



# 2021 Global Managed Services Report

Helping you thrive through change



# Foreword

**Organizations' demand for unprecedented agility has accelerated, and adaptable technology services have become ever more important in meeting this.**

Our 2021 Global Managed Services Report highlights that while the pandemic has certainly brought about huge change for many, enterprises have and will continue to broaden their investments in digital transformation in spite of what has happened, not because of it.

Events of the past year have galvanized organizations to rethink strategic priorities, change business models and adopt new ways of

working at a rate and scale we've never seen. At NTT, we stood up services for our **40,000-strong** team in unprecedented timescales to adapt to the COVID environment. Our clients experienced the same need for agility and modernization as technology services were catapulted to the forefront of the business agenda.

We're seeing many brave businesses go beyond simply 'getting by'; they remain highly adaptable and open to new possibilities. They have strategies in place to respond in a planned, successful and sustained manner to volatile circumstances.

These organizations consider trusted partners who understand their business, as well as the technology and processes underpinning it, central to their success. A partner that can

integrate and secure agile technology solutions that are optimized and innovative, is paramount to help you thrive through change. As we've discovered, the more an organization collaborates with service providers, the more inclined they are to be bold. They'll pivot their focus to take advantage of opportunities in their market, ensuring their continued success and longevity.



**Damian Skendrovic**  
Executive Vice President,  
Managed Services  
Go-to-market, NTT Ltd.

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# Executive Summary



Improved agility is one of the leading outcomes from digital transformation acceleration. Yet our research identifies a gap in how IT and the business prioritize it. Delivering greater speed and agility as part of an organization's digital strategy requires greater alignment, enhanced communication and better understanding between IT and the business.

**87.3% agree COVID-19 has accelerated their digital transformation strategy**

Organizations across all industries have re-evaluated their priorities to strengthen their resilience. Changes to operating processes have been extreme and for a considerable number, IT has become more aligned with business priorities. This in turn has led to an acceleration of digital transformation strategies.

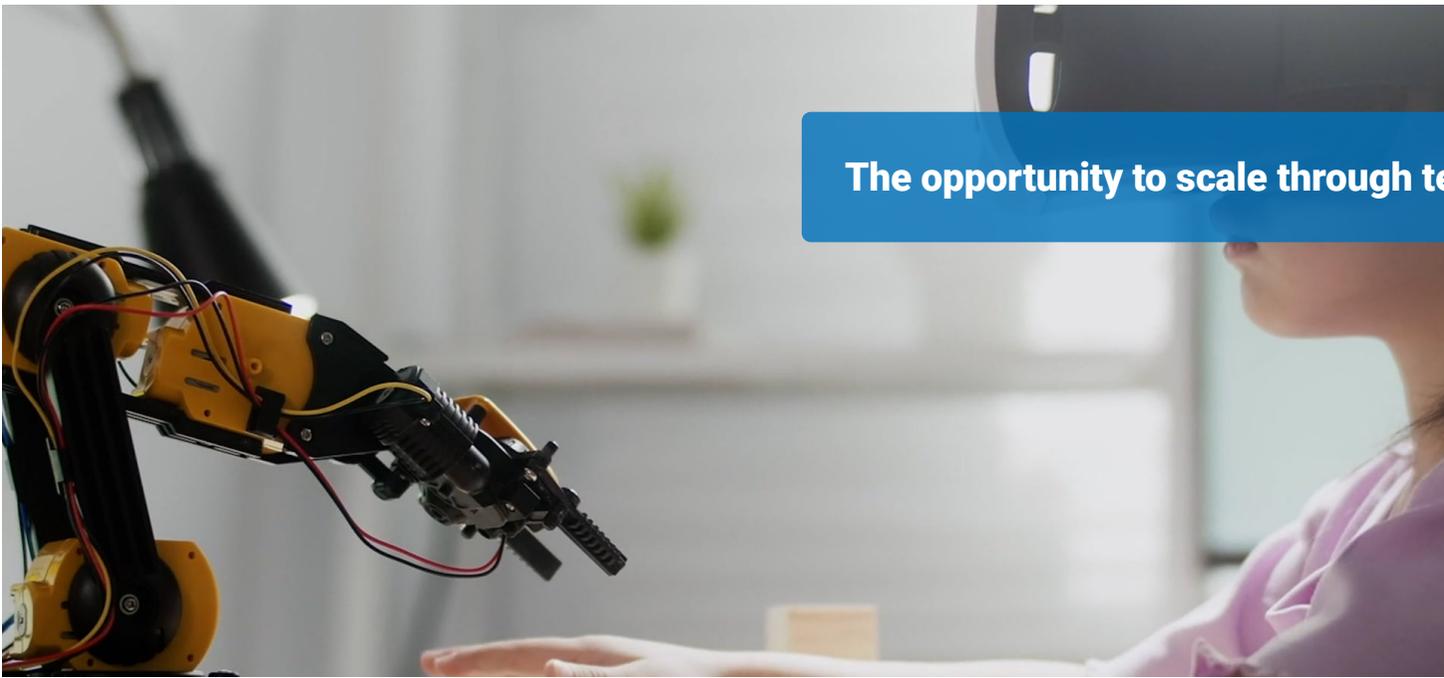
**89.2% of business and IT leaders agree COVID-19 has caused significant changes to their operating processes**



**87.3%**

**89.2%**





**The opportunity to scale through technology is evident.**

Emerging technologies delivered through hybrid IT environments have helped enable a distributed workforce. Innovative technologies such as the Internet of Things (IoT), Artificial Intelligence (AI) and Machine Learning (ML) have also helped organizations access a wider range of markets and extend their reach to new customers.

