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Thought Leadership Paper
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The Changing Role Of The IT Leader

Driving Business Resilience Through
Adaptability And Employee Experience

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Today's unprecedented times brought on by the COVID-19 pandemic have raised the stakes, complexity, and strategic focus of the role of the IT leader.

Executive Summary

The COVID-19 pandemic has forced IT leaders to adapt to rapid changes and make shifts they previously thought were impossible. In a brief timespan, IT leaders have faced multiple challenges, including transitioning and maintaining a hybrid workforce, maintaining comprehensive health and safety protocols, supporting customers via digital channels and new engagement models, accelerating plans to reopen facilities, and reengaging customers and employees physically and virtually. IT leaders realize that having an adaptive strategy is key to building resilience, and it starts with improving employee experience (EX). That includes collaborating more with partners outside of the IT organization and investing in specific technology solutions.

Elastic commissioned Forrester Consulting to evaluate how the roles of CIOs and IT leaders have evolved in response to changing market conditions and the steps IT leaders are taking to develop partnerships, strategies and solutions to ensure their business becomes more adaptive and resilient for the future. To explore this topic, Forrester conducted an online survey with 1,000 respondents and interviewed 10 global IT leaders responsible for their organizations' IT and data strategies.

KEY FINDINGS

- › **In the face of the COVID-19 pandemic, enterprises are either striving to keep pace with rapid transformation or struggling to reinvent themselves.** They face falling revenues and disruption to their operations, leading them to conserve resources to operate through the pandemic. Businesses have cut IT budgets as they struggle to transform. Interviewees and survey respondents said reducing IT costs and ensuring that their teams' IT skills are aligned to the digital transformation agenda are now top priorities.
- › **IT leaders recognize that having an adaptive strategy is key to growth and survival in times of disruption.** IT leaders said they realize the optimal response to dealing with uncertainties brought about by the pandemic is for their organizations to become adaptive. Continually evolving and pivoting is the key to becoming resilient, competitive, and scalable in times of disruption.
- › **An adaptive enterprise begins with improving EX, but IT leaders face challenges with policies and procedures.** The focus on employee engagement and expectations to build and sustain organizational resilience has required IT leaders to shift more of their focus and strategy to EX compared to before the pandemic. IT leaders said they believe enabling employees to work flexibly and remotely will improve the business's capacity to adapt. However, providing the right tools, policies, and procedures to support that shift is still in the early stages for many IT leaders, particularly in Europe, where the regulatory environment and labor laws are more complex. Furthermore, while the IT organization as a whole is typically measured on providing the right technologies to improve EX, in many countries few IT leaders are yet to have personal goals to improve company-wide EX.

- › **IT leaders have taken on more responsibilities in new areas of the business and, as a result, find themselves collaborating more closely with a broader set of business partners.** IT leaders are experiencing an evolution and expansion of their roles, as they focus on organizational adaptability and resilience, which starts with employees. This has led to increased collaboration with the chief human resources officer (CHRO) on EX initiatives — but, for an adaptive enterprise to become a reality, organizations need to ensure there is shared accountability between IT and HR leaders.
- › **An adaptive business model must be complemented by the right technology foundation.** Organizations are becoming more adaptive by improving EX through expanding enterprise collaboration tools and investing in cybersecurity, scalable foundations, and remote workforce technology.

An adaptive business model that has employee experience at its core is the key to building business resilience, creating a sustainable competitive advantage, and scaling effectively in times of disruption.

The COVID-19 Pandemic Has Forced Enterprises To Reinvent Themselves

In 2020, IT leaders were put under more pressure than ever before. Pivoting to support an entirely remote workforce and facing increased pressure to shift to digital business models pushed many decision-makers to the edge. In surveying 1,000 global IT leaders (including 420 CIOs), we found that:

- › **The vast majority of businesses remain in survival and maintenance mode.** The majority of IT leaders (92%) reported that their organization is in survival or maintenance mode, meaning they saw steep reductions in demand that led to significant revenue declines, or they experienced some disruption to ongoing operations and are conserving resources to wait out the pandemic. Less than 10% of interviewees and respondents said their business is in growth mode, meaning there is rising demand for its services and products. At a country level, IT leaders in China (21%) and Japan (16%) said their enterprises are in growth mode, while around three in five IT leaders in Europe said their businesses are fighting to survive.
- › **IT and technology budgets have decreased since the beginning of the pandemic.** With costs under greater scrutiny for organizations in survival and maintenance modes, most IT decision-makers have seen their budgets reduced. More than one-third of interviewed or surveyed IT leaders said their organization's IT budget has decreased by 10% or more since the beginning of the pandemic.
- › **IT leaders are prioritizing a shift to digital business and focusing on EX.** The pandemic drastically changed IT leaders' key focus areas and business priorities (see Figure 1). They now prioritize adjusting the speed with which their organization responds to market changes (67%), accelerating a shift to digital business (59%), improving customer experience (54%), focusing on better compliance with regulations (52%), and improving EX (41%).
- › **IT priorities have shifted to align IT skills to the organization's digital transformation agenda while reducing cost.** Acceleration to digital business has become essential now that people cannot engage in person for B2B and B2C models. IT leaders said their most important agenda items are reducing IT costs (78%) and ensuring IT skills are aligned to their organization's digital transformation agenda (77%) to continually support the shift to digital (see Figure 2).



