



WHITEPAPER

DIGITAL TRANSFORMATION

WHAT SMBS NEED TO KNOW

FEBRUARY 2022





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Executive Summary

The business world is in a state of rapid flux. The COVID-19 pandemic accelerated numerous trends surrounding digital transformation, putting tremendous pressure on businesses to adapt remote work infrastructures and digitize their workflows. This happened overnight in many cases – especially for SMBs not used to any level of remote infrastructure. The result was a new landscape, one plagued by potential pitfalls in data security and regulations, as well as those organizations struggling to find the right remote work services to suit their needs.

This has placed new emphasis on outsourcing, as organizations want to quickly augment their own workers with additional IT expertise and appropriate software solutions. The majority of European companies, regardless of size, now outsource a portion of their workflows to third-party partners – often in the IT space. The move to the cloud can be seen as part of this larger outsourcing initiative, as more companies leave their on-premise servers behind in exchange for supported public cloud solutions.

Keypoint Intelligence sees opportunities in this new, digitized world for businesses of all sizes, but especially microbusinesses and small to medium-sized businesses (SMBs) to overcome their personnel and budget shortcomings by embracing the view that not every process needs to be handled in-house. Through researched and careful outsourcing partnerships, these enterprises can enhance their digital transformation capabilities and move past the logistical limitations of traditional business.

Key Findings

- ◆ The pandemic accelerated numerous digital transformation initiatives, particularly the shift from on-premise working to flexible/hybrid working, creating new possibilities and new challenges for existing workflows.
- ◆ Data security and data regulations are two key pain areas, especially for SMBs. This is compounded by a lack of established remote infrastructure, as well as a shortage in specialized IT personnel capable of fixing the problem.
- ◆ Microbusinesses are behind the pack in terms of digital transformation.
- ◆ Many microbusinesses are still using on-premise infrastructure, which may be more secure, but likely place more strain on already overworked IT staff.
- ◆ The majority of all businesses have already adapted some form of cloud solution, meaning they have entered digitization initiatives.
- ◆ When it comes to the current state of information and document management, it is no real exaggeration to say chaos reigns. The document storage is still not well organised in the majority of organisations. Many organisations are using too many disparate platforms in their workflows, creating a plethora of opportunities for siloes and productivity obstacles. But the majority are planning some kind of consolidation.



- ◆ When it comes to outsourcing, the majority of respondents already do so. Of those that do not, an overwhelming majority plan to begin outsourcing efforts within two years.

Recommendations

- ◆ Many organizations are embracing hybrid cloud solutions, as they can provide the security benefits that come with private cloud offerings – as well as the decentralized accessibility that comes from public cloud servers.
- ◆ Data security is a pivotal concern in a digitized world and should be a focus for every aspect of an organization, not just IT. Cybercriminals are currently preying on the ineptitude and ignorance of companies not taking full precautions in this new landscape. Look to promote data security best practices whenever possible and ensure that there are dedicated personnel monitoring the situation, even if they are from a third-party partner.
- ◆ Many organizations have already started outsourcing key workflows to third-party managed IT providers. Do not be the last company holding out hope that a limited staff might someday solve an increasingly complex set of issues without support. Those organizations that do not outsource, risk losing a competitive edge to those that have.
- ◆ Look for a managed IT provider that is quickly reactive (even proactive) on dealing with issues, as well as one that can provide a vast array of flexible and scalable solutions.

Introduction

The world changed in March 2020. What was an already increasing escalation toward digital processes and workflows took a giant leap forward as suddenly many traditional work solutions were rendered moot and unobtainable by the COVID-19 pandemic. As with any sudden and drastic change, it was followed by a lot of scrambling and missteps as companies had to race to adjust their workflows and not just make sense of digital infrastructure and software, but use it effectively to continue productivity, all while keeping confidential data secure.

This overnight transformation has caused its share of pain points, especially among microbusinesses and SMBs already strapped for resources and budget. That said, we do not believe the escalation in digital transformation is a net negative, but rather a painful but necessary step toward unlocking new potential and removing the old limitations of a logistically limited work system. With the right combination of digital process adoption and outsourcing, companies can solve the problems of today and position themselves to be more competitive in the future.

Survey Methodology & Demographics

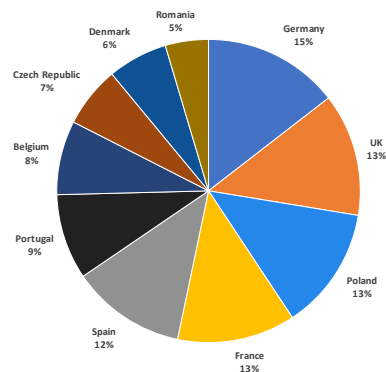
From July to September 2021, Keypoint Intelligence (on behalf of Konica Minolta) conducted a web survey of 1,775 respondents across Europe, from 10 countries including



Germany, the UK, Poland, France, Spain, and Portugal. These individuals came from a wide variety of company sizes, ranging from 1 to 2 people (5%) up to 5,000 or more employees (9%). The mean was 1,129 employees. While these respondents held various positions, our survey was focused around one common theme: Every respondent could and did influence technology adoption decisions to digitize or automate organisation processes. Given the focus on digital transformation, this was deemed an essential common theme to ground the analysis and establish a consistent baseline that would ensure all respondents could appropriately speak to the expense of questions and topics posed by Keypoint Intelligence analysts.

Figure 1: Respondents by Country

Q: Please select your country.



N = 1,775 respondents
Source: Digital Transformation European Study 2021

For the purposes of this white paper, however, we segment the respondents by the following categories. For starters, we break respondents out by company size: 1-19 employees (microbusinesses), 20-199 (SMBs), and >200 (SMEs). Data is also clustered by employee role, namely three sub-segments. The first is CEO/Presidential/Managing Director/Owner. Second, the IT-related roles of CIO/Head of IT, (Co-)Decider regarding IT in the organisation, and IT Specialist (coincidentally). Lastly, expect to see breakouts by business line managers as we look to examine how the challenges and opportunities of the digital transformation impact different company verticals.

The Current State of Digital Transformation

Digital transformation is not a new phenomenon. Defined most simply as the acquisition and implementation of information technology (IT) by an organization, digital transformation began the moment the first computer entered the business space. In the decades since, however, enormous technological progress has been made – to the point that many now associate digital transformation not just with IT, but with internet of things (IoT) devices as well. This was understood in Konica Minolta & KPI's joint survey? which



paired questions on digital transformation with internet-centric issues like cloud, cybersecurity, and online data regulations.

