

RESEARCH BY



Business recovery: Insights from SMB IT Leaders on Adapting Amid COVID

SPONSORED BY



Introduction

When CIOs and their teams complete a major IT initiative – the migration from one system of record to another, the deployment of a new mission-critical application, the integration of disparate platforms following an M&A – the most common next step is to conduct a post-mortem.

The end of a project is a natural time to look back upon what went right, to explore what could be improved and to try and predict what kinds of needs will emerge next.

Like everything else they and their businesses went through since March of 2020, COVID-19 is complicating what could be the most important post-mortem process Canadian CIOs will conduct in their entire careers.

Following the rollout of vaccines, infection rates have fallen in many areas of the country, and businesses that were forced to temporarily restrict or suspend operations have started to function again. Unlike an IT project's 'go-live', however, pandemics rarely come to a clear and universal end on a specific date. Economic recovery will likely be uneven and slow in some areas, and the long-term impacts of COVID-19's disruption could take months or even years to manifest themselves.

This puts CIOs in Canada, much like their peers around the world, in science fiction author Ray

Bradbury's proverbial position of having to continue falling off a cliff while building wings on their way down. The speed and agility in which they responded to a crisis, for instance, has set new expectations around their ability to help the organization use technology to achieve business objectives.

For small and medium-sized business (SMB), the stakes have been even higher. These are firms that were often already stretched thin in terms of dedicated IT resources and budget constraints. The pandemic has made it even more important that they expand their digital presence and use technology as strategically and as cost-effectively as possible. Changes in where and how work gets done that began as an emergency "pivot," meanwhile, may need to evolve into more permanent shifts. This means introducing or building upon the governance and controls that are part of running a decentralized workforce. Companies are looking at IT leaders to enhance their ability to communicate and collaborate with a diverse group of stakeholders.

New habits formed by customers while they were sheltering in place may require entire business models to be reimaged. CIOs will be asked to deploy technology that allows companies to create significant changes in the experiences they deliver. This is especially critical for SMBs, where growth had traditionally based on serving local customers. Now, the opportunity -- and the challenge -- is to

develop equally deep relationships by driving digital engagement and personalizing everything they do.

With all those forces in play CIOCAN – as the country's premier association for IT leaders, has partnered with AWS to offer an alternative to the traditional post-mortem through this report.

Based on a detailed survey of more than 150 senior executives conducted by Bramm Research Inc., we have gathered data on the key business priorities and challenges that will influence IT investments in 2022 and beyond. A series of virtual discussions with an advisory board composed of CIOCAN members and AWS allowed us to provide analysis and insight into how the findings could be applied. You'll see their comments sprinkled throughout the pages as follow.

Think of this as a resource to take stock, and a way to begin focusing on what comes next. It's also the perfect playbook for SMBs who want to ensure they not only continue to survive, but compete on the same level as much larger organizations.

Where Business And IT Challenges Intersect

The pandemic showed that, from an IT perspective, necessity is not just the mother of invention. It can also be the mother of technology adoption.

When it became clear that many organizations would have to have their entire staff work remotely – in some cases for the first time – most of the technologies CIOs needed were close at hand. Videoconferencing, cloud-based project management applications, private chat and similar tools were already relatively mature long before COVID-19 hit.

What companies may have lacked was deep

experience in using many of these technologies on a regular basis. That meant CIOs and their teams were tasked with a level of troubleshooting and support on an order of magnitude greater than they have needed to offer in the past. While all IT leaders have historically had to strike a balance between innovating and simply 'keeping the lights on,' it's probably safe to say that CIOs within SMBs were forced to spend more of their time on helpdesk issues than ever.

No wonder, then, that managing the shift to remote work was cited by a majority of 71 per cent of respondents as their biggest business challenge.

Enabling work from home (WFH) may also relate to the quarter of those surveyed who said their ability to adapt was a key challenge.

CIOs may have been able to equip the workforce with the best possible tools, but it was still a leap to have salespeople who had traditionally pitched and closed deals in person to do so virtually, or for support agents to function outside of a contact centre.



Leader and team collaboration need to be an intentional focus, driving processes to deliver predictable results when people are not in front of us.

Widespread remote work also enlarged the perimeter CIOs are expected to protect. As a result, security coverage topped the list of IT challenges at more than 60 per cent. “Shift to remote workforce” was also an IT challenge given that – with every dropped videoconference call or glitch in an e-commerce ordering and fulfilment process – fickle customers might leave and not return. In fact, nearly a third of our survey said “loss of business opportunities” had been a challenge for their business. Although no one can afford to lose revenue, SMBs who depend on razor-thin profit margins are particularly at risk.

