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techconsult
The IT Market Analysts

The Corona Crisis Resets IT Priorities

What effects has the Corona pandemic had on companies' IT road maps?

Contents

Foreword

The coronavirus is a shock for the whole economy. In the spring, many companies were torn from their usual course and thrown into a state of emergency. With the beginning of the pandemic, many companies had to rethink how they were working in order not only to secure business processes and their competitive ability, but also to keep the entire economy and society running.

It was precisely the crisis that has revealed what a large role IT plays for companies today. Thanks to digital processes, communication and collaboration solutions, teams, employees, partners, and suppliers could operate together efficiently even when they are far apart and make sure companies are still able to function. The results of this study confirm the key function of IT. No digitalization topic has lost relevance during the crisis. To the contrary; the Corona pandemic has raised the stakes for individual digitalization projects. However, many medium-sized and large companies have had to re-think their IT road maps and reset their priorities for digitalization measures.

For many companies, the crisis has been a catalyst. Rigid processes for the release of IT budgets were speeded up. For digitalization is one of the most important prerequisites for making work processes more productive and efficient, focusing on value chains, and creating new business models. At the same time, digitalization offers growth potential for all companies that implement their digital transformation consistently. Other studies conducted by techconsult indicate that companies with a high degree of digitalization not only achieve better business results, these digital measures have also contributed to helping these companies maneuver better through the crisis.
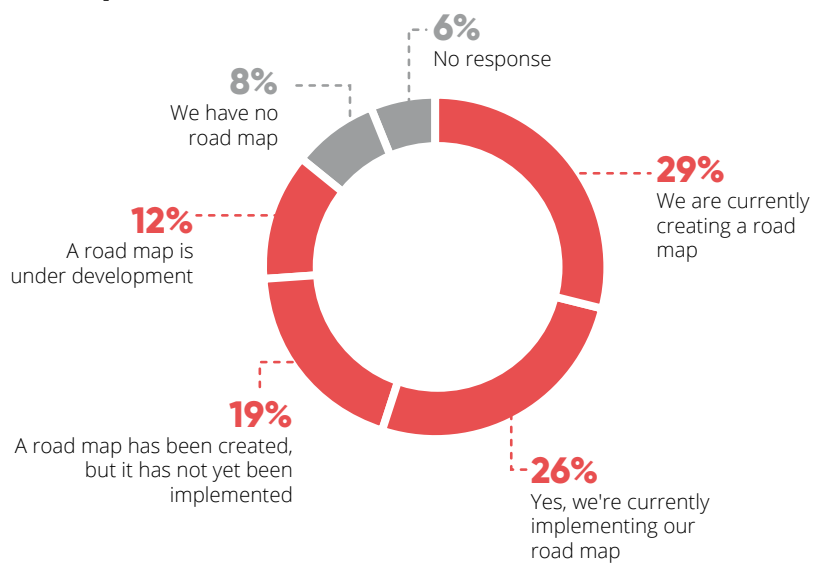
What effects has the crisis had on IT road maps? With which digital measures are companies equipping themselves for the future? And what challenges do companies currently have to overcome? You will find answers to these and other questions in the study "The Corona Crisis Resets IT Priorities," which was designed and conducted by techconsult in cooperation with valantic.

Design digitalization successfully with a road map

Digital projects at large companies are only guaranteed to succeed if they are approached comprehensively and strategically. This means planning the objectives early, anchoring them in a road map, and following it consistently according to a goal-oriented plan. 45% of companies surveyed have a road map that defines their digitalization projects for the next few years. 26% of companies have already started with the implementation. The pioneers are companies with 2000 or more employees (38%). One-fifth of the respondents stated that despite having a roadmap in place, they still are delayed in implementing it. 29% of all companies are currently focusing on the formulation of a plan for when which measures will be implemented. Nevertheless, only 8% reported that they had not yet defined their objectives for the coming years.

Digital road map

6%
No response

8%
We have no road map

29%
We are currently creating a road map

12%
A road map is under development

19%
A road map has been created, but it has not yet been implemented

26%
Yes, we're currently implementing our road map

Basis: 218 companies

Expand – force – shift – the influence of the coronavirus on the road map

With the outbreak of the pandemic, a huge number of companies have focused simply on surviving the crisis and maintaining their business processes. Massive restrictions, many of which threatened companies' very existence, forced businesses to act fast. Due to changing manner of working and the shifting of many activities to the home office, the focal points of many digitalization projects have also changed. From one day to another, many companies' previous IT road maps became obsolete. They had to react flexibly and rethink their previous plans for digitalization projects. Many businesses had to find the balance between savings measures and IT investments and reset their priorities. Just 5% of companies surveyed indicated that they will continue with their original plans.