The COVID-19 Impact

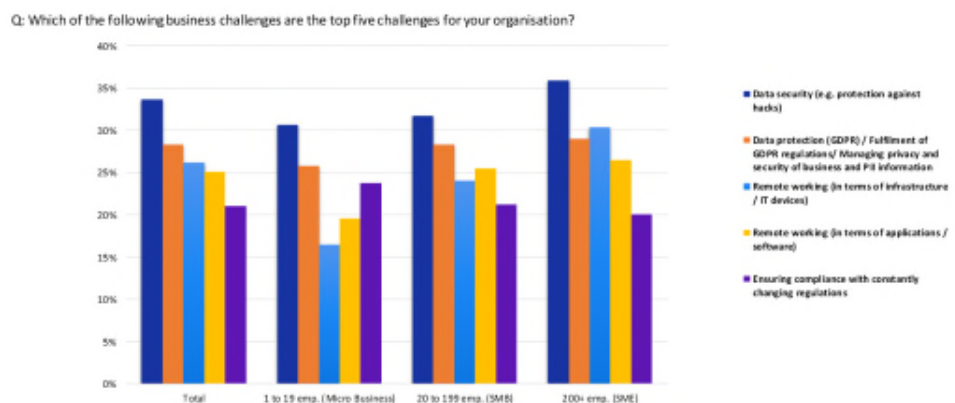
We cannot discuss today’s landscape without acknowledging the COVID-19 pandemic, a destructive force that changed the globe overnight in March 2020. In the nearly two years since, COVID has continued to have an enormous impact. Applied to the business world, the pandemic can be seen as a mass accelerator, greatly speeding numerous trends and adoption rates that were already growing, while at the same time collapsing certain segments of business already shrinking. Keypoint Intelligence has heard multiple subject matter experts in the digitization space comment that COVID-19 compressed years of growth into months.

As such, the digital transformation landscape of today is more volatile and dynamic than it would be otherwise. We are witnessing a change brought about by an extreme natural disaster, not the by-comparison gradual rate that existed pre-pandemic.

Top External Digital Transformation Challenges

As with any other rapid and extreme change, the increasing pace of digital transformation is causing numerous challenges, both internally and externally. When it came to external challenges, three factors emerged as the most impactful: these included data security (34%), adherence to data regulations (28%), and keeping up to date with new technologies (25%).

Figure 2: Top Five Business Challenges



N = Varies
Source: Digital Transformation European Study 2021

Data Security

While data security (also known as cybersecurity) has been a rising issue for some time, 2020 launched it into the spotlight. The abrupt shift toward remote working and the increased reliance on digital frameworks, coupled with infrastructure and education gaps

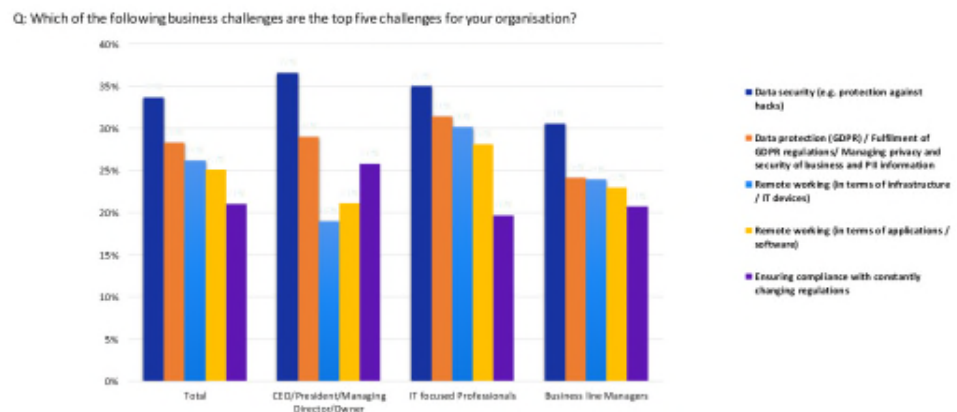


from employees and companies on handling said workflows, created an atmosphere where criminals could thrive.

While our data found that data security concerns were top of mind across the board, we still feel this issue may not be receiving the attention it deserves from microbusinesses. When broken out by company size, they were least likely to report data security as a top business challenge (31% vs. 32% for SMB and 36% for SME).

Interestingly, when broken out by job responsibility, CEOs and other leaders were most likely to list data security as the number one business challenge (37%). While this may sound alarming, Keypoint Intelligence and Konica Minolta actually consider it to be a positive development. Recognizing a problem is often labelled the first step to solving it, and CEOs and other decision makers have the authority to direct personnel and resources toward addressing this challenge and making some real progress toward security. It is also worth noting that they are not the only job responsibility rating it highly, with 35% of IT-focused professionals and 31% of business line managers also stating it was the top priority.

Figure 3: Data Security and Regulation Concerns (by Business Line)



N = Varies
Source: Digital Transformation European Study 2021

With the pace of the digital transformation accelerating and hybrid, decentralized workflows becoming the norm for a growing population, a strong emphasis will remain on data security going forward. It impacts all lines of business and should not just be viewed as an IT issue.

Evolving Data Regulations

The General Data Protection Regulation (GDPR) will mark its fourth anniversary in May 2022, meaning that many are finally starting to become familiar and comfortable with its comprehensive coverage and consumer-friendly views on data consent. In addition, the GDPR is set to expand to include new regulations on artificial intelligence (AI) use and ePrivacy.



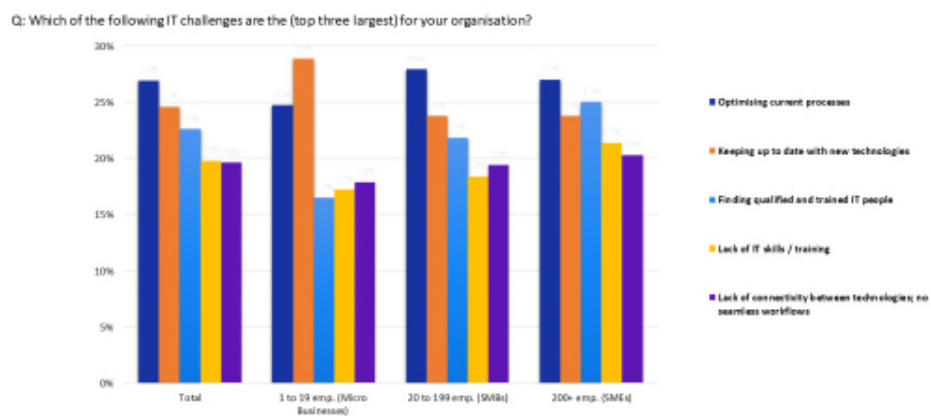
The evolving nature of these guidelines, plus those of international data laws, are keeping data regulation a large concern for businesses of all sizes. That said, when broken out by size, we found that larger organizations were more likely to list managing data regulation privacy and security as a business challenge (29% of SMEs vs. 28% of SMBs and 26% of microbusinesses), while microbusinesses were much more likely to state that ensuring compliance with the changing regulations was their primary area of concern (24%).

The larger emphasis on digital workflows and digital processing only adds to the amount of data being regulated by laws like the GDPR. As such, while it was not the top priority for any IT-focused job role, ensuring data regulations ranked consistently high among the challenges that businesses face today. At this stage, Keypoint Intelligence believes that any organizations still struggling with basic data regulation compliance will face significant challenges in the coming year.

