

2011 TECHNOLOGY TRENDS SURVEY

EXECUTIVE SUMMARY

More than 210 mid-market IT and business leaders responded to a Technology Trends Survey conducted by SWC Technology Partners in June 2011. Respondents provided their opinions on technologies, strategies and tactics that are creating the greatest impact on their business. The majority of responders were IT Senior Leadership and Management. They hail from organizations within the Illinois, Wisconsin and Indiana markets and represent industries that include manufacturing, retail, education, construction, healthcare, accounting and non-profit. More than half of the respondents – 67% – manage environments with a user base between 100 and 2,000 individuals.

In 2009 a similar survey was commissioned to the same base of respondents. At the time, the market was deeply impacted by the “Great Recession”. The survey reflected these conditions with nearly 60% of respondents reporting lower revenue and close to half indicating a decrease in profit. The current (2011) survey reported significantly different results with just over half of the respondents noting an increase in revenue and nearly 65% maintaining or increasing their profit margin.

A primary goal of the 2011 survey is to understand how mid-market business has evolved as a result of the recession and how these companies are positioning themselves for success in the current marketplace.

Among the key findings:

THE VALUE OF TECHNOLOGY

- Respondents whose company leadership holds a “Strategic” perception of IT were more likely to report an increase in revenue, profit margin and market share versus those respondents with leadership who perceive IT as a “Necessary Investment”.
- 63% of respondents who indicated that their company leadership perceives IT as Strategic saw an increase of revenue.
- 88% of respondents who indicated that their company leadership perceives IT as Strategic were Optimistic or Cautiously Optimistic about the company’s business outlook over the next 12 months.
- Manufacturing, Finance and Professional Services reflected the highest perceived value of IT while Construction, Healthcare and Non-Profit reflected the lowest perceived value of IT.

Analysis

In many ways information technology is an inextricable component of business. However, not all business leaders value IT the same. In some cases information technology is viewed as a strategic asset or market differentiator while in other cases information technology is perceived as a required investment. Others may even consider information technology as a simple cost. What is interesting about the

survey results is that there seems to be a correlation between the perception of information technology and the performance of the business itself. It is difficult to conclude that in order for a business to be successful it must first embrace the value of technology. But, it is perhaps not a stretch to recognize that successful businesses tend to value the investment of technology. A couple of survey responders commented directly on this question.

"To be candid, I wish our executive management would see IT as more strategic. But unfortunately, the engineering industry generally views IT as a cost center. This has been extremely prohibitive in that we have not been able to get executive management to see the value in applications such as Microsoft SharePoint Server. I'm glad to be able to share my thoughts in this survey."

"Our company has been in growth mode over the last few years, and we just finished a major acquisition. IT innovation and expansion of website functionality have been big factors in this growth."

IT PRIORITIES

- In 2009 survey respondents rated Security, Business Intelligence and Storage as their highest priority projects.
- In 2011 survey respondents rated Security (down 20 points), Virtualization and Business Intelligence as their highest priority projects. New to the list this year, Mobile almost made the top three...
- 2011 survey respondents ranked Cloud Computing as their lowest priority project.

Analysis

Change is a constant for the technology sector so it would not be surprising if the 2011 survey reflected a shift in project priorities from the 2009 results. However, generally speaking, many of the top project priorities have remained the same. In some cases changes in technology have impacted the nature of the project. As an example, in 2009 storage was a high priority project. Over the following two years server virtualization has become widely adopted and has positively impacted the necessity of a shared storage platform. In many cases the idea of virtualization and storage can be thought of as the same solution. As a result, the idea of prioritizing storage as an isolated project may no longer be appropriate. It can also be argued that the mainstreaming of iSCSI Storage Area Networking and the reduction in storage costs have allowed today's IT decision makers to focus on realizing the benefits related to virtualization technology as opposed to storage itself.

As was the case in the 2009 survey, 2011 respondents indicated that Security was their most important project. The 2011 rating was not nearly as strong as the 2009 rating. This erosion of value could reflect economic pressure on IT decision makers to invest in technologies that either drove revenue or reduced cost.

A notable outcome of the 2011 survey is the ranking of Cloud Computing as the lowest priority project. Despite strong industry focus on Cloud Computing at the production level, enterprise implementation of this technology model is lagging.

