



advania



UK IT State of Play

IT leader survey 2023

IT priorities and digital transformation challenges for organisations in 2023

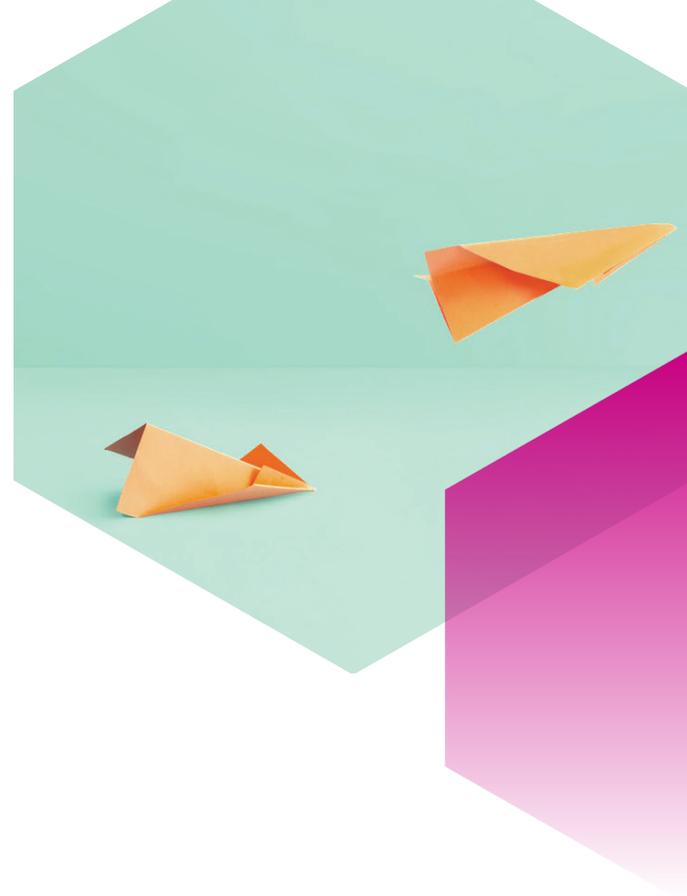
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Executive summary

We surveyed UK IT decision-makers to understand the impact of economic factors on UK IT, the challenges they are facing and priorities for the year ahead. Our survey focused on IT leaders in UK organisations of predominantly 50 to 2,500 employees, across a wide range of sectors.



◆ Digital transformation is still a priority

The survey showed that while confidence remains high, budgets are being constrained and that the recruitment of IT staff has become more challenging.

Digital transformation remains important, and although 60% of respondents had conducted a digital transformation project, a sizeable majority of these weren't entirely satisfied with their current situation.

◆ IT security is the biggest challenge

Unsurprisingly, IT security is the single greatest challenge our respondents face and their highest priority for IT investment. There is also a lot of interest in improving IT productivity through automation.

Alongside activities associated with digital transformation, respondents' other challenges revolved around improving the quality of service and reliability, improving management and support, and addressing resourcing challenges.

◆ IT suppliers can play a dual role

IT vendors can help to lighten the workload of IT departments with the provision and implementation of new technologies. Their role can also extend to providing a cost-effective alternative to in-house service delivery, especially when it comes to resource-consuming routine activities.