**Speed and agility as a core component of technology strategy is most strongly supported by operational teams (69.6% say it's very important), while just 53.4% of IT teams agree the same**



whilst just



of operational teams say it's very important

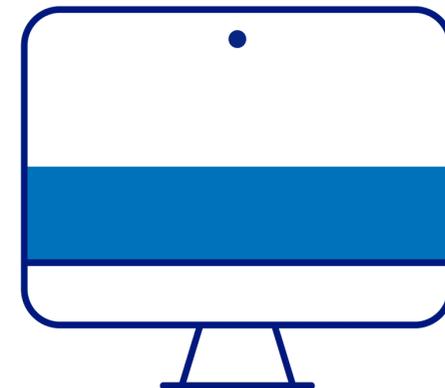
of IT teams agree the same



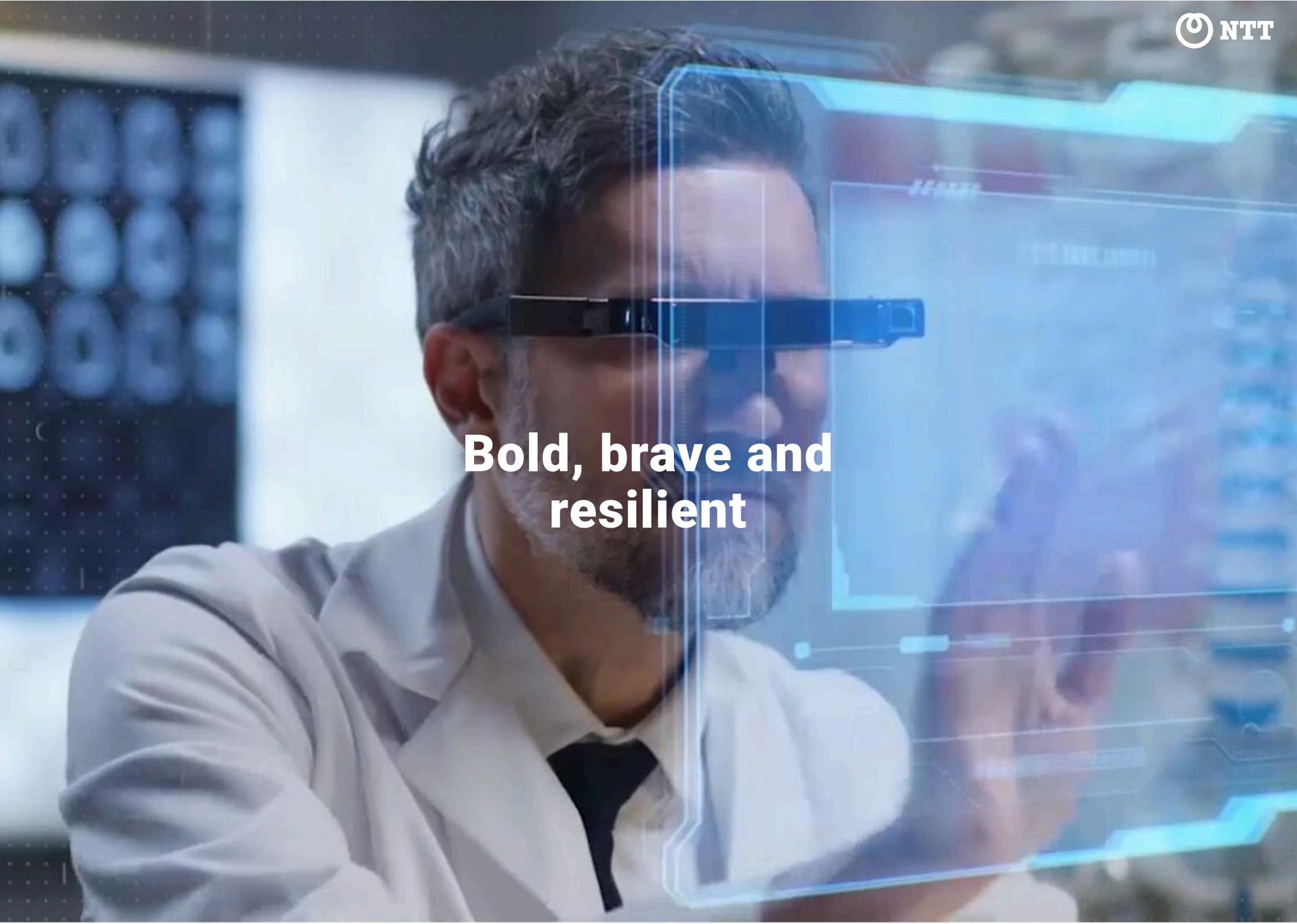
**Finally, organizations highly value the role trusted service providers play as part of enabling their technology strategy.**

**33.8% of organizations have pivoted technology focus to take advantage of the market opportunity or ability to scale.**

They regard them as the most essential component after security. This is particularly true of providers taking a consulting-led approach to deliver business outcomes and execute on core priorities. Crucially, a consulting-led approach should take organizations on a complete journey, from strategy and discovery through to delivery of technologies and services; forming a long-term relationship that will evolve and grow.



**33.8%**



**Bold, brave and  
resilient**



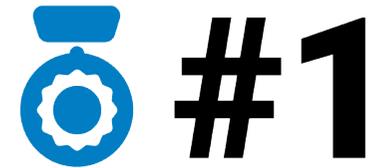
# Bold, brave and resilient

Unexpected events have caused many organizations to focus on becoming more resilient, often through cost optimization and greater efficiencies. However, some are taking a different approach; to achieve resilience through bravery, boldness and ambition.

These organizations are building business resilience through calculated risk-taking. They're investing in and deploying innovative technologies to support new processes, products and services that exceed their customers' and employees' expectations.

And the more they partner with a service provider to consult upon, strategize, manage and innovate all aspects of their transformation journey, the more likely they're able to pivot focus to take advantage of new market opportunities.

From our research, those organizations who consider service providers to be an important part of their strategy are also much more likely to be successful and considered 'leaders'. Of those who think trusted service providers are not very important, or not at all important, only **2.0%** are 'leaders', while **62.0%** are 'laggards'.



