UK Organizations Face Tension Between Short-Term Needs and Long-Term Goals

Growing disconnect between immediate pressures and overarching strategy calls for deeper digital transformation

IT leaders in the UK responded to the COVID pandemic with accelerated but cautious efforts in core digital initiatives—as they prepared at the same time for the country to complete its exit from the EU.

An exclusive IDG survey reveals that after accelerating efforts to support the workforce with prolonged remote work capabilities, they faced several practical and cultural issues that inhibited more-profound and longer-lasting innovation, potentially threatening their ability to achieve long-term strategic goals.

This report explores how the pandemic impacted digitally driven transformation in UK organizations, the rising importance of cloud strategies to support key initiatives, and the steps IT and business leaders can take to overcome existing barriers to innovation in the context of a postpandemic and post-Brexit business environment.

Immediate impacts

In the survey, 51% of the UK companies ranked as "digital-forward"—either fully digitally transformed or on track with a strategy to transform—significantly lower than the 67% in France and 62% in Germany. And yet, only 30% of the IT leaders at UK companies said that COVID-19 had heavily impacted their organization. In comparison, 34% of the German companies and 33% of the French organizations reported having been heavily impacted.

As the pandemic spread around the world, it had a rolling impact on IT leaders' approach to their organization's priorities. In the UK, as in the rest of the world, the immediate mandate was to support the sudden work-from-home shift amid government and private sector lockdowns.

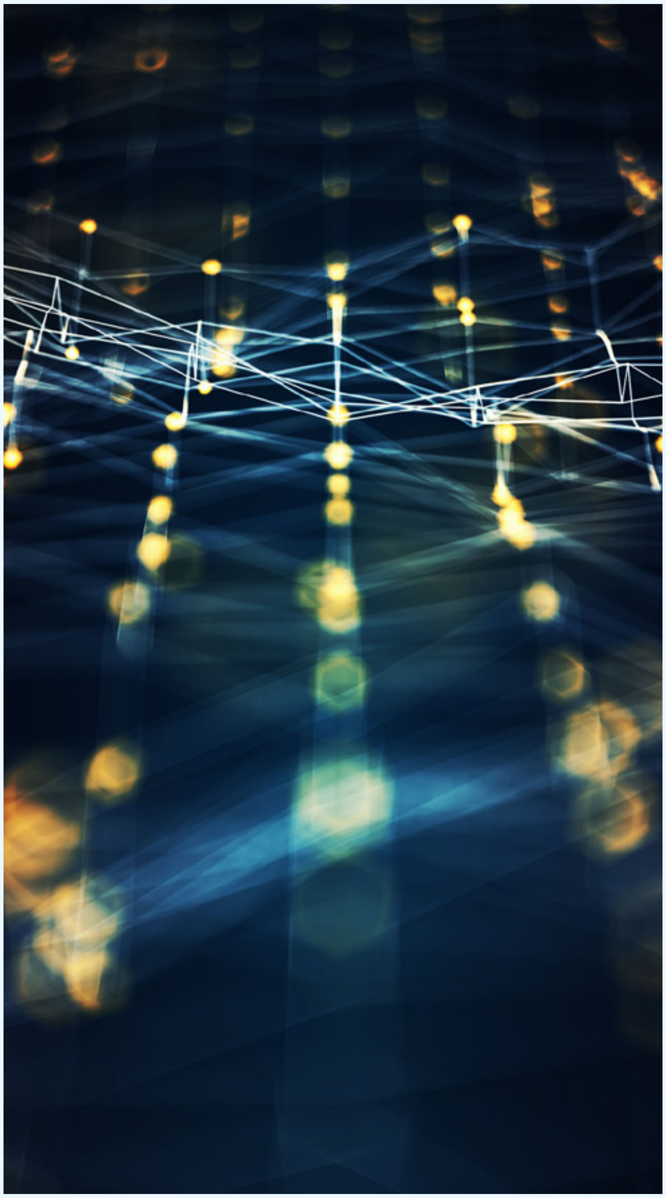
Exhibits Accel or Delayed

Accelerated:

- 58% Improve remote working & collaboration
- 36% Optimizing existing infrastructures
- 34% Introduced cost-cutting efforts
- 37% Digital customer experience
- 33% Cloud-native software development

Delayed or Slowed:

- 21% Reducing emissions to become more environmentally sustainable
- 19% Cloud-native software development
- 19% Digital customer experience



In the IDG survey, 58% of the UK organizations reported having started or accelerated initiatives to improve remote working and collaboration capabilities, similar to the rest of the world. Compared with other markets, however, UK organizations were more conservative in accelerating other core digital initiatives in areas such as automation and analytics. They were also more likely to increase belt-tightening and efforts to optimize existing infrastructure, two practical goals facilitated by the benefits of cloud computing.

Aware of the need to prepare for Brexit while maintaining digital momentum, UK IT leaders had a tendency to focus on maximizing returns from their existing IT estate.

Contradictory choices

About a third of the UK organizations accelerated or launched initiatives involving digital customer experience (37%) and cloud-native software development (33%). But similar numbers increased or introduced cost-cutting efforts (34%) or focused on optimizing existing infrastructure (36%).

The tension between organizations' overarching strategic objectives and IT leaders' immediate reactions to the demands of the pandemic is particularly evident in the UK, where IT leaders opted to pursue some digital initiatives while slowing or canceling efforts in similar areas.

Cloud-native software development was a popular choice for increased or new efforts (33%) but also second-highest for cancellations or delays, at 19%. The same applies to customer experience, which ranked second for accelerated or new initiatives, at 37%, and tied for second for delays or cancellations, at 19%. See exhibit.

These are good examples of a potentially dangerous disconnect between business objectives—customer experience ranked second in 2020 and second again in 2021 among the top priorities—and the IT transformation initiatives that underpin the actions required to achieve them.

Equally worrying is the approach to cutting emissions on the road to environmental sustainability: At 20%, it ranks as the most downgraded initiative, even though 94% of the UK organizations have drafted or enacted sustainability plans and despite its being a key metric for IT departments in 88% of the UK companies.

Heading into 2021, IT leaders have to adjust their approach to ensure that the urgency to adapt to the practical challenges posed by the lingering pandemic and the inevitable disruption caused by Brexit does not threaten the longer-term alignment of IT priorities and overarching business objectives.

How priorities are shifting

The UK survey reveals that IT leaders, right after the COVID pandemic hit, chose to maximize existing products and services.

In the retail sector, respondents prioritized customers, with customer service/support and acquisition/retention retaining the top two spots in the list of priorities for 2020 and 2021. Product lifecycle management and store/facilities operations both shot up the ranking for 2021, however, pointing to growing concerns about the practicalities of dealing with the new year's uncertainties.

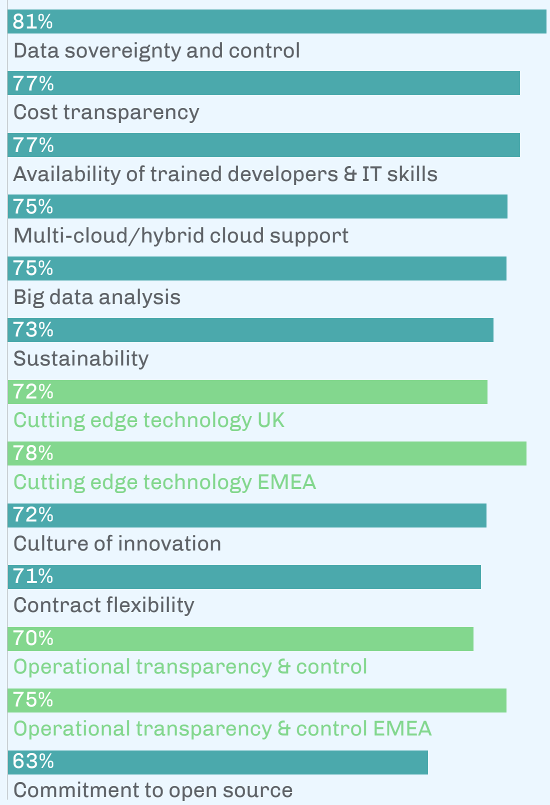
In other verticals, forward-looking priorities such as product and service development, which topped the list in 2020, at 32%, dropped 12 percentage points to sixth place for 2021. This trend was particularly marked in financial services and healthcare, which saw a decline of 16 percentage points, signaling nervousness about post-Brexit prospects as much as pandemic impacts.

