



## I D C T E C H N O L O G Y S P O T L I G H T

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# Digital Transformation Trends in IT Services

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*In today's business environment, CIOs and business leaders are challenged to move their enterprises to the next level through digital business transformation, thereby providing the agility required to succeed in dynamic global markets. New technologies such as cloud, mobile, and business analytics, coupled with the right kind of organizational innovation, can create new business models and drive business opportunities. To succeed, enterprises need to assess their current stage of maturity in digital transformation to identify areas and capabilities that require strengthening. In addition, they should evaluate internal capabilities and maximize existing and potential third-party relationships. This Technology Spotlight examines these important trends and discusses the role that Hewlett Packard Enterprise (HPE) can play in helping companies achieve these goals.*

### Introduction

In today's business environment, new ideas can quickly turn into new business opportunities. Start-ups rapidly become serious competitors, and existing businesses need to figure out how to innovate quickly, accelerating time to value. CIOs and business leaders are challenged to move their enterprises to the next level through digital business transformation, providing the flexibility and agility required to succeed in dynamic global markets. Employing new technologies such as cloud, mobile, and business analytics along with organizational and operational innovation can create new business models and drive business opportunity. IDC believes that enterprises will either become adept at digital transformation and thrive in the market or fail to master the disciplines and struggle to survive. Moreover, business leaders need to master not only the disciplines but also the alchemy of combining and managing their interactions to create digital gold. IDC believes enterprises need to:

- Assess their capabilities and their current stage of maturity in digital transformation
- Enable a dialog among business and technology executives about goals and actions relative to digital transformation initiatives
- Identify areas of digital transformation capability that require strengthening
- Evaluate internal capabilities and maximize third-party relationships
- Establish standards and milestones for pursuing digital transformation initiatives

Enterprises are at different points in their digital transformation, and IDC recommends working with partners that have strong capabilities in helping assess where enterprises reside in the transformational process. These partners also may have the ability to move the business along that transformational journey.

## The Benefits of Digital Transformation Approaches

Digital transformation involves enterprisewide change requiring innovation in either organizational or business model/process changes, or both, involving hybrid IT and intelligent edge technologies and at least one of the following: business analytics, enterprise mobility, or social networking. IDC defines four technologies (cloud, mobile, analytics, and social) as the essential components of "digital," which denotes a new approach for creating, selling, delivering, or consuming products or services with increased agility, flexibility, and scalability.

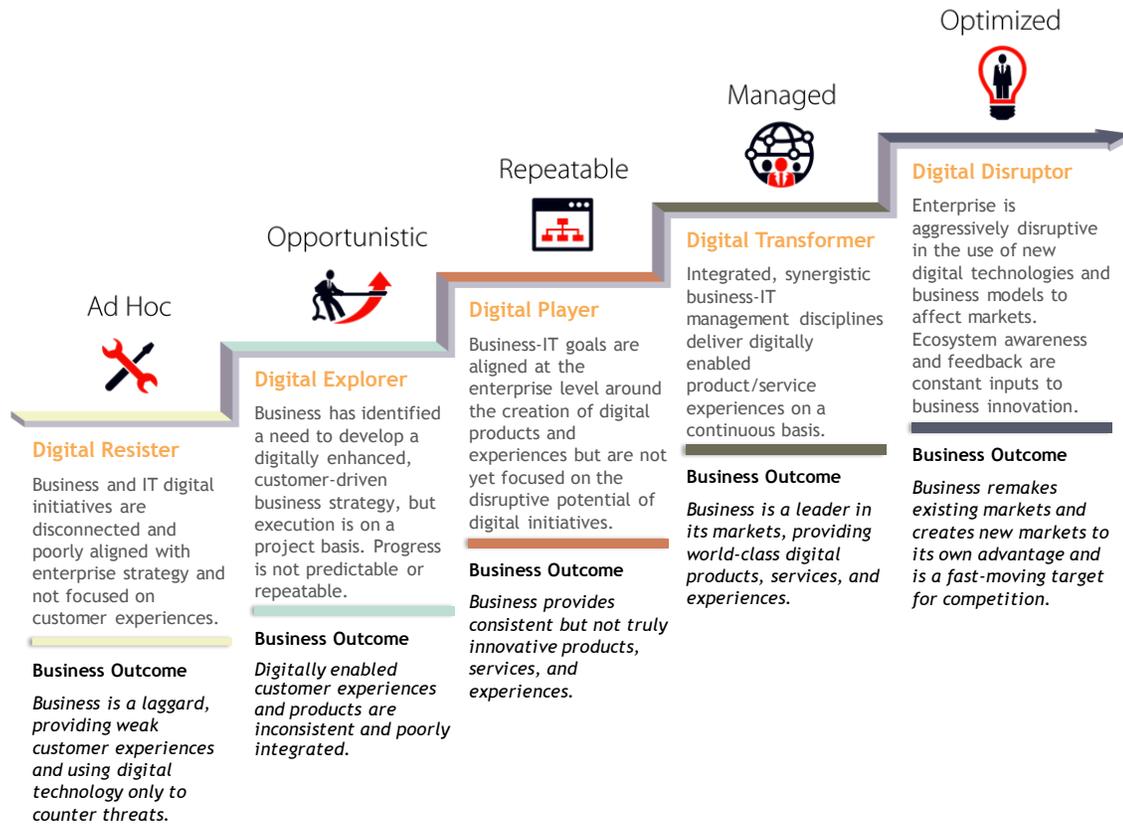
Digital approaches typically involve a relative increase in the speed with which products, services, or information can be created or consumed; this is done primarily in the following ways:

- By examining existing business models and strategies and updating and optimizing IT to take advantage of new digital technologies in areas such as Internet of Things (IoT), big data, automation, cognitive, augmented reality/virtual reality (AR/VR), and robotics
- By integrating all aspects of digital business into everyday business processes, with a focus on increased automation and improved end-user experience in the IT services being delivered and with on-premise IT behaving and acting like a cloud service provider
- By connecting business processes in a more seamless, end-to-end configuration, either for faster execution or for an improved user experience
- By removing some human intervention (or other analog inputs) that had previously delayed completion of an end-to-end business process

Figure 1 shows IDC's Digital Transformation MaturityScape Stage Overview, which is used to help companies identify where they are in the transition to digital transformation.

FIGURE 1

IDC's Digital Transformation MaturityScape Stage Overview



Source: IDC, 2017

Digital transformation presents new opportunities and challenges that have enterprises asking the following questions:

- With limited resources, how do we prepare for the new generation of applications and data that will propel our business into the future while meeting the demands of the workloads that run our business today?
- With the pace of innovation, which technologies — cloud, big data, mobility, or IoT — do we bring together in our current IT environment without creating new complexity and risk to help propel our business forward?
- Beyond the technology aspects of transformation, how do we evolve other elements of the IT experience such as training and proper end-user certification, improved adoption and utilization, shifting IT costs from capex to opex, and streamlining ongoing management of the IT environment?
- What do the matrices look like for success? How do we measure success as our company moves along the digital transformation journey using milestones and goals?
- How can we drive an IT experience on-premise that is similar to a public cloud environment but remains within our control?

To help alleviate the acceleration associated with transformation-based solutions, companies must make their environments more agile by transitioning IT from being a traditional provider to more of a services provider for the business. This task of swapping the old for the new while using existing assets within budget constraints can be very challenging for resource-strapped IT organizations. Recent IDC research has shown that many hardware and software providers are expanding their services portfolios to help customers address these new requirements.

IT must become a value creator and bridge traditional and on-demand infrastructures and build an operational foundation for enterprise applications so that the business can continuously create and deliver new services and solutions. Important topics to consider include planning, deployment, support, optimization, as-a-service models, and secure asset disposition for the datacenter environment. Each discipline should be examined to make sure it is functioning in the most efficient and optimized fashion to help create an agile environment.

## Considering HPE

Hewlett Packard Enterprise (HPE) is one of the largest providers of technology, solutions, and services in today's economy. The company's comprehensive solution portfolio spans cloud, security, big data, IoT, mobility, and infrastructure. HPE has made investments in simplifying hybrid IT and enhancing intelligence at the edge to deliver a better IT experience to customers. One investment is based on the premise that agile IT and DevOps and the ability to deliver a cloudlike experience to the user are paramount. The basis of this approach, which is top of mind for customers today, is rooted in four major areas:

- **Optimize infrastructure for current-generation and new-generation applications and data.** Applications and data are the fuel for enterprises in a digital world. The focus is to establish the right mix of optimized infrastructure solutions for applications and data from advisory and design to implementation and daily support. HPE has expertise in optimizing infrastructure solutions for current workloads but also is invested in helping build hybrid IT and edge environments for a new generation of applications and data. HPE is also focused on removing complexity across traditional datacenter, cloud, and edge environments. HPE's expertise covers current-generation and next-generation workloads that span the datacenter, multicloud environments, and the edge.
- **Curate and aggregate a best-in-class partner ecosystem to deliver the best solutions.** In today's world, the pace of innovation is accelerating. The challenge is finding which technologies and partners can best solve problems and then bringing them together to speed adoption of emerging technologies and to scale, without creating new complexities and risk. HPE works with current industry leaders such as SAP and Microsoft to extend their skills and has made strategic investments in a new generation of partners such as Docker and Mesosphere, which excel in hybrid IT and edge environments.
- **Remove complexity across the IT life cycle.** Digital transformation is much more than a technology problem. A successful digital enterprise must answer important questions around culture, measurement, skills, and change management as well as new approaches to funding and IT consumption options. HPE has created a portfolio of advisory, professional, and operational services to help enterprises address these critical nontechnology aspects of digital transformation. HPE also has IT solutions that focus on the delivery of flexible consumption to accelerate innovation, mitigate risk, and help fund transformation projects. HPE's management of change can help evolve a company's internal processes as well as IT. HPE aims to help remove complexity from the operational and maintenance experience by supporting solutions across workloads, cloud, and infrastructure regardless of the vendor.