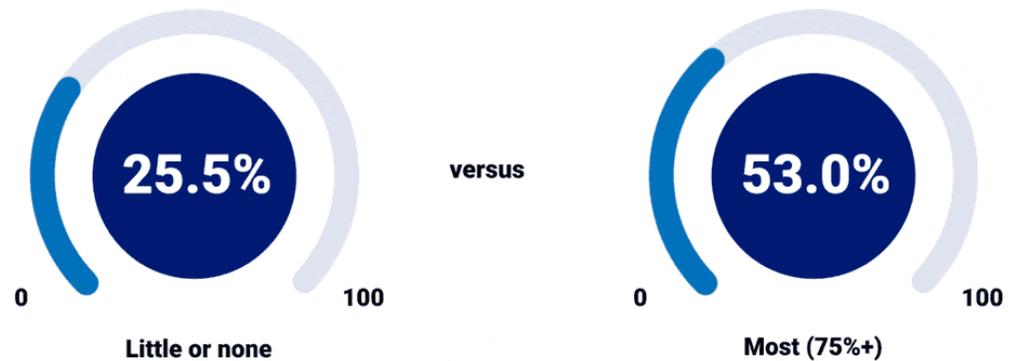
**business driver for CEOs in the coming 18 months (outside of COVID-19) is improving agility and the business ability to respond to change.**



**41.7% of organizations who have at least three-quarters of their IT currently managed by third parties have pivoted technology focus to take advantage of the market opportunity or ability to scale.**

This compares to those who have little to none of their IT managed by third parties where only **25.7%** have pivoted technology focus.

### MSP usage\*



% of organizations able to pivot and take advantage of the market opportunity.

\*MSP = Managed Services Provider



## Efficiency through stronger alignment

Bold organizations seeking continual improvement, through accelerated digital business initiatives and modernized technologies, drive greater agility and efficiency. This is due to stronger alignment and understanding between IT and the business, as well as vocal support from CEOs. Over two thirds (**68.8%**) are interested in driving improved IT service delivery - more than any other group.



agree (**49.2% strongly**) that enabling **business efficiency** is a key driver to their technology strategy

The global pandemic has forced the issue of IT and business alignment into the limelight. IT teams have become more responsive to organizational demands and thus more collaborative with business teams to ensure continuity; as well as being able to lay the platform for greater innovation. Similarly, it has forced business stakeholders to fast-track and approve services and solutions already held by IT to a far wider audience.



of technology teams agree their overall **technology strategy is aligned** (either fully or partially) **to the organization's business strategy needs**

**To help create even stronger alignment between the business and IT, service providers play a major role.**



Two top factors cited in our research as most challenging in gaining full alignment in technology strategy are a lack of skills and resources to drive development initiatives, along with a lack of understanding on solution needs between business functions. These are both areas organizations cite as motivators for working with a service provider.

Service providers also ensure priorities such as business efficiency, speed and agility are aligned and addressed, helping organizations pivot and take advantage of new opportunities as they arise. This is done through their insightful recommendations, driving the use of the latest technology services, as well as an approach to co-innovation that sees the transfer of knowledge and learning to the organization.

Being agile is vital if business outcomes are to be achieved. In line with the huge focus on enabling employees, improved employee experience was cited in our research as the top outcome achieved over the last 12 months as a result of digital transformation.

## **Top five recent outcomes from digital transformation/ technology strategy**

-  **Improved employee experience**
-  **Agile reaction / support of COVID-19 challenges**
-  **Reduction in cost**
-  **Improved sustainability**
-  **Improved business profitability**

In the last 12 months, which, if any, of the following were outcomes from your digital transformation/technology strategy? n = 1350

## Innovation as a differentiator

With digital transformation accelerating and operational processes going through significant change, organizational strategy relies heavily on IT to enable it. And not just to keep the business running, but to maximize innovation – which is reflected in our research. As part of a modern technology strategy, the organizations we spoke to are calling upon IT to deliver in new and innovative ways. They want to utilize trusted partners to maintain relevance and build greater competitiveness in a fast-paced market.

### Top five focus areas essential to an organization's modern technology strategy



Those at a well-advanced or optimized stage of digital transformation are **41.3%** more likely to see the value of innovation. And for organizations to be in the strongest position to deliver tangible value from innovation projects, the data suggests they should consider a platform-based approach through a trusted partner.

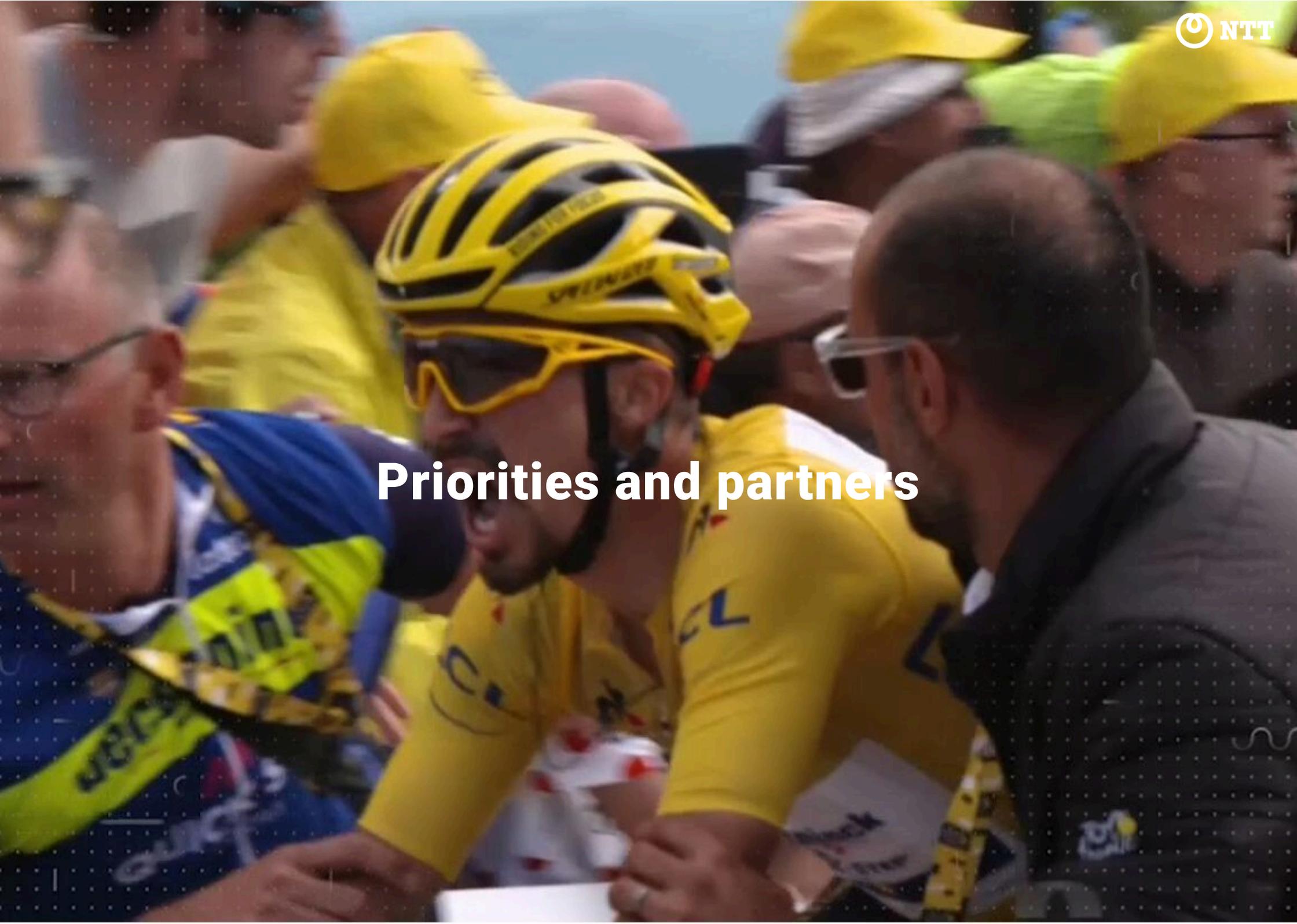
A platform approach supports innovation by offering greater agility and faster product development. For example, a service provider leveraging API-driven platforms brings a new level of connectivity and data sharing to multiple applications, regardless of their platforms, data structures, and underlying technologies.