Keeping up to date with new technologies

A large driver behind all the challenges is the escalating pace of change. Roughly a quarter of IT-focused professionals (25%) and nearly a third of CEOs (29%) listed “keeping up to date with new technologies” as a top IT challenge. The reality is that multiple advancements are coming in numerous fields of technology, and these are far from disparate. As digital transformation continues, more is linked to not just an online ecosystem, but to other ecosystems. Understanding IoT, for instance, is a positive but not as beneficial as understanding it in conjunction to cloud and edge processing.

Figure 4: Top Five IT Challenges



N = Varies
Source: Digital Transformation European Study 2021

This has created a constant rush-rush atmosphere, which is currently wreaking havoc on many organizations internally. As we advance to the next section, Keypoint Intelligence asks that the reader remember: None of these factors are happening in isolation – they are a combined, multifaceted force that is remaking the way many people work and live. While it may be “the new normal”, this landscape is anything but ordinary.



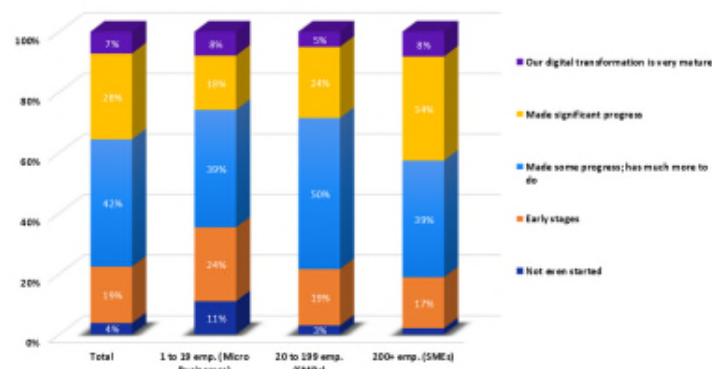
Top Internal Digital Transformation Challenges

While issues like data security, regulation, and the pace of change can all be described as external forces impacting businesses, the shift to deeper levels of digital transformation is also creating, or emphasizing, several difficulties on the internal side of operations. The rapid shift to remote and hybrid work models has necessitated a greater need for specialized IT staff (23%). This challenge, plus the lack of decentralized, digitized infrastructure (20%) to consistently enable secure productive workflows are all digital transformation-related issues impacting businesses.

Microbusinesses are behind the pack in terms of digital transformation initiatives and in danger of losing a competitive edge. When broken out, 11% of microbusiness respondents stated they had not even started deploying digital transformation-related efforts and technology. Contrast this with only 3% of SMBs and 2% of SMEs and a picture starts to emerge: microbusinesses are falling behind in digitization efforts at a time when more and more business is being done exclusively through digital channels.

Figure 5: Where Companies are in Digital Transformation Initiatives (by Size)

Q: How far along is your organisation in the process of deploying technology and/or services to enable digital transformation?



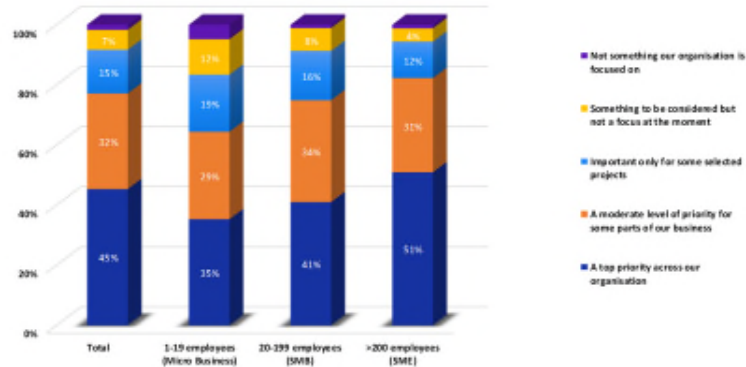
N = Varies
Source: Digital Transformation European Study 2021

While we are covering this section second, Keypoint Intelligence must stress that we believe, in order to effect real and consistent progress on the external challenges of digital transformation, organizations must first look to improve internal processes and resolve internal digital transformation obstacles. This is the second alarm for microbusinesses as, when asked how much of a focus digital transformation was right now, only 35% stated it was a top priority across the organization, 6% lower than SMBs and 16% lower than SMEs.



Figure 6: Focus on Digital Transformation

Q: Which of the following best describes how much of a focus digital transformation is in your organisation right now? Digital transformation is...



N = Varies
Source: Digital Transformation European Study 2021

A Lack of Specialized IT Staff

Again, there have been growing specialized worker shortages for some time, with certain industries such as healthcare and IT being frequently mentioned by news outlets as having issues finding qualified people to fill pivotal roles. A Bloomberg article published in May 2021 provides data suggesting that certain countries in Europe (including Germany) may face severe specialized labour shortages. Part of the issue is falling immigration rates, which has only been worsened by the COVID-19 pandemic. Figure 4 showed that finding qualified IT people was the third overall IT-related challenge. When broken out by profession, we see a discrepancy between how severely this obstacle is viewed. Only 18% of CEOs listed finding qualified staff as a challenge, whereas 26% of IT-focused professionals considered it a problem.

While certain technology initiatives (particularly in the augmented reality space) are working on specialized knowledge democratization and retention, the reality is that a skilled labour shortage will likely persist, as there is no clear solution in sight at this time.

Stretching Limited Resources

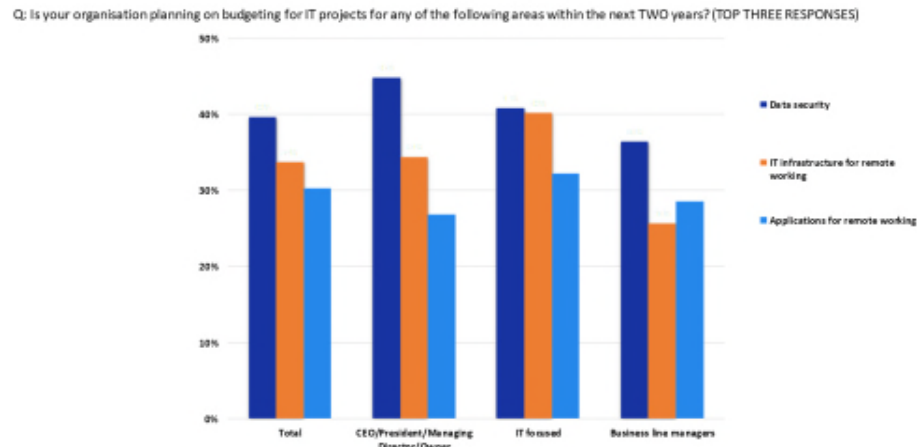
The greater the emphasis on digital workflows, the greater the pressure on IT staff and departments. Consider the problems faced by not having qualified, specialized workers managing these crucial processes. Now understand that "IT Training of internal employees" did not rank among the top three focuses for IT budget use (it was fourth overall).

