Digital Transformation Roadmap Benchmark

Conducted by ITSMA
Sponsored by VMware Professional Services

ITSMA | Summary Report
August 20, 2018
About VMware

This year, VMware celebrates 20 years as an industry pioneer. When the company launched in February 1998, we transformed the data center forever by mainstreaming virtualization, the core principle of cloud computing. Twenty years later, we remain focused on innovating in everything we do, and committed to solving the most difficult technology problems for our customers. We apply the same principles of virtualization and software innovation to securely connect, manage and automate the world’s complex digital infrastructure. VMware Professional Services, a global organization of VMware subject-matter-expert consultants and architects, plays an important role in helping our customers unlock the power and potential of VMware technology, while reducing risk. VMware Professional Services can accelerate time to value of VMware solutions and help accomplish business outcomes.

www.vmware.com

About ITSMA

For more than 20 years, ITSMA has led the way in defining, building, and inspiring B2B services marketing excellence. With a dedicated focus on services and solutions for the connected economy, we provide our member community with insight, advice, and hands-on help to strengthen reputation, increase revenue, and deepen customer relationships.

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Digital Transformation Roadmap Benchmark

Background

• VMware Professional Services has developed a strategic planning framework called the IT Value Model, to assist our customers in planning and executing on their digital transformation journey
  – The model describes the evolutionary steps for IT/Business alignment, and describes the capabilities required to progress along that evolution
  – Using the model, VMware Professional Services works with customers to articulate and gain consensus around the current state, desired end state (including timeframe), and high-level roadmap to get to the desired end state

• VMware and ITSMA recently conducted a global survey to benchmark the status, progress, and challenges that IT organizations have with digital transformation, using the IT Value Model as the framework for analysis

• This report contains the survey findings
What is the VMware IT Value Model?
Describes the evolution of the IT/Business relationship required for Digital Transformation

The Infrastructure Provider stage represents most IT organizations today. The focus is on infrastructure delivery. Characteristics include:
- Reducing Capex
- Data Center consolidation and migration
- Increasing standardization
- Automation for faster provisioning
- Increasing stability and reducing outages

This stage represents where most IT organizations want to go as they mature. The focus is on high quality service delivery and demonstrating quantifiable value back to the business. Characteristics include:
- Reducing Opex
- Providing on-demand services
- Focus on service quality with defined SLA’s
- Gaining better business intimacy
- Cost transparency and chargeback
- Proactive operations

This stage is aspirational, representing the future as IT becomes the medium to do business. The focus is business demand generation and consumption by driving revenue through IT. Characteristics include:
- Business driven by digital marketplace
- Mobile workloads
- Containers using cloud native tools
- Automation of DevOps cycle
- Continuous integration
- Continuous development.
Competencies Identified in the Model
VMware Professional Services looked at the typical competencies that our customers have developed and we’ve identified the mandatory capabilities within each of these competencies. While any given organization’s journey will be different based on desired business outcomes, the sequence for identifying and developing capabilities will not vary.

Across the Business Relations Profiles are Cybersecurity and Consumer themes that can be applied to the competencies/capabilities identified above.
A Summary of Key Findings from the Survey

• In the next 18-24 months, over two-thirds of companies are aligning their IT strategy with business goals, delivering outcomes beyond IT
  - One third are planning to become Digital Enterprises, developing new models to improve the customer experience

• Companies are strengthening competencies across all stages of the digital transformation journey, most notably private cloud, mobility, and protection of applications and services

• A well-defined IT roadmap is critical for success on the digital transformation journey, yet nearly half don’t have one

• Many companies are already getting help or currently seeking help to define their IT roadmap

• IT leaders see the VMware IT Value Model as a helpful tool to guide them to their future state
Companies are aligning their IT strategy with business goals; one third expect to become Digital Enterprises, delivering new business models to improve the customer experience.

Which profile best describes the relationship between your IT organization and the business?

<table>
<thead>
<tr>
<th>Profile</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure Provider</td>
<td>35</td>
</tr>
<tr>
<td>Business Partner</td>
<td>47</td>
</tr>
<tr>
<td>Digital Enterprise</td>
<td>18</td>
</tr>
</tbody>
</table>

Looking ahead 18–24 months, which profile describes the relationship you expect to have between your IT organization and the business?

<table>
<thead>
<tr>
<th>Profile</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure Provider</td>
<td>31</td>
</tr>
<tr>
<td>Business Partner</td>
<td>34</td>
</tr>
<tr>
<td>Digital Enterprise</td>
<td>35</td>
</tr>
</tbody>
</table>

% of respondents (N=306)
Source: ITSMa, VMware IT Value Model Benchmark, 2018
Companies are strengthening competencies across all stages of the digital transformation journey, most notably private cloud, mobility, and protection of applications and services.

