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Connectivity Benchmark Report

Digital Transformation in Today's Enterprise

January 2017

Executive Summary

- 88% of IT decision makers (ITDMs) say they are either executing on digital transformation now or will be in the next 3 years.
- ITDMs are having issues delivering all the projects asked of them; only half say they were able to complete all the projects asked of them last year.
- 69% say there is a disparity between business and IT about what can be achieved with a digital initiative.
- The top outcomes that organizations want to achieve with digital transformation are: improving business processes, creating great customer experiences, and improving workforce productivity.

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Executive Summary

- Organizations have fully bought into the importance of an API strategy. 90% say they either have an API strategy in place or will by the end of the year, and 94% say they are realizing major benefits from that API strategy.
- ITDMs say the most important technologies for the future of their companies are: cloud computing, mobile computing, remote sensors/IoT, and AI/machine learning.
- ITDMs are confident in their ability to prevent or withstand security attacks, but the emergence of shadow IT could present unforeseen threats.
- ITDMs believe their businesses will change more in the upcoming five years than in the past five.

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Digital transformation in 2017

The majority of ITDMs are undertaking initiatives that will digitally transform their organizations.

But they are held back by time constraints and misaligned priorities.

88% of IDTMs are currently or are planning to undergo digital transformation

Is your company currently undertaking digital transformation initiatives?

One-third of ITDMs are currently executing on digital transformation; two-thirds of ITDMs say they are planning to initiate digital transformation in the next 3 years.

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ITDMs are executing on transformative initiatives to improve business outcomes

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What are you doing on the technology side to achieve digital transformation more quickly?

The top technologies ITDMs are adopting to achieve their transformative goals are integrating new technologies, building and managing APIs, and using those APIs to integrate new capabilities.

ITDMs place greater priority on security and the cloud

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Please rank each of the following elements by level of its importance as an IT priority in 2017

ITDMs say that security and cloud applications are "very" or "extremely" important IT priorities.

Maintaining legacy systems is less of a priority, suggesting there is more time to innovate.

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ITDMs are looking to digital transformation to improve current business functions

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What business outcomes are you trying to achieve with digital transformation?

The top outcomes that ITDMs want to achieve with digital transformation are improving business processes, creating great customer experiences, and improving workforce productivity.

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Digital transformation is hampered by misalignment between IT and the rest of the organization

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What are the top obstacles to completing digital transformation?

The most commonly cited obstacles to achieving digital transformation goals were time constraints, business and IT misalignment, and legacy infrastructure and systems.

ITDMs feel more responsible for business outcomes

Do you agree with the statement: I believe I am driving business outcomes more than I did 12 months ago.

80% of ITDMs "agree" or "strongly" agree they drove business outcomes to a greater degree this year than last year.

ITDMs are charged with addressing change

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I believe my business will change more in the next five years than in the past five.

87% of ITDMs agree or strongly agree that their businesses are changing rapidly.

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The IT delivery gap

IT decision makers face serious obstacles to project delivery

ITDMs are having trouble delivering all the projects asked of them.

The sheer volume of projects and time constraints are overwhelming ITDMs' capacity to deliver.

Business and IT misalignment and resourcing also present obstacles.

Only half of ITDMs say they could deliver all the projects asked of them last year

Were you able to complete all projects asked of you last year?

An additional 32% say they completed "nearly" all their projects, but were hampered by additional constraints like lack of resources and business/IT misalignment.

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ITDMs say they are held back by two key obstacles

I believe there is a disparity between what business executives are expecting will be achieved from a digital initiative and what can actually be achieved.

There are currently not enough resources to achieve my organization's digital initiatives.

69% of ITDMs say there is a disparity between what business executives think can be achieved from a digital initiative and what actually can be accomplished.
51% of ITDMs "agree" or "strongly agree" they are not adequately resourced to meet their company's digital goals.

ITDMs will not see big budget increases in 2017

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How will your IT budget change this year?

47% of ITDMs will see their budgets increase by less than 10%, whereas 32% of ITDMs say their budgets will stay the same.

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78% of survey respondents can launch a new product or service in 6 months or less

On average, how long does it take your organization to launch a new product or service?

61% of ITDMs say they can deliver a new project in 1-6 months.

