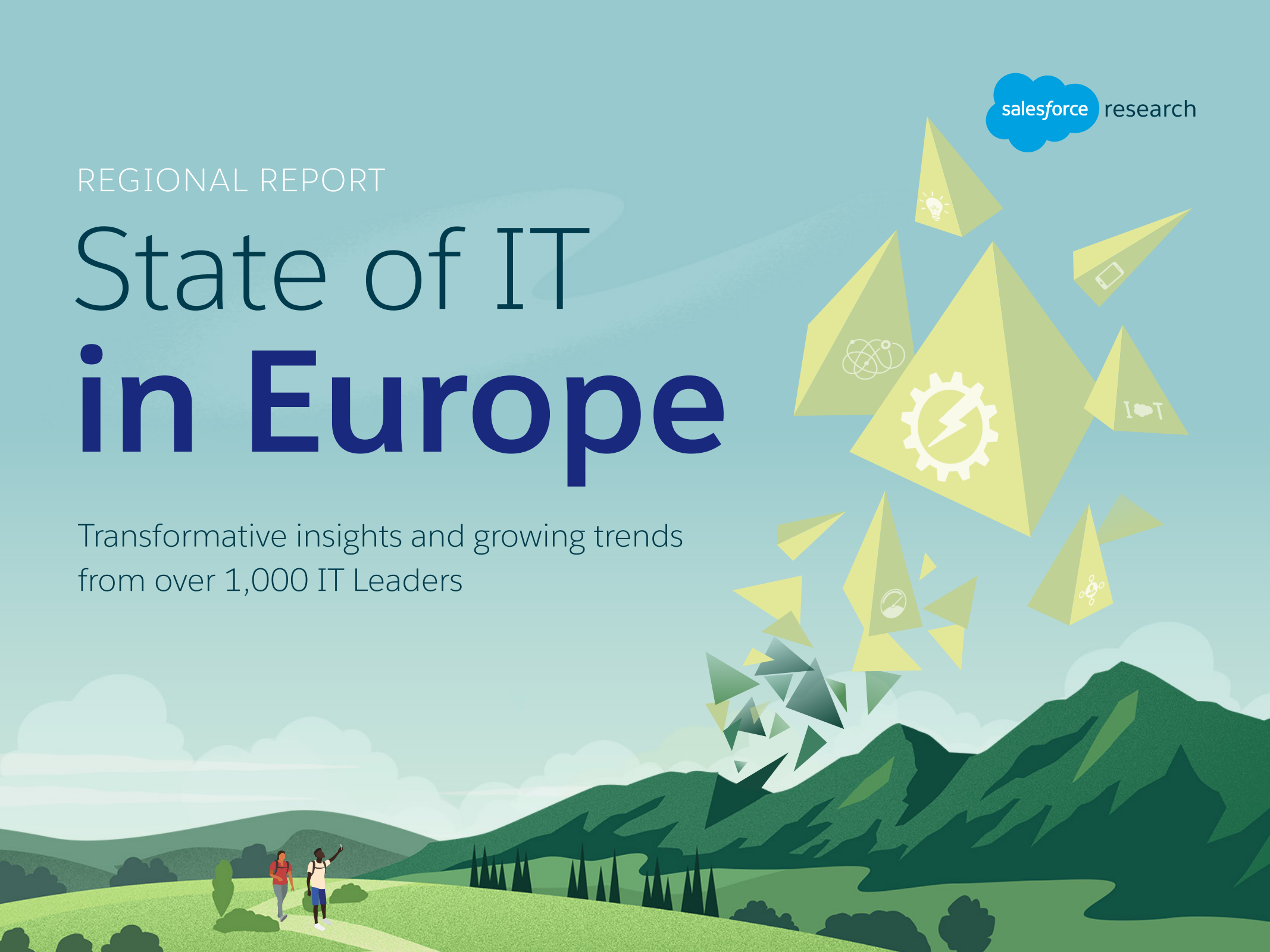


REGIONAL REPORT

State of IT in Europe

Transformative insights and growing trends
from over 1,000 IT Leaders

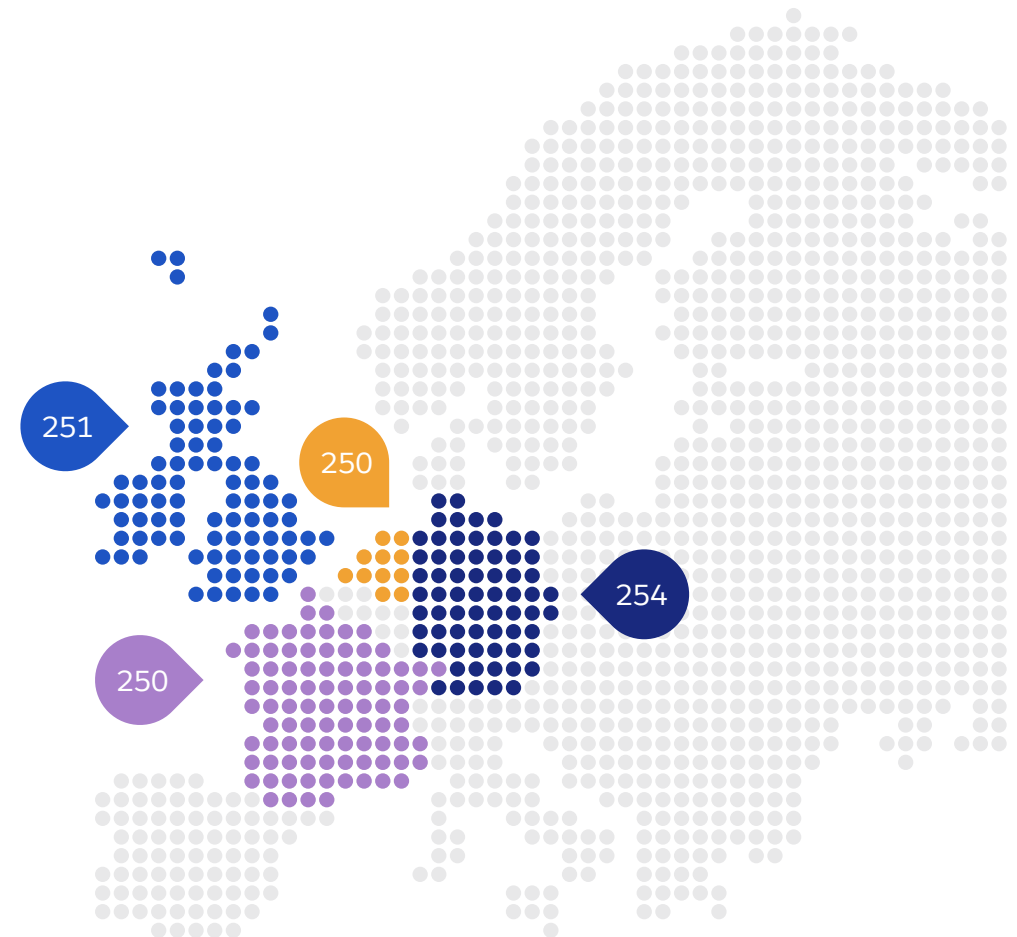


About This Report

Salesforce Research surveyed 1,005 IT leaders in France, Germany, the Netherlands, the United Kingdom and Ireland to discover:

- The changing role of IT in a customer-driven era
- Which strategies and technologies IT leaders in Europe are turning to for faster innovation
- The continued impact of cybersecurity and data privacy
- The increasing importance of the digital employee experience
- The role of artificial intelligence (AI) in an evolving technology landscape

Data in this report is a subset of the second annual “[State of IT](#)” study, a blind survey fielded January–February 2017, that generated responses from 2,263 full-time IT leaders (not limited to Salesforce customers) in the U.S., Canada, U.K./Ireland, France, Germany, Netherlands, Japan and Australia/New Zealand. All respondents are third-party panelists. Due to rounding, not all percentage totals in this report equal 100%. All comparison calculations are made from total numbers (not rounded numbers).



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About This Report

