



Technology in the mid-market

Perspectives and priorities





About the survey

From April 28, 2014 to May 29, 2014, a Deloitte survey of mid-market companies was conducted by OnResearch, a market research firm. The survey examined technology trends taking place in this market segment to determine the role and value that technology plays and how it influences business decisions.

The 500 survey respondents represented mid-market companies with annual revenues ranging from \$100 million to more than \$1 billion. Half of the respondents were C-suite executives, while the remaining 50 percent held other management roles.

One third of the respondents were from consumer and industrial product companies, with the remainder divided among energy and resources; financial services; life sciences and health care; technology, media and communications; and other industries.

The full survey results are included in this report; some percentages in the charts may not add to 100 percent due to rounding, or for questions where survey participants had the option to choose multiple responses.

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Executive summary



Business growth. Competitive advantage. Enterprise success. These are goals shared by companies of all sizes. Among mid-market companies, there is increasing recognition of the pivotal role that technology can play in achieving these goals.

Results from Deloitte's second annual mid-market technology survey show that cloud computing, which provides capabilities similar to those historically enjoyed only by larger corporations, is playing an even greater role in customer-facing operations. A growing number of firms are investigating and employing cloud solutions for their sales and customer management business functions. Expanded technology budgets also are funding mobile platforms that create real-time interactions with customers, as well as business analytics tools that provide insights and bolster the sales and marketing functions.

Several predominant themes emerged through an analysis of survey responses from 500 corporate executives:

Increasing optimism

Eighty-two percent of respondents expressed a level of optimism about their companies' business outlook over the next 12 months. Along with this general optimism, more than half report plans for increased spending on technology. Executives in this segment are generally confident in their knowledge of their organizations' information technology situation and needs and are collaborating with IT leaders to drive execution of technology strategies.

Technology as a strategic imperative

This year's survey findings also confirm that mid-market companies' view of technology is increasingly enthusiastic. Forty-one percent of respondents say their leadership views technology as a "critical differentiator and key to growth," while another 38 percent view it as "a strategic investment." Fewer organizations now view technology as simply "necessary" or foundational and as a result, more companies are using technology as a means to increase the top and bottom lines and to meet the needs of both the workforce and the customer.

Our survey also reveals that many companies are embracing change and expressing a healthy appetite for innovation. Thirty-six percent of respondents are dedicating at least half of their IT budgets to implementation of new technology versus maintenance of existing systems. The sentiment is even more pronounced among private equity-owned firms. Among this subset of companies, 45 percent of executives say they direct at least half of their IT spending toward investment in innovation, suggesting a considerable degree of confidence in the potential of new technologies among investors backing these firms.

Our survey findings support the notion of technology becoming a great equalizer for mid-market companies. Cloud-based solutions, data analytics, and business intelligence solutions continue to provide "large corporation solutions" to mid-market enterprises in terms of the operational capabilities, overall productivity, and competitive insights.

Executives also are becoming more adept at integrating cloud computing solutions that permit them to manage sales teams, meet internal operational needs, service vendors, and converse more intelligently with customers without sacrificing security needs.

More companies also are using data analytics to convert vast amounts of customer and transactional data into targeted marketing campaigns that focus on consumers. As a result, we can anticipate expanded mobile engagement between companies and customers powered by analytics, according to our survey findings.

To a lesser degree, mid-market companies also are exploring developments in additive manufacturing, or 3D printing, which have the potential to revamp supply chains and offer new, customizable options for consumer products. Companies in the segment also are looking at innovations in wearable technologies to boost worker productivity.

Challenges remain

While it is an exciting time for mid-market companies as they adopt new technologies, the environment is not without challenges. Almost one-quarter of respondents report that it is difficult to keep up with the rapid pace of change in the technology landscape. Others seem overwhelmed by the prospect of diving into the data their organizations produce and question whether they will be able to uncover and take advantage of meaningful insights. Twenty-seven percent of respondents cite the challenges of dealing with unstructured data versus structured data as the biggest hurdle in using analytics. And, as in last year's survey, about one-third of respondents expressed continuing concerns about the security of the data and services provided by cloud-based solutions.

The survey findings highlight some behaviors that illustrate additional challenges and potential cause for concern. One in five respondents say information security has had the most significant technological impact on their organizations

over the last 12 months. About four in 10 respondents believe they haven't taken adequate steps to ensure their companies are prepared for cyber-attacks. This is a prominent concern as exposures can cause irreparable harm to companies of any size.

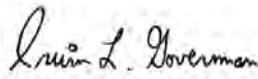
What happens next?

It is clear from our survey findings that companies that embrace technology and have supportive leaders with a bias toward action are positioned to capitalize on the results. Based on current market trends, the pace of innovation and change most likely will continue to accelerate.

For mid-market companies, decisions about what happens next can be shaped by a technology strategy that is forward-looking and considers the opportunities that technology can provide to help increase operational efficiency, boost productivity, and provide better connectivity with customers.



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Plans, opportunities, and challenges

Optimism drives cautious growth

For the most part, companies view the next 12 months in a positive light. Almost six in 10 respondents express cautious optimism, while about 24 percent say they are “highly optimistic” about their companies’ business outlook over the next 12 months.

Ninety-three percent of the executives surveyed report an increase in their companies’ revenue over the past 12 months, including 53 percent who report increases of more than 10 percent.

On the hiring front, the number of employees is also generally on the rise. One-third of companies made a modest number of hires, increasing their total head count by up to 5 percent; 15 percent expanded their personnel by at least 10 percent. More revealing perhaps are numbers which suggest that companies are being cautious about expanding their staffs too quickly. About one in four respondents say they made no changes to their head counts, and 12 percent said they actually trimmed the number of employees over the past year.

There is, however, evidence that some subgroups within the survey are more eager than others to expand their teams. Eight in 10 companies with annual revenue between \$750 million and \$1 billion added new workers. That hiring rate was twice as high as that of companies with revenues exceeding \$1 billion, the largest companies in our survey. This suggests new business opportunities continue to arise and points to confidence in a sustained economic upturn among many firms.

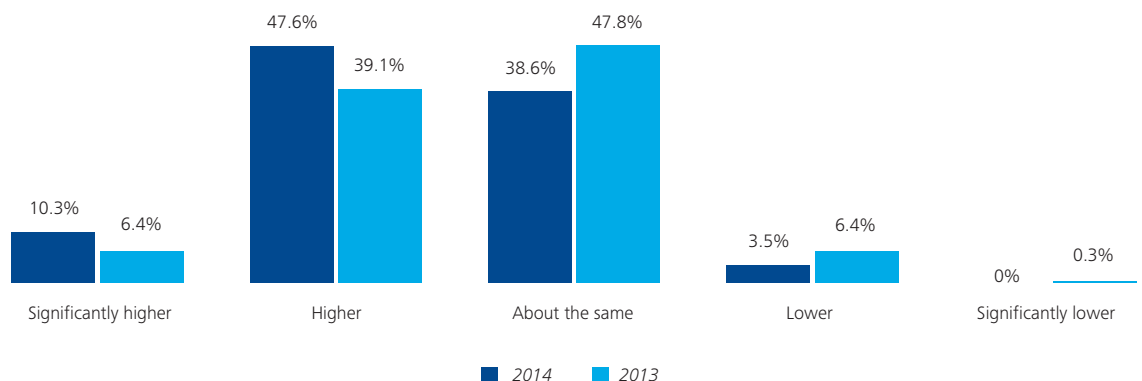
Leadership more supportive, budgets on the rise

Company leaders are more supportive of technology than in the past, recognizing the link between their IT strategies and increased competitive advantage. Only 9 percent of respondents say leadership support for technology is constraining their companies’ efforts.

