



A CIO's guide to managing economic uncertainty with a modern iPaaS

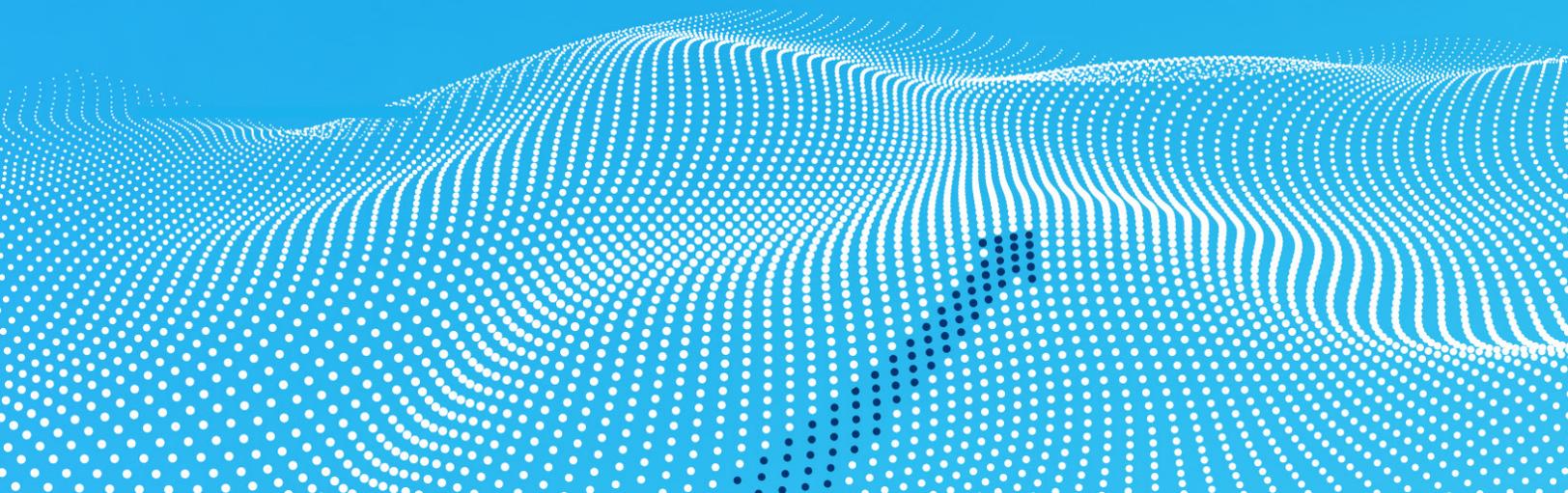


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Economic uncertainty impacts leaders in all areas of business but poses particular challenges for technology leaders. Technology leaders today are tasked with the nearly impossible. They need to maintain strategic alignment with other business leaders and support growth initiatives while minimizing new investments and reducing ongoing operational costs. Unprecedented changes in the nature of work and commerce have caused a uniquely challenging economic situation. Today's CIO must learn to navigate this economic uncertainty while maintaining growth and staying competitive.

This eBook will overview these unique challenges and discuss how a modern iPaaS can help IT leaders manage them and continue to lead organizational change while elevating the position of CIO and the influence of the IT organization.

Economic Uncertainty and Risk

The term “economic uncertainty” is often used as a euphemism for “economic downturn.” Periods of slow growth and recession mean that IT leaders are called on make do with less. Staffing and budgets are cut, investments and initiatives are postponed, and teams are focused on maintaining existing systems.

But periods of true economic uncertainty are even more challenging for business and IT leaders, and the risks are high. The three basic strategies for dealing with uncertainty are, in order of perceived risk level, bet on growth, run the recession playbook, and wait and see.

For businesses in dynamic industries or highly competitive markets, these are all high-risk strategies. If they bet on growth and the economy continues to stagnate, overly aggressive staffing and investing will result in missed targets, losses, and layoffs. If they run the “recession playbook” there is short-term security, but an economic turnaround will leave the organization stuck behind competitors who bet on growth. “Wait and see” seems like a good compromise, but in the dynamic era of digital transformation, this option may be the worst one. The business may endure short-term losses and lose competitive positioning.