With so much at stake, and with the rapidness of the COVID-shift, companies are placing the focus on data security. CEOs in particular valued this emphasis, with 45% stating they wanted IT budgets used to address data security concerns. IT-focused personnel, however,



had more even priorities, with data security (41%) being roughly tied with IT infrastructure for remote working (40%).

Figure 7: Top Three IT Budget Focuses



N = Varies
Source: Digital Transformation European Study 2021

This tie represents the complex nature of IT in a digital-first office space. Whereas in the past, security and workflow were more distant tasks, now the two go hand in hand. It is impossible to create a secure remote workspace without first creating and optimizing digital workflows for said space. This is the complexity of the “new normal” and this is partly why IT departments appear busier and more overloaded than before.

The Suddenness of the Hybrid Shift

Lastly, the abrupt shift to hybrid is not just causing emotional issues, it is causing some real structural problems as well. Microbusinesses used to working together in one office suddenly found themselves in decentralized private rooms after March 2020. Referring to Figure 2 and 3, remote working challenges – both regarding infrastructure and software solutions – were the third (26%) and fourth (25%) biggest challenges facing SMBs. Keypoint Intelligence data showed that IT-oriented professionals were generally more likely to emphasize the challenges they were facing on the IT front, presenting a much flatter collection of priorities than CEOs or business line managers. When pushed farther, IT-focused staff were also more likely to list remote working, both in terms of infrastructure and IT devices (17%) and in terms of applications / software (14%) as top challenges.



Figure 8: IT-Focused Job Roles on Top Five IT Challenges



N = Varies
Source: Digital Transformation European Study 2021

With the move toward hybrid and remote being so sudden, many companies find themselves lacking appropriate software solutions – ones that not only enable remote work but help it thrive. In addition, before COVID many of these decision makers did not need to really consider remote work infrastructure options.

Why Smaller Companies are Behind on Digital Transformation

Microbusinesses are struggling to adapt deeper digital transformation initiatives, and it is imperative they realize they are losing ground to larger companies. Some of this is resources. It is reasonable to think that a company that makes millions in profit a year has more to spend than an organization making thousands. That said, part of it is likely situational.

For instance, in a small office – say 10 people – it is likely that, before COVID-19, these 10 people may have all worked in the same office. Compare that with a 5,000-employee company. The latter is far more likely to have remote workers, numerous branches, and an international presence. As such, they needed at least some level of remote workflow software and infrastructure pre-pandemic.

Additionally, these microbusinesses with single-location companies may feel that, once the pandemic is over or at least in lull, they can simply return to in-person business without missing out on any major developments. This is the wrong mindset. While the sudden shift to hybrid may have been jarring, Keypoint Intelligence believes it was ultimately in business' best interest. Embracing the digital transformation, and its potential, can lead to better productivity and a more secure, collaborative workspace than existed before.

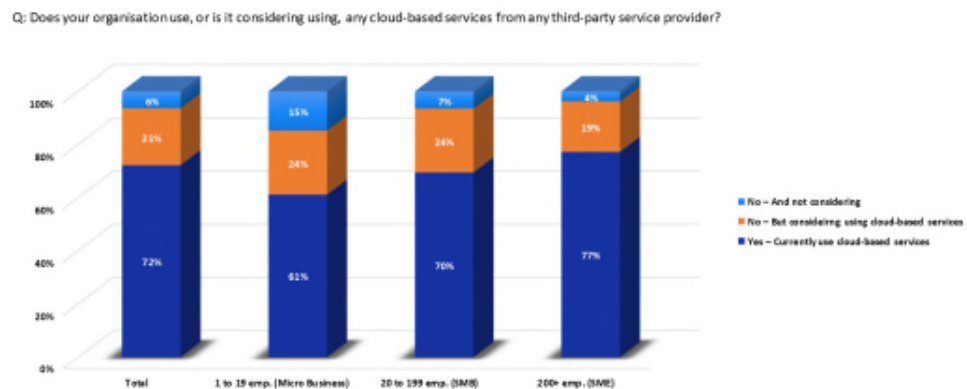
Addressing Digital Transformation: Cloud

When looking at the cloud, it is encouraging to see adoption rates very high among all organizations, with 72% reporting they currently use cloud services. Even the majority of



microbusinesses (61%) have shifted to cloud. This shows that, while microbusinesses may lag behind in other areas of digital transformation – they at least have started doing the basics to switch their workflows toward decentralized, remotely-managed platforms. That said, 15% of microbusinesses indicated no plans to adopt any cloud solution, almost three times what SMEs responded (4%).

Figure 9: Cloud Adoption Progress

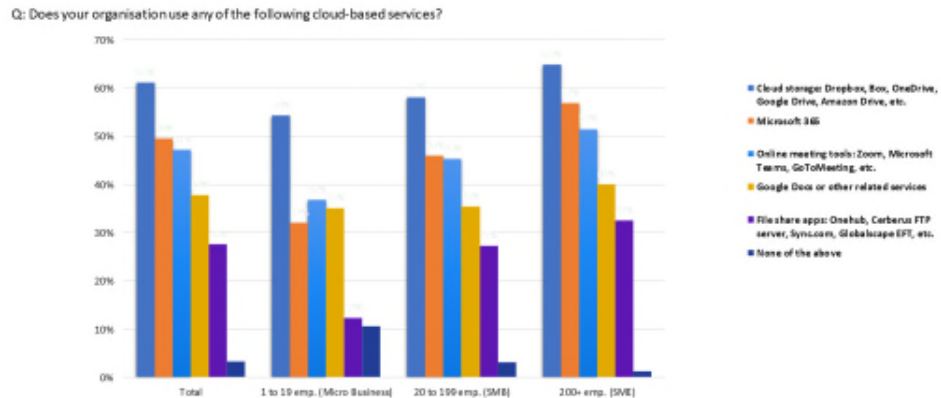


N = Varies
Source: Digital Transformation European Study 2021

Overall, cloud storage and repository platforms like Dropbox (61%) were the most popular form of cloud adoption, with more than half of all respondents reporting that they used at least one service. Solutions like Microsoft 365 (50%) and online meeting platforms like Zoom (47%) were also frequently used. When it came to file sharing apps, – such as Onehub, Cerberus, or Sync – once again microbusinesses lagged notably behind the other size segments, with only 12% saying they had adopted such a solution (vs. 27% SMBs and 33% SMEs).



