A woman with glasses is talking on a mobile phone while working at a laptop. The image is overlaid with a large orange circle. The Aruba logo is in the top right corner.

aruba

a Hewlett Packard
Enterprise company

Preparing for the post-pandemic workplace

HOW IT DECISION-MAKERS
ARE RESPONDING TO COVID-19

INTRODUCTION

As enterprises look towards the challenges of a post-pandemic world, one thing is widely acknowledged. The return to work will not mean a return to normal. After months in which the nature of how we work has fundamentally altered, it is unlikely that the workplace will ever be the same again.

Instead we are moving towards a *hybrid workplace* – one where people will work in and move between a combination of locations, at home, on the road, and in traditional offices. The use of workplaces is changing, and so must their design. The home office can no longer be a best-efforts work environment in terms of connectivity and experience, suitable for only occasional use. The campus office, until recently built around the need for collaboration, will increasingly be designed to maximize hygiene, personal safety and social distancing.

These changes require a new approach to technology and IT infrastructure. On campus, AI-powered contact and location tracing will be an important part of maintaining social distancing; while contactless, digital interfaces are needed to reduce human-to-human contact. At home and on the road, people must be able to access a secure, enterprise-level experience on their devices, benefiting from the same quality of service as they would in the office.

For IT leaders who were already beginning to adapt gradually to a more flexible, distributed workforce, the circumstances of the first half of 2020 have accelerated the need for change. The new needs of employees working remotely, and of customers whose behaviors are also changing, has significantly compressed the timeline for this shift and caused an increased reliance on technology, which has prompted a different approach to IT investment.

As new research conducted in conjunction with Aruba and technology market research experts, Vanson Bourne reveals, IT decision makers (ITDMs) are adjusting their investment plans and priorities as a result. While most report IT projects having been delayed or postponed as an immediate result of COVID-19, many are also planning to invest more than before in key capabilities for the new demands by businesses and employees: from *cloud* and *AI-based networking* to *analytics and assurance*. As they meet the challenge of supporting more distributed teams, IT leaders are looking to new capabilities such as AI-based automation, remote network management via the cloud, and improved troubleshooting for networks that face greater demands than before.

As well as adopting new technologies for the hybrid workplace, IT leaders plan to change the way they consume network infrastructure and services. They expect to double their consumption of solutions 'as-a-service' within the next two years, accelerating another shift towards more flexible, agile and cost-effective infrastructure. In a challenging environment, they are having to balance parallel demands of flexibility, security and affordability – investing for new needs in a prudent way that reflects current financial realities.

Based on a survey of 2,400 ITDMs, this report seeks to provide a snapshot of how IT departments have been affected by the pandemic, the nature of their response, and how that will shape investment priorities in the coming 24 months.



1 | THE IMPACT OF COVID-19

ITDMs were clear that COVID-19 has had a considerable impact on their organizations, both in terms of employees and ongoing IT projects.

Globally, **22%** said that they had seen a **'significant' impact** (widespread furlough, layoffs or business closure), and **52%** a **'moderate' one** (some functions reduced or limited temporarily). Only **6%** said that there had been **'no notable impact'** on their employees, with **19%** suggesting that **only a few jobs had been affected**.

22%

said that they had seen a **significant impact**

52%

said that they had seen a **moderate impact**

6%

said that there had been **no notable impact**

19%

suggesting that **only a few jobs affected**

The pandemic took an especially heavy toll in a handful of markets and industries, with **57% of ITDMs in India and 34% in Brazil** citing a **'significant' impact on employees**, as did **35% of those working in the hotels and hospitality industry**. By contrast, just **13% in China and South Korea, 12% in Hong Kong, and 18% in the retail, distribution and transport sector** said the same.

% citing a significant impact on employees

57% of ITDMs in India

34% of ITDMs in Brazil

35% in the hotels and hospitality industry

13% in China and South Korea

12% in Hong Kong

18% in the retail, distribution and transport sector

The largest organizations seemed best able to absorb the impact,

with only **15%** of those employing more than 5,000 saying that the **impact had been significant**



1/4 and a **quarter** of them **rating it as low**

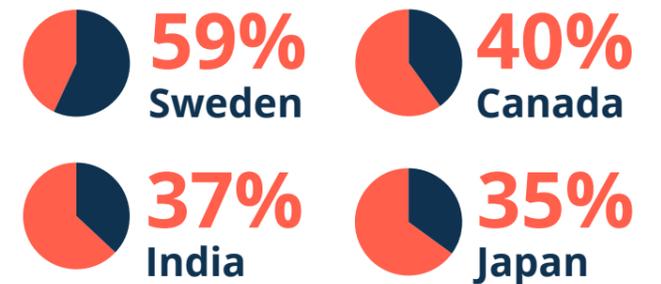
As the pandemic forced office closures and activated business continuity plans, **ITDMs had to adjust their ongoing network investments**. Over three quarters globally

77% said that they had **delayed or postponed projects** and



28% had **cancelled** some projects

Markets where project cancellations were highest included:



Over a third of ITDMs in **hotels and hospitality (35%) and education (37%)** have had to **cancel projects** since the arrival of COVID-19.

