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ANNUAL BUSINESS TRENDS REPORT 2024
IT LEADERS IN THE EYE OF THE STORM

IT SERVICES

INTRODUCTION

While many organisational leaders may be glad to see the back of 2023, 2024 is likely to bring a continuation of many current challenges with some becoming even more acute in the short and longer-term. These include on-going workforce and talent shortages that are hampering business development and growth across many sectors and industries.

The government's predictions for a slow economic recovery, bordering on flatlining, now accept that persistent inflation is likely to lead to a very slow growth, probably not until 2025 or later. Technology has already demonstrated its transformative potential.

During the pandemic those with the right digital solutions were able to pivot and continue to operate with employees working remotely, while others adopted cloud-based systems that have enabled them to thrive despite external pressures. Emerging technologies such as AI and machine learning (ML) are also driving faster and more efficient automation. Despite this, the cost of doing business may be diverting resources and downgrading the urgency to invest in new technology, as the pressures of day-to-day business take over and organisations focus on ways to survive in the short term.

These leave IT leaders operating in the eye of the storm, shouldering the responsibility for helping their organisation overcome multiple operational challenges while balancing their own, specific technology challenges. The role of the IT leader has never been so important.

Some organisations have successfully grown their in-house IT teams but are facing the challenge experienced by almost all business sectors in the UK – attracting and retaining talent. For some, the answer has been to outsource some or all of their IT needs. Partnering with an expert provider gives them flexibility and ease of scalability. It also enables organisations to share the burden of cyber security and data protection with an expert partner that has greater experience and teams dedicated to countering the ever-growing threat.

With a cyberattack occurring roughly every 39 seconds, criminals are using new technologies including AI and ML to launch increasingly sophisticated attacks. IT leaders stand in the front line of this battle.

Generative AI dominated the headlines in 2023, but of course many forward-thinking IT leaders have been considering the potential risks and benefits of using AI-powered applications for some time. Generative AI in particular opens a world of possibilities, driving greater efficiency and productivity and IT leaders have already begun implementing many AI tools in their work.

As we move through 2024, these leaders will need to keep testing and reassessing the risks of using AI while also experimenting and innovating to identify ways to mitigate them. But perhaps one of the biggest challenges for leaders will be convincing cautious colleagues to take a chance and become an AI trailblazer, leveraging this to lead the competition. Those who choose to watch, wait, and see might find themselves at a competitive disadvantage, and struggle to make up lost ground.

Generative AI in particular opens a world of possibilities

CYBER SECURITY, A CONSTANT CONCERN

Data protection and cyber security are the number one challenges for IT leaders now, as the increasing attack surface and ageing systems put many organisations at increased risk.

A significant majority - 94% of IT leaders tell us they are confident or very confident that their current technology infrastructure supports their business model, thus enabling them to do business efficiently, driving productivity, profitability and growth. Some might argue that they would say that, as IT leaders are mostly the individuals in charge of deciding which digital solutions to invest in. However, they are not complacent when it comes to cyber security and 54% say their current digital infrastructure could be improved with solutions that increase security.

Less than half (47%) of IT leaders feel their digital systems are 'very secure' from cyberattacks, which reflects the ever-growing attack surface, sophistication of attack techniques, and that security is an ever-evolving practice which can always be improved and strengthened. They will never feel complacent about cyber security and nor should they. IT leaders are always going to lose sleep over cyber security as just one chink in their system's armour and a potential calamity walks right in.

4% of respondents reported they 'don't feel secure'. Although a small proportion, this still translates into a large number of organisations that are not adequately protected against cyber threats. Many will be well aware of the number of high-profile data breaches that happened in 2023, and are working hard to ensure their own systems are resilient.

How secure are your digital systems from cyberattacks?

