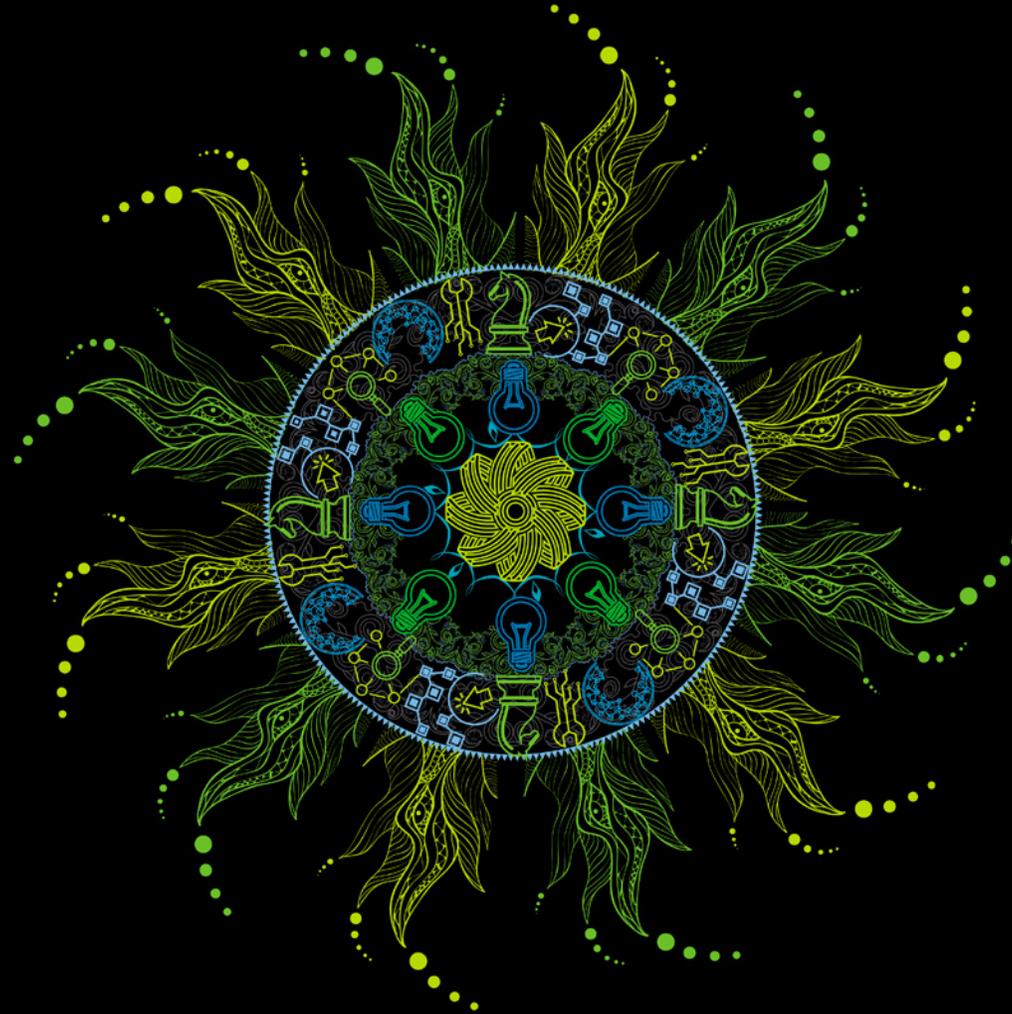
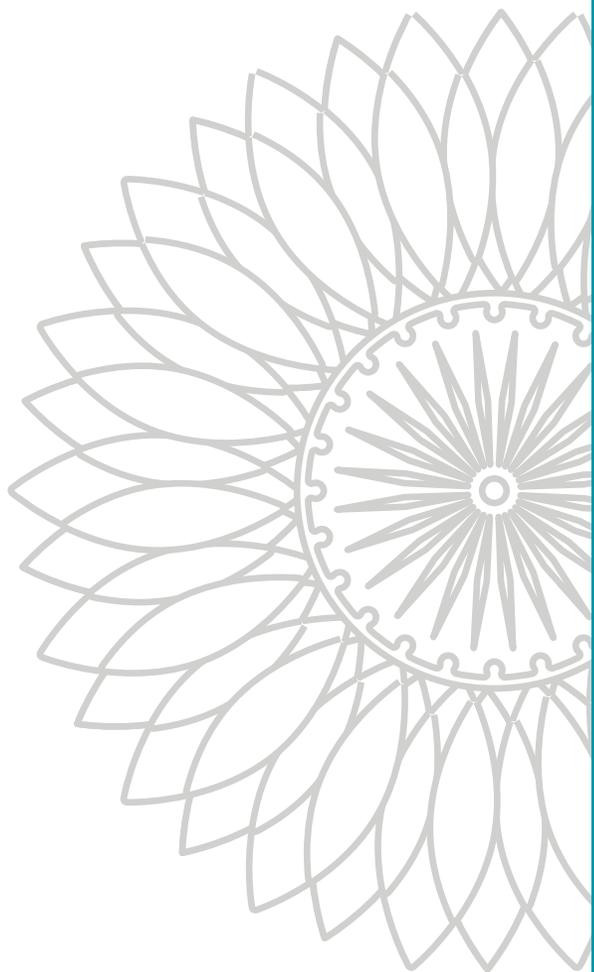


