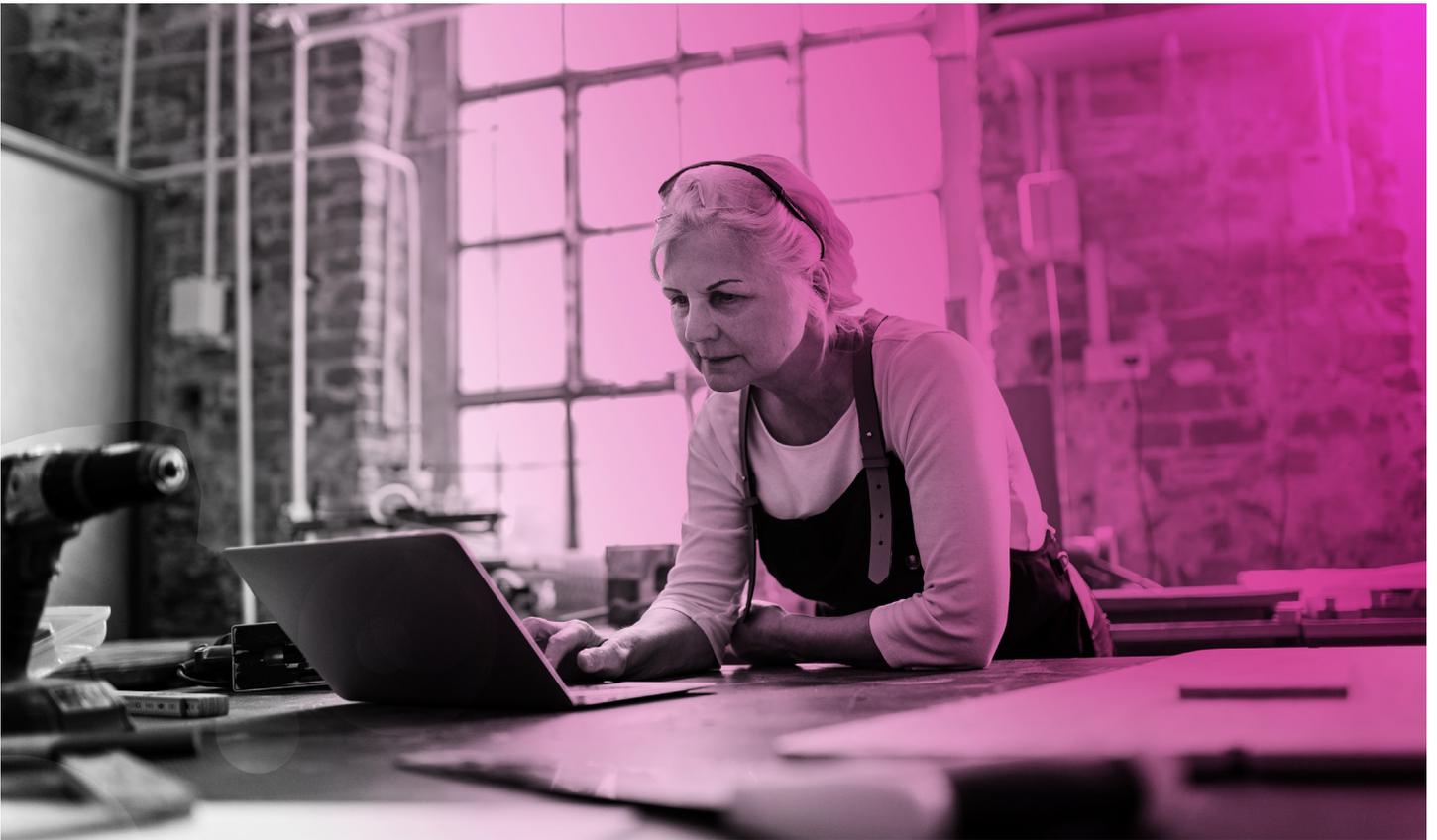


# Insight 2020 Technology Report: IT Trends for Midmarket and Small Business





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Today, all businesses — from startups to enterprises — must be always on and available. With customers and employees alike expecting intuitive and seamless experiences, companies must adopt new ways of working to increase business agility and deliver greater value to end users.

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Remaining competitive in this environment means embracing technology to increase operational efficiency, empower employees and engage customers.

Yet, for local to midmarket businesses, it can be difficult to determine which technology solutions will support the changing needs of a growing organization. At this formative stage, independent businesses must make smart IT investments that allow solutions to evolve as the business gains customers, expands its workforce and transforms for the future.

In particular, making the upfront investment in IT solutions and services that promote flexibility and agility can enable these organizations to maximize resources in the short term as well as build a scalable platform to accommodate IT transformation as the business grows.

With that imperative in mind, we have created the **Insight 2020 Technology Report: IT Trends for Midmarket and Small Business**. By sharing the perspectives, challenges and priorities of IT professionals across industries at companies of 1,000 employees or fewer, we hope organizations can make more informed decisions about the right IT investments for their developing businesses.



**408** IT pros

**1** online survey

**9** days for fieldwork

Each year, Insight Enterprises releases the **Insight Intelligent Technology™ Index** to surface IT trends in a rapidly evolving business environment. This year, we are proud to introduce our first index dedicated solely to the needs of local to midmarket businesses. Our inaugural report examines small and midmarket IT professionals' attitudes toward digital transformation, cloud technology, the employee experience and IT procurement.

### Methodology

The findings come from an online survey of 408 IT professionals in the U.S. and Canada, distributed evenly across the following sized companies:

- 10–100 employees
- 101–250 employees
- 251–500 employees
- 501–1,000 employees

To qualify for the survey, respondents had to be involved in the decisions for the purchase and use of technology within their organization.

M/A/R/C Research fielded the survey between Aug. 29–Sept. 6, 2019. The margin of error for the total sample of n=408 is +/-4.9% at the 95% confidence level.

## CONTENTS

1. Digital innovation & transformation
2. Cloud migration & adoption
3. Modern workforce experiences
4. IT supply chain & procurement



## Independent businesses embrace digital transformation but feel stuck in legacy systems and processes.

Like their enterprise counterparts, local to midmarket businesses are excited about digital transformation: the application of technology in new ways to fundamentally change operating practices or how value is delivered to customers. When asked to reflect on their organization's relationship to digital transformation, the IT professionals surveyed demonstrate enthusiasm for the future and confidence in their organizations to weather change. However, they also experience hurdles along the way of their transformation journey with resources oftentimes in short supply. IT budgets do not seem big enough to accommodate all that IT is expected to accomplish, making digital transformation seem less possible as IT resources tend to be devoted more to day-to-day management of technology.

According to IT professionals at smaller businesses, digital transformation initiatives are nearly ubiquitous among their organizations. Almost all (95%) have either implemented digital transformation initiatives in the last 12 months or plan to initiate them in the next 12 months. Among businesses with 251–500 employees and 501–1,000 employees, this number increases to 97% and 98%, respectively.