- Very secure — 47%
- Secure — 48%
- Not secure — 4%
- Not sure — 1%
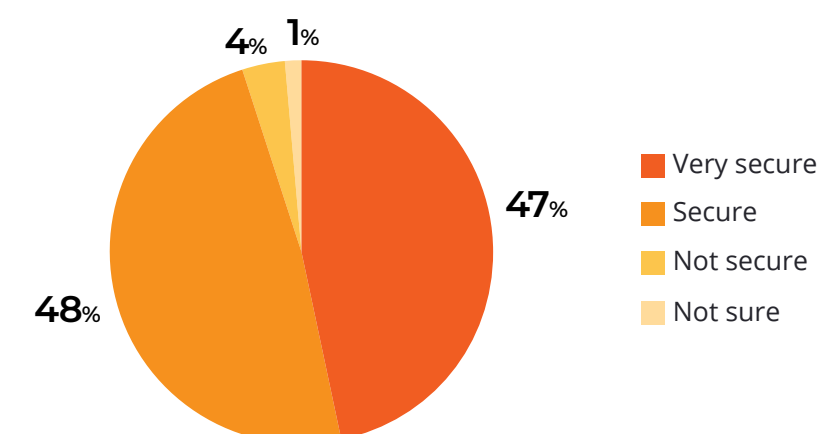
Encouragingly, 44% of IT leaders feel more prepared for a cyberattack than they were a year ago, and 46% say they are 'somewhat' prepared. This may be down to increased investment in cyber security tools and a heightened awareness of potential risks, but nonetheless many sources claim that phishing scams, malware, and ransomware attacks are on the rise.

Not surprisingly then, 41% of IT leaders say cyber security and data protection is the number one challenge this year, followed by 33% who say attracting and retaining talent. IT leaders are much more concerned with cyber security and data protection than senior colleagues in other functions, who place talent attraction and retention at number one with 41% and cyber security second at just 25%. IT professionals are at the sharp end and can see how important it is to be constantly vigilant, understand vulnerabilities and the attack surface, and prepare evolving mitigation strategies.

41%

of IT leaders say cyber security and data protection is the number one challenge.

CURRENT SYSTEMS
ARE FALLING BEHIND

Innovation in digital technology is moving quickly and even those who are currently happy with their systems recognise the need to upgrade solutions to stay level with competitors.

Increasing cyber security is just part of the challenge for IT leaders in the fast-evolving world of technology. Despite overall confidence from 95% of IT leaders that their current systems fully support their business model, what is sufficient today may well not be in a few months' time, and a massive 85% also say they intend to upgrade their digital systems. IT professionals are under pressure to keep up to date in an innovative and competitive digital environment and it is the job of the IT leader to prioritise the implementation of the most effective technology that can help the organisation achieve its goals.

It is becoming increasingly difficult for smaller businesses in particular to maintain level footing with competitors in this regard, as technology moves forward at pace. Many are now outsourcing some or all of their IT requirements, handing the responsibility for updating and upgrading to an experienced IT provider. Others are striving to build qualified and experienced in-house teams and half (51%) of IT professionals tell us that digital transformation is their biggest priority for the coming year.

IT professionals are under pressure to keep up to date in an innovative and competitive digital environment

Alongside cyber security shortcomings there are other issues inherent in some current systems. 51% of IT leaders say their infrastructure would be improved with better systems integration and 51% say improved functionality would make a positive difference.

Improved systems integration can be achieved using a managed services provider (MSP), enabling organisations to retain the combination of cloud-based and on-premises systems they need, while ensuring a more holistic and less complex IT environment with reduced solution 'sprawl'. This can be a challenge for many organisations, and 37% of respondents tell us they are using a combination of cloud and on-premises systems, slightly fewer than the 43% in our previous year's survey. Service integration can help ensure all solutions are optimised and are working together effectively to drive greater value for the business.

At the moment, just 41% of IT leaders say their organisation uses cloud-based systems exclusively, slightly increased from 38% in 2022/23. It may well be that the pressure on resources from other, more pressing priorities has led to a slower migration to the cloud.

A significant number of IT leaders - 22%, are still using on-premises systems only. These may be the most effective and secure solution for many, but some organisations may be using legacy on-premises systems by default. Older legacy systems are unable to keep pace with required updates and may soon be no longer supported with updates at all. This will leave the organisations using them falling behind with increasingly less agile systems. It will also become more difficult to find IT experts with expertise to help with IT issues in these ageing systems that are moving towards obsolescence.

