KONICA MINOLTA

TOP 5 TIPS FOR BUSINESS LEADERS TO BUILD AGILITY IN THEIR IT

A guide to creating a more predictable and reliable IT strategy in the face of uncertainty.

Giving Shape to Ideas

KONICA MINOLTA

EXECUTIVE SUMMARY

Change is the new normal. Gone are the days of major shifts followed by years of stabilisation. In today's dynamic business environment, change is complex, continual and volatile.

The change is coming from every direction. Right now, Brexit is the dominant driver of uncertainty. Following Britain's decision to leave the European Union (EU), there remains a significant degree of unpredictability regarding the UK's future trading relationship with the EU. Will trade be frictionless? Will there be post-Brexit skills shortages? Will new data compliance regulations be applied? These and many other Brexit questions remain unanswered.

Other political, regulatory and economic uncertainties are accelerating the pace and scope of change, making it difficult for UK businesses to make informed planning decisions about their future. This includes the impact of:

- Emerging international trade barriers
- The potential slowdown in global growth
- Disruptive new market models
- New compliance regulations
- Innovations such as artificial intelligence (AI) and business automation

Giving Shape to Ideas

HOW TECHNOLOGY CAN HELP YOU STAY AHEAD OF CHANGE

Technology is in the eye of this storm. It underpins almost every facet of a modern organisation, being instrumental in most aspects of operation: from innovation and revenue growth, to customer experience and employee engagement.

This report provides guidance and advice on how your organisation can create a more predictable and reliable IT strategy: one that is resilient to the relentless change taking place. It reveals how an adaptive, agile IT infrastructure enables you to stay ahead of change and thrive in the face of so much market uncertainty.

Through this guide, you will learn how to cushion the impact of change and:

- Predict your financial future with confidence and reduce cost
- Meet compliance regulations for data residency, security and protection
- Access the expert, experienced talent you need to grow
- Adapt rapidly to change with modern, agile processes
- Work with resilient, trusted IT partners that will be with you in the long term

TOP 5 TIPS FOR BUSINESS LEADERS TO BUILD AGILITY IN THEIR IT

Organisations are struggling to predict what's over the horizon. Everything from Brexit and digital disruption, to the threat of economic recession are upending traditional business operating models.

To succeed in the face of such uncertainty, you need a modern operating model. Discover the five key steps that your organisation can take to create a more reliable and predictable IT strategy – one that gives you the adaptability to manage change at less risk and lower cost.

Giving Shape to Ideas

> "Brexit, Trump and a new era of unpredictability are having an impact on IT leaders...64% said political, business and economic conditions were becoming 'more unpredictable'."

1

MANAGE FINANCIAL UNPREDICTABILITY

Research by the Institute of Directors[1] finds that business confidence in the British economy has fallen to its lowest level since the Brexit referendum – and 57% of company directors expect that confidence to get worse. IHS Markit[2] reports that in the event of a 'no-deal' Brexit scenario, the UK would be in recession from mid-2019 to early 2021, and that its economy would contract by 2.4% in 2020.

This uncertainly – whether caused by Brexit or other factors – makes it difficult for businesses to plan and implement capital expenditure (capex) decisions: should an organisation tie up significant capital in a new automated supply chain system to serve EU customers, for example, when it's so difficult to forecast future demand from the region?

Brexit will also make it more difficult for UK small businesses to predict future cashflow. More than 130,000[4] UK small businesses, for example, will be forced to pay VAT upfront on all goods imported from the EU after Brexit. The cost of VAT is currently passed along the supply chain when importing from the EU. In 2020, these costs will be handed directly to small-business owners who will have to pay immediately.

Given this instability, the demands on the IT infrastructure become less and less predictable. You may need to suddenly scale your in-house technology up or down to cope with changes in demand. You may need to adopt new compliance measures, add or reduce headcount, or move data between geographies to meet international data privacy mandates. Any one of these would require a significant, long-term capital investment commitment.

CREATE A PREDICTABLE FINANCIAL FUTURE

Forward-thinking business and IT leaders are moving individual services from this inflexible capex financial model to an operational expenditure (opex). With the opex model, the typical cost components of your IT department – such as systems, staff and training – are presented as a fixed monthly charge to your company.