A Closer Look at IT Performance Categories

High-performing European IT teams represent 14% of the overall European survey population.

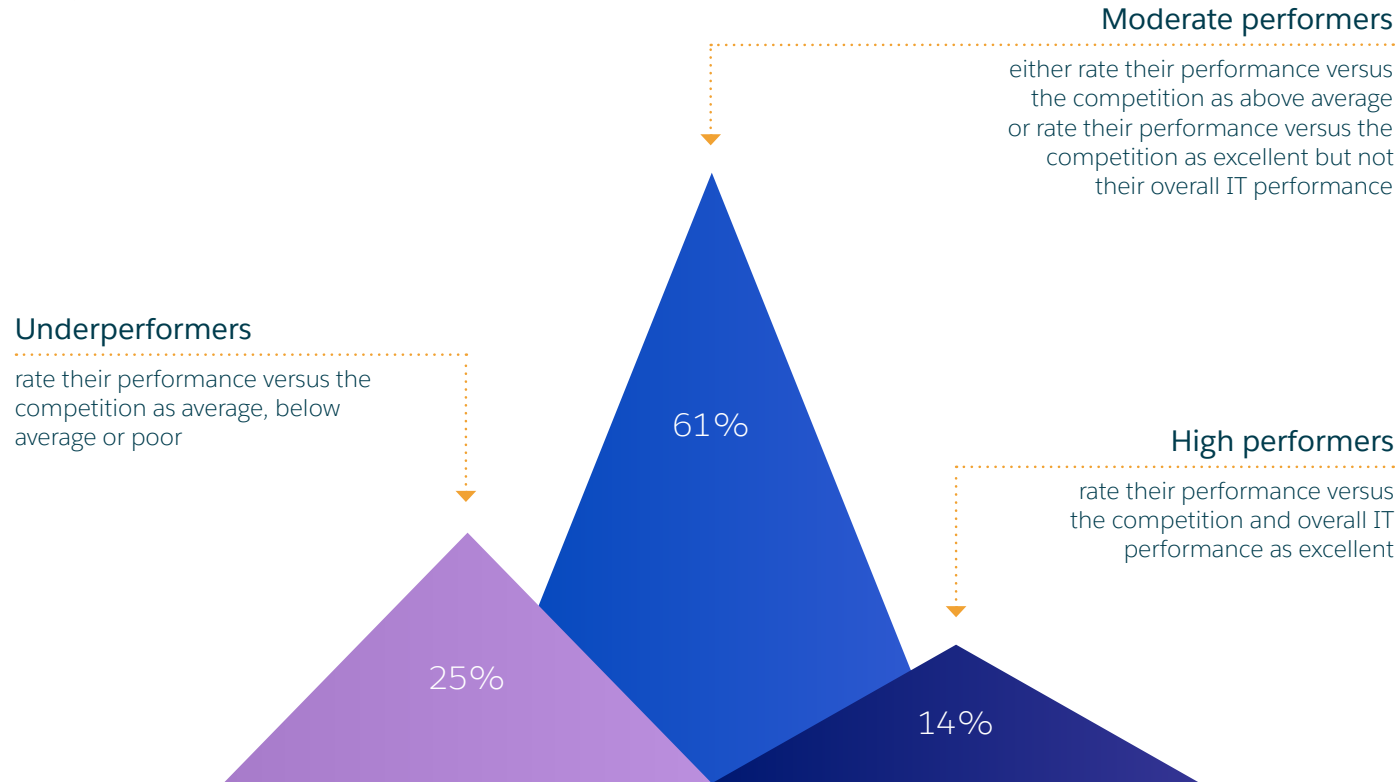


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Whether IT is building apps to transform business processes, integrating artificial intelligence (AI) into technology stacks or stepping up the employee experience, the end goal is the same – empowering the business to put the customer at the centre of everything it does. With the proliferation of cloud, mobile, Internet of Things (IoT) and even conversational interfaces, today's customers are more connected to technology, brands, and each other than ever. They expect a high-level experience across all channels and business units that's second to none. It must be consistent, conveniently available on whichever medium the customer chooses and personalised to their interests.

Businesses look to IT to enable that kind of customer experience. In Europe, 81% of IT leaders say that over the next 12–18 months their department is entering a new era driven by customer expectations. Facing these expectations, IT is innovating for competitive differentiation and industry disruption, and pushing app development to an ever faster pace.