"We used to be in growth mode, and mergers and acquisitions were a big part of our business. But [the COVID-19 pandemic] is part of our world now, and our strategy has changed for the coming years. We're in survival mode right now and, like every company, we are trying to reduce cost."

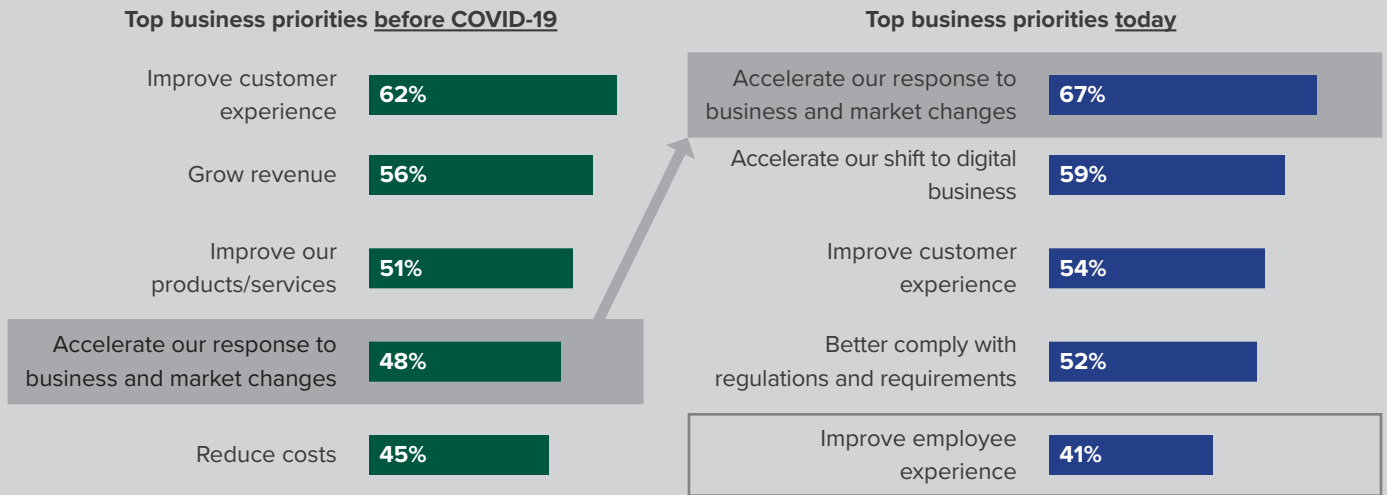
CIO, food and beverages, the Netherlands



More than one-third of IT leaders said their organization's IT budget decreased by more than 10% since the beginning of the pandemic.

Figure 1

“Which of the following initiatives were your organization’s top business priorities before COVID-19, and what are they today?”