46% of enterprises implemented IT projects that were not previously planned due to the Corona crisis. With regard to company sizes, the share of medium-sized businesses with 500 to 999 employees is the largest, at 53%. Significantly fewer (33%) are at larger firms with 2000 and more employees.

Digitalization projects: Corona crisis & effects
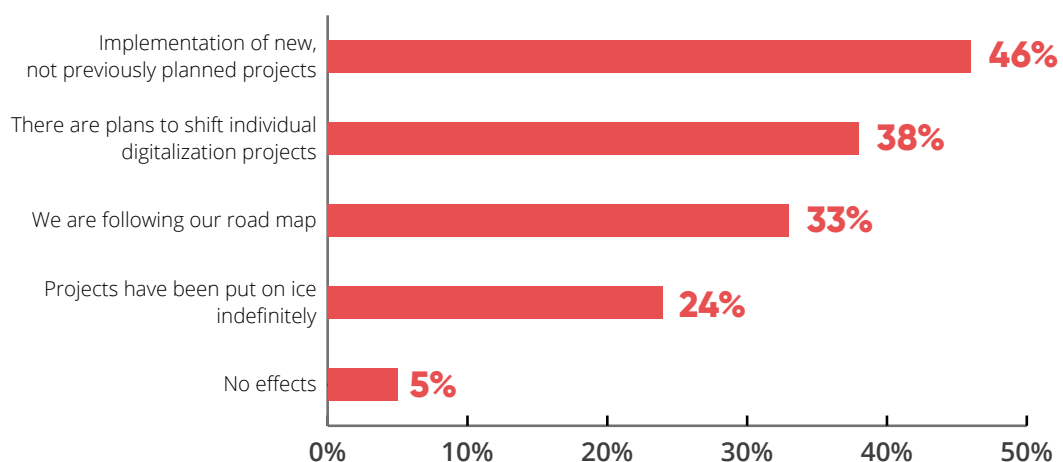
Basis: 189 companies | Multiple answers possible
Filter: Road map present or under development

5

One-third of companies has already and will force pandemic-related IT projects and speed up digital projects in the coming years. Especially accelerated are projects that relate to the digital workplace and communication. At the same time, companies are focusing increasingly on e-commerce solutions. The additional construction of online business helps cushion lost sales.

It's clear: taking on new projects and forcing existing ones is very difficult. Lacking funds and a lack of personnel can cancel plans. 38% of firms will therefore have to put off individual planned digitalization projects.

And some of the companies surveyed have to perform a balancing act between cost savings and investments. Lost sales cause them to "tighten their belts." 24% of businesses indicated that they will have to put planned digitalization projects on ice indefinitely due to the Corona crisis. And perhaps projects will be canceled in favor of other projects or simply canceled outright. Among the industries, retail has suffered particularly. This is no surprise, for because it includes hospitality and the service sector, this industry has racked up the most lost sales.

The pandemic has divided entrepreneurs into leaders and followers.

But how can you become a leader?

valantic creates software and digital process solutions that customers can use to gain strategic advantages over their competition. We tackle the central challenges of digitalization with a uniquely flexible, elementary organizational structure and operative excellence.
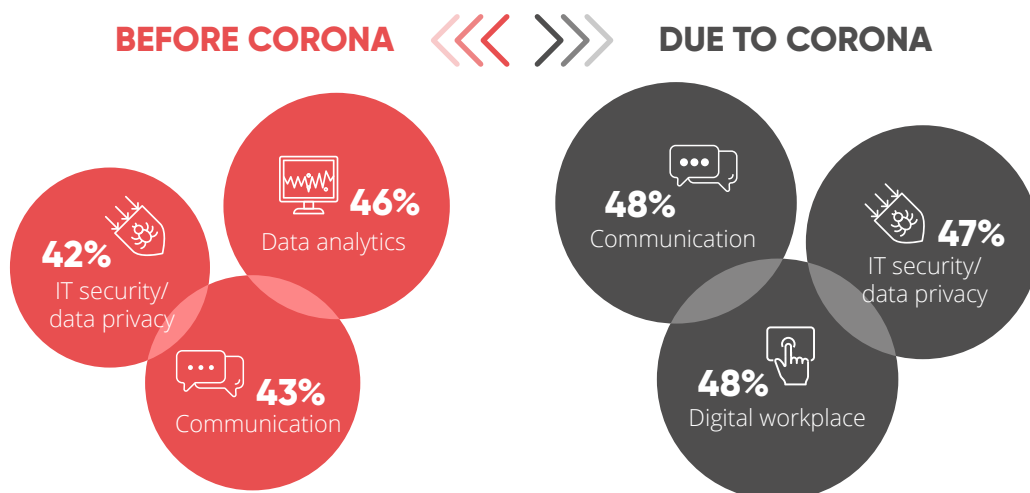
www.valantic.com/en/