Independent businesses are embracing digital transformation initiatives to improve a variety of business outcomes. IT professionals report the top three areas of their business that would benefit from digital transformation are customer experience, operational efficiency, and workforce productivity and collaboration (see Figure 1). Though many organizations initially focus their

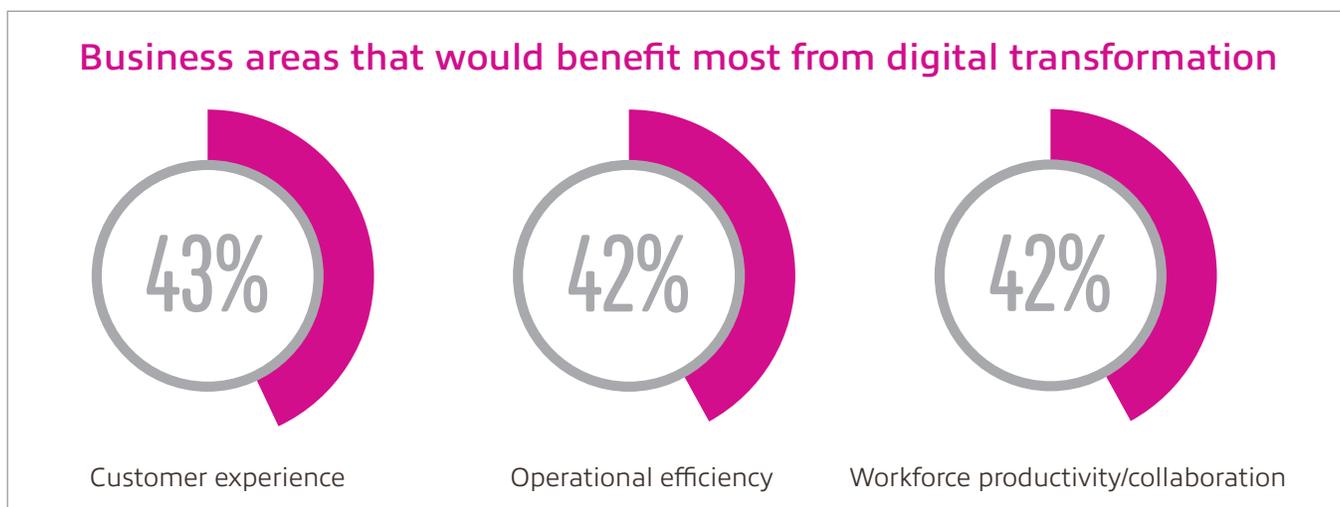


Figure 1



digital transformation efforts around enhancing the customer experience, as the business grows, they strive to improve their internal processes, as well. This is because customer loyalty is often influenced by how well a company delivers consistency and quality — outcomes that are hard to achieve without maximizing operational efficiency and workforce productivity.

Along with knowledge of the power of digital transformation, a majority of IT professionals feel confident in their organizations' ability to adapt to the changes introduced by transformation initiatives. **64%** believe their IT program is very or extremely flexible with respect to adapting

to organizational change and scaling as the business grows. More than half (**57%**) say their business is very or extremely well-equipped to implement new technologies — with this percentage climbing to **71%** among the largest businesses surveyed (501–1,000 employees) (see Figure 2).

Although IT professionals feel better equipped to implement new solutions as their company grows, they express doubts about their ability to integrate those new solutions with their organization's existing or legacy infrastructure. Identifying best-fit tools to integrate with existing technology ranks second after security

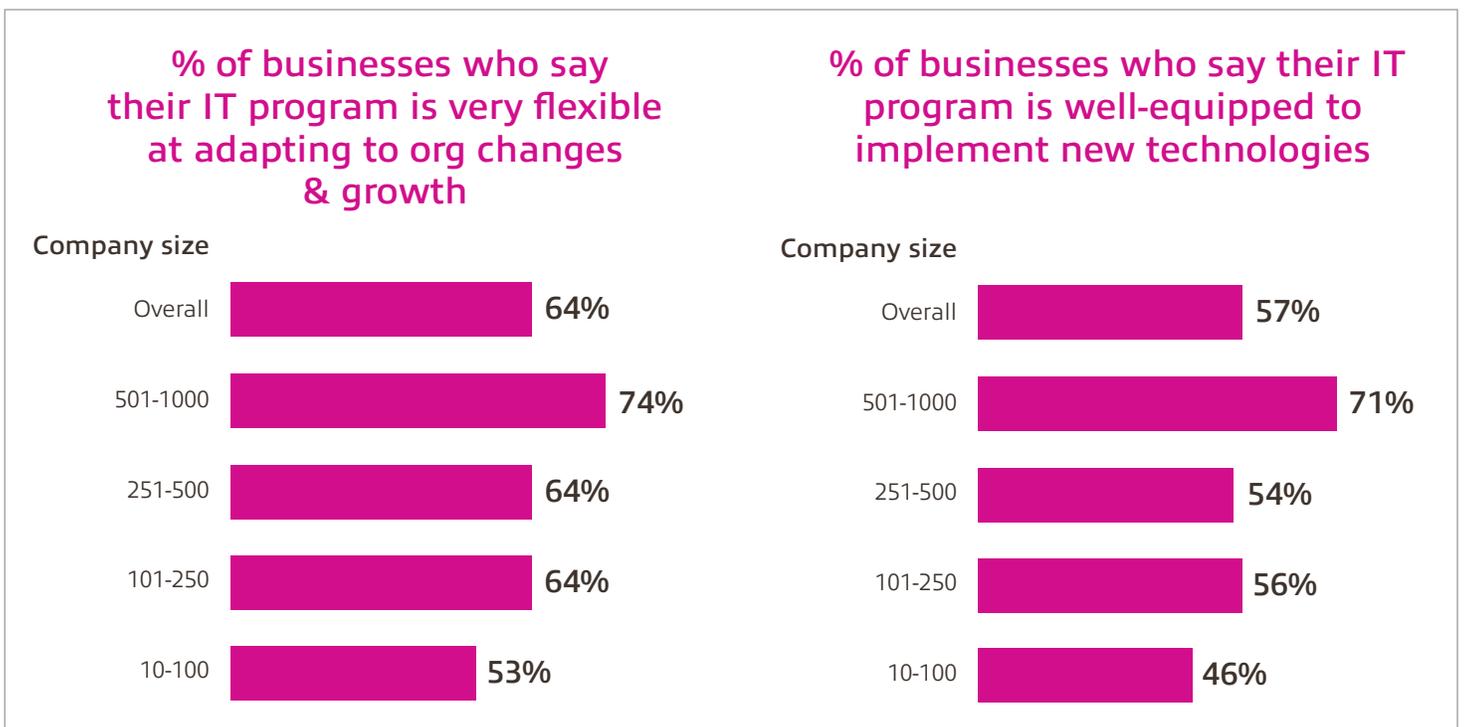


Figure 2



as their most common hurdle to equipping the organization with the best technology (see Figure 3). Furthermore, almost half (**49%**) report that integrating new solutions with legacy technology is very or extremely challenging when dealing with IT service providers.

Relationships with vendors may be a key reason IT professionals at midmarket and small businesses feel uncertain about integrating new solutions with legacy technology. First, smaller organizations typically turn to a high number of vendors, which can complicate IT initiatives. **41%** of respondents report they use anywhere from six to 10 vendors for IT support. Additionally,

when asked to consider their dealings with IT service providers, these IT professionals identified negative outcomes related to working with a high number of vendors. **43%** said it is very or extremely challenging to coordinate internal and external resources on complex IT projects, while **40%** said asset management and juggling licenses from multiple service providers is very or extremely challenging.

