

Accelerate Digital and Network Transformation with Service Provider Partners

The key role service providers play in helping organizations accelerate their transformation goals.



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In This InfoBrief

As organizations increasingly look to pursue digital and network transformation, they're facing significant operational and technical challenges. This InfoBrief explores the current and future state of digital and network transformation and reveals the critical role service provider partners play in accelerating business outcomes.

IDC recently surveyed more than 300 U.S.-based organizations to gauge their network transformation initiatives. The research clearly shows that network and connectivity are powerful enablers of digital businesses, and it reveals how communication service providers are helping businesses achieve improved network performance, efficiency, security, and cost savings.

Research highlights in this InfoBrief include:

- ▶ The status of enterprise **digital and network transformation progress**
- ▶ **Biggest challenges** organizations face in network transformation
- ▶ Top business priorities for **network transformation initiatives**
- ▶ Criteria organizations use to **evaluate strategic partners**
- ▶ **The specific benefits**—including the percentage of cost savings—derived from **working with service provider partners** on network transformation

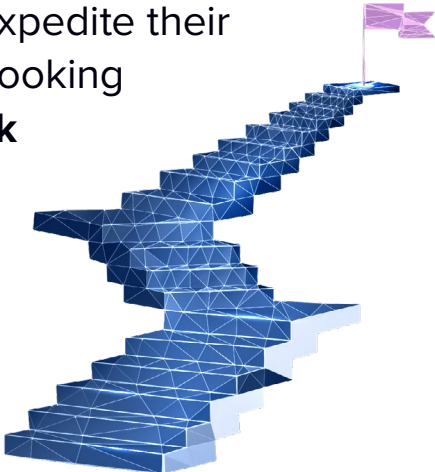


Digital Transformation Status: Today and in Two Years

Enterprises are at a transition point in their digital transformation (DX) journeys and are placing a significant emphasis on DX initiatives in the coming two years.

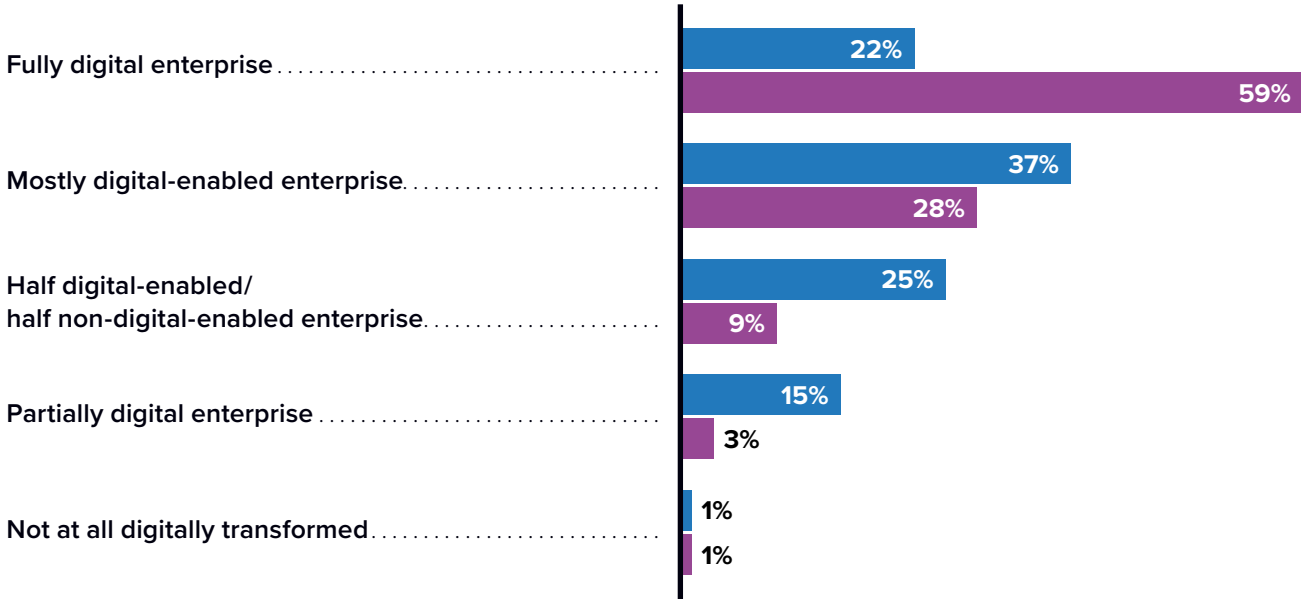
Today, just 22% of organizations report that they're a "fully digital enterprise." In two years, that number **grows to 59%**, reflecting the expected acceleration of DX initiatives.