CLOUD COMPUTING; SKY'S THE LIMIT?

- 3% of respondents indicate that their company has adopted a Cloud Computing solution for the entire organization.
- 54% of respondents indicate that their company is not pursuing any Cloud Computing initiatives.
- Respondents indicated Privacy and Security as the single, biggest concern when considering Cloud Computing.

Analysis

The survey uncovered a considerable disconnect between the industry “hype” associated with Cloud Computing and the actual implementation of this technology model. Indeed only 3% of respondents indicated that their company had adopted a Cloud Computing solution for the entire organization. Perhaps more important is that a majority of the respondents were not involved in a single Cloud initiative.

Noteworthy was some of the respondent’s commentary as captured in the survey. Through these excerpts it may appear that, while Cloud computing is still an evolving market, there is promise for its future.

“With cloud computing on the rise, I see it heading toward adding value to non-ERP systems such as SharePoint, Expense Reporting/Management, Exchange, Payroll and even the occasional Business Intelligence application. Larger companies enjoy the control/confidence and cost of owning the software and hardware, where smaller/medium size companies are more apt to head to the clouds on some systems.”

“I don't foresee the cloud as replacing the traditional use model we have now, but rather augmenting it. The cloud is a way to share data across many devices, enabling a user to work anywhere at any time in the most efficient manner. It doesn't replace the need for high performing, well designed, and low latency local applications and end user support.”

“Cloud computing, web conferencing and the ability to work from home due to emerging technologies are very promising tools in relation to our business. So we have recently moved our Exchange & SharePoint from in house to Microsoft's BPOS service and I am also looking to possibly move our file server/backup to the cloud as well.”

TELECOMMUTING

- Only 14% of survey respondents indicated that telecommuting is the norm, down 1% since the 2009 survey.
- The number of survey respondents reporting telecommuting as “forbidden” was down 3% since the 2009 survey.
- More than 20% of respondents with more than 2,000 employees characterized telecommuting as the norm (meaning that more individuals telecommuted than not).

Analysis

There was surprisingly little movement in the acceptance of telecommunication since the 2009 survey.

During the recession technologies that support telecommuting, such as unified messaging and video conferencing were positioned as cost savers; specifically following the value proposition that remote employees reduced corporate rent and that remote meetings could reduce the cost of travel. Why the adoption didn't meet expectations is hard to conclude. One assumption may be that coming out of the recession business leaders had a desire to have a more concrete or physical interaction with their respective teams.

An exception to the telecommuting finding is that the largest of organizations in our survey had disproportionate levels of acceptance, with more than 20% of respondents indicating that telecommuting was the norm (meaning that more individuals telecommute than not).

RELIANCE ON A SINGLE INDIVIDUAL

- 35% of 2011 respondents indicated that their organization is absolutely dependent on a single individual for his or her systems knowledge and/or expertise.
- The number of respondents reporting that their organization is absolutely dependent on a single individual for his or her systems knowledge and/or expertise dropped 7% since 2009.
- 42% of respondents that had between 101 and 500 network users reported an absolute dependence on a single individual for his or her systems knowledge.

Analysis

The 2011 survey reflected a noteworthy drop in the number (7%) of organizations that felt a high level of IT dependency on a single individual. Although the drop persisted in middle market organizations (101-500 employees) this group remained most impacted by this concern.

The drop in overall dependency may be linked to two variables. First, the recession and related layoffs caused material shifts in staffing. During this time it is possible that a number of organizations managed to reshape their IT departments to become less vulnerable to a single dependency. In addition, the maturation of the managed services model has likely played a role in this survey result. Again, as companies addressed the recession by changing their cost structures a number looked to outsource components of the network management. In some cases this decision may have led to a more reliable (less singularly dependent) situation.

