

POST-PANDEMIC TECHNOLOGY STRATEGIES: WHERE NEXT?



After the huge disruption created by the COVID-19 pandemic, where do enterprise IT leaders stand on the unforeseen technology changes they had to adopt to help steer their organisations through the crisis?

How will IT strategy be impacted by the fallout from the pandemic and what will be the main priorities over the next year when it comes to the role of technology in business?



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POST-PANDEMIC TECHNOLOGY STRATEGIES: WHERE NEXT?

This report documents the findings of a survey commissioned by Macro 4 which asked 100 UK enterprise IT decision makers about how they reacted to the pandemic and how it is informing their plans and priorities for using technology to support the business going forward.

Key findings:

- 81 per cent of IT leaders who were questioned as part of the research agree (52 per cent strongly) that the need to react quickly to the pandemic forced organisations to fast-track technology changes to adapt to new ways of working. However, 72 per cent strongly or somewhat agree that over the next 12 months organisations will have to invest in upgrading or replacing some of the technology they had to implement quickly in response to the pandemic.
- With most people locked down and relying on digital communications during the pandemic, around two thirds (64 per cent) of organisations have made technology changes to improve digital interaction with customers. The same number (64 per cent) have made changes to handle greater volumes of interaction on their website, social media and other digital channels. However, more than half (56 per cent) expect to make additional investments to ensure those changes work in the long term.
- The research also serves to underline how COVID-19 has intensified the need for digital transformation, especially in the area of customer communications. Almost all of the IT leaders surveyed (94 per cent) believe that their organisation needs to improve how it communicates with customers. And nine out of ten (91 per cent) view technology as instrumental in achieving this.
- When questioned about their IT plans over the next twelve months, security, compliance and accelerating digital transformation were rated by IT chiefs as their top budget priorities.

WILL QUICK TECHNOLOGY FIXES FOR THE PANDEMIC KEEP WORKING IN THE LONG TERM?

This part of the survey was designed to explore whether the enforced technology changes that organisations made in response to the pandemic will work as long-term solutions. Overall, IT leaders are relatively confident that changes to support home working and remote collaboration will be sustainable and long lasting. In contrast, they are less comfortable with the changes made to enable greater levels of digital interaction with customers, and foresee having to make additional investments in this area to cover the 'technical debt' – the cost of reworking those quick fixes to make them fit for the long term.

Q1 How has your organisation responded to the technology challenges created by the COVID-19 pandemic?

We have made technology changes to improve how we interact with customers and prospective customers digitally (e.g. on our website, social media or other digital channels)

IMPROVING DIGITAL INTERACTION WITH CUSTOMERS



28% 

**MY ORGANISATION
HAS ALREADY
DONE THIS**
and we're confident
these changes will
work as long-term
solutions

long-term solution

36% 

**MY ORGANISATION
HAS DONE THIS**
but it's likely we will
have to invest further
in the future to make
sure these solutions
work in the long term

short-term solution

22% 

**MY ORGANISATION
VIEWS THIS AS
IMPORTANT**
and plans to do it
in the future

scheduled plans

9% 

**MY ORGANISATION
HAS NOT DONE
THIS**
and has no plans to
in the future

no plans

1% don't know

With customers locked down at home and interacting virtually for the majority of the time, digital channels needed to do the 'heavily lifting' for customer communications, both for existing and prospective customers. It was therefore no surprise that around two thirds (64 per cent) of organisations had made technology changes to improve digital interaction with customers.

More surprisingly, around a fifth (22 per cent) of those surveyed had still not made any changes in this area one year on, despite viewing it as important.

Looking in more detail at the organisations that have already made changes, it is clear that more work is needed to turn short-term fixes into permanent long-term solutions. More than half (56 per cent) expected to make additional investments to keep improvements going over the long term.