As organizations look to expedite their DX journeys, they're also looking to **transform their network and security operations.** Service provider partners will play a key role in helping to accelerate their digital and network campaigns.



At what stage of DX is your organization today, and where do you expect it to be in two years?

■ Today ■ In 2 years



Note: % corresponds to number of respondents. Multiple dichotomous table; total will not sum to 100%. n = 311; Source: IDC's *IDC and Lumen Branch Transformation Survey*, August 2023 | For an accessible version of the data on this page, see [Supplemental Data](#) in the Appendix.

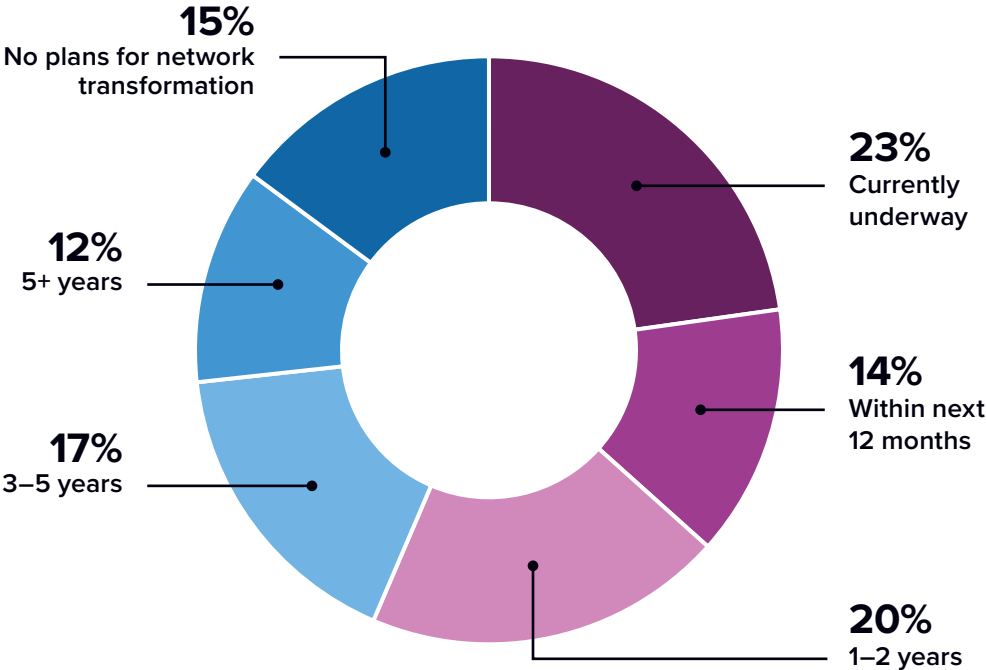
Enterprises Pursue Network Transformation to Support DX Initiatives

57%

of enterprises will undergo network transformation within two years.



When do you expect to undergo network transformation?