Moving data to the cloud en-masse can be an overwhelming prospect, and many organisations work with IT provider partners to initiate a stepped transition, prioritising first the functions that will see the greatest benefit. Many can see the shortcomings of the technology they have implemented in certain functions, indicating those that should be updated as a matter of urgency. 34% tell us their finance team doesn't have the right systems, and another 34% say product & service development. 32% say HR lacks the digital solutions it needs and 32% tell us they require better solutions for supply chain management. Working out priorities for transformation will depend on each individual business and the industry it operates in, making a strong case for identifying a digital solutions partner with expertise in a particular function or sector.

One important role for IT leaders is to guide the C-Suite with empirical, accurate data. This forms the foundation for effective decision-making and requires leaders to have a good understanding of the potential benefits of digital transformation. Encouragingly, 43% of IT leaders say their organisation has a strong leadership strategy for digital enablement, and 46% say they are becoming more digitally aware but still have some work to do. When IT leaders can make their case at board level they can successfully guide the organisation through a transformation process. However, our survey shows there are still some barriers preventing them from modernising systems.

51%

say digital transformation is their biggest priority for the coming year.
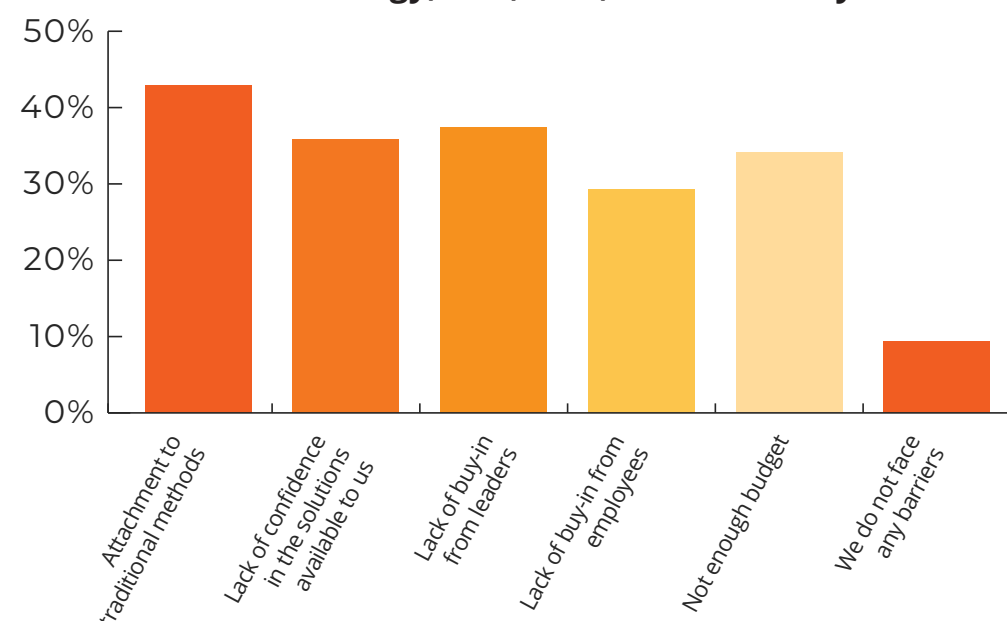
BARRIERS TO
DIGITAL UPGRADING

IT leaders understand the importance of keeping systems up to date, but some face reluctance from within their businesses to invest in and adapt to new technology.

One important role for an IT leader is to seek out and implement the most effective technology that can create a positive end user experience and help their organisation achieve its objectives. In a perfect world they would have unlimited support, budget, and enthusiasm to help them do this. However, most IT leaders face barriers that prevent them implementing new technology and 43% say the biggest challenge is attachment to traditional methods. Many users are stuck in their ways and may need convincing that they can do their jobs more effectively by making a change. 41% also tell us that user resistance to new technology is one of the key considerations when adopting new technologies for the business.

Who is most resistant to change? 36% tell us that the problem lies with employees, while 34% say the biggest barrier is lack of buy-in from other leaders. This is one of the frustrations frequently encountered by IT experts, charged with the job of providing and maintaining an effective digital infrastructure while struggling to convince others to get on board with upgrading investments.