35% of ITDMs in **hotels and hospitality**

37% of ITDMs in **education**

It is no surprise that **ITDMs have had to curtail planned work in the wake of the pandemic**, as they have switched focus to meet the immediate needs of organizations **adapting rapidly to remote working** as a default. But the immediate impact of COVID-19 on IT departments tells only half the story. Equally important is **what ITDMs told us about what they plan to do next**.

2 | INVESTMENT PLANS

As well as asking how ITDMs had responded to the crisis in the short-term, our survey also assessed their **investment intentions as they prepare for a changed future.**

Respondents were asked whether they plan to increase, decrease or maintain as before their investment in eight different networking technologies, in the light of COVID-19.

Rather than cutting their cloth in a financially challenging environment, **the vast majority of ITDMs indicated that they intend either to sustain or increase investment levels** – underlining that the shift to the hybrid workplace is accelerating the need for digital transformation and more agile, flexible network infrastructure.

ITDMs suggested that they will be **moving ahead with investments** that enable them to meet the needs of highly distributed teams.

Globally, **74% are either maintaining or increasing their investment in SD-WAN or SD-Branch**, while just **20% are scaling back.**

Globally

74%

are either **maintaining or increasing their investment in SD-WAN or SD-Branch**

while just

20%

are scaling back



In addition, **83% said they will increase or leave unchanged their investment in cloud-based networking**, with as many as **38% planning to increase it**, underscoring its importance for remote management at scale when it is challenging or impossible for teams to be on-premises. **Campus-switching infrastructure (74%) and data center networking (81%)** are set to see similarly high levels of investment retention or growth.

83%

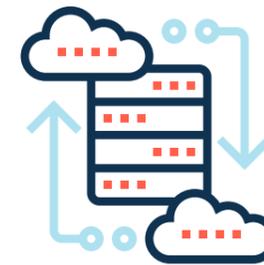
said they will **increase or leave unchanged**

their **investment in cloud-based networking**

with as many as

38%

planning to increase it



As networks evolve and become increasingly complex, ITDMs are looking for **more tools to monitor activity and derive insight**, improving their ability to troubleshoot and fine-tune networks that now face greater demands than before. As such, **34% said they plan to increase their investment in analytics and assurance**, 48% to leave it unchanged, and just 15% to decrease it.

34%

said that they plan to **increase their investment in analytics and assurance**

48%

to leave it **unchanged**

and just

15%

to **decrease it**

2 | INVESTMENT PLANS

They are also looking to future needs and capabilities, with **over a third set to increase their investment in AI-based networking technology (35%) and Edge compute (33%), and just 17% planning to cut back in these areas.**

35%
set to increase their investment in **AI-based networking technology**

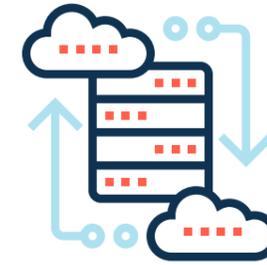
35%
set to increase their investment in **Edge compute**

17%
set to **cut back** in these areas

With the burden growing on IT teams to support the hybrid workplace, it is no surprise that many are looking to invest in the automation of repetitive tasks, allowing them to streamline their work and focus on new priorities.

Regionally APAC leads the way on investment intentions, with **45% of ITDMs planning to increase their investment in cloud-based networking against 36% in Americas and 32% in EMEA.** This may reflect that APAC's IT leaders were more likely to have described the impact of the pandemic on their employees as 'significant' (25% vs. 20% in EMEA and Americas), reflecting a greater level of disruption to the status quo business model that in turn demands a more comprehensive change in approach.

45%
in APAC
planning to **increase their investment in cloud-based networking** against

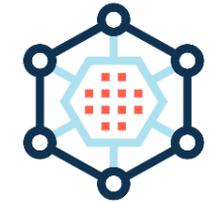


36%
in Americas

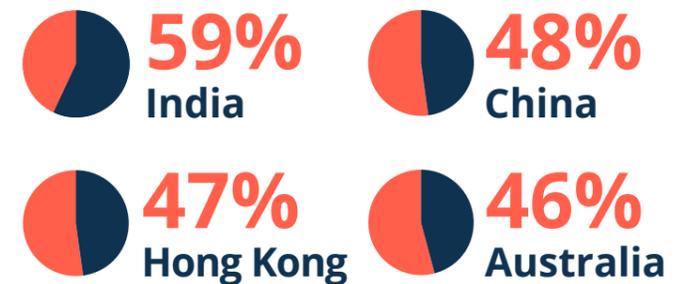
32%
in EMEA

Similarly, **44% in APAC are looking to invest more in AI-based networking technology** (vs. 30% in Americas and EMEA), and **41% in Edge compute** (28% in Americas and 29% in EMEA).