Through their skills and resources, a trusted service provider will manage the complexity of multi-vendor environments, creating efficiency and optimization gains. However, to create further value, they should offer consulting skills to support an organization's evolution on these platforms and significantly advance their innovation agenda. This frees up time, capacity and resources to co-innovate and transfer knowledge and learnings to drive growth.

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How important are the following to your organization's technology strategy? n = 1350

# Priorities and partners





# Priorities and partners

The opportunity to further advance digital strategy and capabilities is clear for both organizations and their people. And while our research highlights greater alignment between IT and the business to enable this, improvements can be made. The same holds true for organizing priorities, improving communication and the execution of the digital strategy to ensure the process is optimized, secure and with innovation at the core.

## Priority alignment

**IT teams require a holistic understanding of the organization to drive successful outcomes.**

IT teams require a holistic understanding of the organization to drive successful outcomes. Coupled with this, business stakeholders should have a greater understanding of the role of technology in delivering better services to customers and employees. Increasingly, they're the ones holding the budgets for further technology initiatives. For CIOs and their teams, this requires deeper listening, understanding and engagement to support line of business requirements.

This drive for alignment introduces further challenges for CIOs and their teams. They need to advance and remain at the forefront of developing services and delivering business outcomes. Some CIOs recognize they can't 'hope' to keep up with the challenges of having an IT team merely focused on maintaining infrastructure. They're exploring trusted service providers to employ 'smart sourcing' strategies. This involves the selection and prioritization of service providers who go above and beyond the delivery of tactical IT solutions. It's about nurturing long-lasting relationships with providers that deliver business outcomes aligned to the goals of the entire organization, and not simply those of IT.

IT and business teams need to build a better understanding of each other's priorities, as well as the speed and direction in which both move

## Disconnects in technology strategy deliverables

The need for a technology strategy that drives **business efficiency opportunities** is seen as crucial by 69.6% of operational teams



Yet only **48.0%** of IT teams say the same

The requirement for **speed and agility** as a key component of technology strategy is agreed upon most by 69.6% of operational teams



Only **53.4%** of IT teams agree same

Despite stronger alignment between the business and IT, some disconnect in priorities exists; this requires better understanding and synchronization between the two. With almost every organization agreeing the pandemic has accelerated their focus, a strategic review of priorities arising in reaction to, and then post- the pandemic, is much needed. A consulting-led approach identifies this at the outset of transformation initiatives to ensure greater alignment.



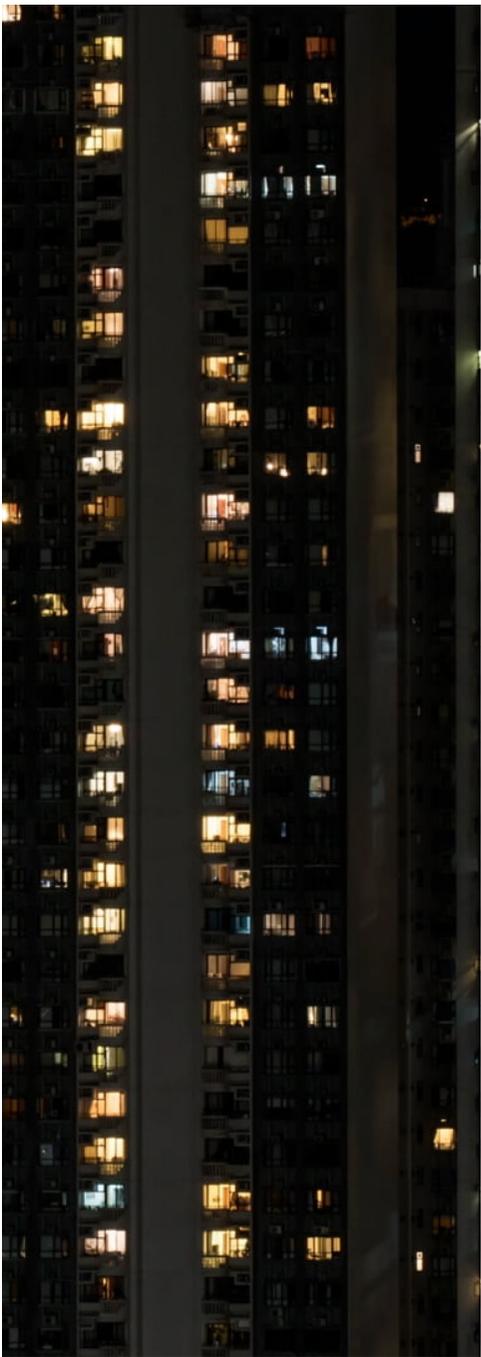
## Partners critical to secure digitization advancement

Aligning priorities helps plug the gap across line of business silos. In turn, it creates enhanced employee engagement and ultimately, deeper customer satisfaction and a more sustainable business. Yet, integrating and securing these gaps in light of increased governance and compliance regulations is still a job many IT teams grapple with. Organizations we spoke to in our research highlight ‘improved security’ and ‘improved system integration skills’ as two of the top three motivators for working with a service provider.