Figure: 10: Cloud Services used by Organizations



N = Varies
Source: Digital Transformation European Study 2021

Private Cloud vs. Public Cloud

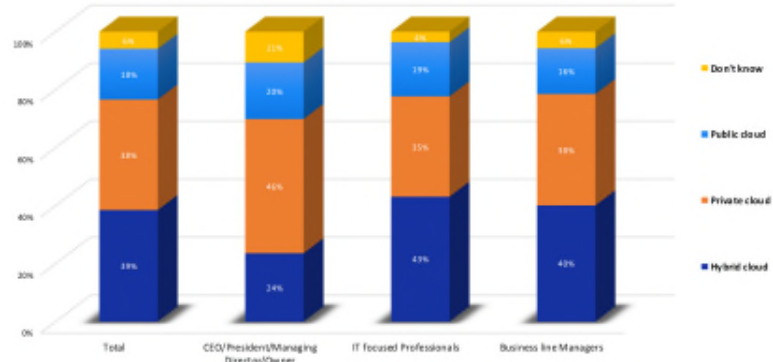
While many readers have likely heard of the cloud and are familiar with the concept, cloud solutions actually break down into two separate segments: public cloud and private cloud. While both accomplish the same functions, there are fundamental differences between the two. A private cloud environment can only be used by one company, it is literally “private”. Either the company provides the service itself through owned servers and is fully responsible for maintaining and protecting, or it is provided by an external provider that ensures that each customer uses their own private cloud through separate networks and virtual machines.

In a public cloud, by contrast, external providers provide servers and networks that several customers share with each other. A hybrid solution is a mix of the two, as neither is innately superior to the other. When broken out by size, SMBs are most likely to use private cloud solutions (44%), which have advantages and drawbacks. Private cloud solutions can be more secure but tend to be more costly than public clouds. For IT-focused personnel, there was an obvious and notable preference toward hybrid cloud solutions (43%). This reflects this group’s greater comfort and knowledge surrounding cloud, and thus knowing which solution is better for which situation. Interestingly, CEOs and other decision makers were least likely (24%) to state they would use hybrid, suggesting they may not be aware of its benefits.



Figure 11: Type of Cloud Solution

Q: You stated that you currently use or could imagine using cloud services. Which type of cloud would you prefer?

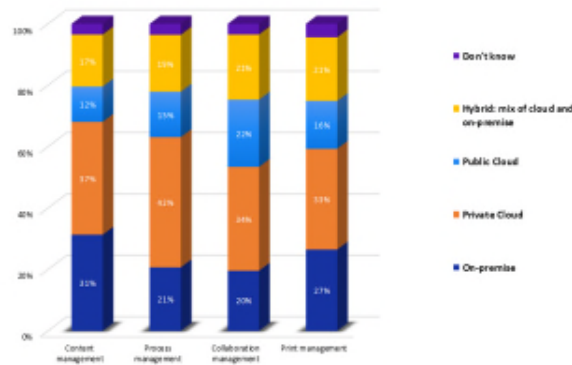


N = Varies
Source: Digital Transformation European Study 2021

The key driver, however, is cloud. Going forward, we expect the vast majority of management solutions – whether it is content management (66%), process management (76%), collaboration management (77%), or print management (70%) to happen primarily through a cloud system, speaking to the growing decentralized workflow habits of remote and hybrid workers. While respondents are overall weary of the public cloud, preferring hybrid or private cloud solutions, we suspect that public cloud use may grow in the coming years – fuelled by strengthening security standards and logistical savings.

Figure 12: Primary Infrastructure Going Forward

Q: Going forward, what do you see as the primary infrastructure for your...?



N = 1775
Source: Digital Transformation European Study 2021

Addressing Digital Transformation: Information and Document Management

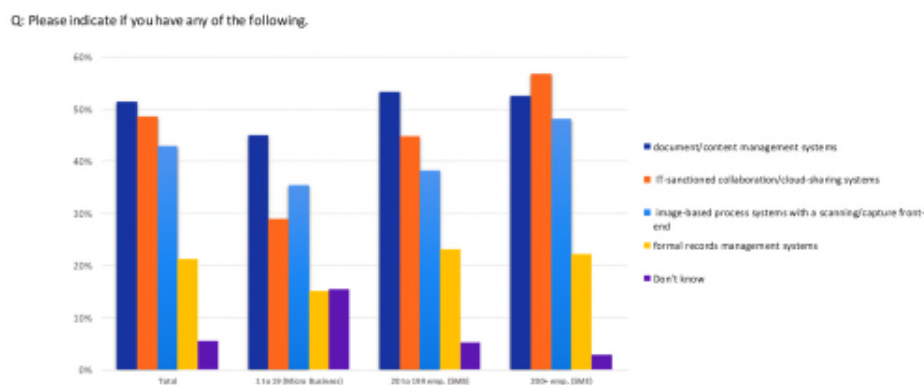
Numerous options have existed regarding information management and, in particular, document management for some time. That said, management platforms – like everything else – are evolving. The formal records management systems, once prominent decades ago, were now found in only 21% of respondents. In contrast, specialized digital document



and content management platforms are currently most in demand (52%), slightly edging out IT-sanctioned collaboration and cloud-sharing systems (49%).

When broken out by company size, we see that use of the cloud appears directly tied to how large an organization is. Only 29% of microbusinesses used an IT-sanctioned collaboration or cloud-sharing system, whereas 45% of SMBs and 57% of SMEs utilized this option. Given that, the larger a company is, the greater level of decentralization it is bound to have, the increasing use of cloud makes sense.

Figure 13: What Systems do Companies Have?



N = Varies
Source: Digital Transformation European Study 2021

That said, there is another takeaway from Figure 13 and that is disparity. Right now, it is common for organizations to use a multitude of tools for both information and document management. While specialized platforms come with their own benefits, they also have drawbacks – shortcomings that can be improved upon, if not completely corrected, through digital transformation initiatives.

The Current State of Document Sharing

When it comes to the current state of information and document management, it is no real exaggeration to say chaos reigns. The document storage is still not well organized in 66% of organisations. For example, 9% of them rely on email attachments and personal local drives, 34% of them are already in the cloud but have multiple/unorganised cloud-shares and 23% of them use only one network file-share, but it is somehow chaotic. Only one third of the organisations (33%) already have a reasonably well organised network file-share.

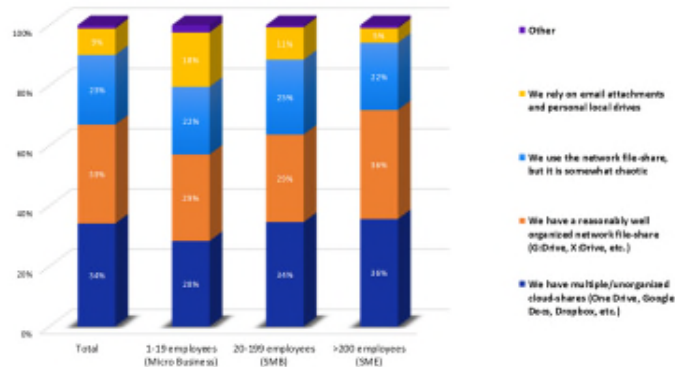
When broken out by company size, we see that yet again smaller organizations are at a disadvantage. It is true that microbusiness were less likely (28%) to say they used multiple, unorganized cloud-sharing platforms than SMBs (34%) or SMEs (36%) – but, they were by far the most likely to state they relied on email attachments (18% vs 11% SMB vs 5% SME).



Given the unsecure nature of most email platforms, this is not a positive and showcases real potential data security problems in their document management processes.

Figure 14: How Companies Store and Share Documents

Q: How do you store and share documents?



