

# SA businesses unprepared for tech challenges

According to research done by EMC, most South African CIOs and business leaders believe they are not at all prepared for the technological shifts taking place in the economy, with the result that their current business plans will have lost their relevance.



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In addition, many internal departments – notably marketing and even IT departments themselves – seem to be resisting the move from products to data-based services. Jonas Bogoshi, country manager for EMC Southern Africa, said EMC wanted to explore the business challenges and opportunities facing IT in South Africa today.

## Research findings

“The research unveiled widely different and often incompatible views, underpinned by a lack of common ground and a common language. It shows that the greatest IT challenge South African businesses face today is the need to manage and extract value from ever greater volumes of data. However, in the future the challenge will be the demands of real-time business on IT,” Bogoshi said.

The research targeted 2,700 business and IT professionals in equal numbers in Europe, the Middle East and Africa, from the C-suite to frontline managers. Most (40%) have 250-499 employees and 68% are in the IT and tech space. This approach illuminated the same technology-related issues from different perspectives: Large and small; junior and senior; technology and business.

## Concern about the future

Discussing the South African results of the research, Bogoshi says most businesses are increasingly concerned about their ability to manage and extract value not from their current products, as much as from the data generated in the process of selling those products. In particular, there is a strong upward curve in executives' view that the impact of business unpredictability and associated demands for rapid scaling are their current greatest IT challenge.

“Most (73%) of respondents agree that, no matter your business, if you are online you are a tech company. But there seems to be a lot of insecurity in the sector, as almost 80% believe their current business models will be out of date in three years time.

“The reality is that their future competitors will be agile organisations that do not even exist yet.” More than 80% of respondents find it hard to predict how business will evolve in the current fluid, rapidly evolving landscape. “The key point of concern is that the growth in the tech sector and the changing business environment will put excessive pressure on IT operations, damaging quality, customer satisfaction and brand reputation. The standard response to this fear that growth may accelerate IT complexity faster than companies can adapt, is to outsource.

“In short, executives feel out of their depth as they are working against invisible competitors.”

## **Limiting innovation**

A point of concern for Bogoshi is that 48% of respondents see IT departments themselves as limiting innovation. Part of the reason may be that 66% of businesses still isolate IT departments, possibly because IT is seen as a behind-the-scenes function that has little to do with customer service. “To make matters worse, two-thirds of IT team members feel isolated within their teams.

“So you have isolated people, working within isolated teams, resisting the seismic shifts happening in the economy – quite possible because they are not allowed to see the bigger picture within the company they work for.” Disconcertingly, 93% of executives still believe that their IT department meets the company's needs.

## **Executives feel inept**

Most businesses surveyed reflected a mixed response to the perceived tech challenges. Only 42% have initiated processes to help IT departments work more closely with other parts of the business and to become more customer-focused. Also,

57% have started, or are planning to start training employees to implement converged or hyper-converged infrastructure. But when asked whether they personally feel they have the skills to understand what technology could do for their businesses, only 46% of executives agreed. A slightly larger percentage (49%) said they did not, but realised that they ought to.

In their journey towards becoming a digital, customer-focused business, 83% of respondents are not moving forward due to fear of damage to brand reputation, credibility and revenue if they get it wrong. Also, 61% of businesses do not feel ready for the data, operational and technological responsibility of offering a service and not just products – although 84% believe that scalable and flexible IT will reduce risk by laying foundation for growth and innovation.

Business needs technology in order to develop more value-added services and products and get them to market quicker, to meet rapidly-evolving customer demands for a seamless, connected experience. They need to do all this while cutting costs, reducing risk and complexity and improving efficiency.

“Respondents agree that you have to offer customers an experience to stay competitive, but realise that this cannot be met by their existing IT infrastructure, data processing capability and employee skills base.”

“Indeed, most decision-makers are afraid of getting it wrong when it comes to moving to a tech and data-focused approach to business,” concludes Bogoshi.

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