Overall technology spending is actually up at more than half of the respondents’ companies. While 48 percent report it is higher, another 10 percent say spending is “significantly higher.” Meanwhile, four in 10 see “critical” value in technology as a differentiator and catalyst for growth, and more than one-third of respondents view technology as a “strategic” investment. Only about one in five see the role of technology as just “necessary,” a substantial decrease from survey responses one year ago, indicating that more company leaders perceive technology as a value-add rather than an unavoidable expense.

Company leaders’ attentiveness to the financial needs of IT departments has had intangible but nonetheless substantial effects on the technology teams. Only 16 percent of respondents say their companies struggle to engage the right mix of talent and skills to carry out their IT plans.

Compared to last year, my company’s current level of technology spend is:



>50%

Overall technology spending is up at more than half the respondents' companies

Bigger budgets

58% report higher tech spend, compared to 45% last year

Critical value

41% see "critical" value in technology as a differentiator and catalyst for growth

A strategic investment

38% view technology as a "strategic" investment

Addressing IT challenges

While revenue and hiring outlooks appear positive and leadership support and technology budgets have increased, challenges remain in the following areas:

Keeping up with new technology. Many executives — particularly at the smallest firms surveyed — say it's difficult to stay abreast of the latest innovations. Roughly one-quarter of respondents said their biggest challenge is keeping up with new technology. And despite the fact that overall technology spending is on the rise, a similar percentage of respondents said their biggest IT challenge was finding the budget to bring new technology to their organizations.

But it's not enough to simply invest in new solutions. Companies must ensure that they've trained teams to deploy and manage the solutions, bridge gaps between new products and existing systems, and shift tactics before problems arise.

Globalization. In an increasingly connected world, globalization continues to play an important role in business strategy, with two-thirds of respondents saying an international orientation is important for their companies. This finding is consistent with another recent Deloitte survey, in which 66 percent of mid-market executives said their companies had some level of global revenue.¹

From a technology perspective, global expansion most likely would require additional support — both in personnel and infrastructure — and also could raise potential issues around cyber-security.

IT governance. Approximately one-third of respondents report "mature" systems governing IT processes at their firms. Meanwhile, 16 percent report that they have no formal IT governance in place, and in a few cases, have "little to no formal IT processes, structures or awareness."

This is an important area for companies to address, according to Irwin Goverman, principal, Deloitte Consulting LLP, and leader of Deloitte's Life Sciences Technology Strategy and Architecture Services practice. "IT governance is the single biggest factor in ensuring that a company's technology spend is focused on the business needs and aimed at improving top- and bottom-line performance," Goverman says.

Security. Mid-market companies share the broader market concerns about information security, although they're generally confident they can outmaneuver cyber assailants. More than half of respondents trust that their security measures are updated, robust, and capable of fending off attacks.

While about 40 percent acknowledge their companies lack the right infrastructure and/or resources to maintain an effective cyber-security program, these companies do recognize the importance of developing such a framework within their corporate structure. This is particularly true at privately held companies, which may lack the resources to manage such a program.

Globalization continues to play an important role in business strategy, with two-thirds of respondents saying an international orientation is important for their companies.

¹ *Mid-Market Perspectives: 2014 Report on America's Economic Engine*, Deloitte LLP, May 2014.

What is the biggest IT challenge faced by your organization? Please select only one.



Managing cyber-security

The stakes have never been higher in the cybercrime world, as once annoying hackers have now evolved into formal, structured, for-profit criminals. Theft of financial information, intellectual property, and trade secrets, along with business interruption and blackmail, are all now common techniques used by cyber criminals to increase their revenue streams.

According to Bruce Murphy, a principal in the Deloitte Cyber Risk Services practice, Deloitte & Touche LLP, all companies, including those in the mid-market, need to adopt a three-fold approach to manage the threats and become secure, vigilant, and resilient. "This means companies must implement preventive measures, constantly monitor and observe behavior in their environment, as well as prepare for the inevitable incident and develop recovery strategies," Murphy says.

"Mid-market companies are in a particularly challenging position as they typically do not have the same level of resources to address this issue as large enterprises," Murphy notes. "One consideration for these organizations is to co-source or out-source their information security programs so they can benefit from scaled, enterprise-level solutions at an affordable cost."

Technology's evolving role

Workforce and customers drive change with mobility and analytics leading the charge

Looking ahead to the coming year, priorities for technology managers appear to be shifting, as respondents believe customer analytics and mobility will increasingly shape business operations.

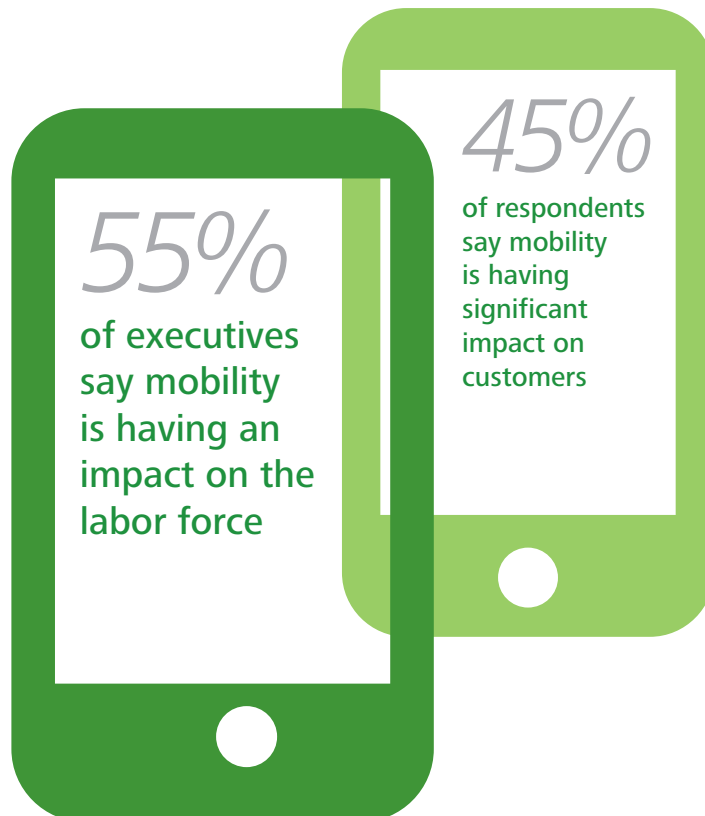
Mid-market companies are collecting, analyzing, and applying information from customer analytics to advance their business goals. Forty-nine percent of respondents report that analytics has the potential to disrupt business operations in the next year, along with mobility, big data, and social business.

Mobility in particular has emerged as one of several areas of technology linked to overall success in business operations and customer-facing strategies, respondents contend. In our survey, 55 percent of executives say mobility is having an impact on the labor force, while 45 percent of respondents say mobility is having significant impact on customers.

From a workforce perspective, respondents placed mobility far ahead of cloud computing or analytics, indicating that companies recognize the importance of arming their teams with the most agile equipment and solutions to maximize not only operations, but also new business opportunities.

So who ultimately oversees the adoption of emerging technology trends at mid-market companies? In large part, IT leadership drives the conversation. Interestingly, at a few companies — 5 percent of respondents — specialized business units have been created to focus on innovation.

Whether senior leadership or the IT departments drive the tactical decisions around technology, our survey indicates expanded adoption and investigation across a broad spectrum of products and services.



Growing adoption of cloud-based solutions

Over the past decade, developments in cloud computing have afforded companies greater flexibility and security to manage growing amounts of information. Today, cloud solutions are firmly established across the spectrum of business functions in the mid-market. Half of the IT leaders in our survey say their companies are currently using the cloud or migrating to the cloud in the following areas of operations:

Enterprise Resource Planning (ERP). ERP systems help large, complex organizations integrate and automate internal and external information across entire systems. They are of particular utility in manufacturing settings as they are able to create uniform methods to track inventory, financials, and customer engagement, to name a few areas.

Customer Relationship Management (CRM). CRM enables companies to engage with both current and future customers and provide sales and marketing teams with richer information to secure more leads that contribute to an organization's growth strategy.