Although independent businesses are engaging a lot of vendors, IT professionals seem to suggest they are not getting the most out of those relationships. More specifically, they seem to struggle to find vendors who can adequately

## The top hurdles to ensuring an organization is equipped with the best available technology

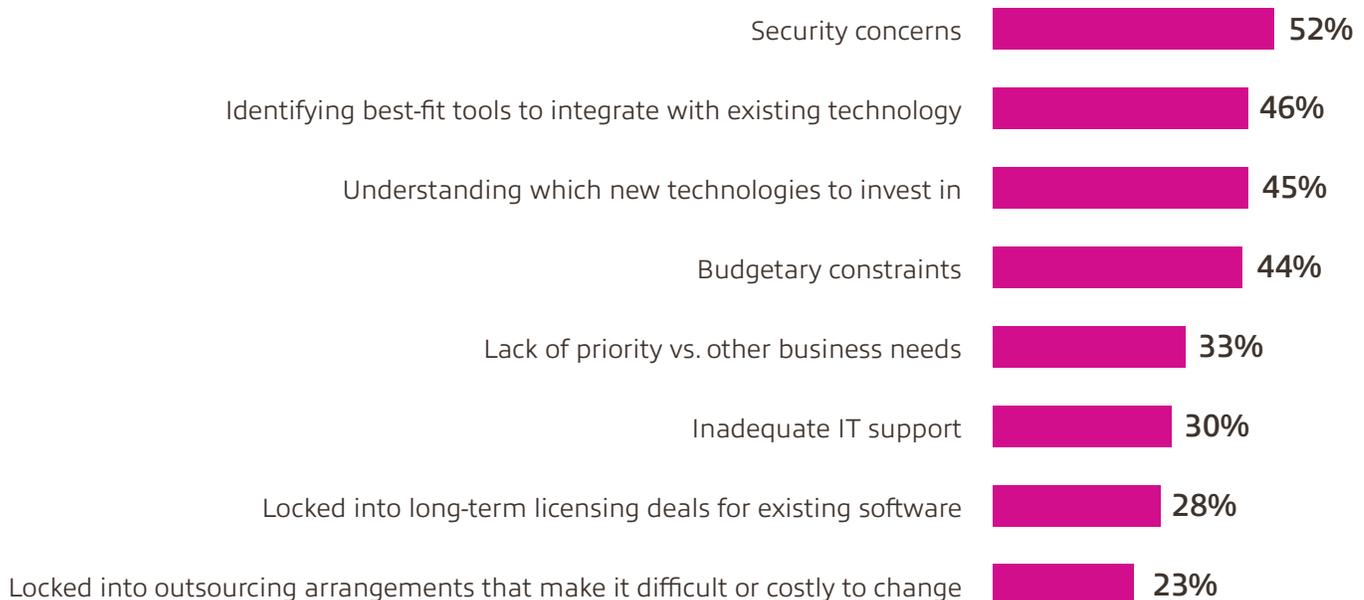


Figure 3



service their unique priorities. For instance, roughly four in 10 IT professionals claim it is very or extremely challenging that vendors cater more to larger enterprises (43%) and that vendors do not understand small business needs (40%). IT professionals also note that customizing solutions to business needs and objectives (44%) and scalability with growing business needs (40%) are very or extremely challenging when dealing with vendors (see Figure 4).

With multiple vendors, many of whom are unable to meet their unique needs, independent businesses may feel they lack the right digital transformation partner. Inadequate IT budgets complicate these problems even further. 44% of IT professionals ranked budgetary constraints as one of their top three challenges to equipping their organization with the best technology. IT professionals also reveal that their IT budgets are expected to cover multiple responsibilities that range from maintaining existing equipment

## Top challenges of dealing with IT service providers



Figure 4

and infrastructure (**28%**), upgrading outdated infrastructure (**26%**), adopting new technologies for innovation (**26%**), and accounting for employee and location expansion (**20%**). Since the same IT budget must accommodate both maintenance of existing infrastructure and adoption of new technologies, IT professionals at developing businesses are constantly challenged to prioritize responsibilities and allocate funds accordingly.

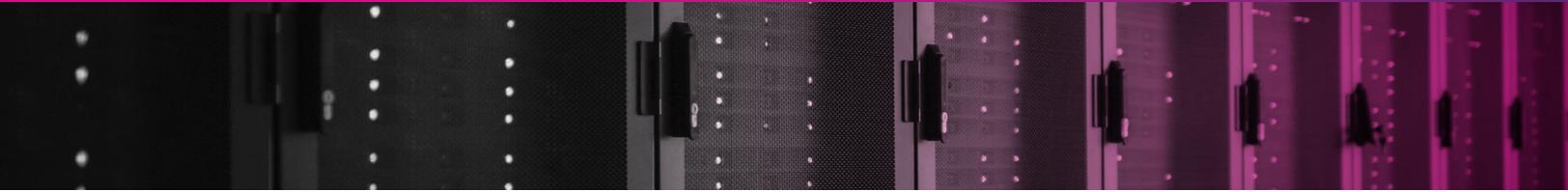
While independent businesses believe in digital transformation, they are not bridging the gap between old and new just yet. This challenge is likely compounded by too many vendors, too few partners who truly understand the needs of smaller businesses and inadequate budgets. Faced with these constraints, IT professionals have to work extra hard to prioritize the digital transformation initiatives that align to their business goals and maximize resources for both day-to-day operations and innovation.

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### Small and midmarket companies believe in cloud ... but struggle to get there.

When it comes to the future of business, perhaps no technology is playing and will continue to play as big a role as the cloud. Scalable and cost-effective, cloud solutions promote flexibility and increase business agility, helping independent businesses meet both customer and workforce expectations for seamless interactions. Yet, IT professionals reveal profound challenges in the areas of cloud security, costs and expertise that are preventing their organizations from realizing cloud's transformative power.

IT professionals at developing companies identify the cloud as the primary technology that will most impact their organization's future growth. Given the advantages of the cloud, their assessment makes sense. Not only does the cloud enable other technologies identified as significant to organizational growth — like data analytics and artificial intelligence — but it also allows organizations with 1,000 employees or less to easily update and scale infrastructure and services to accommodate unique workloads and applications. Cloud technology powers anytime, anywhere, any device collaboration by supporting subscription-based "As a Service" models while developing in the cloud can streamline operations and decrease time to market.

Yet, even as independent businesses embrace the cloud's potential, key challenges are preventing them from implementing cloud technology and reaping its benefits. To begin, security — an ongoing and omnipresent threat across the entire IT environment — becomes even more pressing in the context of the cloud. With respect to cloud migration, governing and addressing evolving security requirements is a primary obstacle for half (50%) of local/midmarket IT professionals. Likewise, 65% identified security and compliance as a primary challenge for cloud implementation, making it the top concern in this area when considering overall cloud strategy, workload assessment, migration, IT governance and modifying security practices. Finally, security figures prominently in the top two challenges related to managing accelerated data growth in the next three to five years: ensuring security of data in dispersed environments and modernizing data protection and recovery (see Figure 5).



