

OpsRamp

THE CHANGE AGENTS

How IT Operations Teams Are Driving
Enterprise Transformation and Value
Creation During Uncertain Times

OpsRamp.com





Executive Summary

For good reason, the global pandemic has dominated almost every facet of life during 2020. Living with the virus has been the undercurrent of daily life, with profound effects on the economy, politics, family, work, personal finances, purchasing behaviors and general wellbeing. Covid-19 has killed more than [1 million people globally this year](#) and will result in the [worst global economic crisis since the Great Depression](#). While the U.S. economy has recovered [12 million out of the 22 million jobs lost](#) during the initial phase of the pandemic, more than 10 million people in the U.S. remain unemployed.

Global economic uncertainty will continue until there is a clear path to a vaccine. In November, [the U.S. registered its highest number of single-day coronaviruses cases](#) while [several European countries have enforced partial or complete lockdowns](#). Meanwhile, Gartner estimates that [global IT spending will decline by 7.3% in 2020](#), resulting in a \$280 billion annual reduction in technology investments.

In April 2020, OpsRamp published its [Thriving in the New Normal: How IT Operations Leaders Can Deliver Business Value in an Economic Slowdown](#) report to analyze how IT teams were adapting technology priorities and spending plans during the pandemic.

As the global health crisis continues, OpsRamp conducted a follow-up survey in October 2020. Our latest survey is based on responses from 230 IT executives in the U.S. and U.K. The survey asked IT leaders about their technology investments, cost reduction measures, operational challenges, and hiring plans for 2020 and beyond.

Methodology

OpsRamp surveyed a total of 230 respondents in the U.S. and the U.K. in October 2020. All respondents work at the IT director level or above, across IT/technology operations teams in the United States and the United Kingdom. Enterprises surveyed have more than 500 employees and spent at least \$5 million in annual technology budgets.

64%

of respondents hold the role of either director or senior director of IT operations.

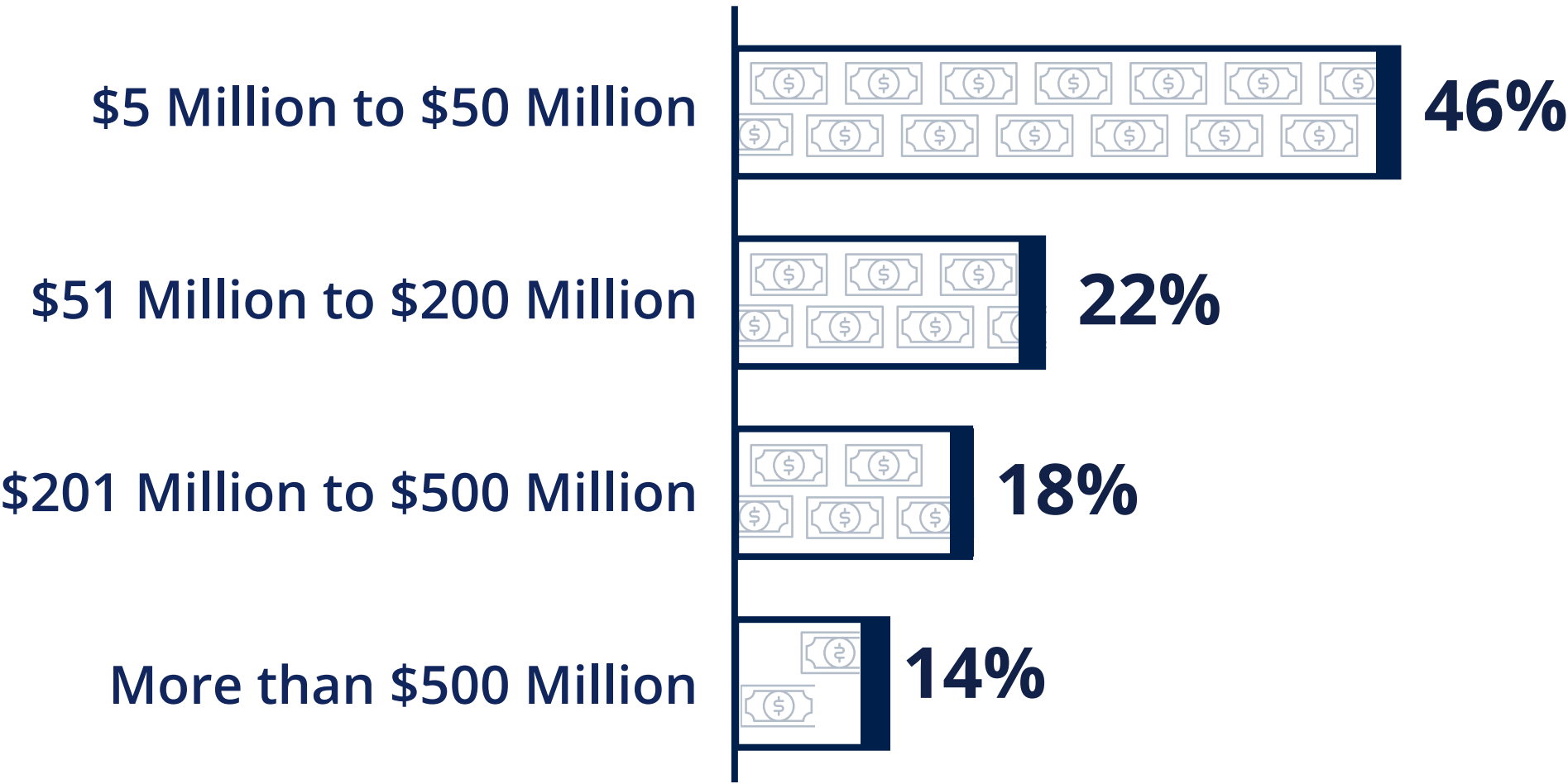
54%

of IT leaders work for organizations that spend more than \$50 million annually on technology budgets.

66%

of these technology executives work at organizations with more than 1,000 employees.