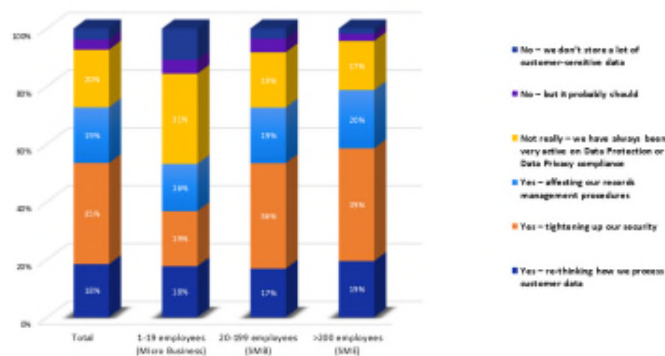
N = 1775
Source: Digital Transformation European Study 2021

Consolidating the Chaos

Unsurprisingly, organizations across the spectrum are implementing a wide range of efforts to better manage data. As expected, security is a big factor – with 35% of all respondents saying tightening security was essential when changing customer data management. Microbusinesses continue to be the most blind to the problem, with only 19% of them listing it as a priority (compared to 36% of SMBs and 39% of SMEs).

Figure 15: How Customer Data Management is Changing

Q: Is the "new normal" caused by the pandemic affecting your approach to content/customer data management?



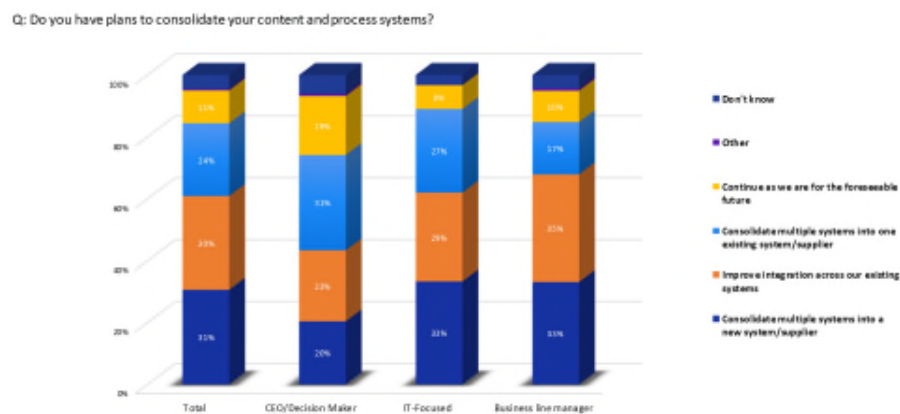
N = Varies
Source: Digital Transformation European Study 2021

The other key aspect of change involves consolidation. As showcased throughout this section, too many organizations are using too many disparate platforms in their workflows, creating a plethora of opportunities for siloes and productivity obstacles. No wonder that only 11% want to continue as before for the foreseeable future. In contrast, it is a total of 85% who either plan to consolidate multiple systems into one existing system/supplier (24%),



want to improve integration across their existing systems (30% or plan to consolidate multiple systems into a new system/supplier (31%). Unsurprisingly, IT-focused professionals (33%) and business line managers (33%) are most likely to see the value in consolidation through a new, all-encompassing platform. IT sees it from a management perspective and business line managers would be closer to the production, thus seeing more inconsistencies caused by disparate systems. CEOs and other decision makers, however, lagged behind – with only 20% saying they wanted to consolidate multiple systems into a new system or supplier. CEOs were also least likely (23%) to prioritize improving integration across our existing systems.

Figure 16: Plans to Consolidate



N = Varies
Source: Digital Transformation European Study 2021

Addressing Digital Transformation: Outsourcing

The burden of addressing every facet of digital transformation can feel overwhelming, especially with specialized personnel in short supply. As such, many companies see the benefits of outsourcing, which equates to distributing assigned tasks to third party partners. These benefits include gaining access to IT experts (35%), increasing productivity and improving efficiency (34%), acceleration of digital transformation (33%), and improving customer experience (29%). Every group of respondents has slightly different priorities, but Keypoint Intelligence did not observe any standout differences – in general, all perceived benefits of outsourcing tend to be greatly valued, as many companies care about the same goals: Increasing productivity without significant cost investment (such as a steep internal overhaul to keep up with digital transformation initiatives).

Table 1: The Perceived Benefits of Outsourcing

	Total	1 to 19 Emp.	20 to 199 emp.	200+ emp.
Gaining Access to IT Experts	35%	20%	34%	40%
Incr. Productivity	34%	33%	34%	34%



Acceleration of Digital Transformation	33%	27%	35%	34%
Improving Customer Experience	29%	29%	28%	29%
Ensure Business Continuity	28%	27%	27%	29%
Free Up IT Resources	27%	19%	22%	32%
Minimize Errors and Delays	26%	24%	26%	27%
Increased Mobility	25%	24%	27%	23%
Cost Savings	18%	19%	18%	18%
Accurate Cost Planning/Prediction	5%	4%	6%	5%
None of the Above	1%	1%	1%	0%

All of these benefits make outsourcing a compelling option, one that an increasing number of organizations are implementing. What is more impressive, however, as respondents could and did go even further when asked to name additional benefits they expected to receive from outsourcing to an external provider. Keeping systems secure (42%), Keeping systems up-to-date (40%), and usage of state-of-the-art technology (35%) were the top additional benefits overall, reflecting on the need for stronger data security, and showing how these respondents expected to make their organizations more secure.



Table 2: Additional Perceived Benefits of Outsourcing

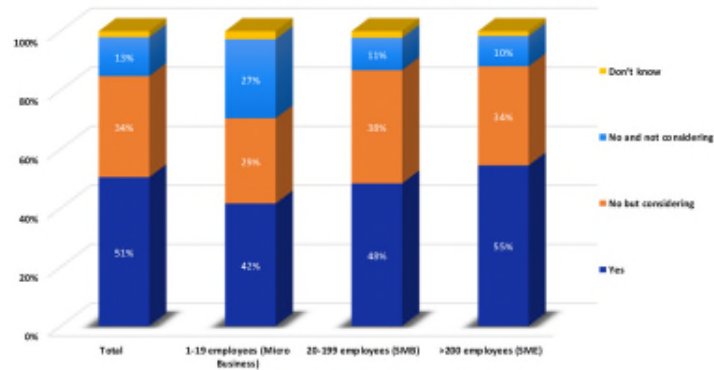
	Total	1 to 19 Emp.	20 to 199 emp.	200+ emp.
Keeping Systems Secure	42%	36%	45%	42%
Keeping Systems Up-to-Date	40%	40%	42%	39%
Usage of State-of-the-Art Technology	35%	27%	34%	38%
Managing and Capturing Content into the Process Across Multiple Channels	29%	29%	24%	31%
Ensuring Compliance with Changing Regulations	28%	21%	27%	30%
Better Management of Content Output from Processes	25%	20%	24%	27%
Reducing the Amount of Paper in Processes	24%	19%	26%	24%
Integrating Processes Across Business Systems	24%	15%	25%	26%
Better End User Support in the Organisation	12%	14%	11%	13%
None of the Above	1%	2%	1%	1%

More than half of all 1,775 respondents questioned by Keypoint Intelligence had already outsourced at least part of their workflows (51%). When broken out by company, once again microbusinesses lagged behind. Only 42% of microbusinesses stated they were already outsourcing, 6% less than SMBs and 13% behind SMEs. The majority of every segment, however, was either actively already outsourcing or considering outsourcing.