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ITDMs believe obstacles to digital transformation could have a major affect on company revenue

Will your organization's revenue be impacted if these obstacles can't be resolved?

If obstacles to digital transformation aren't met, 59% of ITDMs think the impact will be felt within 6 months.

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ITDMs are tasked with integrating numerous apps throughout their organizations

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Approximately how many applications does your organization currently integrate?

62% of ITDMs say they are integrating 50 or more apps.

35% say they are integrating 100 or more apps.

Large numbers of apps that need integrating can create a great deal of additional work for an IT organization.

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Enterprise API strategy

ITDMs are benefiting from establishing an API strategy

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Survey respondents almost universally are seeing positive business outcomes from their API strategies.

An API strategy is becoming universal

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Does your company have an API strategy?

90% of say their companies either have an API strategy in place or plan to by the end of the year.

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Integration and increasing speed are creating the need for an enterprise API strategy

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What business needs are driving your company's API strategy?

Over half of ITDMs say their company's API strategy is driven by the need to integrate new software with existing systems and apps, or to increase speed and enable IT self-service, or to create more value from existing IT assets.

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More business benefits from an API strategy

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Does your API strategy allow you to release new products and services faster?

What business benefits do you get from your company's API strategy?

Nearly all businesses say their API strategy allows them to release new products and services faster. Other benefits include increased productivity and innovation.

Revenue from APIs

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How much revenue does your company generate through APIs and API-related implementations?

What percentage of your company’s revenue is generated from APIs and API-related implementations?

Nearly half of ITDMs say their companies generate 1-10 million dollars from APIs. 40% say their companies generate 25-75% of their revenue from APIs.

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The security imperative

Are ITDMs overconfident in their security response?

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ITDMs are investing more in security and are confident they can withstand or protect against a security attack.

But the shifting nature of security threats and the emergence of shadow IT can pose unforeseen problems.

Security is a high IT priority in 2017

How important is security as an IT priority in 2017?

83% of ITDMs say that security is “very” or “extremely” important in 2017.

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ITDMs are concerned about security, yet confident they in their InfoSec capabilities

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How concerned about any IT security threat is your company?

How confident are you that your company could prevent, withstand, or stop any security threat today?

74% of ITDMs say that they are concerned about security, but over half also say they are "extremely" or "very" confident they can prevent or withstand a security threat.

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ITDMs will be investing a great deal into security this year

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Approximately what percent of your IT budget will be spent on each of the following categories in 2017?

The top three IT budget categories are on cloud applications, business intelligence, and then security.

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Applications outside the IT department can lead to loss of visibility and control

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How many applications are currently adopted outside your IT department?

Approximately what percentage of technology spend comes from outside the IT department?

More than half of ITDMs say their companies have adopted more than 20 applications outside the IT department, and 49% say more than 21% of the tech budget comes from outside IT.

The nature of security threats is constantly shifting, and IT initiatives from outside the IT department can present threats to an organization that IT cannot anticipate.

The future of enterprise technology

Cloud and mobile computing are seen as key to the future

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Established technologies like cloud and mobile computing are considered more important to the future of business than technologies like IoT or virtual reality.

ITDMs see cloud, mobile, IoT, and AI as key to the future of their organizations

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How important are the following technologies to the future of your business?

ITDMs identified cloud and mobile computing, IoT, and AI as “important” or “very important” to the future, and showed a strong preference for 3D printing.

IT budgets reveal key priorities for the upcoming year

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Approximately what percent of your IT budget will be spent on each of the following categories in 2017?

ITDMs are spending a sizeable portion of their budgets today on emerging technologies like IoT, almost as much as established tech like legacy systems and mobile initiatives.

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Digital transformation depends on new technologies and new capabilities

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What are you doing on the technology side to complete digital transformation more quickly?

The most often cited actions were integrating new technologies and building and using APIs to integrate new capabilities.

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ITDMs say they are ready to address the top priorities of 2017

How prepared is your IT team to address these technologies today?

Two-thirds of respondents say they are "fully" or "very prepared" to accomplish these items, with peaks in building APIs and integrating apps and services.

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Year-on-year comparisons

Digital transformation is more transformative

ITDMs say they have made more progress on digital transformation this year, and integrating new capabilities has grown in importance.

How much progress has your organization made on digital transformation?