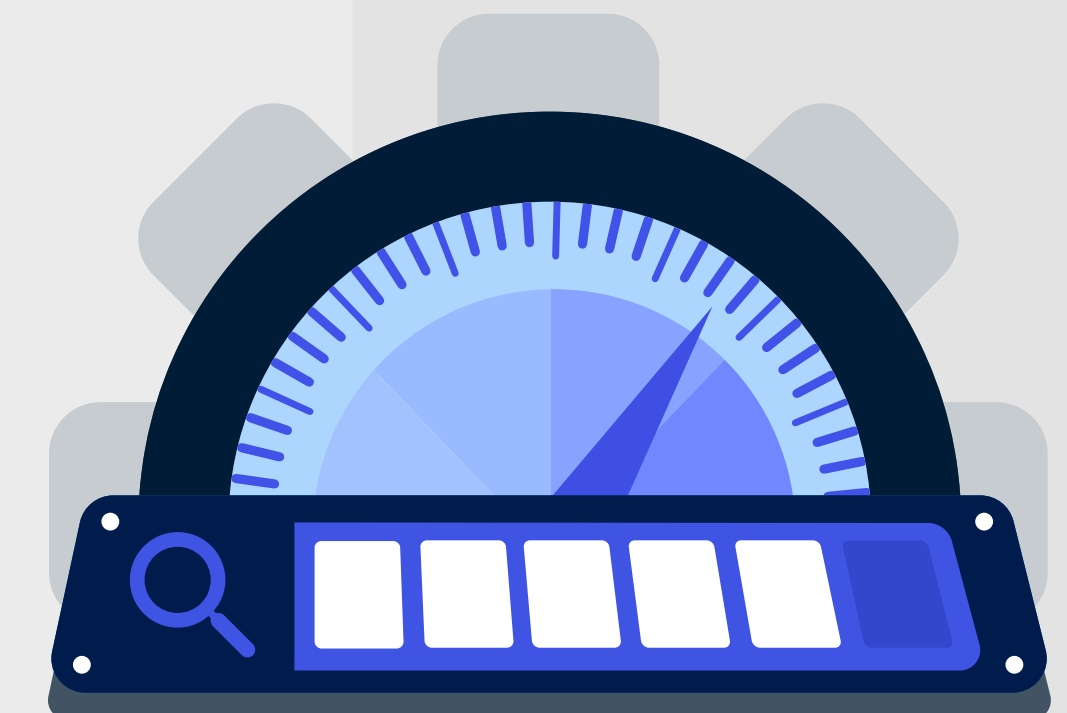
Annual Technology Spending (In \$ Million)



Insight #1

Speeding Up Digital Transformation

Consulting firm [KPMG's 2020 CEO Outlook](#) survey of more than 1,600 global CEOs found that three-fourths of CEOs believe “the pandemic has accelerated the creation of a seamless digital customer experience.” Digitization helps enterprises bring products and services to market sooner, redesign organizational processes to keep pace with customer expectations, and experiment with new ideas to create innovative business models. A majority (78%) of IT leaders have either increased or maintained their technology spending in the second and third quarters of 2020 while 63% of enterprises plan to double down on digital transformation projects.

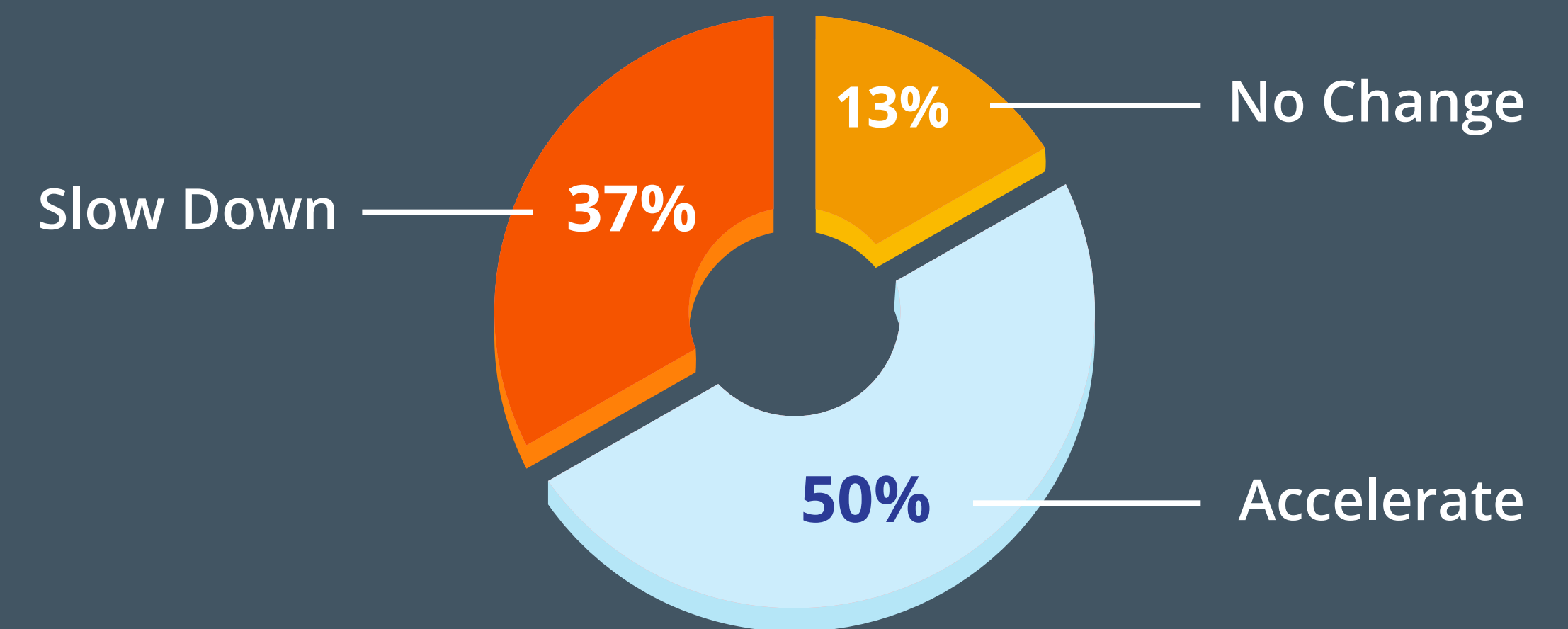


Why Digital Transformation Remains a Critical Priority for IT Leaders

In 2020, IDC estimates global enterprises will invest a total of [\\$1.3 trillion in technologies and services](#) that power digital transformation. According to IDC, stay-at-home orders along with social distancing norms during Covid-19 will see digital transformation spending grow by 10.4% over the previous year. Our October survey shows 63% of IT leaders will either accelerate or maintain their digital transformation initiatives while 37% of respondents will slow down their digital spending.

While our April survey painted a more optimistic picture (73% planned to increase or sustain their digital transformation projects), the pandemic has badly affected industry verticals such as hospitality, entertainment and performing arts, travel and tourism, and oil and gas. The reduced appetite for digital spending in our latest survey is a function of the [bankruptcy filings](#) and layoffs that we have witnessed in these sectors over the last six months.