Methodology

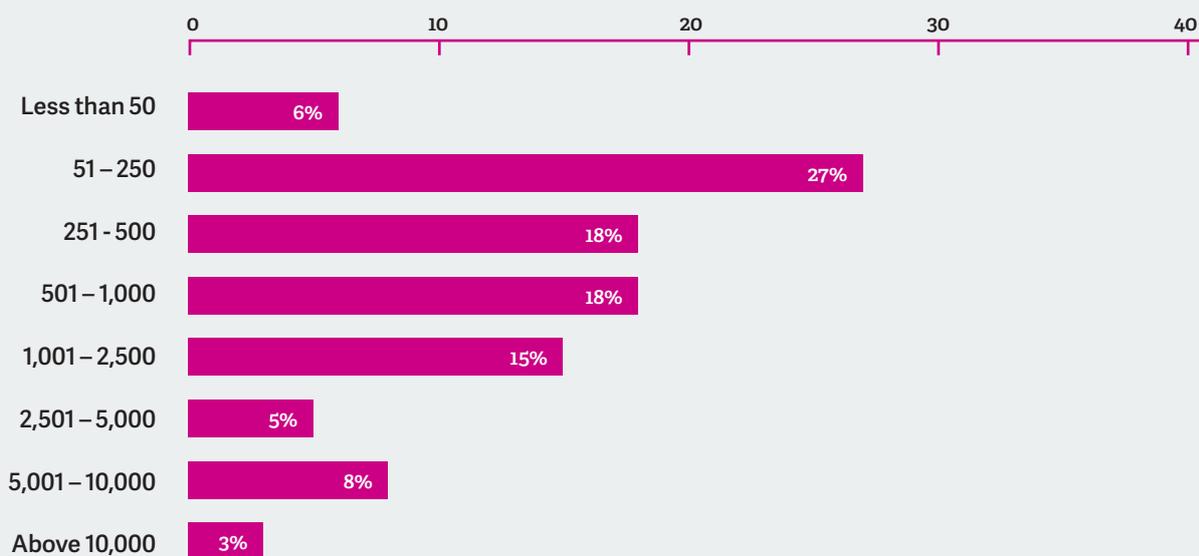
We surveyed 70 IT decision-makers in the UK, typically in senior director, VP, C-level and management roles.

Four-fifths worked in organisations with between 50 and 2,500 employees – see figure 1 for a breakdown of organisation size.

Respondents reflected the diversity of the economy with engineering, construction, financial services, government, leisure, manufacturing, not-for-profit, professional services, retail, telecommunications and many other sectors represented. The survey was conducted online between mid January and late February 2023. We asked about business confidence, budgets, IT recruitment, digital transformation, challenges and spending priorities.

Figure 1

Size of respondent's organisation (employees in the UK)



Are economic conditions impacting IT?

After a prolonged period of stability and predictability, recent years have seen the UK economy under pressure. It's well known that the COVID pandemic caused a sharp decline in the UK GDP, followed by several quarters of recovery. However, according to the OECD, the UK's GDP has been essentially flat since Q1 2022. UK inflation has increased sharply since early 2021, reaching a 41-year high of 11.1% in October 2022. This has contributed to steep rises in interest rates, which had previously been below 1% since 2009.

Is this affecting IT?

We asked how confident respondents are in their organisation's future growth. Against the economic backdrop, it's perhaps a little surprising that 72% of respondents remained 'confident' or 'very confident' in growth, with only 11% 'a little cautious' (see Figure 2).

We also asked whether IT budgets have been affected (Figure 3). This showed greater caution, with 28% of respondents stating a decrease in budget, 41% no change and only 22% an increase. During a period of high inflation, many will see a static budget as effectively a budget decrease.