2016 survey

2017 survey

50% of ITDMs have made "significant" progress on digital transformation, up from 36% percent last year.

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What are the top 3 challenges to digital transformation?

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2016 survey

2017 survey

Not much has changed year on year – the three biggest challenges to digital transformation are business and IT misalignment, legacy infrastructure and systems, and time constraints.

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What is your IT team doing to complete digital transformation projects more quickly?

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2016 survey

2017 survey

Integrating new technologies and using APIs to integrate new capabilities seem to have grown in importance to ITDMs tackling digital transformation.

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What are the top 3 technologies IT teams use to fulfill line-of-business requests?

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2016 survey

2017 survey

IT teams are incorporating security into fulfilling LOB project requests in 2017.

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What are the business drivers behind your company's API strategy?

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2016 survey

2017 survey

The drivers behind establishing an API strategy have become more varied and show the increasing importance of enabling different technologies and innovations.

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How will your IT budget change over the upcoming year?

2016 survey

2017 survey

There has been a sharp rise in the number of ITDMs who say their budget has increased "significantly"; 32% in 2017 versus 23% in 2016.

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Please rank the importance of legacy systems as an IT priority

2016 survey

2017 survey

The 65% of ITDMs who consider legacy systems "very" or "extremely" important in 2017 outnumbers the 54% who considered them "very important" in 2016.
Digitally transforming while maintaining legacy systems is critical for ITDMs.

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Further insights

How key industries are tackling digital transformation

Will your company be undertaking digital transformation initiatives?

Two-thirds of ITDMs in key industries say they will be undertaking digital transformation in the next 3 years.

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What business outcomes are you hoping to achieve with digital transformation?

The interest in creating great customer experiences and improving workforce productivity is striking in the financial services and healthcare industries, whereas 100% of government ITDMs want to improve existing business processes.

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Obstacles to digital transformation

The obstacles to digital transformation seem most striking in the financial services industry, and the business/IT misalignment is most pronounced in the retail industry.

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Have you made significant progress towards your digital transformation goals?

The largest number of ITDMs in healthcare say they have made "significant progress" (51-99%) towards their digital transformation goals.

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What is the average time to launch a new product or service last year?

75% of retail ITDMs say they can launch a new product or service in 1-6 months, whereas only 38% of government ITDMs can.

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Everyone agrees that change is constant

Overwhelming majorities in all key industries think their companies will change more in the next five years than they have in the previous five.

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Geographic insights

Is your company planning to undertake digital transformation initiatives?

The US has the largest number of ITDMs who are currently undertaking digital transformation, while China has the greatest number of those planning to do so.

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Has your company made "significant" progress towards digital transformation?

The most progress towards digital transformation has been made in ANZ and the US.

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What business outcomes are you trying to achieve with digital transformation?

All countries want to improve existing business processes, whereas customer experiences are important in the US, UK, and China and workforce productivity is important in Singapore.

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What technologies are you adopting to achieve digital transformation more quickly?

The US and UK is building and managing APIs to achieve digital transformation quickly, whereas China is integrating new technologies to do so.

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What are the top obstacles to achieving digital transformation?

The US' top obstacle to achieving digital transformation is time constraints, whereas the UK struggles with legacy systems, as does China and Singapore.

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How important are the following technologies to the future of your business?

The US and the UK place importance on cloud computing to the future of their business, whereas Chinese ITDMs are interested in AI and machine learning, and Europe is interested in advanced robotics.

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About this survey

About the survey

The Connectivity Benchmark Report is based on a survey from an independent and random sample of IT decision makers from Precision Sample.

- Survey Instrument: 14 minute online survey (approximately 47 total questions)
- Target: IT Decision Makers at companies with 500 or more employees
- Geography: United States, United Kingdom, Germany, France, Netherlands, Sweden, Australia, Singapore, China
- Field Dates: November 16-November 29, 2016
- Total Responses: 951
- Margin of Error: 3.10% at a 95% Confidence Interval

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Survey Demographics

Gender

Age

Geography

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MuleSoft makes it easy to connect the world's applications, data, and devices. With our market-leading Anypoint Platform™, companies are building application networks to fundamentally change the pace of innovation. MuleSoft's API-led approach to connectivity gives companies new ways to reach their customers, employees and partners.

Contact us to find out more.