Now, thinking about the future, which of these areas are most important for your IT organization to strengthen over the next 18–24 months? % of respondents (N=306)

<table>
<thead>
<tr>
<th>Infrastructure Provider</th>
<th>Consumer</th>
<th>Cybersecurity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hybrid Cloud 37%</td>
<td>Managing identity 46%</td>
<td>Insight into your applications and services 42%</td>
</tr>
<tr>
<td>Private Cloud 53%</td>
<td>Publishing applications 35%</td>
<td>Protection of your applications and services 54%</td>
</tr>
<tr>
<td>Virtual Infrastructure 43%</td>
<td>Managing desktops 36%</td>
<td>Control over your applications and services 47%</td>
</tr>
<tr>
<td>Business Partner</td>
<td>Supporting mobility 54%</td>
<td></td>
</tr>
<tr>
<td>XaaS 23%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PaaS 45%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IaaS 48%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital Enterprise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital Convergence 37%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third Platform 33%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DevOps 48%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Multiple responses allowed. | % of respondents (N=306)
Source: ITSMA, VMware IT Value Model Benchmark, 2018
On the digital transformation journey, a well-defined IT roadmap is critical for success, yet nearly half don’t have one

- Nearly half (47%) of companies do not have a well-defined IT roadmap

Which of the following statements best describes the status of your company or organization’s IT strategy (for the next 12–24 months)? % of respondents (N=306)

- Having a well-defined IT roadmap is a critical success factor. Those who have a well-defined IT roadmap are better prepared to develop the competencies and capabilities required, and are more likely to have aligned their IT strategy with their business strategy

<table>
<thead>
<tr>
<th>Category</th>
<th>Those with a well-defined IT roadmap</th>
<th>Those without a well-defined IT roadmap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have <strong>aligned</strong> their IT strategy with the business strategy</td>
<td>82%</td>
<td>44%</td>
</tr>
<tr>
<td>Are <strong>very well prepared</strong> to develop the competencies and capabilities required for success, such as digital convergence and DevOps</td>
<td>33%</td>
<td>16%</td>
</tr>
<tr>
<td>Expect in 18-24 months to become a <strong>digital enterprise</strong> delivering new business models to improve customer experience</td>
<td>45%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Note: Differences are statistically significant. Source: ITSM, VMware IT Value Model Benchmark, 2018 | % of respondents (N=306)

Source: ITSM, VMware IT Value Model Benchmark, 2018
Many companies are already getting help, or currently seeking help, to define their IT roadmap

- Technology, People and Budget are the top challenges in aligning the relationship between IT and the business

<table>
<thead>
<tr>
<th>Challenge</th>
<th>% Rank 1st</th>
<th>% Rank 2nd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>53%</td>
<td></td>
</tr>
<tr>
<td>Budget</td>
<td>48%</td>
<td></td>
</tr>
<tr>
<td>People</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>Time</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Process</td>
<td>27%</td>
<td></td>
</tr>
</tbody>
</table>

Note: Respondents were asked to rank order the challenges. % of respondents (N=306) Source: ITSM, VMware IT Value Model Benchmark, 2018

- To address these challenges, many companies are already getting help (41%) or seeking help (30%) from external partners in defining their IT roadmap

  Defining Your IT Strategy
  - Yes: 31
  - No, but we need to find someone to help: 54
  - No, this is something we can do ourselves: 15

  Defining Your IT Roadmap
  - Yes: 30
  - No, but we need to find someone to help: 41
  - No, this is something we can do ourselves: 29

Note: Respondents were asked to rank order the challenges. % of respondents (N=306) Source: ITSM, VMware IT Value Model Benchmark, 2018
IT leaders see the VMware IT Value Model as a helpful tool to guide them to their future state

- Regardless of whether they have a strategy or roadmap, 81% of respondent rated the VMware IT Value Model as helpful or very helpful (4 or 5 out of a 5-point scale) in visualizing their IT organization’s current state and the path to their target state.

- The VMware IT Value model covers key initiatives along the IT digital transformation journey, including cloud, cybersecurity, and consumer and the dependencies between states.

Does this model help you to visualize your IT organization’s current state and the path to your target state? % of respondents (N=306)

Mean rating: 4.1

1=Not at all helpful
2=Somewhat helpful
3=Helpful
4=Very helpful
5=Extremely helpful

1
3
15
48
33
81%

Note: Mean rating based on a 5-point scale where 1=Not at all helpful and 5=Very helpful. Source: ITSMA, VMware IT Value Model Benchmark, 2018

“Helps to plan what’s next and to outline objectives.”
“It clearly shows the path to digital transformation.”
“Will be useful for driving value, productivity, and reducing costs.”
Survey Methodology

- ITSMA conducted an online survey in June–July 2018 to:
  - Benchmark the current status of IT and the digital transformation journey
  - Assess the relevancy of the VMware IT Value Model

- The survey was completed by 306 IT executives who make decisions for, or participate in, long-term IT strategic planning from 11 countries in 3 regions

How long have you worked in IT?

- Respondents were at the director level or above, working at companies with annual IT budgets of $10M or more

How long have you worked at your present company?

Source: ITSMA, VMware IT Value Model Benchmark, 2018 | % of respondents (N=306)
Thank you!