Do you face any barriers when trying to implement new technology, and, if so, what are they?

Bar chart — percentage by barrier category:
- Attachment to traditional methods: ~43%
- Lack of confidence in the solutions available to us: ~36%
- Lack of buy-in from leaders: ~37%
- Lack of buy-in from employees: ~29%
- Not enough budget: ~34%
- We do not face any barriers: ~9%

Perhaps not surprisingly in the current economic situation, 42% of IT leaders say cost is the biggest consideration when adopting new tech, and 37% believe it is difficult to measure return on investment (ROI). Demonstrating a quick and measurable ROI is likely to support further investment within an organisation, driving digital transformation throughout all functions. Some IT leaders are dealing with this by seeking more modular solutions, starting with those that will evidence the greatest benefits in the shortest time. When they can see the quantifiable benefits elsewhere in the business, other departmental leaders will want to get on board too.

In some cases though, it is not so easy to measure and evidence ROI. Something as simple as improving user experience can have many long-term benefits, from driving greater productivity to increasing employee job satisfaction and retention, but isn't easily identified as direct cause and effect. A comprehensive cost-benefit analysis may help to illustrate the benefits and positive impacts over the long-term, and an IT solutions and services provider can also help with presenting a strong business case for transformation.

Another challenge for IT leaders is getting on top of the skills shortage, finding ways to attract, recruit and retain enough suitably qualified and experienced people in order to drive their business objectives. 31% of IT leaders say one of the biggest barriers to adopting new tech is the lack of in-house IT skills to support technology implementation projects. IT leaders are under pressure to find the right people for their teams. They also recognise that new IT will require additional employee training and 22% say lack of skills, training or enthusiasm among staff is holding them back from modernising their technology. This IT challenge is a key driver behind many organisations outsourcing IT functions to an MSP. An expert provider will have skilled and experienced professionals who can advise, manage, and optimise the IT environment whilst minimising the high costs of training, upskilling, recruiting, and hiring internally in a very competitive market.

Looking at other priorities for the coming year, 47% of IT leaders say growth, and 47% say boosting efficiency and increasing productivity. It is crucial that organisations find ways to overcome barriers to implementing digital transformation, so they can achieve growth, improve efficiency and increase productivity, meeting their business objectives.

43%

say the biggest challenge when implementing new technology is attachment to traditional methods.

THE OUTSOURCING SOLUTION

Outsourcing IT can enable organisations to focus their teams on their own core business proposition and purpose, with an experienced solutions and service provider responsible for keeping systems up to date, secure, and aligned with current and future business goals.

Outsourcing is an effective solution for some or all of a business's IT functions, enabling it to make the most of a fully flexible out-of-house workforce. It allows organisations to pay for what they need and offers scalability so that solutions can grow at pace with the business. It can significantly reduce some of the overheads associated with cloud storage and server costs and it ensures the business has access to specialised IT talent as required, without permanent commitment.

43% of IT leaders say they already outsource some of their IT functions to an external provider and almost four in 10 (39%) are outsourcing the majority. These organisations have increased flexibility and ability to scale, allowing them to remain agile in changing market conditions and when the unexpected happens.

While 40% of IT leaders say budget is holding them back from modernising, outsourcing can be a more cost-effective solution for many organisations than maintaining an in-house team. One-quarter (25%) of IT leaders tell us concern about making the wrong technology choice is holding them back from modernising their technology architecture – an outsourcing partner will act as an extension of the business team, providing guidance and bringing with them a wealth of experience that can enable a confident and fruitful modernisation journey.

The majority of IT leaders using an IT services provider say they are happy with the service. 51% say projects are delivered on time and within budget, while 44% say they are 'mostly' happy as things generally go to plan, although there is room for improvement. This highlights the importance of finding a MSP that is fully aligned with the business objectives, values, and experience, and can help it achieve its goals with the least friction and highest satisfaction. As with any business relationship, when the 'fit' isn't good, the experience and overall outcome usually suffer.

IT outsourcing enables greater flexibility with skills, so that businesses can access the skills they need, when they need them, without the commitment of hiring and employing them in-house. 33% of IT leaders say lack of in-house skills is holding them back from modernising key business processes or systems with new technology, making outsourcing a good option.