Sales Force Automation (SFA). SFA is a critical component of customer relationship management, allowing companies to use software to automate leads, generate more accurate forecasts, and monitor inventory, among other sales tasks.

There is rapidly growing enthusiasm among the smallest firms in the survey about the potential of cloud computing for these functions. While slightly more than half saw opportunities through the cloud in last year's survey, nearly 90 percent now believe the cloud can accelerate sales and enrich their customer service efforts.

Looking ahead to future opportunities for cloud computing, more than one-third of executives view possibilities to support marketing campaigns. Nearly two thirds of companies say they are considering ways to introduce cloud computing in sales and customer service management, ranking these two business functions considerably higher than any other business area.

Stef Dietrich, senior vice president and CFO of the Los Angeles Tourism & Convention Board, says his organization sees clear value in migrating to the cloud. "Just about all of our applications now are web-based," says Dietrich. "It gives people the 24/7, 365 capability."

Which term most closely describes your organization's current use of cloud-computing resources? Please select only one.

Mature – successful deployments (e.g., ERP, CRM, HR)



Building – in the deployment phase of production for cloud computing services



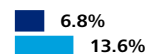
Experimenting – pilot projects started or being planned



Investigating – interested in the potential opportunities cloud computing offers



No action – still waiting to take concrete steps

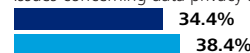


No action – don't have a need



What is the most significant factor influencing the pace of your organization's current adoption of cloud-based services? Please select only one.

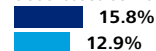
Issues concerning data privacy and security risks



Integrating with existing applications and infrastructure



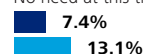
Understanding business drivers and value proposition of cloud-based services



Funding, staffing and talent



No need at this time



While there is genuine enthusiasm for the operational enhancements that cloud-based solutions offer, full adoption of services in the cloud is still a work in progress for many companies. Only 14 percent of executives surveyed place these deployments in the “mature, successful” stage. And IT managers report reservations around adopting cloud technology in two critical business functions: finance and human resources.

Thirty-one percent of executives report their finance and accounting functions are already cloud-based, and 40 percent are either in the process of moving to the cloud or considering it; only 29 percent have no interest in moving these functions to the cloud. When it comes to human resources, there also are divergent opinions. While just 18 percent of respondents have already moved human resources to the cloud, another 52 percent are in the process of moving or considering it. Twenty-nine percent indicate their HR areas have no interest.

Dennis Self, chief information officer at Acxiom Corp., a Little Rock, Ark.-based firm that provides strategic analytic services, says his firm is moving various corporate application functionality into the cloud. Self predicts that the issue of information security that is keeping some companies away from the cloud will continue to fade as more firms see that the rollouts are largely uneventful.

Unfavorable perceptions of data integrity in the cloud are waning.

Proceeding with care

Concerns over data privacy and security risks while operating in the cloud have had the most pronounced impact at the adoption stage of cloud-based services, 34 percent of respondents said. And at later stages, when companies are ready to deploy of cloud solutions, there is similar concern among many IT managers that privacy could be compromised.

More than one-third of respondents believe they might not be able to ensure data integrity and reliability once the information is pushed up to the cloud, while a slightly smaller number say there are concerns about the security of information once it is in the cloud. More than one in five cite the complexity of integrating information in the cloud with other core business systems as the greatest challenge in deploying or using cloud-based services.

Unfavorable perceptions of data integrity in the cloud are waning, according to Self, the CIO at Acxiom. Cloud providers have made significant strides to improve security, so firms should rest assured that financial and personal data will be secure, he says.

“SaaS and cloud providers, because of the potential for reputational damage, know that they must make a substantial investment in security to remain viable over the long-term,” Self says. “They appear to be paying serious attention to addressing these types of requirements by continuing to build out the necessary capabilities.”

While concerns about overall budgets for new technology drive investment decisions, only 13 percent of respondents reported that funding, staffing, or talent was a significant factor influencing the pace of their organization’s adoption of cloud-based services. Instead, the prevalence of cyber-risk and its ability to undermine data privacy and security seems to be the more formidable constraint. Half of the respondents acknowledge that in adopting cloud-based services, they might face issues when integrating proprietary systems with their external stakeholders — from business partners to customers. A similar percentage cites concerns over migration to the cloud itself.

Finally, respondents continue to be concerned about whether cloud solutions can easily integrate across business systems, particularly when considering a suite of solutions to handle various business functions.



Los Angeles Tourism & Convention Board: Safeguarding public resources through the cloud

Los Angeles attracted a record-breaking 42 million visitors in 2013 as the country's second-largest city generated more than 20,000 new jobs and an estimated \$18.4 billion from tourism.² The group responsible for marketing Los Angeles to business and leisure travelers, the Los Angeles Tourism & Convention Board (L.A. Tourism), is on a mission to modernize: it has progressively adopted cloud-based tools to book conventions, attract leisure travelers, and manage the tax dollars that support its efforts.

Stef Dietrich, L.A. Tourism's senior vice president and chief financial officer, says the organization sees clear value in migrating to the cloud. L.A. Tourism, which works with convention planners,

hotels and hospitality companies, has taken a number of steps to increase attendance at conventions, boost hotel occupancy rates, and promote tourism attractions throughout Los Angeles.

One of these steps is a cloud-based destination marketing tool the organization uses to pounce on sales leads. If a meeting planner submits an online request for a five-day, 10,000-attendee

meeting, L.A. Tourism can quickly pinpoint room counts, exhibit space, and entertainment options to link prospective attendees with potential vendors to arrange their events.

L.A. Tourism relies on hotel tax assessments to support its operations, which are subject to government review. The organization has turned to cloud computing for its accounting operations, using online management tools to manage these funds.

When a guest stays at a Los Angeles hotel, a portion of the tax goes to L.A. Tourism. In addition, assessments collected by hotels in forming the city's Tourism Marketing District generate a portion of L.A. Tourism's operating budget. Through the funding sources, Dietrich says, L.A. Tourism can then serve as a "matchmaker" between meeting planners and the city.

Dietrich says the group chose the cloud solution Netsuite for its financial management capabilities after careful deliberation and consideration of the public oversight required in managing L.A. Tourism funds: "Our operations may seem simple, but accounting-wise, they're quite complex."

The majority of the 110-person staff works from Los Angeles, while regional sales representatives contribute throughout the United States, as well as from international offices in Europe and Asia. Despite having migrated accounting and destination management operations to the cloud, Dietrich says, L.A. Tourism prefers to manage its IT needs onsite with two technology managers in the Los Angeles office.

For virtually all of its customer-related operations, however, L.A. Tourism is a mobile shop. Staff members use tablets to interact with stakeholders. Its website is now responsive for better adaptability to mobile devices. And the organization offers apps with tours of the convention facilities to engage with attendees.

"Just about all of our applications now are web-based," says Dietrich. "It gives people the 24/7, 365 capability."

**"Our operations
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Stef Dietrich —
SVP and CFO, L.A. Tourism

² Press releases, <http://www.discoverlosangeles.com/tourism/media-room/press-releases>

Analytics

Pearls of insight

Executives in our survey clearly see benefits in analytics as a path to greater client engagement. Two in three respondents report that their companies are using some form of analytics that is helping fulfill business needs. Further details include the following:

- One-third of respondents cite metrics, information, and tools to guide business decisions as the most important need fulfilled using analytics.
- Almost one-third of respondents say they use analytics to influence both business strategy and operational priorities.
- Thirty percent of mid-market leaders said they employ analytics for predictive capacity, to forecast and report business results and to shed light on client, customer, or business behavior.

But the apparent eagerness shouldn't be interpreted as widespread adoption of data analytics and impact across companies in the mid-market segment. Only 7 percent say their organization has been able to deliver "value throughout the organization" through application of analytics. Nonetheless, it's important to note that 27 percent of respondents said their companies are introducing analytics in the "early implementation stage."