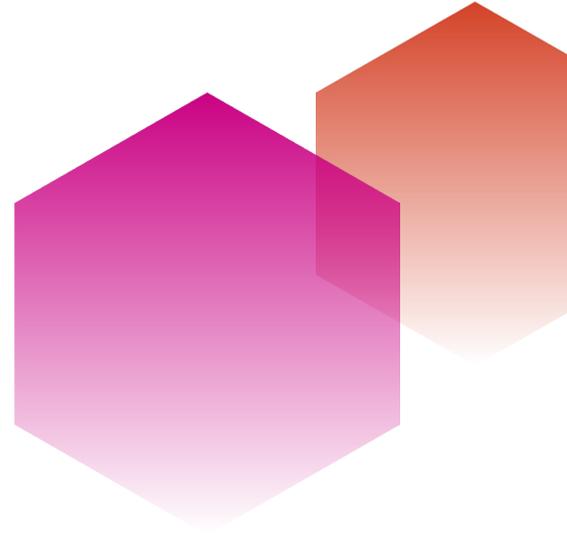


Figure 2

Confidence in employers future growth

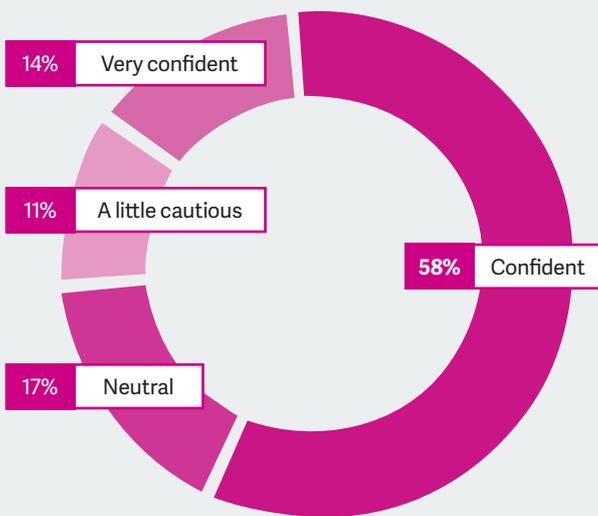
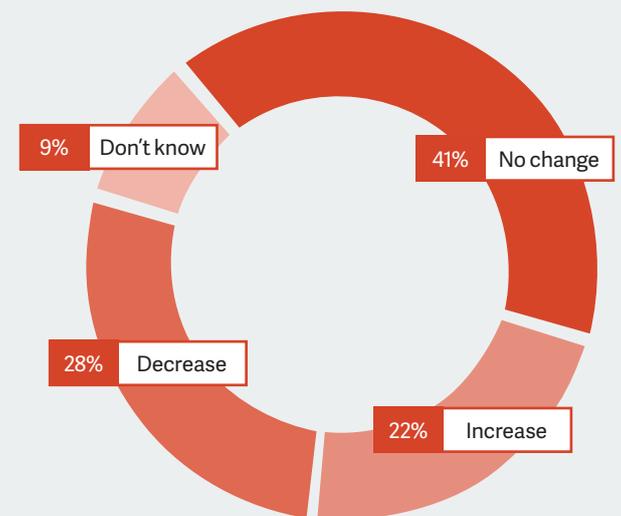


Figure 3

Change in IT budget for 2022/23



Are recruitment challenges affecting IT?

Last August, we published an article on our website about the ‘perfect storm’ of factors that were making it hard to recruit and retain good IT people. In February 2023, in the launch of its Quarterly Labour Market Outlook, the Chartered Institute of Personnel and Development stated that “the (UK) labour market remains persistently tight – vacant jobs are plentiful but available workers are scarce.”

Does this reflect the experiences of our respondents?

We asked them “How much impact has the difficulty in the UK employment market had on your organisation’s ability to recruit IT service/support staff in 2022?” Around half said they had been negatively affected, with 37% responding ‘a little’, and 14% ‘a lot’ (Figure 4). However, a fifth couldn’t comment, mainly because they hadn’t recruited during 2022. On an adjusted basis (Figure 5) almost two-thirds (65%) of those recruiting had experienced some difficulties.

We also asked “How many vacancies do you currently have in IT service/support?” While 53% didn’t have vacancies, 47% did. We also asked those with vacancies how many had remained unfilled for three months or more. With the caveat that we’re drawing conclusions from a subset (around half) of respondents, we can see that many vacancies are taking over three months to fill.

What can we conclude from this? It’s noticeably, rather than significantly, harder to recruit and it may now be taking longer to find the right candidate. Other factors such as the scarcity of skills sought and the attractiveness of the employer will have a bearing.

Figure 4

Impact of market conditions on recruitment of IT service/support staff in 2022

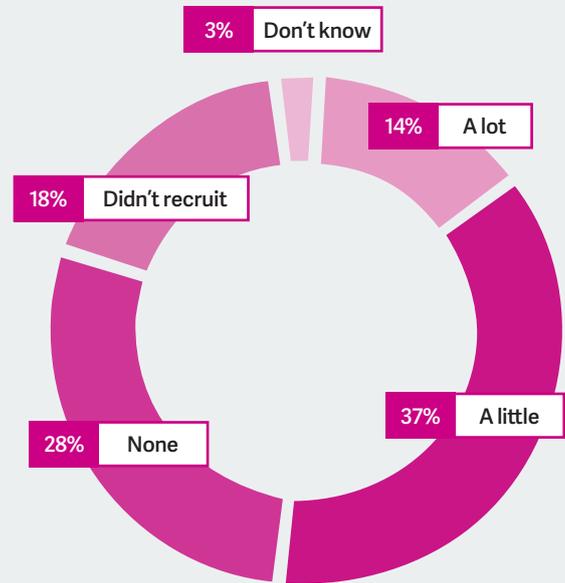
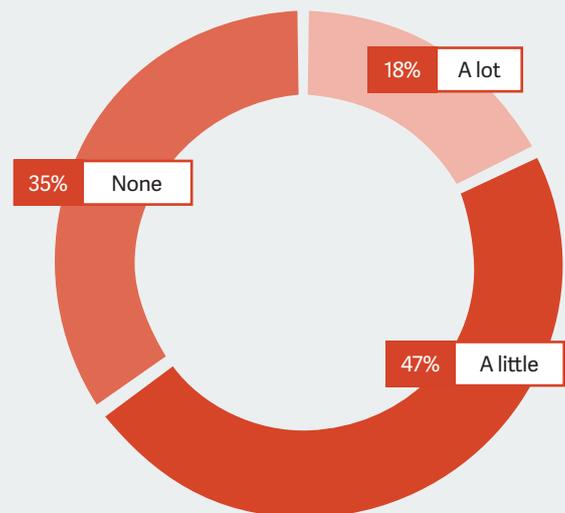


