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Business Value Highlights

48%
faster deployment of new servers

39%
faster development life cycle for new applications

2.7 times
more new features released per year

3.7%
CAGR to revenue over five years

20%
total revenue growth over five years

8%
one-time revenue growth

3%
further year-on-year revenue growth

$206 million
average higher revenue per year per organization

The Business Impact of IT Transformation

Leveraging IT efficiencies and increased agility to deliver new customer experiences and revenue growth

EXECUTIVE SUMMARY

Datacenter improvements have thus far focused on cost reduction and point solutions. Server consolidation, cloud computing, virtualization, and the implementation of flash storage capabilities have all helped reduce server sprawl, along with associated staffing and facilities costs. Converged systems — which combine compute, storage, and networking into a single system — are particularly effective in enabling organizations to reduce operational and staff expenses. These software-defined systems require only limited human intervention. Code imbedded in the software configures hardware and automates many previously manual processes, thereby dramatically reducing instances of human error. Concurrently, these technologies have enabled businesses to make incremental improvements to customer engagement and service delivery processes and strategies.

It's not enough.

In today's highly competitive, always-on business environment, IT must evolve from an enabler of back-office processes into an engine that helps multiply revenue. This evolution, called IT transformation (ITX), requires the widespread modernization and automation of IT platforms and processes, along with the deployment of cutting-edge technologies that can help IT better align its offerings with line-of-business (LOB) needs. ITX is a necessary first step in a full digital transformation strategy for the business.

IDC interviewed organizations about how they are leveraging IT transformation initiatives to better meet the needs of their businesses. Surveyed organizations reported that as the result of their ITX initiatives, their IT teams are better serving their organizations with delivery of timely, functional applications, features, and services. This has resulted in greater collaboration between IT and business teams and helped these organizations win more business and increase revenue by better addressing business opportunities and serving customers.

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IDC calculates that study participants will realize revenue gains worth $206 million per organization per year, representing a five-year CAGR of 3.7% and total revenue growth in five years of 20%, through their ITX.

IDC's research showed that study participants have made their development efforts and IT operations much more responsive to business needs through their ITX initiatives. This has enabled them to improve their competitive positions and capture substantial additional revenue, with IDC identifying three ways that these organizations are realizing revenue gains through IT transformation:

- Reducing the time to market for customer-facing applications and services, thus taking advantage of more business opportunities and winning more business

- Improving the quality of existing applications and services, including increasing employee productivity levels, thereby better serving customers

- Having the capacity and capabilities to create new products, services, and offerings that address market demand