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Lead
Forward

After a Transformative Year, Businesses Seek Preparedness

Executive summary

Every three months, VMware commissions a global study of senior enterprise tech leaders to better understand their top concerns and the ways they're addressing them. This study captures a unique moment in time, and highlights the actions these thought leaders are taking to overcome their current challenges and find new opportunities for innovation.

For our first quarter of 2021 survey, conducted between December 2020 and January 2021, we reached out to 456 senior VP or higher tech executives. Each of these C-suite decision-makers are from organizations with 1000 or more employees, located all over the world. They represent the financial services, healthcare, retail, manufacturing, education, government, and telecom industries.

It's our aim to empower you with the perspectives of your peers to quickly make the changes you need to help your organization survive and thrive despite the pandemic—and turn challenges into opportunities.

Three key takeaways

1 After dealing with the COVID-19 pandemic and the changes it forced, tech executives are prioritizing secure, digital customer experience (CX) and employee experience (EX) in their IT decisions.

RECOMMENDATIONS:
Even after a year of COVID-driven investments, executives believe that there's still significant work to be done around CX and EX in 2021. Improving digital customer engagement and securing distributed workforces and experiences will drive budget requirements going forward. Funding for security and cloud infrastructure must be priorities for the coming year.

2 Executives want their organizations to be more scalable, flexible, and efficient in 2021 and beyond. To that end, they're modernizing legacy apps, enabling agile workflows, automating rote tasks, and more.

RECOMMENDATIONS:
Over half of executives strongly agree that "the need to scale up or down to meet changing business needs is more important than ever." Organizations must continue to improve their flexibility in app deployments and delivery, so they can quickly react to any business disruptions.

3 Organizational complexity is increasing and evolving, as executives expand their total cloud environments and security provider relationships in 2021.

RECOMMENDATIONS:
Executives recognize that with more platforms comes more complexity. Modern management solutions are helping to simplify across all platforms. Adopting these solutions can also improve the total ecosystem, as well as make it more structured and sustainable.

KEY TAKEAWAY #1:

After dealing with the COVID-19 pandemic and the changes it forced, tech executives are prioritizing secure, digital customer experience (CX) and employee experience (EX) in their IT decisions.

2021 IT Decision Drivers

■ Priority   ■ Top Priority

Driver	Priority	Top Priority
Customer satisfaction through new digital services	62%	32%
Quality of service	64%	12%
Revenue growth	59%	14%
Competitive advantage	56%	10%
Cost cutting and increased efficiency	51%	7%
Cost savings	49%	5%
Employee satisfaction and retention	47%	7%
Reduced risk	47%	3%
Global expansion	39%	8%
Time to market	34%	4%

CX remains top of mind in 2021

Customer satisfaction through new digital services is the #1 IT driver for 2021. In fact, **32%** of the CXOs surveyed ranked it their top priority. More specifically, they see an urgent need to become "digital-first" to improve customer engagement.
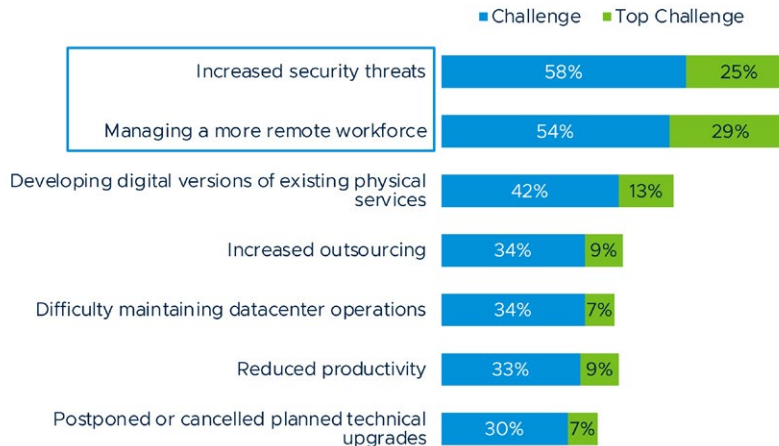
As the pandemic continues, organizations can no longer interact with their customers in-person. Companies are quickly taking steps to improve their CX, and build out their digital customer engagement to maintain and expand customer relationships. For many, it's the only way they can survive as a business.

The service "experience" is still key

Improving connectivity and the quality of each engagement continues to be a priority for tech executives. Over half (**64%**) of the ones surveyed are prioritizing quality of service improvement to apps in 2021

Transitioning to digital CX and EX can go off the rails if each engagement is plagued by quality issues. Can an employee successfully connect over video with the right fellow employee at the right time? Can a customer transact easily at the right point at the right time?

