



# Digital Transformation Vs. IT Modernization

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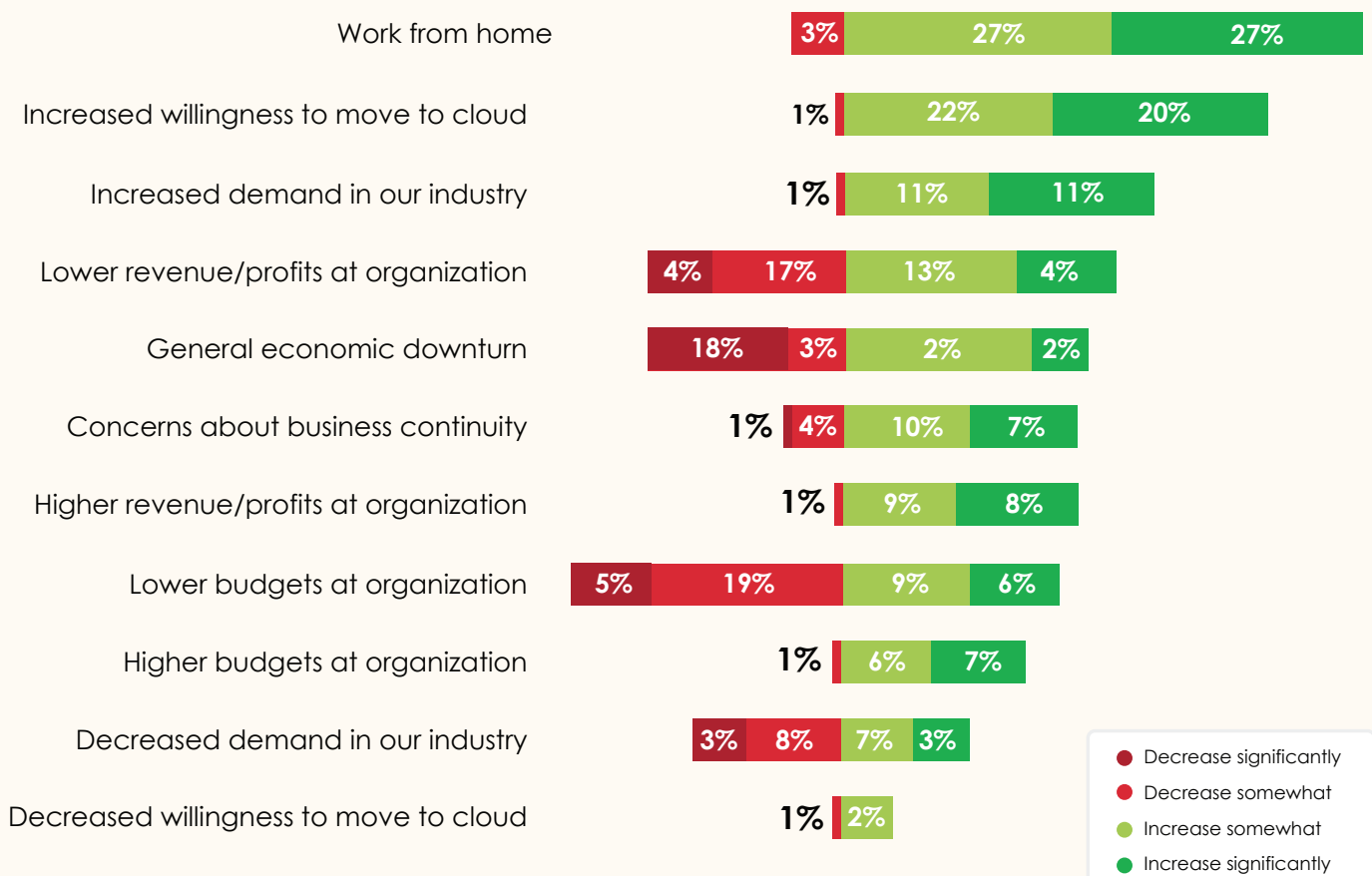
# Introduction

The pandemic has accelerated the need for many companies across industries to have a “Phygital” strategy in place. In addition to physical touchpoints with stakeholders such as customers, employees, partners, and vendors, companies invest in building digital products that leverage technologies like the Internet of Things (IoT), Artificial Intelligence (AI), Augmented and Virtual Reality, and Big Data Analytics.