SWC TECHNOLOGY TRENDS SURVEY

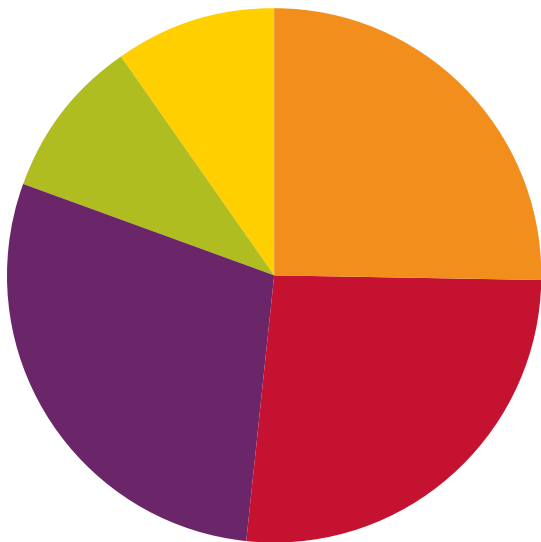
1. What is the number of network users within your environment?



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. Less than 25	8.3%	18
B. 26 to 100	24.0%	52
C. 101 to 500	33.2%	72
D. 501 to 2,000	21.7%	47
E. Over 2,000	12.9%	28

Question answered 217
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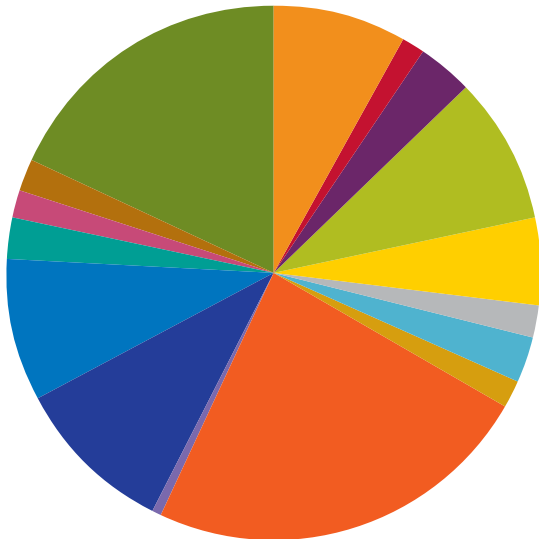
2. Your role in the organization is best described as...



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. IT senior leadership	25.5%	55
B. IT management	26.4%	57
C. IT staff	28.7%	62
D. Business senior leadership	9.7%	21
E. Business management	9.7%	21

Question answered 216
Question skipped 1

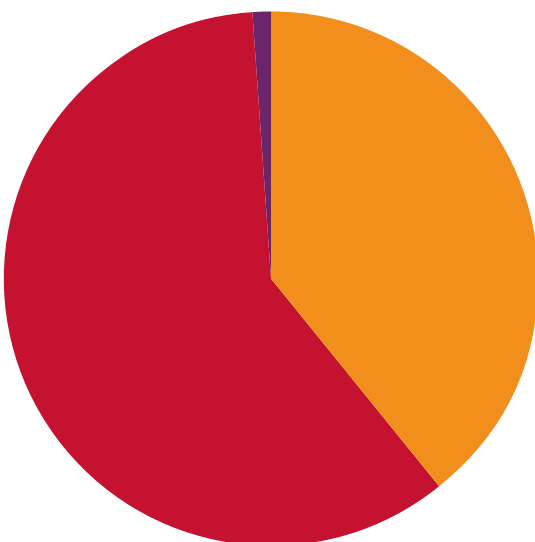
3. What industry does your company fall under?



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. Accounting and finance	8.3%	18
B. Advertising and Public relations	1.4%	3
C. Construction	3.2%	7
D. Education	8.8%	19
E. Healthcare	5.5%	12
F. Human resources	1.8%	4
G. Information technology	2.8%	6
H. Legal	1.8%	4
I. Manufacturing	23.5%	51
J. Marketing	0.5%	1
K. Non-Profit	9.7%	21
L. Professional services	8.8%	19
M. Real estate	2.3%	5
N. Retail	1.8%	4
O. Travel	1.8%	4
P. Other	18.0%	39

Question answered 217
Question skipped 0

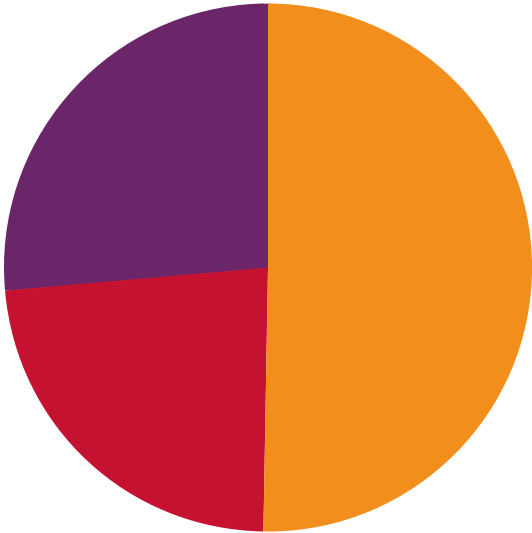
4. Information Technology is perceived differently within different organizations. In yours, how would company leadership value IT?