Technology as an operating expense allows your company to:

- Pay only for the capacity it needs at the moment and scale as requirements change
- Ease and speed up the budgeting process because short-term spending requirements are reduced
- Make multiple investments across the business since capital isn't tied up in large upfront expenditures
- Fund expenses faster through operations rather than needing to borrow money or divert money from other projects to pay for large, upfront technology costs
- Smooth out cash flows over time instead of requiring lumpy outlays

Moreover, you no longer need to dedicate the same resources, time and space to the hardware and software. Many processes are automated and standardised, helping you adapt more quickly to change. Services, features and options can also be purchased as needed and used on demand, so you aren't paying for underutilised components.

2

MANAGE SECURITY, COMPLIANCE AND DATA RESIDENCY

According to the CBI[5], data is responsible for £240 billion of economic activity in the UK. It has also warned of the threat from Brexit – 10% of the world's data flows through the UK, and 75% of these are data transfers between the UK and the EU.

Although the UK Government has announced that there would be no immediate change in the UK's own data protection standards in the event of a 'no-deal Brexit', it also warns that the legal framework for transferring personal data from EU organisations to UK organisations would have to change when the country leaves the EU.

This means that although businesses will be able to send personal data from the UK to the EU, it may not be the same[6] the other way around. The European Commission will have to make an adequacy decision on allowing the free flow of personal data to the UK, but the decision may not be made time for Brexit.

The uncertainties relating to data security and data residency also extend far beyond Brexit. Last year, for example, the EU General Data Protection Regulation (GDPR) called upon organisations to transform the way they store, protect and share data.

From a data security standpoint, the threat landscape is changing at an accelerating and unpredictable pace. It is becoming ever harder for organisations to stay one step ahead of the cyber criminals and protect their data with confidence.

The bottom line? Whatever the future compliance or security outlook, your organisation needs to adapt quickly and effectively to the rules governing data – or face the consequence of non-compliance penalties, damaging data loss and diminished customer confidence.

CREATE DATA TRANSPARENCY, SECURITY AND CONTROL

Given the unpredictable direction for data compliance post-Brexit, your organisation may need to review its data residency model. This could mean the adoption of a dual data centre strategy: one that offers the flexibility of residency in both the UK and Europe. That way you can switch data between each location as demanded by any compliance framework or political jurisdiction.

You may also want to look for expert data security support externally, beyond your in-house IT resources. One easy way to do this is to outsource this responsibility to a Managed Service Provider. By employing some of the sharpest minds, deploying the smartest security tools and implementing the most effective services, you will be better positioned to keep your data connected and protected. This includes the use of proactive technologies and tools to detect and contain potential threats before they escalate – whether it's a dedicated firewall, managed anti-virus and back up or the latest compliance practises.

"Two-thirds of IT leaders agree that the technology skills shortage is preventing them from keeping up with the pace of change"

3

FIND THE TALENT YOU NEED TO GROW

One of the key outcomes of Brexit is the potential skills shortage. A report by The Chartered Institute of Personnel and Development[7] reveals that 40% of UK employers had more problems filling vacancies than they did last year – and, post-Brexit, staff may face additional requirements for work, residence and travel.

The issue is particularly prevalent among IT staff. Research by Northumbria University and UCL[8] predicts risks to the UK post-Brexit if the Government does not put measures in place to support the development of IT skills and education. Researchers fear that the UK could see a shortage of IT which will compromise the UK economy, security and competitiveness in global markets.

Your organisation is faced with a classic 'Catch 22' situation: On the one hand, uncertainty over future trading conditions makes it hard to predict the resources you will need in 12- or 24-months' time. On the other hand, even if you could forecast that demand accurately, those skilled IT resources may not be available owing to post-Brexit citizenship rules.

You may even ultimately struggle to source the appropriate skills. With fewer students choosing to learn science, technology, engineering and maths (STEM) subjects, the talent and skills needed for effective IT management remain in short supply.

Challenges to in-house IT include:

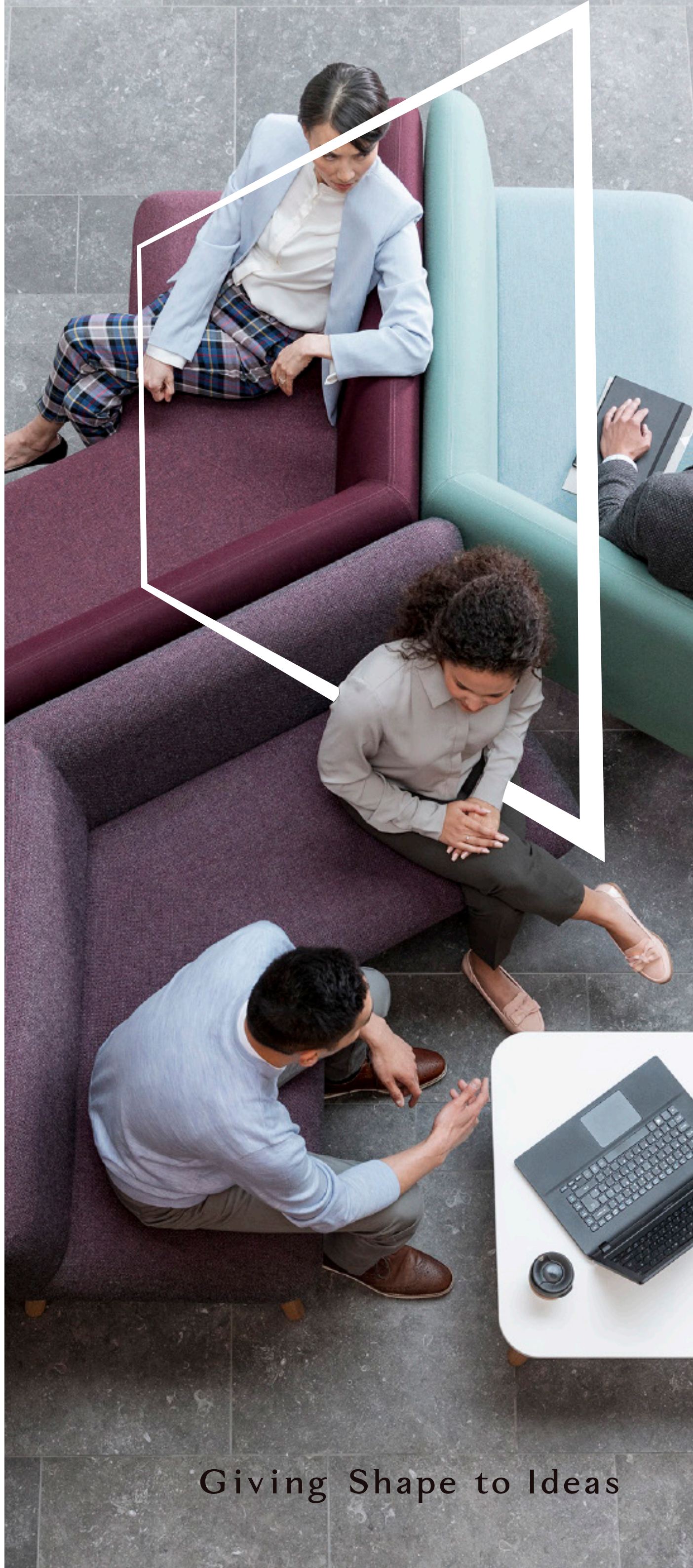
- **Increased risk:** Too few resources devoted to operational issues like security monitoring, help desk support or disaster recovery
- **Higher cost:** Requirement to hire in expensive third-party consultants to plug skills gaps
- **Delayed innovation:** A lack of IT skills may delay the adoption of new technologies like artificial intelligence, automation and mobility

MANAGING THE SKILLS GAP

Owing to this uncertainty over future skills demand, forward-thinking IT organisations are choosing to contract out some of their skills to experienced third-parties. This could range from operational resources, such as monitoring or IT help desk support, to more strategic needs, such as digital consulting or business process optimisation.

This outsourcing model provides a number of benefits:

- Scale resources up and down quickly in response to fluctuations in demand
- Reduce the cost of sourcing, training and developing skills
- Enable access to the latest skills, for example in AI, automation and mobility
- Free up in-house staff to focus on strategic initiatives geared to business growth and innovation



4

DRIVE OPERATIONAL EXCELLENCE

Brexit and other disruptive market forces are upending the traditional processes your business has relied on for so long. New compliance obligations, trading agreements, staffing regulations and more require a new operating model: one based on agile, streamlined business processes. By implementing this new model, your organisation can pivot at speed, adapt to whatever market forces are around the corner and drive business growth.

Getting there isn't easy though. Those business processes have been built up over years of operation. They may comprise a complex labyrinth of fragmented processes – many residing in departmental silos. Some may sit in the cloud, others on-premise. Change in one area of the business can inadvertently induce change downstream. And your staff may be reluctant to give up the familiar processes and systems they have used for so long.

KONICA MINOLTA

CREATE AGILE, STREAMLINED PROCESSES

Your business needs modern, adaptive business processes to deal with the change brought about by Brexit and other disruption. These streamlined processes should encompass every aspect of your operation: from the way your day-to-day IT infrastructure operates and the way data is managed, to end-user engagement and the use of new technologies such as AI and robotic process automation.