Flexara 2021 State of Tech Spend Report identifies factors that has influenced the pace of digital transformation the most during the pandemic.

## Impact of Pandemic on Digital Transformation Pace

% of respondents



Companies are also integrating Line of Business (LoB) applications to enable data flow between systems. Data Analytics, Visualization, and Robotic Process Automation help employees focus on strategic initiatives that propel business growth rather than worry about capturing operational details or performing repetitive manual tasks.

Digital Transformation implies a cultural shift towards better employee and customer experience. The focus of CIOs is changing from managing projects to building products. These products can be cross-platform apps or microservices that bring together technologies for the benefit of employees and customers. This transformation journey has many milestones, one of which is IT Modernization which is a crucial enabler. Unless you modernize your application portfolio, you cannot benefit from the flexibility, scalability, security, and cost-efficiency offered by the cloud.

In its recent forecast on IT spending, Gartner estimates worldwide IT spending to grow 9% in 2021. "Technology spending is entering a new build budget phase," said John-David Lovelock, distinguished research vice president at Gartner. "CIOs are looking for partners who can think past the digital sprints of 2020 and be more intentional in their digital transformation efforts in 2021. This means building technologies and services that don't yet exist, and further differentiating their organization in an already crowded market."

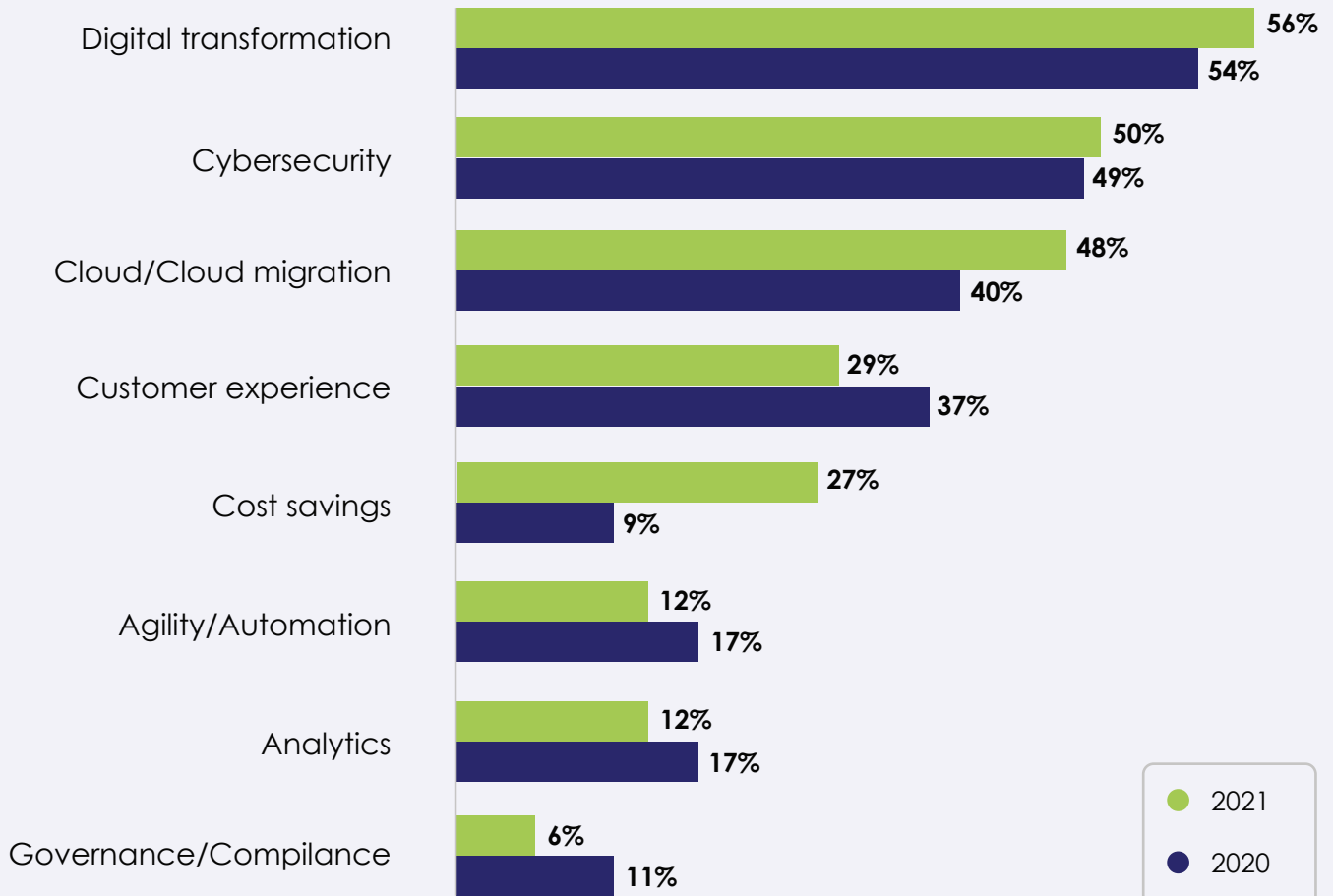
## Top Technology Initiatives

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According to Flexara 2021 'State of Tech Spend' Report, 56% of respondents have identified digital transformation as the top initiative.

## Top Initiatives Year over Year

% of respondents



N=474 (2021), N=303 (2020)

Source: Flexera 2021 State of Tech Spend Report

## Digital Transformation Vs. IT Modernization: The Revenue Perspective

Digital Transformation and IT Modernization both involve budget allocation, but the difference lies in the ability of a company to monetize digital products. The return on investment for IT Modernization will not be as direct as getting annual recurring revenue from apps and services. IT Modernization preps the ground for you to scale your digital products and transcend geographical boundaries to scale up your business.

