

# THE IT PARADOX:

## BALANCING SUPPORT & INNOVATION

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# INTRODUCTION

Digital transformation is more than a just another one of those business buzz phrases. It has empowered CIOs to keep businesses running while simultaneously enabling new business models through innovation. However, it has created a common quandary which can throw the purpose and effectiveness of IT teams into question.

When it comes to keeping a business running, it can be challenging to balance the proactive drive for innovation with the ability to be reactive to everyday dilemmas. The very nature of IT means that IT teams can often fall into a responsive mode, supporting the business day-to-day. But while this approach facilitates day-to-day operations, it leaves very little time to proactively drive innovation and push the technological capabilities of the business forward.

***The power struggle between reactivity and proactivity has often led to a bifurcation of IT within organisations.***

This has seen teams either providing traditional back-office support or adopting the more contemporary 'start-up' approach with teams that operate outside of the 'business as usual' development and operational teams with the goal of increasing velocity. In essence, it has become a case of picking and choosing what the business needs from the IT team – should they be caretakers or trailblazers?

Over time, this approach can create tension between the two models: one focused on predictability, control and scale, and the other focused on innovation and speed. As a consequence, the IT function is often an overlooked or at best underleveraged resource in addressing these challenges. In reaction to this, we're now seeing CIOs tackling the broader challenge of operationalising innovation and bringing the teams back together.

***The Covid-19 pandemic has only placed additional demand on both sides of this equation: a greater imperative to keep the business stable minute by minute alongside increasing pressure to innovate to keep businesses competitive.***

These shifts in the perception of IT have created something of a paradox which leads us to the question: is it time for the IT function to renew its core purpose? And who, other than the CIO, can bring the technology function back together with the business support and innovation imperatives?

To find out the answers, we surveyed 200 IT decision-makers and 200 business leaders from mid-size businesses to understand their perceptions of IT, what is the main purpose of the IT team and the biggest opportunities and challenges they're facing. This research report aims to uncover whether IT teams are simply keeping the systems running or whether they're wielding boardroom influence and driving innovation. It also seeks to understand the impact changing business drivers are having on the IT team, including potential impacts on health and wellbeing.

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## RESEARCH METHODOLOGY

The research was conducted by Censurwide on 201 IT decision-makers and 200 business leaders in UK mid-sized companies (200 – 2,500 employees).

## KEY FINDINGS

### THE ROLE AND INFLUENCE OF IT IS RECOGNISED WITHIN THE BUSINESS...

- When setting the IT strategy, 46% of IT decision-makers take a collaborative approach between the board/executive team and IT to determine business need
- 87% of IT decision-makers say IT is involved in setting the business strategy for the year ahead
- 93% of IT decision-makers say their organisation has a representative from the IT team on the board/leadership team

### INVESTMENT IN IT IS SIGNIFICANT...

- On average, organisations are investing a quarter (25%) of their budget in IT
- Nearly two-thirds (63%) of IT decision-makers believe the investment in IT within their organisation is sufficient to achieve the organisation's business goals
- 81% have authority to approve IT spend, however, 68% of IT decision-makers say the organisation wants IT to take the lead more yet it doesn't give IT full autonomy over IT spend

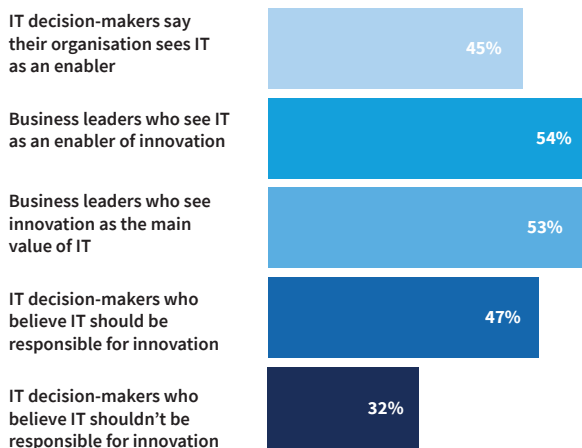
### IT DRIVES INNOVATION...