Sales and marketing was on the opposite trajectory, however, rising from fifth place in the list of 2020 priorities, at 20%, to first place for 2021, at 30%. The sector with the largest shift was manufacturing, industrial, transportation, and logistics, where the importance of sales and marketing shot up by 20 percentage points.

Top must-haves for UK organizations selecting a cloud provider are similar to their neighbors', with data sovereignty and control, cost transparency, and IT skills ranking highest. Lower down the list, however, UK IT leaders are significantly less preoccupied than their European peers with cutting-edge technology and operational transparency and control—six and five percentage points lower than the EMEA average, respectively. See Exhibit.

Responses from IT leaders in the financial services sector—a major contributor to UK GDP, at around 7%, close to the United States' 7.4% and well ahead of Germany's 4%—are roughly aligned with other industries' but display an even greater preoccupation with data sovereignty and control, at 83%.

Major consideration factors when choosing a cloud provider UK



Innovation barriers and possible solutions

IT leaders in the UK are largely aligned with their peers in France and Germany when it comes to their primary pain points, with insufficient IT and developer skills, issues with legacy systems, and security risks and concerns in the top three spots.

They are more concerned than their European neighbors, however, about an inability to show ROI (29%)—which falls somewhere halfway between Europe's 23% and North America's 33%. Conversely, preoccupations with internal governance structures, at 25%, are less pronounced in the UK than in France (33%) and Germany (29%).

British IT leaders are also looking to cloud providers for help in shaping business priorities, at 67%, more than their European peers, at 62%. This points to a desire to lean on cloud providers for support in defining the most effective strategic approach to the challenging times ahead.

This is confirmed by their slight preference for customized solutions, at 51%. The opposite is true in Germany and France, where turnkey solutions are preferred by 54% and 59% of the respondents, respectively.

Only 53% of the IT leaders in financial services currently consider sustainability a major factor in their choice of cloud provider—in direct contrast with 83% of their organizations' having environmental targets planned or in place and environmental sustainability of IT departments' being a priority or a performance metric for 87% of the financial institutions surveyed.

Conclusion: Seeking business-critical guidance

Across the board, the UK survey shows that IT leaders would benefit greatly from leveraging the cloud, and cloud providers, at a strategic level to help them shape their business objectives and digital approach to better respond to the headwinds of 2021.

As they prepare to face the continued effects of COVID and the full impact of Brexit, IT leaders need to fill critical skills gaps and reverse innovation-averse patterns to shift their organization's culture.

They are heading for a crunch time when making smart business decisions and enabling them through effective practices underpinned by a sound digital transformation strategy will make the difference between failure and success.

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About the Research

OBJECTIVES

IDG conducted this survey of 2,000 IT leaders in 14 countries across five industries. It explores the current state of digitally driven transformation, the impact of the global pandemic on core IT initiatives, and the capabilities organizations want from their cloud providers. We hope you find these results helpful in assessing your own cloud transformation efforts.

METHODOLOGY

A 20-question online survey was fielded in October and November 2020.

The respondents were IT directors and above at organizations with 500+ employees across selected industries: financial services, healthcare, manufacturing, telecom/media, retail/consumer goods.

The survey was fielded in North America (United States, Canada), Latin America (Brazil, Mexico), EMEA (France, Germany, United Kingdom), and APAC (Australia, China, India, Indonesia, Japan, Singapore, South Korea).

All respondents' organizations currently leverage cloud platforms.