Worse still, CIOs are often faced with an even more challenging situation when there is disagreement between growth-oriented leaders in sales, marketing, or product and risk-averse leaders in finance or operations. This results in IT being asked to support top-line growth initiatives while at the same time, minimizing investment and reducing operational costs.

The Challenges Defined

SaaS Sprawl and Decentralized IT

Even before the rush to digital transformation driven by COVID-19, high-growth businesses relied on the rapid implementation of SaaS applications. The shift to SaaS solutions enabled companies to cherry-pick best-of-breed software — with faster evaluation and decision-making cycles generally led by business teams instead of IT — rather than using less effective solutions bundled with a software suite.

While the emergence of best-of-breed SaaS tools allows business teams to choose the solution that best fits their needs, one challenge is that the decision-making criteria are now defined by the business units funding those investments, rather than by IT. This is often where shadow IT starts. Another challenge is that IT teams need to rapidly deploy SaaS applications to appease a variety of business teams with very different needs and use cases. The speed of this shift — and the circumstances that drove both the shift and the distributed decision-making around investment in cloud solutions — often resulted in system and information silos.

Gartner created a term for the impact of this: Digital Friction, which they describe as the unnecessary effort an employee has to exert to use data or technology for work. Businesses are investing in digital technologies, but most are not realizing anticipated improvements. Rapid technology investments are overloading employees with rapidly growing numbers of siloed solutions and complex workflows spanning multiple systems. People end up needing more time and effort to get work done. This unnecessary effort, or digital friction, reduces employee and team productivity and degrades business performance.

CIOs find themselves in a situation where the business isn't getting value from investments in SaaS because the applications are not integrated. In fact, Salesforce recently announced survey results that found organizations are using an average of over 1,000 different applications and on average only 29% of those applica-



tions are integrated. Compounding the issue, businesses often need to maintain additional licenses to SaaS applications for teams who don't work in those systems, driving up costs, diverting budget from higher value initiatives, and perpetuating data silos. For example, a salesperson may be given access to an ERP or a help desk system. This gives users the ability to input data into systems that they otherwise don't use and also gives them visibility into data or process status. All of this can exacerbate SaaS sprawl and decrease ROI of these tools.

Adding to the complexity of this challenge is the problem of Shadow IT. Even before the pandemic, the increase of Millennial and Gen-Z employees in the workforce drove increasing digital workforce maturity. These digital natives grew up in a digital world and were already immersed in modern interfaces and user experiences. The rapid implementation of new technologies for remote work and touchless customer experiences forced older employees who had previously resisted modern technology to adapt to remain relevant. This has resulted in a work environment where almost all end-users have a degree of digital fluency and will proactively find and leverage cloud apps that bridge the gaps left by company-approved applications to ensure they have the tools they need to perform their jobs as efficiently as possible.

In essence, most IT leaders are faced with a workforce of hackers. Nearly [80% of workers admit to using SaaS applications](#) at work without getting approval from the IT department. In general, these shadow solutions are adopted by an employee or a team with the intention to improve the effectiveness of their role and boost productivity.

Digital Transformation Initiatives Continue

Generally, the strategic direction the organization takes comes directly from the CEO with counsel from the CFO. The CIO then has to develop and execute a technology strategy that aligns with the direction. Regardless of their strategic direction or the economic uncertainty, most companies are moving forward with digital transformation plans, not downsizing them. Digital transformation drives increased efficiency, greater business agility, and ultimately, the unlocking of new value for employees, customers, and shareholders. When the economy is growing, the focus is on agility and value creation. During periods of slow growth or contraction, even risk-averse organizations want and need the productivity improvement and cost savings that digital transformation projects provide, even if IT resources are scarce.

Budget Challenges

While IT spending is expected to grow in 2023, growth will be slower than in previous years and lower than original estimates. In a [recent press release](#), Gartner projects worldwide IT spending in 2023 will reach \$4.5 trillion, a 2.4% year-over-year uptick. The analyst firm had previously forecast a 5.1% bump, to \$4.6 trillion, in October and adjusted downward due to economic uncertainty.