COVID-19 Challenges

■ Challenge   ■ Top Challenge

Challenge	Challenge	Top Challenge
Increased security threats	58%	25%
Managing a more remote workforce	54%	29%
Developing digital versions of existing physical services	42%	13%
Increased outsourcing	34%	9%
Difficulty maintaining datacenter operations	34%	7%
Reduced productivity	33%	9%
Postponed or cancelled planned technical upgrades	30%	7%

The coronavirus has increased security concerns

As executives plan for 2021, an increase in security threats (**58%**) is their top COVID-19 challenge.

With everything being distributed, the threat landscape has greatly increased. As CX and EX improve, organizations find they're under more and different kinds of attacks, as customers open up to more digital experiences, and employees work from home on less-than-secure WiFi networks.

Distributed work and EX continue to test executives

Managing a more remote workforce (54%) is another top COVID-19 challenge for tech executives. Simultaneously, COVID-19 is forcing them to take action to transform their EX, and make it more digitally focused.

Due to the pandemic, employees have been unable to physically connect with other employees and work in-person at corporate offices like they used to. As with CX, executives are having to reimagine what the next evolution of the digital-first workplace will be, and are building and maintaining a distributed workforce where employees can productively engage with each other on any device from anywhere.

What it means

Tech executives believe that the "digital-first" movement is still a work in progress, and they have work to do in CX and EX. Many executives are still trying to determine the best ways to support digital experiences across the board.

CX and EX became top priorities a year ago, when the pandemic struck, and they continue to be top priorities a year later. As the research shows, no one was able to completely raise their digital transformation to a satisfactory level this year.

KEY TAKEAWAY #2:
Executives want their organizations to be more scalable, flexible, and efficient in 2021 and beyond. To that end, they're looking to modernize legacy apps, enable agile workflows, automate rote tasks, and more.

Executive concerns—in order of importance

To understand the most important IT issues for tech executives, we presented various statements and asked to what level they agreed or disagreed with them.

The results? In the wake of COVID-19, executives are taking steps to ensure their organizations become more nimble, responsive, up-to-date, and secure.

- ### Agile Everywhere
  91% agree and 51% strongly agree that *"Developer 'time to flow' and agile performance metrics are helping us improve agility and developer workflows—and meet 'digital-first' market demand."*

- ### Modernize Legacy
  90% agree and 50% strongly agree that *"We're migrating and modernizing our legacy applications, to drive start-up level innovation."*

- ### Automation
  90% agree and 51% strongly agree that *"We're investing in automation tools, to simplify processes and help employee efficiency."*

- ### Scale and SaaS
  90% agree and 55% strongly agree that *"We're expanding our use of subscription-based and as-a-service technology to scale, increase flexibility, and meet changing business needs."*

- ### Intrinsic Security
  81% agree and 43% strongly agree that *"We're building new intrinsic security protocols into every app, to protect critical assets and deal with a wider threat plane."*

CXOs align with the new

Most of the tech executives in the survey (**90%**) agree that their major application initiative this year is to migrate and modernize legacy applications.

The same percentage of executives also see that the need to scale up or down to meet changing business needs is more important than ever. As core apps become containerized and portable, organizations are better able to pick up the pace of innovation so that it's of start-up-level speed.

To increase organizational flexibility, many of these tech leaders state their companies are expanding the use of subscription-based and as-a-service technology.

A green tech stack is still the future

While the move to carbon neutrality is somewhat less urgent to executives than agility, **77%** of them are still committed to move to a truly environmentally friendly green tech stack.

One way this can be accomplished is through infrastructure virtualization, which reduces the number of servers, storage arrays, and networking devices in the IT environment.

Cloud sprawl can be controlled

Tech executives noted they were able to manage cloud sprawl effectively. Even though they have more cloud platforms, and work in multiple different environments, they can pick and choose the best cloud providers for their unique needs, and aren't locked in with any one vendor.

Today's powerful cloud management tools simplify the process of moving between solutions, and make it easier to manage multi-cloud environments. Cloud abstraction and cloud orchestration tools can help organizations gain actionable visibility, simplify processes, and control costs.

What it means

Scaling up or down, modernizing legacy systems, automation, and improving agility all strongly resonated with tech executives. Clearly, the modern enterprise needs to react to any scenario.

With increased security threats and remote workforce management noted as the top two COVID-19 challenges for 2021 and beyond, tech executives should add additional management tools to speed the transition.