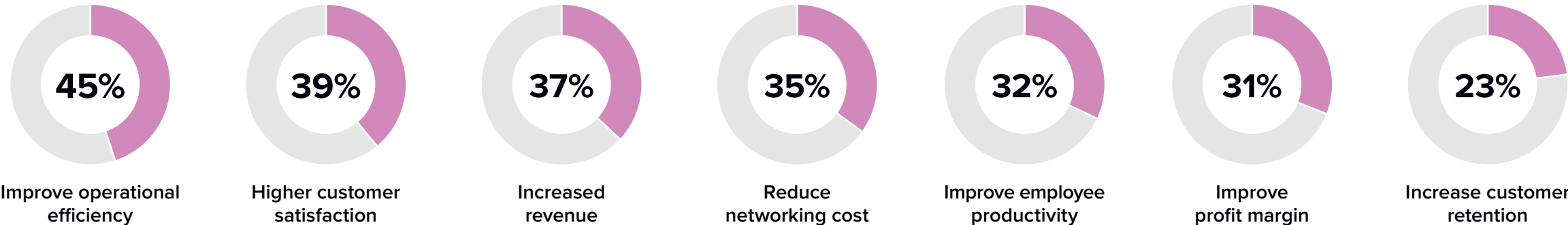


Note: % corresponds to number of respondents. n = 311; Source: IDC's *IDC and Lumen Branch Transformation Survey*, August 2023

Enterprises Pursue Network Transformation to Support DX Initiatives (continued)

Top business priorities for network transformation include **optimizing operations, focusing on end-user and customer satisfaction, and supporting business initiatives** — such as **growing revenue**. **Reducing network cost ranks highly, too.**

What are your top 3 business priorities of network transformation?



Note: % corresponds to number of respondents. Multiple dichotomous table; total will not sum to 100%. n = 311; Source: IDC's *IDC and Lumen Branch Transformation Survey*, August 2023

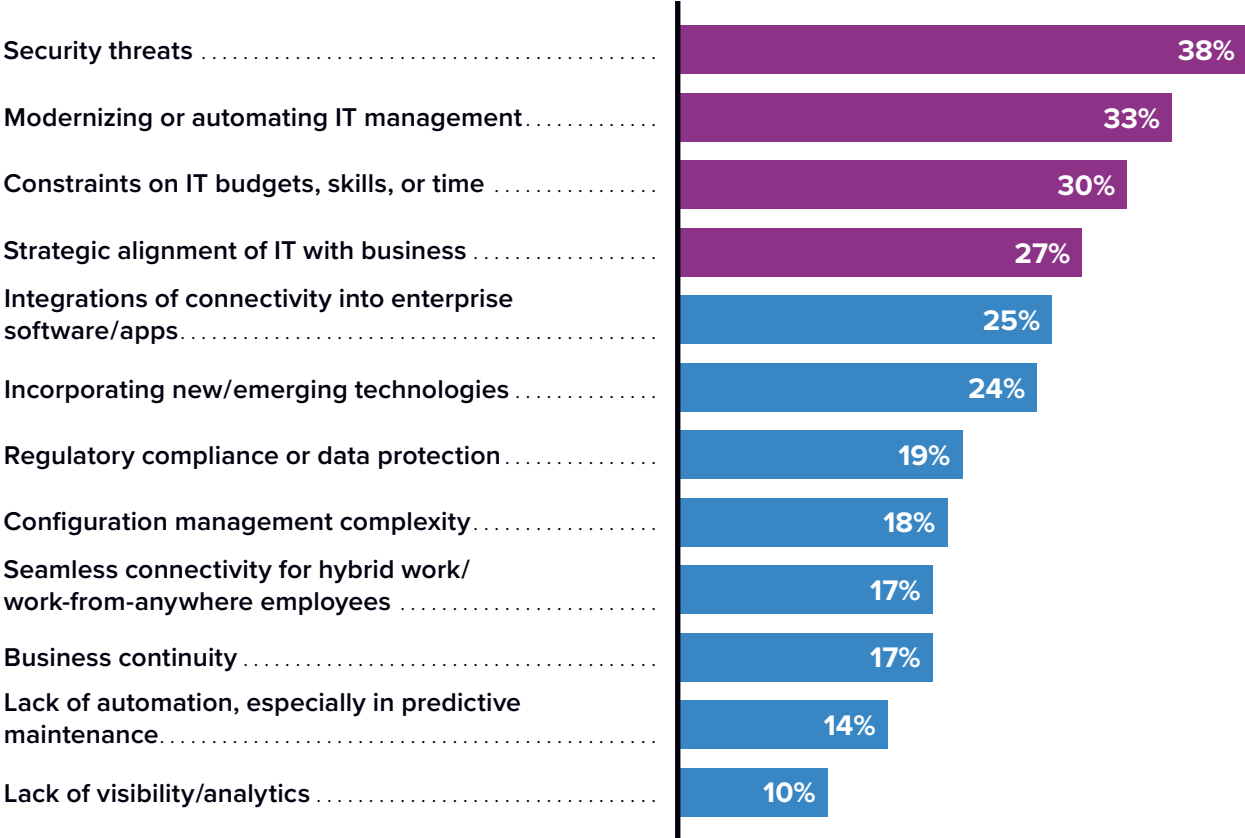
Top Challenges Organizations Face in Digitally Transforming Their Networks