A [recent Gartner study](#) found 85 percent of CEOs are looking to increase digital technology investments compared to last year. However, rather than generate new investment, 69 percent of CFOs intend to fund that spending through the reallocation of existing capital. Even when budgets aren't getting cut, there is greater scrutiny of expenditures. After a decade of investing in digital, business leaders want to better understand the impact and value of tech investments. Regardless of investment and budget constraints, CIOs still have to innovate to reduce operational costs, support revenue generation efforts, and be able to demonstrate the financial impact of the IT budget.

As we discussed earlier, SaaS spending is a particular area of concern. While often the buying decision and procurement for SaaS solutions are made outside of IT, the C-Suite expects the CIO to have control of and be able to communicate the value of this spend.

Talent Shortages

Traditionally, digital transformation initiatives require expensive and scarce IT specialists, which limits the number and reduces the scope of projects that IT can deliver. A [recent article](#) in TechTarget stated 70% of digital leaders globally felt they can't keep up with tech trends because of a lack of skilled workers. The article also found that on average, digital leaders are losing about 11% of their team every year, many because staff are looking for higher salaries. While layoffs at major technology companies create headlines, skilled technologists represent a relatively small percentage of these. In fact, the New York Times recently reported the unemployment rate in tech occupations, as opposed to the Technology sector, is 1.5 percent, compared with 3.4 percent for all workers. The global IT labor market remains tight with continuing tech talent shortages among IT professionals, especially developers.

**Looking for
a new
position**

50% +

Two-thirds of developers say they received a pay raise in the past 12 months, according to a recent [CodinGame and CoderPad report](#). The companies surveyed 14,000 professionals in 131 countries.

**Salaries are
rising**

66% +

Among software professionals who report getting a raise at their current company, 2 in 5 say salary bumps increased by 5% or less. The same number of developers said switching companies led to an increase of 25% or more.

**Rewards for
switching
companies**

25% +

Despite signs of talent market volatility and large layoff rounds, developers feel largely optimistic about their career prospects, with more than half of developers planning to leave their current job within the next year.

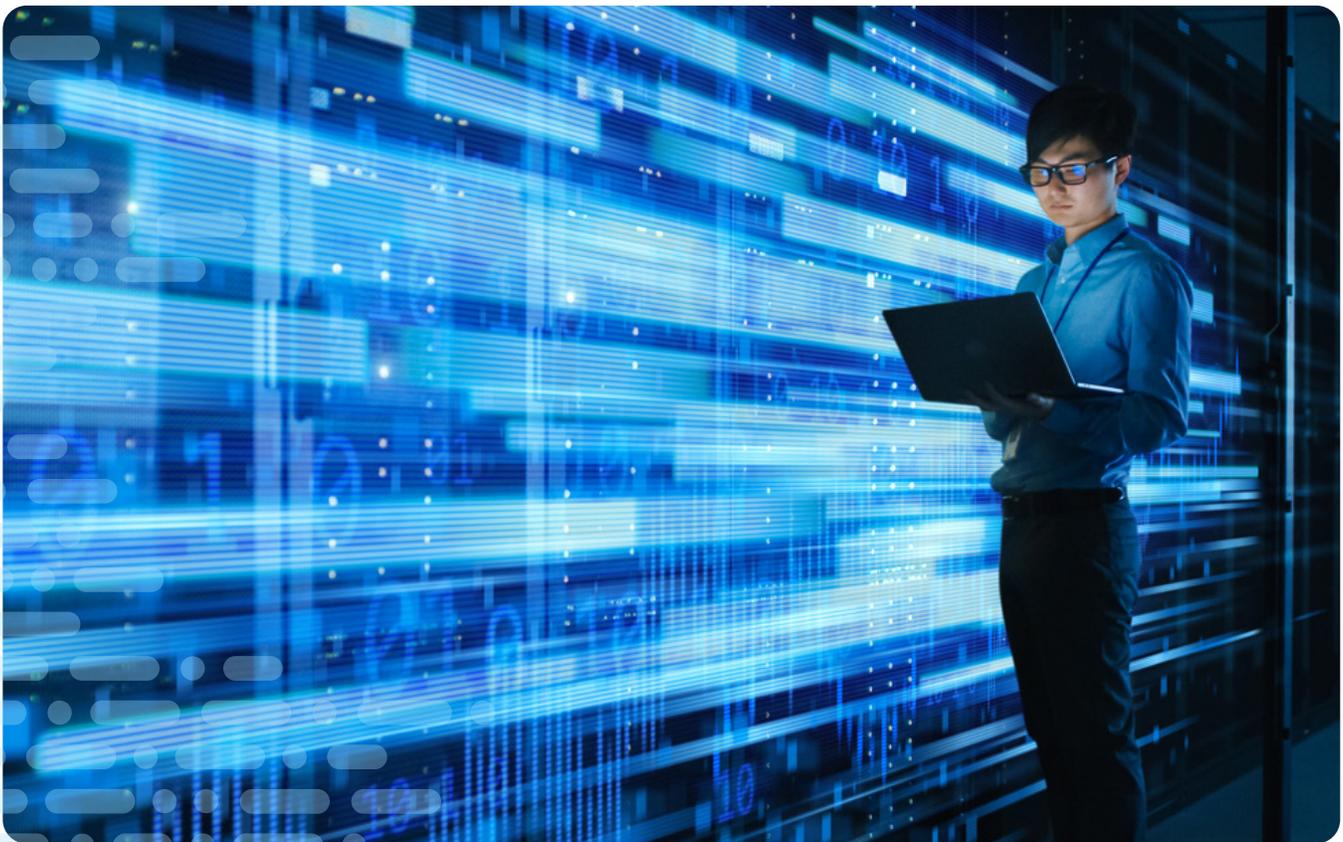
Meeting these challenges with a Modern iPaaS

