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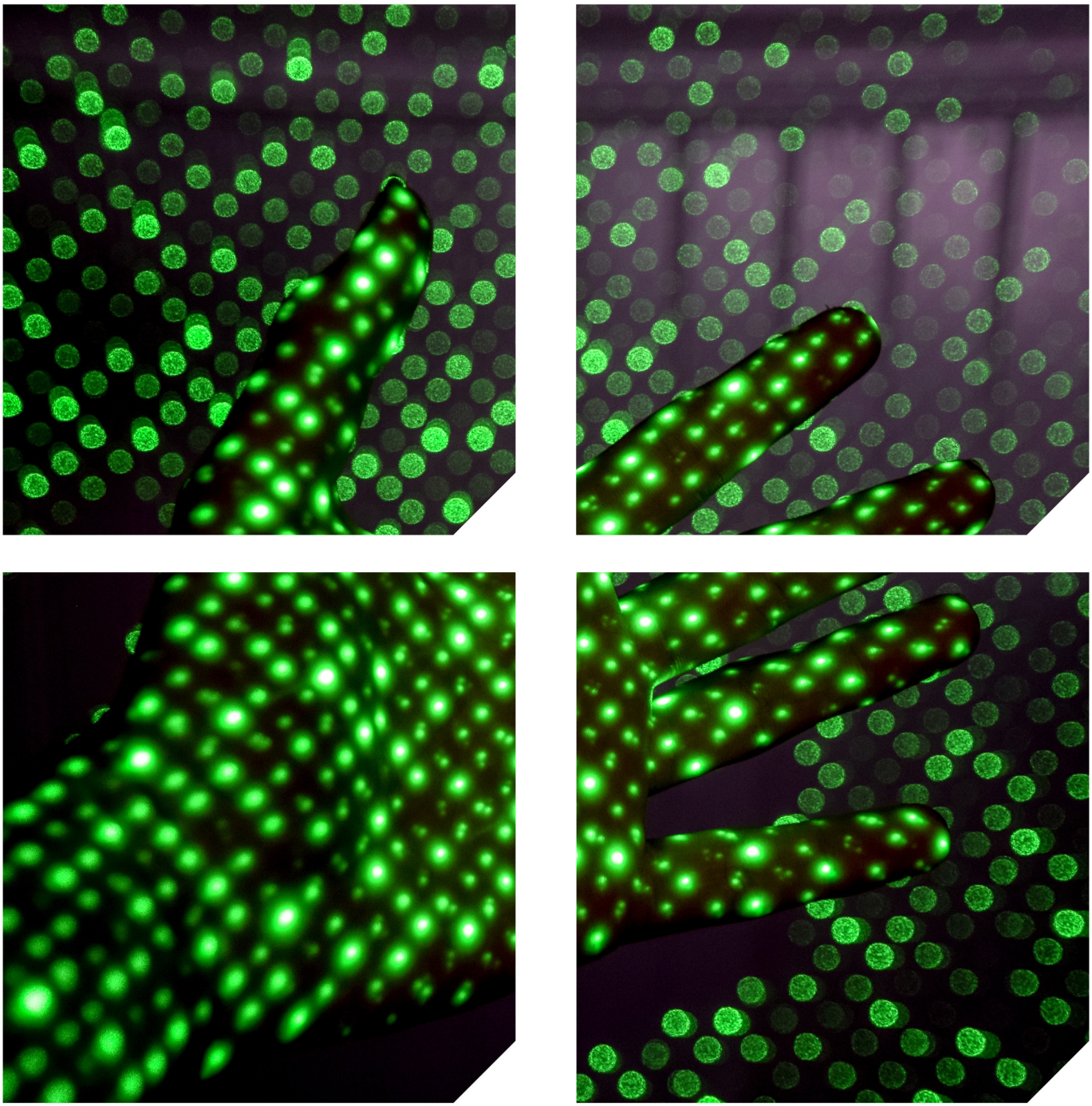
The bumpy road to a digital future

Site Management Survey 2018



Coromatic

The Site Management Survey 2018

This year's survey focuses on the critical success factors for transforming and running a highly digitized business. With the introduction of Internet of things and edge computing, customers are today facing old challenges in a new world of increased communication to and with critical resources. How well are investments in critical infrastructure aligned to enterprise business strategy? Are companies prepared to expand their business into new arenas, i.e. will their critical infrastructure support the updated business models?