Outsourcing partners can provide access to support, for example with a virtual helpdesk, operating 24/7 providing full flexibility for employees working remotely, than an in-house IT support team working usual business hours. The responsibility for ensuring that systems are maintained in the most cybersecure way also falls to the external provider, helping reduce one of the worries that keep IT leaders awake at night.

82%

of organisations outsource all or some of their IT stack to an external provider.

IT LEADERS
AND AI

AI and specifically Generative AI may be a new and unregulated technology, but IT leaders are ahead of other colleagues in their understanding and the great majority feel positive about the potential benefits it can bring to their organisations.

While AI captured the public imagination in 2023, many IT leaders have long been developing their understanding of how this powerful, emerging technology can transform the way we work. AI is already driving automation that is transforming efficiencies in many business functions and industry sectors. Naturally, concerns about its potential risks have been driving debate around the world too, with the UK hosting the first global AI summit at Bletchley Park, home of the computer in 2023.

Not surprisingly, our survey finds that IT leaders are ahead of the curve and 37% are already using AI at work, compared to 29% of respondents across all job functions in our main Trends Report, while 48% say they are researching AI tools for their business.

Of those who haven't begun using AI, 45% of IT leaders say they are concerned about the risks to the business of using AI, compared to 33% average for all job roles. This is likely because IT leaders are responsible for cyber security and much of AI is still unknown. Just as AI has the potential to power good, it can also be used for illegal and malicious activity, and IT experts recognise the increased threat from AI-driven data breaches and other cybercrime.

Nevertheless, 38% of IT leaders describe themselves as 'very' positive about the emergence of Generative AI (GenAI) and its potential impact on their business, saying they are fully prepared, and welcoming it as a significant opportunity for growth and innovation. Another 47% are a little more cautious, describing themselves as 'somewhat' positive about it, having an understanding of some of the implications of GenAI and are in the process of adapting their strategies accordingly.

We might expect people's confidence in this new technology to grow as governments and specific industry bodies introduce more regulation and clearer guidelines for use. Overwhelmingly though, IT leaders tend towards the positives and just 3% of IT leaders say they feel 'somewhat' or 'very' negative about GenAI, with concerns about its implications for their business and are currently unprepared for integrating it.

Looking at how GenAI is currently being implemented within organisations, 30% of IT leaders say they are actively using GenAI in all areas of their organisation, 41% are currently experimenting with GenAI in certain projects or departments, and 18% say they are in the planning stage of implementing it in the near future.

97%

of IT leaders feel positive to some degree about what GenAI can do.

FUTURE-FACING IT

As IT leaders strive to juggle multiple priorities to ensure digital systems are delivering the efficiencies and cost savings required by the organisation's strategy, they also have some other considerations.

Increasing Diversity

Improving DE&I is an important strategy for organisations seeking to combat talent shortages, ensuring lower vacancy rates and reduced employee 'churn', as well as fuelling innovation and improving problem-solving. When people see others like themselves succeeding in a business it increases the likelihood that they will want to stay and build a career there. It also allows people to bring their authentic selves to work, instead of having to play a role to try to fit in and this not only drives better engagement and a happier workforce, but also stimulates more creativity and innovation.

More than half (56%) of IT leaders say their organisation has a clear DE&I strategy which is owned and driven by the HR Director/CPO, and 45% have programmes running across the organisation dedicated to furthering inclusive practices. This is important as positioning themselves as a more diverse and inclusive employer can improve access to a larger talent pool, and help uncover 'hidden' talent pools which may be vital to helping the organisation combat specific challenges. These include things like ethical hacking and cyber security that require people with different approaches and innovative solutions.

One of the issues that can hinder diversity is unconscious bias during hiring and a significant 73% of IT leaders say they use technology to support diverse hiring and onboarding, with 41% saying they work hard to remove bias in their recruitment processes. Women are noticeably underrepresented in technology roles, so employers might consider using specific non-gendered language in advertising, vacancies and the positioning of their adverts, to ensure that vacancies are seen by and appeal to a broader set of candidates. Other hiring processes that help reduce bias include using tests that identify ability instead of previous experience, and using 'blind' CVs, removing information that gives clues to identity and diversity characteristics.

