscape is challenging for even the most mature businesses. ITDMs who strategically leverage IT services providers are meeting their customers' demands faster, improving employee productivity, and optimizing operational efficiency. Nearly half of ITDMs look for technology solutions that can be delivered via flexible consumption and/or as-a-Service models. IT services providers, when aligned to business goals and consumption preferences, can offer significant benefits. Our study found:

- › **The evolving technology landscape is driving the need for more flexible consumption models.** The events of 2020 meant IT plans and priorities had to change. Nearly two-thirds (64%) of IT leaders began accelerating the shift of IT spend from capex to opex and to consider flexible consumption models like as-a-Service for the future. This shift allows firms to invest in the services they need today, instead of waiting for future funds and stalling advancement. In the next 12 to 18 months, 41% of IT leaders expect to consume their infrastructure IT services via an as-a-Service model.
- › **Freeing internal IT talent for the development and implementation of innovative, state-of-the-art strategies and platforms is another benefit.** Once trusted IT services providers fill gaps, many firms have seen increased system performance and stability and gained operational efficiency. There are also opportunities for IT services providers to take on routine tasks so internal IT staff can focus on building state-of-the-art strategies that leverage top-of-the line platforms. Over half of ITDMs (52%) report day-to-day demands often prevent their IT staff from focusing on innovative or strategic projects. When internal resources are freed up for strategic priorities, IT services providers can help there, too (see Figure 4). IT services providers have the technology-specific expertise, resources, and best-practice counsel to make sure innovation initiatives are set up for success and, when necessary, iterate fast to avoid expenses.



53% of ITDMs report using services from an IT provider allows their internal IT staff to spend more time on innovation and strategic initiatives.



71% of ITDMs agree help from IT services providers reduces risk in the deployment of new technologies.

Figure 4

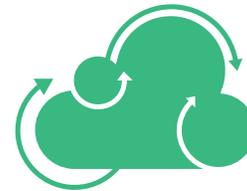
Top 3 Ways IT Services Providers Have Contributed To Organizational Success

“Which of the following describes the most important ways your IT service providers contribute to the success of your IT organization?”



Base: 661 global IT decision-makers responsible for infrastructure services, client solution services, managed services, or IaaS/PaaS
Source: A commissioned study conducted by Forrester Consulting on behalf of Dell, December 2020

- > **Business outcomes improve through holistic partnerships.** There is a real opportunity to take advantage of the changing role of IT services providers to include a strategic partnership. Part of that is deciding how IT leaders should work with IT services providers to help transform their business. ITDMs shouldn't expect IT services providers to be a magic bullet to navigate all obstacles. Instead, they should focus on opportunities for co-creation to build trust. Many ITDMs find that partnering with IT services providers that understand their firms' outcomes and goals allows for better cultural and business alignment so they can achieve outcomes faster.



45% of ITDMs are looking for technology solutions that can be delivered via flexible consumption and/or as-a-Service models during times of change.



Key Recommendations

Forrester's in-depth survey of 661 IT decision-makers about how IT service providers can help them achieve critical outcomes yielded several important recommendations:



Engage IT services partners early to define outcomes together. In the digital age, IT is no longer a cost center for the CIO, but a key differentiator for the firm. IT services providers are enablers of digital transformation across the board. As illustrated in this report, the right partnerships help simplify, modernize, and plug key gaps within the infrastructure. But this also means IT services providers need to be embedded early on in your digital transformation journey, enabling both parties to think strategically about resources, ensure cultural alignment, and co-create outcomes.



The right IT services provider will help ensure business continuity and agility. Uncertainties in the market — both financial and geo-political — have been a characteristic of the past decades since the evolution of IT. Overnight, firms may see business continuity priorities take center stage, ranging from having the right processes and tools in place to enable remote workers to securely managing data across a highly distributed workforce to keeping the lights on across the organization. Part of that formula is finding IT services providers who offer your preferred consumption model. In partnerships with IT services providers, think of players who can help manage the firm's IT needs in both a stable and unstable growth economy. This helps IT teams remain agile, quickly expand into providing business continuity needs, and maintain customer centricity while weathering market shifts.