European IT Has Entered the Age of the Customer

There has been a huge shift in IT's role driven by the demands of highly empowered and constantly connected customers.



European IT Faces Unprecedented Change

Key technological priorities for European organisations include AI that helps them anticipate customer needs and personalise service; and low-code development platforms that allow them to keep pace with customers' appetite for the latest and greatest apps. In Europe, IT leaders are making it a priority to empower employees by adopting technologies that can impact both their experience and productivity. As such, IT teams are consolidating information to create a shared, single view of each customer's data across the business.

Shifting focus to business empowerment, innovation and disruption is not without challenges. In Europe, 83% of business buyers and 69% of consumers say they expect companies to provide a consistent experience wherever they engage with them. But at every step towards making this happen, IT is on high alert regarding cyber attacks, security and data privacy, and the skills shortage in the marketplace. They're acutely aware that today's technology allows customers to easily and efficiently switch brands if a company fails at its role of guardian.

European Customers Expect Consistency across Digital Channels and Business Units

Customers demand the same experience every time they deal with a company – whether through social customer service, mobile marketing messages or in-person sales interactions.

Business Buyers



Consumers



01 In a Tech-Driven World, Customer Experience Is IT's Top Job

Customers today are empowered like never before. These individuals are connected, day and night, to the companies they buy from, whether through the web, mobile, IoT or social, and they expect every interaction to come with consistent, contextualised customer care.

Business buyers, in particular, demand consistency across communication channels and throughout every business unit. **Nearly 75% of European business buyers are likely to switch brands if they receive inconsistent levels of service** – for example, when they're dealing with a sales rep versus a service rep.

Technological innovations have created companies that are disrupting every industry – as Uber has done in transport and Airbnb has done in hospitality – offering products and services that were unimaginable just a few years ago. That's why 78% of European business buyers and 68% of European consumers say that technology has made it easier than ever to take their business elsewhere.

Technology Empowers Customers to Switch Brands Effortlessly

European customers who don't get the consistent experience they want from a company can go elsewhere with the swipe of a finger.

Percentage of European Customers Who Believe Technology Has Made It Easier Than Ever before to Take Their Business Elsewhere



02 IT's Focus Pivots from Infrastructure to Business Value

Once upon a time, IT's job was to “keep the lights on.” Now, there is incredible pressure on IT to be the linchpin that gives businesses the capabilities and the innovations needed to carve out a place in a hypercompetitive marketplace.

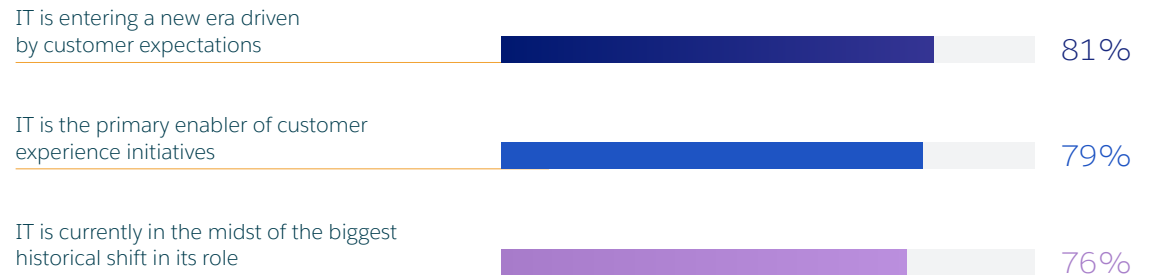
Over the next 12–18 months, 81% of European IT leaders say that IT is entering a new era driven by customer expectations and 76% believe that IT is in the midst of the biggest historical shift in its role yet. IT is not only expected to deliver innovation, but it is also expected to be the primary enabler of customer experience initiatives, according to 79% of European IT leaders.

Companies need to see IT in a new light if they want to harness technology to help them craft quality customer experiences that will differentiate them in the marketplace. And IT teams need to respond with an expanded view of their role. **High-performing European IT leaders are 1.3x more likely than underperformers to believe that IT works as an extension or partner to business units, rather than as a separate function.**

European IT's Mandate Expands in a New Era

IT teams in Europe are still “keeping the lights on,” but are more than ever the linchpin for business value in a hypercompetitive marketplace.

Percentage of European IT Leaders Who Believe the Following about IT's Changing Role



03 Technology Innovation Powers Business Differentiation and Disruption

IT plays a key role in meeting new expectations for customer care, but it also needs to innovate around new products, services and delivery.

High-Performing vs. Underperforming European IT Leaders

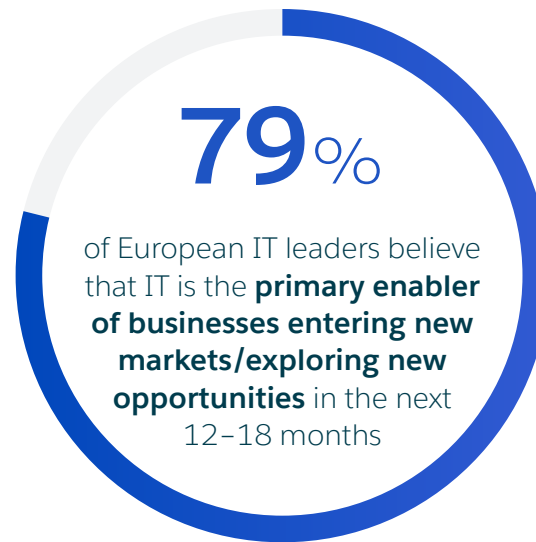
4.0X more likely to say innovation for industry disruption is a critical priority over the next 12–18 months

IT teams can help companies to disrupt the marketplace, but they can also go further. Nearly four-fifths of European IT leaders believe IT is the primary enabler of businesses entering new markets or exploring new opportunities.

IT is no longer an isolated function operating separately from the business – it needs to be the disruptor and the innovator, while reaching every customer and providing them with a consistent, high level of service. Two-thirds (66%) of European IT leaders say innovation for competitive differentiation is a critical or high priority for their organisation over the next 12–18 months.