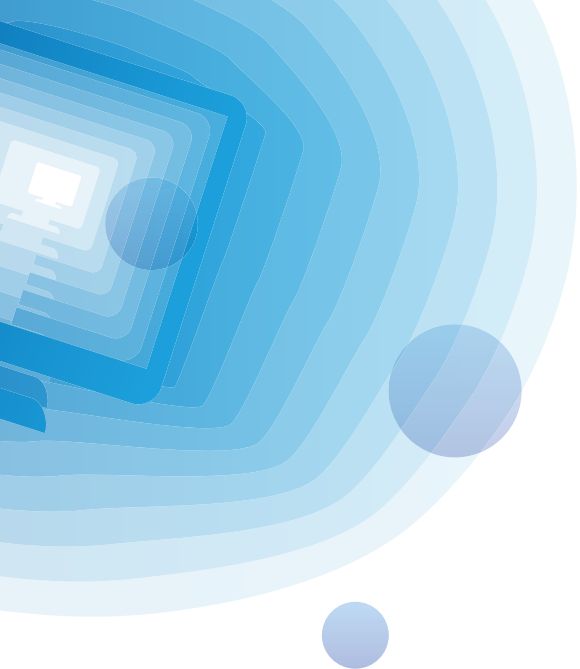
- Nearly half (45%) of IT decision-makers say their organisation sees IT as an enabler, facilitating innovation and driving the achievement of business goals
- 54% of business leaders see IT as an enabler of innovation and more than half (53%) see innovation as the main value of IT
- Nearly half (47%) of IT decision-makers believe IT should be responsible for innovation but nearly a third (32%) disagree

### AND SATISFACTION IS HIGH...

- The majority (75%) of IT decision-makers say they are satisfied in their current job role
- 95% of business leaders say IT meets expectations at the very least
- 57% of those say it exceeds expectation

#### IT drives innovation



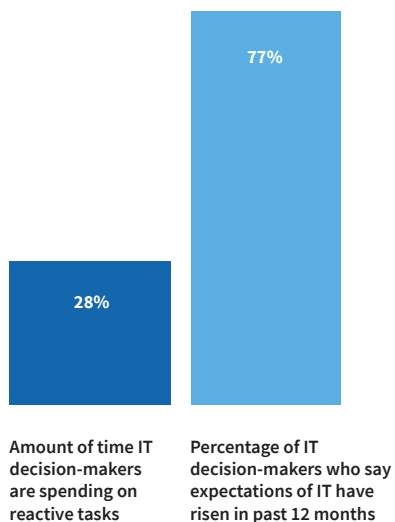


## BUT THE IT TEAM IS PULLED IN MULTIPLE DIRECTIONS...

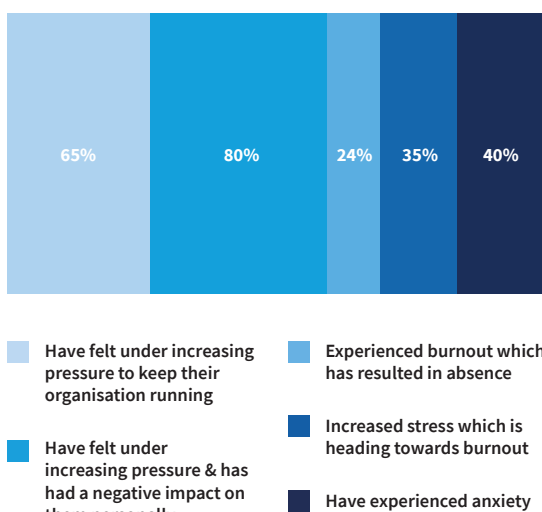
- On average IT decision-makers are still spending over a quarter (28%) of their time on reactive tasks
- 77% of IT decision-makers say expectations of IT have risen within their organisation in the past 12 months
- Top challenges facing IT teams include:
  - Budget constraints (40%)
  - Too much workload/not enough time (34%)
  - Maintaining compliance & security (27%)
  - Conflicting priorities (25%)
  - Pace of change/technological advancement (24%)