Figure 17: Current State of Outsourcing

Q: Does your organisation currently outsource any tasks or functions related to your organisation's workplace?



N = Varies
Source: Digital Transformation European Study 2021

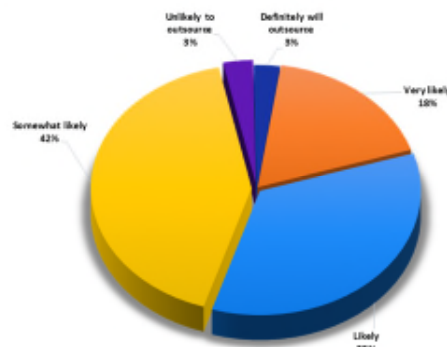
Those that have not already begun outsourcing efforts believe their companies will do so within two years, however their level of confidence varies. The average for every breakout fell between “Somewhat likely” (2) and “Likely” (3). SMBs had the lowest average response rate by company size (2.67) and IT-focused professionals and business line managers were both tied for the lowest at 2.73. In general, Keypoint Intelligence believes these findings point to notably increasing levels of outsourcing within the next two years.

Figure 18: Likelihood of Outsourcing within Two Years

Outsource in two years – q14

Q: How likely do you think your organisation will start outsourcing tasks or functions related to your organisation's workplace within the next TWO years?
(Mean: Unlikely=1, Definitely=5)

Mean: 2.75



N = 608
Source: Digital Transformation European Study 2021

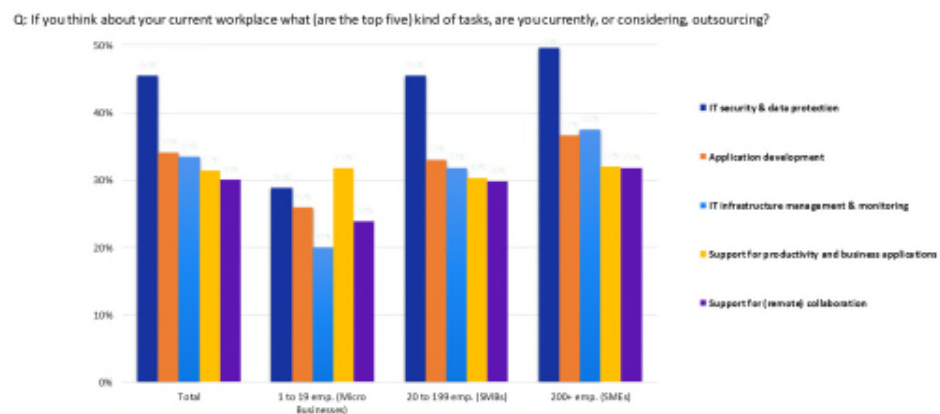
IT and Outsourcing

It is clear many organizations have found outsourcing to be an effective tool at tackling digital transformation shortcomings in their own organization. Even the public cloud can be viewed as outsourcing cloud management to a third-party provider. IT is an area where the demand far outweighs the supply.



This explains focus on issues like data security, which can literally bankrupt organizations if not handled rapidly and effectively. Nearly half of all companies (including exactly 50% of SMEs) consider outsourcing when it comes to data security (46%), this is not an issue that can wait. And it is not the only segment of importance. Application development (34%) and IT infrastructure (33%) are also frequently outsourced, especially in larger companies. Disruptions to either of these fields would mean lost productivity and potential security risks. Again, think of the Cloud. An organization using an online document repository would be effectively crippled should that service go down for an extended period of time. Every hour offline is literally at least thousands lost in revenue.

Figure 19: Top Five Outsourced Tasks



N = Varies
Source: Digital Transformation European Study 2021

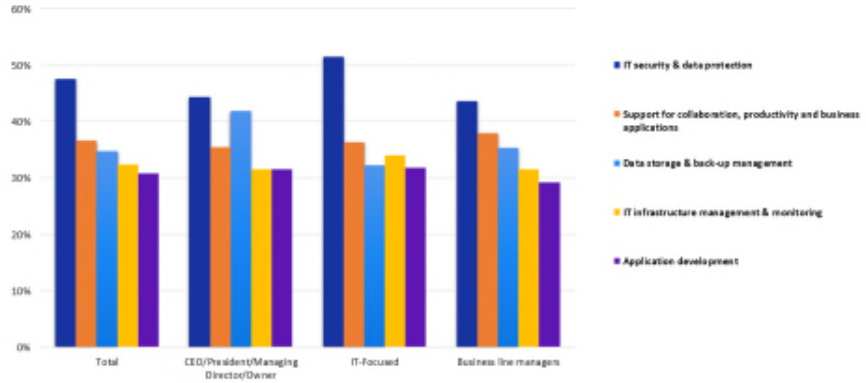
The Shift to Managed IT Services

Given the diverse needs of various digital transformation initiatives, including data security and compliance, as well as remote infrastructure and software needs – many now look for partners who do not provide just one service but rather a range of managed IT services. That said, not every need is equally important especially when the IT experts are consulted. Keypoint Intelligence found that IT-focused personnel rated data security and compliance (52%) as a top need, 8% higher than CEOs and decision makers placed it. This shows a potential disconnect surrounding the importance of data security, as IT-focused personnel may need to do a better job communicating its importance as a top managed IT service priority.



Figure 20: Desired Must-Haves in Managed IT Services

Q: Regardless of whether your organisation outsources today, what do you think are the TOP THREE must-have, or most effective, managed IT services today?