European IT Leaders Say IT Is a Guiding Light into New Markets

IT teams can propel their firms into new territories and markets, disrupt industries and enable businesses to grow.



04 IT Responds to Employees' Digital Needs Amid Talent War

Employees rely on IT innovations to meet the needs of connected customers. But employees too are technology users who want the same technological abilities at work that they have in their personal lives. Nearly two-thirds of European employees want their companies to provide them with the same level of technology at work as they use at home and over half of them (54%) expect technology to drastically change how they work by 2020.

Meeting employees' tech expectations plays a critical role in a company's ability to attract and retain top talent in a competitive job market. **In Europe, IT has made progress towards that goal with 58% of employees saying their company is innovative in its use of technology,** but there is room to improve.

European Employees Require Top-Notch Digital Capabilities

IT teams need to respond consistently to customer expectations, but must also empower employees to meet those expectations through innovative technology.

Percentage of European Employees Who Strongly Agree or Agree with the Following Statement



05 Employee Tech Powers Productivity in the Age of the Customer

Seventy-nine percent of European IT leaders say that their company views digital employee experience-related projects as a higher priority compared to two years ago. Delivering technologies like these is not just important for employee satisfaction, it's also necessary to make employees productive enough to keep up with the pace of customer demands.

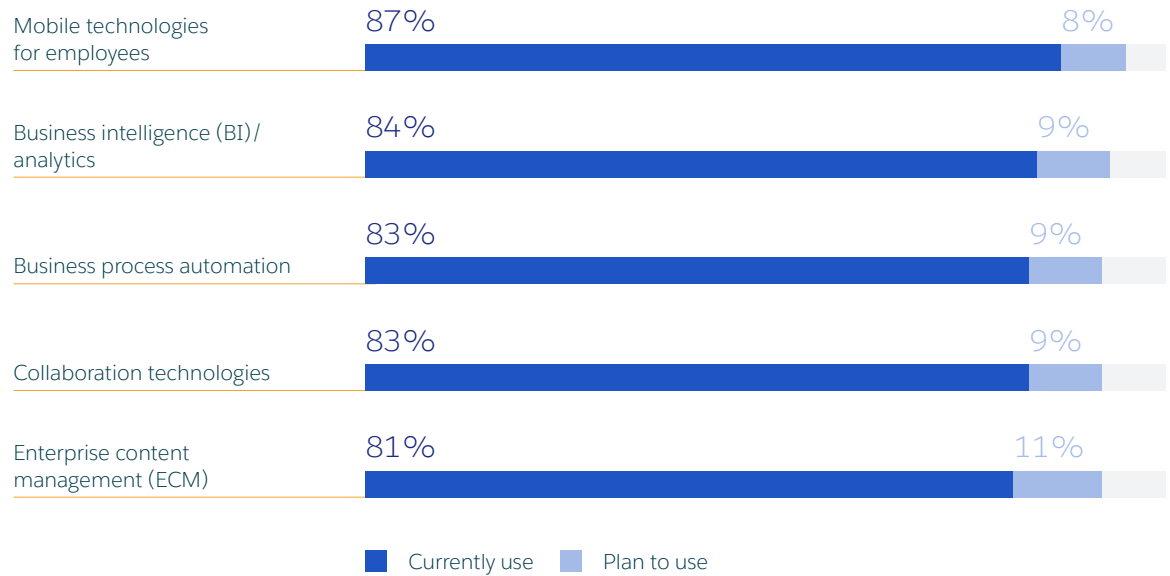
Sixty-eight percent of European IT leaders realise that tracking employee satisfaction scores is critically or very important for measuring success in the organisation and the high-performers are 1.4x more likely than underperformers to consider these scores to be critically or very important.

The vast majority of IT leaders in Europe are also currently using or planning to use technologies in the business that can impact employee experience and productivity. These include business process automation, enterprise content management, business intelligence/analytics, and mobile and collaboration technologies.

European IT Teams Step up the Employee Experience

A majority of European IT leaders are currently using or planning to use technologies that can impact employee experience and productivity, including business intelligence, collaboration techniques and enterprise content management.

Percentage of European IT Leaders Who Currently Use or Plan to Use the Following Employee-Related Technologies in the Next 18 Months



06 Data Unification Is Key to a Shared Customer View

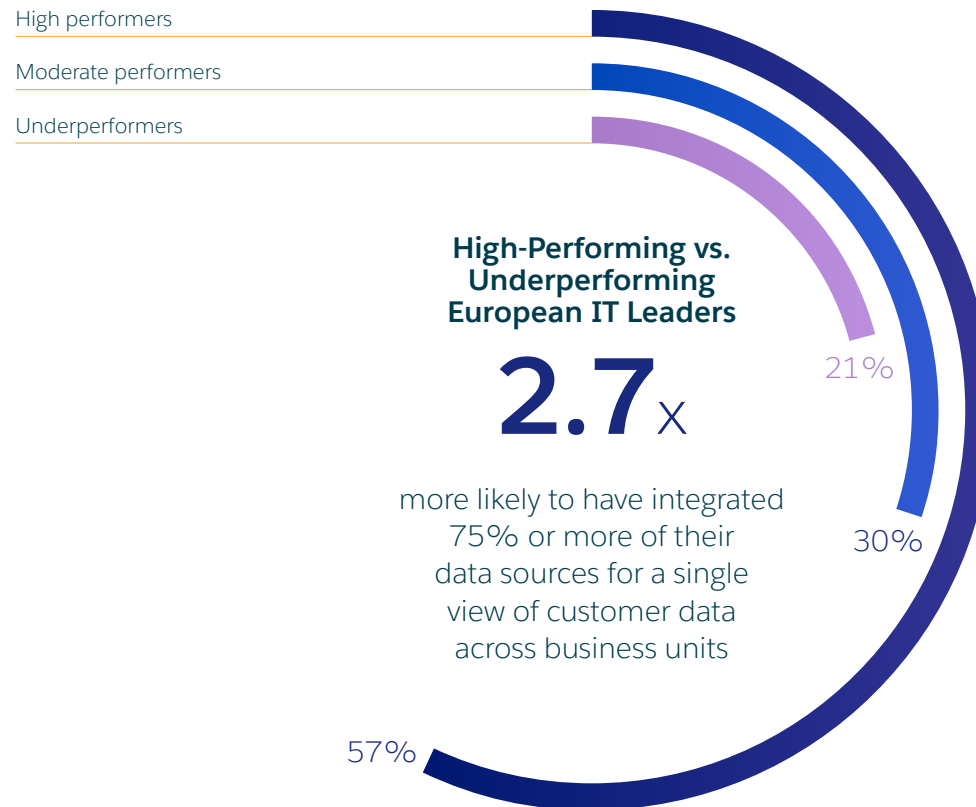
Technology is increasingly fundamental to interactions between customers and public-facing business units such as sales, service, and marketing. That's why unifying the customer data that companies store across different units is a growing priority for businesses.