## Respondents' top three challenges with accelerated data growth in the next three to five years

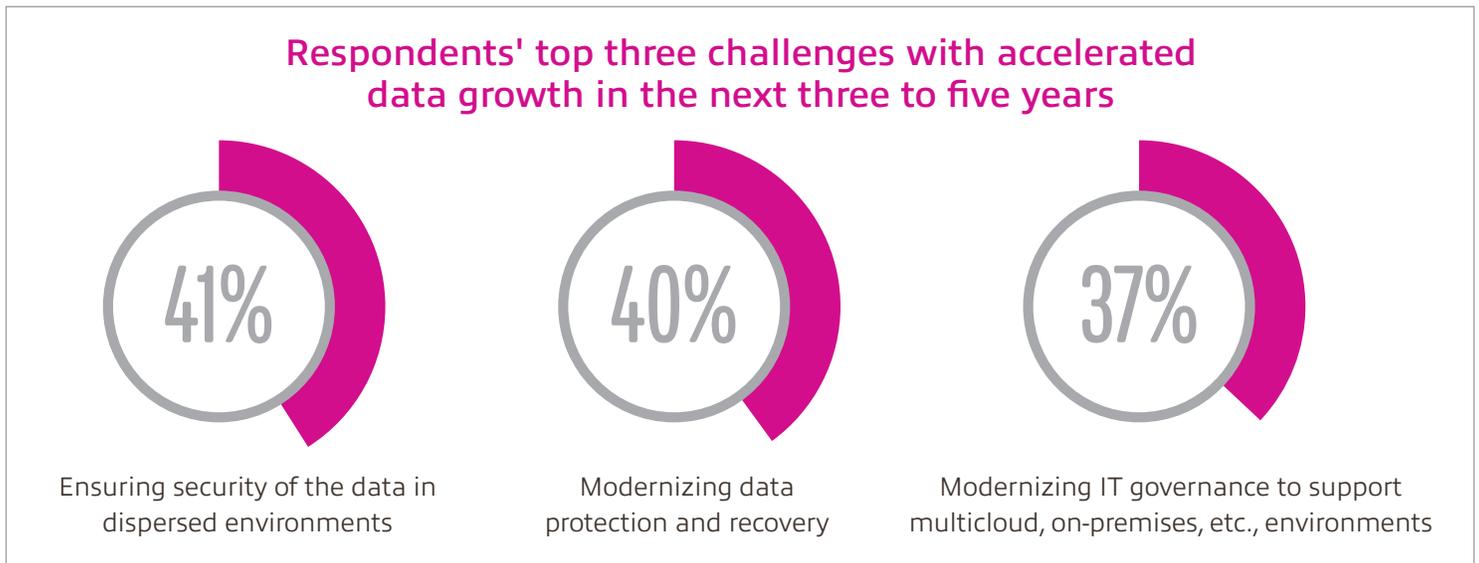


Figure 5

Along with security, concerns over costs and budgeting are hindering independent businesses' ability to adopt cloud technology. Comparing cloud costs to current costs is the most recognized obstacle to cloud migration (56%). When also asked for their top three challenges to managing cloud spending, 43% of IT decision-makers included planning and allocating budget for cloud consumption among their greatest hindrances (see Figure 6).

## Primary obstacles to cloud migration with respect to moving your infrastructure to the cloud

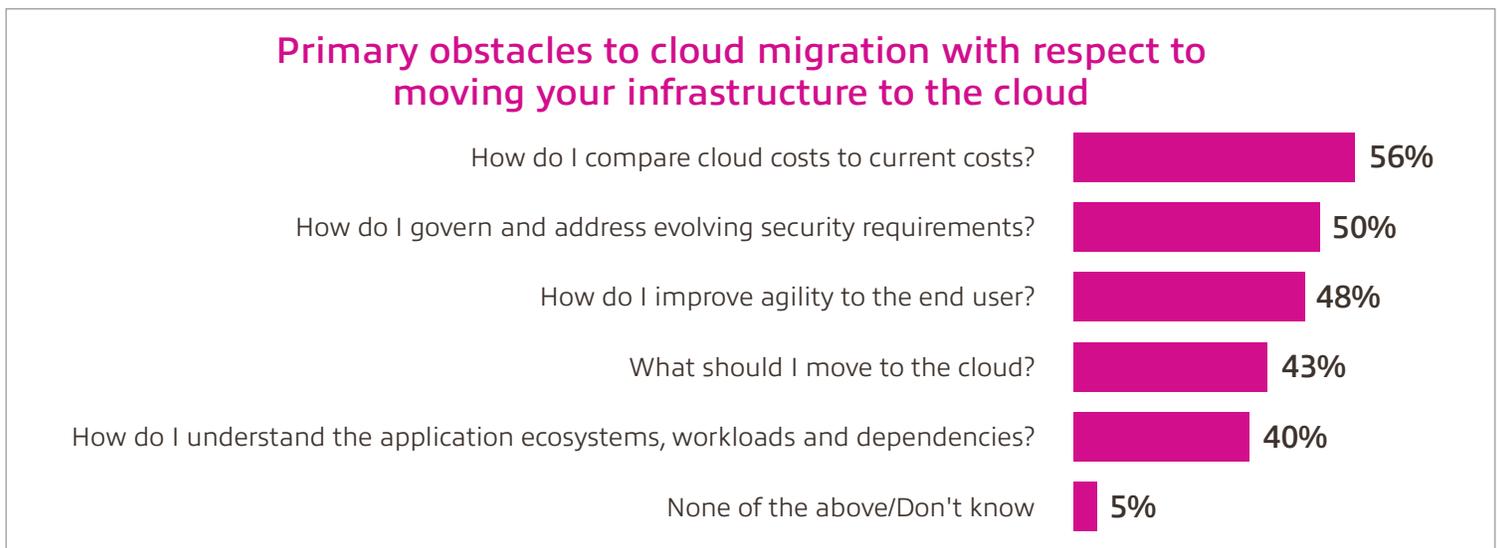


Figure 6



Potential explanations for why independent businesses are challenged to control and maximize their cloud spend can include trying to navigate unclear service agreements and failing to understand how they are billed for cloud services. Moreover, IT professionals may have difficulty determining which cloud services they are already paying for and may be struggling to estimate their organization's current and future cloud consumption needs. For example, the top cloud spend challenge for IT professionals at local to midmarket firms is difficulty determining best-fit workloads for public, private and hybrid clouds. Likewise, lack of visibility of used services at the cost center, workload and application level also ranks highly among greatest cloud spend roadblocks (see Figure 7).

Security and budget concerns ladder up to, perhaps, the most pressing challenge to realizing the power of cloud: the lack of expertise or skills related to the technology. Roughly four in 10 IT professionals (43%) say not knowing what to move and not understanding the application ecosystems, workloads and dependencies required for successful migration (40%) are primary obstacles to cloud migration.