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Become more crisis-resistant with virtual communication and mobile work

The Corona pandemic has made clear just how quickly changes can happen, and when necessity dictates, how quickly IT projects can be completed. In March 2020, many workplaces were catapulted from the office to the home office in just a few days due to the lockdown. In order to maintain economic activity in the medium- and long-term and outlast the crisis, employees' equipment for flexible work became a major focus. In a very short time, employees were equipped with mobile end user devices and communication and collaboration solutions. Due to the lockdown and the

accompanying social distancing, companies took a giant step toward digitalization and the modern workplace and placed these topics at the top of their agendas.

And it's not just that many workplaces have been shifted to the home office; since Corona, overall economic activity has slowed. Since March, internal corporate communication and communication between customers, partners, and suppliers no longer takes place at the "round table," but instead on virtual platforms or via chat. Virtual meetings, simultaneous

Top three relevant road map topics

BEFORE CORONA ⟪ ⟫ **DUE TO CORONA**

42% IT security/ data privacy

46% Data analytics

43% Communication

48% Communication

47% IT security/ data privacy

48% Digital workplace

Basis: 218 companies | Percentages with "very relevant" and "relevant"

work on documents, and easy, quick communication via chat have become an expression of agility and the dynamics of the new work environment. Many companies have recognized the extent to which travel expenses can be reduced thanks to virtual meetings. Businesses that have not yet found optimal solutions will have to make up some ground in the future. 48% of companies indicated that investments in digital communication solutions have become more relevant due to Corona. Data analytics is still very relevant, however it has dropped a bit in its ranking on the agenda.

Firms have long prioritized the topics of data privacy and data protection. And these remain hot topics. For cyberattacks continue to happen and they are becoming more sophisticated.

This means that companies' requirements for data privacy and data protection are immense and continue to increase. These topics have also become more important in the context of changed work in the home office. For the use of cloud-based tools, private WLAN connections, and unsecured workspaces presents IT security with new challenges.

Companies keep important future technologies in their sights

Even if it's not top priority, future technologies that are still fairly new continue to play an important role for companies. In particular, these include prescriptive analyses in the data analytics sector. Enterprises are generating a huge quantity of information, one that increases every day. This includes business transactions as well as sensor data and data from social networks. In order to generate the desired added value from this data, technologies are required, ones that manage, aggregate, and especially can analyze it. A retrospective is important, but even more important is the look into the future.

Predictive analyses enable companies to react proactively to changes. 46% of companies indicated that data analytics is still a stable component of their road map.

Digital solutions such as AI technologies, block-chain, decentralized database technology, virtual and augmented reality have dropped a bit on the priority list, but they are still important topics for the future, ones that companies will address in the next few years. These include the virtualization of digital twins, which has become significantly more relevant. This topic is of special interest to industry. Virtual maps can help companies make processes in production more transparent and efficient, regardless of whether in new or existing buildings.