## THIS IS PUSHING TEAMS TOWARDS BURNOUT...

- Nearly two-thirds (65%) of IT decision-makers have felt under increasing pressure to keep their organisation running effectively in the last 12 months (outside of Covid-19)
- 80% of IT decision-makers who have felt under increasing pressure say this has had a negative impact on them personally
- 24% have experienced burnout which has resulted in absence from the business
- Over a third (35%) are suffering from increased stress which is unsustainable and will result in burnout if not addressed
- 40% have experienced or are experiencing anxiety



## IT decision-makers are heading towards burnout



## AND STANDING IN THE WAY OF INNOVATION....

- IT decision-makers are put off from driving new ideas forward by challenges including conflicting priorities (38%), lack of resource (36%) and time (35%)
- Nearly two-thirds of IT decision-makers (65%) say the team is under pressure to be more innovative but there is not enough investment in IT for this to be possible
- On average IT decision-makers have put forward 2.5 innovation projects or initiatives to the board in the last 12 months, not in response to an existing problem
- Business leaders see IT delivering the greatest value in the next 12 – 18 months by delivering business transformation projects (23%) and updating IT systems (23%)

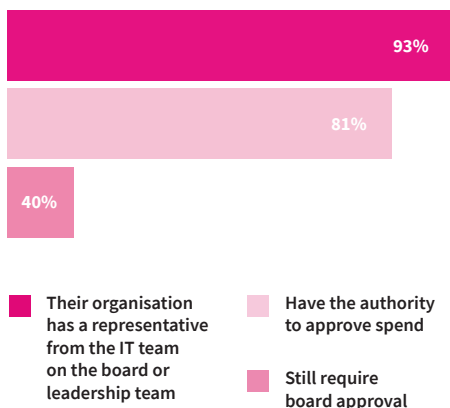
## STRATEGY AND INVESTMENT

### ALIGNING IT AND C-LEVEL EXPECTATIONS

When asked about the approach to IT and business strategy, nearly half (46%) of IT decision-makers said their business takes a collaborative approach between board/executive team and IT to determine business needs. Only 1% said their business has no IT strategy in place and the majority (87%) said IT is involved in setting the strategy for the year ahead.

It's encouraging that the expertise within IT teams is being recognised and utilised at the highest level of the businesses. Not only is this empowering for IT personnel but it means businesses are taking progressive steps towards defining their strategies with experts from within the business.

### IT decision-makers in the boardroom



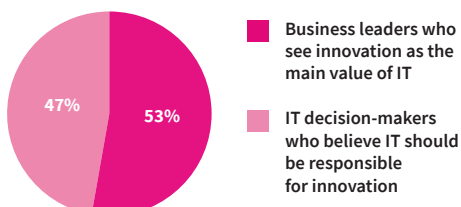
### IT TAKES A SEAT IN THE BOARDROOM

The majority (93%) of IT decision-makers say their organisation has a representative from the IT team on the board or leadership team, highlighting that IT is now widely regarded as a critical function that is deserving of inclusion in board-level decision-making.

IT leaders are also being granted more authority when it comes to investment in IT with 81% of decision-makers saying they have the authority to approve spend. However, nearly a fifth (19%) say they still require board approval.

### IT'S PURPOSE SHIFTS TO INNOVATION AND TRANSFORMATION

Nearly half (45%) of IT decision-makers say their organisation sees the main role of IT as an enabler, facilitating innovation and driving the achievement of business goals. A similar percentage of business leaders (46%) agree with this statement which signifies a close alignment between IT and business leaders and confirms that the purpose of IT has shifted in approximately half of mid-size businesses.



***More than half (53%) of business leaders see innovation as the main value of IT, while nearly half (47%) of IT decision-makers believe IT should be responsible for innovation.***

Despite this, over half of IT decision-makers (58%) and 55% of business leaders believe the primary role of IT is either a help desk and technical support function or to be responsible for maintaining and running business-critical systems. This indicates a divide in opinions on the purpose of IT, with IT seen as both a caretaker of information and technology and also the driver of innovation across the business.

## FRUSTRATIONS WITH THE BOARD

**Over two-thirds (68%) of IT decision-makers say their organisation wants IT to take the lead more but doesn't give IT full autonomy over IT spend.**

This could lead to frustrations when it comes to seeking approval or investment from the board for new technology, with over a third of IT decision-makers (36%) saying it takes the board too long to make a decision.