Figure 5

Adjusted impact of market conditions on recruitment of IT service/support staff in 2022



Digital transformation: how do you compare?

Digital transformation has been a hot topic for several years. Formally, it can be defined as the integration of digital technology into an organisation to fundamentally change how it operates and delivers value to customers and stakeholders. Many in IT would see it as the use of technology to improve collaboration, communication, productivity and performance, while enhancing the stability and manageability of IT, in a cost-beneficial way.

In 2020, Microsoft CEO Satya Nadella stated:

“We’ve seen two years’ worth of digital transformation in two months. From remote teamwork and learning to sales and customer service, to critical cloud infrastructure and security — we are working alongside customers every day to help them adapt and stay open for business in a world of remote everything.”

Where are we now?

We asked respondents “Has your organisation undertaken a digital transformation programme?” While 60% had undertaken a digital transformation, somewhat surprisingly, 41% had not, with only 15% planning to commence during the next year, which means 26% had no plans to do so (see Figure 6).

With markets, business needs and technologies constantly evolving, transformation isn’t a one and done activity. Around half of those who’d undertaken a transformation, representing 31% of all respondents, felt that they needed to review their digital transformation.

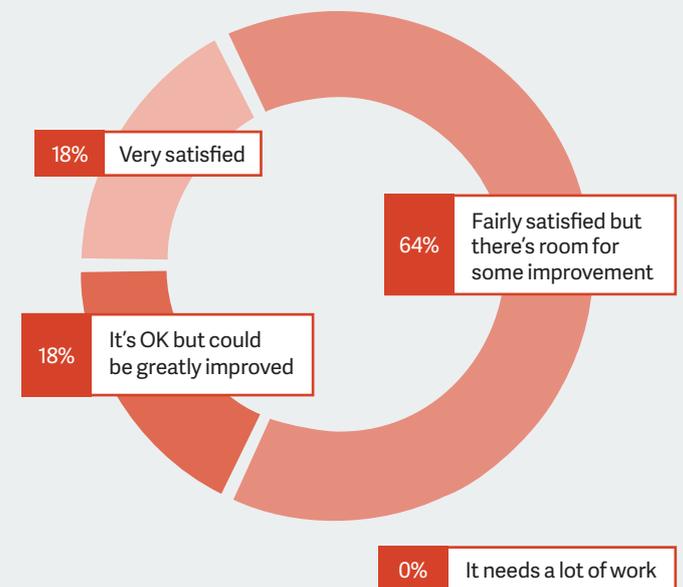
Figure 6

Has your organisation undertaken a digital transformation?

Yes, it is complete	29%
Yes, but it needs a review	31%
No, but plan to during the next year	15%
No, although would like to (no firm plans)	13%
No, and don’t plan to in the next year	13%

Figure 7

Satisfaction with organisation’s digital transformation



We also asked those who’d undertaken a transformation, how satisfied they were with it. While 18% were very satisfied, 82% weren’t completely satisfied: either recognising that ‘there’s room for some improvement’ (64%) or that ‘it could be greatly improved’ (18%) – see Figure 7.



IT challenges and priorities

A quick Google search will reveal many results for 'IT priorities 2023'. Often, the underlying surveys have a bias towards very large American and multinational corporations, and are focused on high-level strategic goals. While these are interesting insights, they are somewhat removed from the day-to-day realities and more immediate concerns of many UK organisations.