For the 25 percent of respondents who aren't yet tapping the power of analytics, it's simply because they are not sure where to begin. Another 31 percent believe their company is not at the scale or maturity level to benefit from analytics. Others are even more guarded — some 18 percent of respondents said they "don't see the business value" of analytics and therefore have not begun to implement such systems at their companies.

More than one-quarter of respondents say the biggest hurdle their companies have encountered is figuring out how to deal with unstructured data as opposed to structured data. Unstructured data includes e-mail messages, videos, and other files that can't be stored and searched in a uniform way, whereas structured data resides in fixed, definable records such as spreadsheets or databases.

The challenge of managing such a vast amount of data is enormous. And that challenge is only expected to surge in the coming years. According to one estimate, the volume of unstructured data is growing by 62 percent each year and is expected to reach nine times the volume of structured data by 2020.³

If unstructured data makes up about 80 percent of all business information, as is widely accepted by data analysts, it's no surprise that mid-market companies are having trouble making sense of such vast amounts of information at their disposal.

Twenty-nine percent of respondents said while company data had been "cleansed," it still needed to be structured for "efficient use and validation." Nearly one-quarter said data across their organizations was "fragmented" and had "no clear structure or format across business areas." Only 12 percent said company data was structured for broad analytics use.

What would your organization see as the greatest value of analytics?

Ability to predictively manage aspects of the business

32.8%

Increased operational effectiveness

28.0%

Greater competitive edge in understanding customer trends and patterns

25.2%

Increased customer intimacy derived from available relevant information

6.2%

³ Steven Hagan, "Big data, cloud computing, spatial databases," Geospatial World Forum, Amsterdam, The Netherlands, April 25, 2012.



Acxiom: Supporting the sophistication of analytics

Not long ago, companies selling goods or services online could gain significant competitive edge by collecting customers' names, locations, and basic demographic data. Today, firms need leading-edge capabilities to get consumers to click the "buy" button. Businesses want to know how much time users spend online, what they're searching for, and what they're likely to purchase.

Acxiom is one company that is using advances in data analytics to help other businesses meet this goal. The Little Rock, Arkansas-based company provides strategic analytics services to retail,

financial services, travel and entertainment, technology and the media, among other industries. Acxiom Chief Information Officer Dennis Self states that by making data and insights actionable, Acxiom helps clients reach audiences across channels, improving marketing and advertising efficiency down to brand, model, and size.

Companies — including Acxiom — are evaluating the use of traditional, on-premise software-based services and off-premise, cloud computing solutions to handle a variety of operational and strategy functions within their businesses. Self says cloud-

based, off-premise solutions are supplanting software across entire business areas, from human resources to expense management, at an increasing pace.

"The current way is on-premise, customized solutions" Self says of software-based systems. "The future way is to consider inclusion of off-premise, industry standard solutions. You don't build software, rather, you just buy it as a service from within the cloud."

According to Self, the success of cloud-based solutions largely depends on four key focus areas. "First and foremost, you need to know your business requirements and determine if the cloud-based solution can meet those requirements. Second, you need to know how to manage cloud-based vendor relationships. There are some differences from traditional solution vendors — you need to know how to write an RFP for cloud-based solutions, how to negotiate a cloud-based agreement, service levels and pricing, how to set up a proper support model, and how to govern the overall relationship on an ongoing basis. Third, it is important to address integration requirements associated with connecting existing solutions regardless of whether they are on-premise or cloud-based solutions. And finally, it is important to address change management and training requirements. As it relates to change management and training approach, cloud-based solutions are usually a much different user experience and you shouldn't underestimate the amount of time required to help users adopt and utilize the new solution."

Self also urges companies to carefully contemplate their needs before investing in analytics. "The historic approach has been: Go buy technology, go put data into it, then determine what reporting you want, and then figure out what your use case is," he says. "I would turn that around and say, 'What is your case? What are you trying to solve?' Start with the business requirements. Companies often skip over those simple questions."

“Start with the business requirements. Companies often skip over those simple questions.”

Dennis Self. —
CIO, Acxiom Corp.

Social business and mobile

Opportunities for disruption

The social business landscape is dotted with hazards in a hyper-connected world where a negative experience with a brand can be instantly shared across multiple social networks. However, 69 percent of survey respondents also see opportunities for social business and mobile applications to disrupt or transform the status quo and generate competitive advantage for their companies.

The survey findings also show that recognition of this opportunity is not limited to larger firms. Sixty-one percent of executives from the smallest companies agree with the potential for social and mobile to disrupt or transform their business and create competitive advantage.

Social and mobile platforms are also the top choice for real-time communication with customers, at 39 percent. However, respondents choose focus groups and third-party surveys over social media in providing the most value in gauging customer sentiment.

Social and mobile platforms are the top choice for real-time communication with customers.



Social activation

The power of social activation is unleashed when others advocate an organization's message in their own words to their network.

Social activation involves new tactics. Audiences and influencers need to be understood at a granular level — who they are, what they care about, and how they spend their time. Then campaigns can be designed to empower and engage specific communities for tangible, expected results. Content should be rapidly created, tailored, monitored, and refined — according to the context of the audience, the outcome, and the campaign. It should be designed so that consumers feel motivated to add context to brand content with their individual insights for friends and readers. Content supply chains are often put in place, allowing core collateral to be pushed through internal and external ranks — in formats that encourage regional social teams and end consumers to localize, personalize, and enhance it.

— Excerpted from "Social activation," *Tech Trends 2014: Inspiring Disruption*, Deloitte Consulting LLP

Emerging technologies

Wearables

Wearable technology is another rapidly developing area of innovation that merges connectivity with garments and accessories that heighten and measure our reality. From smart eyewear that performs highly technical commands based on voice cues, to wristwatches that monitor and interpret how we eat, exercise, and sleep, wearable technology is demonstrating potential to shape how we work and play.

Just over 2 percent of survey respondents say their companies have fully implemented wearable technologies in some fashion. Nonetheless, there is a sense that wearables could dramatically alter the way employees work in the future. About one-third of respondents say wearable technology would allow their companies to boost productivity; for example, by allowing a field service technician to access documentation or procedural tips at a client site. More than one-third cite opportunities for consumer-oriented products and applications. One in four respondents say providing real-time metrics would be of most interest to their companies.

3D printing

If the 3D printing industry has not yet reached household-name status, it is nonetheless evident that both consumers and companies are starting to take notice of the technology. Twenty-seven percent of IT managers say their companies either are planning 3D printing pilots or have projects in the works. Forty-four percent agree or strongly agree that 3D printing will have an impact on their companies.

So how do companies believe they can extract the most value from the increasing availability of 3D printing technology? IT leaders see opportunities for product development, giving their companies new flexibility to design products, and giving consumers the chance to customize products on a mass scale. Through mass customization, consumers can put their personal touch on a piece of jewelry, a children's toy, or even clothing.

There is a sense that wearables could dramatically alter the way employees work.



Conclusion

The potential impact of technology on mid-market businesses cannot be overstated. The ability of customers to get exactly what they want when and how they want it may have been a dream just a few short decades ago. Today, not only is it a reality, but the organizations providing these goods and services now have a window to better understand their customers' desires and expectations.

The evolution of technology — from computing power to the Internet — has proceeded with a steady flow toward increased sophistication. But with the introduction of so many disruptive technologies, that flow now feels like a deluge. This raises some questions:

- Is there a tipping point for mid-market companies related to their adoption of technology?
- Will those who don't incorporate technology lose their competitive advantage?
- Can organizations afford to wait for the next new technology and skip the current generation of offerings?

These are important considerations for mid-market companies.

Clearly, there are complexities and challenges to be faced, from keeping up with the myriad of offerings, to understanding security issues, to determining how to generate the best return on technology investments. But the most progressive companies are taking the time to understand and making the investments to drive change in their organizations.