Over half of the high-performing European IT leaders have integrated 75% or more of their data, compared to just 21% of underperformers. But **the majority of sales and service leaders in Europe (75% and 76%, respectively) believe it is critical or very important to have a shared, single view of the customer across the business.***

In order to achieve the consistent customer experience that today's connected consumer desires, across media and across business units, every employee needs to be able to see the same view of the customer. Whether they're talking on the phone or in-person, or connecting via website, social or mobile app, employees need an overview of each customer's needs and history to deliver a unified, top-quality customer experience.

Top European IT Teams Place a Premium on Unified Customer Data

High-performing European IT teams prioritise the integration of customer data into a single, shared view of the customer across business units.



07 Speed Is IT's Goal and Struggle

Speed has long been a top priority for IT and continues to be one of its thorniest challenges. Developing and testing new products, services, technologies and apps – while also keeping the backroom running – takes time and skill.

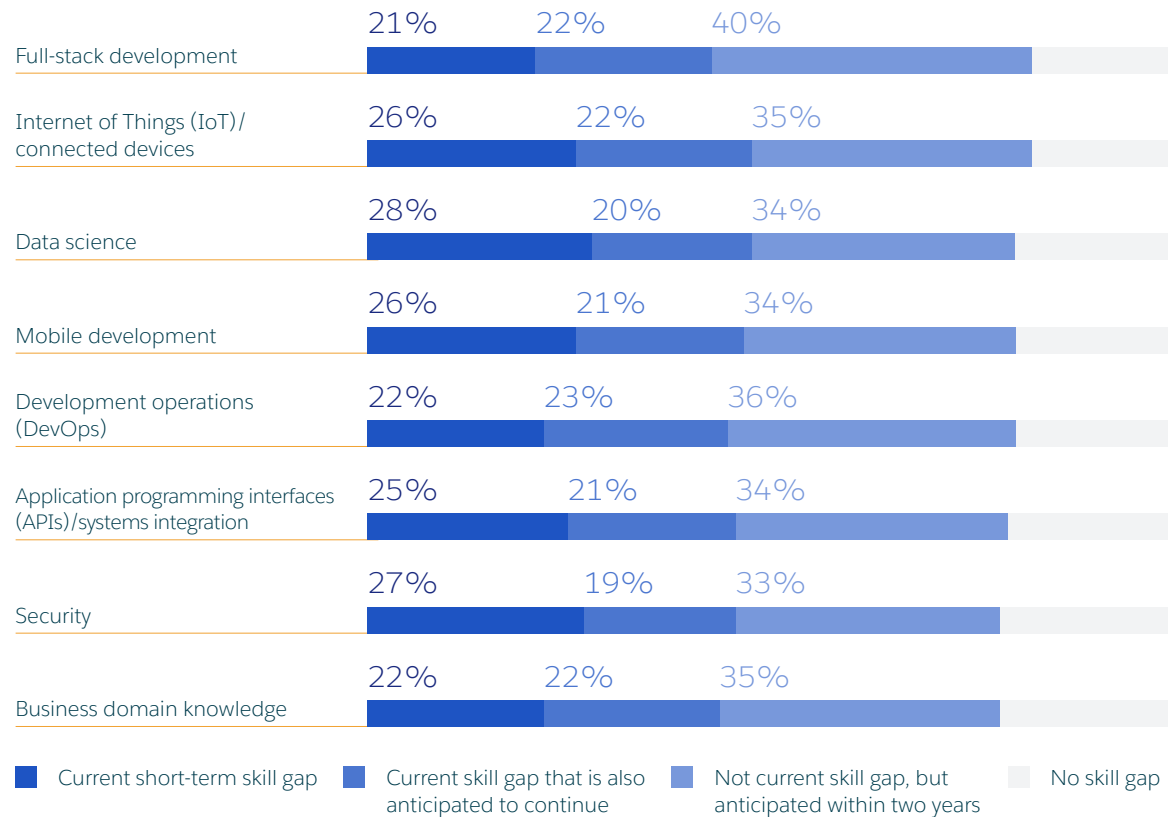
Speed of project or app delivery is one of the most important KPIs for European IT teams, second only to data security metrics. **More than two-thirds of European IT leaders (70%) say improving the speed of development cycles is a critical or high priority over the next 12-18 months.** But it's not an easy task when the pace of change in technology is lightning fast. That means that the skill sets of today may not match what's needed tomorrow – and there's already an IT skills shortage.

For example, the vast majority (82%) of European IT leaders are currently experiencing or expect to experience a skills gap in IoT/connected devices within two years. The figures are similar in areas like full-stack development, in which 83% are currently experiencing or expect to experience a skills gap within two years.

Skill Gaps Hamper Development Speed and More

Skills shortages are driving European IT leaders to find innovative solutions to improve the speed of app development.

