

Digital Transformation Drives 2021 IT Investments

IT executives share the challenges that pushed them toward digital transformation as well as the technologies they see accelerating their efforts on the 2021 investment horizon.

Enterprise IT leaders in a recent survey say their commitment to digital transformation will persist into 2021 with strategic technology investments planned for application development, security, cloud computing, and artificial intelligence.

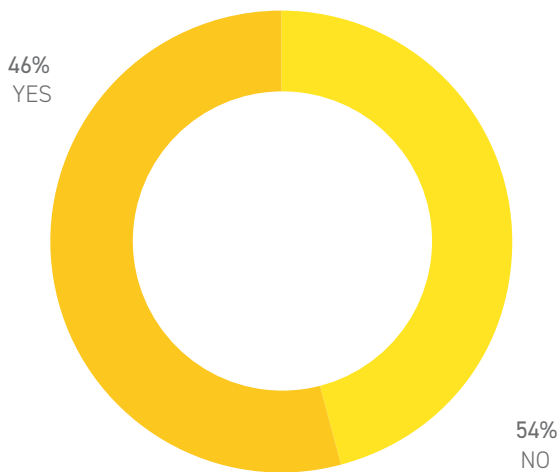
Digital transformation efforts continue to dominate the technology landscape as more IT leaders recognize the need to update hardware and software infrastructure to accelerate strategic products and services for the business. SoftwareTrends conducted a survey of some 1,020 IT executives, directors, and managers between August and November 2020 to better understand the current state of digital transformation efforts across companies of all sizes—and forecast the technology investment plans for 2021.

“ **46%** of respondents are currently considering or in the process of undergoing a digital transformation.*

*based on 1,020 respondents.

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The SoftwareTrends survey findings show nearly 46% of the respondents are either currently considering or in the process of undergoing a digital transformation. (See Figure 1.) Of those, nearly 27% are with companies with between 1,000 and 10,000 employees, and approximately 35% of those respondents are from companies with between 10,000 and 50,000 employees.



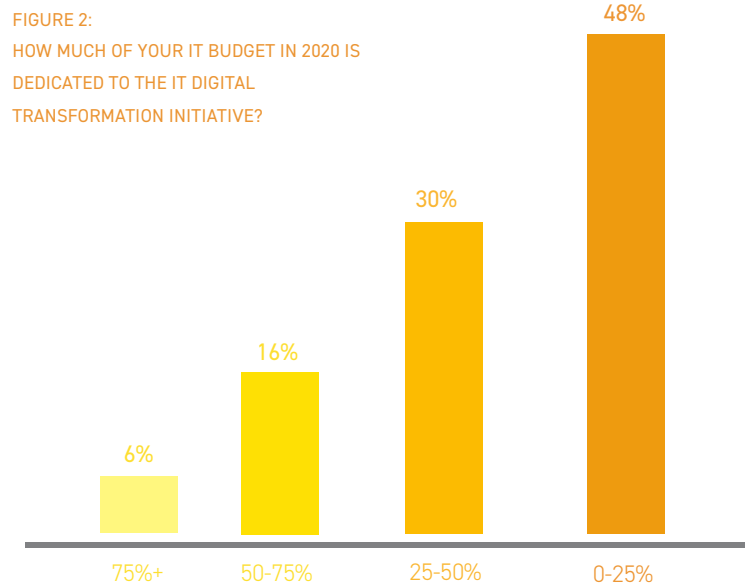
The survey data proves enterprise companies recognize the need to transform their technology strategy to embrace established and emerging technologies that will push the businesses forward and keep pace with ever-increasing customer demand. Here are the current plans, key concerns, and future strategies facing enterprise IT leaders in 2021 and beyond as they update their technology stacks, skills, and staff to embrace the burgeoning digital era.

FIGURE 1:
IS YOUR ORGANIZATION CONSIDERING OR UNDERGOING A DIGITAL TRANSFORMATION OF ITS IT ORGANIZATION?