While digital and network transformation are organizations' key goals, they face a variety of challenges in executing their transformation initiatives.

Top digital and network transformation challenges include:

- ✓ Evolving and ever-intensifying security threats
- ✓ Modernizing or automating IT management
- ✓ Constraints on IT budgets, skills, or time
- ✓ Seamless connectivity for hybrid/work-from-anywhere employees

What are your organization's biggest challenges to digitally transform your network?



Note: % corresponds to number of respondents. Multiple dichotomous table; total will not sum to 100%. n = 311; Source: IDC's *IDC and Lumen Branch Transformation Survey*, August 2023

The Majority of Enterprises Work with a Partner in Digital and Network Transformation

68%

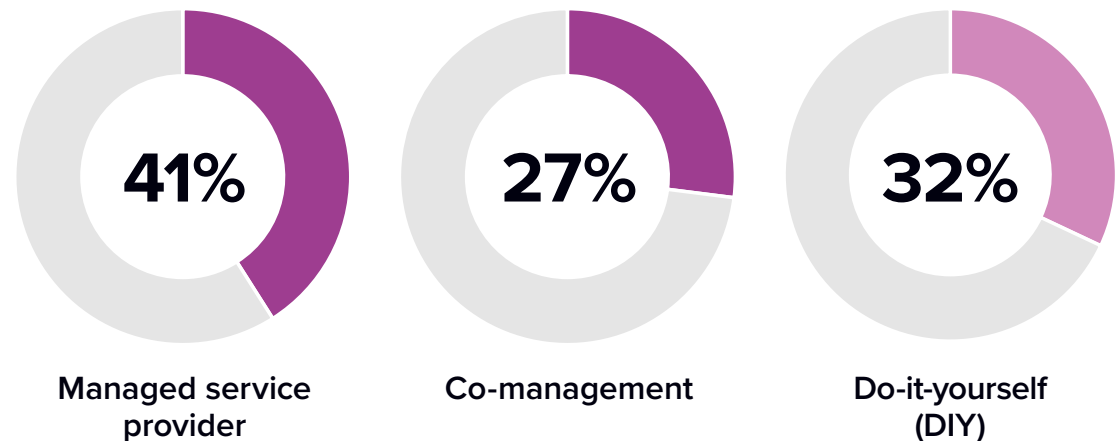
of survey respondents report either using a **managed service provider (41%)** or taking a **co-management (27%)** approach to network services.

Working with a strategic service provider partner can enable a range of business, technical, and operational benefits.



Enterprises have a variety of options as they pursue digital and network transformation efforts.

What are your organization's biggest challenges to digitally transform your network?