We're encouraged by the growing perception of technology as a strategic imperative and differentiator, as evidenced in this report, and applaud those who have tested the waters and are now enjoying the benefits of that effort. Whether it's starting with a toe in or feeling comfortable diving head-first, the technology pool may offer something for everyone.

Appendix: full survey results

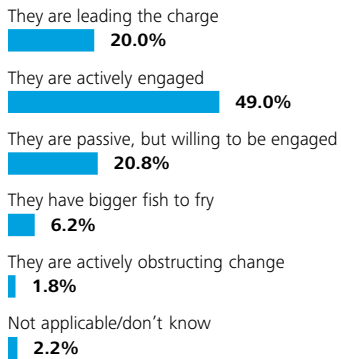
Note: some percentages in the charts throughout this report may not add to 100% due to rounding, or for questions where survey participants had the option to choose multiple responses.

Acknowledgment

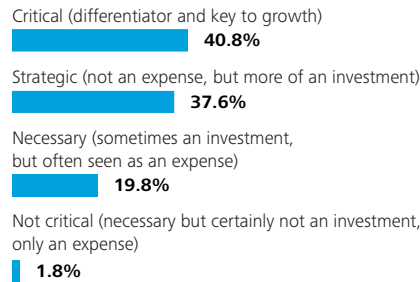
We would like to thank all survey respondents and interviewees for their time and the insights they shared for this report, *Technology in the mid-market: Perspectives and priorities*.

Business environment

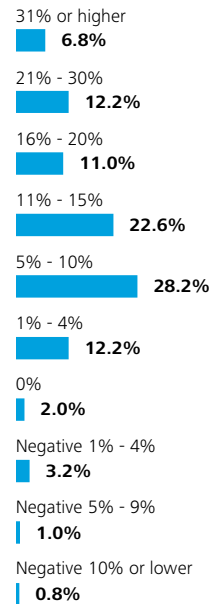
How would you describe the role of executive leadership in your organization with regard to emerging and next-generation technologies (including cloud, mobile, and social)?



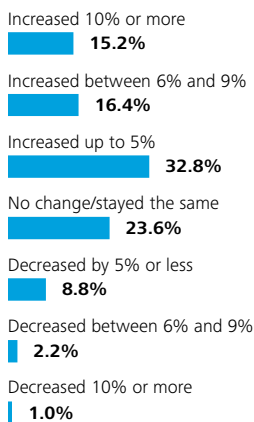
Technology is often perceived differently in organizations. How does your company's leadership value the role that technology plays? Please select only one.



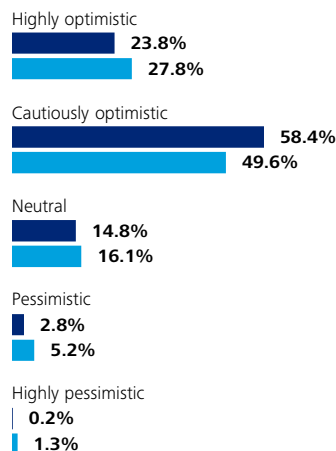
Over the past 12 months, my company's revenue growth has been:



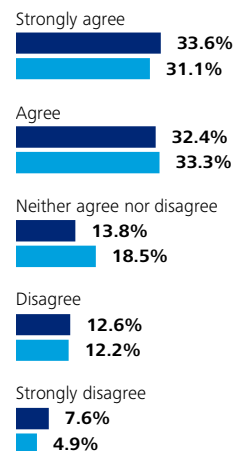
How has your company's headcount changed over the last 12 months?



My company's business outlook over the next 12 months appears to be...



Please indicate your level of agreement with the following statement: "Operating globally is important to my company's overall strategy."



■ 2014
■ 2013

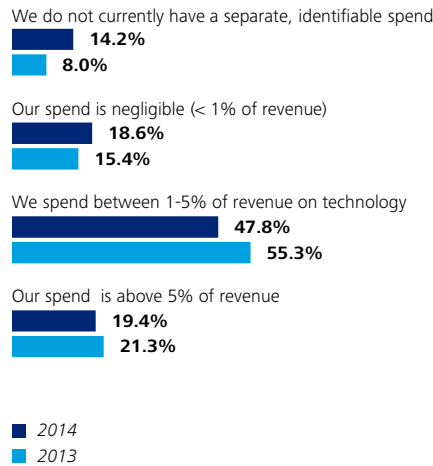
■ 2014
■ 2013

Technology trends

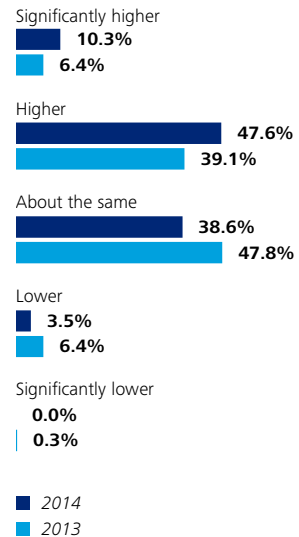
What is the biggest IT challenge faced by your organization? Please select only one.



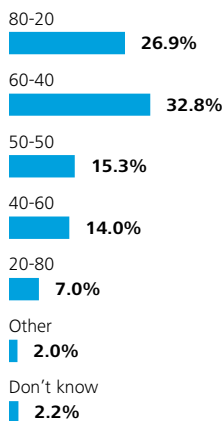
What is your company's current "spend" on technology? Please select only one.



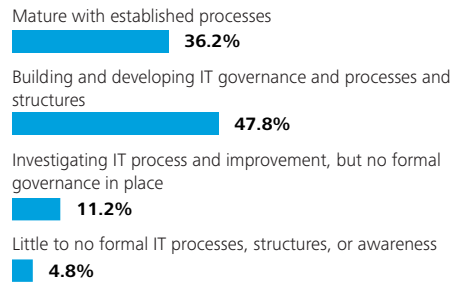
Compared to last year, my company's current level of technology spend is:



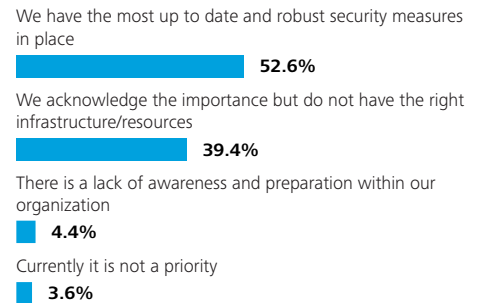
How would you describe your organization's spend on the maintenance of existing systems as compared to investment in innovation and implementation of the latest technology (e.g., an 80-20 mix will include 80% of budget spend on maintenance, with 20% invested in exploring and implementing new technology solutions)?



How would you describe the current state of IT governance within your organization?



Which of the following best describes the current state of cyber security within your organization?



Which of the following technology-related trends have had the most significant impact on your business in the past 12 months?

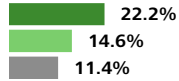
Which of the following technology-related trends do you think will have the most significant impact on your business in the next 12 months?

Which of the following technology-related trends are having the most significant impact on your workforce?

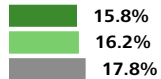
Which of the following technology-related trends are having the most significant impact on your customers?

Please select the top three and rank in order of importance.