An integration platform as a service (iPaaS) can mitigate the risk and uncertainty associated with SaaS integration and digital transformation initiatives and help businesses overcome the challenges we've identified. Using an iPaaS helps standardize and accelerate business process automation and maximize the sharing of data across applications, teams, and departments.

There is however a significant difference between a traditional iPaaS and a modern iPaaS. While a traditional iPaaS will provide these benefits, these solutions are more limited. Traditional iPaaS solutions are designed

to maximize the productivity of technical resources. While this is a good outcome, it doesn't help the business achieve its maximum potential like a modern iPaaS does. A modern iPaaS enables everyone in the organization to proactively address integration problems across the enterprise and drive continual business performance improvement. This helps maximize organizational agility, as only the most complex integration projects require expensive and scarce IT resources. The democratization of tools and skills to build and deploy integrations helps companies increase automation, gain better analytics, and improve the speed, efficiency, and accuracy of key business processes. All of this helps to accelerate growth, foster innovation, and drive competitive advantage.

Let's look at how a modern iPaaS can help organizations in each area.



Gain Control of SaaS Usage and Spending

IT organizations are under pressure to rein in SaaS usage to better the security and privacy vulnerabilities as well as unchecked spending.

Discovery tools designed to identify both authorized as well as unauthorized shadow-IT usage are becoming increasingly popular. Many organizations are also investing in cloud access security brokers (CASB) to enable IT to control user access to cloud services and improve data security and compliance. While identifying unauthorized usage and securing cloud services are absolutely necessary, they address the symptoms,

not the problem. As we discussed earlier, additional licensing of authorized applications as well as the use of Shadow IT are being used to support current business processes. If IT were to simply cut off access to these services without offering solutions, the results will be either reduced individual and team productivity, degraded business performance (and very unhappy business users and leaders), or more shadow IT.



iPaaS enables IT to reduce SaaS usage and sprawl without loss of business capabilities by simplifying the automation of business processes and integration of data across applications. The right iPaaS also lets you take full advantage of your data so that anyone in the business can have access to the right data at the right time. IT can at once eliminate manual data entry and the need to add user licenses just for the sake of visibility. This allows for increased productivity, reduced license counts, and significant cost savings.