Impact on Digital Transformation Spending



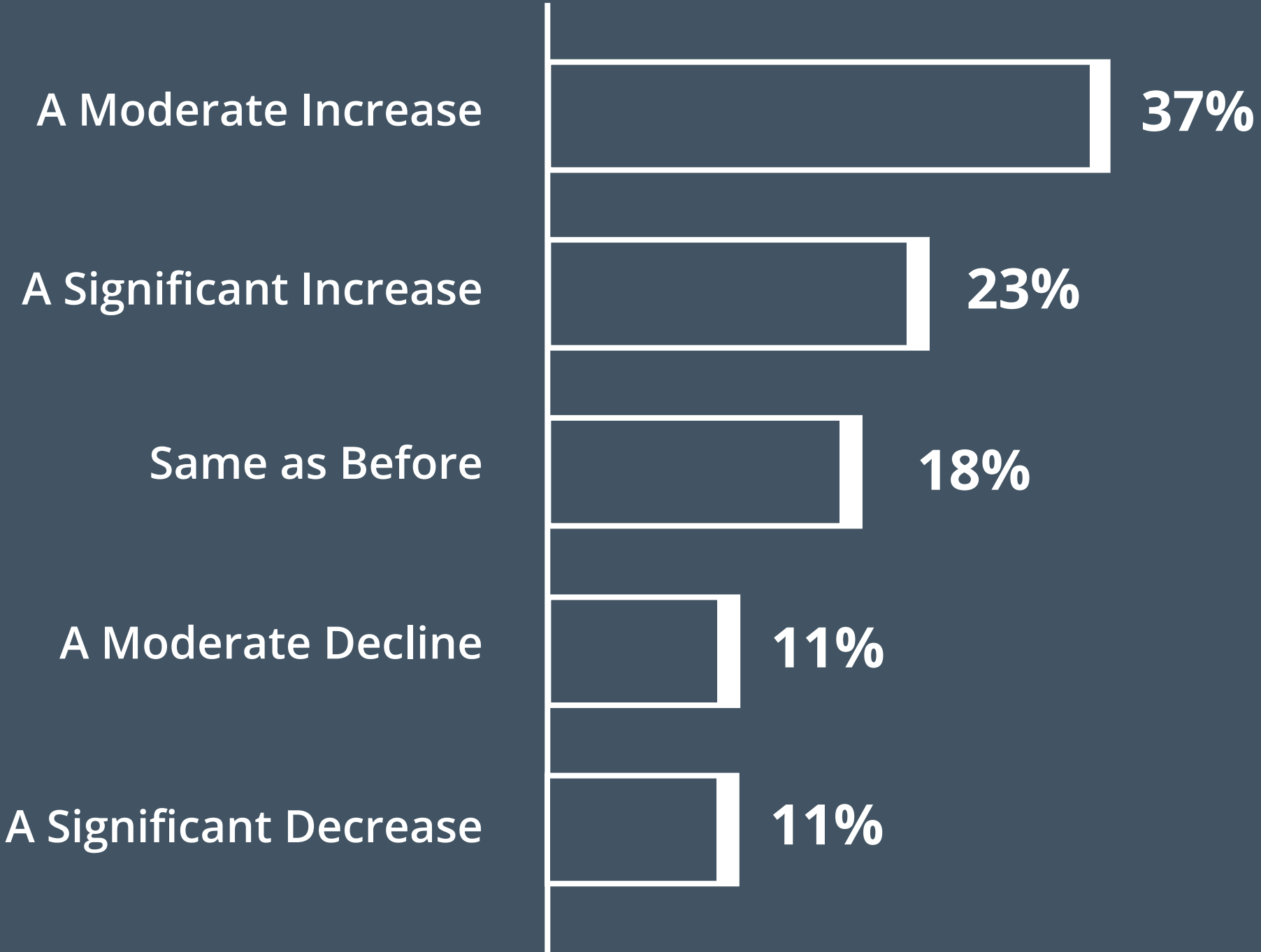
IT Spending is Holding Up Remarkably Well During The Pandemic

Overall growth estimates for 2020 global IT spending have ranged from a decline of 7.3% ([Gartner](#)), a reduction of 3% ([S&P Global](#)), or a drop between 5% to 9% for the U.S. technology sector ([Forrester](#)).

Our October survey shows 60% (versus 58% in April) of technology leaders have either significantly or moderately increased their IT budgets in the last six months. Only 22% (versus 38% in April) of respondents have either significantly or moderately reduced their IT budgets in the last two quarters.

There is greater optimism today than in the early phase of the pandemic where IT leaders were still trying to figure out the broader economic consequences of Covid-19. Technology spending has held up remarkably well over the last six months as organizations deployed communication and collaboration tools for remote workers while focusing on delivering remarkable digital experiences for customers and partners.