Note: % corresponds to number of respondents. n = 311; Source: IDC's *IDC and Lumen Branch Transformation Survey*, August 2023

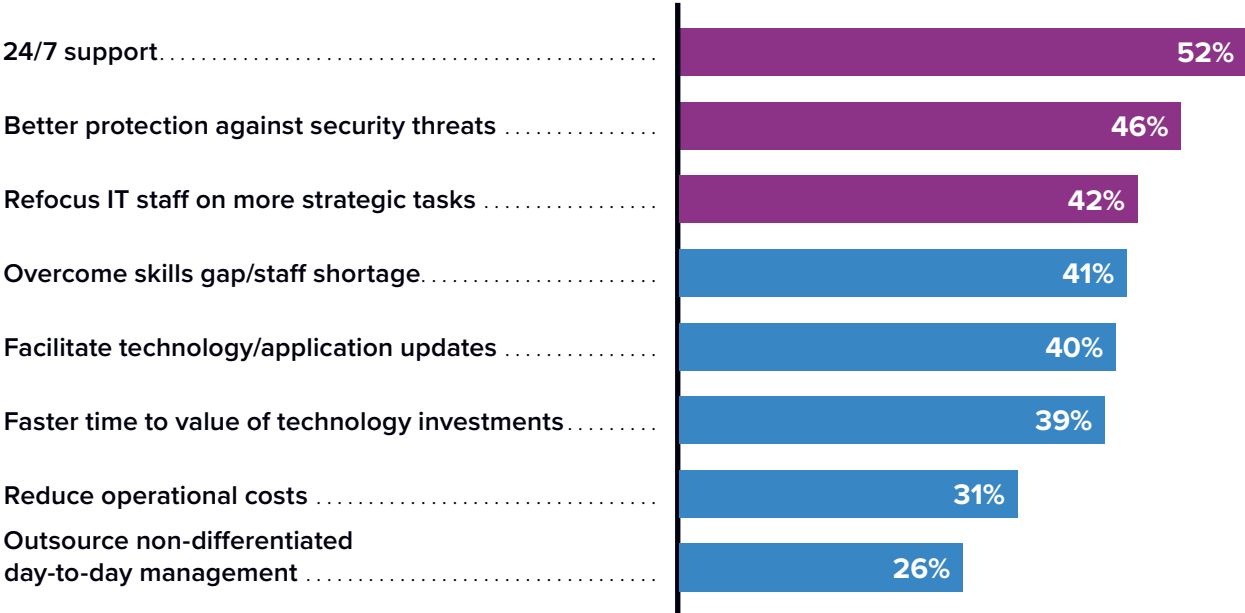
Working with Strategic Partners Drives Significant Benefits

As enterprises accelerate their digital and network transformation journeys, they’re increasingly looking to partners to help overcome challenges related to skilled IT resources, operational support, and combating ever-evolving security threats.

Enterprises identified myriad key benefits of working with service provider partners:

- ✓ Realize improved 24/7 support
- ✓ Experience better protection against security threats
- ✓ Able to refocus IT staff on strategic tasks
- ✓ Gain faster time to value of technology investments
- ✓ Reduce operational costs

What business and technology benefits do you get from working with a service provider partner?



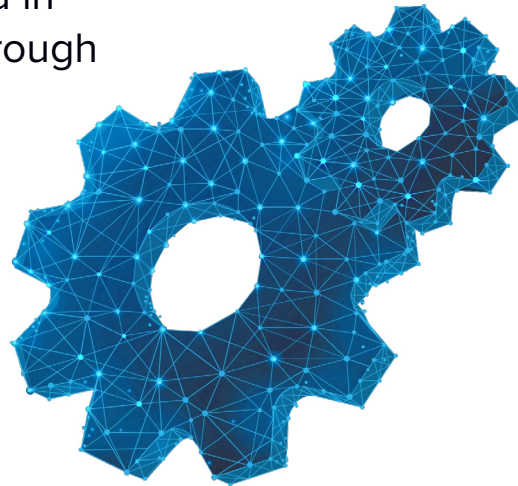
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Most Enterprises See More than 10% Material Cost Savings with a Third-Party Service Provider