Let us help you understand this better by expanding on IT Modernization. Enterprise IT comprises infrastructure, platform (development and deployment environment), and applications.

# Infrastructure Modernization

Modernizing infrastructure involves having a cloud strategy. A research report from IDG states that “64% of organizations that have completed their initial IT Modernization initiatives have switched from an all-private or all-public cloud strategy to a hybrid cloud approach.”

## Cloud is Complicated

The cloud offers countless benefits. Transformation strategies include hybrid and multicloud (more than one public cloud). But many also realize how difficult it is to assess workloads and choose best-fit problems.



of organizations that have completed their initial IT modernization initiatives have switched from an all-private or all-public cloud strategy to a hybrid cloud approach.

Challenges with optimizing the cloud:



Public cloud security



Managing multicloud



Governance and Compliance



Aligning workloads and platforms

## DevOps to the Rescue

The same research identifies the **Continuous Integration and Continuous Delivery (CI/CD) framework** as the top priority of CIOs. In fact, “91% of companies have increased or begun increasing their use of automation to support their cloud strategy.” DevOps and, more recently, DevSecOps, have found widespread acceptance as an efficient way to solve problems quickly.

## Prioritizing Innovation

IT leaders are embracing emerging technologies and approaches to address business challenges and spearhead innovation.



**43%** of organizations are in the early stages of developing a strategy for AI, machine and/or deep learning.



**35%** of firms in the beginning stages of IT modernization have deployed public cloud container services.



**91%** of companies have increased or begun increasing their use of automation to support their cloud strategy.



Building a Continuous Integration and Continuous Delivery (CI/CD) framework is a top priority.

## Application Modernization

CXOs rely on actionable, relevant, and timely data to base the decisions that could put their business in the next growth orbit. For data to seamlessly flow between applications, legacy systems must be integrated and optimized for the cloud. The connected enterprise is the ultimate goal. To achieve this, you should audit your application portfolio to determine which of your applications need to be **rehosted, re-factored, re-platformed, re-architected, or retired**. So, where do you start?