IT professionals at independent businesses are also fearful of implementing the cloud without fully understanding the potential impact to the existing architecture and business operations. Among the top challenges to cloud implementation, IT professionals rank integration with existing infrastructure number two and

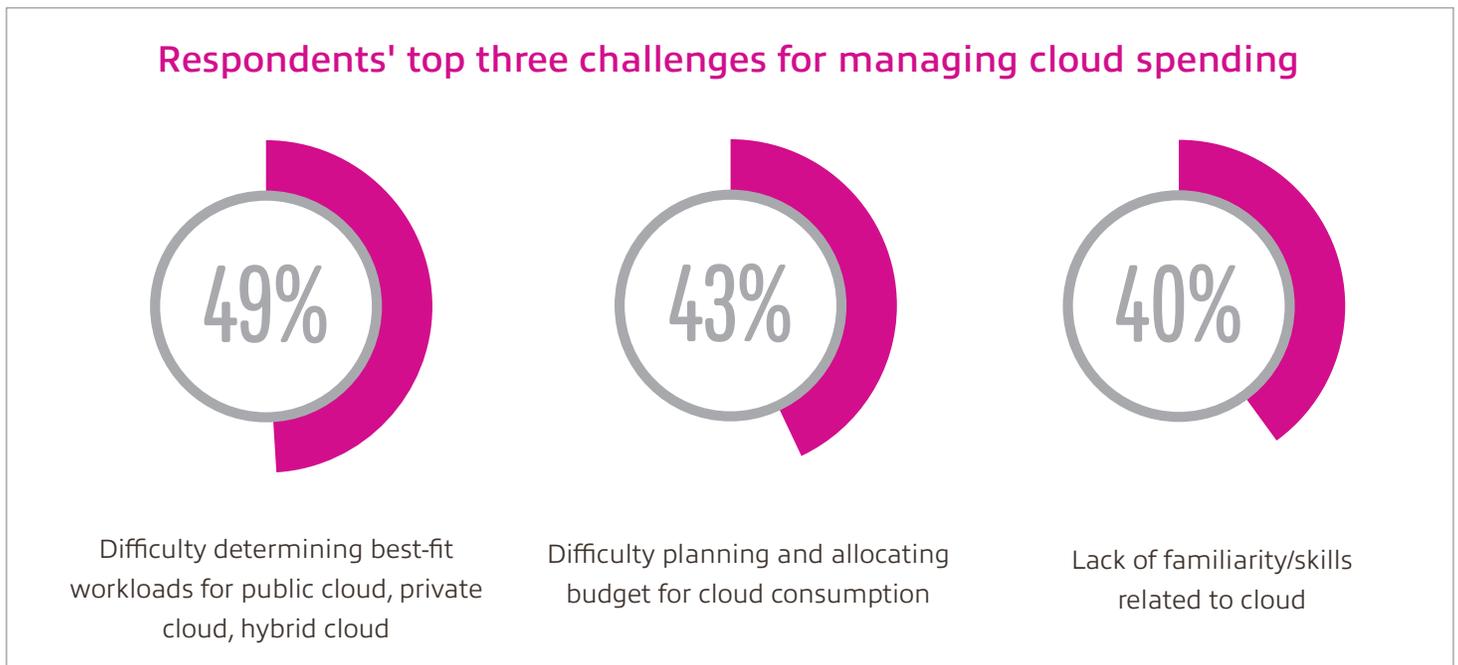


Figure 7

minimizing disruptions to the business number three, behind security and compliance (see Figure 8).

Although small-business IT professionals may be experts at integrating traditional hardware and software inside their on-premises data center, these findings suggest the cloud journey requires more advanced knowledge. Further compounding this challenge could be the tendency of independent businesses to look to vendors and outside partners for IT product procurement but not for consultation and services for projects such as migrations and deployments. The preference to do it in-house is understandable — especially for smaller organizations — but it may be constraining their ability to take full advantage of the opportunities of cloud.

Because it empowers organizations to work smarter and more competitively, cloud technology is integral to business growth. However, local to midmarket businesses will not see returns without the right cloud strategy. To begin their cloud journey, these organizations must develop a roadmap, perhaps in tandem with a more specialized outside partner, that addresses the organizational challenges currently impeding migration and implementation as well as accounts for how cloud can support future business growth.

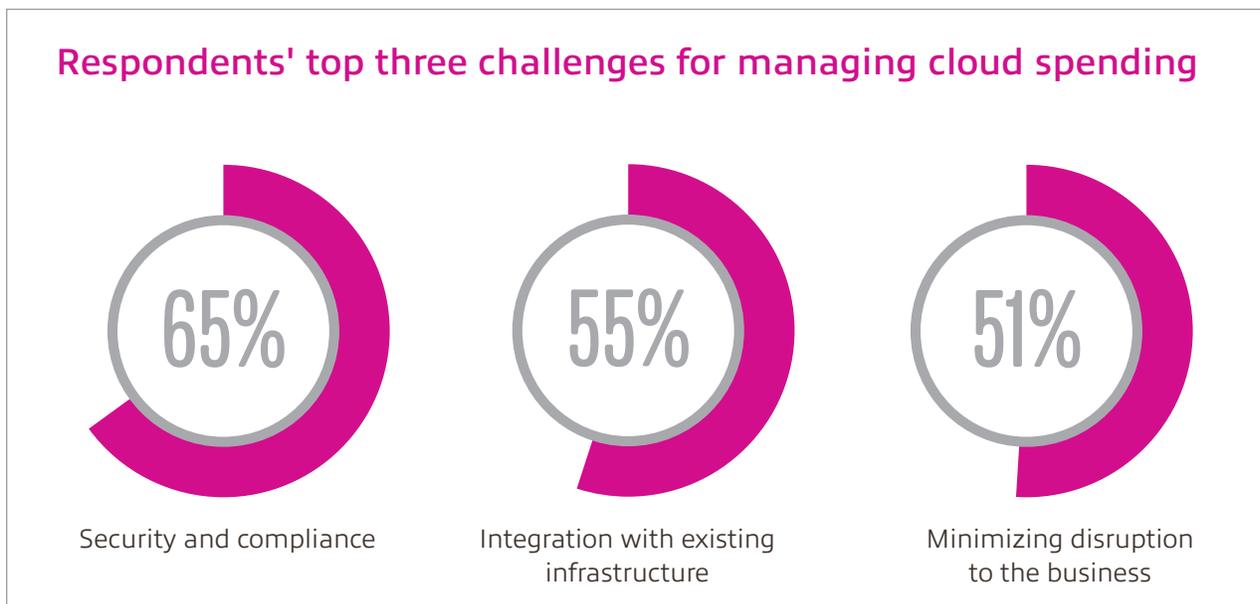


Figure 8



## Independent businesses are aligning the workplace to modern workforce expectations.

Just as technology has moved from the periphery to the center of business, it is increasingly playing an integral role in the employee experience. As a larger number of digital natives enters the workforce and consumer technology experiences continue advancing exponentially, employees' expectations for workplace technology are changing, as well. More and more, superior technology experiences can help independent businesses attract and retain the best talent as well as fuel efficiency and productivity. As organizations realize the importance of creating a work environment that reflects the way employees want and expect to work today, they are taking steps to create seamless, intuitive corporate technology experiences that can evolve as the business does.