One closing thought. Smart process automation is at the core of adapting quickly to the new ‘ways of working’ – whatever shape it may take. The new era of innovation brought about by AI, robotics and other technologies will enable you to synthesise huge volumes of data and use it for faster, more informed decision making about the future of your business.

“Almost 90% of executives ... believe that organisational agility is critical to business success”

Economic Intelligence Unit

The following steps can guide you towards transforming these business processes quickly, cost-effectively and at lower risk:

- Analyse your current business and technology processes
- Identify process gaps and opportunities
- Map out new streamlined processes
- Ensure staff are engaged with the new processes and strategy
- Implement modern, agile processes and solutions that drive post-Brexit operational excellence
- Drive continuous improvement

5

SUPPLIER RESILIENCE

The Insolvency body R3[10] reports that the number of British businesses collapsing into bankruptcy hit a four-year high in 2018. More than 17,000 firms entered insolvency, the highest rate since 2013.

In the face of so much market and economic uncertainty, it would be prudent to perform rigorous due diligence on all the partners residing in your ecosystem. From an IT perspective, will the vendors that provide your hardware, software, resources and other assets be with you for the long-term? If one were to fail, or the service they provide no longer be supported, what would the consequences be for your business?

This due diligence checklist may include the points listed in the box to the right. If your partner scores poorly on any of these criteria, it would be advisable to consider an alternative option.

- **Financial strength:** Audit the partner's financial performance over the last three years.
- **Reach:** Research their geographic reach, subsidiary network, length of time in business, merger/takeover history, etc.
- **Suppliers:** Verify the stability of the other underlying IT vendors that the partner will use to deliver your service.
- **People:** Find out the partner's headcount, the certified skills they possess, the rate of staff turnover, etc.
- **Coverage:** If the partner needs to downsize, can they adhere to the level of service, coverage and schedules agreed in the SLA?
- **Customer experience:** Talk to their complementary customers to learn about their experiences of the partner.
- **Vision:** Does the partner possess the vision and experience to help you deliver on your transformational goals?

DRAWING IT ALL TOGETHER

Brexit represents one of the most daunting and unpredictable challenges faced by UK business in recent years. Organisations must act now to protect themselves against this uncertainty – and other unpredictable forces, such as an economic slowdown, new compliance rules and disruptive new market competitors.

The following steps can help forward-thinking organisations to increase their resilience in the face of unexpected change and guide them to a more predictable and prosperous future:

- Agile financial model that minimises financial unpredictability and reduces the cost of IT services delivery
- Adaptive data residency and security strategy to ensure future data compliance
- Flexible people model that blends in-house skills with expert, external resources
- Optimised, streamlined processes, with automation at the core
- Partnership with trusted, reliable organisations that will be there for the long-term

KONICA MINOLTA

SOURCES

1. https://www.iod.com/news-campaigns/press-office/details/Business-leaders-confidence-sinks-to-lowest-point-in-18-months
2. https://ihsmarkit.com/research-analysis/brexit-update-economic-and-political-implications.html
3. https://blogs.wsj.com/cio/2017/05/25/cios-seek-to-cope-with-greater-uncertainty-survey/
4. https://www.vatlive.com/vat-news/uk-shelves-vat-issues-till-post-brexit/
5. http://www.cbi.org.uk/news/eu-data-transition-deal-needed-urgently/
6. https://ico.org.uk/for-organisations/data-protection-and-brexit/data-protection-if-there-s-no-brexit-deal/the-gdpr/international-data-transfers/
7. https://www.independent.co.uk/news/business/news/brexit-skills-shortage-wages-rise-net-migration-falls-cipd-report-a8489366.html
8. http://newsroom.northumbria.ac.uk/pressreleases/it-skills-shortage-after-brexit-could-affect-uk-security-and-economy-2821107
9. https://www.computerweekly.com/opinion/Big-data-skills-shortages-and-how-to-work-around-them
10. https:/www.telegraph.co.uk/business/2018/01/26/number-british-businesses-going-bust-hits-four-year-high/

Giving Shape to Ideas

KONICA MINOLTA

LET'S TALK

Contact us to find out how our Managed IT
Services can help you build an adaptive
and agile IT infrastructure.

ManagedIT@konicaminolta.co.uk
www.konicaminolta.co.uk/managedit

Konica Minolta Business Solutions, Miles Gray Road, Basildon, Essex, SS14 3AR
info@konicaminolta.co.uk | www.konicaminolta.co.uk | 0800 833864

Giving Shape to Ideas