We asked our respondents "What do you consider to be the biggest IT challenges facing your organisation today?" (see Figure 8). It won't come as a surprise that security is the biggest concern for our respondents, with 76% citing 'improving IT security, privacy and cybersecurity' as an immediate concern.

We saw earlier that a high proportion of respondents are experiencing reduced or frozen budgets. This perhaps explains the high level of interest in the use of automation to increase IT productivity (51%) and budgets and control IT costs (37%).

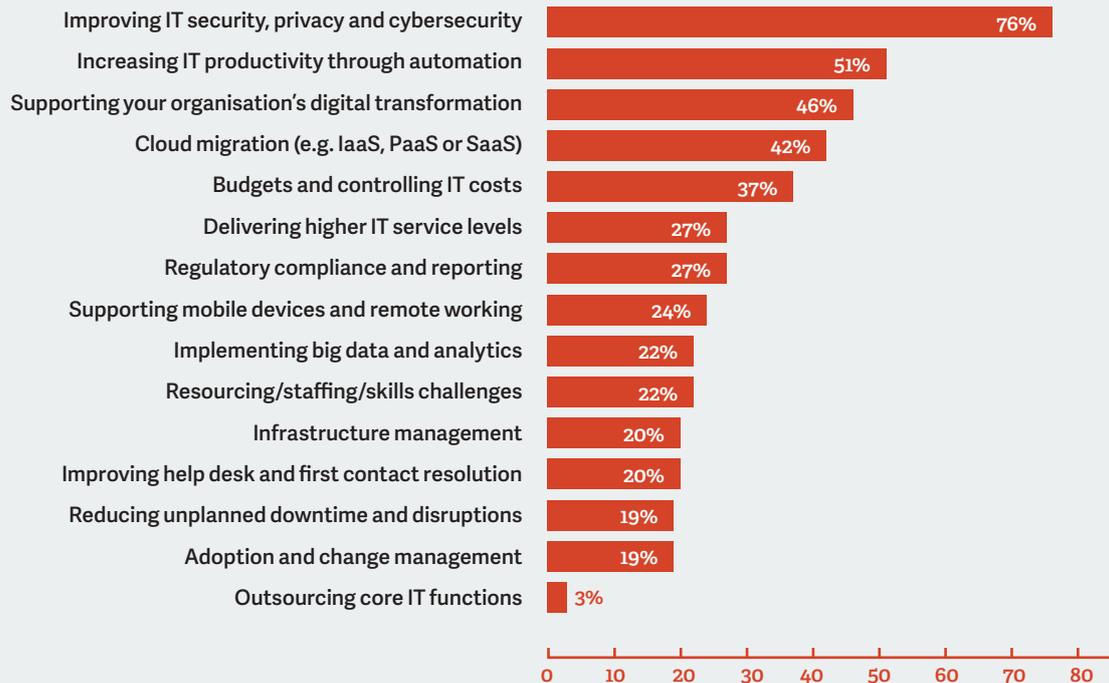
We also saw that 40% of respondents hadn't commenced a digital transformation and that most that had conducted a digital transformation felt there was more work to be done.

This probably explains the 46% citing digital transformation and 42% stating cloud migration (often a key part of transformation) as major challenges.

Most of the other challenges could be summarised as relating to improving the quality of service and reliability, improving management and support, and addressing resourcing challenges. All things that a good managed IT service can resolve, yet only 3% of respondents saw outsourcing as an immediate priority. This may in part be explained by the phrasing of the question. Many respondents may have seen 'core IT functions' as distinctly different from the aspects of the BAU (business as usual) IT that are their current challenges.