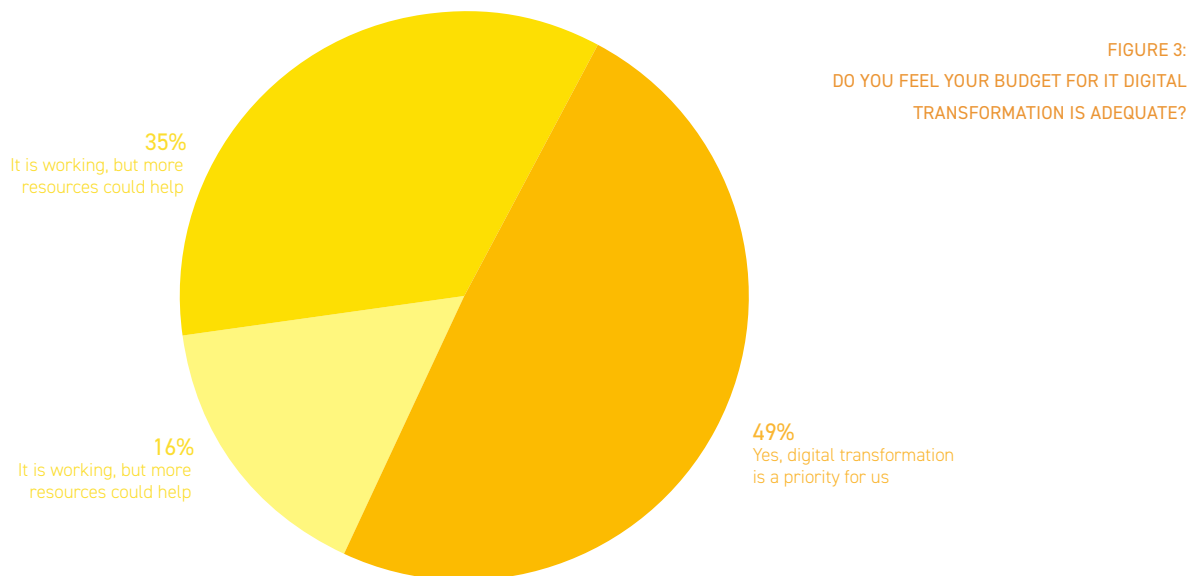
The State of Digital Transformation

Digital transformation isn't new to any savvy IT leaders; in fact, some respondents to the SoftwareTrends survey are investing significant budget dollars to move their projects along. Still, the majority are putting more modest amounts toward digital transformation.

For instance, nearly 50% of respondents undergoing a digital transformation are devoting between 1% and 25% of their budgets to the efforts. (See Figure 2.) More than 30% of those IT leaders in this survey working toward digital transformation are dedicating between 25% and 50% of their IT budgets. A little more than 15% of respondents are putting between 50% and 75% of their budgets toward maturing their environments, while to nearly 6% are putting 75% or more of their budget toward digital transformation initiatives. (See Figure 2.)



For some, the budget could be bigger when it comes to digital transformation. While nearly half of the respondents to the SoftwareTrends survey believe the budget allocated to digital transformation is enough, the other half worry it might not be enough. For nearly 35% of respondents, more resources would be helpful to guarantee success. Unfortunately, more than 15% of respondents worry they will not be able to achieve their goals without more resources allocated to digital transformation. (See Figure 3.)