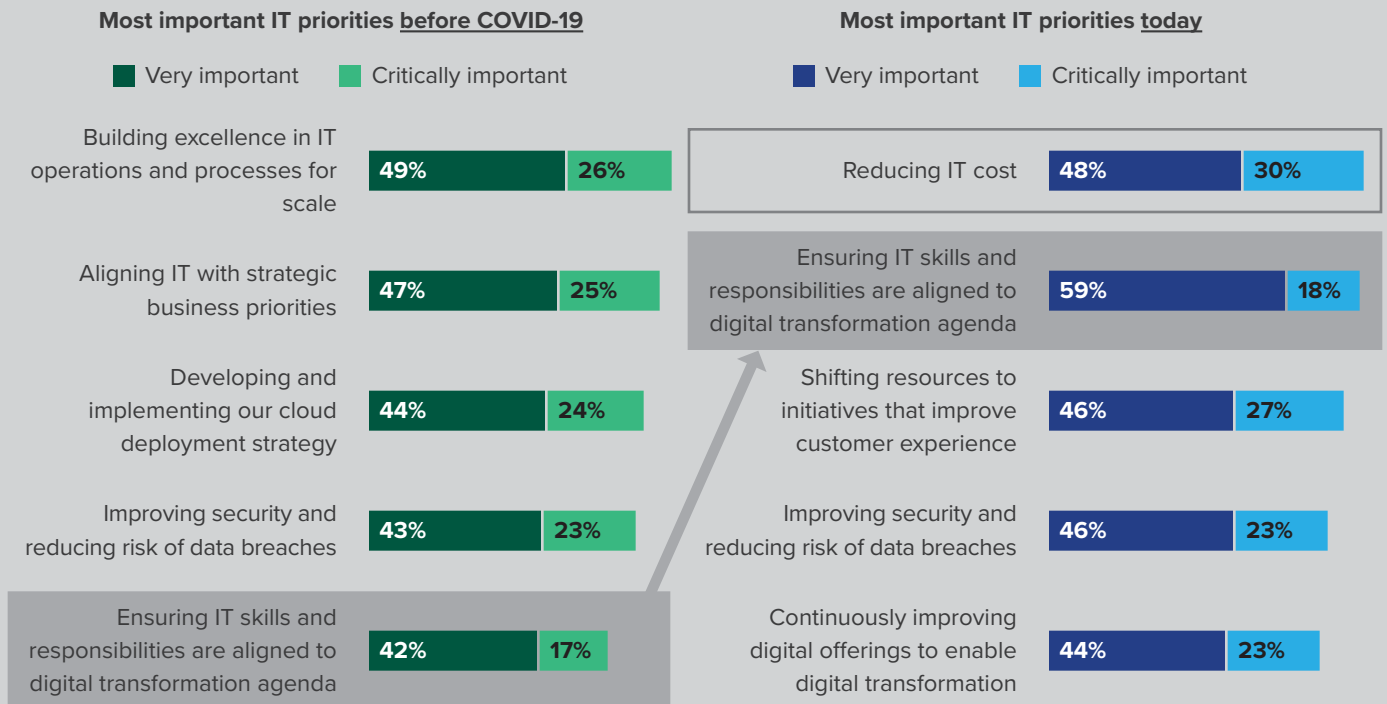
Base: 1,000 global IT leaders and decision-makers

Note: Top 5 responses shown

Source: A commissioned study conducted by Forrester Consulting on behalf of Elastic, February 2021

Figure 2

“How important were each of the following IT priorities to your organization before COVID-19, and how important are the IT priorities to your organization today?”



Base: 1,000 global IT leaders and decision-makers

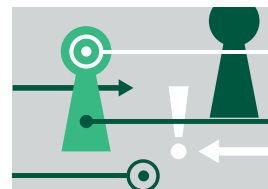
Note: Top 5 responses shown

Source: A commissioned study conducted by Forrester Consulting on behalf of Elastic, February 2021

Becoming An Adaptive Enterprise Is The Key To Thriving In A Post-COVID World

An adaptive enterprise continually flexes, evolves, and pivots in response to rapidly changing customer, competitive, and technology trends.¹ Recognizing that adaptability is the key to building resilience in times of disruption, IT leaders are taking actions to become more adaptive by focusing on EX and leveraging data to be insights-driven. But they still face barriers to succeed.

- › **IT leaders recognize that adaptivity is the key to resilience, competitive advantage, and scale in times of disruption.** When considering the outcomes of becoming an adaptive enterprise, surveyed IT leaders said that the top three benefits are 1) creating a sustainable competitive advantage, 2) sustaining business growth in times of uncertainty and disruption, and 3) scaling more efficiently through technology and automation.
- › **IT leaders face significant barriers as they try to become more adaptive.** Sixty-three percent of surveyed IT leaders said their organizations are evolving data architectures to democratize employee access to data, yet 48% face data-quality issues. A majority (60%) are investing in EX to improve the productivity and performance of a distributed workforce; however, 30% of organizations face internal culture challenges that can create obstacles to EX initiatives. To accelerate the response to market changes, IT leaders are building adaptive business models (59%) and adaptive workforces (49%), yet 40% said their organization still faces challenges with legacy technologies and technical debt (see Figure 3).



“There are quite a lot of legacy technologies in our IT environment. This hinders us from moving at speed and adopting new and emerging technologies that can accelerate our progress.”

CIO, manufacturer, Germany



Figure 3

Key Actions And Barriers To Becoming An Adaptive Enterprise

What are the key actions your organization is taking to accelerate your response to business and market changes?		What are your organization's greatest barriers to becoming an adaptive enterprise?
63% are evolving data architectures to reduce data silos and democratize employee access to data	yet	48% acknowledge they face data quality issues (e.g., data capture, cleansing, integration, governance)
60% are investing in employee experience to improve the productivity and performance of a distributed workforce	yet	30% face internal culture challenges and resistance to change
59% are building an adaptive business model and 49% are developing an adaptive workforce	yet	40% face barriers with legacy technologies and technical debt

Base: 1,000 global IT leaders and decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Elastic, February 2021

An Adaptive Enterprise Starts With Employee-Centricity

The focus on employee engagement and expectations to build and sustain organizational resilience has required IT leaders to shift more of their focus and strategy to EX.