A modern iPaaS can have a greater impact both by accelerating integration projects that can reduce authorized SaaS spend and also provide technologically adept workers with capabilities that enable DIY ingenuity, experimentation, and innovation. Rather than resorting to shadow IT solutions, people can modify, customize, or configure their own analytics, process automation, or solutions using a common toolset that provides IT with controls to maintain security, compliance, and effective operations.

Drive Digital Transformation

Executing a digital transformation strategy is hard and the risks are especially high in a time of economic uncertainty. Research published by Boston Consulting Group (BCG) asserts that while 94% of companies have big aspirations to deliver substantial and rapid impact from digital transformation, more than 70% of these projects fail to achieve their objectives. While there are many reasons for this, in a recent article published by [Harvard Business Review](#), industry thought leader Didier Bonnet wrote, “The most under-appreciated reason that digital transformations fail is by going too big, too fast. There’s a learning curve to digital transformation, and most companies need to walk before they can run.”

Bonnet calls the first stage of digital transformation “Modernization”, where the organization focuses on simplifying and digitizing existing processes and functions. To succeed, it is crucial that your digital transformation strategy starts with Modernization initiatives. These should be manageable in scope but still provide significant, measurable business impact. They should be designed to build organizational capacity and scalable infrastructure for more and larger projects.

Implementation of a scalable integration platform is foundational to driving digital transformation. A modern iPaaS enables business technologists as well as IT to address integration problems across the enterprise and drive digital transformation across the enterprise.

Learn about this topic from our blog post, [The Key to Executing Your Digital Transformation Strategy](#).

Demonstrate Value

CIOs are always required to provide business justification for technology expenditures and optimize IT spending. In this economy, there is even more scrutiny and heavy emphasis on better leveraging existing investments in technology. In fact, a [TechTarget article](#) asserted the number one task for CIOs is to make better use of what’s already on hand. After years of investing in SaaS and digital initiatives, organizations want to better understand the value of their investments and have a plan to optimize these investments.

Earlier, we discussed how an iPaaS can reduce SaaS licensing costs without compromising productivity or business performance, and by definition, a reduction in investment cost will increase ROI.

As we discussed earlier, most CIOs are expected to support both top-line revenue growth and reductions in operational costs. Automation projects are unique in that they generally impact both and quantifying the value of automating a business process is relatively straightforward and easy to communicate to business and financial leaders. Commonly, automation projects drive measurable improvements in financial, process, people, and customer metrics.

Here's an example of quantifying the value of automating the order-to-cash process, starting with identifying the desired business outcomes and measures of that impact.

Financial

- Reduce order processing costs by 50%
- Return 40 headcount hours back to the business
- Revenue growth
- Refunds reduced by 10%

Measures

- FTEs involved in order processes
- Time to process an order

Process

- Increase number of orders processed per hour by 40%
- Reduce order errors by 90%

Measures

- Time to process an order
- Number of rejected orders by fulfillment
- Percentage of orders with errors

People

- Reduce contract/temp labor
- Increase FTEs job satisfaction with more meaningful work
- Increase capacity to start new initiatives

Measures

- Employee satisfaction
- Employee retention
- Number of concurrent corporate initiatives

Customer

- Increase 5-star reviews by 40%
- Increase repeat orders by 60%
- Reduce customer support tickets by 20%