Important findings can be identified by looking into how investments are governed to different operational areas. The reasoning being that while robustness is good, without resilience it will not help the business in the intended areas. A particular interest regarding investments is how well sustainability is reflected and a central factor in the decisions.
Results of the survey show that there is still a large gap in the plans for securing underlying infrastructure with business needs. Also, it is evident that more work needs to go into securing and updating contracts and service levels to be able to deliver resilience against disruptions. And finally, investments need to be evaluated from a sustainability perspective.

The Survey 2018
As digitalization brings many new opportunities, business models need to be developed or replaced to meet the new demands. Seemingly basic aspects as power supply and data communication become more and more crucial for maintaining enterprise operations. Businesses need to run 24/7, and management teams need to have access to the right information anywhere – and at any time.

So how will physical and logical IT risks be managed so they go hand in hand with business development initiatives and will the focus on sustainability be reflected by those initiatives?

The Bumpy Road to a Digital Future highlights the challenges and possibilities that come with the ever-increasing digitalization efforts made. Even though enterprises digitalization journeys are at different development stages, common themes emerge in the handling of highly connected businesses and their operations. The survey responses of 2018 can be grouped around three main topics;

Robustness – how well are critical infrastructure initiatives connected to the business?

Resilience – are operational processes and contracts aligned with company strategy?

Sustainability – is sustainability a valuable part of investment decisions into digitalization efforts?

Have you paved the way for digitalization?
Many companies are either embarking on the journey - or are well on their way - towards increased digitalization. As distributed technologies become more common across societies, dependence on the underlying critical infrastructure and communication – the digital highway - will only continue to increase. In line with findings in previous years

Whatever the industry and wherever the responsibility lies within a company; the first question to ask is if you have validated the robustness of your critical infrastructure?

How much do you know about the impact to the business if it fails? What fallback solutions are in place? And what, ultimately, is the cost of a disruption? Be it measured in loss off efficiency, brand or bottom line.

surveys, 74% of respondents state that their entire business is at risk if critical infrastructure go down, with 16% stating they will fail to operate after mere milliseconds of disruption.

This begs the question if top management is aware of the risks related to critical infrastructure and the resulting impact on the business, should disruption to operations occur?

Responses show that not only small enterprises are affected by failing equipment and unsecured operations. During the last year alone, several multinational companies have been struck with outages, causing immense impact on their services and brand and massive problems for their customers.

And there is no reason to believe that the ever-increasing digitalization efforts made won't result in an even higher dependency on critical infrastructure and communication equipment in the future.

So, is there a simple way of addressing these vulnerabilities? Critical infrastructure it turns out, is an area of responsibility that does not have an obvious place within organizations in the same way that for example accounting (Finance) or personnel matters (HR) do. Managing critical infrastructure, be it in the form of office networks, data centers, telecom nodes or other types of distributed networks, encompasses tasks and responsibilities that could fall under any of several of a company's departments.

When respondents were asked to pick what area of responsibility best corresponded to their role; IT (35%) and Facility management (24%) dominated over Real estate (7%) and Financial management (3%). But in many cases, the responsibility turned out to reside somewhere else entirely.

31% of respondents, when prompted to note what function best represented the department they belonged to, ticked "Other" as the category they felt best corresponded to the work they performed. And quite a few survey comments indicated that "Other" meant that the responsibility for critical infrastructure lay with the Management team of that enterprise.

This could be interpreted as critical infrastructure being well positioned for being top of mind with the executives of a company, so is it?

56% of the survey respondents claim the company had not performed a Business Impact Analysis (BIA) for their critical infrastructure during the last two years – or at all. That level is consistent with survey results from 2016 and 2017 and only a slight improvement from the 60% that claimed the

same thing in 2015. It is however, far from satisfactory. Without an up to date analysis of how the use and availability of critical infrastructure and facilities impact the enterprise as a whole, it will be near impossible to place the demands on infrastructure that makes certain it supports company strategy.

Are your site operations onboard?
The next stop on the digitalization journey is addressing how resilient the operational organization is. Decisions made around robustness can span from using inhouse or cloud solutions to if hyper scale or edge computing solutions best meet enterprise and customer demands. But robustness is not enough if you want to manage the solutions over time.

The increase in complexity and distribution of all types of IT operations demands a resilient operational organization that can manage both company decisions and the commitment from suppliers and partners that have a role in your enterprise's digital journey. Has the relationship with these stakeholders been formalized and documented?

Our study shows that 43% of surveyed companies do not have defined service levels (SLA's or OLA's) in place for operating their critical infrastructure. Robustness, as well as resilience, is key to protecting the business from failures in critical infrastructure. Digitalization only increases the demand for mature IT and infrastructure operations.