Furthermore, 31% say the board only looks at the cost of new technology rather than the benefits and 30% believe the board lacks awareness of how the technology fits with the wider strategy.

## BUSINESS LEADERS UNALIGNED WITH IT FRUSTRATIONS

Business leaders have fewer frustrations when it comes to approving or investing in IT expenditure. In fact, over a quarter (28%) said they have no frustrations at all. However, 29% said they are unsure whether they have the budget to implement the technology strategy. Less than a fifth (17%) said they're unsure how the technology strategy will deliver ROI to the business and 14% are unsure how the technology strategy will support the business goals.

It's clear that frustrations are stronger among IT decision-makers when it comes to the relationship between IT and the board. Yet these could be teething issues as IT representatives acclimatise to their new board-level positions and the issues highlighted could be eased by greater communication between the two sides. These frustrations could also be alleviated by increasing IT's autonomy over spend within businesses where IT still lacks that autonomy.

## IT RECEIVES HEALTHY INVESTMENT

Despite the frustrations, investment in IT is significant. On average a quarter (25%) of an organisation's budget was invested in IT, and the majority (63%) of IT decision-makers feel investment in IT is sufficient to achieve an organisation's business goals. However a third (30%) disagree and feel the investment is not sufficient which could be linked to the inability of the board to see the benefits of new technology rather than the cost. Despite a clear concern over budgets, 72% of IT decision-makers agree that their department is being used to its full advantage within the business.

### Investment in IT is significant

How much of an organisation's budget was invested in IT

63%

Percentage of IT decision-makers who feel investment in IT is sufficient to achieve an organisation's business goals

25%

# INNOVATION VS. EXPECTATION

## INNOVATION DEMANDS EVEN MORE INVESTMENT

Despite fewer frustrations from business leaders, IT decision-makers believe business expectations of IT are on the rise.

**The majority (77%) say their organisation's expectations of IT have risen in the last 12 months.**

The biggest reasons for this increase were noted as a greater focus on security and compliance (45%), the expectation for IT to work with more areas of the business (39%), the expectation for IT to support and have knowledge of a broader range of technologies (38%), increased pressure to update ageing infrastructure (36%) and expectation to deliver projects quicker (35%).

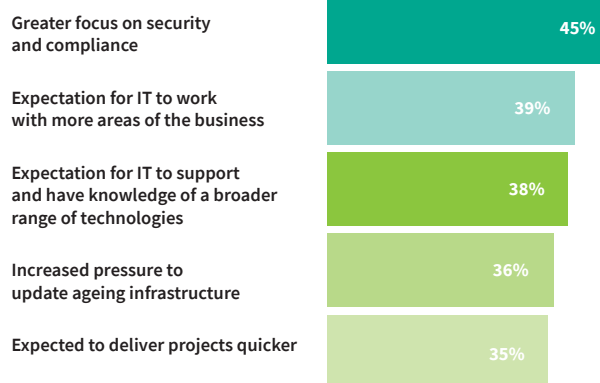
This sentiment is replicated among business leaders, with 45% of business leaders listing cyber security threats as the biggest threat to their business in the next 12 months after economic uncertainties (47%). Other threats include changing regulation (31%), interruption of business as usual (30%), growing skills shortages (30%) and increased competition (26%).

Lack of innovation was also called out as the biggest threat by a fifth of business leaders (21%) which could be putting further pressure on IT teams.

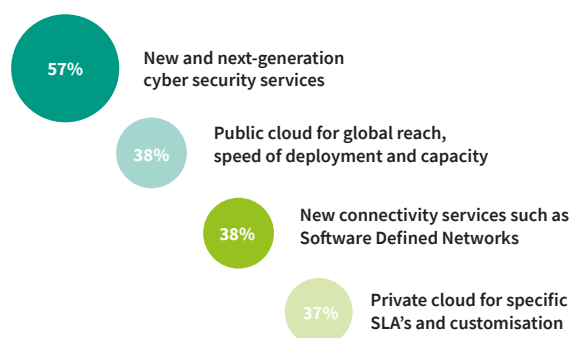
**Nearly two-thirds (65%) of IT decision-makers say their teams are under pressure to be more innovative but say there is not enough investment in IT for this to happen.**

When it comes to boosting innovation, IT decision-makers said the main technology focus for their organisation over the next year is on new and next-generation cyber security services (57%); public cloud for global reach, speed of deployment and capacity (38%); new connectivity services such as Software Defined Networks (38%), and private cloud for specific SLA's and customisation (37%).

