



www.pipelinepub.com

Volume 18, Issue 6

The Drivers of Digital-First Enterprise Strategy

By: [Shashi Kiran](#)

Over the last decade, enterprises have invested considerably in technologies fueling digital transformation. According to [Gartner](#), 82 percent of CFOs increased their investment in 2021 compared to 2020. This is a significant uptick and entails a broad spectrum. The highest priority was in the areas of enhancing digital capabilities (82 percent) followed by IT (70 percent), which is a broad spectrum. The trend is likely to continue in 2022, as the pandemic has caused a rapid acceleration of such investments.



The motivation behind these investments, supported by the needs of CIOs, CEOs, CMOs, CISOs, CCOs and CROs in an organization, has been to really make an organization nimbler, to increase business agility, improve customer (and user) experience, reduce cost, and increase competitiveness. Top initiatives have included application modernization, the move to cloud with as-a-service delivery and consumption models that are usage-based.

We polled 1600 enterprise decision-makers to understand their top motivations in a global survey we conducted on the [Global State of the WAN \(SOTW\)](#). This focused on some aspects of the digital transformation value chain. The respondents of this survey were global, with 34 percent of organizations headquartered in the Americas, 30 percent in Europe and a little over 27 percent in the Asia Pacific region. They came from diverse verticals that included manufacturing, technology services, software and the Internet, financial services, and retail and business services. Job roles included C-level, as well as practitioners of network, security and cloud deployments. In this article, I will share some highlights relevant to the broader tech community, to evaluate trends based on what their global peers are stating as well as to use some of these data points to plan their wide area network (WAN), security and cloud infrastructure as part of their digital transformation initiatives.

Infrastructure investment for hybrid work environments

The pandemic had a huge impact on the worker and the workplace. The onus has been on providing flexibility to remote as well as on-site workers while minimizing costs and improving productivity.

As more workers went remote, digital technologies had to be brought in across the board. Consider the paradigm shift: doctors having patient consultations via video conferencing; home appraisals being conducted via mobile video; corporate employees collaborating via Zoom conferencing; and teams working from “remote” home locations. Organizations are working hard to make their employees productive regardless of location. This has led to an acceleration of 48 percent of digital transformation projects relating to upgrading the network and security infrastructure as well as focusing on application performance.

Application modernization and growth in SaaS applications

Cloud and SaaS-based applications continue to gain traction, with almost a third of survey respondents indicating that over half of their applications run in the cloud, and more moving that way. We have seen this trend continue to grow, as enterprises enjoy the simplicity of the consumption model, the freedom of not having to purchase or deploy infrastructure on their own and the ability to manage change based on the dynamic needs of the user or site. Among the survey respondents, Microsoft Teams (58 percent), Office 365 (55 percent), Zoom, Google Docs, and Salesforce were all examples of top SaaS applications.

These results are not surprising, as they speak to the rollout of collaboration and productivity software with a distributed employee base.

Tackling complexity by simplifying service consumption

As the infrastructure stack has grown, so has the complexity. This results from a wide range of factors: the combination of legacy and greenfield deployments, as well as the coordination of myriad vendors, operational models, and on-premises and cloud architectures. Change is very hard to accomplish with a complex technology stack or a complex operational model (or both). New organizations have an advantage that they can start with a clean slate.

For example, in the case of the wide area network, only 19 percent of the enterprises polled were planning to undertake deployment in-house. A majority were keen on a managed service, or an as-a-service model.

Looking more closely at SD-WAN, 36 percent of respondents prioritize cloud and SaaS connectivity, 33 percent for both advanced security and remote worker support, and 32 percent an all-in fully managed service. In this context, for networking, almost three-quarters of those polled expect budgets to grow by 10 percent or more, including a quarter that expect it to grow

by 25 percent or more. The same applies for security investment, with 72 percent expecting growth greater than 10 percent but 28 percent looking at 25 percent or more. These are strong growth projections.

Pervasive security and cloud-delivered converged architectures

With the distributed workforce, adoption of cloud and the onset of the anywhere worker, the old notion of perimeter security is no longer in vogue, and a pervasive security posture is required.

Looking at security challenges, securing the hybrid workplace is the top concern globally, identified as the top imperative by 46 percent, while staffing is also a major concern at 41 percent, speaking to the complexity of security implementations. Concerns also included Shadow IT at 35 percent and a disjointed view at 33 percent of our respondents.

Investments are going into making the architecture converged (and thereby simpler), giving birth to new constructs like Secure Access Service Edge (SASE) by Gartner. This also lends itself to unified policy development. Looking at SASE alone, 21 percent see it as a solution for effective security coverage across both on-premises and remote, 18 percent like its modular and ‘single-pass’ architecture, and 17 percent look to it for consistent and simplified policy management. While investments are growing here, there are still concerns among enterprises: 40 percent see challenges with complexity, 39 percent with a single-vendor mindset, and 33 percent with having to develop a migration strategy. Making architectural changes is never easy, particularly with sunk costs in legacy and operational models.

Fostering a digital-first culture

Eventually, any digital transformation initiative succeeds based on the culture within an organization—how it innovates, how it works together with ecosystem partners and what kind of a customer experience it delivers.

Any enterprise undertaking digital transformation would need to evaluate its internal workflows, employee motivations, and incentivization structure—and make this a top-down activity with a clear mandate. As workers return to the office, post-pandemic, or choose to work in a hybrid model, most organizations, regardless of industry, will thrive if they’ve adopted a digital-first attitude.

This is where the CEOs of the organization must step in and drive a digital-first culture and set the foundation for success, functioning as change agents as well as internal and external evangelists. Microsoft CEO Satya Nadella has done this successfully in pivoting the organization internally and is now at the forefront of driving change for other organizations with Microsoft’s portfolio, tapping into the convergence of cloud, mobility and digitization.