KEY TAKEAWAY #3:

Organizational complexity will increase and evolve, as executives expect to expand their total cloud environments and security provider relationships in 2021.
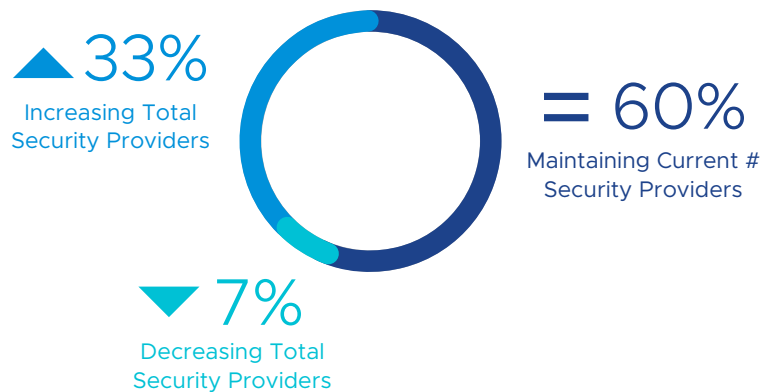
▲ **46%**	= **48%**	▼ **6%**
Increasing Total Clouds	Maintaining Current # of Clouds	Decreasing Total Clouds
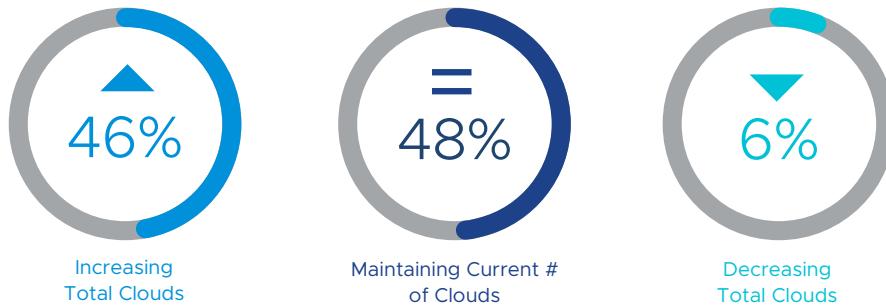
More clouds are on the horizon

Most of the tech executives surveyed (**74%**) believe the issue of which cloud providers they use is becoming less important. Using multiple different private clouds can still be productive, as long as they have the tools to keep their environments better orchestrated.

Tech executives are increasing their cloud portfolios, and are becoming more comfortable leveraging multiple environments across their organizations. They expect to add around two more clouds in 2021. Some of this increase could be attributed to upcoming mergers and acquisitions.

Even more conservative industries that are traditionally slow to adopt, such as healthcare and financial services, are increasing their cloud portfolios.

Few companies are actively decreasing their total number of clouds. Most are increasing their number of clouds, despite the increased complexity it brings.

▲ **33%**
Increasing Total
Security Providers

= **60%**
Maintaining Current #
Security Providers

▼ **7%**
Decreasing Total
Security Providers

More security vendors are needed

Most tech executives expect the number of total security providers for their organizations will either stay the same or increase (only 7% expect to consolidate security providers in 2021). With **81%** of tech leaders noting they could face a breach risk due to the wider, distributed threat pane, they're looking to add two or three more security vendors to help.

What it means

Embracing a multi-cloud environment means that organizations aren't locked into one vendor, and can go with specific vendors for different sectors, such as SaaS. Executives who team with VMware can help their organizations organize and manage their environment, become more agile and responsive, and take the lead in "digital first" initiatives.

Next steps

Find out more about these topics. Learn how to apply strategic research to your projects this quarter and beyond. And see why teaming with VMware can give you personalized, strategic guidance from an expert technology vendor—to help you meet your unique set of challenges, and deliver substantial benefits.

Discover more research, insights and executive perspectives on *VMware CIO Exchange.*

Research Methodology

VMware FY22 Q1 Executive Pulse, January 2021

The VMware FY Q1 Executive Pulse study was fielded on behalf of VMware by Qualtrics between December 2020 and January 2021.

Custom research was conducted in the Americas (Argentina, Brazil, Canada, Mexico, U.S.), Europe (Belgium, France, Germany, Italy, the Netherlands, U.K., Spain, Sweden, Russia) and Asia Pacific (Australia, China, India, Japan, Singapore) using web-based surveys.

Responses were collected from 456 C-suite and senior technology decision-maker respondents involved in app and infrastructure platform decisions. The sample targeted 49% commercial (1,000-4,999 employees), and 51% enterprise (5,000+ employees).