Next to remote work, concerns over talent spanned both business and IT as the most common and pressing issue. As businesses across Canada grapple with what has been dubbed “The Great Resignation,” technology plays a critical role in helping to offer a competitive and empowering employee experience.

A better employee experience not only includes the tools team members are given by IT leaders for their day-to-day jobs. Technology also needs to enable large phases of the recruitment and onboarding processes as companies begin to reconsider the geographies from which they find and welcome their next hire. For SMBs that lost out on potential hires

who chose to work for larger enterprises in the past, enhancing their employee experience is a way to become more competitive in the war for talent.

“Our talent footprint has changed,” an advisory board member commented. “We are now hiring developers out of provinces which would not have been the case in prior years.”



The challenges in attracting and retaining talent mean that respondents are more willing to consider buying services/solutions from cloud partners rather than hiring teams that can build them internally.

Talent within the IT department specifically has a different context. CIOs have long faced difficulties in filling all the positions they need, from the help desk to their application development bench. Now, however, the accelerated pace of digital transformation and customer experience redesign may require advanced skills in areas such as AR, VR, blockchain and more. It's probably why "Change In IT Priorities" was also a challenge cited by 55 per cent of our survey sample.



People are not just looking for a technology position, but career development within the organization. What is our investment in creating opportunities to be engaged? Engage your teams in experimentation to help drive the end product.

Canadian companies are already taking steps to enhance employee experiences to reflect the new realities their team is working within today. Three quarters of those we surveyed said offering workforce flexibility was the most impactful change they've made based upon their learnings.

Flexibility might mean the provisioning of technology, and 70 per cent of our sample said they have taken time to find and adopt collaboration tools. But flexibility could also mean changes in terms of routine working hours, the channels through which information is shared or even who needs to be present in standing meetings. As a result, 61 per cent cited "working style" as a significant change, and 38 per cent said they have worked to implement processes in a more distributed model. By automating more of their manual work and providing technology to streamline workflows and collaboration, SMBs can support working styles that maximize productivity while reducing stress levels.

The Opportunities Ahead For Cloud-First CIOs

The availability of on-demand computing resources was critical in enabling CIOs to contend with the challenges brought on by a public health crisis. It's probably safe to say that had the pandemic taken place in the days when on-premise IT was the norm, much of what they accomplished would have been almost impossible.

Speed, flexibility, scale – these have all been among the key advantages of cloud computing, and fortunately many CIOs were already well on their way to transitioning to this new model prior to the pandemic. This includes moving some of their IT infrastructure and applications to the cloud, as well as identifying other workloads that would benefit from a migration.

Employees might not recognize the significance of their company's journey to the cloud, but they owe much of their ability to access data and function remotely to the process CIOs have been making. Whether firms set up a private cloud, partner with a public cloud provider or adopt hybrid cloud services, the momentum is only set to continue as COVID-19 is contained.

When we asked how they would characterize their approach to identifying and acquiring technology since 2020, for example, 57 per cent of IT leaders said they were either making a substantial move to the cloud or have long-term plans to place all their workloads there. Another 33 per cent reported a modest change, where apps were ported to the cloud out of necessity.

A snapshot of Canada's shift to the cloud



89% have some kind of cloud computing initiative under way



34% are in the process of making a "substantial" change of moving their IT to the cloud



23% have a long-range plan to do the same



Cloud skills are lacking in internal teams which are running lean to keep lights on and not able to advance skills to the cloud. There is a knowledge gap in how to approach a cloud migration: which applications and data should be the priority?



Taken all together, 90 per cent have made a change in their approach to acquiring IT. They are also making a clear choice in how they want to manage the way in which they they acquire and deploy IT resources.

Almost half, or 49 per cent, said they will work directly with technology partners. This may indicate a desire to lean more heavily on the expertise of their preferred vendor, where the relationship becomes less transactional and more of a strategic collaboration aimed at creating new value for the business. For SMBs who may lack significant internal cloud expertise, the right partner can represent huge time savings and increased odds of successful adoption.



Cloud vendors offer a higher level of security than SMBs can provide via on-prem installations. This increases customer obligations to configure the cloud environment properly and manage the hygiene of their entire domain to ensure the customer is not the cause of a security breach in the cloud.

As the crisis abates, CIOs may begin to recognize that the cloud represents more than a way to improve upon the existing performance of IT. Cost savings and efficiencies are important, but the disruption caused by the pandemic could put many organizations in a race to make up ground they lost in terms of business growth. The need to differentiate and compete may take on new urgency. For SMBs, the cloud also means they can gain access to on-demand computing resources that put them in a position to compete with much larger rivals,

When 89 per cent of IT leaders we surveyed cited cloud-based initiatives as already in place, therefore, they likely see it as a source of innovation as much as a way to keep the lights on. As they become more experienced in areas such as workload processing and instance management, they may use the cloud to help their organizations develop new products or even expand into new business areas.