We have made technology changes to handle greater volumes of digital interaction (e.g. on our website, social media or other digital channels)

COPING WITH
INCREASED
DIGITAL
INTERACTION



28% 

MY ORGANISATION
HAS ALREADY
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short-term solution

22% 

MY ORGANISATION
VIEWS THIS AS
IMPORTANT
and plans to do it
in the future

scheduled plans

9% 

MY ORGANISATION
HAS NOT DONE
THIS
and has no plans to
in the future

no plans

1% don't know

Again, with digital channels under increasing pressure during the pandemic, 64 per cent of organisations have made technology changes to handle greater volumes of digital interaction. Typical changes could include, for example, upgrading technical infrastructure to ensure that websites and email servers can cope with the additional workload, and also introducing or expanding application software such as self-service systems and customer journey management. Another 19 per cent view increasing capacity as important and want to add it to future plans.

As with the first question, when considering those organisations that have made changes in this area already, 56 per cent think it likely they will have to invest further to ensure their solutions work in the long term.

SUPPORTING
HOME
WORKING AND
COLLABORATION



We have made technology changes to improve support for home working and remote collaboration

51% 

MY ORGANISATION
HAS ALREADY
DONE THIS
and we're confident
these changes will
work as long-term
solutions

long-term solution

22% 

MY ORGANISATION
HAS DONE THIS
but it's likely we will
have to invest further
in the future to make
sure these solutions
work in the long term

short-term solution

15% 

MY ORGANISATION
VIEWS THIS AS
IMPORTANT
and plans to do it
in the future

scheduled plans

9% 

MY ORGANISATION
HAS NOT DONE
THIS
and has no plans to
in the future

no plans

3% don't know

The shift to home working and remote collaboration created by COVID-19 has led 73 per cent of organisations to make technology changes in response. IT leaders are considerably more confident about the changes they have made in these areas compared with the changes made to support customer interaction. 56 per cent of those that made changes to improve digital interaction or made changes to handle greater digital volumes feel it is likely they will have to invest further to make sure those solutions work in the long term. Only 30 per cent of those that made changes to enable home working and remote collaboration feel further investment will be needed to make sure those solutions work long term.

This finding may reflect the relative complexity of customer-facing systems and processes, which typically span multiple channels, product lines and departments. As customer experience has become the new battleground for customer acquisition and retention, IT leaders may also see the need for additional improvements to stay competitive.

LEVEL OF
CONFIDENCE IN
TECHNOLOGY
CHANGES IN
RESPONSE TO
THE PANDEMIC

64%

MADE CHANGES
TO IMPROVE DIGITAL
INTERACTION WITH
PROSPECTS AND
CUSTOMERS

56 per cent of IT leaders are not confident these changes will work in the long term.

64%

MADE CHANGES
TO HANDLE GREATER
VOLUMES OF DIGITAL
INTERACTION

56 per cent of IT leaders are not confident these changes will work in the long term.

73%

MADE CHANGES
TO SUPPORT HOME
WORKING AND
REMOTE
COLLABORATION

30 per cent of IT leaders are not confident these changes will work in the long term.

HOW CAN ORGANISATIONS USE TECHNOLOGY TO IMPROVE CUSTOMER COMMUNICATIONS?

The pandemic has added further momentum to the shift away from in-person communication. With many face-to-face settings closed and longer wait times in call centres, customers turned to websites and other digital channels when they needed to interact with organisations.

Some individuals have been experimenting with digital channels for the first time, whether using WhatsApp, chatbots, web chat or video meetings. It is likely that things will never completely return to how they were, with digital interaction accounting for a greater part of inbound and outbound communications going forward. So how do IT leaders think technology can improve this area within their own organisations?



Q2 In your view, how could technology be used to improve inbound and outbound customer communications in your organisation?

- | | |
|---|---|
| 46% Adding extra security measures to protect us and our customers when interacting digitally | 39% Increasing use of automation and AI so that interacting with customers requires less manual effort |
| 45% Increasing our capacity to manage greater volumes of digital interactions on our website and other digital channels | 36% Improving protection of customer data to enable compliance with regulations such as the GDPR |
| 43% Adding more digital channels (such as web chat, apps, social etc) so that we can reach our customers more easily | 6% My organisation has no need to improve the way we communicate with customers |
| 41% Personalising the way we communicate to meet the needs of different customers | 3% I don't know, because the IT team isn't closely involved in this area |
| 40% Bringing customer communications across different departments, systems and channels under one umbrella instead of operating in silos | |

94%
of IT leaders
believe their
customer
communication
needs to
improve

Almost all (94 per cent) of the IT leaders we surveyed believe that their organisation needs to improve how it communicates with customers. And nine out of ten (91 per cent) can see technology being used to achieve this aim.