Technology Spending Shifts Over the Last Six Months

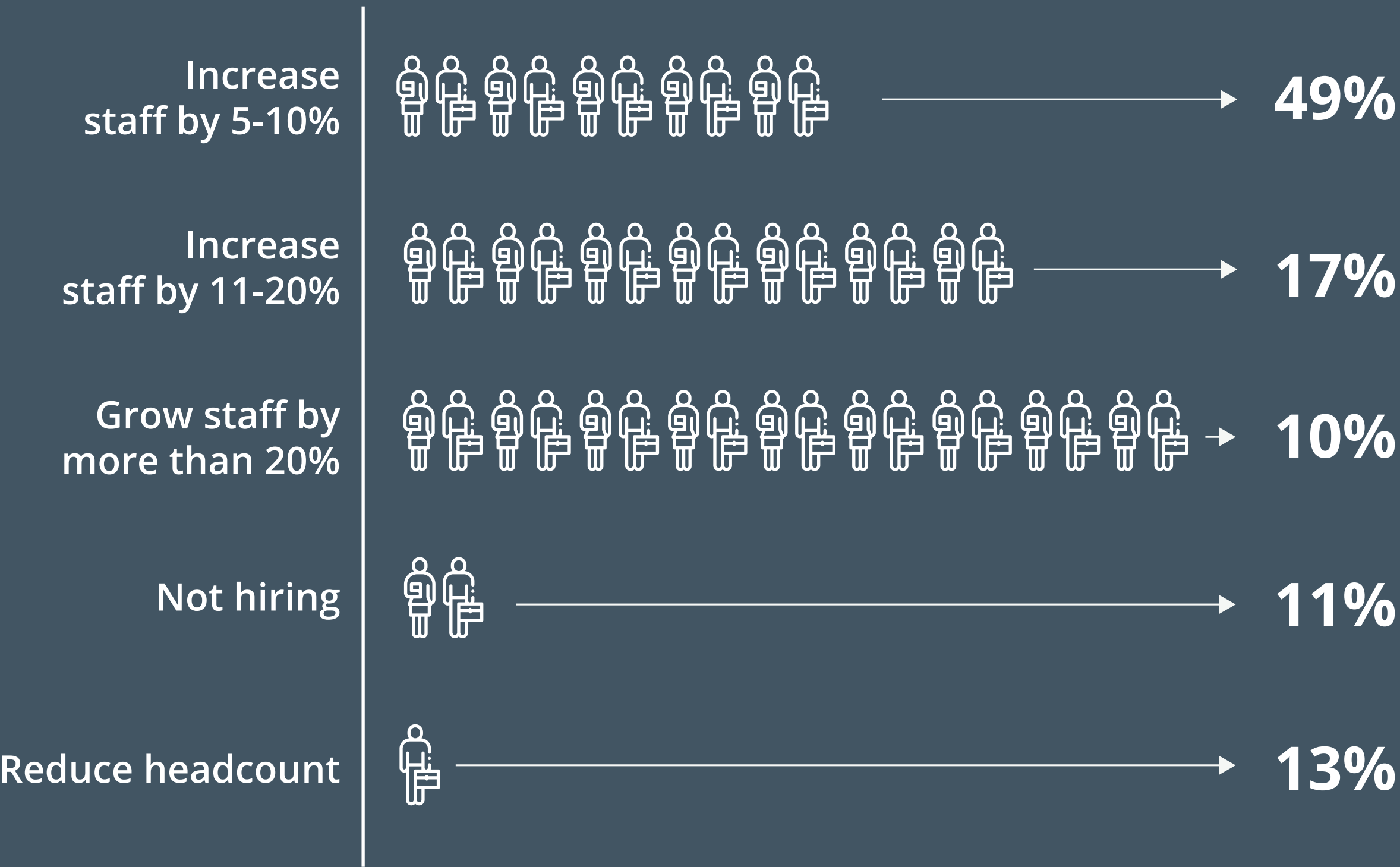


Technology Hiring Remains a Bright Spot

Despite the current economic disruption, a recent Janco report shows that employers added 6,900 and 12,200 net new IT jobs in August and September of 2020. The uptick in IT hiring is not entirely surprising given how critical technology has become in supporting business operations and launching new products and services.

In the next six months, 49% of technology executives expect to increase headcount by 5% to 10%, 17% plan to grow their overall staff by 11% to 20%, and 10% believe they will increase the size of their IT teams by more than 20%. Only 13% of IT operations leaders in the U.S. and the U.K. plan to reduce headcount while 11% expect not to hire any additional team members in the next two quarters.

Hiring Plans For the Next Six Months





Insight #2

Technology Priorities for 2020

During an economic downturn, organizations that fail to invest in technology will lose market share to digital-first competitors. Our survey shows the three technology areas that have received greater funding include cybersecurity, collaboration, and cloud infrastructure. Performance monitoring tools such as AIOps, digital experience monitoring, and network performance monitoring have played a vital role in pinpointing and addressing gaps on the customer experience front. Finally, service providers are helping enterprises safeguard their infrastructure and reduce the cost of delivering IT services.



Greater Investments in Security, Remote Work, and Cloud Infrastructure

In the second and third quarters of 2020, IT leaders have increased funding for technology initiatives involving information security and compliance (59% in October versus 62% in April), remote work and collaboration (55% in October versus 42% in April), and public and multi-cloud infrastructure (50% in October versus 45% in April).

- **Information security and compliance.** In 2020, Gartner expects organizations will invest [\\$124 billion in information security and risk management](#) in 2020. Per Gartner, spending on cloud security solutions will grow 33% this year, underlining the need for protecting data residing in cloud infrastructure.
- **Remote work and collaboration.** Several organizations have extended [work from home arrangements for employees well into 2021](#). IT leaders have dealt with a sudden surge of remote employees by investing in collaboration, communication, virtual private network, and identity management solutions to deliver the right levels of employee experience and engagement.
- **Public and multi-cloud infrastructure.** In its [Worldwide IT Industry 2021 Predictions](#) report, IDC expects the pandemic will compel 80% of IT leaders to shift their mission-critical workloads twice as fast to cloud-based infrastructure. Enterprises are betting on scalable, on-demand, and subscription-based cloud infrastructure to optimize spend and drive flexibility during the pandemic.

Technology Investment Focus Areas for 2020

Information Security and Compliance



59%

Remote Work and Collaboration



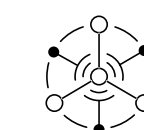
55%

Public and Multi-Cloud Infrastructure



50%

Monitoring and Management



42%

Business Continuity and Disaster Recovery



42%

Big Data and Analytics



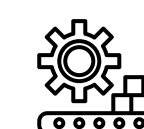
39%

IoT and Edge Computing



36%

Datacenters and Private Clouds



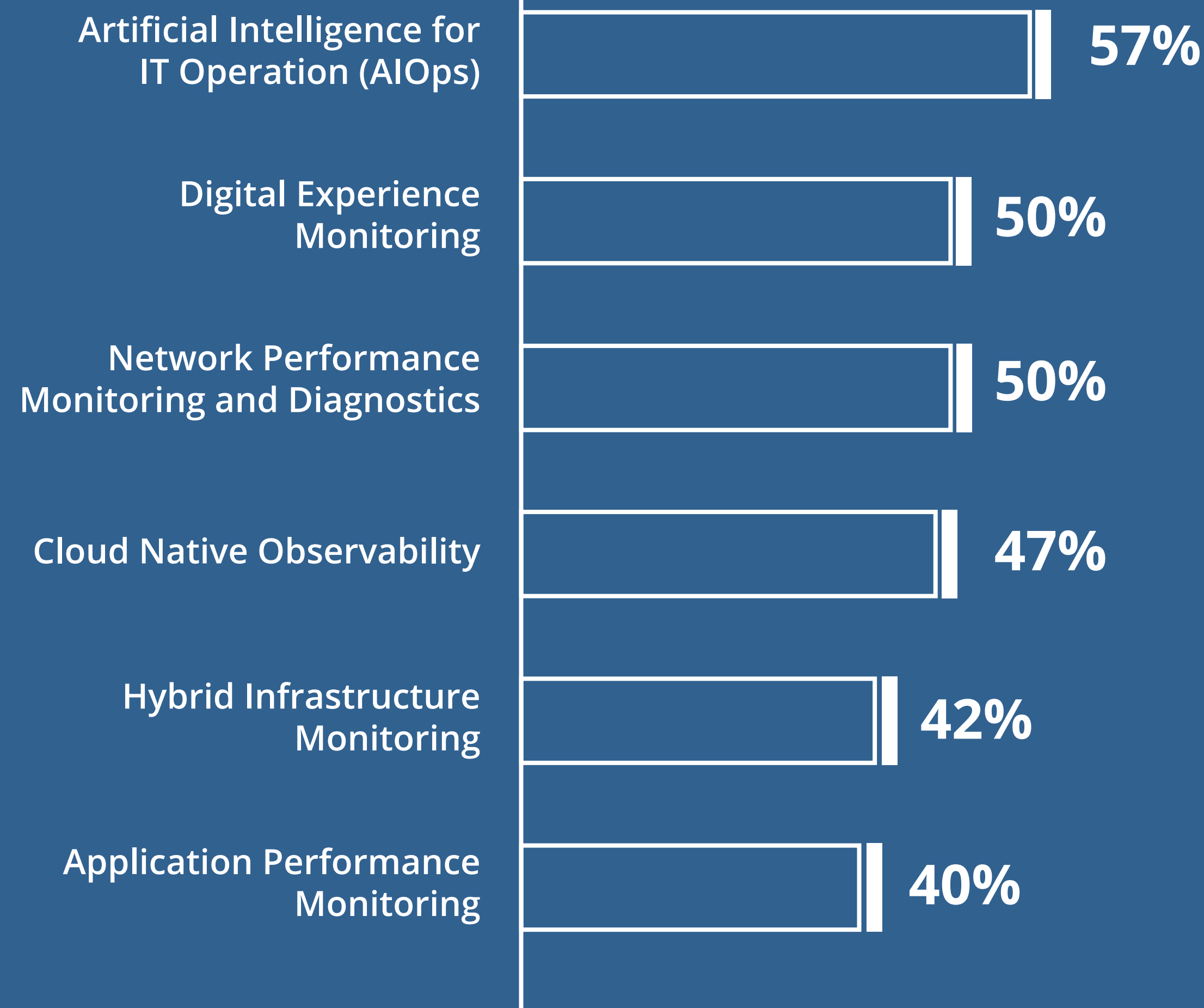
35%

Performance Monitoring Tools: The Difference Between Mediocre and Outstanding Customer Experiences