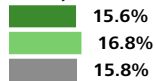
Information security (cyber intelligence)



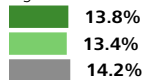
Cloud



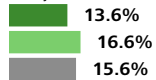
Mobility



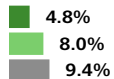
Big data



Analytics



Social business



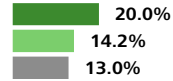
3D printing (additive manufacturing)



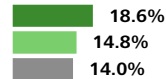
Wearable technologies



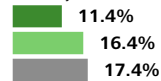
Information security (cyber intelligence)



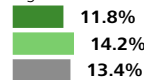
Cloud



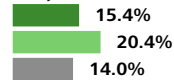
Mobility



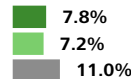
Big data



Analytics



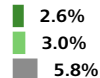
Social business



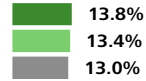
3D printing (additive manufacturing)



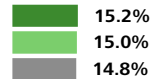
Wearable technologies



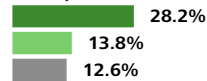
Information security (cyber intelligence)



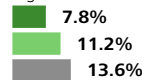
Cloud



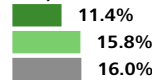
Mobility



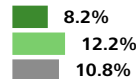
Big data



Analytics



Social business



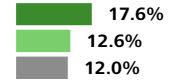
3D printing (additive manufacturing)



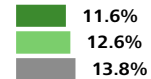
Wearable technologies



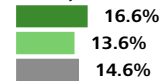
Information security (cyber intelligence)



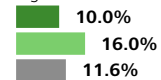
Cloud



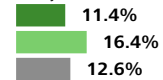
Mobility



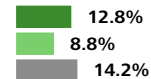
Big data



Analytics



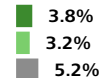
Social business



3D printing (additive manufacturing)



Wearable technologies



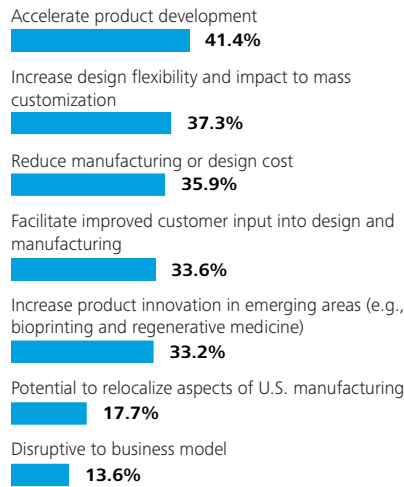
Emerging technologies

Please indicate your level of agreement with the following statement: "I believe that 3D printing (additive manufacturing) will impact my company."

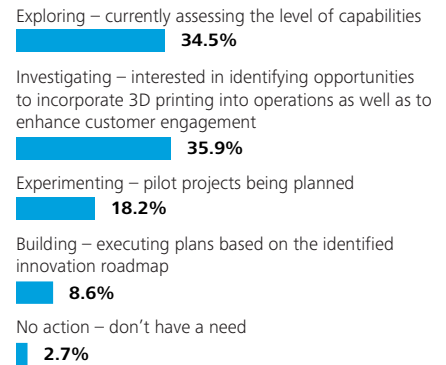


- Strongly agree: 10.4%
- Agree: 33.6%
- Neither agree nor disagree: 26.0%
- Disagree: 17.4%
- Strongly disagree: 12.6%

How can 3D printing (additive manufacturing) impact your organization? Please select all that apply.



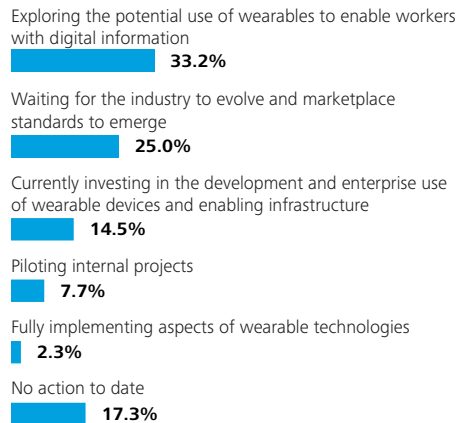
Which of the following best describes your organization's current stage of adoption of 3D printing (additive manufacturing)? Please select only one.



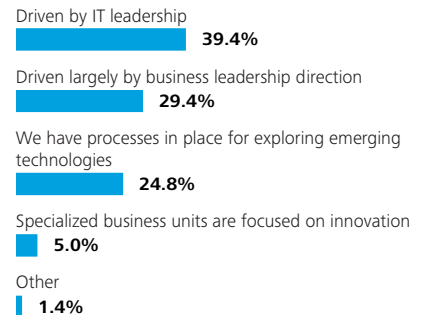
Which of the following applications of wearable technology is of the most interest to your company? Please select only one.



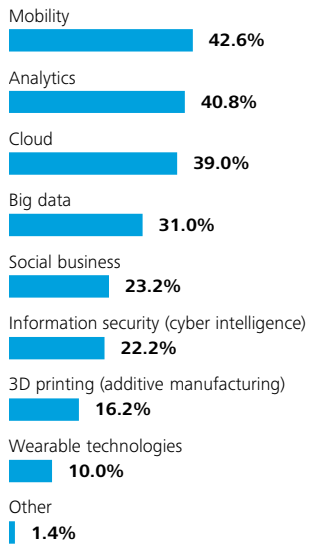
How would you describe the adoption of devices with wearable technology within your organization? Please select only one.



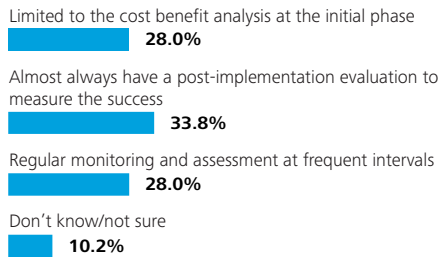
How does your organization handle adoption of new technology trends?



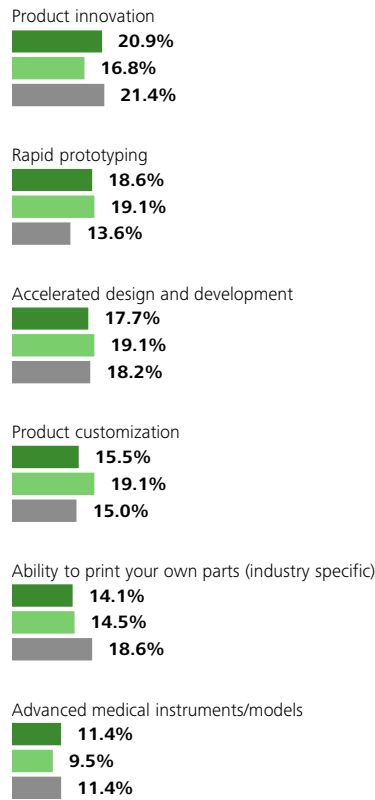
Which of the following technology-related trends have the potential to produce the greatest productivity gains for your organization? Select all that apply.



How often does your company evaluate the outcomes that emerging technologies deliver, compared to what was expected? Please select only one.

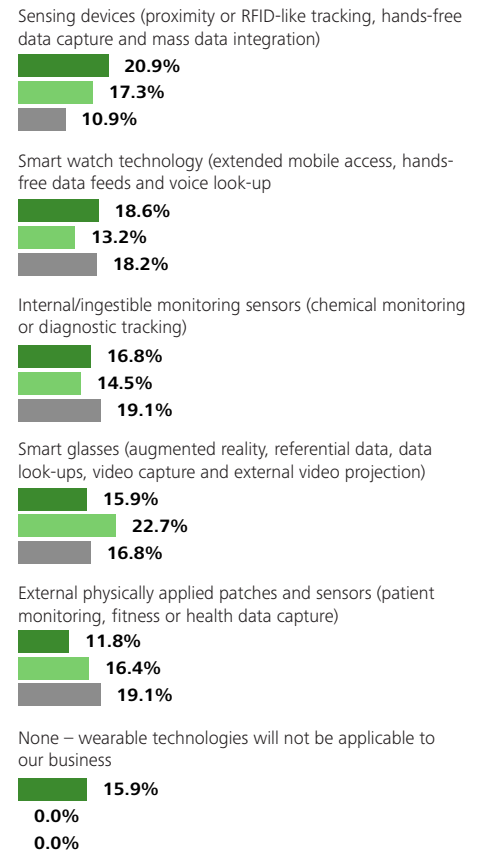


What 3D printing (additive manufacturing) applications are of most interest to your organization? Please select the top three and rank in order of importance.