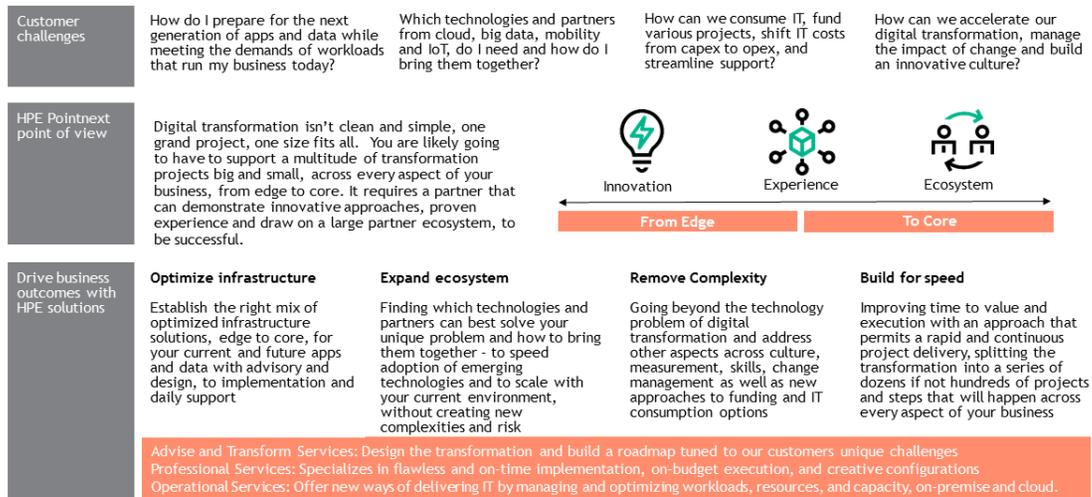
- Build for speed to help accelerate innovation and time to value.** Digital transformation isn't one large journey where one size fits all. It's a series of dozens if not hundreds of projects and steps that will happen continuously across every aspect of business. The ability to execute quickly is critical. HPE is optimizing to be nimble and fast and will focus on scale-up and scale-down. Figure 2 shows HPE's value creation approach.

**FIGURE 2**

## HPE's Value Creation Approach

### HPE Pointnext

Designed for the future. Built on a heritage of services leadership



Source: HPE, 2017

## Challenges

HPE needs to continue to take advantage of the strong demand for enterprise infrastructure associated with the move to the cloud (both public and private). IDC believes that cloud spending for IT services and products will continue to grow, and HPE is in an excellent position to capitalize on the infrastructure portion of this customer spend. HPE needs to accelerate its efforts to deliver on-premise cloudlike experiences and invest to build a more robust portfolio. We believe these efforts should include a mix of next-generation SaaS-based security and infrastructure components that can be harmonized (from a selling perspective) with HPE services.

Leveraging learnings and experiences from its own digital transformation, HPE has developed tools, methodologies, and processes to help define the value that services bring to extending the customer relationship. Investments have been made to ensure that the right teams are leading solution development and refining go-to-market strategies. This strategy includes illustrating the value internally to sales teams and the role that services play for pull-through and recognition of more advanced product sales. The process also involves proactively positioning services within the product management life cycle and tightly aligning technology services and the product portfolio.

## Conclusion

Digital transformation is exploding. Enterprises must endeavor to plan for transforming to a digital business and evaluate what it means for their company's strategic direction, IT investments, revenue models, internal processes, talent development, and ability to compete. Innovation and speed will be paramount. IDC believes that enterprises will either become adept at digital transformation and thrive in the market or fail to master the disciplines and struggle to survive.

As part of a successful digital transformation, an enterprise must assess its strengths and capabilities to master the journey. IDC believes there must be a synergy between business and technology executives to align goals and requirements, assess capabilities and shortfalls, evaluate partners and providers, and develop standards and milestones for success. Having spot-on services when needed and having them delivered in a timely fashion are how enterprises choose to do business today. Gone are the days of large outsourced agreements that were difficult to value; today's enterprises need services on demand delivered quickly and efficiently. HPE has developed a portfolio of services to help companies on their digital transformation journey, wherever they may be on that journey.

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Global Headquarters: 5 Speen Street Framingham, MA 01701 USA P.508.872.8200 F.508.935.4015 [www.idc.com](http://www.idc.com)