Interestingly, there was no clear area that stood out among the various ways that technology could drive improvements. On average, respondents identified three different areas for improvement each, indicating just how much work there is to be done for most organisations.

Adding extra security measures to protect us and our customers when interacting digitally (46 per cent) was the most frequently selected area for improvement, closely followed by increasing capacity to manage more digital interactions through digital channels (45 per cent) and adding more digital channels so that we can reach our customers more easily (43 per cent).

The growth in digital channels and digital interactions from both outside the organisation and from inside (due to greater home working) potentially increases the number of routes over which cyber attacks can be targeted at a corporate infrastructure; this has increased the need for stronger security measures.

IT leaders will also be aware that the pandemic has seen an explosion in cyber attacks over the past year as criminals exploited new changes in working practices and technology.

Respondents also see a role for technology in improving customer and user experience, with four in ten respondents feeling their organisation could benefit from increased personalisation for customers (41 per cent) and increased automation and AI (39 per cent). *Bringing customer communications across different departments, systems and channels under one umbrella*, cited by 40 per cent, can also help to support a more joined-up and holistic experience for customers.

Notably, almost three years after the GDPR came into effect, around a third of IT leaders still feel the need for *improving protection of customer data to enable compliance with regulations such as the GDPR*. Data protection remains an ongoing challenge for many organisations.

Over the past year there has been a steep increase in the number and value of fines levied for GDPR violations, which now total more than €270m worldwide.



**1/3 of IT leaders
still feel the
need for
improving
protection of
customer data**

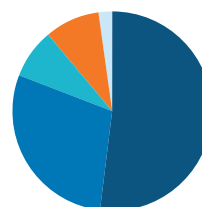
THE IMMEDIATE AND LONGER-TERM IMPACT OF THE PANDEMIC ON TECHNOLOGY STRATEGIES

This section analyses how organisations have reacted to the pandemic and explores its lasting impact on technology strategies.

Q3 To what extent do you agree/disagree with the following statements?



The need to react quickly to the pandemic forced organisations to fast-track technology changes to adapt to new ways of working

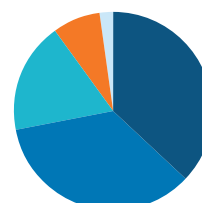


52% Strongly agree
29% Somewhat agree
8% Somewhat disagree
9% Strongly disagree
2% Don't know

81 per cent strongly agree or somewhat agree that the need to react quickly to the pandemic forced organisations to fast-track technology changes to adapt to new ways of working.



Over the next 12 months organisations will have to invest in upgrading or replacing some of the technology they had to implement quickly in response to the pandemic

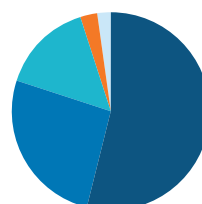


37% Strongly agree
35% Somewhat agree
18% Somewhat disagree
8% Strongly disagree
2% Don't know

72 per cent of the sample strongly or somewhat agree that over the next 12 months organisations will have to invest in upgrading or replacing some of the technology they had to implement quickly in response to the pandemic.



The pandemic has forced many organisations to bring forward aspects of their digital transformation plans

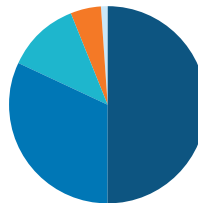


54% Strongly agree
26% Somewhat agree
15% Somewhat disagree
3% Strongly disagree
2% Don't know

80 per cent strongly or somewhat agree that the pandemic has forced many organisations to bring forward aspects of their digital transformation plans.