■ Top
■ Second
■ Third

Which wearable technologies do you believe will be most applicable for your business? Please select the top three and rank in order of importance.



■ Top
■ Second
■ Third

The cloud

What do you consider to be the greatest challenge in deploying or using cloud-based services? Please select only one.

Complexity of integration with core systems



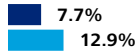
Ensuring data integrity and reliability



Confidence in information security



Business processes and workflow management



Other



2014

2013

Which term most closely describes your organization's current use of cloud-computing resources? Please select only one.

Mature – successful deployments (e.g., ERP, CRM, HR)



Building – in the deployment phase of production for cloud computing services



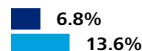
Experimenting – pilot projects started or being planned



Investigating – interested in the potential opportunities cloud computing offers



No action – still waiting to take concrete steps



No action – don't have a need



2014

2013

Regarding your organization's interest in the potential opportunities cloud computing offers, what business functions are you considering? Please select all that apply.

Sales/customer management



Marketing



Human resources



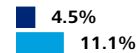
Finance/tax



Manufacturing



Other



2014

2013

What is the most significant factor influencing the pace of your organization's current adoption of cloud-based services? Please select only one.

Issues concerning data privacy and security risks



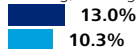
Integrating with existing applications and infrastructure



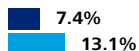
Understanding business drivers and value proposition of cloud-based services



Funding, staffing and talent



No need at this time



2014

2013

What are the data privacy and security risk issues of concern to your company? Please select all that apply.

Integration with external systems (business partners, customers)



Migration to cloud



Internal access controls

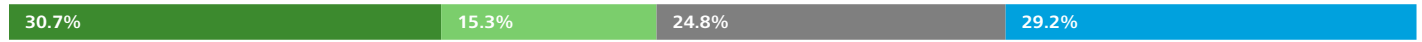


Mobility



For each of the following functions, please describe each function's relationship to the cloud.

Financials and accounting



Sales Force Automation (SFA)



Customer Relationship Management (CRM)



SCM



Manufacturing Resource Planning (MRP)



Knowledge Management Systems (KMS)



Data warehouse/analytics



Enterprise Resource Planning (ERP)



Enterprise Performance Management (EPM)

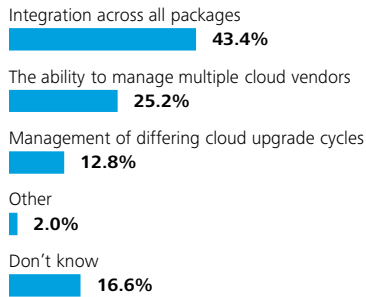


Human resources

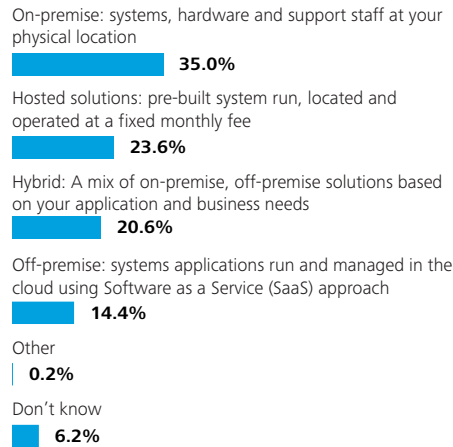


■ Already cloud-based ■ In the process of moving to the cloud ■ Considering moving to the cloud ■ No interest in moving to the cloud

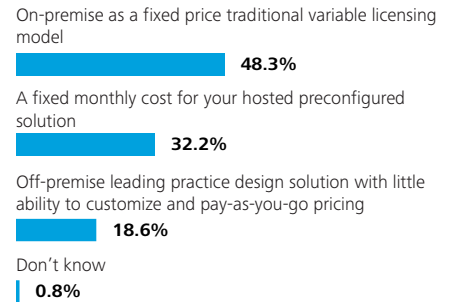
If you are using or considering more than one cloud-based application or package, what would you say is the most important need?



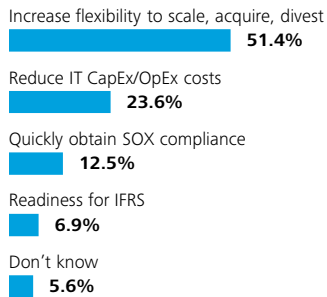
What is the preferred technology approach model for your business?



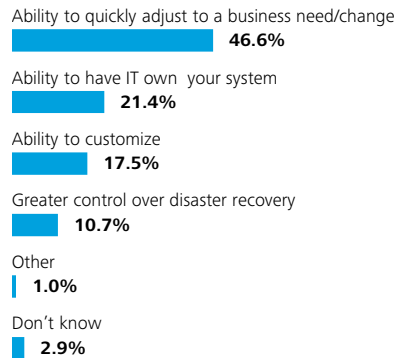
For hosted solutions, what is your preference?



If your preference is off-premise, what are your goals?



If you prefer a hybrid approach, what is most important to your company?



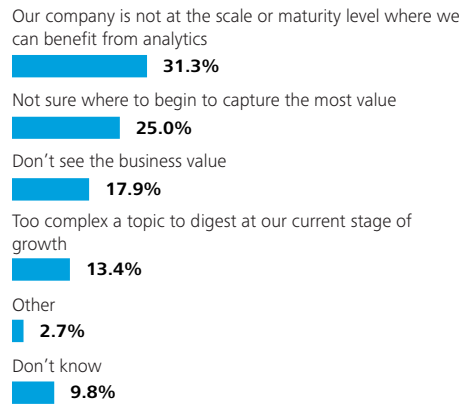
Analytics

Is your company using business analytics?

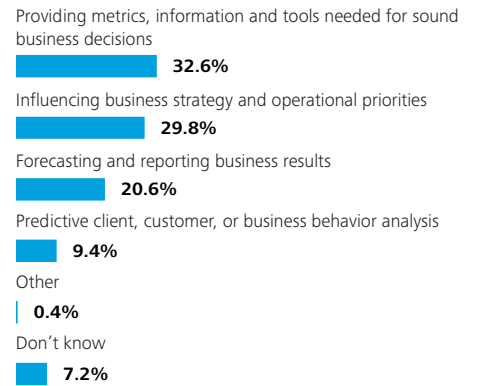


- Yes: 65.2%
- No: 22.4%
- Don't know/not sure: 12.4%

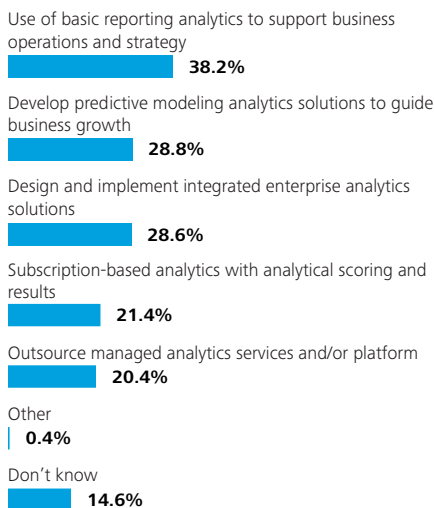
If your company is not using business analytics, what is the primary reason?



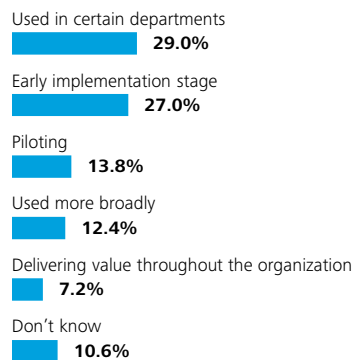
What would you describe as the most important business need for using analytics?



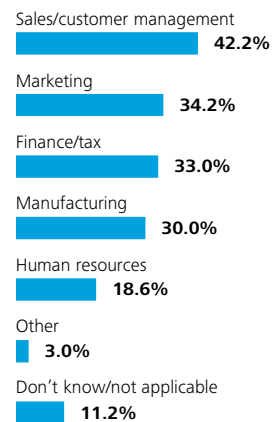
Which of the following delivery models are you using or likely to use within your company's analytics efforts? Please select all that apply.