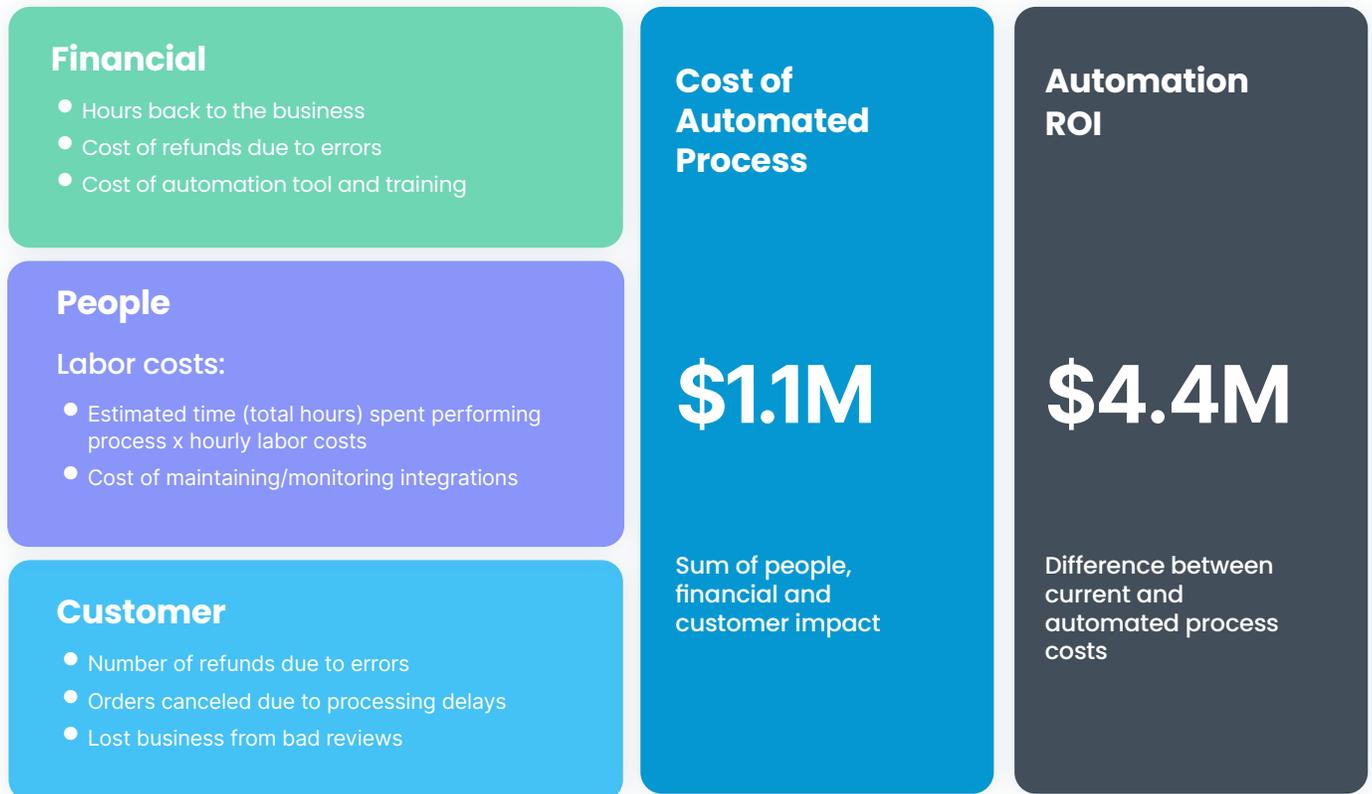
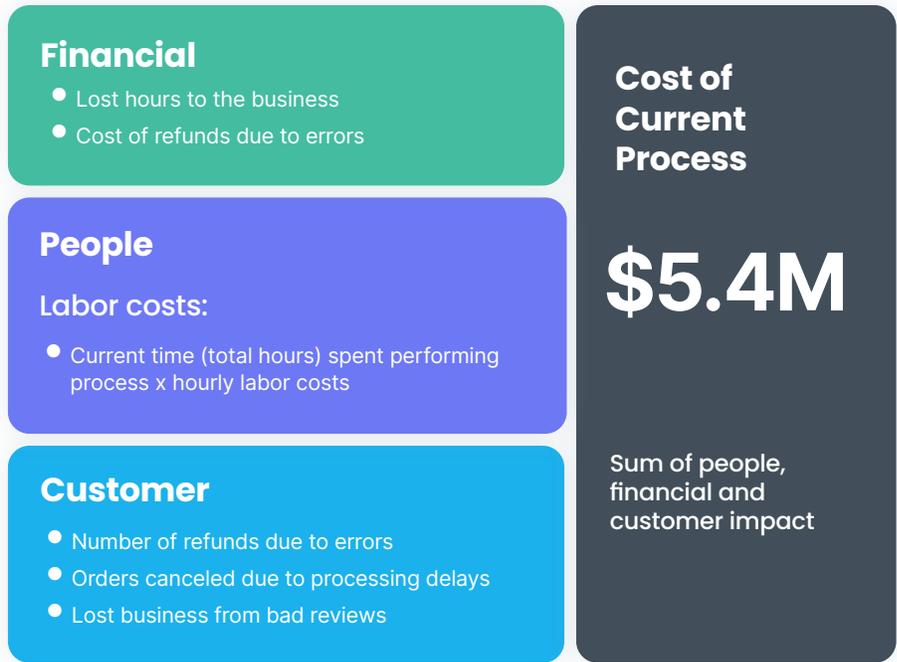
Measures