Deloitte.



**Deloitte Enterprise Technology
Flexible Consumption Offerings Survey**

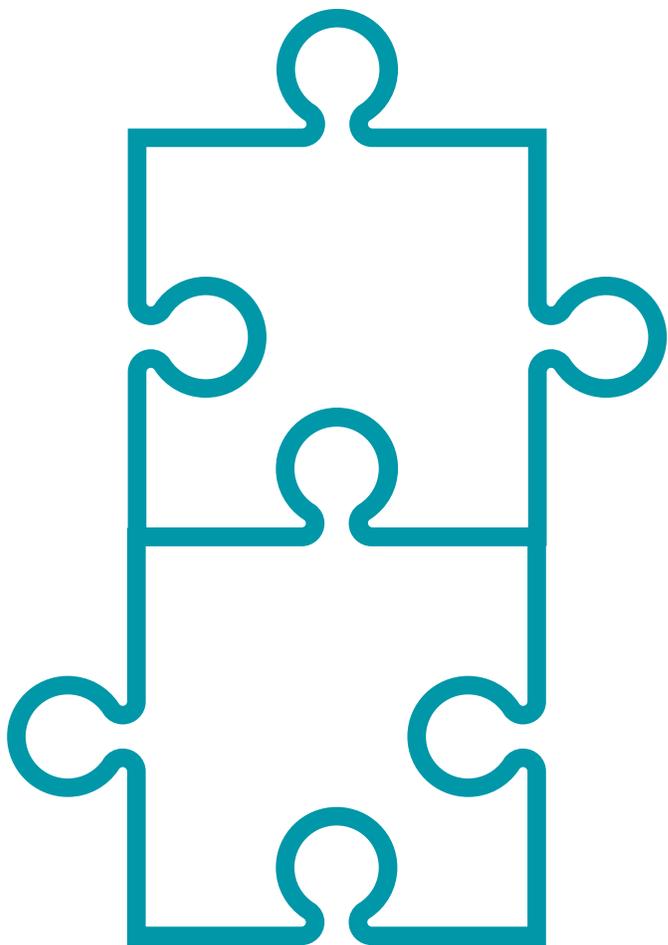


Executive Summary

Organizations of all sizes have shown an increasing desire to consume IT goods and services flexibly—tapping in to subscription services, usage-based models, “as a service” offerings, and “pay as you go” products.

The growing trend of flexible consumption has been well documented. Driven by rising customer demands and expectations—and enabled by innovations such as cloud computing and mobile commerce—flexible consumption continues to draw interest across industries.

Enterprise customers today want flexibility, affordability, and rapid access to leading-edge IT capabilities. Vendors have responded with an array of flexible consumption offerings—in the process unlocking new revenue streams and bringing new efficiencies to their own operations.