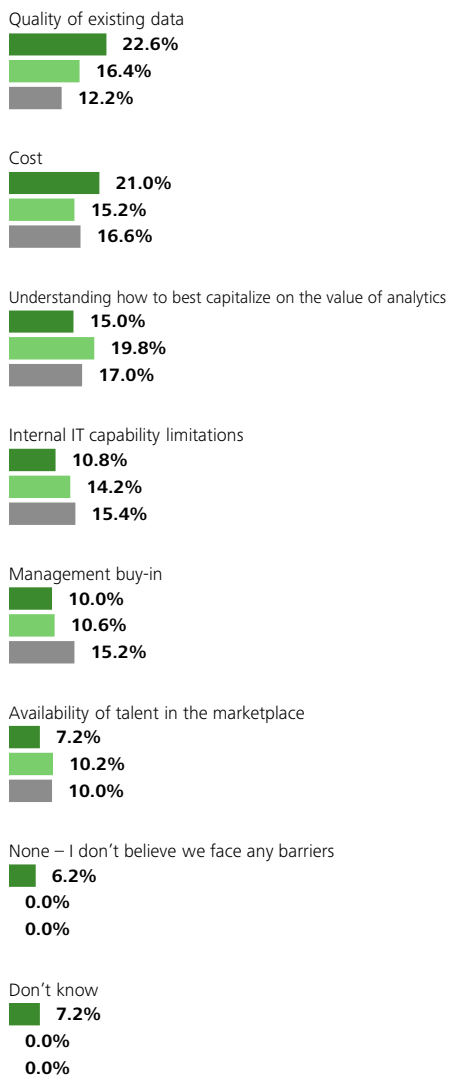
How would you describe your organization's level of maturity with regard to analytics? Please select only one.



Which business areas are using or leveraging analytics within your company? Please select all that apply.

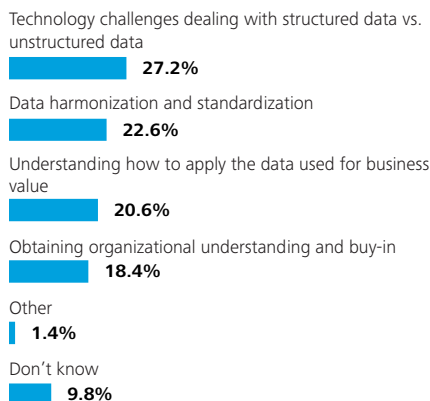


What would you describe as the top barriers for expanding the use of analytics? Please select the top three and rank in order of importance.

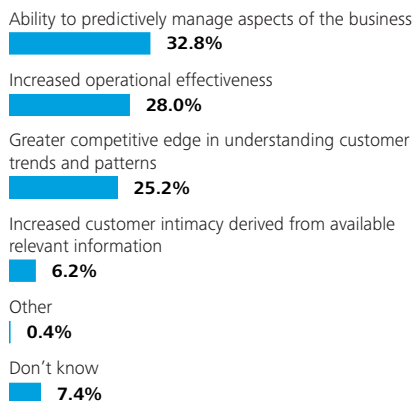


■ Top
■ Second
■ Third

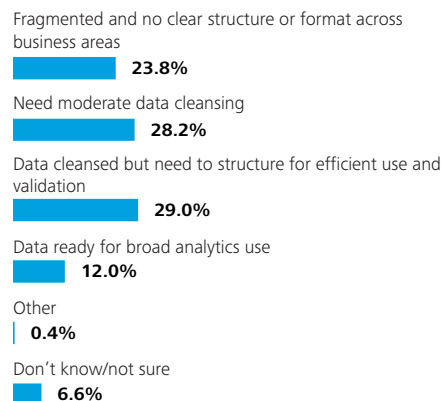
What is your company's biggest hurdle in embarking upon analytics? Please select only one.



What would your organization see as the greatest value of analytics?



How would you describe the quality of data within your organization?



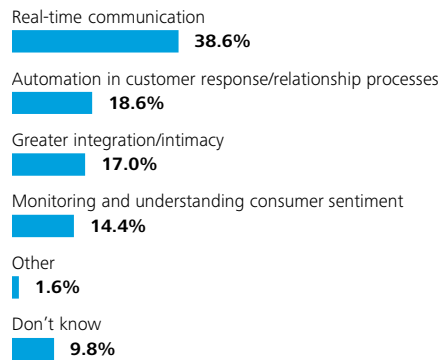
Social and mobile media

Please indicate how you view the potential of social business and mobile to disrupt parts of your business? Please select only *one*.

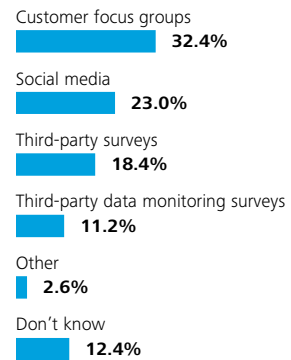


- Transformative: 15.8%
- Competitive advantage: 42.6%
- Highly disruptive: 10.2%
- No significant impact: 25.0%
- Don't know: 6.4%

Which of the following is most important to your company with regard to social/mobile platforms for your customer interactions?

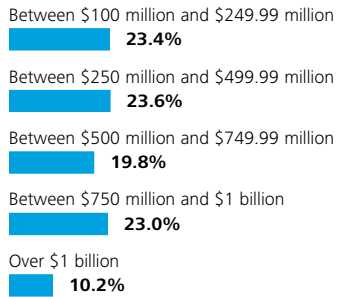


Which of the following is most valuable for monitoring consumer sentiment?

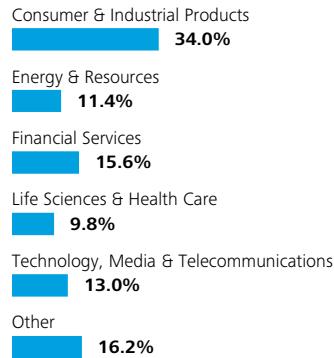


Survey respondent demographics

What was your company's 2013 annual revenue in U.S. dollars?



In which sector does your company operate?

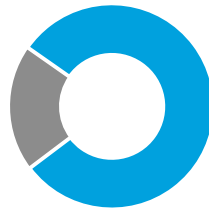


Which of the following describes your level of knowledge regarding your organization's information technology?



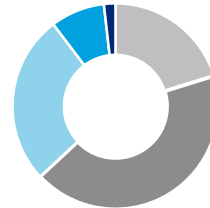
- I am very knowledgeable about our information technology: 34.8%
- I am somewhat knowledgeable: 65.2%

Is your company public or private?



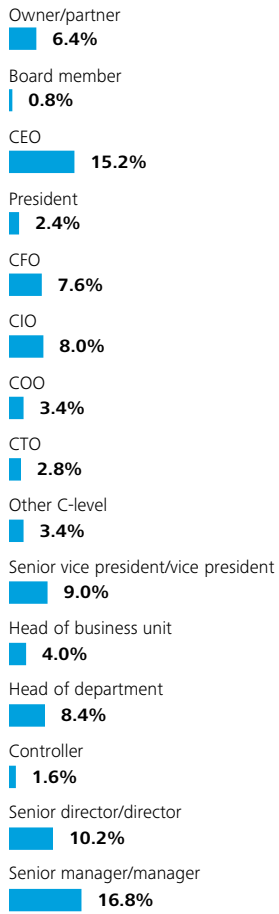
- Public: 20.0%
- Private: 80.0%

If private, which category best describes your company?



- Family-owned: 31.0%
- Closely held (excl. family-owned): 34.8%
- Private equity owned: 27.0%
- Venture capital backed: 4.0%
- Other: 3.3%

Which of the following best describes your title?



In which state is your company's headquarters located?