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. Strategic <i>(not an expense but an investment)</i>	39.4%	85
B. Necessary <i>(sometimes an investment but often an expense)</i>	59.7%	129
C. Not critical <i>(generally unnecessary and never an area of investment)</i>	0.9%	2

Question answered 216
Question skipped 1

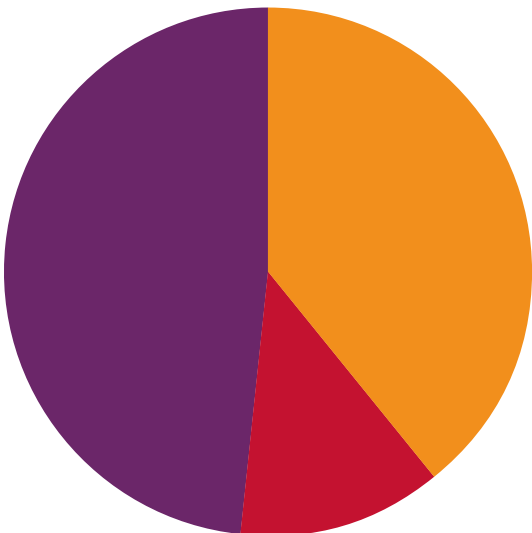
5. Over the last 12 months, my company has...



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. Seen an increase in revenue	50.5%	108
B. Seen a decrease in revenue	23.4%	50
C. Experienced no change in revenue	26.2%	56

Question answered 214
Question skipped 3

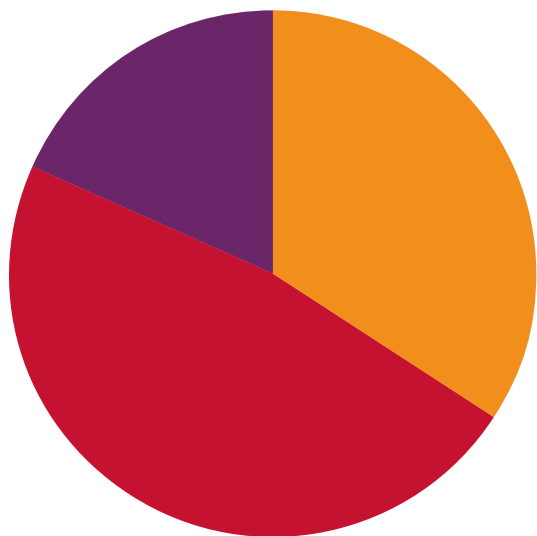
6. Following the recession my company...



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. Gained market share	39.2%	83
B. Lost market share	12.7%	27
C. Seen no change in market share	48.1%	102

Question answered 212
Question skipped 5

7. Following the recession my company's business model has...



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. Seen a decrease in profit margins	34.3%	72
B. Maintained profit margins	47.6%	100
C. Seen an increase in profit margins	18.1%	38

Question answered 210
Question skipped 7

8. During a recovering economy it is important to prioritize projects. Given your existing technical and business environment, how would you prioritize the following projects?