In 2020, technology leaders invested in performance monitoring tools such as artificial intelligence for IT operations (57%), digital experience monitoring (50%), and network performance monitoring and diagnostics (50%) to deliver compelling customer and employee experiences as well as positively impact business outcomes:

- **Artificial intelligence for IT operations (AIOps)** tools marry data science and machine learning to help maintain the uptime, reliability, and performance of technology services with contextual and predictive insights.
- **Digital experience monitoring (DEM)** solutions put a clear spotlight on the performance of business transactions and customer journeys by surfacing end-user interaction insights for complex enterprise services.
- **Network performance monitoring and diagnostics (NPMD)** tools deliver responsive and resilient network infrastructure with instrumentation analytics and rich visualizations for device, flow, and packet-level data.

Leading Tools for Performance Monitoring

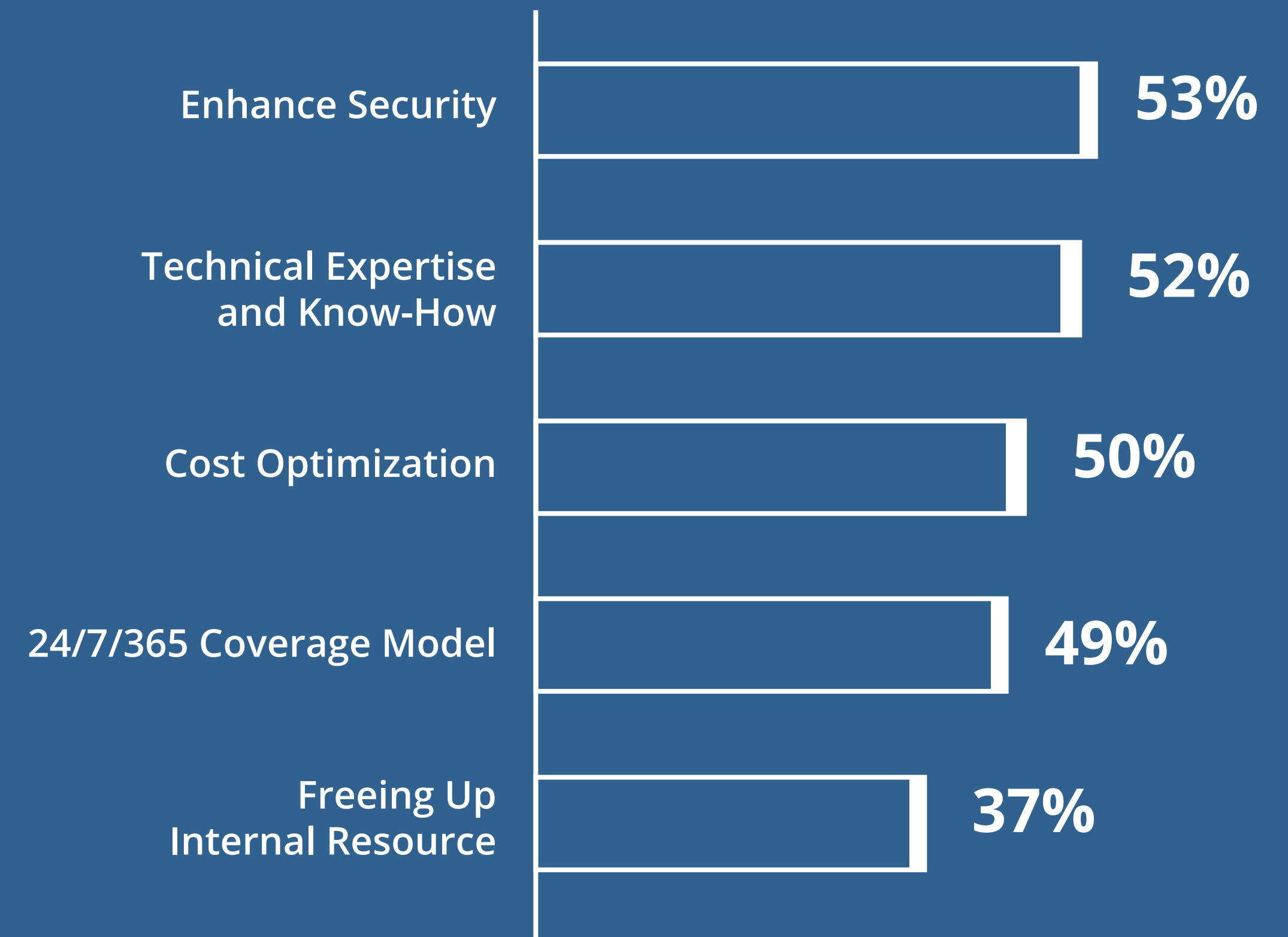


Service Providers: The Best Kept Secret of Scalable Technology Operations

A majority (93%) of IT operations and DevOps teams will either increase or maintain budgets for external service providers in 2021. Only 6% of respondents in the U.S. and the U.K. expect to decrease overall funding for their service providers. Here are three reasons why enterprises will rely on service providers for 'keeping the lights on':

- **Enhance security.** IT operations teams are working with managed security service providers to beef up their security posture and deliver real-time intelligence into vulnerabilities with threat detection and response services.
- **Technical expertise.** Gartner has found the absence of the [right technology skills can hamper digital transformation efforts](#). Service providers can be a great source of talent for hard-to-fill positions such as information security, cloud infrastructure management, and data science and machine learning.
- **Cost optimization.** Enterprises can improve the reliability and operational efficiency of hybrid IT infrastructure by partnering with a service provider. Service providers can help optimize costs and drive better productivity with the right operational expertise and improved business processes.