Security considerations have also dramatically increased, with **82.0%** of organizations saying cybersecurity risks have increased in the last six months. As many made the move to a distributed workforce model, their people working from anywhere and accessing services and applications needed to perform their roles, the attack surface has increased. This has brought cloud security and the skills and understanding needed to implement it, to the forefront of demand.

## Top ten benefits of working with a managed services provider

- |   |  |
|---|--|
|  Improved security                                     |  Faster completion of projects                    |
|  More flexibility/agility                            |  Reduced costs                                  |
|  Improved system integration skills                  |  Improved implementation/<br>project management |
|  Access to the best technical/<br>industry expertise |  Improved service delivery                      |
|  Scalability   |  Experience in focus<br>areas                   |



**58.4%** of CEOs say digitization (including process automation) is crucial to the organization's technology strategy. To address this, there's now greater acknowledgment and understanding of the role service providers play in the secure delivery of an organization's infrastructure and processes. Helping to consult on, architect and monitor environments, which in turn reduces the day-to-day burden of compliance and security on IT.

**Organizations partnering with service providers for over half of their IT support are almost 50% more likely to have optimized their digital transformation.**

**Those using third parties to manage over 50% of an organization's IT needs have risen from 25.0% to 37.6% (50.4% rise).**



Service providers also help organizations manage and innovate components of their transformation journey, particularly the complexities of hybrid environments. This allows for more time to focus on high-value tasks and strategic business priorities.



With more IT being placed into the hands of service providers; organizations want more than a technology transaction you'd expect to find in a traditional outsourcing relationship. They want to leverage the provider's expertise and experience to deliver a service outcome. And what's more, that service outcome needs to be aligned with and measured against the business outcomes specified in the organizational strategy.

While digital transformation is accelerating, just **20.6%** of transformation efforts are optimized. While organizations in a 'digitally-optimized' state manage more solutions from more partners, they experience improved outcomes such as better performance and increased cost optimization. They're willing to spend more time on their service provider relationships, developing smart sourcing partnerships to ensure the successful implementation of solutions and services to achieve their transformation goals.

The skills of a trusted service provider are invaluable to ensure optimal and secure deployment of services and solutions. Importantly, the approach needs to be consulting-led, which is as much about providing deep insights into how organizations optimize and improve their IT infrastructure, as it is about listening to and understanding the organization's business and technology strategies. And with a trend highlighting more organizations using third parties to manage their IT needs, a smart sourcing approach ensures the delivery of business outcomes; not simply point IT solutions and headcount.

**92.2% of organizations agree that a trusted technology partner is a key foundation for technology strategies.**

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**73.1%**

### Case Study

**[Lemon Way](#) - From fintech start-up to leading online payment platform.**

Find out how Lemon Way expanded its services. It's longstanding relationship with us enabled them to scale their business and accelerate into new markets across Europe.

[READ MORE](#) —



**LEMONWAY**

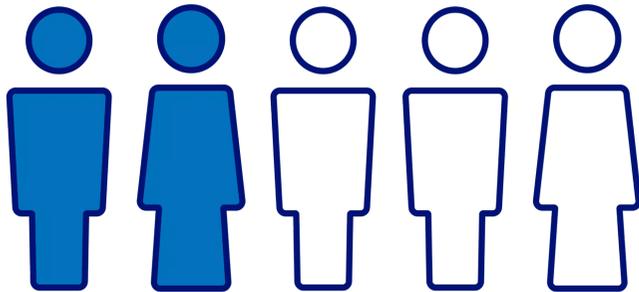


**Present needs, future  
delivery – at speed**

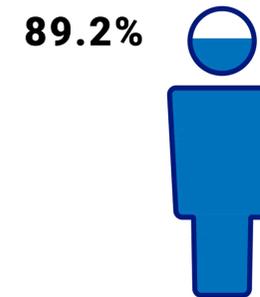
# Present needs, future delivery – at speed

How do organizations juggle immediate business needs versus future investment? There's a need to balance cost to maintain the status quo, while also investing in technology and process modernization to capture opportunities to scale and evolve. The pandemic has made this conundrum even more evident for CIOs. Who's bold enough to direct budget towards innovation and future sustainability?

**Only 2 in 5 strongly believe they have the optimized solutions available to meet the organization's immediate objectives.**



**89.2% of business and IT leaders agree COVID-19 has caused significant changes to their operating processes.**



While digital transformation has accelerated and operating models significantly altered, many organizations realize their current technology is not fit for purpose. Business leaders don't believe they have the right platforms and services in place to deliver against future business needs, a result of misaligned priorities between IT and the business. The ability to deliver against what the business needs - resiliency, efficiency and agility - is then compromised.

Our research revealed rapid change has been forced onto IT teams. And while business stakeholders expect to exercise a degree of agility in execution – IT isn't enabled to support with the underlying technology or infrastructure. They're saddled with managing their own challenges. From managing vendor complexity, which further extends to integrating disparate systems, along with emerging technologies and legacy infrastructure; through to budget constraints and a lack of skills to keep pace with business demands.

## Platform automation

Platform automation is a significant opportunity for organizations to manage present needs and future delivery. From enabling greater agility to meet customer expectations and the rapid development and deployment of new technologies, through to cost optimization and the delivery of continuous improvement across the business.

Ensuring less dependency on physical presence, a platform-based approach means IT teams can step away from technology infrastructure administration, as well as the complexities of a hybrid environment and multiple vendors. Instead, they can focus on gaining a better understanding of what the business needs, developing areas for competitive differentiation and drive a more sustainable, improved and optimized business.