Beneath the surface of the macro trend, many unknowns have remained. Studies to date have addressed only pieces of the flexible consumption puzzle—such as cloud-related or “as a service” spending. Answers to important questions have been lacking.



Who is really making the decisions on flexible consumption at the enterprise level?



What factors influence decision-making?



Why are some organizations slow to adopt flexible consumption?



How do enterprise customers prefer to interact with vendors when it comes to flexible consumption? (What kind of experience do they want?)



Where are the opportunities—and what form do those opportunities take?

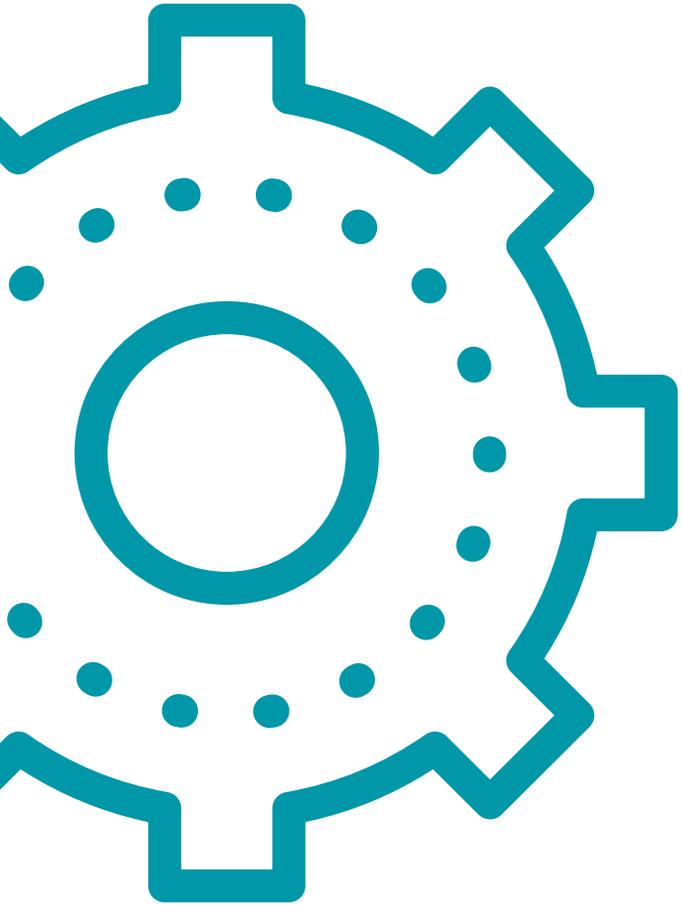


In search of answers

In attempting to address questions such as these, the Deloitte Technology, Media and Telecommunications (TMT) practice undertook a first-of-its-kind survey focused on flexible consumption at the enterprise level. The survey was administered through an online tool to more than 550 senior executives across industry sectors, in Fall 2016.

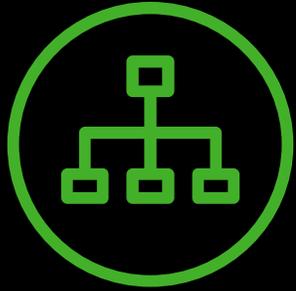
Our survey, the *Deloitte Enterprise Flexible Consumption Offerings Survey*, aims to build an understanding of current demand trends and buying patterns for enterprise customers evaluating technology offerings that employ a flexible consumption model—subscription-based, pay-per-use, or both.

The survey, which was fielded by an independent research firm during Fall 2016, polled 550 senior IT Executives across the globe to get detailed insights on enterprise trends, habits, and perspectives when it comes to flexible consumption.



What we found

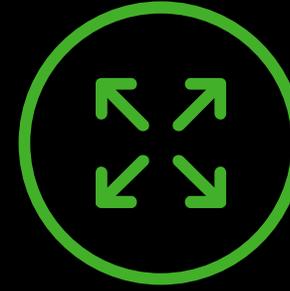
Our study clearly identifies pain points and potential improvements that vendors can address to enhance the customer experience, drive retention, and operate in an evolving market. Among the findings of the survey are three significant revelations.