Key Benefits of Working With MSPs

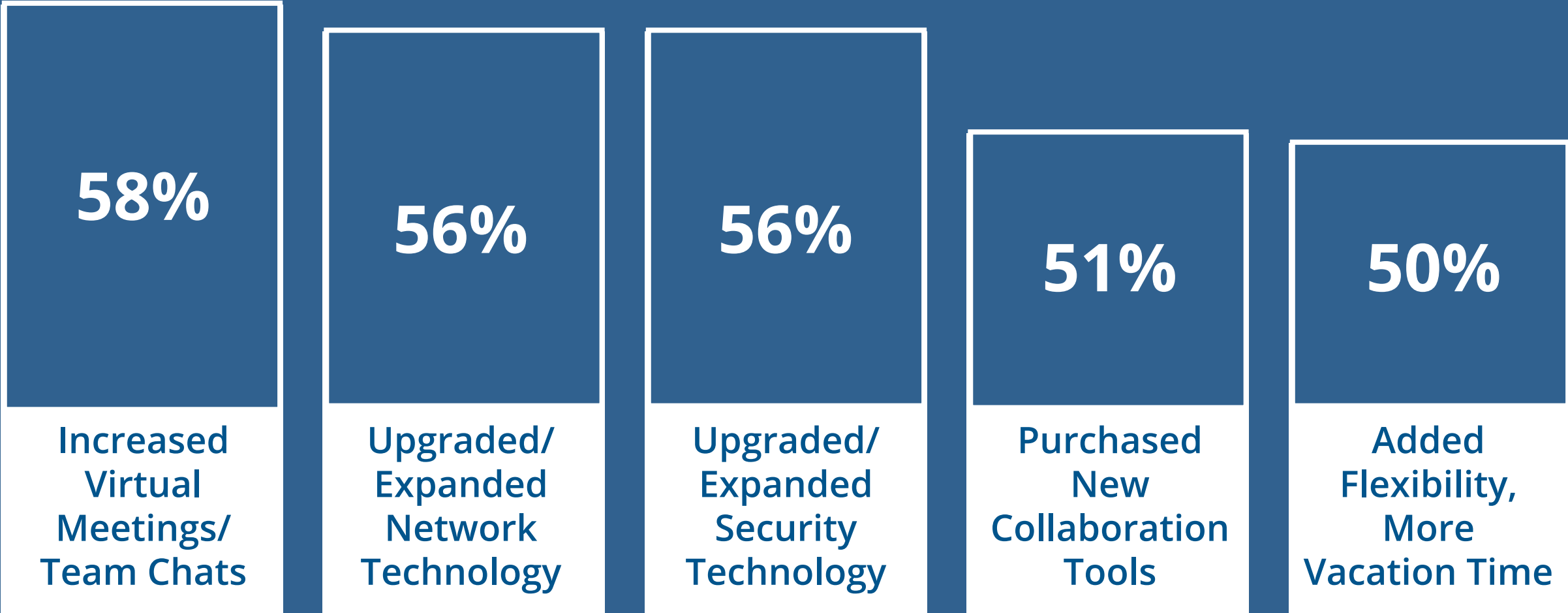


Ensuring Employee Productivity and Collaboration During Remote Work

During the pandemic, IT teams had to quickly support a large proportion of their employees who had to embrace remote working. Enterprises have been able to maintain employee productivity by increasing virtual team meetings (58%), upgrading network technology infrastructure (56%), and expanding security investments (56%):

- **Virtual team meetings.** Enterprises have invested in video conferencing tools such as Zoom, Microsoft Teams, and Google Meet so that employees can stay connected with their peers. The increased adoption of virtual meeting tools clearly shows up in [Zoom’s quarterly earnings growth of 355%](#) or [daily active users for Microsoft Teams growing to 115 million](#).
- **Network infrastructure.** A recent IDC [enterprise networking survey](#) found that IT leaders are spending more on unified communication and collaboration tools, network management, and datacenter networking to ensure smooth and uninterrupted network connectivity for remote employees and partners.
- **Security investments.** IT teams have turned to multifactor authentication, malware protection, endpoint security, and secure VPN connectivity solutions to protect their employees, corporate infrastructure, and external digital services.

Technology Areas That Received Increased Funding





Insight #3

Delivering Business Value

During economic uncertainty, IT leaders should go back to first principles and prioritize technology services that deliver clear business impact and outcomes. Technology can be an effective lever for targeted cost savings: our survey shows IT leaders are embracing self-service, open source, and cloud infrastructure to drive savings. Finally, hiring the right folks can make or break digital transformation efforts. Enterprises are hiring financial managers, senior executives, and cloud operators to address skill gaps and acquire new capabilities.