“The first step is analyzing your IT portfolio, identifying the legacy systems, and calculating the associated costs,” says Anil Cheriyan, executive vice president and CIO at Atlanta-based SunTrust Banks, during an interview with CIO.com. “We’ve gone through what we call a ‘cost transparency exercise’ to understand which applications cost us more money. Then there’s a conversation with the business teams to identify which business processes are effective, which ones need to be replaced, the business value of the environment, and whether the system is a hindrance.”

## Migration Vs Modernization

Cloud migration involves moving your data, workload, and applications to the cloud. Some enterprise applications are ready for the cloud even though they are currently deployed on on-premise servers. Typically, these cloud-ready applications are built using the latest software framework. These applications can be migrated to the cloud environment without modifying the architecture or the codebase. This strategy is referred to as rehosting or “lift and shift” approach.

However, legacy system modernization is generally associated with modifying the application through code changes or rewriting the application in a new programming language for better manageability.

## Cloud-Native Applications

When you have identified legacy applications in your portfolio that needs to be rewritten or rearchitected for the cloud environment, cloud-native strategy is the way forward. The elements of cloud-native development are:

- ✔ **Microservices** – modular development framework
- ✔ **Containerization** – isolating applications for deployment
- ✔ **Continuous Delivery** – test-driven development using Agile Framework
- ✔ **DevOps** – leveraging automation to bring together development and operation



# Transform with Modern IT

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Here are top 6 ways in which IT Modernization accelerates your digital transformation journey:

- ✔ Enable secure access to enterprise applications from anywhere, on any device
- ✔ Improve operational efficiency and optimize business process through automation
- ✔ Provide seamless experience to internal and external customers
- ✔ Optimize infrastructure and software costs
- ✔ Improve application resiliency, functionality, and security
- ✔ Enhance business responsiveness and agility

## Cost Efficient IT Modernization

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'The state of IT Modernization 2020' report by IDG states that nearly 7 out of 10 organizations "have experienced higher-than-expected cloud costs, demonstrating the importance of effective cloud planning and management."

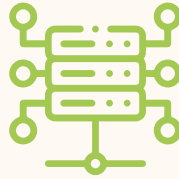
For implementing their cloud strategy, most companies leverage the expertise of a reliable technology partner with a proven track record of helping customers move to the cloud. Companies prefer to work with Managed Services Providers across all stages of IT Modernization.

The advantage of working with such a partner is to quickly internalize best practices that has helped peers in your industry to save cost and manage their cloud deployments more efficiently.

**The IT operating environment needs to be modernized and optimized,  
but there are obstacles:**



Outdated security infrastructure and processes **(57%)**



Unvalidated platform/workload placement **(53%)**



The need for change management to address skills, organizational structure, governance, etc. **(48%)**

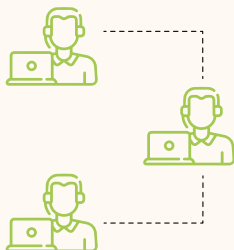


of IT leaders cite a lack of governance and compliance as a major hurdle to IT process modernization.

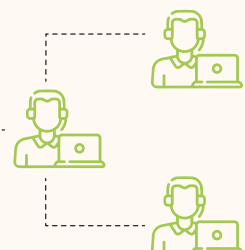


of organizations are in "post IT modernization mode" in one or more areas and are assessing how to optimize and automate their new environment.