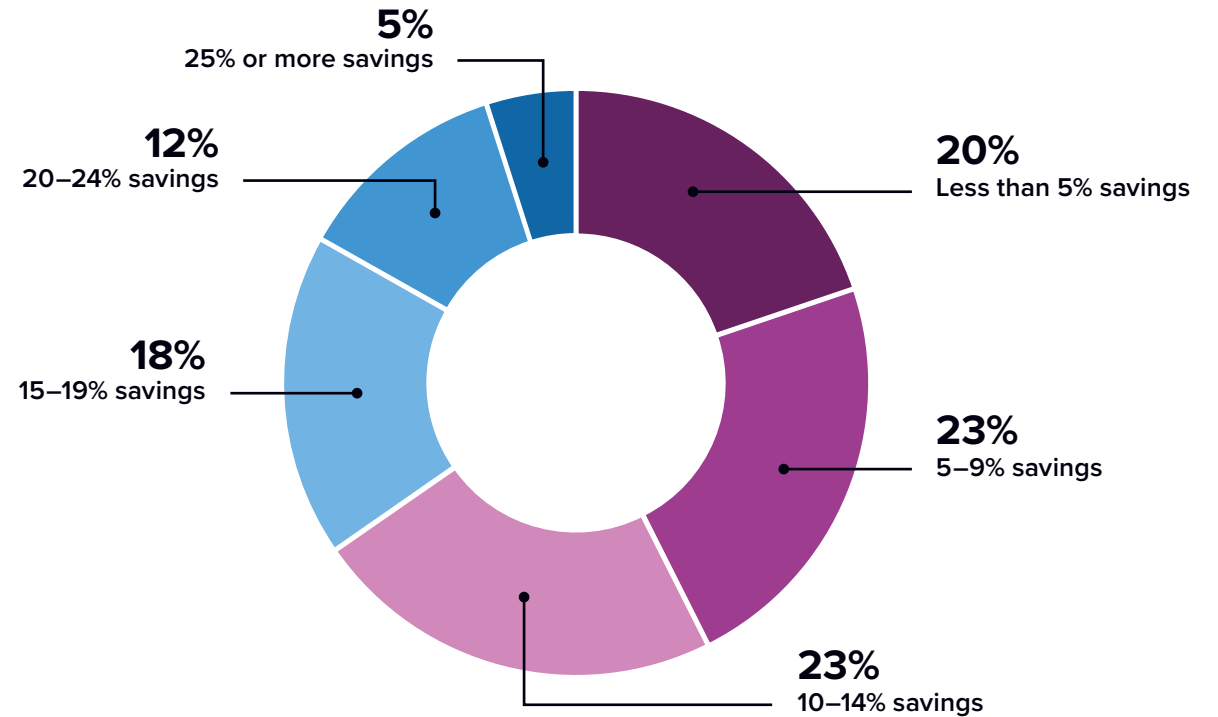
A key motivating factor for partnering with a service provider for network transformation is **operational cost savings**.

IDC survey data shows that organizations realized significant savings when working with partners versus managing network operations internally.

- ✔ **35%** of enterprises saved in excess of 15% annually through a **strategic partnership**.
- ✔ **58%** saved at least 10% by **working with service provider partners**.



What operational cost savings has your organization achieved annually by using managed services from a third-party provider instead of managing your network operations internally?