## IT decision makers' reasons for believing business expectations of IT are rising



## IT decision-makers' main technology focus for their organisation over the next year



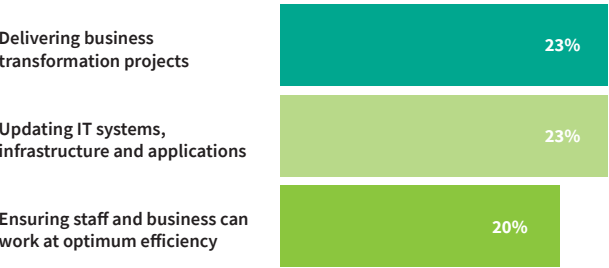


**IT PERFORMANCE EXCEEDS EXPECTATIONS**

From business leaders’ perspective, IT is meeting and exceeding expectations. The majority (95%) of business leaders say IT meets expectations at the very least and 57% of those say it exceeds expectations. What’s more, innovation projects are being given the green light. On average, 66% of innovation projects/initiatives to the board that were not in response to an existing problem have been approved in the last 12 months. However, it seems there could be a discrepancy between the board approving these projects and the board providing the level of investment that IT leaders expect.

Furthermore, 63% of those who put forward innovation projects or initiatives in the past 12 months say that at least one of these failed, with the main factors being the budget was removed (19%), the board/leadership team diverted efforts elsewhere (18%), staff didn’t embrace the change (14%), the wrong technology solution was selected (12%) or infrastructure issues arose (12%). This could be another factor stopping IT teams from driving further innovation.

**Where do business leaders see IT delivering the greatest value over the next 12-18 months?**



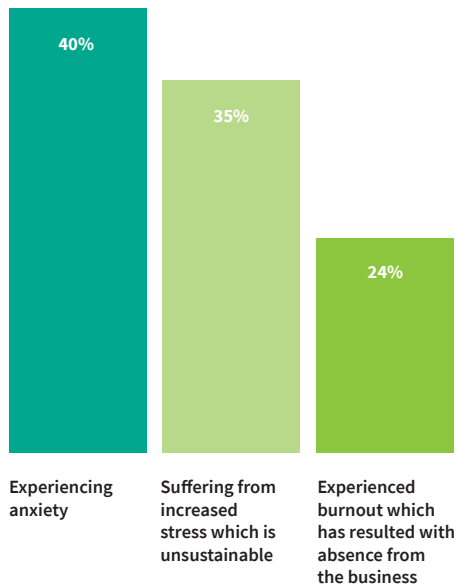
Asked about their expectations for the next 12-18 months, business leaders see the greatest value IT can provide as delivering business transformation projects (23%), updating IT systems, infrastructure and applications (23%) and ensuring staff and business can work at optimum efficiency (20%).



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**Negative impacts on IT decisions makers as a result of increased pressure include:**

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**IT WELLBEING IS HANGING IN THE BALANCE**

Satisfaction among IT teams is high with 75% of IT decision-makers saying they are satisfied in their current job role. Yet, despite being satisfied within their role, nearly two-thirds (65%) admitted to feeling under increasing pressure to keep their organisation running effectively in the last 12 months (outside of Covid-19) and 80% say this had a negative impact on them personally.

Those personal impacts manifest in several concerning ways: 40% say they have experienced or are experiencing anxiety; over a third (35%) are suffering from increased stress which is unsustainable and will result in burnout if not addressed, and 24% have experienced burnout which has resulted with absence from the business.

It's clear that while IT is being empowered with greater responsibility in the business, it is being stretched thin across too many responsibilities. Despite a greater focus on innovation, more than a quarter (28%) of IT decision-makers' time is still spent on reactive tasks, further highlighting that IT has become both the innovator and the caretaker for the business."