Figure 8

Biggest IT challenges



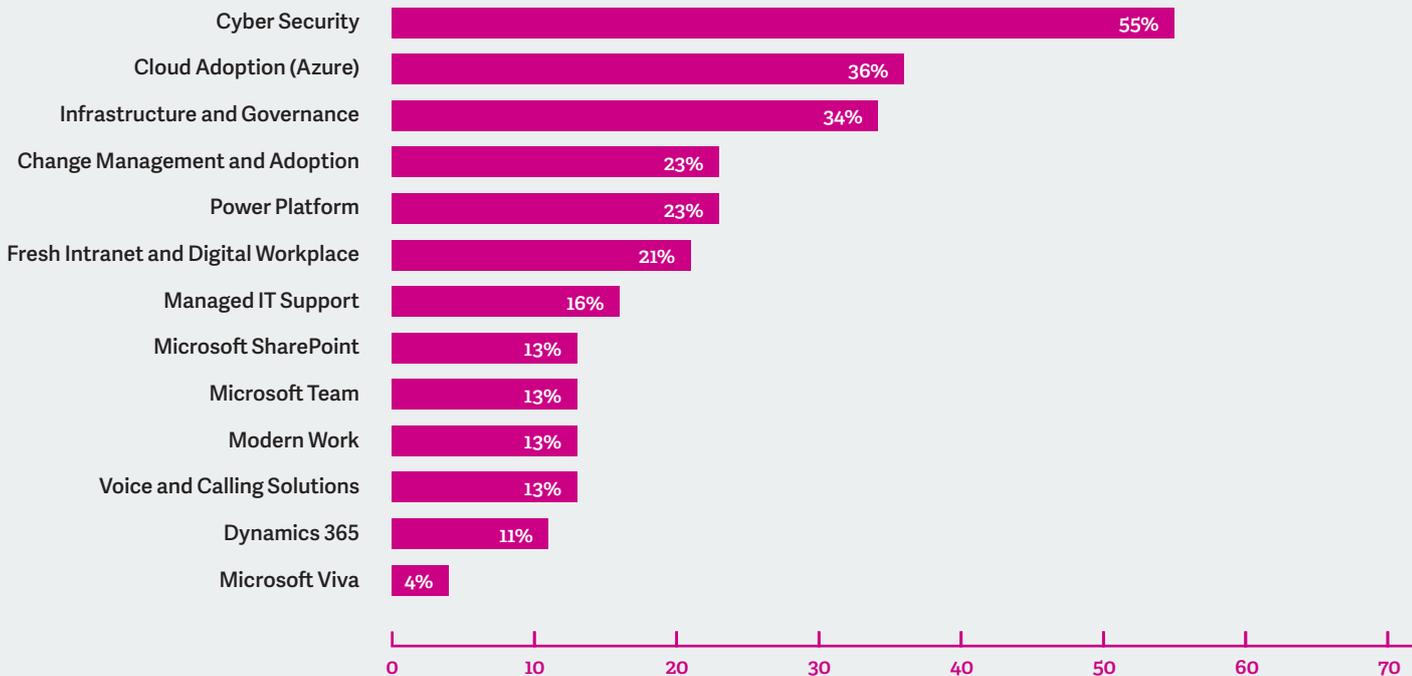
IT challenges and priorities

We also asked “Which solutions and services does your organisation need to invest in within the next 6-12 months?” (see Figure 9). Again, the primary area of focus is cyber security (55%) but we shouldn’t expect a direct correlation between Figures 8 and 9. While one asked about current challenges, the other focused on planned investments – and typically you would expect investments to lag recognition of challenges.



Figure 9

Solutions and services investments within 6 - 12 months





Conclusion

For many, IT budgets are either remaining static or decreasing

At a time of high inflation, this will create new challenges. It explains why there's a high level of interest in increasing IT productivity through automation. We can also see that labour market scarcity is making recruitment more difficult.

IT suppliers can play a dual role

They can assist with the provision and implementation of technologies that can lighten IT's workload.

They can also assist by offering a cost-effective alternative to in-house service delivery, especially around some of those BAU activities that are very resource consumptive.

Transformation pains

We saw that most of those that had conducted a digital transformation programme weren't entirely satisfied, and it would be interesting to look further at the causes of this.

Challenges and priorities

Our questions around IT challenges and priorities revealed a mixture of needs: defensive responses to the growing security threats and cost constraints, ongoing transformation work, and improving BAU activities.





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About Advania

Advania is a different kind of tech company. We put people first: in everything we do, all the time. We are well on our way to becoming the leading technology service provider for the mid market in Northern Europe. And we do it our way, with a strong sense of who we are, how we are different, and how we create continued success for our customers.

In the UK we employ more than 1,000 people across eight locations. We have three Microsoft MVPs, Azure Expert MSP status and all six Microsoft Solutions Partner designations, earning us the elite status of Solutions Partner for Microsoft Cloud. In 2022 we won Microsoft's award for Partner of the Year for Customer Experience.



If you've found this report useful and want to find out more about our IT solutions and services, contact our business consultants.

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