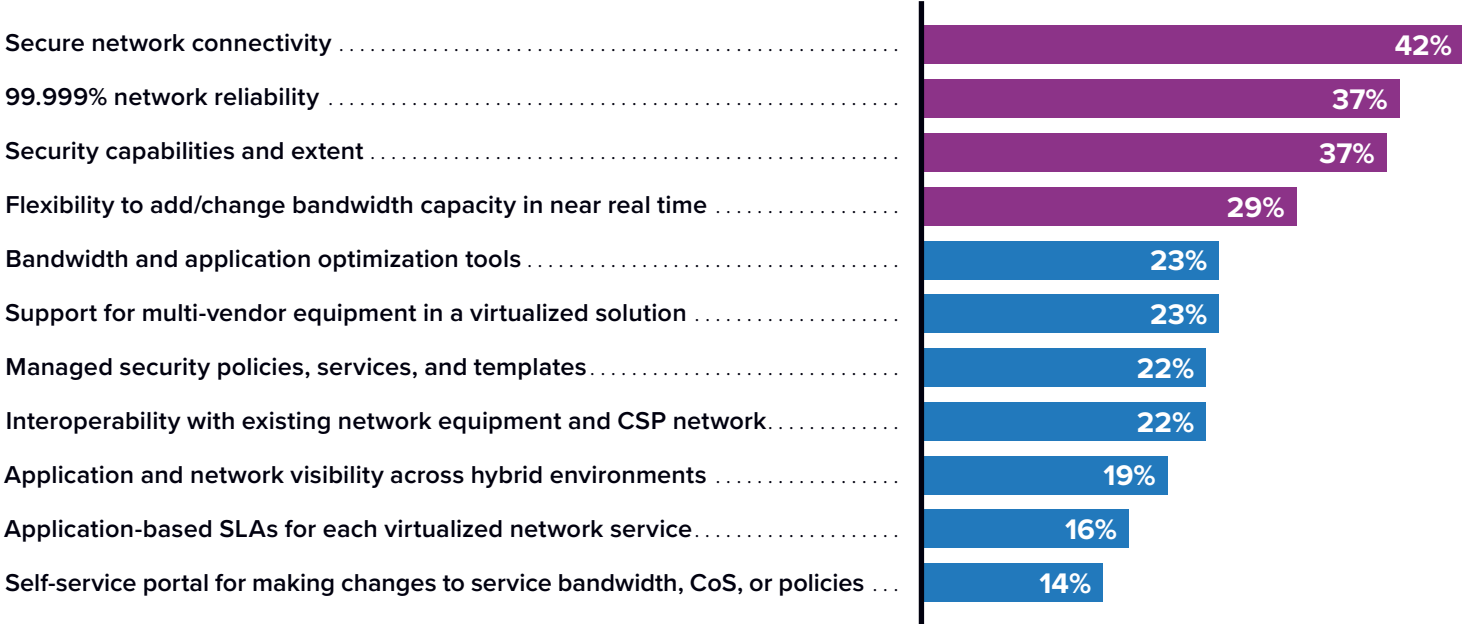
Note: % corresponds to number of respondents. n = 311; Source: IDC's *IDC and Lumen Branch Transformation Survey*, August 2023

Enterprises Evaluate Service Provider Partners on Stringent Criteria

As enterprises qualify service providers to become strategic partners, they focus on the following key criteria:

- ✓ Expect security to be natively delivered in network connectivity
- ✓ Demand 99.999% network reliability
- ✓ Value the extent of their partner’s security capabilities
- ✓ Prioritize the flexibility to add/change bandwidth capacity in near real time to align with changing business needs

What qualifications are most important to you in a partner?



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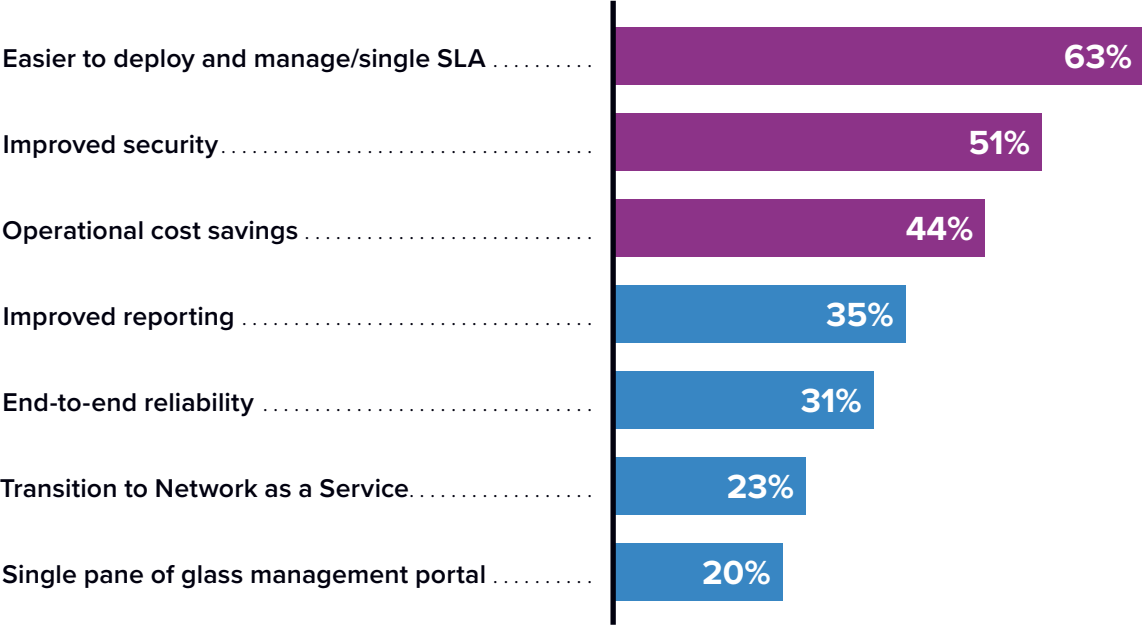
Enhanced Operational and Technical Benefits from Choosing a Single Strategic Partner