Relevance of digital topics before and due to Corona

BEFORE CORONA ≪ ≫ DUE TO CORONA
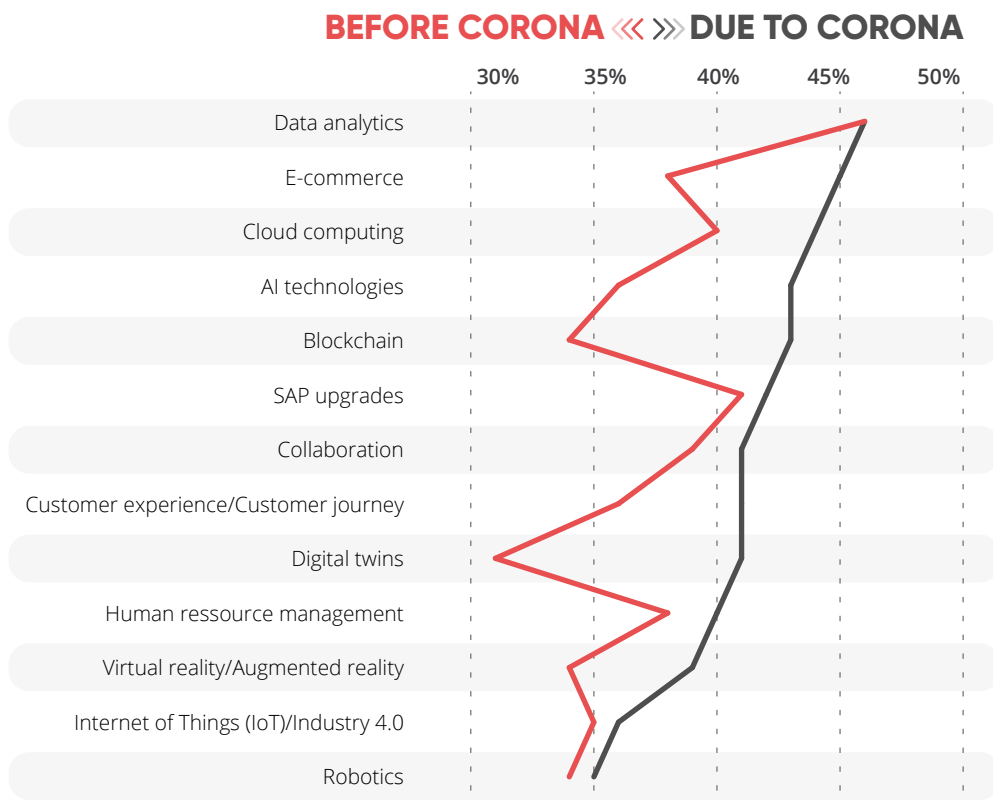
Basis: 218 companies | Percentages with "very relevant" and "relevant"

Logistics processes – the Eldorado for intelligent optimization

Another important aim that has moved up the corporate agenda is the optimisation of logistics processes. The study results underline that the Corona crisis has made ensuring the security of supply chains a central concern: The relevance of optimizing logistics processes increased by 10%. The shutdown in spring 2020 caused many supply chains to stumble. As a result, there were shutdowns in production and bottlenecks in retail. Maintaining logistics processes is a basic requirement for many sectors. The better the logistics process - the heart of the supply chain - works, the more productive the company and the better customers' requirements can be fulfilled respectively to quick delivery and availability

of items. And this too ensures sales. If there are unplanned events in the supply chain, companies need emergency plans in order to keep production running and guarantee deliveries of goods. Modern technologies such as data analytics and AI can help analyze shopping behavior and procurement and calculate procurement and supply precisely. A comprehensive analysis of all logistics streams of material, goods, and the digital transformation provide transparency, prevent shortfalls or oversupplies, and create potential for cost reduction at companies.

Relevance of logistics processes before and due to Corona

BEFORE CORONA   **DUE TO CORONA**

35%

Optimization of logistics processes

45%

Basis: 218 companies | Percentages with "very relevant" and "relevant"

45% of entrepreneurs want to optimize their supply chains so they can be more flexible.

But how can you optimize across the boards?

We help companies plan and optimize their logistics processes. To do this, we rely on a comprehensive consulting approach and we always examine all adjacent processes. That's how we always keep our eyes on the customer's goal and create projects with added value.

Our services in the supply chain and logistics sectors:
https://www.valantic.com/en/supply-chain-and-logistics/