The pandemic has highlighted the need for IT systems that can be changed and adapted easily

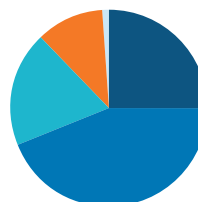


50% Strongly agree
32% Somewhat agree
12% Somewhat disagree
5% Strongly disagree
1% Don't know

82 per cent strongly or somewhat agree that the pandemic has highlighted the need for IT systems that can be changed and adapted easily.



The surge in digital interactions on different channels (web, email, virtual calls, apps, social media etc) during the pandemic has highlighted gaps and weaknesses in existing IT infrastructure

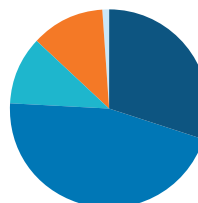


25% Strongly agree
44% Somewhat agree
19% Somewhat disagree
11% Strongly disagree
1% Don't know

69 per cent strongly or somewhat agree that the surge in digital interactions on different channels during the pandemic has highlighted gaps and weaknesses in existing IT infrastructure.



The increase in digital interactions triggered by the pandemic has exposed organisations to more cyber security threats

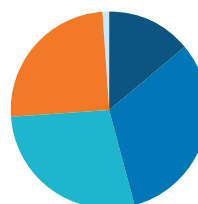


30% Strongly agree
46% Somewhat agree
11% Somewhat disagree
12% Strongly disagree
1% Don't know

76 per cent strongly or somewhat agree that the increase in digital interactions triggered by the pandemic has exposed organisations to more cyber security threats.

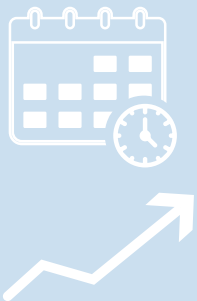


We were unprepared for the surge in interactions on our website and other digital channels when the pandemic hit



14% Strongly agree
32% Somewhat agree
28% Somewhat disagree
25% Strongly disagree
1% Don't know

46 per cent strongly or somewhat agree that they were unprepared for the surge in interactions on their website and other digital channels when the pandemic hit.



80%
believe the
pandemic
forced
organisations
to bring
forward digital
transformation
plans

The results reveal that the pandemic has had a major impact on IT strategy and delivery which will continue to make itself felt over the coming year and beyond.

81 per cent of IT leaders in the sample agree (52 per cent strongly) that the need to react quickly to the pandemic forced organisations to fast-track technology changes to adapt to new ways of working. However, there is a feeling that the job is not yet done.

72 per cent agree that over the next 12 months organisations will have to invest in upgrading or replacing some of the technology they had to implement quickly in response to the pandemic.

80 per cent of the sample believe that the pandemic has forced many organisations to bring forward aspects of their digital transformation plans. The majority also see the need for greater technical agility, with 82 per cent agreeing that the pandemic has highlighted the need for IT systems that can be changed and adapted easily.

We can expect to see this translating into purchasing decisions in the months and years to come, as organisations seek out more flexible technologies to handle the unexpected.

The survey reveals a mixed picture when it comes to being prepared for the pandemic-induced growth in digital traffic. Altogether 46 per cent of the sample admit that they were unprepared for the increase in interactions on their website and other digital channels when the pandemic hit – but only 14 per cent strongly agreed with this.

Nevertheless, 69 per cent said the surge in digital interactions highlighted gaps and weaknesses in existing IT infrastructure and 76 per cent agree (30 per cent strongly) that the increase in digital interactions triggered by the pandemic has exposed organisations to more cyber security threats.

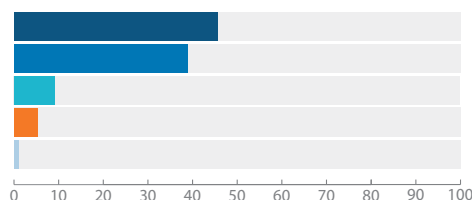
BUDGET PRIORITIES

This section reveals the biggest budget priorities for IT leaders over the next year, as the world looks to gradually release itself from the grip of the pandemic.

Q4 When considering where you will invest IT budgets during the next 12 months, how much of a priority are the following?