Interviewed or surveyed IT leaders said they believe empowering, inspiring, and enabling employees to work flexibly and remotely will improve the adaptability of their business. While the technology is mostly in place, IT leaders still struggle with policies and procedures. We found that:

- › **IT leaders believe flexible work will improve the adaptability of their business.** A majority (57%) of surveyed IT leaders said they believe that enabling employees to work flexibly and remotely will improve the adaptability of their organization. Yet, with very few (13%) personally goaled on providing the right technology to improve company-wide EX, this has the potential to create a gap in accountability and the risk of misalignment on strategy.
- › **IT leaders recognize the need to empower, inspire, and enable employees through technology.** IT leaders said empowering employees with the right environment where employees can be productive (77%), inspiring them with mechanisms for feedback (70%), and offering technology that enables collaboration (77%) and productivity (76%) are the most important EX considerations.
- › **IT leaders are under great pressure to provide the right tools, policies, procedures, and change management to support a remote workforce.** As employees develop the skills and preferences for effective remote work, they will expect an anywhere-work strategy from their company rather than an exception- driven, remote-work policy. This will require a mature EX strategy supported by the right technology and systems of support. And yet, globally, only 40% of surveyed IT leaders said their organization has the right tools (collaboration tools, for example), policies (such as giving guidance to employees on remote work eligibility), and procedures (establishing safe procedures to return to the office, for example) to support a remote workforce, and just 53% said their organization provides training to effectively manage a distributed workforce. In addition, nearly half (49%) of IT leaders said they believe they need talent with the ability to foster change in the IT organization to support a remote workforce (see Figure 4).



57% of IT leaders believe that enabling employees to work flexibly and remotely will improve the adaptiveness of their organization.

Figure 4

“Please rate the extent to which you agree with the following statements regarding a remote and distributed workforce.”

	Total	North America	United Kingdom	France	Germany	Netherlands	India	Japan	China	Australia	Singapore
We have the right tools, policies, and procedures to support a remote workforce and flexible work arrangements.	40%	50%	32%	35%	26%	35%	48%	40%	43%	47%	45%
We provide training for managers to effectively manage a distributed workforce and oversee the well-being of their teams.	53%	63%	59%	45%	47%	36%	49%	56%	58%	58%	59%
To support a shift to remote work, we need talent with the ability to foster change management in the IT organization.	49%	47%	42%	47%	43%	59%	53%	42%	48%	51%	60%

Base: 1,000 global IT leaders and decision-makers

Note: Showing “Agree” and “Strongly agree”

Source: A commissioned study conducted by Forrester Consulting on behalf of Elastic, February 2021