Percentage of European IT Organizations That Are Currently Experiencing or Anticipate Skills Gaps in the Following Areas

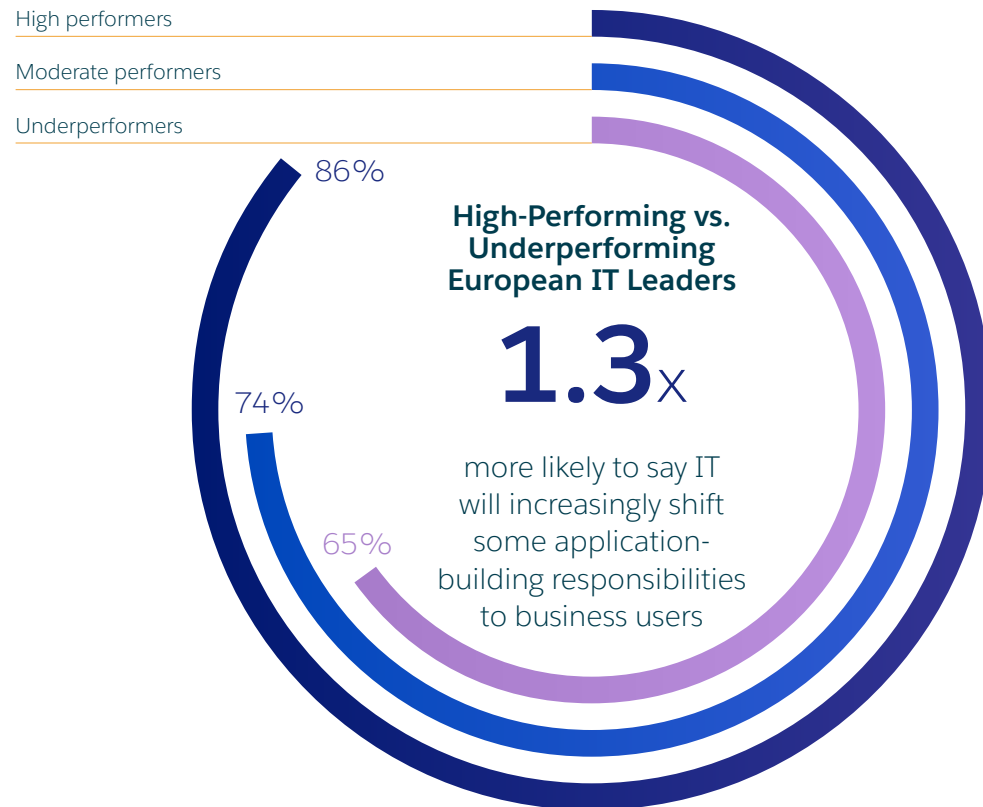


There are some emerging answers to the need for speed. In particular, low-code development (also referred to as component-based architecture) is increasingly viewed by top teams as a viable tactic for increasing efficiency. **High-performing IT leaders in Europe are 2x more likely than underperformers to consider low-code development a critical or high priority.**

Low-code development also opens the door to another time-saving measure: a trend commonly referred to as “citizen development.” Seventy-four percent of European IT leaders say they’ll increasingly shift some app-building responsibility to business users over the next 12–18 months. High performers are 1.3x more likely than underperformers to say so.

Top European IT Leaders Embrace Citizen Development

The lightning fast pace of change in technology, Europe’s IT skills shortage, and new low-code development platforms are prompting IT teams to shift application building to end users.



09 IT Confronts Dual Challenges of Innovation and Protection

Customers now demand a myriad of digital touchpoints from businesses, enabling the anywhere, anytime experiences they require, but also introducing new vulnerabilities that make security more important than ever. The business value of security is underscored by the fact that many customers will avoid businesses that are breached or leave personal data exposed. **Seventy-two percent of European consumers and 75% of European business buyers are likely to switch brands in the wake of a data breach.***

Businesses in Europe are also concerned that moving their data into the cloud or integrating data sources across business units will inhibit them from meeting data protection requirements. For instance, such firms worry that handing over their data to cloud providers requires moving it to a data center outside of Europe, though this is often not the case.

Although 80% of European IT leaders believe cloud security has improved over the past five years, there is still wariness around data privacy in the cloud, particularly as regulations around customer and business data protection are nebulous. Staying abreast of the latest rules – and how products, services and data storage adhere to them – is key to IT success.

European IT Leaders Say Cloud Security Has Improved

Despite shifting customer and business data regulations, most IT leaders in Europe say cloud security has improved.



*"State of the Connected Customer," Salesforce Research, October 2016.

10 Threats Evolve as Skills Dwindle

Regardless of how IT's role changes, security remains a top concern. **The majority of European IT leaders (71%) say that improving security policies and practices is a critical or high priority for their organisation over the next 12-18 months.** And data security metrics are the number one KPI – cited by 76% of European IT leaders as critically or very important for measuring IT's success.

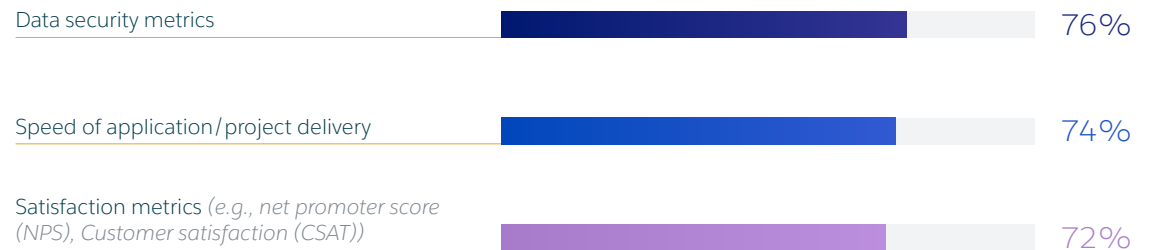
But achieving a top level of security and data privacy is an ongoing process. The threat landscape is constantly evolving from types of malware to methods of intrusion – and the number and scope of devices and apps to be secured is always growing.

In addition, the cybersecurity skills shortage is a large concern. Security skills are the second largest gap in Europe behind data science, and 79% of European IT leaders say they're currently experiencing or expect a lack of security skills within the next two years.

Data Security Tops the Agenda for European IT Leaders

IT teams in Europe cite cybersecurity as their top concern in an evolving threat landscape.