**'One of the biggest benefits derived from platform automation is data.'**

With so much sitting across organizations, the opportunity to capture, store and analyze data to establish a single source of truth, and thus enable process improvement and cost optimization, is huge. Of course, tackling an entire data architecture would be a gargantuan effort. Not to mention risky if elements of the business are reliant upon certain business functions being up and running with no margin for error. Instead, taking an iterative approach with specific business use cases (finance workflows for example), enables data to be used in a way that brings new applications to life quickly with maximum impact, yet at a considered pace.



## Organizations further advanced in digital transformation:



**Spend more time on software development** and developing new technologies and workflows to support evolving business objectives.



**Allow more focus on vendor/contract management**, as the number of vendor partnerships are also shown to grow in line with an organization's digital transformation journey.

Investing time with a service provider offering platform automation enables organizations to take advantage of their partner's digitization, knowledge and innovation, while also understanding how to integrate into their existing processes in a hybrid environment.

**A [platform approach](#) allows service providers to discover, configure, integrate and manage services across multiple applications and technology partners.**

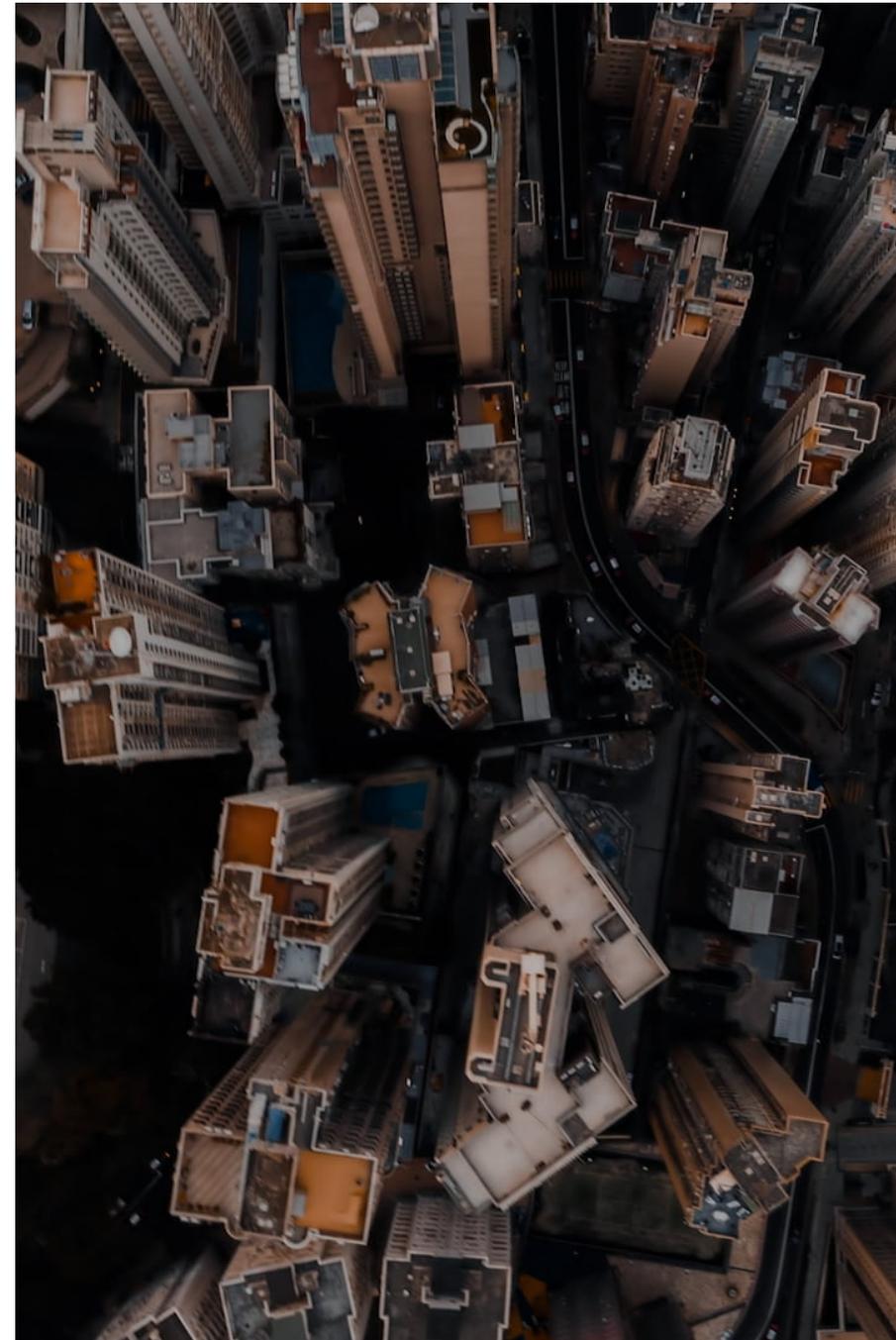
This provides organizations with both innovative and optimized service outcomes to achieve their business goals. For example, a service provider offering a service integration layer as part of a platform-based approach can decouple workloads from underlying IT operations. This enables all the complex functions common to workloads to be provided as a service and create greater value.

#### Case Study

#### [Thrifty](#) - investing in a zero-downtime release process

Find out how Thrifty saw a 12-fold increase in application releases, as well as how continuous evolution, reliability and mission-critical system availability allowed them to offer a superior quality of commercial and private rental services.

[READ MORE](#) —



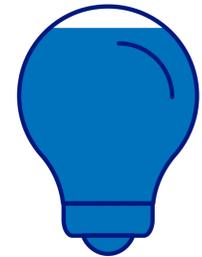


**More than nine in 10 (91.7%) business and technology leaders surveyed agreed that emerging technologies (IoT, AI and ML) are important to their organization's technology strategy.**

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#### **Emerging technologies**

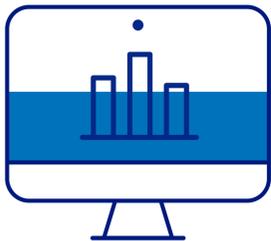
Enterprises are implementing emerging technologies to increase efficiency, reduce costs, and develop market-leading products and services. The data and insights gleaned from these technologies helps not only optimize current environments but propels opportunity for future growth due to improved business processes; ultimately driving business strategy.