Reducing Carbon Footprint

Technology has been hailed as a useful tool for reducing carbon footprint, helping organisations use and waste less energy, reduce paper and other office waste, enable remote working for reduced commuting and business travel, and more. 60% of IT leaders say they are now using cloud systems to manage their Environmental, Social, and Corporate governance (ESG) priorities, considerably higher than respondents from all senior job roles, 47%. Half (51%) are also using technology for carbon footprint monitoring and impact measuring, with 46% using it to improve waste management.

IT leaders are ahead of other colleagues when describing where they are on their ESG journey, as 47% of IT leaders say they have an ESG strategy for the organisation with key targets, higher than the average 40% for all senior roles, and another 41% say they are prioritising some ESG activities where possible.

IT leaders gave us a number of reasons why they are pursuing their ESG strategy, and aligned with the average for all senior roles, 62% of IT leaders say their it is mostly driven to ensure compliance with legislation. 58% say the ESG strategy is driven by the aim to improve the reputation of the organisation and 47% said it was to make a positive impact on the local community and the communities in which they operate. Today's consumers are increasingly conscious about the environmental impact of their purchases and may align with brands that demonstrate more sustainable practices. An enhanced 'greener' brand image can also contribute to more successful hiring and retention strategies and attract investors.

In many cases what is good for the planet is also good for business. Sustainability often goes hand in hand with efficiency, and organisations can benefit from reduced energy and resource use, smaller waste disposal costs, and even sometimes benefit from recycling and repurposing that generates additional revenue. Embracing sustainability can help organisations mitigate some of the risks associated with climate change and resource availability too. By reducing reliance on finite resources, businesses can ensure greater resilience against environmental changes, staying ahead of regulatory changes and thus avoiding potential fines and sanctions.

In many cases what is good for the planet is also good for business

Growth

In our previous year's report (2022/23) 52% of IT leaders named growth as their number one priority for the coming year, but in 2023/24 this has reduced to 47%. This is not entirely surprising given the current economic environment and anticipated slow recovery through this year and next. Many business objectives may have been downgraded to just getting through the worst and surviving, rather than thriving and growing. We might have expected more than the 27% of IT leaders who named growth among their top three challenges this year. The ongoing pressures of costs, supply chain disruption, and talent shortages, is unlikely to improve in the short term and business growth will continue to be very difficult for many.

But some organisations are seeing some light at the end of tunnel, particularly those who have transformed with powerful digital solutions. In 2024, growth can be both a priority and an achievable goal with the implementation of effective digital solutions. Outsourcing IT functions to an IT service provider can help support an effective digital transformation strategy, keeping costs down and providing solutions and access to specific skills that can grow with the business.

While the concept of outsourcing IT services has been around for a while, it used to primarily involve a 'lift and shift' approach where businesses would transfer operations to a third-party provider without much consideration for strategic alignment. This approach has evolved drastically. There is now a new drive towards an outsourcing strategy that focuses on enabling business change and producing value. Instead of just maintaining existing systems, outsourcing partners are now actively working with businesses to drive innovation, leverage emerging technologies, and unlock new opportunities. This shift has allowed organisations to not only offload their IT tasks, but also tap into the expertise and resources of their outsourcing partners, to stay competitive while driving innovation in the market.

REPORT
SUMMARY

IT POWERED
POSSIBILITY

OneAdvanced is a leading provider of managed services to organisations of different sizes and sectors. We have the expertise and experience to effectively manage your IT estate, lifting the burden and leaving you to focus on driving strategic growth. Through our range of services, including full IT outsourcing, cloud, modern workplace, cyber security, service desk, service integration, and more, we strive to make a difference to millions of lives every day by making the complex simple, inspiring innovation and delivering exceptional customer service.

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The OneAdvanced Trends Report survey was carried out between 11th August and 31st August 2023 from 6,605 UK senior decision makers. The data for this Managed IT Services report is based on responses from 1477 IT leaders, alongside the main Trends data.

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