**TIME SPENT ON REACTIVE TASKS PER AVERAGE WEEK**

Time spent per avg. week	% of respondents
1 – 4%	1.49%
5 – 10%	15.42%
11 – 20%	24.38%
21 – 30%	22.39%
31 – 40%	16.42%
41 – 50%	5.97%
51 – 60%	4.98%
61 – 70%	4.48%
71 – 80%	1.99%
81 – 90%	1.00%
91 – 100%	0.00%

## A NEW PURPOSE COMES WITH FRESH CHALLENGES

When asked what, if anything, might be stopping them from driving new ideas and being more forward-looking beyond potential budget limitations, IT decision-makers listed challenges including conflicting priorities (38%), lack of resource (36%) and time (35%).

When asked more broadly about the top challenges their teams face, IT decision-makers unsurprisingly named budget constraints as the biggest challenge (40%), followed by; too much workload/not enough time (34%); maintaining compliance and security (27%); conflicting priorities (25%), and pace of change/technological advancement (24%). If business leaders recognise and address these challenges, IT teams can find a greater balance between their traditional role and their new purpose. However, if these challenges are left unaddressed, IT's role as the driver of innovation could come at a cost, with employee wellbeing, productivity and the success of innovation projects being impacted.

## IMPROVING JOB SATISFACTION

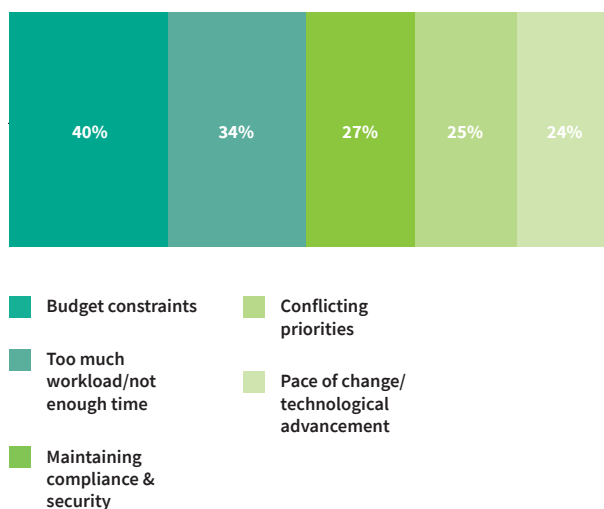
Asked about the factors that would help to improve job satisfaction, those IT decision-makers that were not very satisfied felt the top priority should be a greater work-life balance (41%), followed by increased budget (36%) and more resources (31%), further highlighting how IT personnel are feeling overworked and under-resourced. They also expressed a desire for increased professional development with over half (56%) of IT decision-makers saying that no steps are being taken by companies/IT departments to improve skills and knowledge. Almost a third (29%) say they upskill in personal time and 23% upskill at work when they get the chance; 37% say there is budget allocated to support sufficient training and 36% say there is budget but it isn't sufficient; 38% work with MSPs and IT suppliers to improve knowledge.

Interestingly, almost a third (30%) of business leaders recognise the growing skills shortage as a challenge that is on the horizon which suggests that training and development might begin to become a greater area of focus in IT as more business leaders realise that challenge is escalating.

### What is stopping IT decision makers from driving new ideas?



### What are the top challenges IT teams are facing?



# THE IMPACT OF COVID-19

## IT TEAMS BLINDSIDED BY COVID-19

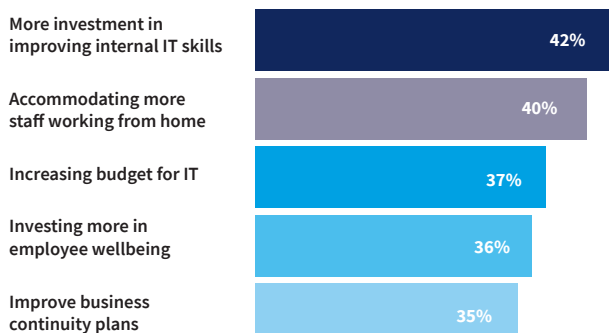
The Covid-19 pandemic has undoubtedly impacted every business and placed increased strain on IT systems with a greater number of people working from home during the pandemic. When asked about the preparedness of their businesses, responses from IT decision-makers were varied.