- Positive reviews
- Repeat orders
- Customer ticket volume

In this case, the organization found the annual cost of their current, heavily manual, process to be \$5.4 million.

By modeling the cost of that process if the wasted effort and inaccuracies could be eliminated and comparing it to the current cost, you can provide business leaders with a quantified value for the project.

Note that this model is primarily based on cost savings from operational productivity improvement. An iPaaS simplifies and accelerates the integration of SaaS technologies into business processes, but it has other benefits as well. It helps to improve customer experiences and enables business teams to obtain real-time data and aggregate data from multiple sources for analytics which will have a positive impact on top-line revenue generation.

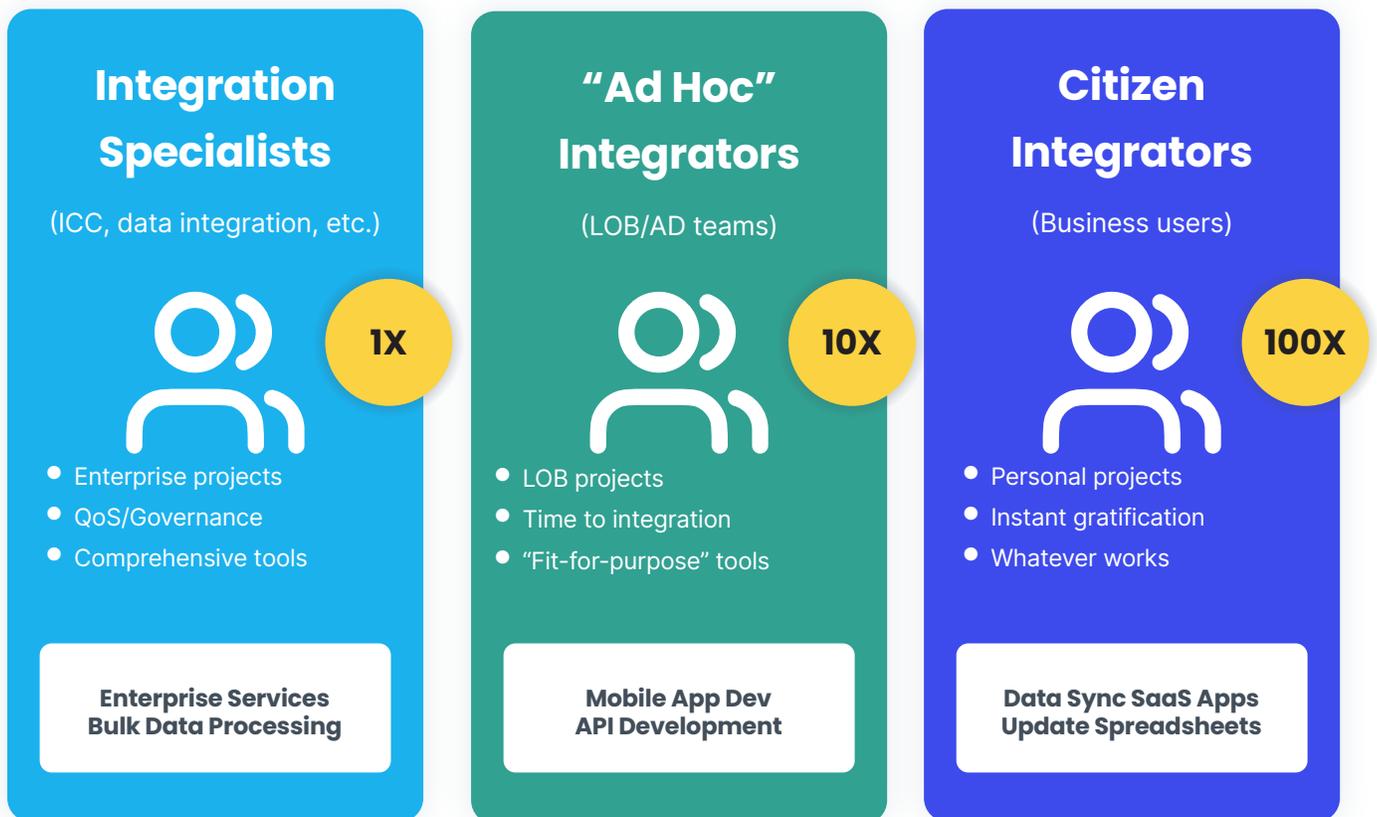


Better Leverage Existing Talent

Traditionally, integration and process automation projects require expensive and scarce IT specialists, limiting collaboration between business and IT teams and reducing the number and scope of integration projects that IT can deliver. A modern iPaaS like Celigo helps organizations to accelerate digital transformation projects without large or highly skilled development teams.