Creating a competitive advantage to help us grow

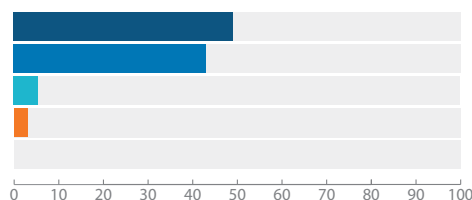


46% High priority
39% Moderate priority
9% Low priority
5% Not a priority at all
1% Don't know

85 per cent say creating a competitive advantage to help us grow is a high or moderate priority.



Accelerating digital transformation

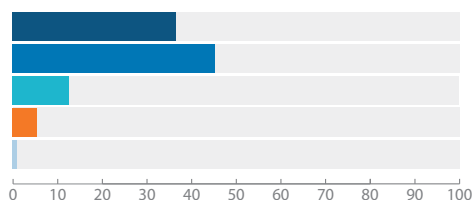


49% High priority
43% Moderate priority
5% Low priority
3% Not a priority at all
0% Don't know

92 per cent say accelerating digital transformation is a high or moderate priority.



Increasing resilience to withstand unexpected challenges like the pandemic

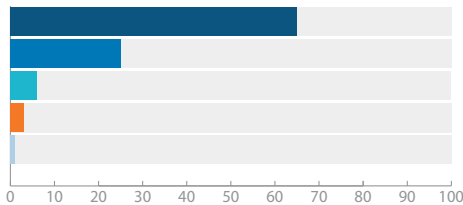


37% High priority
45% Moderate priority
12% Low priority
5% Not a priority at all
1% Don't know

82 per cent say increasing resilience to withstand unexpected challenges like the pandemic is a high or moderate priority.



Maintaining high levels
of security to protect
against cyber attacks

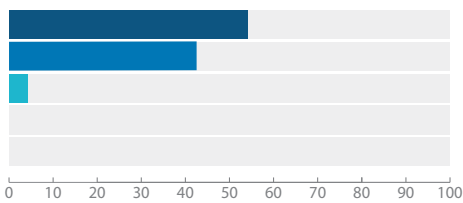


65% High priority
25% Moderate priority
6% Low priority
3% Not a priority at all
1% Don't know

90 per cent say maintaining high levels of security to protect against cyber attacks is a high or moderate priority.



Ensuring compliance
with industry
regulations

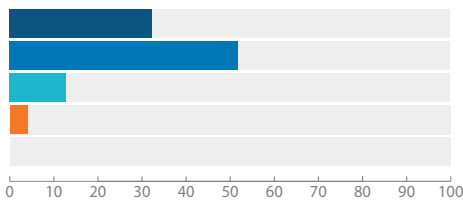


54% High priority
42% Moderate priority
4% Low priority
0% Not a priority at all
0% Don't know

96 per cent say ensuring compliance with industry regulations is a high or moderate priority.



Using IT to reduce
costs in response to a
more challenging
economic climate

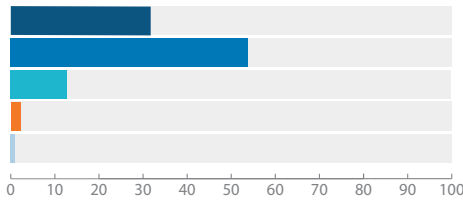


32% High priority
51% Moderate priority
13% Low priority
4% Not a priority at all
0% Don't know

83 per cent say using IT to reduce costs in response to a more challenging economic climate is a high or moderate priority.



Enhancing and
modernising our
existing technology
stack



31% Strongly agree
53% Somewhat agree
13% Somewhat disagree
2% Strongly agree
1% Don't know

84 per cent say enhancing and modernising our existing technology stack is a high or moderate priority.

The overall takeaway from this question is that IT leaders have many imminent priorities for the next twelve months and may struggle to choose between them. We can cluster the options into three broad tiers: risk management, which is the top overall priority, followed by business growth, and then finally cost reduction and containment.

Risk management includes *maintaining high levels of security to protect against cyber attacks* and *ensuring compliance with industry regulations*, which are seen as a high priority for 65 per cent and 54 per cent of IT leaders respectively. Also in this tier, *increasing resilience to withstand unexpected challenges like the pandemic* is considered a high priority by 37 per cent.