**91.7%**

**Only 47.0% can access the required analytics on technology and security management performance.**

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**47.0%**

Data is the vital ingredient here. As our research suggests, organizations know that getting hold of vital business and customer data enables better business outcomes. But for many, developing and implementing solutions to extract it is challenging, simply because getting access to data in the first place is challenging. Either through having to manage complex environments, or simply not having the resources to develop the means to capture it.



The challenges are further compounded by considering how legacy technology co-exists with the move towards AI, ML and software-defined everything in new hybrid environments. It requires a completely new set of skills to operate, versus traditional and typically siloed IT operations team profiles. As infrastructure becomes code and developers define configuration, operations teams are now involved earlier in development cycle. To help facilitate this, a modern 'full-stack' engineering approach is needed to break down siloes and adopt agile working methodologies. But this is a challenge for organizations. They're trying to reconcile the investment and resourcing needs for managing hybrid environments of traditional infrastructure, while adopting advanced cloud platforms and technologies at the speed of the business.

**43.1%**



Lack of skills and resources cause misalignment between business and technology strategy for 62.5% of organizations with a chronic skills shortage.



**7.7%**

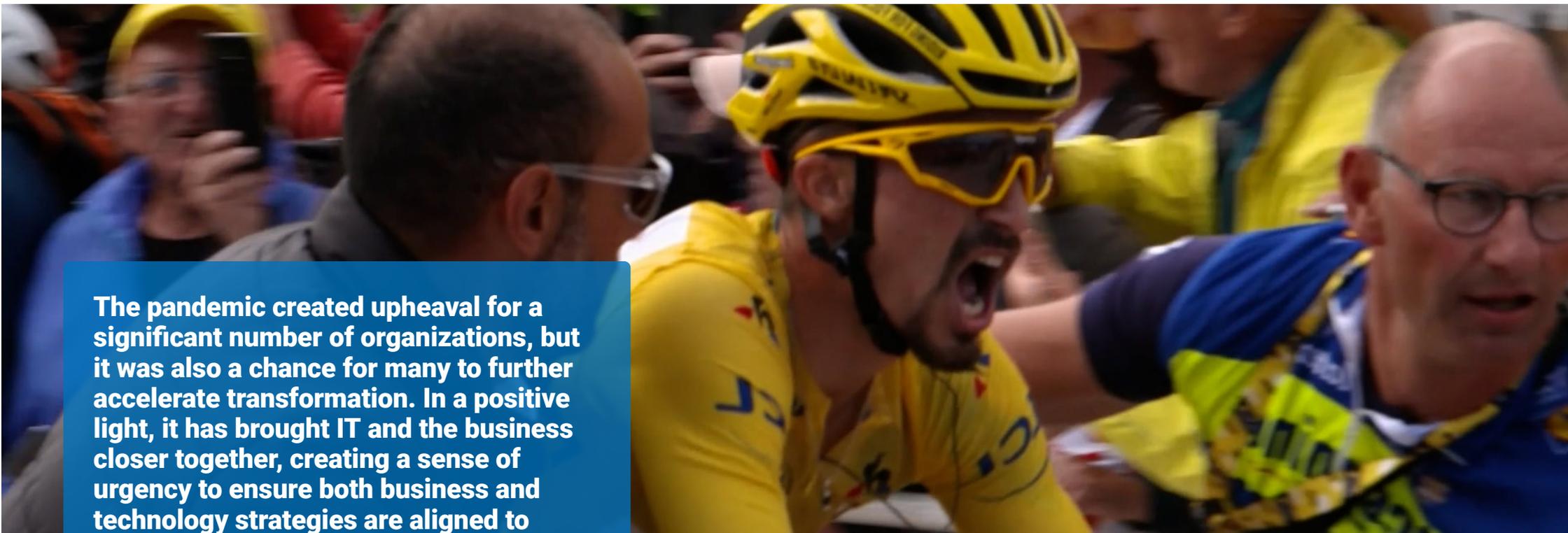
This drops to 32.0% for organizations with a moderate skills shortage.

**Working with a partner that operates the full stack across traditional and modern platforms accelerates the ability to pivot the business to meet demands, while also controlling cost and risk.**

The IT skills challenge is not easily solved. It requires close collaboration with a trusted service provider if IT teams are to keep up with what the business needs. Our research portrays that those who better address the skills challenge, experience far greater alignment of business and IT strategy. This is another clear vindication that service providers bring stronger alignment between the business and IT.

# Final word





**The pandemic created upheaval for a significant number of organizations, but it was also a chance for many to further accelerate transformation. In a positive light, it has brought IT and the business closer together, creating a sense of urgency to ensure both business and technology strategies are aligned to achieve the outcomes the organization requires.**

While there's still improvements to be made, the good news is that the role of service providers is becoming increasingly acknowledged as vital in helping organizations meet their goals. And not just in terms of cost optimization and maintaining a steady ship; but also, as part of innovating the business further through emerging technologies and secure by design applications and processes that enable the business to pivot and scale to take advantage of new opportunities.

As the research shows, service providers are a crucial part of that mix, therefore the considerations of working with one need to be carefully thought out.

## When selecting a service provider, our research has highlighted the following as crucial considerations:



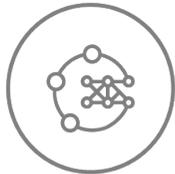
### **Consulting-led approach**

Do they have a consulting-led approach that aligns the service to the outcomes your business needs? Transformation and your digital strategy are a journey requiring careful strategic planning as well as implementation and ongoing management and support.



### **Innovation, not just optimization**

Do they bring their knowledge, learning and understanding to address your challenges? And, importantly, are they willing to transfer that knowledge to you? While it's tempting to focus on optimizing what you already have, sometimes small, innovative investments can lead to large growth.



### **Smart sourcing**

Do they go beyond what you might regard as a standard outsourcing approach of only providing point solutions and headcount? If they're not considering your wider business outcomes and enabling you with the services you need, when you need them, then chances are no.