According to IT professionals, a majority of independent businesses are already committed to creating workplace technology experiences that resemble those employees encounter as consumers. Over half (55%) of those surveyed say their IT experiences resemble consumer-like experiences for employees very or extremely well. Unsurprisingly, the larger an organization is, the more their technology experiences approximate consumer experiences (see Figure 9).

In order to build workplaces that cater to the modern workforce and their expectations for technology, local to midmarket companies are embracing cost-effective subscription models and bundled services to easily and quickly outfit employees with the latest technology. 84% agree

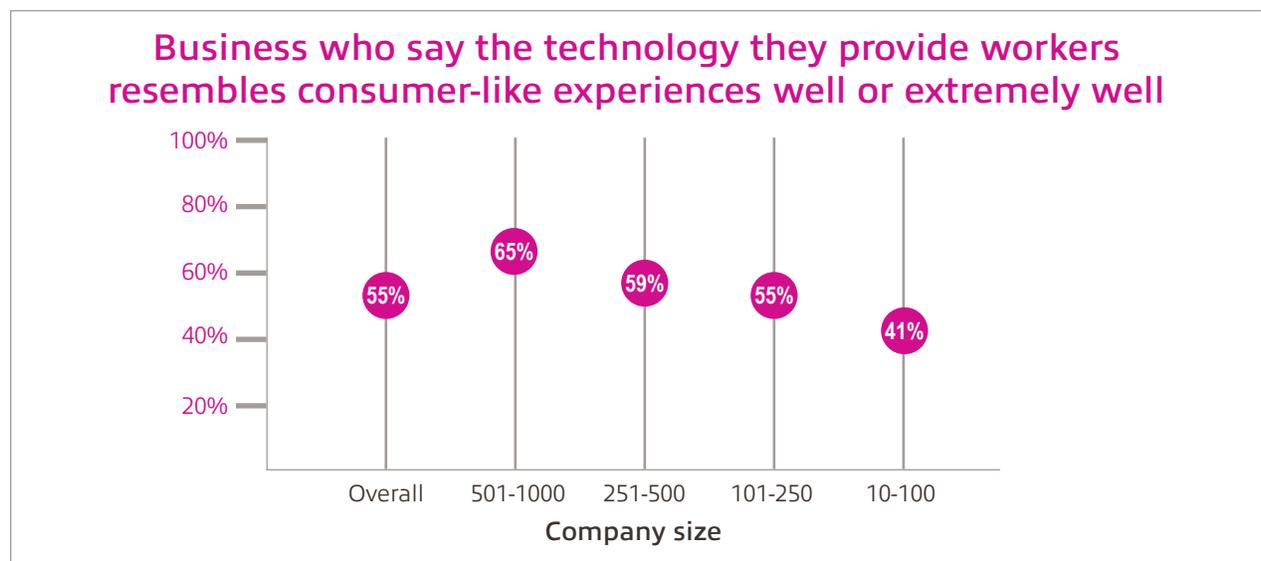


Figure 9



IT leasing that allows the business to use an OpEx, rather than CapEx, model would help them better equip workers with the latest technology. IT professionals from the largest companies surveyed (501–1,000 employees) are more likely to strongly agree. Given the popularity of “asset access over asset ownership” among today’s millennial employees, it is likely that independent businesses will continue looking to subscription models to support their technology experiences.

Moreover, **71%** of IT professionals say they currently use some or exclusively use bundled products and services — specifically, Device as a Service (DaaS) models — and plan to use more in the future. Taking into account those who do not currently use bundled products and services but plan to do so, the percentage of local to midmarket companies using or planning to use bundled products and services jumps to **86%**.

Leasing and subscriptions, managed services, and Anything as a Service (XaaS) models are attractive to independent organizations because they make it easier to predict demand and refresh cycles. They also enable near real-time installation, deployments and updates, ensuring workers have ongoing access to the most modern tools and technology.

Understanding that the gig and freelance economy is on the rise, and that today’s workforce increasingly works remotely or from home, local to midmarket businesses are empowering employees to work anywhere, any time, on any device. Over half (**55%**) state their technology is very or extremely effective at enabling remote working. Technology gets more effective at facilitating remote work experiences as the number of employees rises (see Figure 10).