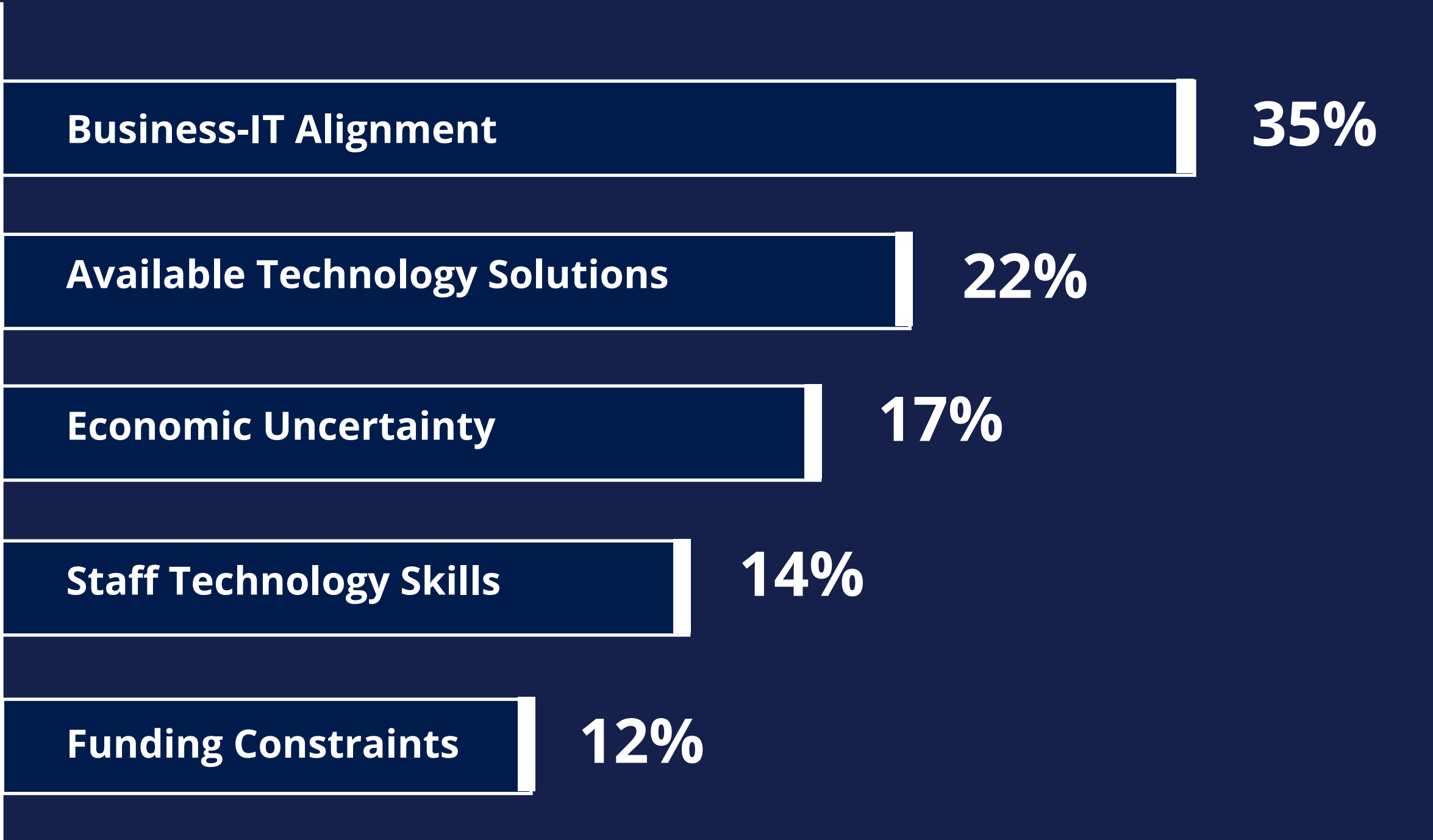
How to Build a Digital Enterprise

IT operations teams that make the right technology bets today will be able to ensure safe return-to-work arrangements for employees, gear up for an eventual economic recovery, and retain organizational flexibility to capitalize on emerging customer trends.

The three biggest challenges in transforming the business are business-IT alignment (35% in October versus 41% in April), available technology solutions (22% in October versus 18% in April), and economic uncertainty (17% in October versus 25% in April).

- **Business-IT alignment.** IT teams will need to build and maintain high-trust relationships with their business counterparts if they wish to successfully reinvent business and operating models.
- **Available technology solutions.** Technology executives will need to analyze their existing technology stack, figure out their current organizational capabilities, and select relevant technology solutions for dealing with ‘black swan’ events such as Covid-19.
- **Economic uncertainty.** IT leaders will need to create a range of probabilistic business scenarios to combat extreme uncertainty. Organizations should acquire the right capabilities to successfully deploy technology solutions and build operating models that help deal with the new reality.

Biggest Challenges for Operational Transformation

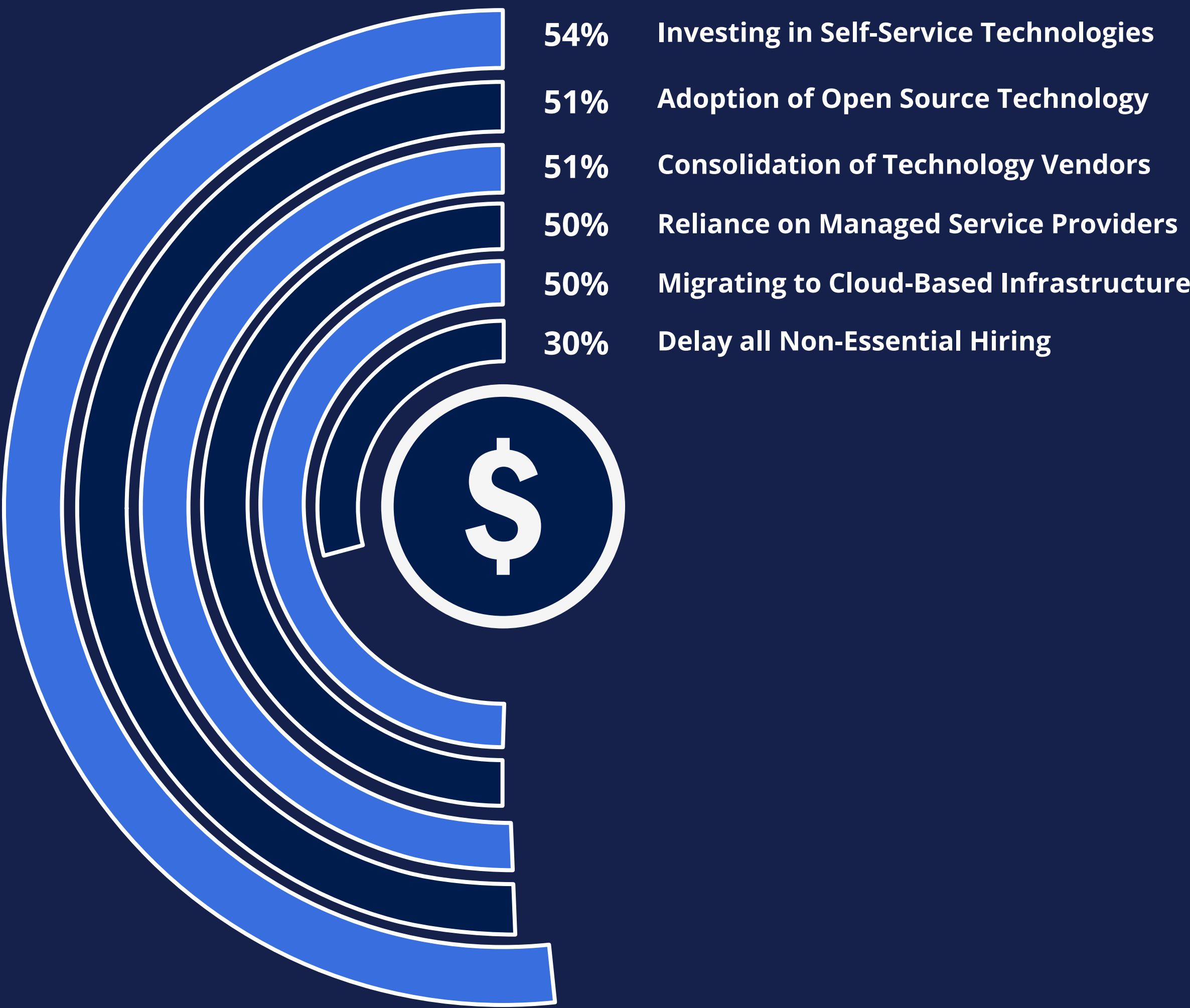


Bang for the Buck: IT Cost Management During Covid-19

IT leaders are rolling out self-service tools (54% in October versus 60% in April), embracing open source technologies (51% in October versus 50% in April), and rationalizing technology vendors (51% of respondents in October versus 59% in April) to drive cost optimization across their IT operations portfolios.

- **Self-service technologies.** A host of collaboration, communication, project management, and decision support tools have kept enterprises humming in the face of restrictive economic lockdowns and shelter-in-place orders.
- **Open source.** A [recent Linux Foundation report](#) found that three-fourths of respondents plan to increase open source software usage over the next year. IT teams looking to hire open source developers should create programs that help employees contribute to open source projects or assume stewardship by sponsoring events.
- **Vendor Consolidation.** Given the need for effective technology spending, organizations can no longer afford to let business units purchase their preferred cloud infrastructure or SaaS-based services. IT leaders are reining in shadow IT and working with strategic technology vendors that can be their 'one throat to choke' (or more diplomatically, '[one hand to shake](#)').