### **Platform automation**

Do they offer platform automation throughout their offer to leverage efficiency and resiliency for your organization? Relieving pressure on your teams is the core of a service provider offering and platform automation is by far one of the best ways in which to achieve this.



### **Security**

Does your service provider work to the internationally recognized Information Security Management Framework? You should understand the security governance and processes your provider has in place, giving you confidence and reassurance, your information and assets are protected when partnering for your technology services.



## Understanding more about your organization – assess your current position

We know you have a multitude of priorities to work on and manage. To help you gain insights relevant to your organization and establish if your organization is ready across the full stack, take one of our assessments to find out how you measure up

[DO THE ASSESSMENT](#)



**Research  
methodology**

# The research in numbers

## Conducted by

Jigsaw Research on behalf of NTT in 21 countries.  
Respondents were drawn from across the business including IT, security, finance, operations and C-Suite.



## Respondent role

36.7% = C-Suite  
28.5% = Director  
34.7% = Senior management / decision-maker



## Organization size

31.7% = 1,000 - 2,000  
29.0% = 2,501 - 5,000  
21.8% = 5,001 - 10,000  
10.4% = 10,001 - 50,000  
7.1% = 50,001 or more

from across 15 sectors, including:



Retail



Manufacturing



Financial services



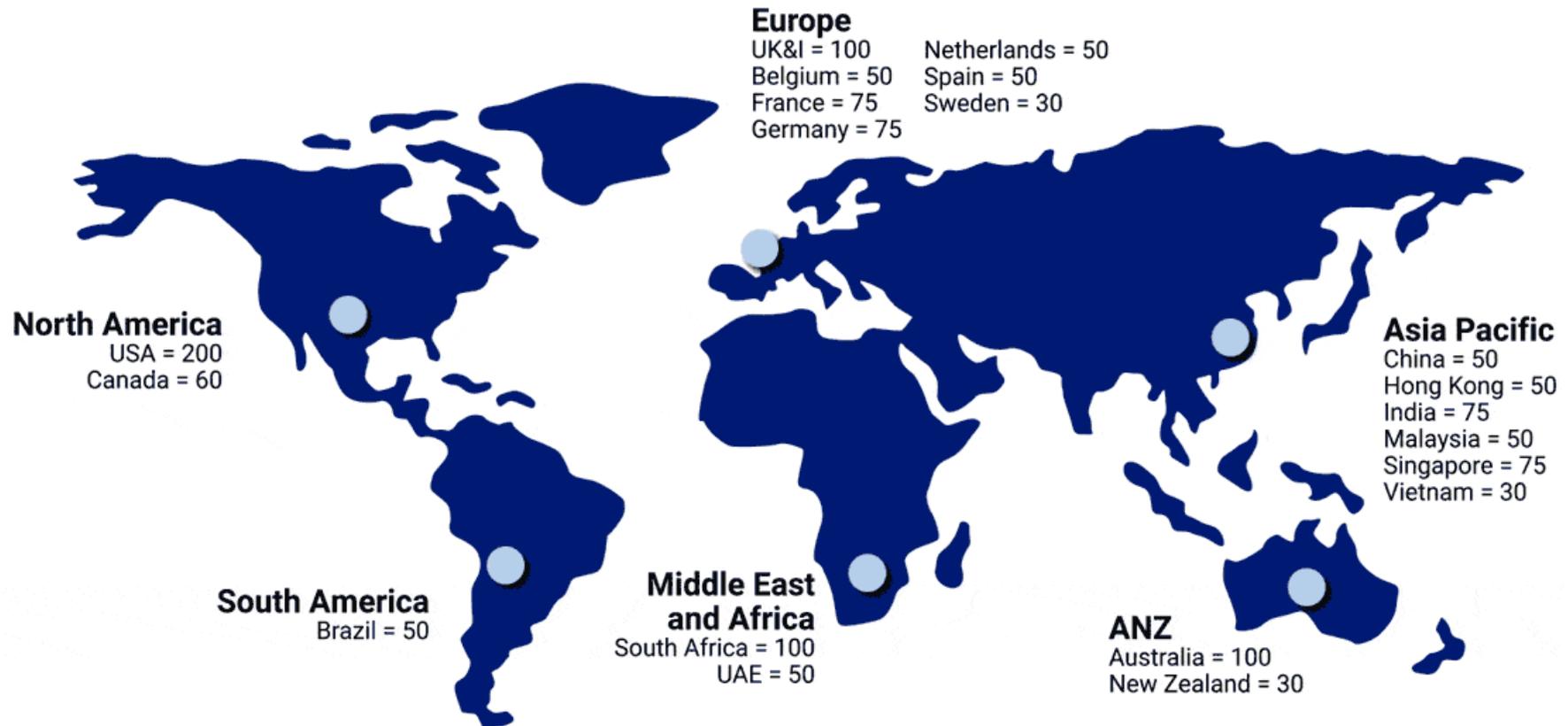
Education



Healthcare and  
pharmaceutical

## 1,350 interviews undertaken across 21 countries in 6 regions

Participants were decision-makers/influencers regarding the development of effective workplaces



A solid light blue background with several dark silhouettes of birds in flight, scattered across the frame. One bird is prominently centered above the text.

# About NTT

An aerial photograph of a wind farm in a lush green field during sunset. The sun is low on the horizon, casting a warm glow over the landscape. In the foreground, a large white wind turbine tower and a blade with red and white stripes are visible. Another turbine is seen in the distance. The sky is a mix of orange, yellow, and light blue.

# About NTT Ltd.

NTT Ltd. is a leading global technology services company. Working with organizations around the world, we achieve business outcomes through intelligent technology solutions.

For us, intelligent means data-driven, connected, digital and secure. Our global assets and integrated ICT stack capabilities provide unique offerings in cloud-enabling networking, hybrid cloud, data centers, digital transformation, client experience, workplace and cybersecurity. As a global ICT provider, we employ more than **40,000 people** in a diverse and dynamic workplace that spans **57 countries**, trading in **73 countries**, and delivering services in over 200 countries and regions.

**Together we enable the connected future.**

Helping you thrive through change

# Global 2021 Managed Services Report