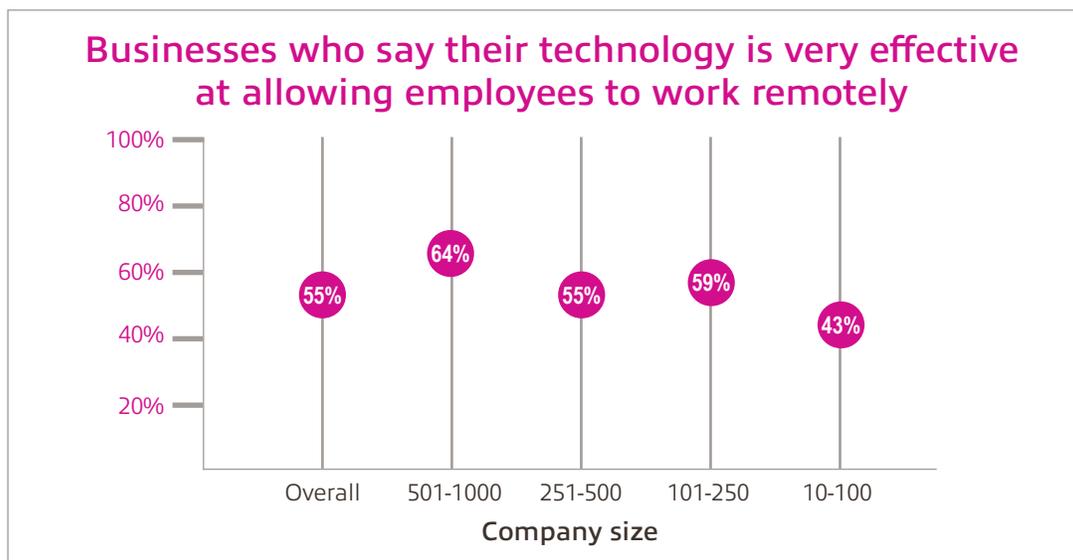


Figure 10

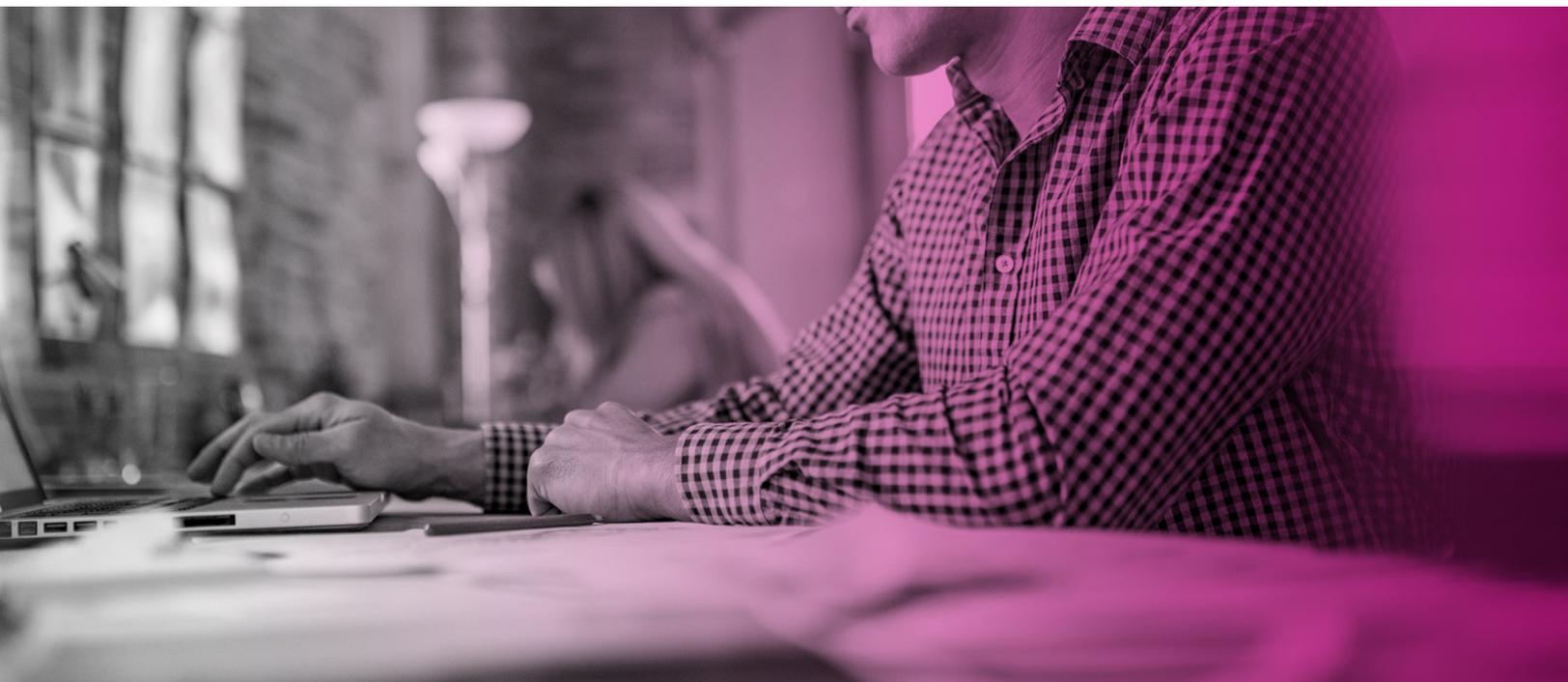
Despite these gains, smaller businesses must still be on the lookout for obstacles that will impede successful remote or work-from-home experiences. For example, two-thirds (66%) of IT professionals report that they encounter delays or worse-than-expected outcomes on tasks and projects at least five times per week due to ineffective collaboration tools. Although companies with 100–1,000 employees are more likely to report higher numbers of delays, ineffective collaboration can hit the smallest businesses (10-100 employees) equally hard. Consider that they are more likely to report that mobile and collaboration tools are the technologies that will have the greatest impact on their organization's future growth.

With a clear understanding of where modern workplace experiences can fall short, independent business that embrace strategies and solutions to give employees greater freedom and flexibility will likely end up well-positioned for future growth. Modern workplace experiences that cater to employees' evolving needs and expectations can drive efficiency and productivity. Moreover, as employees are empowered to do their best work for the organization, they can reorient their efforts toward activities that advance the business, such as problem-solving, innovation and transformation.

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Modern workplace experiences that cater to employees' evolving needs and expectations can drive efficiency and productivity.

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## Independent businesses see the benefits of modernizing procurement.

IT procurement and IT supply chain management can drive efficiency and productivity by ensuring the workforce is equipped with the most modern tools and solutions. However, local to midmarket IT professionals underscore that improving the processes by which technology comes into and flows throughout the organization also can lead to long-term operational gains for their organizations.

Overall, IT professionals express confidence in their processes for procuring, maintaining and replacing technology, with just over half (**56%**) reporting their processes are very or extremely

optimized. This perception is especially true among the largest businesses surveyed (501–1,000 employees), where **71%** believe their IT supply chain is very or extremely optimized (see Figure 11).

However, when asked to determine the top three areas of the IT supply chain that need improvement, IT professionals zero in on solutions that would modernize IT management and make it more agile. The area that needs the most improvement is using software management tools and services to optimize license purchasing. Using service providers to streamline the hardware life cycle, remarketing

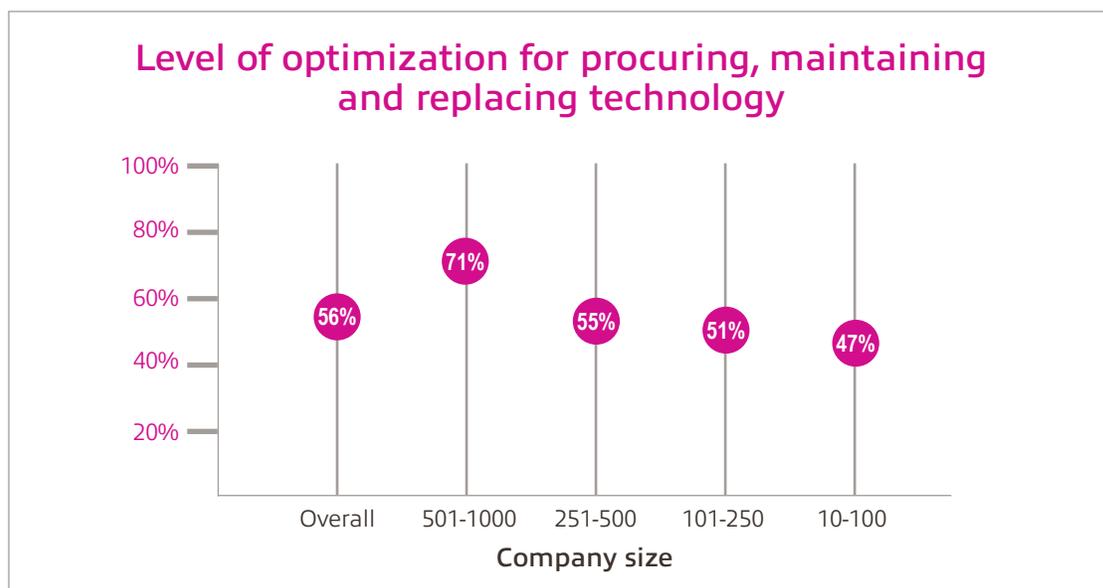


Figure 11



and asset disposition ranks second, and adopting e-procurement systems that enable a uniform process for purchasing IT assets ranks third (see Figure 12).

When it comes to modernizing IT procurement and the supply chain, there are some notable differences by organizational size. The largest businesses (501–1,000 employees) are more likely to identify a need for real-time tracking for ordering, imaging and shipping. Smaller organizations (10–250 employees) are more

focused on solutions that reduce ad-hoc hardware and software purchases and automate software license renewals (see Figure 12).