Areas where technology can be used to directly contribute to business growth include *creating a competitive advantage to help us grow* (a high priority for 46 per cent) and *accelerating digital transformation* (a high priority for 49 per cent). Under cost reduction and cost containment come *using IT to reduce costs in response to a more challenging economic climate* and *enhancing and modernising our existing technology stack*, which are a high priority for 32 per cent and 31 per cent respectively.

WHAT ARE THE TOP PRIORITIES FOR IT BUDGETS OVER THE NEXT 12 MONTHS?

- 
- 
- 65% maintaining high levels of security to protect against cyber attacks
 - 54% ensuring compliance with industry regulations
 - 49% accelerating digital transformation
 - 46% creating a competitive advantage to help us grow
 - 37% increasing resilience to withstand unexpected challenges like the pandemic
 - 32% using IT to reduce costs in response to a more challenging economic climate
 - 31% enhancing and modernising our existing technology stack

Maintaining high levels of security to protect against cyber attacks is the single greatest budget priority, chosen by two thirds of all respondents as a high priority. This ties in with the importance of adding security measures to protect organisations and their customers when interacting digitally, highlighted on page 8.

Security, compliance and accelerating digital transformation are the top three priorities, reflecting the competing demands faced by businesses as they do more online. IT leaders recognise that they have to put technologies in place to increase protection for their business operations, customers and employees while exploiting the potential of new digital channels and processes.



ABOUT THIS SURVEY

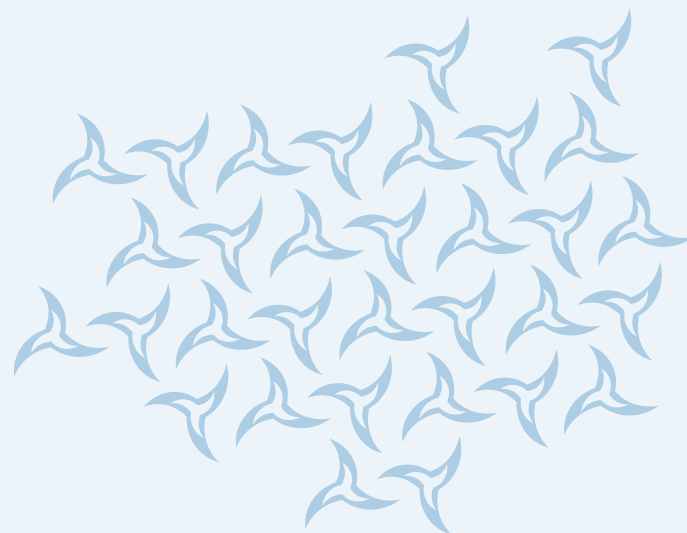
Macro 4, a division of UNICOM® Global, commissioned an online survey of 100 IT decision makers within UK enterprises through research company Vanson Bourne. 73 per cent of the enterprises in the sample had over 3,000 employees and 27 per cent had between 1,000 and 2,999.

The organisations spanned the following sectors: financial services; business and professional services; retail; distribution and transport; manufacturing; IT; and other commercial sectors.

The survey was conducted in March 2021.

Further information

Please send any questions about the survey to Lynda Kershaw at Macro 4: market@macro4.com or call 01293 872 000.



About Macro 4

Macro 4 develops software solutions that accelerate digital transformation.

We help organisations to deliver engaging multi-channel experiences, personalise customer communications and drive greater value from their corporate content.

OUR SOLUTIONS INCLUDE:

- **DIGITAL TRANSFORMATION AND MODERNISATION**

Augmenting enterprise systems with new technology

- **ENTERPRISE INFORMATION MANAGEMENT**

Improving information access and removing departmental silos

- **CUSTOMER COMMUNICATIONS MANAGEMENT**

Orchestrating and personalising interactions across all customer touch points

- **INFORMATION GOVERNANCE**

Enabling data protection and regulatory compliance

- **CUSTOMER AND EMPLOYEE SELF-SERVICE**

Delivering customisable out-of-the-box web portals