44%
in APAC are looking to **invest more in AI-based networking technology** and **41%**
in **Edge compute**



Especially high proportions of ITDMs in **India (59%), China (48%), Hong Kong (47%) and Australia (46%) are planning to invest more in cloud-based networking.**



3 | CONSUMPTION HABITS

ITDMs are not just eyeing new investments in networking technologies that will support the transition to a hybrid workplace. They are also adapting their consumption model for these solutions, as they seek efficient, affordable ways to develop their IT infrastructure.

Asked what IT consumption models they will explore in the light of COVID-19, just **8% of ITDMs said they would continue with CapEx investments only. By contrast, 55% said they would explore a subscription ('as a service') model for either hardware or software, 53% a managed service for turnkey hardware/software and 30% financial leasing.** That suggests a clear need for *financial flexibility* in a challenging environment, and a desire from IT leaders both to ensure predictability in spending and reduce up-front capital costs.

8%
CapEx investments only

55%
subscription model for hardware or software

53%
a managed service for turnkey hardware/software

30%
financial leasing

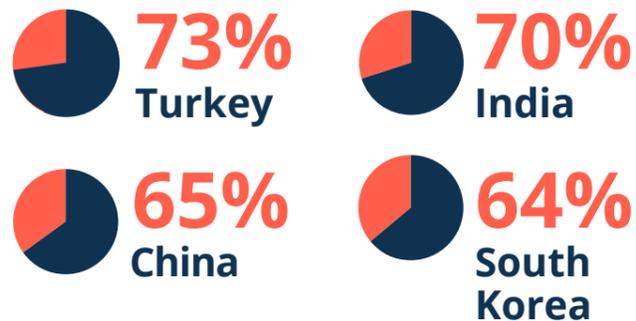
Again, there is a regional element to the trend, with **61% of ITDMs in APAC looking towards the subscription model, against 52% in Americas and 50% in EMEA.**

61%
in APAC
looking towards the **subscription model** against



52% in Americas **50%** in EMEA

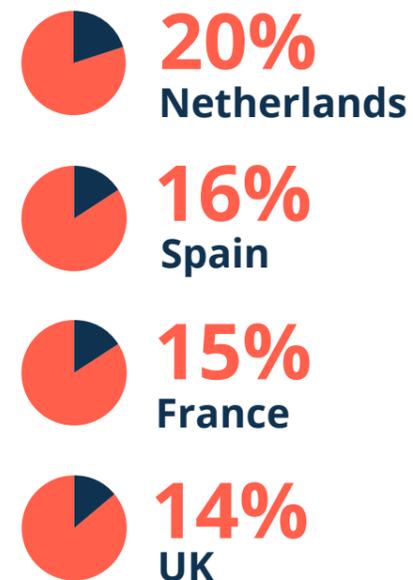
Leading the way are Turkey (73%), India (70%), China (65%) and South Korea (64%).



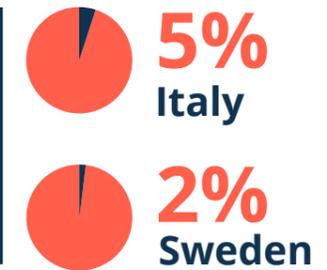
As such, ITDMs who have reported the most significant impact from the pandemic are not just the most likely to be investing more in new technologies; they are also more minded to pursue models of consumption that give them greater financial control.

By contrast, major **European markets** showed a continuing appetite for a more traditional approach: **an above-average share of decision-makers in the Netherlands (20%), Spain (16%), France (15%) and the UK (14%) said they would continue to make CapEx investments only, as did 17% in the US.**

Decision-makers in European markets who would continue to make CapEx investments only



The pattern in Europe is not uniform, however: just 5% of ITDMs in Italy and 2% in Sweden will consume exclusively through CapEx in the future, demonstrating the variations that exist within regions as well as between them.



3 | CONSUMPTION HABITS

Underlining the financial implications of different consumption models, it was notable that **66% of ITDMs in the badly affected hotels and hospitality industry are now exploring a subscription model, ahead of IT, technology and telecoms (58%) and education (57%).** Just 2% of decision-makers in hospitality intend to continue with CapEx investments only, as the industry faces up to an extremely challenging environment in a world of social distancing and uncertain consumer demand.