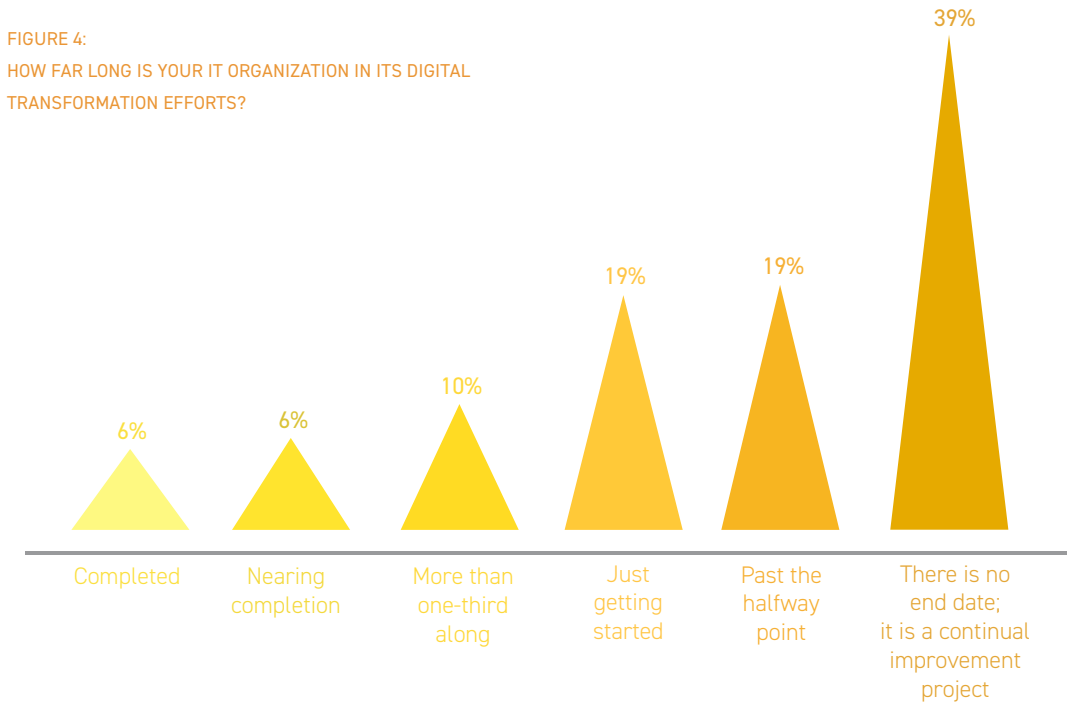
With budget money earmarked for digital transformation, companies are seeing their efforts progress. Yet experienced enterprise IT leaders understand that digital transformation projects don't necessarily get a scheduled end date. Nearly 40% of IT leaders committed to digital transformation said that there is no end date to this continual improvement project. (See Figure 4.)

“ **Nearly 46%** of IT leaders committed to digital transformation said that there is no end data to this continual improvement project.* ”

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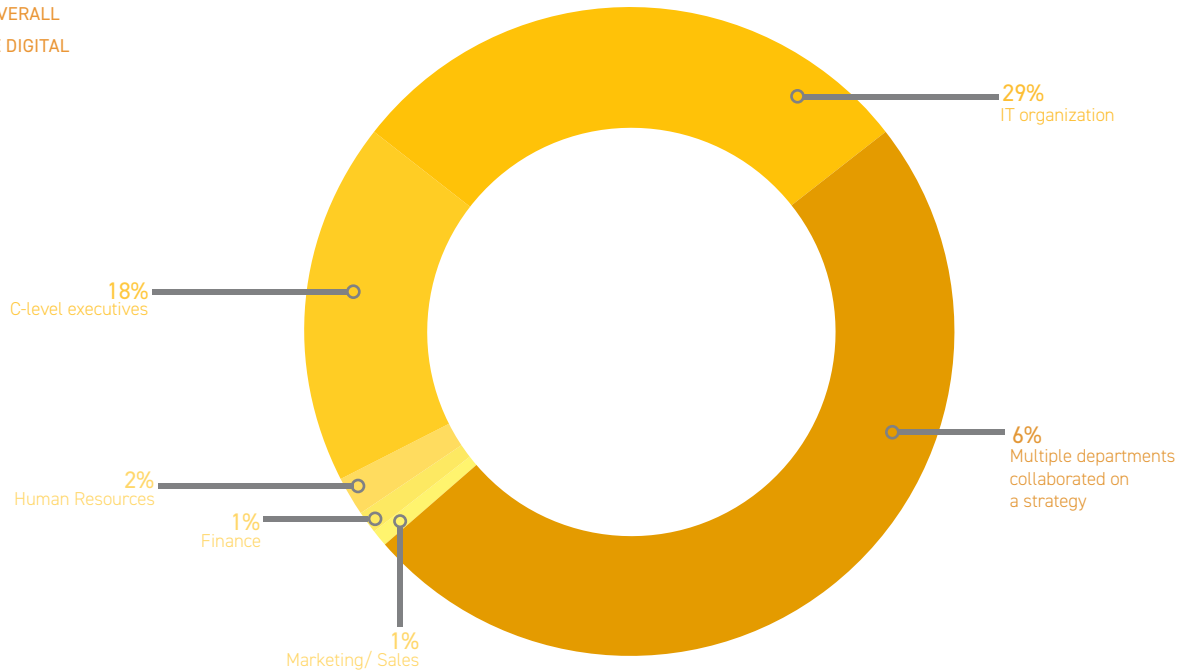
*based on 1,020 respondents.