**Encouragingly, 53% were somewhat prepared for the Covid-19 pandemic and supporting remote working and 14% were well prepared. However, just under a third (31%) were unprepared.**

The change in working practices presented a number of challenges for IT teams. For IT decision-makers, the biggest IT challenges were ensuring all employees could access systems remotely (40%); providing staff with the right hardware to work from home (39%); maintaining integrity, confidentiality and security of data (33%), and educating staff on security and compliance when home working (31%).

These challenges highlighted an opportunity for businesses to become better prepared for disruption and generally more agile in day-to-day working by investing in cloud technologies that enable collaboration and secure remote access to systems. The most common changes IT decision-makers would make to their IT infrastructure following the Covid-19 pandemic are greater investment in collaboration technologies (38%); investment in better systems to enable more employees to work from home (37%), and shifting more workloads to the cloud (35%).

## The most popular improvements business leaders would make following the Covid-19 pandemic are:

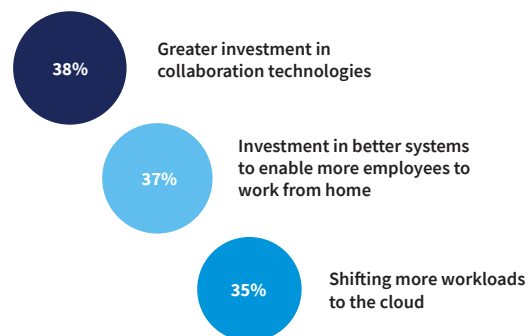


## AN UNEXPECTED DRIVER FOR BUSINESS IMPROVEMENTS

Business leaders are aligned with IT decision-makers when it comes to the necessary changes that need to be made in response to the challenges of Covid-19. The most popular improvements business leaders would make are more investment in improving internal IT skills (42%); accommodating more staff working from home (40%); increasing budget for IT (37%); investing more in employee wellbeing (36%), and improving business continuity plans (35%).

Interestingly, the improvements chosen by business leaders answer some of IT's most significant gripes, particularly around lack of investment and employee wellbeing which business leaders deem more important than business continuity plans. One explanation could be that the impact Covid-19 has had on business has further highlighted the importance – and the challenges – of IT teams to business leaders.

## The most common changes IT decision makers would make to their IT infrastructure following the Covid-19 pandemic are:



## CONCLUSION

***It's clear that IT is being widely recognised and valued by business leaders as a driver of innovation.***

***This recognition and acceptance from the board is empowering IT teams on a trajectory to a greater purpose, from Information Technology to Innovation and Technology.***

However, this comes at a cost which is the wellbeing of IT teams who are experiencing high levels of stress and anxiety as they adapt to their new role and attempt to balance it with their traditional role.

While IT is now regarded as the driver of innovation, it still maintains its initial purpose of keeping the business running day-to-day. This places IT teams under immense pressure, stretching them in all directions. This pressure is problematic to the success of innovation projects and the ongoing functional role of IT leading to stress, anxiety, and burnout, with many IT personnel having to take time out from the business.

These could well be teething issues as it is still early days for IT's new sense of purpose. Yet no business leader should want 'teething issues' for a shift within the business to include stress, anxiety or burnout for any of their people. For IT decision-makers, more budget, more resource, more training, and a better work-life balance would help to facilitate a smoother transition from caretaker to caretaker and innovator.

It's hugely positive that business leaders are aligned with IT decision-makers when it comes to the higher purpose of IT's role, but it's clear that more attention needs to be paid to providing IT with the support and resources it needs to perform both functions well. Covid-19 seems to have served as a wake-up call for business leaders, opening their eyes to the importance of enabling IT to balance its new role as a driver of innovation with its traditional role of enabling people and systems to work harmoniously, especially under extraordinary circumstances, but also in day-to-day operations.

The research has also highlighted the opportunity in the cloud, with cloud systems recognised as the obvious solution for enabling agility in business without placing additional strain on IT people who are also concerned with driving innovation projects across other areas of the organisation.

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