Exploring a subscription model

66%
hotels and hospitality

58%
IT, technology and telecoms

57%
education

Continue with CapEx investments only

2%
hospitality

This may also reflect that, of the eight industries surveyed, **hotels and hospitality have been the slowest adopters of subscription IT solutions to date – with 26% of solutions being consumed as-a-service on average in the sector, compared to 34% across industries.**

26%
of solutions being consumed as-a-service in hotels and hospitality



compared to **34%** across industries



The cumulative effect of these changes is set to mark a **rapid acceleration in the shift to subscriptions**, another existing trend likely to gather speed in a post-pandemic world.

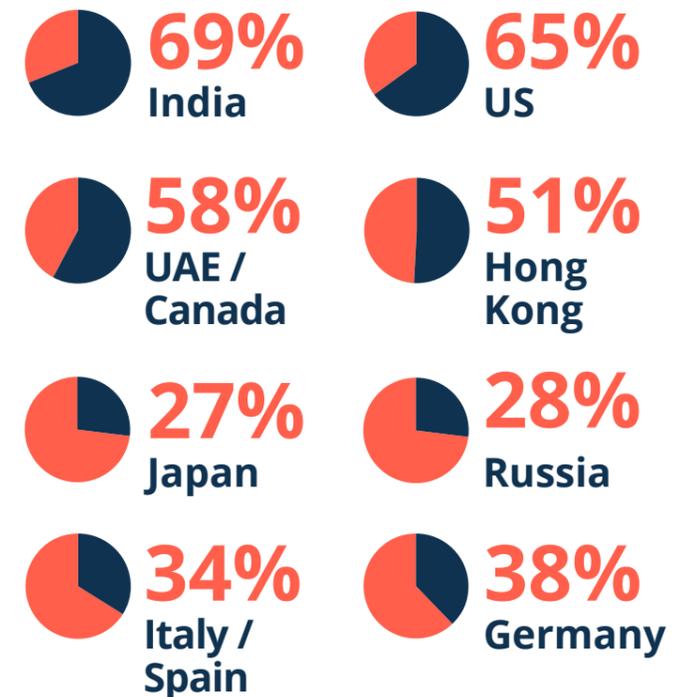
Today **24%** of ITDMs estimate they consume at least **half of their IT solutions 'as a service'**

Asked to estimate the likely situation in **12-24 months' time, that proportion shot up to 41%**

 an increase of almost **72%**

In this timeframe, **the average proportion of all IT solutions consumed via subscription is expected to increase by more than a third, from 34% to 46%.** The trend towards network-as-a-service had already been established, but this research strongly suggests that it is now set to accelerate significantly as a result of the pandemic and the move to hybrid workplaces.

That will be especially true in five countries where ITDMs said a majority of solutions will be consumed 'as-a-service' on average within the next two years: **India (69%), US (65%), UAE and Canada (both 58%) and Hong Kong (51%).** By contrast, subscriptions will reach average adoption levels of just **27% in Japan, 28% in Russia, 34% in Italy and Spain and 38% in Germany.** The subscription model will grow worldwide, but its prevalence will become much greater in some countries than others, as the traditional CapEx model retains some market share in a handful of key developed markets.



CONCLUSION

IT leaders have already had to adapt rapidly to the new needs of organizations operating remotely. This survey demonstrates that the change in approach will not be temporary. Just as the shift to a hybrid workplace is likely to become a long-term business reality, so too will the associated needs for networking infrastructure that can enable it – providing an outstanding, secure experience for employees wherever they choose to work.

As ITDMs respond to a new reality that puts them at the forefront of business recovery and resilience, they face a delicate balancing act: to put in the place the new infrastructure and tools needed for this transition, in an environment where every dollar of investment is more closely scrutinized than ever.

The need for widespread but prudent investment is pushing ITDMs towards new models of consumption, with subscriptions, managed services and financial leasing rising up the agenda. At current levels, subscriptions represent barely a third of IT solutions consumed. Within the next two years they will be approaching a majority.

As such the post-pandemic world will not just reshape the nature of the workplace and the IT infrastructure that supports it. It will also mark the next stage of evolution in the role of the IT leader, as an increasingly important contributor to business continuity, organizational agility, and above all financial stability.



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2,400

IT decision makers

in May 2020, in

21 countries

from organizations with **over 500 employees**

from

8 different sectors



RESEARCH METHODOLOGY

Aruba commissioned independent market research company Vanson Bourne to conduct a quantitative research study with 2,400 IT decision makers in May 2020 in the US, Canada, UK, Germany, France, Netherlands, Spain, Italy, Sweden, Russia, UAE, Turkey, India, Singapore, Japan, China, South Korea, Hong Kong, Australia, Brazil, and Mexico. Respondents came from organizations with over 500 employees, from the Education, Financial services, Government, Healthcare, Hotels and hospitality, Industrial, IT and Retail sectors. All interviews were conducted using a rigorous multi-level screening process to ensure that only suitable candidates were given the opportunity to participate.