Organizations that partner with a single, strategic ally to pursue their digital and network transformation initiatives realize important benefits, including:

- ✓ Easier to deploy and manage/single SLA
- ✓ Improved security
- ✓ Operational cost savings



What are the business benefits of choosing integrated connectivity and technology services from a single communication service provider?



Note: % corresponds to number of respondents. n = 311; Source: IDC's *IDC and Lumen Branch Transformation Survey*, August 2023

Essential Guidance

Network transformation is a key strategic imperative for enterprises to become fully digital.

To help organizations accelerate their digital and network transformation strategy, IDC has the following essential guidance:



Integrate Connectivity and Security

Consider digital and network transformation strategies that elegantly marry connectivity and security that fit in with your existing architectures while providing a platform for running a digital business at scale.



Consider a Phased or Planned Approach

In your digital and network transformation, explore a phased or planned approach. Start with ways technology can help advance specific business goals, and then build on those use cases.



Partner with Qualified Service Providers

Enterprises can de-risk the network transformation journey by partnering with qualified service providers.



Focus on Broader Business Goals

Find technology solutions and partners that accelerate your organization's achievement of broader business goals.

Appendix: Supplemental Data

The table in this appendix provides an accessible version of the data for the complex figure in this document. Click “Return to original figure” below this table to get back to the original data figure.

SUPPLEMENTAL DATA FROM PAGE 4

At what stage of Digital Transformation (DX) is your organization at today, and where do you expect it to be in 2 years?

	In 2 years	Today
Fully digital enterprise	59%	22%
Mostly digital enabled enterprise	28%	37%
Half digital/half non-digital enabled enterprise	9%	25%
Partially digital enterprise	3%	15%
Not at all digitally transformed	1%	1%

Note: % corresponds to number of respondents. Multiple dichotomous table; total will not sum to 100%. n = 311; Source: IDC's *IDC and Lumen Branch Transformation Survey*, August 2023

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About the IDC Analysts



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Ghassan Abdo, Research Vice President in the Telecommunications group, covers the evolution of the Telco Cloud Ecosystem as well as the emerging Virtualized Enterprise Networking services. His primary focus areas include service provider SD-WAN and managed services, and emerging NFV-based virtual networking services as well as other managed WAN services. In the Hosting & Cloud segment, Ghassan covers service provider managed hosting services, including hybrid managed private/public cloud services, colocation services, secure cloud connect, and CDN services.

[More about Ghassan Abdo](#)



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Brandon Butler is a research manager with IDC's Network Infrastructure group, covering enterprise networks. His research focuses on market and technology trends, forecasts, and competitive analysis in enterprise campus and branch networks. His coverage includes technologies used in local and wide area networking such as Ethernet switching, routing/SD-WAN, wireless LAN, and enterprise network management platforms. While contributing to ongoing forecast and market share updates, he also assists in end-user surveys, interviews, and advisory services and contributes to custom projects for IDC's Consulting and Go-To-Market Services practices.

[More about Brandon Butler](#)

Message from the Sponsor

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