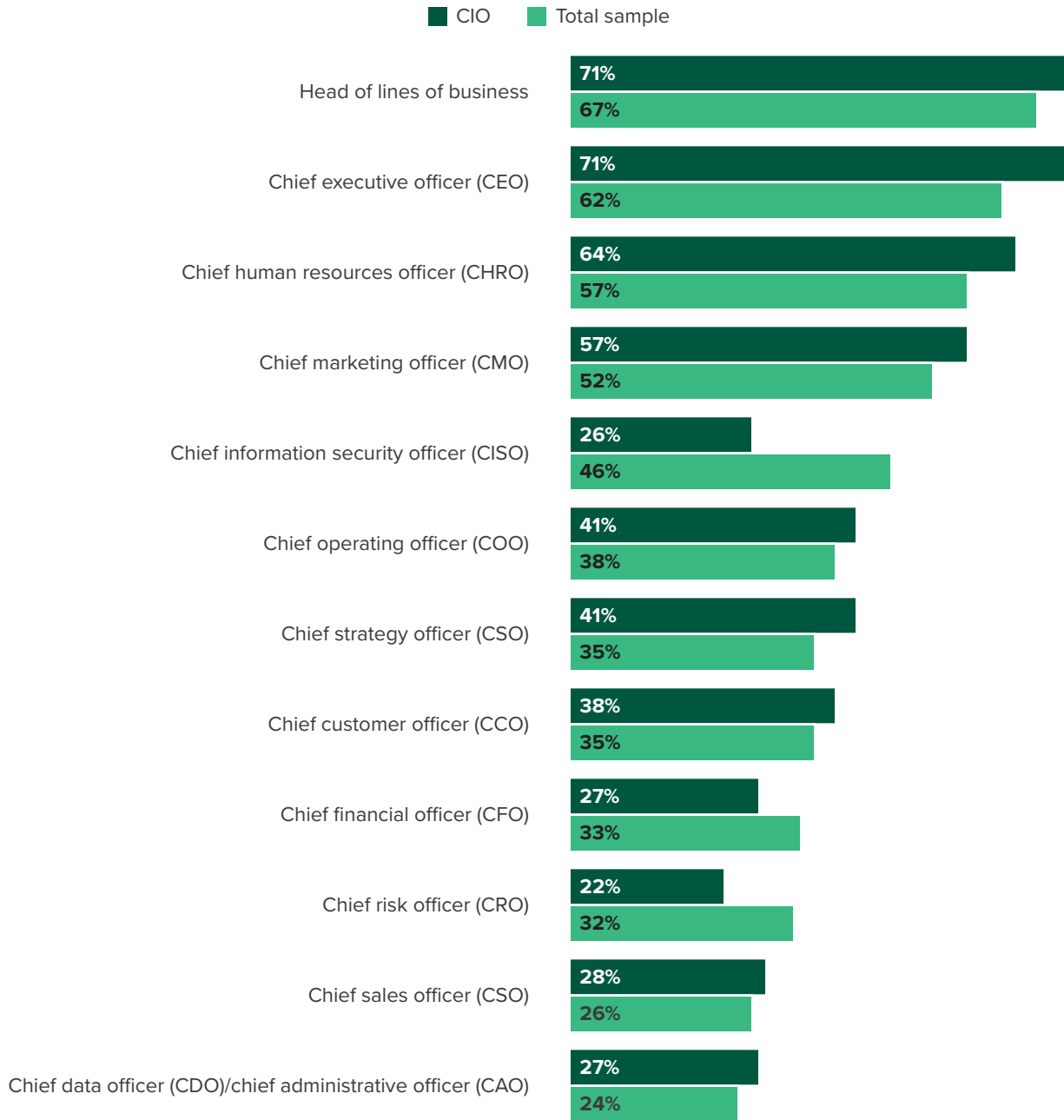
IT Leaders Must Extend Influence Across The Organization To Drive Adaptive Change

To improve business resilience and support a distributed and remote workforce, IT leaders are taking on greater responsibilities in new areas of the business and collaborating with a broader representation of business partners. This is defining a new, future fit IT leader.

- › **IT leaders have increased responsibilities to build an adaptive business and drive EX.** IT leaders are taking on more responsibility in setting up adaptive practices in their organizations’ transformations. Since the beginning of the pandemic, 36% of IT leaders have experienced a significant increase in responsibility for setting up adaptive business practices. Other areas of significant change include responsibility for EX and engagement (28%) and employee well-being (29%).
- › **As a result, IT leaders are now working closer with a broader representation of business partners outside the IT organization.** In response to business and market changes, nearly three in five surveyed IT leaders said they now collaborate with new business partners (e.g., CEOs, heads of business lines, CHROs) they did not previously work with before the pandemic (see Figure 5).

Figure 5

“Which business partners do you work more with now?”



Base: 711 global IT leaders and decision-makers; 309 global CIOs
Source: A commissioned study conducted by Forrester Consulting on behalf of Elastic, February 2021

- › **CHROs are key collaborators with IT to drive employee initiatives, but there is a gap in accountability.** Sixty-four percent of surveyed IT leaders said they often collaborated or worked closely with CHROs on EX initiatives prior to the pandemic. Today, more than 80% of IT leaders often collaborate or work closely with CHROs. However, 64% of IT leaders said they do not have shared goals and KPIs with HR leaders, which leaves a gap in accountability. There needs to be shared accountability for an adaptive enterprise to become a reality.
- › **Being adaptive, proactive, and strategic are the key traits of the future fit IT leader.** The future fit IT leader needs to be adaptive and able to respond with agility in fast-changing conditions. They should have the ability to see what is and what isn't working in the business, and they should work to proactively deliver a better experience for end-users and to encompass a broad strategic view of the organization to understand technology-related opportunities.
- › **IT leaders do not currently prioritize empathy, revealing a potential gap for the future.** This study shows that IT leaders are taking a greater role in collaborating with other business partners across their organizations to make user-centric decisions (for example., employee and customer experience). However, surveyed IT leaders did not consider being an empathetic leader to be a top trait of a future fit IT leader (see Figure 6). For the future, driving a successful adaptive transformation will require IT leaders to become more people-centric in their technology decisions, and that will require an empathetic view from the IT leader.