As IT organizations continue to work toward more digitally enabled business, more and more are reporting successfully clearing milestones in their digital transformation efforts. Nearly 20% of respondents report that their projects are past the halfway point, and about 18% said they are just getting started with their efforts. Approximately 10% are more than one-third along with their projects, and some 7% are nearing completion. And only 6% report their digital transformation projects complete. (See Figure 4.)



Collaboration Drives Transformation

FIGURE 5:
WHAT DEPARTMENT IN THE OVERALL ORGANIZATION INITIATED THE DIGITAL TRANSFORMATION PROJECT?



For nearly 30% of IT leaders undergoing or considering a digital transformation, the IT organization served as the catalyst for the initiative. C-level executives drove less than 20% of respondents' digital transformation efforts, while human resources, finance, and marketing/sales organizations were not often the driver behind an organization-wide digital initiative, according to the SoftwareTrends HR survey. (See Figure 5.)

In 2021, it will be more important than ever for organizations embracing a digital push to understand the need to expand efforts across all business and technology departments in a larger environment to realize the full potential and ultimately enjoy the benefits of digital transformation. Collaboration could mean the difference between mediocre results and success.

“ **Some 45% of respondents** reported operational efficiencies prompted the decision for the organization to undergo an IT digital transformation.* ”

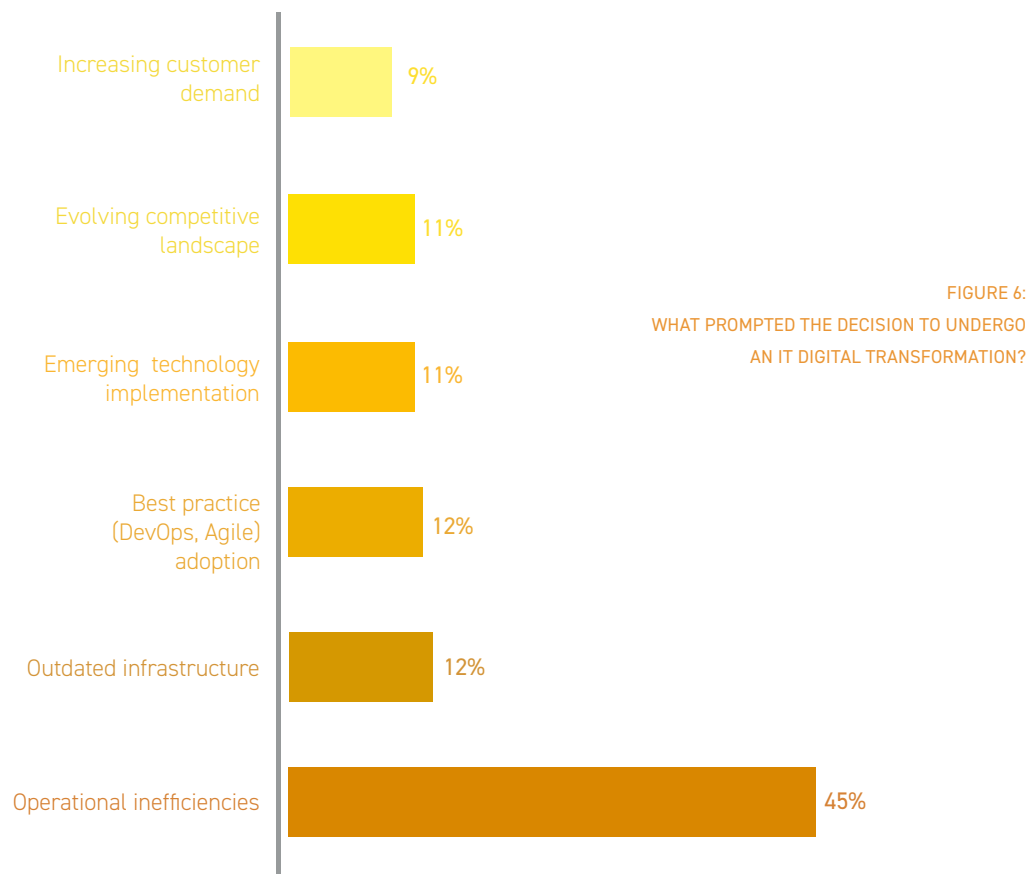
*based on 1,020 respondents.