Regardless of the existence of SLA's, 88% of respondents will either budget the same amount as before or increase investments into critical infrastructure with up to 15% in the coming two years. The budgeting efforts are mainly geared towards risk reduction (36%) and maintaining robustness (27%) followed by performance improvement (11%).

It seems funds available are still primarily used for traditional risk mitigation rather than being geared towards improving performance or developing more mature operations. Investment plans should consider the complete operational sustainability of the organization and not just the robustness of the infrastructure to be able to support the business over time.

Is the road to digitalization sustainable?
Nowadays, sustainability is a staple of many companies' external communication. It is used as a selling point, to prove that enterprises are ethically sound and worthy of customer and stakeholder investment into their products and services.

Sustainability is recognized as significant by survey respondents. Almost 60% of participants say sustainability is important or even crucial in making investment decisions. However, only 40% have a plan to continuously improve energy efficiency measures and only 21% have a CO2 reduction plan in place.

There is a vast number of more or less coherent standards and methods that can be used to achieve sustainability goals and it seems sustainability needs a comprehensive framework to be part of the decision process for investments. Thus, it becomes important to educate operational personnel on how they can improve sustainability as critical infrastructure tends to account for a rather large part of a company's energy consumption.

Make sure to navigate safely on the road to a digital future
Every year, Coromatics' survey shines a light on the need for strategic enterprise initiatives to take into consideration

Coromatic, the leading provider for critical infrastructure in power and communications, provide services that will enable customers to better exploit business opportunities, by helping to secure operations so that the new digitalized business is constantly running without interruption.

critical infrastructure, when securing a safe journey on the road to digitalization. The criticality increases exponentially when mere seconds in downtime will affect the entire business. Important strategic questions to ask are:

Have you paved the way for digitalization?
Ensure that your critical infrastructure is robust and support your digital business, regardless of if it is new or in the form of improvements to existing operations.

Are your site operations onboard?
Delivery of critical services puts the focus on the human links in the delivery chain. Are you staffed to support the solutions you have chosen? Verify that company strategies and investments into resilience of operations are connected.

Is the road to digitalization sustainable?
Sustainability is important to us all. Sustainability policies and efforts should influence investments made into critical infrastructure and should be a natural part of the investment decision process.

Make sure to navigate safely on your way to digitalization

This years survey continues to shine a light on the need for strategic initiatives to take into consideration critical infrastructure, to secure the road to digitalization. The criticality increases exponentially when mere seconds in downtime will affect the entire business. Important strategic questions to look into are:

Have you paved the way for digitalization?
Ensure that your critical infrastructure is robust and support your digital business, regardless of if it is new or improvements to present operations

Are your site operations onboard?
Delivery of critical services put focus on the weakest links in the chain. Verify that company strategies and investments are connected

Is the road to digitalization sustainable?
Sustainability is important to us all. Sustainability policies should influence investments and needs to be formalized in the decision process

Take charge over the journey

To be able to determine what actions to take to avoid disruptions to a company's operations and subsequently their bottom line and brand, management should drive strategy development for the critical infrastructure on which their operations rely.

The 2018 survey shows us that:

- Robust critical infrastructure is the foundation for your digital business
- Ensure investments are geared towards resilience of operations

- Sustainability needs a framework to be part of the decision process

For companies to address the issues identified, we suggest the following actions built on the Coromatic method of Analyze, Act & Sustain:

1. Analyze

Enterprises should create an informed management approach by prioritizing their critical infrastructure from a business criticality perspective. This is done by performing Business Impact Analyses where critical infrastructure criticality is assessed.

One of the first questions to ask is what type of disruptions or failures each site can manage without adverse effect on the overall business. Paired with management expectations and maturity assessments it is possible to transform the findings into improvement plans to meet the service levels that have now been expressed.

2. Act

The risks and expectations then serve as the basis for a continuous improvement plan for critical infrastructure management and a discussion on the cost vs the risk of not continuously improving operations. Cost reduction efforts and potential for performance improvement should be realized. This can be achieved through consolidation of critical sites, as we already see happening, through energy optimization or through transition of services to or from external providers.

3. Sustain

Finally, companies should ensure that sustainable operation of the critical infrastructure is in place over time. Management approved governance frameworks and regulatory requirements should be in place. Putting Key Performance Indicators in place and monitoring these over time, is considered best practice for keeping track of site efficiency, cost reduction and compliance. All to be able to navigate the pitfalls on the bumpy road to our digital future.

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Operations
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Coromatic ensures that organizations can keep their business operations running without disruption. As the leading provider of Critical Facilities Solutions, such as data centers, we safeguard power and data communication supply.

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