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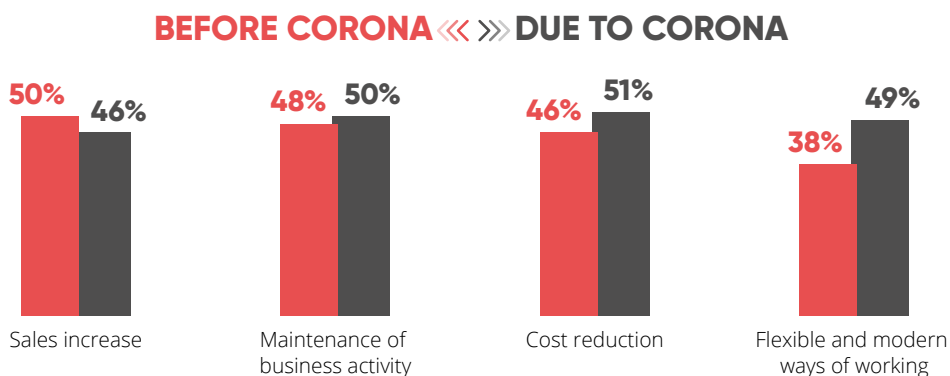# Reducing the cost of the most important drivers in the crisis

Digital applications and technologies help companies optimize processes, use resources efficiently, increase sales, work productively, and reduce costs. And it's cost reduction that has become most important due to the Corona pandemic. If before the crisis digitalization projects were especially intended to increase sales, now it is first and foremost cost reduction that motivates companies to advance digitalization projects. Businesses have recognized that in times of crisis, digitalization offers a lot of opportunities for reducing costs despite declining sales and lower demand. If you take a look at a company's IT road map, you can quickly see that the potential for increasing efficiency and reducing

costs is not nearly exhausted. Levers for this are especially relevant future topics, whether data analytics, AI or customer experience.

Maintaining business activities, even regardless of Corona, is a powerful incentive. Digitalization makes companies' processes and business operations not only more efficient and transparent, it also contributes to securing their ability to do business in case of a crisis.

And finally, flexible and modern ways of working are a powerful driver of digitalization. Although only 38% of enterprises judged flexibility to be a driver of the digital transformation before the crisis, in the meantime, this

Drivers of digitalization

BEFORE CORONA ⟪ ⟫ **DUE TO CORONA**

	Sales increase	Maintenance of business activity	Cost reduction	Flexible and modern ways of working
Before Corona	50%	48%	46%	38%
Due to Corona	46%	50%	51%	49%

Basis: 218 companies | Percentages with "very relevant" and "relevant"

figure has increased to 49%. This is a result that can be traced to the time of the first lockdown, when different ways of working required great flexibility. However, it was not just working from home offices that maintained business activity. In many industries, new business models have arisen due to digital applications and processes. An example of this is hospitality, which has tried to use digital offerings, services, and delivery services to continue doing business as well as possible to make up for lost sales. Meanwhile, online business is booming in retail.

Prepared for crises with online business

The Corona crisis has slowed economic activity and put many companies in a very challenging situation. Even in 2021, there is no quick end to the pandemic in sight, and businesses still have to take measures to remain competitive. Digitalization offers businesses great opportunities to prepare themselves for the Corona pandemic and similar crises. More than 40% of companies believe that establishing and developing e-commerce are essential steps toward cranking business back up and especially for being better prepared for future crises.

Generally, personal business contacts, especially on-site sales at the customer's, is an important source of sales. However, Corona has forced enterprises to reduce or eliminate personal contact. There are alternatives in the virtual space and via additional online sales channels, which contribute to keeping customers and acquiring new customers and making up for lost sales. For 39% of companies, optimization of their operational procedures is a critical measure for preparing themselves better for crises. This means that processes have to be digitalized. Only this creates transparency, increases productivity, enables mobile and flexible cooperation of spatially distributed teams, and in the end, increases performance in individual departments. One-third of firms will invest more heavily in data analytics.

The implementation of measures is not a sure-fire success: 86% will obtain external help from IT service providers for the implementation of analytics applications. And for all other projects, more than two-thirds of the companies surveyed would like the support of an external IT service provider.

Measures for equipping themselves better for crises

41%	41%	39%	32%	31%	26%
Increased presence in online business	Optimization of operational flows	Better operational performance	Increased investment in analytics	Lower procurement costs	Greater supply chain transparency

Basis: 218 companies | Multiple answers possible

41% of entrepreneurs are planning to invest more in e-commerce due to the coronavirus.

But how can you make smart investments?

Truly smart solutions for sales and customer relationships are only created if development, design, and usability work together perfectly. And that's how we work too. We bundle our capabilities and knowledge in these areas and develop custom-tailored platforms and applications. This is how future-oriented solutions arise, ones that fit your company and customers' needs in equal measure.