N = Varies
Source: Digital Transformation European Study 2021

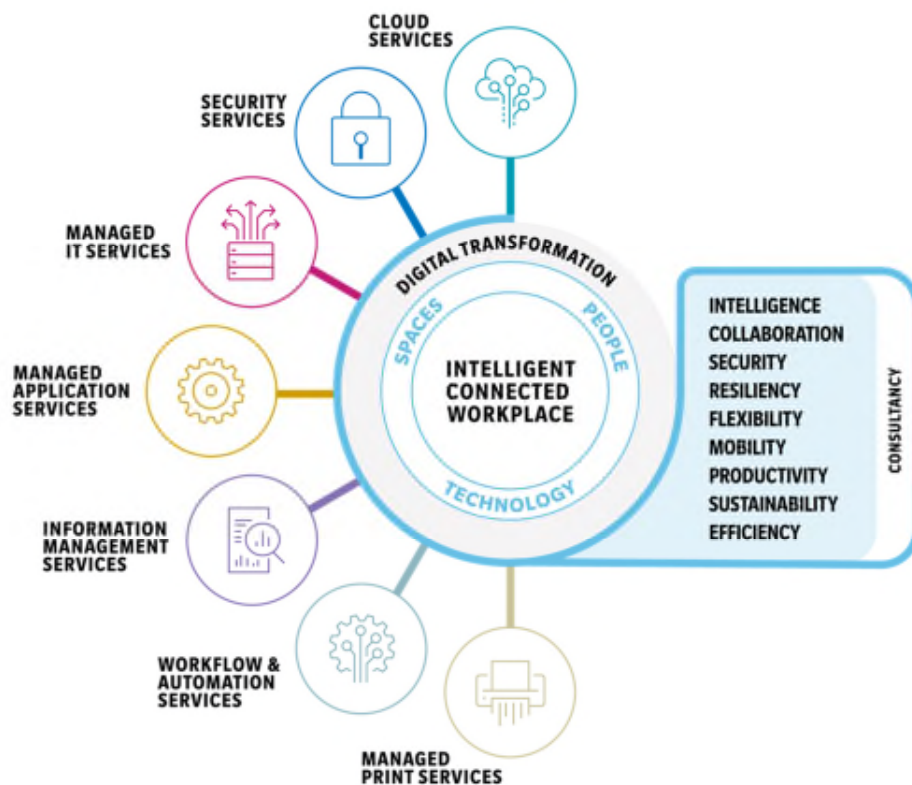
The growing complexity of today's online workplace ecosystem is not going away anytime soon, leading Keypoint Intelligence to conclude that outsourcing managed IT services will only grow more essential in the near future.



Konica Minolta’s concept for a digital workplace

With its Intelligent Connected Workplace concept, Konica Minolta takes a holistic view of the digital workplace. As such, Konica Minolta is one of the vendors providing offerings in each of these categories; several examples of these services are discussed in the paragraphs below.

Figure 21: Konica Minolta’s “Intelligent Connected Workplace” Approach



The Intelligent Connected Workplace is based on the idea that the world of work consists of three pillars: people (workers), spaces (the physical spaces in which they work, which can be many) and technology (from hardware to software). All too often these pillars are treated as separate entities. Konica Minolta’s vision is therefore to connect people, spaces and technology into the Intelligent Connected Workplace. This is a dynamic, digitally transformed model based on connecting disparate data points to enable better corporate insights, improved employee experiences and smarter ways of working.

To achieve this, Konica Minolta draws on a broad portfolio of technology, services, solutions and consultancy expertise to integrate the hardware, software, digital tools,



cloud platforms and other capabilities that enable digital transformation. The Intelligent Connected Workplace is underpinned with security features to protect against cyber threats, resilience options to maximise uptime, and customisable service packages that provide management and support.

Cloud Services

Cloud services support digital transformation and give employees the freedom and flexibility to work from anywhere without having to run and maintain their own infrastructure. They have the option to scale them as needed and only pay for what they need. Konica Minolta offers Cloud Services for different areas. Especially in the area of cloud printing, many organisations currently have a growing need. Many of the private cloud services are provided from Konica Minolta's own data centres in Germany and Sweden. These facilities are certified to ISO 27001 (information security), ISO 27017 (secure cloud-based environment) and DIN EN 50600 (data centre planning, construction and operation).

Security Services

Protecting an organization's assets—including its information, systems, employees, and clients— isn't as simple as using an anti-virus software for computing devices. To best safeguard corporate assets, companies must adopt a comprehensive approach to security. That is why Konica Minolta takes a 360° approach to security, looking at all security-related areas—from IT infrastructure and information security to printer devices and the physical security of people and buildings.



Figure 22: Konica Minolta's 360-View of Security is an Example of a Comprehensive Security Approach



Source: Konica Minolta

Managed IT Services

Managed IT Services help to increase the reliability and security of organisations' IT infrastructure. For the vast majority of organisations, IT infrastructure is core to their operations so keeping it running smoothly is a critical requirement. Konica Minolta offers a range of managed IT services, including managed data backup, managed security, remote monitoring and management, managed applications, cloud data centre services and workplace IT management. Konica Minolta's Managed IT Services make sure company systems are always up to date and secured, silently running in the background whilst ensuring company data is never lost and eventually supporting business continuity and building digital maturity.

Information Management Services

Data volumes have expanded massively over recent years and the rate of growth continues to accelerate. That's why effective, intelligent information management is critical to helping organisations put their data to work. Konica Minolta's Information Management Services include services for converting paper documents into digital files and integrating them into automated workflows. They are designed to increase workflow efficiency, storage, security and compliance, by leveraging AI technologies and even robotic process automation (RPA). Enterprise content management (ECM) solutions are especially useful in departments such as legal, accounting and human resources. With Konica Minolta's digital contract management, digital invoice management and digital personnel file, contracts, invoices and HR files respectively are stored in a single database.



With everything in one place, information is available to authorised users at the touch of a button, speeding up processes like approvals while maintaining information security. In the mailroom, the digital mailroom simplifies incoming mail handling, and transfers all incoming items—both physical communications and emails—straight into the ECM system.

Collaboration & Communication Services

Remote access to files to work together on a document, no matter where or when, is more important than ever since the Covid-19 pandemic and the explosion of remote working. Konica Minolta's Collaboration & Communication solutions enable employees to work closely with their colleagues at their desks or on the move. The services create an IT infrastructure where digital processes and data are easily available and accessible to every part of the team from anywhere and at any time. This means there are no problems accessing shared drives or using different versions of documents.



Opinion

It is unrealistic to believe a resource-restricted, budget-conscious microbusiness or SMB can compete with a 5000+ organization when it comes to digitization and digital transformation initiatives. The growing use of outsourcing reflects the reality that skilled IT personnel are in short supply and many IT staff are currently feeling overloaded and immense stress from shifting to remote workflow solutions while maintaining data security and compliance. The market for managed IT services will only grow in the post-COVID-19 ecosystem, including once the pandemic has finally subsided.

For many small organizations – especially microbusinesses, this hybrid reality presents opportunities that did not exist before. Cloud solutions tend to be more easily scalable than privately hosted platforms, enabling easier growth. In addition, many digitization efforts go hand in hand with automation, reducing the manual processes needed for functions such as document management. This will free employees to tackle more complex tasks without negatively impacting the bottom line.

That said, not all managed IT providers are equally qualified to help assist with digital transformation initiatives. Keypoint Intelligence urges those in need of managed IT services to do their research, looking for providers with flexible, versatile software and platform offerings – as well as those that have a reputation for responsiveness and client support. Outsourcing, like anything else, is just another tool decision makers have to accomplish their tasks. The only difference is that, in a digital-first world, outsourcing is now arguably an essential need.



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Colin McMahon is an Associate Director at Keypoint Intelligence. His main areas of expertise include digital transformation and hybrid work initiatives, primarily in the regard to extended reality applications and solutions. He creates or refines much of KPI's content, including forecasts, industry analysis, and research reports alongside his colleagues in the Office team.

[Comments or Questions?](#)



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