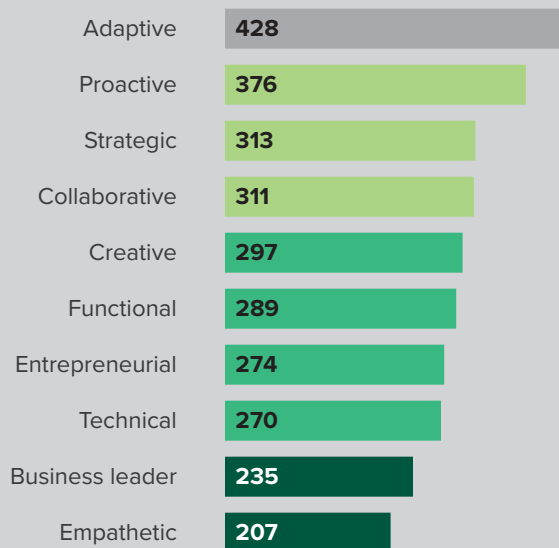
“Before [the COVID-19 pandemic], IT and the business were isolated and siloed. Now, the relationship has improved, and there is greater collaboration across all business functions. IT support is streamlined to accelerate digital transformation, and we have built a clear vision to work on common business strategies.”

CIO, healthcare, Japan



Figure 6

“What do you consider to be the most important traits of a future fit IT leader?”



Base: 1,000 global IT leaders and decision-makers

Note: Respondents chose top 3 traits

Source: A commissioned study conducted by Forrester Consulting on behalf of Elastic, February 2021



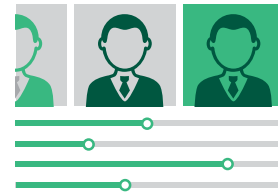
A future fit IT leader needs to be adaptive and be able to respond with agility in fast-changing conditions.

Establish The Right Technology Foundation For Adaptability

Becoming an adaptive enterprise depends on IT leaders' ability to put capabilities and solutions in place that are purpose-built for agility, flexibility and change and that enable and empower employees to work and live resiliently. Enterprises need specific technology solutions to manage EX, and decision-makers must think about the totality of the solutions that maximize productivity.

Several key technologies will be critical for adaptability. These include:

- › **A secure and scalable technology foundation.** To become more adaptive, interviewed or surveyed IT leaders said they are planning to invest in or expand their organization's use of cybersecurity (73%) and "as-a-service" platforms that offer flexibility and scalability, such as software-as-a-service (66%) and infrastructure-as-a-service (56%).
- › **Digital experience platforms.** IT leaders are focusing on implementing digital experience platforms (69%) to improve their organizations' abilities to serve customers through digital channels. There is a rapid pivot to digital channels in North America, where 82% of IT leaders plan to invest in or expand the use of their organization's digital experience platforms.
- › **Enterprise collaboration and self-serve tools.** More than one in three interviewees or respondents said their organization is expanding enterprise collaboration technologies to enable employee productivity. To support a distributed and flexible workforce, 41% of IT leaders said they are implementing and/or expanding the use of self-service tools that enable employees to get answers and help — anytime and anywhere (see Figure 7).
- › **Employee well-being technologies.** Software solutions that address physical, mental and spiritual employee needs are emerging, and need to be deployed more broadly. Globally, just thirty-seven percent of IT leaders said they are implementing or expanding employee well-being tools such as wellness and meditation applications. Employee mental health and well-being support are critical elements of any business continuity plan; without it, organizations risk a compounded impact on employee health, productivity, and retention.



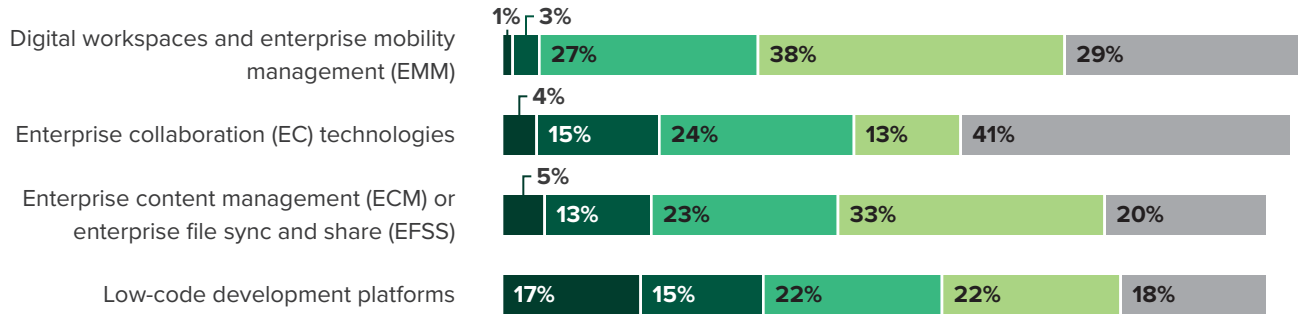
More than 1 in 3 IT leaders said their organization is expanding enterprise collaboration technologies to enable employee productivity.