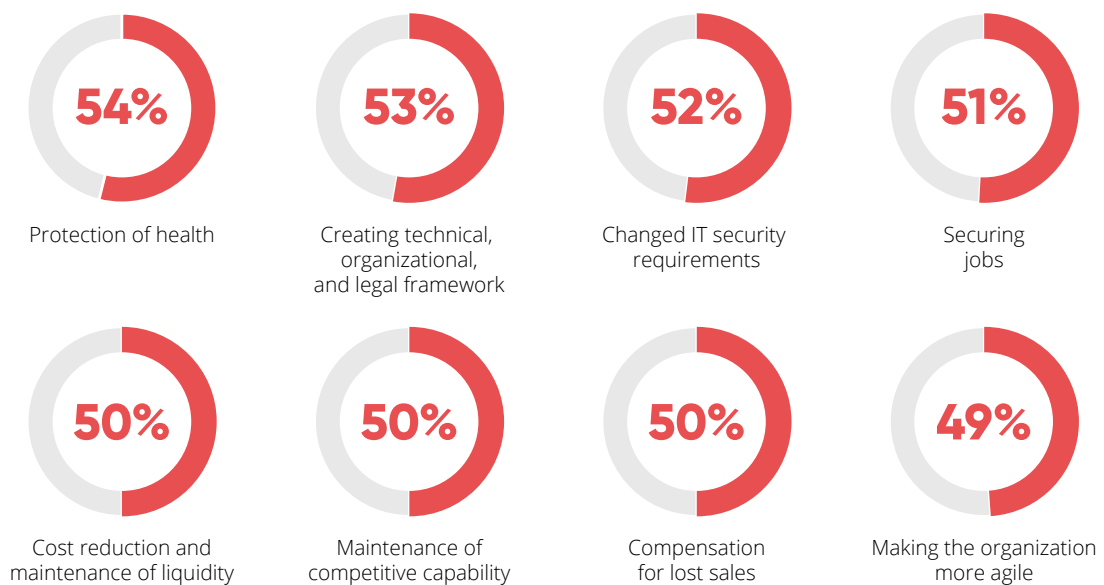Our services in the customer engagement and commerce sector:
https://www.valantic.com/en/customer-experience/

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Health and safety are the greatest challenge

The Corona crisis has presented enterprises with a once-in-a-lifetime challenge: how to protect the heath of employees, customers, and partners. For 54% of the businesses surveyed, this is still the most important premise. IT can also make an important contribution here. Video and web conference solutions and collaboration tools with chat functions are valuable applications when personal contact has to be avoided to keep people healthy. Another challenge that companies have had to contend with is creating the technical, organizational, and legal basic conditions, for example, for ways of working that are changing for

the long term. 53% of companies surveyed will focus on this soon, especially since a majority of the operations will still maintain home office workplaces even after Corona. Now as before, IT security is one of the top three challenges mentioned. It has to react and be adapted to changed requirements, for example working from home offices. And of course, every other company is concerned about securing jobs and the company's liquidity.

Challenges for companies

54%
Protection of health

53%
Creating technical, organizational, and legal framework

52%
Changed IT security requirements

51%
Securing jobs

50%
Cost reduction and maintenance of liquidity

50%
Maintenance of competitive capability

50%
Compensation for lost sales

49%
Making the organization more agile

Basis: 218 companies | Multiple answers possible

Summary

Significance of the road map

Most companies are aware of the significance of a road map for digitalization projects and have anchored IT projects in it.

The Corona crisis has caused businesses to rethink and redesign their road maps for digitalization projects.

The crucial role of IT is evident - no IT topic has declined in relevance; to the contrary: IT topics are becoming ever more relevant.

IT priorities of the road map due to Corona

However, companies' priorities are shifting. Data analytics is and remains a guarantee of success for businesses. Nevertheless, according to the rankings, communication and the digital workplace will be the top two concerns in the coming years.

Due to the crisis, companies have put flexible work and virtual communication at the top of their digital agendas; the digital workplace has boosted this.

With the crisis, the pressure to optimize logistics processes has especially increased companies' desire to take action. This topic's ranking has changed the most; it is now a focal point for many companies.

Its relevance shows how absolutely necessary it is to maintain supply chains even in time of crisis and to avoid bottlenecks and production shutdowns.

And it's not just digitalization priorities that have changed with the pandemic; the driving forces have changed as well. The greatest incentive is no longer sales growth, but cost reduction.