Percentage of European IT Leaders Who Rate the Following as Critically or Very Important KPIs for Measuring Success



11 European IT Steps into an Intelligent Future

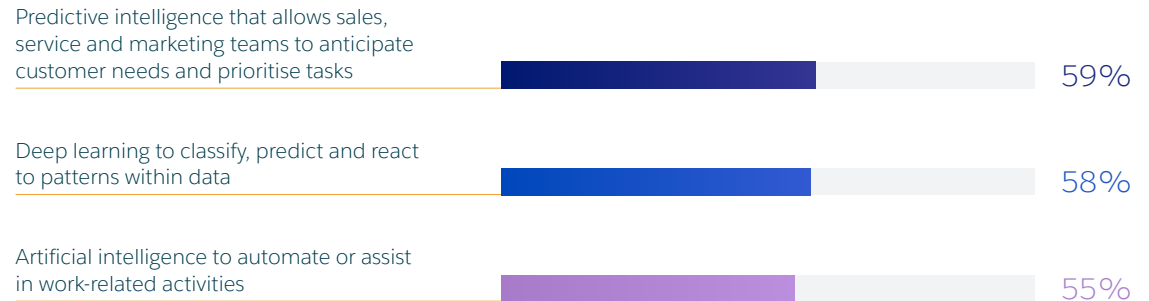
AI is finally making a significant mark across industries and the marketplace only expects its influence to grow. Both consumers and business users know that companies are using AI to better analyse and meet their needs and expectations – and that has, in turn, created an expectation that businesses will better understand them in the future.

In Europe, over two-thirds (69%) of consumers and 85% of business buyers say they expect companies to understand their needs and expectations. By 2020, over half of European employees expect that AI, predictive intelligence and deep learning will have a moderate to major impact on their daily working lives. They expect product recommendations that are more accurate and personal, chatbots that can accurately and efficiently answer their questions, and sales, service and marketing teams that can anticipate their needs.

European Employees Expect Big Things from AI in the near Future

AI is making a significant mark across industries and employees expect the technology to revolutionise the way they work.

Percentage of European Employees Who Expect the Following Technologies to Have a Major or Moderate Impact on Their Daily Work Life by 2020



12 IT Teams Embrace the AI Revolution in Europe

For IT, AI has moved beyond the hype and is being adopted and integrated into every part of the business – from business operations to marketing to customer service and sales. With AI, businesses can understand and predict customer behaviour, analyse big data more deeply to draw greater insights, and even help customer engagement in the form of natural-language service chatbots.

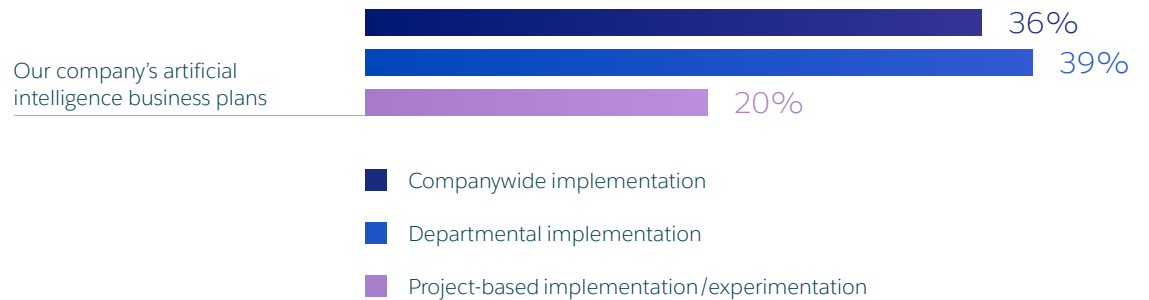
Just under two-thirds of European IT leaders (63%) are using AI in some capacity within their business, with 36% of those saying they've implemented AI on a companywide basis. **European IT leaders also expect AI to grow over the next 12-18 months, anticipating a 28% surge in the technology.**

The widespread adoption of AI is arguably a byproduct of the shift in IT's focus towards meeting customer expectations. AI and deep machine learning can help companies extract highly nuanced insights into customer behaviour and thereby offer personal, tailored marketing and customer service that addresses each individual's needs.

European Companies Embrace AI

AI is being rolled out across European organisations in test pilots and even across business units.

Extent to Which Companies in Europe Using or Planning to Use AI Will Implement It over the Next 18 Months



13 To Meet Business Needs, IT Must Ramp up Its AI Readiness

Although IT teams are enthusiastically embracing the AI revolution, they may not be doing so fast enough to suit the rest of the business. Sales, service and marketing leaders in Europe all expect substantial growth in AI over the next few years, but many IT teams are still in the experimental phase.

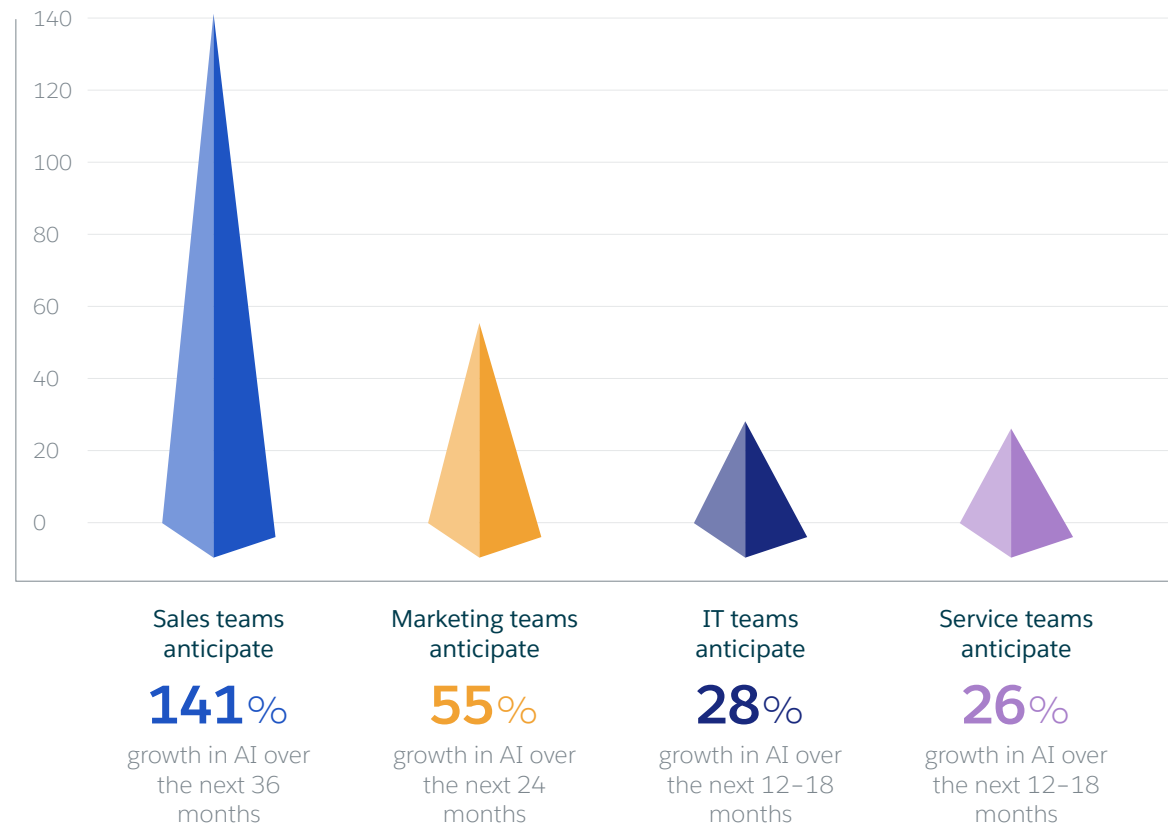
European sales leaders anticipate 141% growth in AI over the next two to three years, while marketing expects 55% growth over the next two years and service leaders likewise expect 26% growth over the next 12–18 months.* However, **less than a quarter of European IT leaders say their technical (22%) and business (25%) plans for AI are comprehensively defined.**