Figure 7

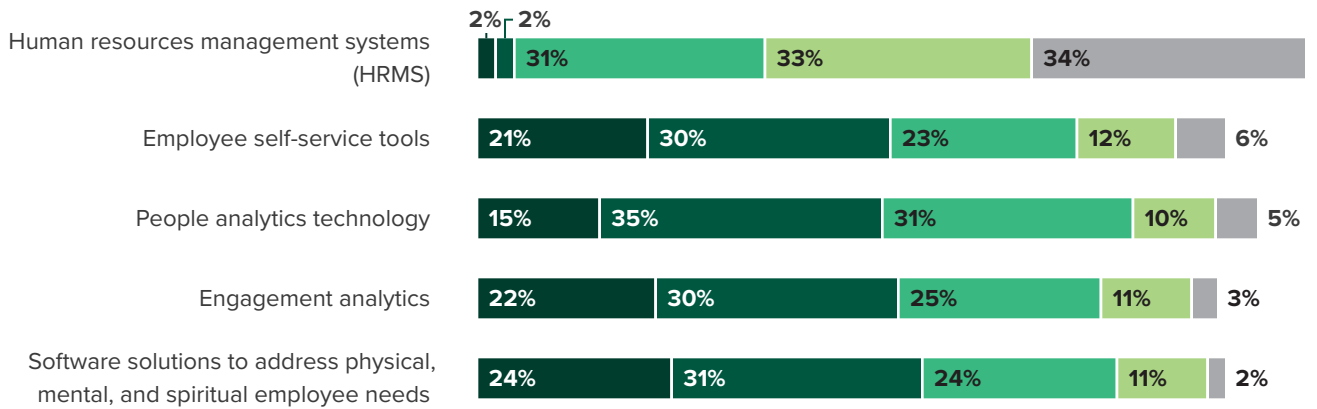
“What are your organization’s plans to adopt the following types of IT systems to support the employee experience?”

- Interested, but no immediate plans to implement
- Planning to implement in the next 12 months
- Implementing
- Implemented, but no immediate plans to expand
- Implemented and currently expanding

Systems of work



Systems of support



Base: 1,000 global IT leaders and decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Elastic, February 2021

Key Recommendations

The COVID-19 pandemic has driven IT leaders to make changes and shifts they previously thought were impossible. From accelerating digital transformations to pivoting to entirely new business models, leaders have had to adapt like never before. IT leaders need to act now, and their decisions — whether related to people or technology — will either accelerate or impede their organizations' resilience.

Forrester's in-depth survey of global IT leaders yielded several important recommendations for IT leaders to consider when improving the adaptivity of their organizations for greater resilience. These include:



Be empathetic and place people at the heart of decisions. Develop an empathetic mindset to truly understand employee aspirations and needs on a work, personal, and wellness level. IT leaders should also adopt an empathetic view when attracting and retaining talent within their own IT organizations. As many workforces stay remote, IT leaders will need to compete more fiercely for talent.



Align business and employee outcomes to shared goals and KPIs with other business leaders. IT leaders must forge new relationships across the business and evolve their roles to succeed. By aligning shared goals and KPIs with other business leaders, IT leaders will be able to accelerate collaboration and change within their organizations.



Enable insights-driven decision-making organization wide. Insights are the new currency, and they are foundational for adaptive enterprises. IT leaders need to evolve data architectures and democratize employee access to data for insights-driven decision-making. Enterprises that build mature, insights-driven business disciplines can quickly turn data into actions and measure the effectiveness of these actions across both operational and customer-facing functions.



Invest in technology platforms based on open and flexible architecture. Start with foundational cloud technologies that have advanced security and analytics capabilities. Having an open, cloud-native architecture with functional modules can help a business quickly respond to evolving market changes and support new business models.



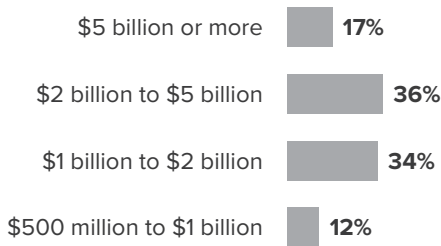
Partner with vendors that offer flexibility and speed. IT leaders should seek out valuable partnerships with vendors that offer price flexibility that can be scaled up or down without cost pressure. To become more adaptive and resilient to change, IT leaders should partner with vendors that can support fast time-to-market by rapidly deploying solutions.