Along with solutions that modernize and streamline IT supply chain management, IT professionals are focused on automating procurement. Nearly two-thirds (63%) say they have either fully automated their IT procurement processes or automated some processes with plans to automate further. Automated procurement is less likely in smaller

## Areas of the IT supply chain that need the most improvement

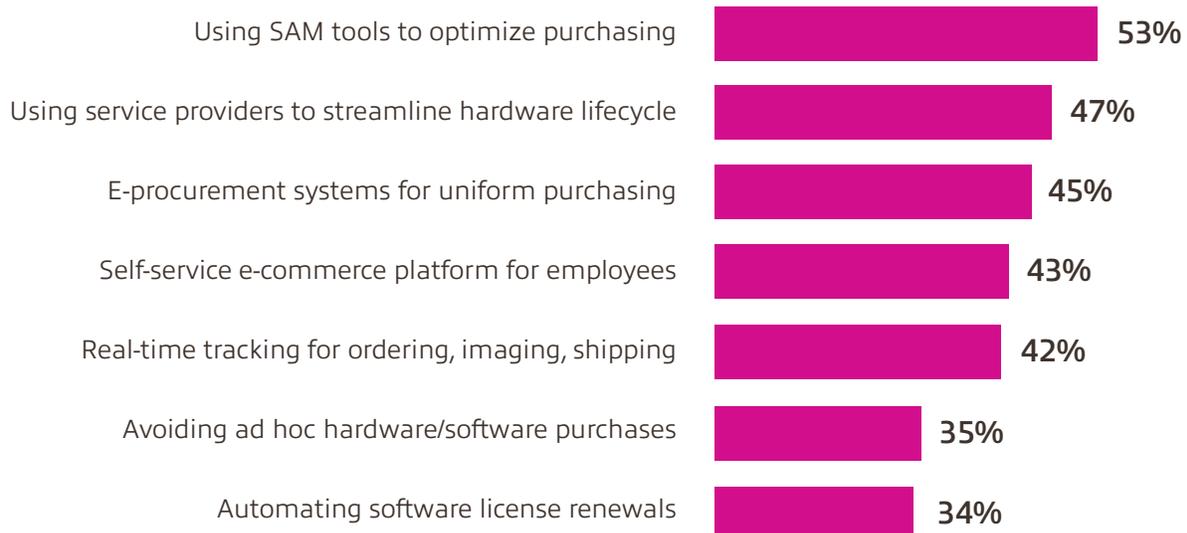


Figure 12



## 89% of IT professionals agree an optimized IT supply chain frees them to focus on innovation projects that advance the business.

businesses; however, this number jumps to **76%** as businesses grow to more than 500 employees (see Figure 13).

IT professionals are committed to optimizing IT procurement and IT supply chain management because they overwhelmingly believe such improvements positively impact operational efficiency. **92%** agree that an optimized IT supply chain can improve efficiency among the employees responsible for managing IT. **87%** agree it allows such employees to be more productive in their primary roles, and **89%**

agree it frees up these employees to focus on innovation projects that advance the business.

In the area of IT procurement and supply chain management, those surveyed clearly understand the importance of modern solutions that facilitate flexibility, agility and transformation. By investing in solutions that drive costs out of operations, independent businesses can establish more effective processes that not only equip employees with better technology — but also empower the IT workforce to address future needs of the growing business.

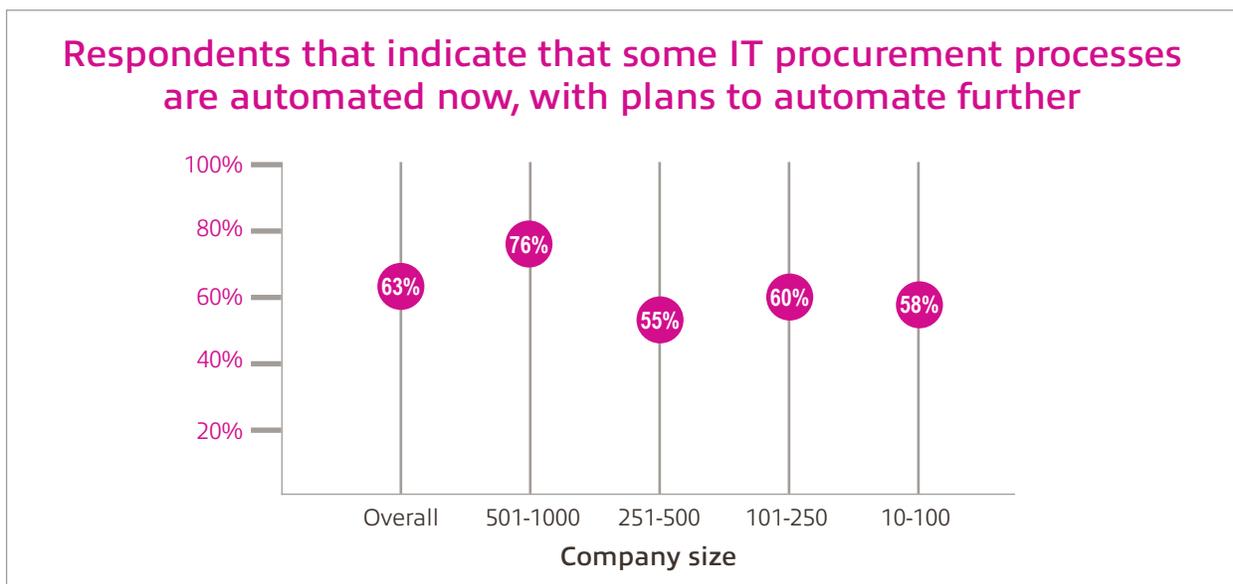


Figure 13

### Overall, it's an exciting time to be an independent business.

New technologies, modern processes, and digital transformation initiatives can revolutionize the way these companies do business and deliver value to customers. However, in order to realize the business value of IT — particularly as modern solutions become more complex through the proliferation of cloud, data analytics, artificial intelligence/machine learning and the IoT — their IT professionals must strike a balance between focusing on today's needs and considering tomorrow's.

Local to midmarket companies can achieve this balance by investing in solutions that improve flexibility, increase agility, and easily scale or evolve as the organization grows. In some areas, such as procurement and the employee experience, businesses are making strides. They are taking the necessary steps to implement solutions that streamline day-to-day operations and redirect resources to innovation.

On the other hand, IT professionals' relationship to cloud and digital transformation reveal a paradox: Independent businesses realize the power of transformative IT solutions but have not yet bridged the gap between old infrastructure, processes, and ways of budgeting for and implementing modern solutions.

Recognizing that their responsibilities span old and new, today and tomorrow, daily tasks and future initiatives, IT professionals in smaller organizations must learn how to focus and maximize resources to realize efficiencies, save costs and drive ROI from IT in the short term. By investing smarter in solutions that optimize internal processes today, these IT professionals can generate resources to scale and evolve their technology and solutions over time, as the business grows. Ultimately, this approach will help local to midmarket companies drive costs out of operations in order to fund business transformation.





## About Insight

Insight Enterprises Inc. empowers organizations of all sizes with Insight Intelligent Technology Solutions™ and services to maximize the business value of IT. As a Fortune 500-ranked global provider of Digital Innovation, Cloud + Data Center Transformation, Connected Workforce, and Supply Chain Optimization solutions and services, we help clients successfully manage their IT today while transforming for tomorrow.

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