ANSWER OPTIONS	HIGH	MEDIUM	LOW	RESPONSE COUNT
A. Business Intelligence	115	78	22	215
B. Virtualization	93	77	46	216
C. Cloud Computing	90	85	38	213
D. Mobility	85	85	45	215
E. Storage	84	81	50	215
F. CRM	76	96	43	215
G. ERP	69	97	49	215
H. Unified messaging	57	107	48	212
I. Collaboration/document sharing	52	85	75	212
J. Enterprise application Integration	52	80	80	212
K. Security	50	117	47	214
L. Infrastructure LAN/WAN	49	94	71	214
M. Systems management	47	72	92	211
N. Desktop operating systems/Office	45	74	95	214
O. Proprietary systems	41	75	98	214
P. Web redesign	32	84	97	213

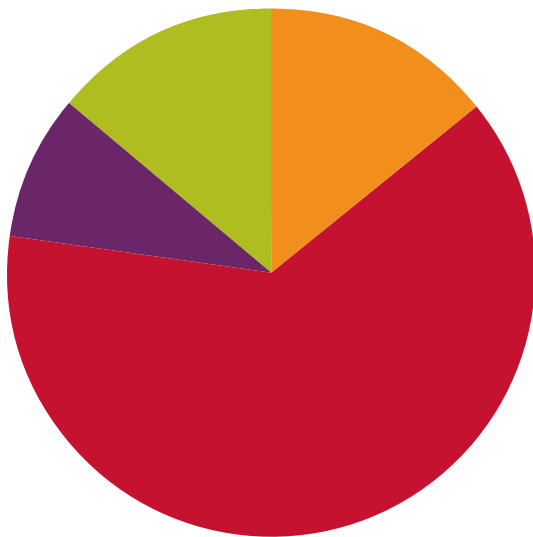
Question answered 216
Question skipped 1

9. During the recession many IT organizations had to dramatically reduce staff. With the recovering economy how is your organization likely to rebuild its capacity?

ANSWER OPTIONS	Increase through internal hire	Increase through outsourcing	Move to the Cloud	Decrease staff with outsourcing	Maintain current staffing level	N/A	RESPONSE COUNT
A. Network management	25	10	7	5	135	33	215
B. Email management	9	8	21	3	140	33	214
C. Security	12	17	4	1	148	33	215
D. End-user support	25	12	2	4	139	31	213
E. Business application (ERP, CRM support)	19	15	5	2	132	40	213
F. Application development	31	24	1	2	114	44	216

Question answered 216
Question skipped 1

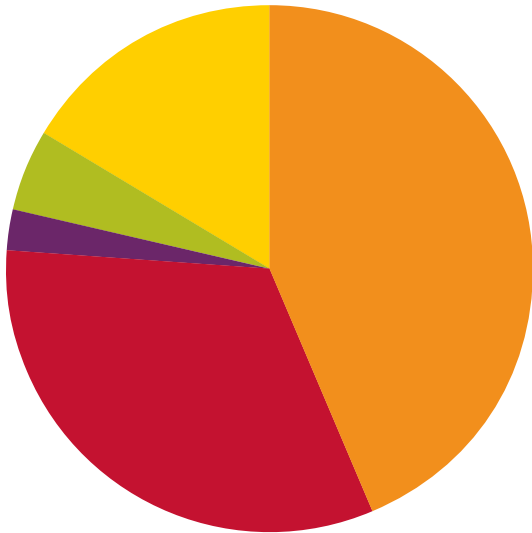
10. Telecommuting has become increasingly easier as technologies such as unified messaging have evolved. How is telecommuting positioned with your business:



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. It is the norm (more folks telecommute than not)	14.4%	31
B. It is the exception (a minority of folks telecommute)	63.0%	136
C. It is forbidden	8.8%	19
D. Does Not Apply	13.9%	30

Question answered 216
Question skipped 1

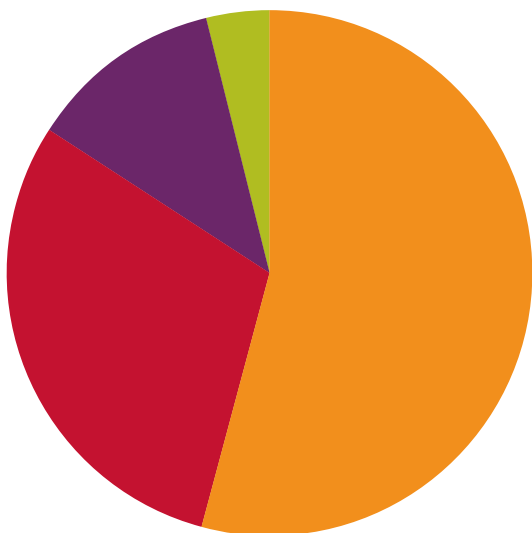
11. Do you have any of the following Cloud Computing solutions currently in production?



