Reinventing the IT Infrastructure

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Digital transformation is a priority for companies across sectors as data becomes increasingly central to business success. The idea of IT transformation is less widely discussed but is fundamentally linked to a business's ability to undertake broader digital initiatives.

Digital transformation can be understood as the operational evolution organisations undergo to thrive in a digital economy, rather than being left behind by disruptors. Among the many things it may involve are moving away from paper systems, greater use of applications on smart devices, moving more customer service online, and using data-driven insights to make decisions.

IT transformation refers to modernising the underlying infrastructure and core software, as well as automating or streamlining processes. Businesses that have gone furthest in this regard become less reliant on outdated legacy technologies and free up resources to drive digital transformation.

Archaic IT systems and applications are a hurdle to digital transformation for half of organisations (48 per cent), according to research by Capgemini across eight countries including the UK. But companies are aware of the need for change. IT is the third biggest business priority for CEOs, according to Gartner's 2018 CEO survey, with digital transformation a leading reason why.

IT transformation enables companies to increase revenue in three key ways, according to research by International Data Corporation (IDC):

- Winning more business by reducing the time to market for new applications and services

- Serving customers better by improving existing applications and services

- Having the capacity to create new offerings in response to market demand.

The new data game

In today's digital economy "information based on data" is the single most important thing, says Professor Feng Li, Chair of Information Management at Cass Business School in London. "New technology has given us growing capabilities to deal with that data in ways we couldn't have imagined before," he added. "These capabilities are growing rapidly, so without the digital infrastructure you will not be able to transform your organisation."

For many years, IT evolution followed a cycle based around the release of Intel processors. But that cycle has been completely blown apart, says Sean Horne, EMEA Field & Customer Advocacy at Dell EMC. "The latest processor always did things faster and bigger. You could consolidate and run applications and services faster on premises; a sort of weapons upgrade," he said. "Now innovation can happen so fast that when you make an investment in physical architecture, the competitive advantage on day one may be lost before the end of the year. You need to invest in a multi-cloud strategy where you can access compute, storage and services on demand from any cloud that best meets the need or SLA."

Businesses today want the ability to dynamically add and subtract computing power, capacity and network bandwidth as required to ensure operational efficiency. "What you really need is speed and agility," says Horne. "Cloud is not a place. A modern cloud operating architecture enables you to add infrastructure to the environment without having to do physical uploads, migrations, take applications offline, or spend weeks preparing."

Transformative potential

The Enterprise Strategy Group (ESG) gives organisations IT transformation maturity scores that place them into one of four categories: legacy, emerging, evolving and transformed. Few businesses have already fully transformed. But four in five IT executives who responded to an ESG survey across 16 countries commissioned by Dell EMC and Intel agreed that they will not be competitive providers of IT services without embracing IT transformation.

Companies that have fully transformed achieve clear efficiency gains; key areas often include use of all-flash storage, virtualisation of servers, and delivering IT as a service in a cloud operations model. Perhaps just as importantly, the organisational dynamics are likely to have changed, so that IT executives contribute to business strategy.

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Dell EMC's Sean Horne says IT transformation gives businesses greater control and agility. Nearly three-quarters of respondents at fully transformed organisations say they almost always make better, faster decisions than their rivals, according to ESG. "The dynamic is about using data to get competitive advantage because I know something before someone else knows it. Having speed and agility makes you much more responsive to the marketplace."

Becoming the disruptor

This is the first in a series of five articles that will explore different aspects of digital transformation. According to IDC, the economic value of digital transformation has already reached a fifth of global GDP. Businesses' focus on digital change is also helping to drive IT investment; Gartner forecasts that global IT spending will reach $3.7 trillion in 2018 thanks to the highest growth rate since 2007.

However, the complexity of IT upgrades sees some companies become stuck running both their legacy environment and modern infrastructure at the same time. Professor Li cites the example of recent service outages at traditional UK banks, saying: "At the front end you have all the bells and whistles based on consumer technologies. But at the back end, a lot of those core components are several decades old." Such problems point to a wider truth: the potential for start-ups to harness new technology to offer customers fast, low-cost services and disrupt markets. "Simply winning the competition with your traditional peers is no longer sufficient to ensure long-term success," adds Professor Li.

By laying the platform for wider digital transformation, IT transformation may prove the key to becoming the disruptor not the disrupted. As such, companies should consider it a strategic imperative.

See the benefits of modernising your IT infrastructure and learn more about Dell EMC Solutions at DellEMC.com/in/ModernizeIT.