# New research from NTT Ltd. underlines the value of smart sourcing in the face of new business challenges

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**London – 06 May 2020** – As businesses seek to recover and respond to a changing environment in the wake of COVID-19, service providers are on notice to increase their value. NTT Ltd.'s 2020 Global Managed Services Report highlights security credentials, the depth of technical expertise and ability to deliver outcomes aligned to the business goals, as fundamentals of smart sourcing.

As organizations look set to further utilize the expertise of service providers over the next 18 months and form deeper relationships, the delivery of platform-enabled solutions at speed, across the entire technology stack becomes even more important. From cloud to networking, data center to security and more, breadth and depth of capability is essential to recover and restore operations and position organizations strongly for the coming years.

Specifically, the report identified:

- Reducing security risks is not only the biggest challenge faced by IT teams globally, it's the top reason for service provider consideration
- 48%[1] of business leaders already acknowledge a need to optimize the workplace environment.
- Technical expertise is the number one driver for selection of a service provider, with cloud infrastructure and security leading the demands.

To enable organizations globally to recover and readapt to the new macroeconomic environment they operate in, smart sourcing plays a vital role. At its simplest, smart sourcing is a move away from traditional 'outsourcing'. It's an approach to the selection and prioritization of those service providers that go above and beyond the delivery of tactical IT solutions. It's about providers who can deliver business outcomes aligned to the goals of the entire organization.

**Identify and secure your assets**

57% of respondents cited security risks as a key challenge of managing IT in-house, rating the highest among all factors considered. With the current COVID-19 crisis, we expect to see an increase in respondents citing security risks as a key challenge. Organizations are struggling to defend themselves against a complex and worsening threat landscape. As such, it's no surprise to see a majority of organizations (55%) turn to service providers for their ability to help '*reduce security risks'*, as the most popular service they offer.

The prevalence of security on the business agenda is further heightened by the explosion of endpoints into remote environments, coupled with an uptick in BYOD. Threat actors are exploiting people working from home, and likely, on inadequately secured devices and networks. NTT's April 2020 Monthly Threat Report noted an increase in spam, phishing and malware campaigns specifically taking advantage of the COVID-19 crisis.

Security is no longer the reluctant purchase. It plays a crucial role in the wider business agenda and thus is part of smart sourcing. Security was also rated the single most important factor for supporting the business case for using a service provider. 32% of respondents rated it as the most important factor, compared to 30% for improved operational efficiency and 29% for better performance and availability. Additionally, the report highlights that 84% of organizations believe that managed service partnerships will provide value (44% of which see extreme value provided) over the next three to five years through their security capabilities[2].

Damian Skendrovic, executive vice president, Managed Services Go-to-market at NTT Ltd., says, "During these challenging times, organizations move through a series of phases and are prioritising security as an initial response and recovery mechanism. They want more than a supplier. And instead, look for true partners to help them do the smart things well. Service providers need to help them adapt now, but also help them bounce back quickly when the business environment reignites."

**Refocus on end-user transformation**

During disruptive periods such as the current global pandemic outbreak, organizations may take stock and pull back on innovation projects. However, transformation remains alive – it simply pivots towards the

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end-user. The report highlights how 48%[3]
of organizations already recognize a need to optimize the workplace environment to meet the demands of an evolving workforce.

Ensuring employees can remain connected securely, productively and efficiently is top of the leadership agenda. Which may go some way towards explaining why 43% of respondents rated SD WAN as the leading technology project under consideration. SD WAN helps improve performance and user experience by gaining visibility of corporate assets and data across the network.

And, this drive in the consideration for new services is likely reflected in the rise in the number of organizations who expect to outsource more of their IT than they insource - almost doubles from 23% currently, to 45% in 18 months' time.

**Expertise and service provision**

Technical expertise has long been one of the most important criteria organizations consider when selecting a service provider. The ability to tap into skilled resource at will is a major benefit. Organizations[4] primarily look for technical (and industry) expertise when selecting a service provider (44% and 30% respectively).

Specifically, expertise in cloud infrastructure (73%) and security (53%) lead the way in terms of technologies currently outsourced to service providers. Those numbers are set to increase in 18 months to 77% and 64% respectively.

The level of expertise service providers can offer is another string in the bow towards developing a smart sourcing relationship. With IT teams required to show how they're enabling better business outcomes; service providers can help these teams to converge with the business. That is to act as one and with greater unity.

To help CIOs and their teams, the report highlights how business changes impact IT decision-making. New product development is expected to be the most common impact on IT decision making in the next 12 months (54%). Regulatory changes (51%), growing into new territories (48%) and skills shortages (47%) are the second, third and fourth most common impacts.

"Businesses will be able to rise above disruption and navigate the new normal through the power of the right partnerships. Our research shows how these relationships are important and the many vital benefits they deliver, when it comes to security and stability – protecting existing revenue streams – and during transformation efforts, when they will need to take a smart response to providing new platforms for delivering remote CX, which will be a key priority for businesses in every industry," concludes Skendrovic.

NTT Ltd.'s 2020 Managed Services Report is primarily based upon research from IDG, conducted across 5 regions, 29 countries and containing the views of 1,250 business and IT leaders. The report is also supplemented with other NTT Ltd. Research:

451 Research – Global crystal ball study 2019

NTT Ltd.'s Customer Experience Benchmarking Report 2020

NTT Ltd.'s Digital Means Business Benchmarking Report 2019

NTT Ltd.'s April 2020 Monthly Threat Report

NTT Ltd.'s Risk Value Report 2019

NTT Ltd.'s Global Threat Intelligence Report 2019

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[1] *NTT Ltd. CX Benchmarking Report 2020

[2] 451 Research – Global crystal ball study 2019

[3] NTT Ltd.’s Customer Experience Benchmarking Report 2020

[4] 451 Research – Global crystal ball study 2019

## Company Contact:

**NTT Ltd.**

E. ntt@hotwireglobal.com
W. https://hello.global.ntt/

**Additional Contact(s):**
Hotwire for NTT Ltd.
Hannah Lock
hannah.lock@hotwireglobal.com

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