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. Microsoft Online Exchange	64.8%	35
B. Microsoft Online SharePoint	48.1%	26
C. Microsoft Azure	3.7%	2
D. Amazon EC2	7.4%	4
E. Google Cloud Services	24.1%	13

Question answered 54
Question skipped 163

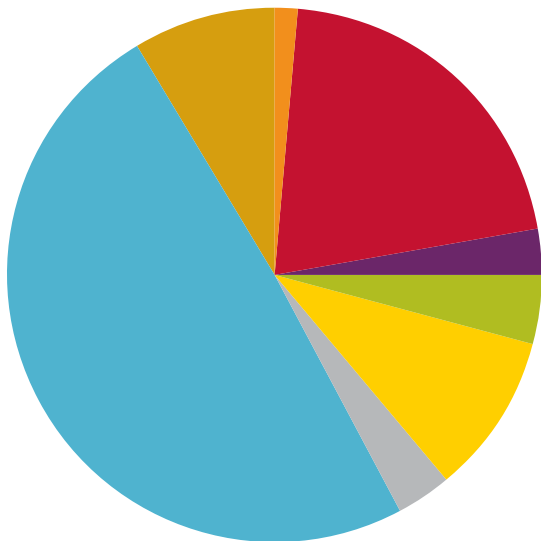
12. How would you characterize your company's adoption of "Cloud Computing"?



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. No activity <i>(Company has not pursued any Cloud Computing initiatives)</i>	54.2%	116
B. Pilot activity <i>(Company is testing the viability and value of Cloud Computing in one or more pilot programs)</i>	29.9%	64
C. Focused production <i>(Company has departments, practice areas or select groups working with Cloud Computing solutions in a production environment)</i>	12.1%	26
D. Enterprise production <i>(Company has adopted a Cloud Computing solution for the entire organization)</i>	3.7%	8

Question answered 214
Question skipped 3

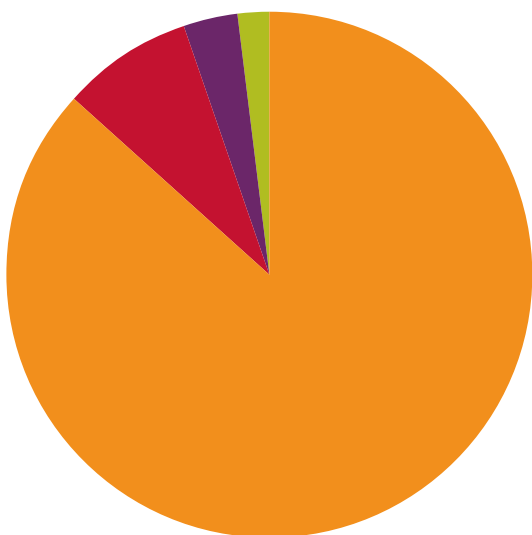
13. When considering Cloud Computing for my organization I am most concerned with:



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. Legal liability	1.4%	3
B. Privacy & Security	20.9%	45
C. Data/Content Ownership	2.8%	6
D. System Control	4.2%	9
E. Cost	9.8%	21
F. Downtime/Information integration	3.3%	7
G. All of the above	49.3%	106
H. None of the above	8.4%	18

Question answered 215
Question skipped 2

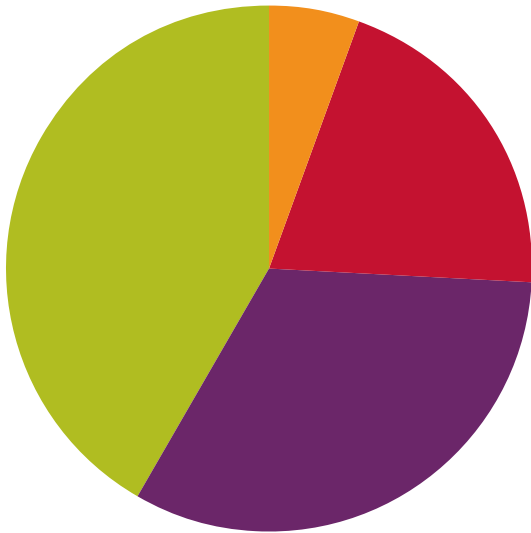
14. What percentage of your organization has a tablet (i.e. iPad/Android/Slate) as a business device?