Leadership
gap



A place
for partners



Engagement
as essential

An overwhelming majority of CIOs and senior leaders are adopters of flexible consumption, while most senior IT managers remain hesitant buyers. Specifically, more than 90 percent of CIOs, IT senior vice presidents, vice presidents, and directors are adopters. Meanwhile, more than 60 percent of IT senior managers indicated they were hesitant to consume flexibly. The disparity could indicate that senior leaders are not reinforcing their flexible consumption philosophy among lower-ranking IT leaders. It also could indicate that vendors have an opportunity to find new in-roads at client organizations—to engage more actively with the top-level leaders while also helping educate senior IT managers on the value of flexible consumption.

An overwhelming majority of adopters (more than 80 percent) indicate that value-added resellers and systems integrators are their preferred engagement channels for flexible consumption offerings—versus engaging directly with vendors or service providers. For vendors, the finding indicates a sustained yet evolving role for channel partners, even as business models shift sharply toward digital. Channel partners still have an important place.

More than half of adopters (about 60 percent) say that having a customer success manager would be very useful—and more than 70 percent of adopters are willing to pay for such support if it provides additional value. The finding suggests that vendors might want to think about more than simply closing deals—extending their activities to focus on engaging, helping, and nurturing enterprise customers beyond the upfront sale.

Other big findings

In addition to the findings on leadership adoption, channel partner involvement, and customer engagement, the survey revealed numerous insights into the behavior, attitudes, activities, and expectations of enterprise customers. Also among the highlights:

- More than **60 percent** of survey respondents are adopters who are either currently spending more than **10 percent of their IT spend** on flexible consumption offerings or will do so in the next two to three years, while others are hesitant buyers.
- The hesitant buyers see **security concerns, integration challenges, and lack of product features** as the top three inhibitors for adoption of flexible consumption offerings.
- More than **50 percent** of adopters across industries prefer offerings with **hybrid delivery models** over public cloud—and more than 30 percent of larger organizations (those with more than \$5 billion in revenue) still have a preference for on-premise delivery.
- More than 60 percent of adopters across industries cite the **complexity of their IT needs**—as well as the **complexity of vendor offer structures**—as the **top sources of sub-optimal purchase experiences**.
- More than **20 percent** of the flexible consumption adoption in the past two years has been **self-initiated**, while 17 percent has been the result of vendor-initiated activities—specifically in the financial services, healthcare, and technology industries.
- When it comes to information sources for flexible consumption offerings, more than **60 percent** of adopters prefer **independent research and references from IT professionals**—while more than 90 percent of adopters say a dedicated **sales person would be well-received** in the pre-purchase phase.
- Approximately **50 percent** of adopters across industries value a **focus on business outcomes** as the most crucial capability outside of specific features that vendors provide.
- Post-sale, approximately **50 percent** of adopters prefer **infrequent interaction with the vendor**, and more than **80 percent** of adopters prefer **in-person visits to provide assistance** to support more effective use of flexible consumption offerings or increase satisfaction with the offerings.



Explore and do more

To discover what else our survey reveals, read on. By exploring the study in depth, you can get a look at industry-specific data as well as additional layers of results on adopters, hesitant buyers, and buying preferences.

The detailed findings presented in this survey can offer actionable insights that your organization can leverage across the enterprise—for products, service, and strategy. Our hope is that the survey can strengthen your understanding of the current state of enterprise flexible consumption while also serving as a baseline for tracking future trends

Ultimately, by leveraging the survey results—and pairing them with additional know-how and insights—you can start developing a more informed, more comprehensive flexible consumption strategy that aligns with your business objectives.

If you'd like to discuss what it takes to develop a strategy that can address today's digital business landscape as well as the future of flexible consumption, contact us to get the conversation started. You can reach us at www.deloitte.com/us/flexibleconsumptionservices.



This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

As used in this document, "Deloitte" means Deloitte Consulting LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of our legal structure. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2017 Deloitte Development LLC. All rights reserved.