Better equipped for crises

Enterprises have recognized that online business is an important pillar for securing sales especially in times of crisis and social distancing. In addition, with better operational flows and the help of the digital transformation, they want to equip themselves better for future crises. Many companies want support from expert external IT service providers for this.
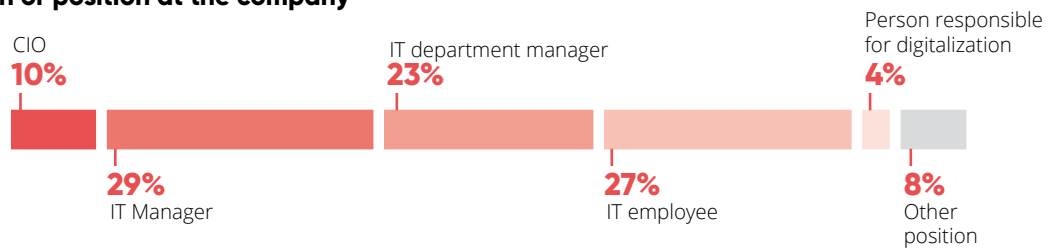
The Corona crisis has confronted companies with many challenges. The most important premise for businesses is protecting the health and safety of their employees, customers, and partners.

Study design and random sample

The study "The Corona Crisis Resets IT Priorities" was designed and conducted by tech-consult GmbH at the request of valantic. 218 companies in German-speaking countries were surveyed about the influence of the Corona crisis on their digitalization projects. The survey was conducted using an online questionnaire.

The random sample includes companies with 500 or more employees in all industries, with the exception of public administration. Contacts were first and foremost IT managers, IT department managers, and decision-makers for the implementation of digital projects in the SAP environment, logistics, e-commerce, and customer experience or business analytics.
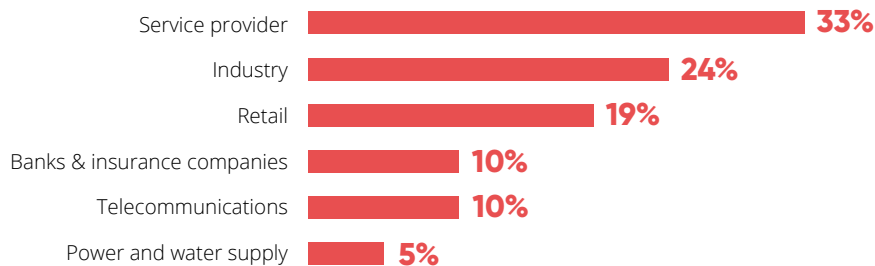
Function or position at the company

CIO
10%

IT department manager
23%

Person responsible for digitalization
4%

29%
IT Manager

27%
IT employee

8%
Other position

Number of employees

42%
500-999 employees

31%
1,000-1,999 employees

27%
2,000 and more employees

Industry distribution

Service provider **33%**
Industry **24%**
Retail **19%**
Banks & insurance companies **10%**
Telecommunications **10%**
Power and water supply **5%**

(Due to rounding, some totals may not add up to 100%.)

Additional Information and contact:

About techconsult GmbH

techconsult has been an established research and analysis company since 1992. Up to 25,000 interviews per year, with IT decision-makers/users, business decision-makers, end consumers and providers form the basis of the company's analytical work. Thus, techconsult possesses unique and always up-to-date information about the position of industry/user segments with regard to their IT, business models, and processes. The development and provision of sound studies and benchmark systems in the current business and IT trends sector help business and IT decision-makers analyze problem areas and determine where they stand. The company is an important consulting partner to CXOs and the IT industry. **www.techconsult.de**

About valantic

valantic is Number 1 for digital transformation and one of the leading digital solutions, consulting, and software companies on the market. valantic combines technological expertise with industry knowledge and the human touch.

More than 1,000 customers already rely on valantic, including 20 of 30 DAX companies and many leading Swiss and Austrian companies as well. With more than 1,200 specialized solution consultants and developers and sales of more than EUR 170 million in 2020, valantic is represented in 21 locations in German-speaking Europe and in 4 locations internationally. valantic features a holocratic structure with divisions, competence centers, and expert teams – always precisely tailored to companies' digitization needs.

From strategy to tangible realization – our range of services includes the areas customer experience (CX), supply chain excellence, SAP services, digital strategy & analytics, and financial services automation. **www.valantic.com**