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. Less than 10%	86.6%	188
B. Between 10% and 25%	8.3%	18
C. Between 25% and 75%	3.2%	7
D. Between 75% and 100%	1.8%	4

Question answered 217
Question skipped 0

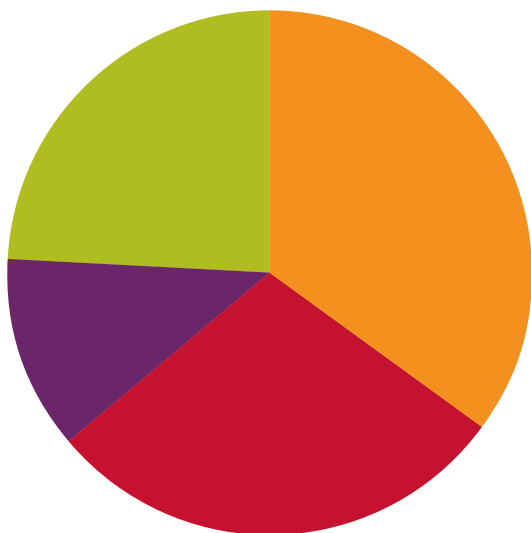
15. How would you characterize the following statement: “By 2015 my company will run nearly its entire IT environment in the Cloud.”



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. This will absolutely happen	5.6%	12
B. This will happen but not that fast	20.4%	44
C. This will only happen if many currently unresolved issues get addressed	32.4%	70
D. This will never happen	41.7%	90

Question answered 216
Question skipped 1

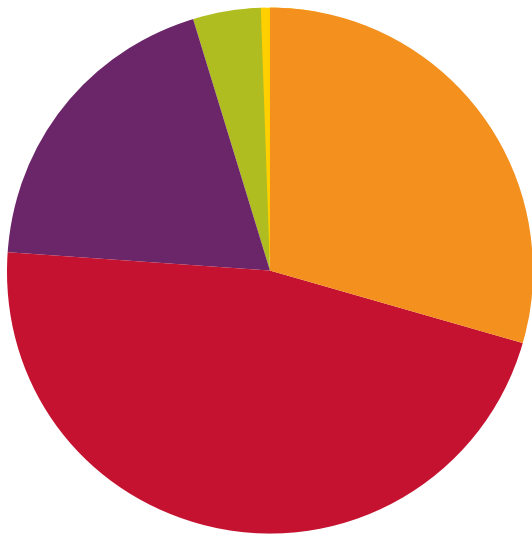
16. Sometimes, a business can become dependent on a particular IT staff member. Typically, this is because that staff member has unique and guarded knowledge about a system or technology. The question of what to do if that person “wins the lottery” can become un-nerving. Would you say this scenario:



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. Absolutely fits our situation	35.2%	76
B. Used to fit our situation	28.7%	62
C. Never fit our situation	12.0%	26
D. Does not apply	24.1%	52

Question answered 216
Question skipped 1

17. My company's business outlook over the next 12 months is:



ANSWER OPTIONS	RESPONSE PERCENT	RESPONSE COUNT
A. Optimistic	29.6%	64
B. Cautiously optimistic	46.8%	101
C. Neutral	19.0%	41
D. Pessimistic	4.2%	9
E. Highly pessimistic	0.5%	1

Question answered 216
 Question skipped 1

SWC Technology Partners is a leading provider of innovative IT solutions to small and medium-size businesses. For 30 years, SWC has excelled at providing strategic guidance and delivering solutions tailored to the needs of growing organizations. SWC's areas of expertise include best-in-class Managed Services, Performance Management, Business Applications, Messaging & Collaboration and Network Infrastructure & Security solutions. Headquartered in Oak Brook, Illinois, SWC is a Microsoft Gold Certified Partner, a Symantec Gold Certified Partner and a Hewlett-Packard Enterprise Partner.

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SWC TECHNOLOGY PARTNERS, INC. 630.572.0240 OFFICE
1420 Kensington Road, Suite 110 630.572.0390 FAX
Oak Brook, Illinois 60523 WWW.SWC.COM