Tech Strategy Demands Digital

Digital transformation can be as much about future planning as it is about evolving current environments to handle the demands of employees, partners, and most important, customers.

Respondents to this SoftwareTrends survey shared their experiences and some 45% indicated that operational inefficiencies directly contributed to the decision to embark on a digital transformation. (See Figure 6.) The requirement to update an outdated environment far outweighed other factors, but IT leaders at these organizations also encountered other challenges to overcome.



On top of operational inefficiencies, more than 12% cited outdated infrastructure and another 11% pointed to best practices (such as Agile and DevOps) adoption as a driving force behind digital transformation efforts.

Other factors contributing to a decision toward digital transformation include emerging technology implementation (nearly 11%) and efforts to remain competitive within an ever-more challenging market (close to 11%). For nearly 10% of these respondents, increasing customer demand pushed the organization toward a digital transformation initiative. (See Figure 6.)

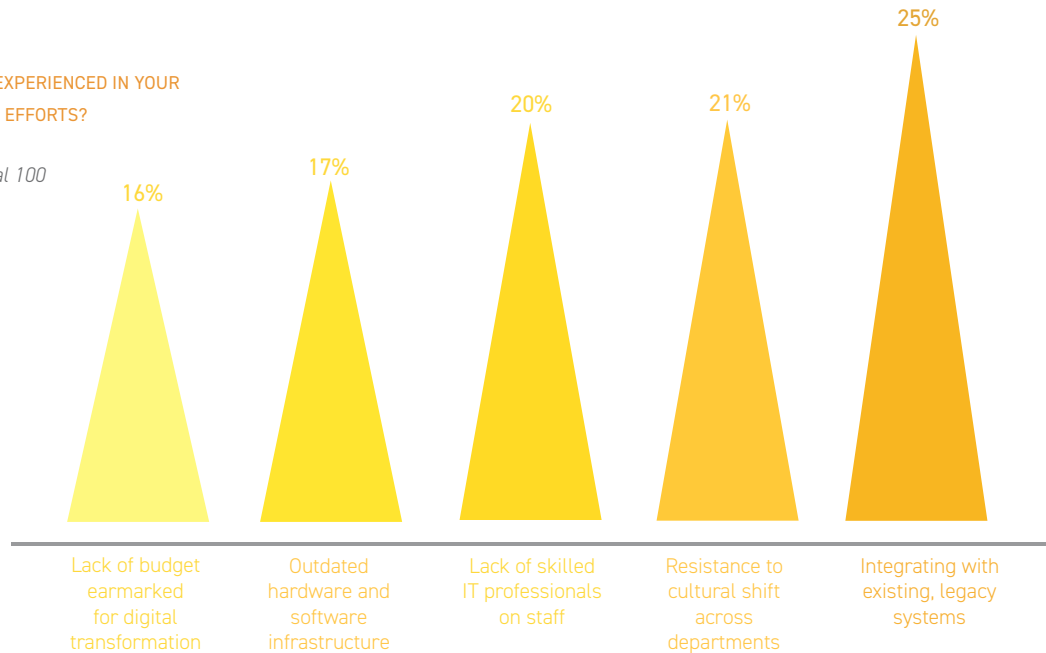
Challenges Remain to Digital Success

Despite interest and investment in digital transformation, enterprise companies responding to this survey also report significant challenges in achieving success.

More than 25% of the IT leaders experienced with digital transformation said they had challenges integrating new efforts with existing legacy systems and noted this was the biggest hurdle they had encountered with their digital transformation efforts. (See Figure 7.)