**A common solution is outsourcing.**

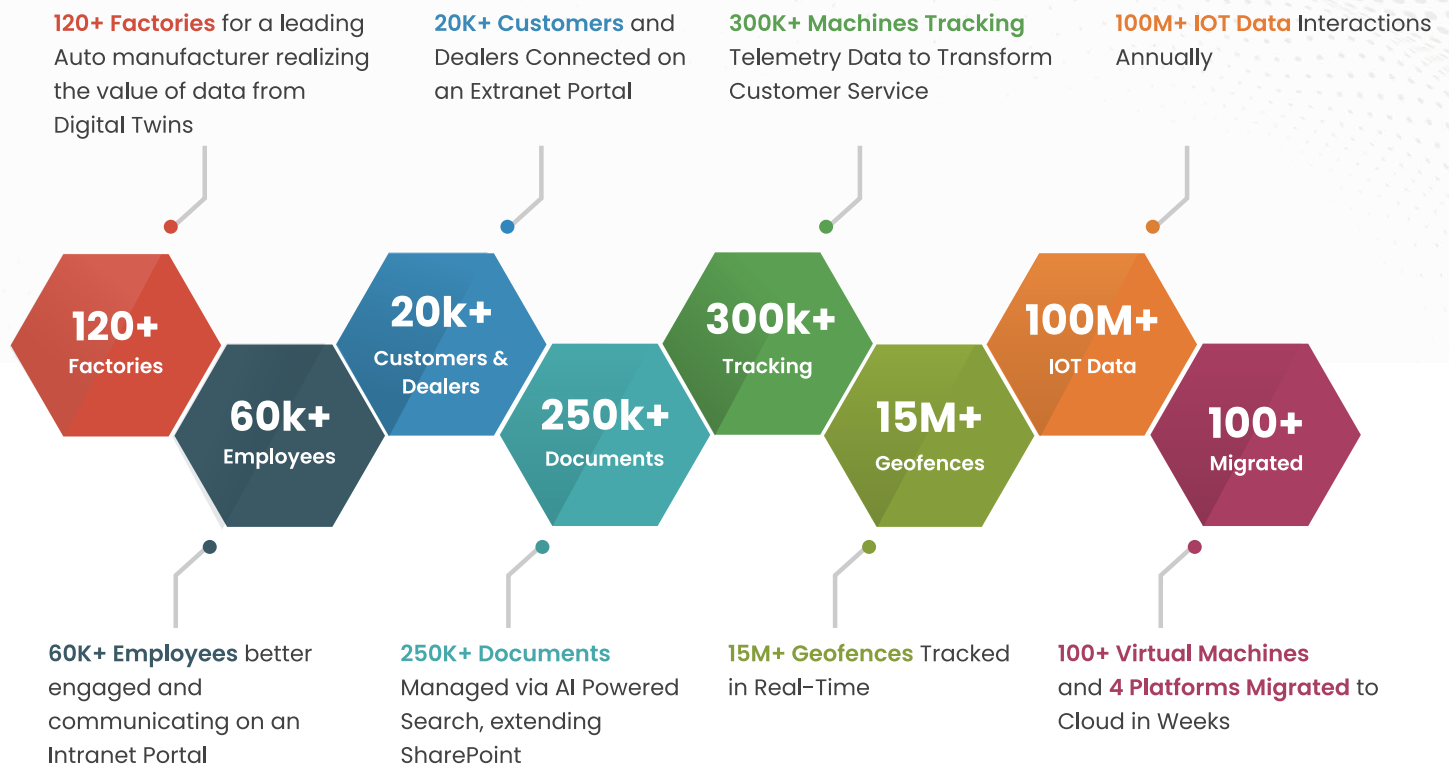


**An average of 95% of organizations**  
(across all stages of IT modernization)  
leverage a managed services provider  
for one or more IT functions.



## **Softura - Your IT Modernization and Digital Transformation Partner**

Softura has rich experience in transforming monolithic multi-tier on-premise legacy applications into modern applications for the cloud using the Agile DevOps Framework. The numbers speak for themselves.



Write to us at [sales@softura.com](mailto:sales@softura.com) to schedule a free consultation on application modernization. Our clients have benefitted from our low-risk staggered approach to modernization, and you can do too. Follow us on LinkedIn for regular updates -> <https://www.linkedin.com/company/softura>. We conduct webinars, workshops, and other intervention programs that you and your company can benefit from. Looking forward to hearing from you.

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