Successful businesses will understand how to unlock and build success from new functionality that is part of their cloud solution.

Not everyone is at this point. While 61 per cent said their attitude and approach to business planning is strategic, nearly a quarter are focused on putting interim solutions in place. This Canadian cautiousness is not unusual, and is often based on being careful rather than slow. Sixty-eight percent, for instance, said their business is currently in a state of adjusting, improving and learning.

Once the pandemic recedes, more IT leaders should have stability, time and, ideally, buy-in from their leadership teams to harness the power of the cloud for maximum transformational value. This is where SMBs, which may have less bureaucracy to navigate, could prove more agile than bigger firms in the same industry.



If the business has not been able to undertake strategic planning and process mapping, the benefit of cloud is just a pretty word.



IT Leadership In A Post-Pandemic Future

Hopefully we'll never experience something like COVID-19 again, but CIOs know it's better to be prepared than not. After cloud computing, working on a disaster recovery plan came second in their list of priorities by almost three quarters of respondents. Similarly, CIOs are aware that with increased remote work and the adoption of more digital channels comes greater cybersecurity risk. More than a third, or 31 per cent, said they will be working on a data breach plan over the next one to two years.

It's worth pointing out, however, that 36 per cent also said they were not undertaking any new initiatives at this time. Having gone all-out over the past two years to keep operations running and helping their organizations transform digitally, IT leaders may have decided they have more than enough on their plate already.

Many initiatives – such as bolstering e-commerce capabilities, digitizing marketing and service – may have launched during the pandemic but will need to be optimized and enhanced. It only makes sense that CIOs would avoid stretching themselves, and their teams, too thin and risk jeopardizing customer and employee experiences. Cost-conscious and risk-averse SMBs will especially be concerned about ensuring they see value and ROI from existing investments.

Carefully choosing priorities is also pragmatic in light of the diverse challenges IT leaders are confronting. In addition to concerns about talent and business management issues, more than 10 per cent of those we surveyed mentioned something that didn't easily fit into a common category.

There was “build brand affinity,” for instance, which shows how much CIOs are becoming involved in areas such as marketing. New processes related to COVID-19 are also taking time away from other work, said another respondent. Then there were the perennial chores: “cleaning up integration work,” “replacing ERP” and “last mile delivery challenges” continue to occupy a portion of what sits on the CIO's plate.

Our research was also a good reminder that CIOs are human beings who are going through the same stresses and mental health challenges as everyone else. One respondent mentioned feeling the loss of a connection to people due to limited travel. Another called out the loss of “positive momentum,” and another the “mental state of our society” as their barriers to overcome.

Organizations will need to ensure that IT leaders take full advantage of employee assistance programs (EAPs) and other resources to help practice the self-care they need to be successful in a post-pandemic future.

A snapshot of Canada's shift to the cloud



Disaster recovery plan came second in CIO's list of priorities by almost three quarters of respondents.



33% have ported some applications to the cloud based on urgent business needs



49% are planning to work more directly with technology vendors

Conclusion

The one sure bet about the future is that technology will play an even bigger role than ever before in how we work and how companies serve their customers.

CIOs have always been the ideal people to help organizations determine which IT investments hold the greatest promise and could be applied to business strategies and drive the right outcomes. They are coming out of the pandemic with an eye towards myriad tools and solutions that demonstrate how well they understand their organization's specific needs and growth opportunities. Some of our survey respondents, for example, are concentrating on back-office systems that will provide consistency and reliability to operations. This

not only includes a complete ERP refresh in some cases, but moving away from paper-based processes and introducing digital governance programs.

Other segments of the approximately two-thirds who are planning some kind of new IT initiatives between now and 2024 are exploring what they can do with big data analytics, machine learning and customer data platforms that can unify information for more actionable insight.

There were also IT leaders who didn't mention a specific technology product or service but an intention to run their function differently. Agile and DevOps could allow for more rapid

iteration of application development projects for some CIOs, while others said they more generally wanted to move to a more flexible process of implementing technology. SMBs that surprised themselves with their ability to leverage IT with speed during the pandemic emergency may look to establish long-term best practices.

One respondent simply said the goal was "larger scale transformation." Considering what Canadian CIOs accomplished during COVID-19, that's refreshing to hear. As the recovery continues, it's clear the pandemic has done little to tamper IT leaders' ambitions to set the bar for IT even higher.



A top line benefit of powerful analytics is customer stickiness because of insights and power of information we provide.

RESEARCH BY



© 2022 CIO Association of Canada

SPONSORED BY