FIGURE 7:
WHAT HURDLES HAVE YOU EXPERIENCED IN YOUR
DIGITAL TRANSFORMATIONS EFFORTS?

*Percentages may not total 100
due to rounding.



Following legacy systems, the second challenge more than 20% of IT leaders cited was resistance to cultural change. Another more than 20% of respondents pointed to a lack of skilled IT professionals on staff as hindering their digital transformation efforts. (See Figure 7.)

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*based on 1,020 respondents.



”
In addition to the cultural and staffing issues IT leaders have encountered, outdated hardware and software infrastructure are also slowing digital efforts. More than 17% of IT leaders undergoing a digital transformation report outdated infrastructure as a challenge. And echoing the budget concerns already aired by IT leaders, more than 16% cited that a lack of budget earmarked for digital transformation causes issues achieving their digital transformation goals.

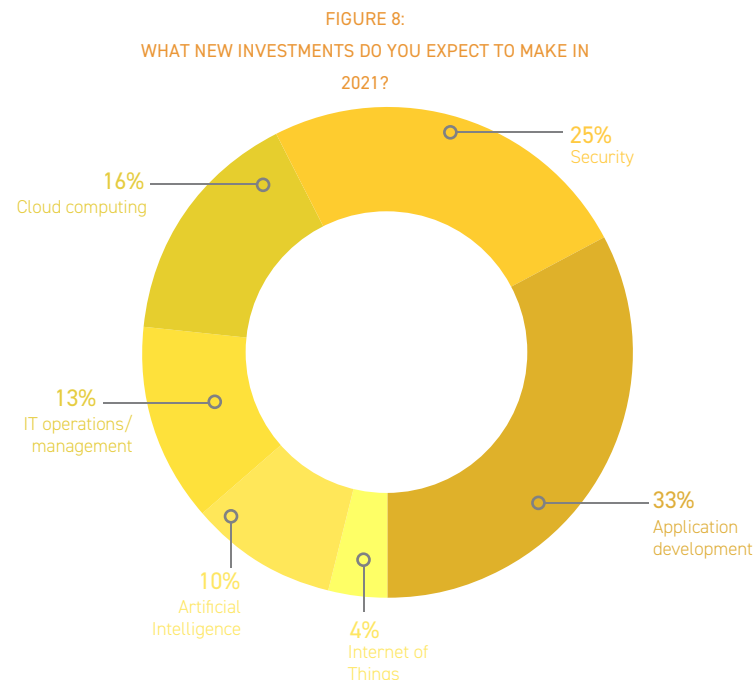
Investments in a Digital Future

As the results of this survey prove, digital transformation success is a moving target, and as new cutting-edge technologies emerge consistently on the IT horizon, future investments are critical to business-technology strategies.

From application development and security to cloud computing and the Internet of Things, IT leaders understand the need to invest in new technologies to better move the needle toward business success. For instance, nearly one-third of respondents have plans to invest in application development technologies in 2021. Another one-fourth of respondents intend to put budget dollars toward security tools in 2021.

(See Figure 8.)

Considering its ease of use and speed of deployment, it makes sense that cloud computing continues to land on IT leaders' wish lists for nearly 16% of respondents. Some 13% of respondents will invest more into their IT operations and management strategy in 2021, and about 10% of respondents have earmarked budget to explore artificial intelligence in 2021. *(See Figure 8.)*



IT leaders recognize the need to approach 2021 with a strategy around their business initiatives and technology investments—as the two in a digital era go hand-in-hand. With digital transformation continuing to drive IT budgets, enterprise IT executives are looking for insights and innovation across departments and collaboration to overcome cultural challenges.

With 2021 here, digital transformation is imminent across companies and industries. IT leaders recognize the importance of creating a fast-moving technology environment that can support a nimble business poised to respond to market and customer demands. And as more IT leaders embrace the digital reality, incremental successes will drive even more transformations, and creating an optimized digital environment will be table stakes.

Survey Methodology

This SoftwareTrends survey of 1,020 IT leaders was conducted by PureB2B between August and November 2020, using the PureB2B intent-based survey engine, which is a customized survey program designed to connect directly with optimal decision makers to help clients uncover valuable insights and drive better business decisions.