Cost Cutting Measures and Programs

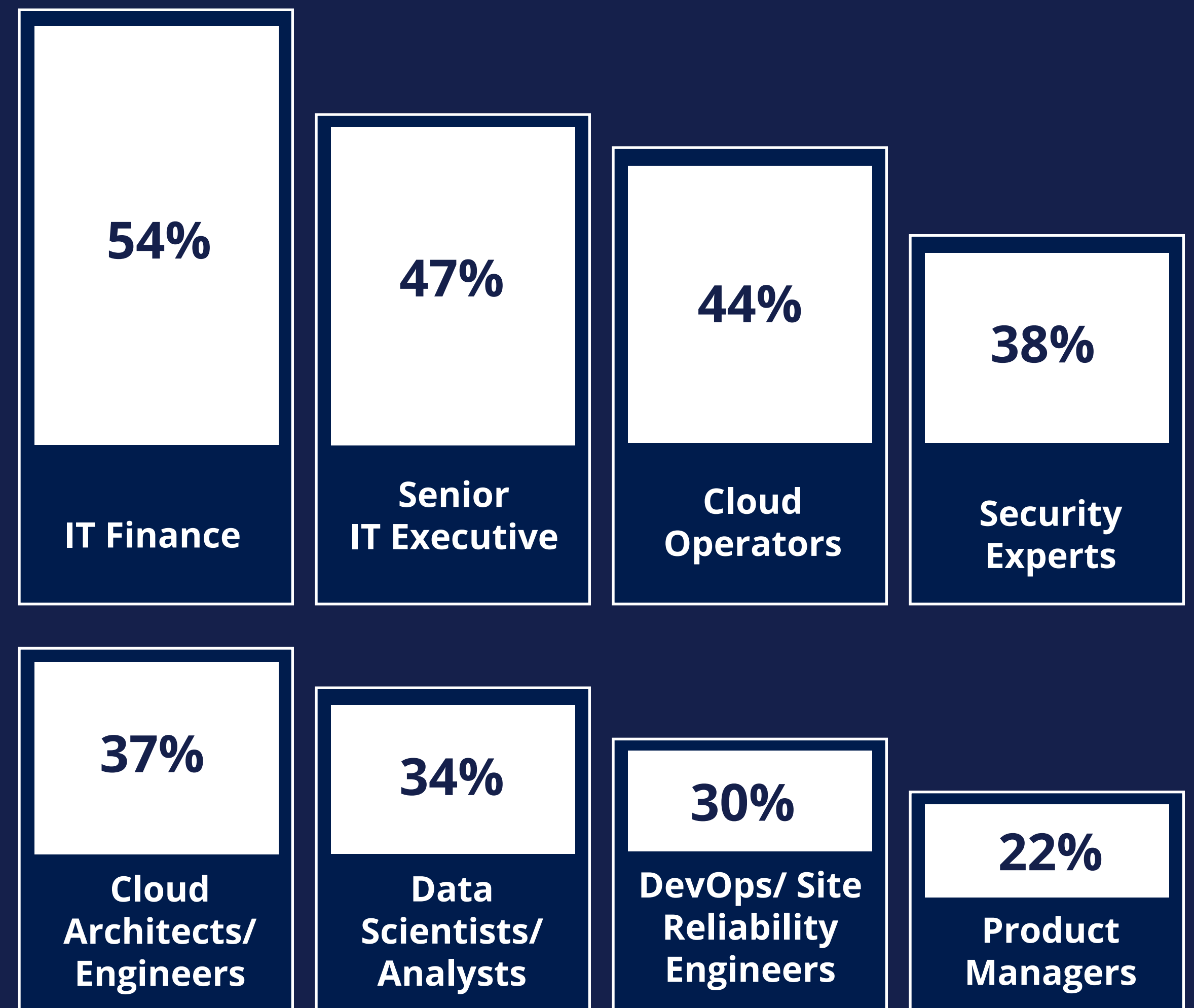


Why IT Leaders Value Financial Expertise

Our survey finds that the critical technology roles that IT organizations are looking to hire in 2020 include financial analysts (54%), senior technology leaders (47%), cloud operators (44%), and cloud architects and engineers (37%).

- **IT finance.** Financial acumen is still somewhat of a rare commodity in IT operations circles. More than ever, technology leaders are under pressure to explain how IT spending is contributing to business value. Financial metrics can ensure organizational alignment and act as a reality check before IT teams invest in multi-year transformation initiatives with an unclear payoff.
- **Senior IT executives.** Microsoft CEO Satya Nadella recently made a perceptive remark about how Covid-19 has sped up digital transformation spending: “[two years’ worth of digital transformation in two months](#).” Enterprises badly need seasoned and battle-tested executives who can build new organizational capabilities and launch innovative solutions to generate growth.
- **Cloud operators.** Analyst firm IDC projects that cloud infrastructure spending will reach [63% of total IT infrastructure expenditure by 2024](#). No wonder then, enterprises can’t hire enough cloud operators and cloud architects/engineers to migrate and manage their business-critical services hosted on public clouds.

Technology Roles Still In Demand



Conclusion

Consider three key takeaways from OpsRamp's 'The Change Agents' report as IT operations and DevOps leaders grapple with the operational, organizational, and economic impact of the global health crisis:

It is a brave new world for technology leaders

While business leaders are figuring out how to create innovative business models and build customer value, technology leaders will need to work closely with their organizational stakeholders to drive revenues, reduce costs, and enhance customer experiences.

Due to the pandemic, the three ways IT operations requirements have shifted include better remote work capabilities (70%), stronger security posture (54%), and closer collaboration with the business (49%).

Invest in the right performance monitoring tools

AIOps tools topped the list of performance monitoring investments for both 2020 (57%) and 2021 (55%). Digital experience monitoring tools were next in line with 50% and 48% of IT leaders looking to invest in them for 2020 and 2021.

IT teams are struggling to manage a complex application and infrastructure ecosystem which makes it necessary to use machine learning as well as real user and synthetic monitoring for delivering exceptional user experiences across hybrid infrastructure.

New technology roles emerge to fill a critical enterprise need

Technology leaders who understand the importance of measuring and communicating the business value of IT operations will move beyond conventional metrics and establish a clear linkage to business outcomes.

54% of enterprises plan to hire financial managers to build a clear connection between organizational goals and IT spending. 47% of organizations plan to hire senior technology executives to turbocharge their digital transformation projects and initiatives.



About OpsRamp

OpsRamp makes it easy to control the chaos of modern digital infrastructure. Our cloud platform discovers, monitors, manages, and automates hybrid environments to simplify and modernize IT operations management.

To learn more visit OpsRamp.com

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