This disparity could be fed by the current and anticipated skills gap in data science – 81% of IT leaders in Europe are already experiencing or anticipating a skills gap within two years. But IT teams that develop a greater understanding of how the company expects AI to be applied across its business units will be a step ahead of the competition.

Business Units Place Big Bets on AI*

In many cases, business units outside of IT anticipate greater growth in AI than their technical colleagues.

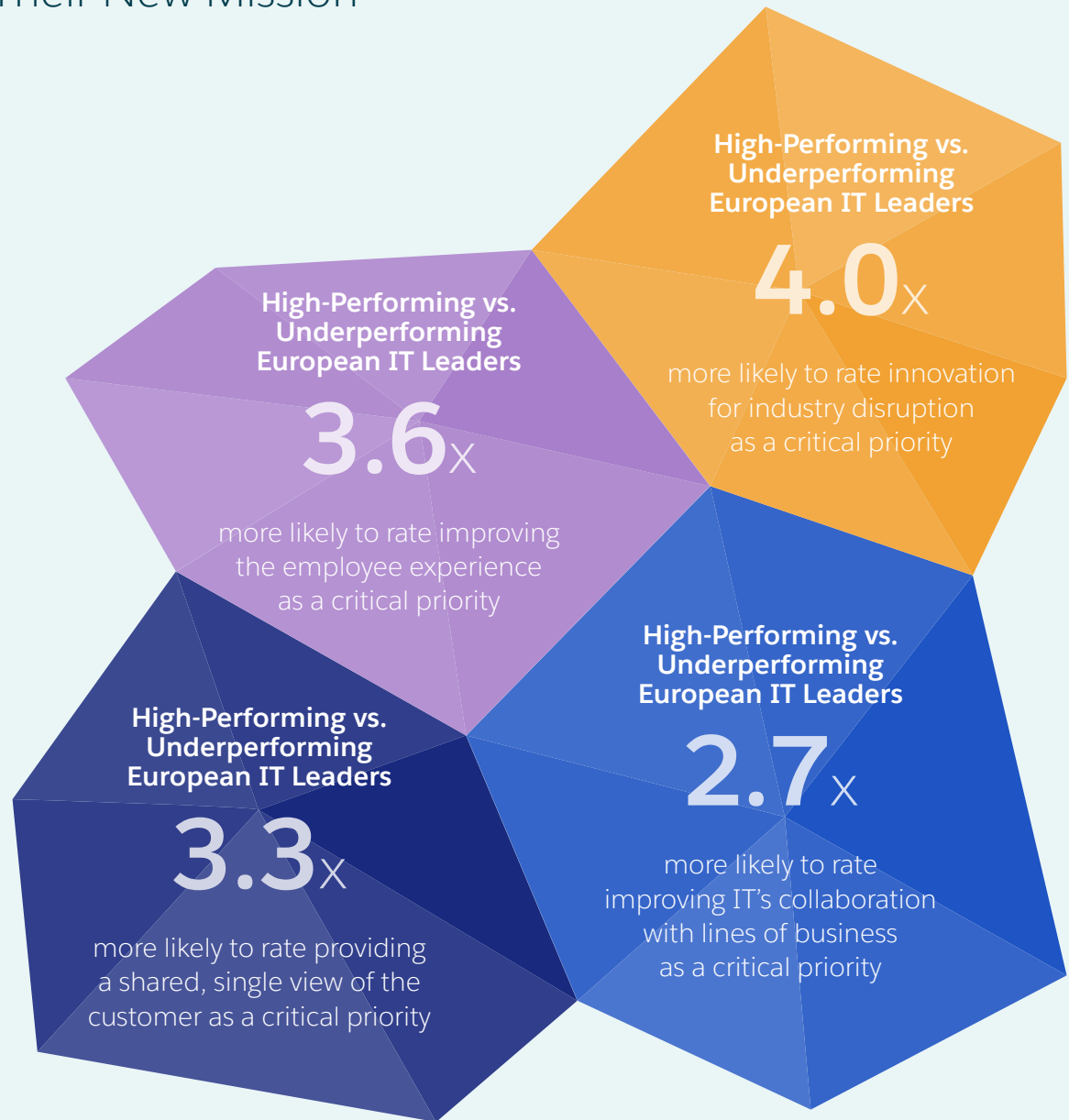
European Sales, Marketing, Service and IT Teams Expect Near-Term AI Growth



*“State of Sales,” “State of Marketing,” and “State of Service,” Salesforce Research, 2016–2017.

Europe's Top IT Leaders Embrace Their New Mission

IT's role is fundamentally changing. In everything that IT does, the customer is now at the centre. As a result, IT has also found itself in a leading role in almost every aspect of the business. The highest-performing European IT leaders recognise that technology supports every facet of the business, from customer service to product innovation, and from market expansion to industry disruption.





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