Appendix A: Methodology

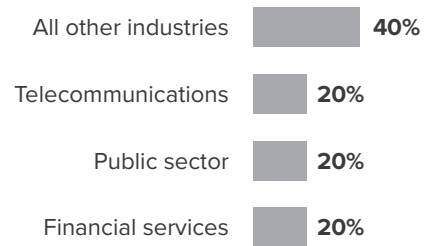
In this study, Forrester conducted an online survey with 1,000 respondents and 10 interviews with IT leaders in Australia, China, France, Germany, India, Japan, the Netherlands, North America, Singapore, and the United Kingdom. Survey participants included global IT decision-makers who are responsible for their organization's IT and data strategy. At least 40% are CIOs. Questions provided to the participants asked about the impact of the COVID-19 pandemic on their business, how they are supporting EX, how their role as an IT leader has evolved, and future technology investment areas. Respondents were offered a small incentive as a thank you for the time spent on the survey. The study began in January 2021 and was completed in February 2021.

Appendix B: Demographics

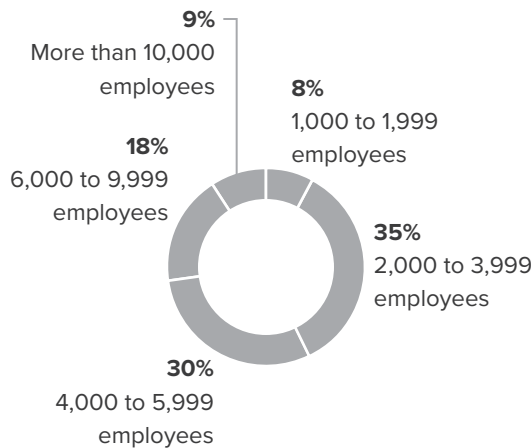
COMPANY REVENUE



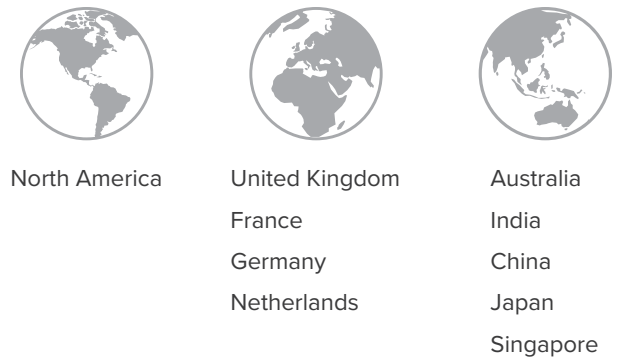
INDUSTRY



COMPANY SIZE



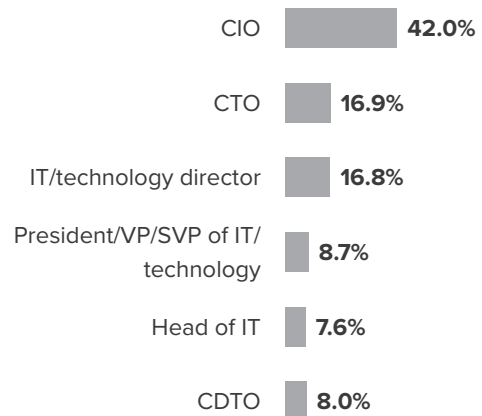
REGIONS (N=100 EACH)



LEVEL OF RESPONSIBILITY



RESPONDENT ROLE



Base: 1,000 global IT leaders and decision-makers
 Note: Percentages may not total 100 because of rounding.
 Source: A commissioned study conducted by Forrester Consulting on behalf of Elastic, February 2021

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

“Future Fit Technology Strategies Require A New Approach To Making Investment Decisions,” Forrester Research, Inc., March 16, 2021

“Center Your COVID-19 Business Recovery Planning Around Employee Understanding,” Forrester Research, Inc., June 17, 2020

“Essential Technology Solutions For Pandemic Management,” Forrester Research, Inc., May 19, 2020

“Case Study: Haier Builds An Adaptive Enterprise,” Forrester Research, Inc., June 12, 2020

“Predictions 2021: Employee Experience,” Forrester Research, Inc., October 29, 2020

“Invest Now: Build A Resilient Workforce By Prioritizing Employee Mental Health,” Forrester Research, Inc., March 15, 2021

Appendix D: Endnotes

¹ Source: “Your Future Fit Technology Strategy: Adaptive, Creative, And Resilient,” Forrester Research, Inc., October 14, 2020