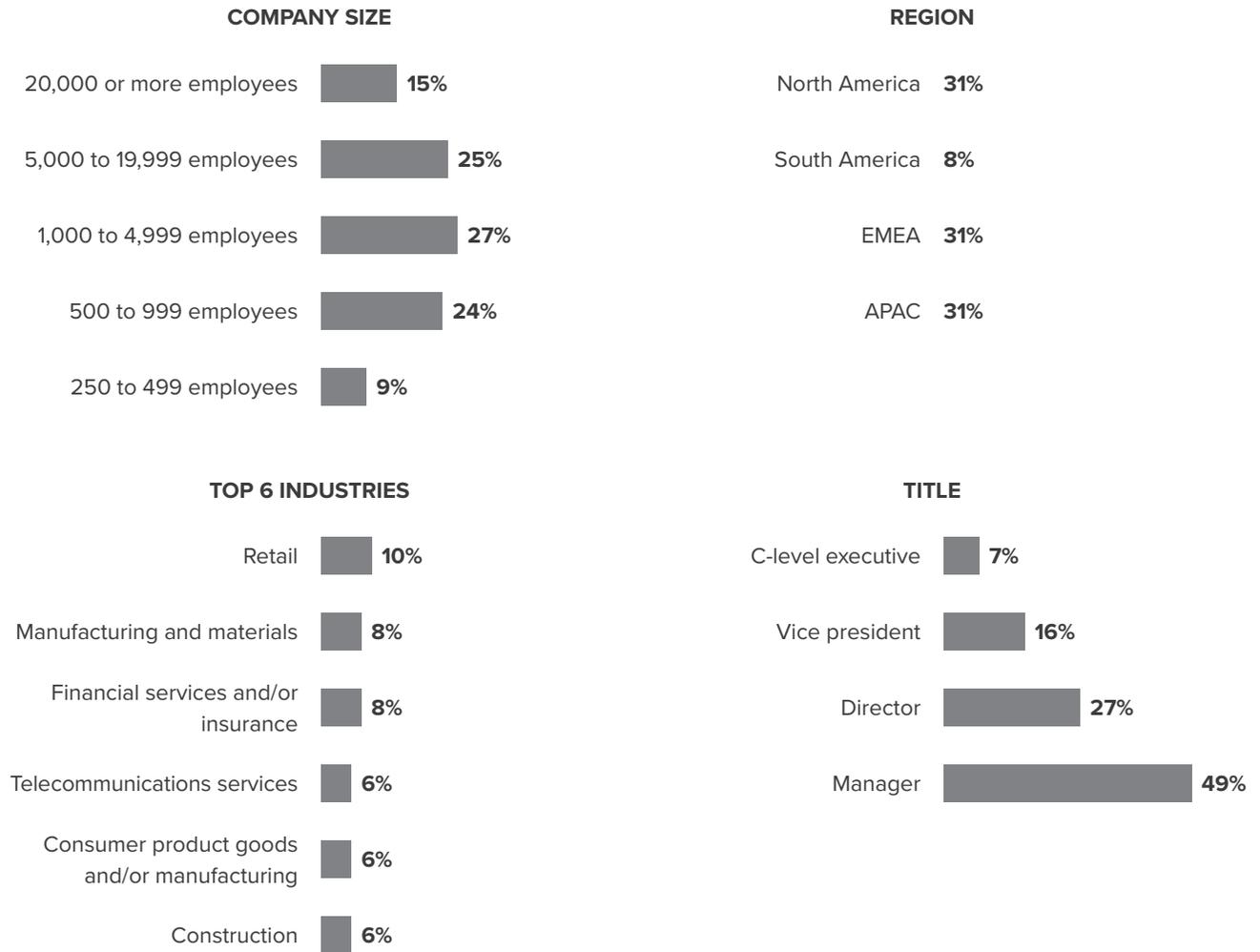


To stay ahead of digital trends, utilize the specializations of IT services providers. Emerging technologies, such as 5G and edge computing, are finding use cases in almost every industry from banking to supply chain management. Accompanying this evolution is the rise of cyber security concerns and the need to adhere to data privacy standards. Not only is adoption of these newer trends crucial, but so is the procurement of the right tools and processes to capitalize on them. No organization in today's digital age can do it all on its own — at least not do it well enough to create a competitive advantage. This is the critical point where IT services providers step in to help. They bring key skills and resources to help firms see ahead of the trends curve and be at the forefront of changes in technology adoption so they can achieve their desired outcomes.

Appendix A: Methodology

In this study, Forrester conducted an online survey with 661 IT decision-makers responsible for infrastructure services, client solution services, managed services, or IaaS/PaaS. The study was conducted in December 2020.

Appendix B: Demographics



Base: 661 global IT decision-makers responsible for infrastructure services, client solution services, managed services, or IaaS/PaaS

Note: Some percentages may not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of Dell, December 2020

Appendix C

¹ Source: “Research Overview: Technology And Software Services,” Forrester Research, Inc., January 12, 2021.

² Ibid.

³ Source: “Understanding The Cloud Service Provider Landscape,” Forrester Research, Inc., December 23, 2020.

⁴ Source: “Your Future Fit Technology Strategy: Adaptive, Creative, And Resilient,” Forrester Research, Inc., October 14, 2020.

⁵ Source: “Understanding The Cloud Service Provider Landscape,” Forrester Research, Inc., December 23, 2020.

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