Earlier, we discussed why digitally savvy employees resorted to shadow IT and how a modern iPaaS can provide the capabilities they need without sacrificing control and governance. There is, however, a huge upside on the other side of the equation. A technically adept workforce enabled with the power of an iPaaS is an enormous, untapped resource for CIOs to leverage in dealing with the digital talent shortage.

Gartner has identified three different integration personas. The first group, dedicated integration specialists, are skilled technologists who are in high demand and are expensive to hire and retain. “Ad Hoc” integrators are the most technically adept users who don’t sit in IT, but have significant skill sets to help forward digital transformation efforts. More commonly called ‘business technologists these employees modify, customize or configure their own analytics, process automation, or solutions as part of their day-to-day work. Finally, there are the Citizen Integrators who don’t have designated technical responsibilities but are generally capable of adapting technology to suit their needs.

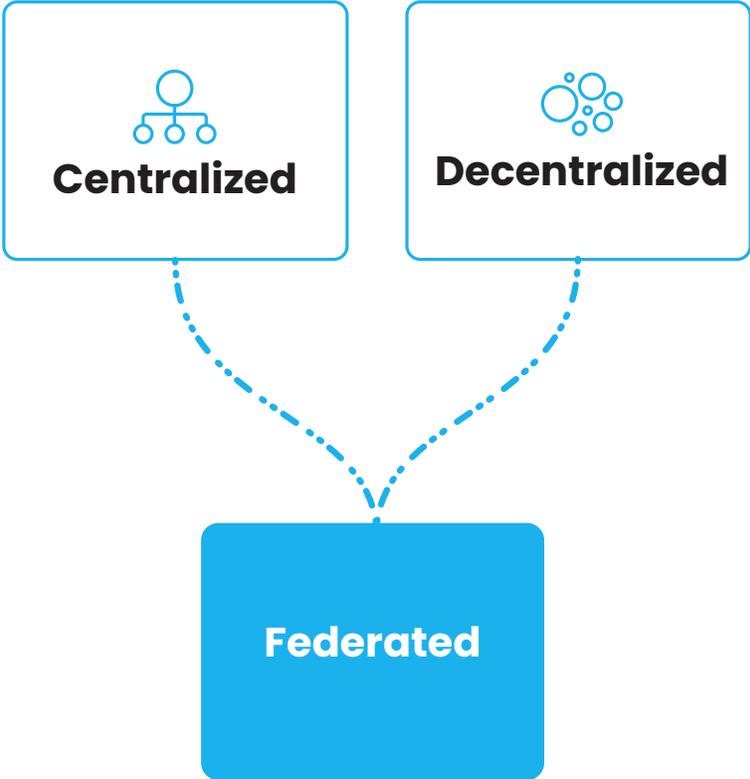


A modern iPaaS improves the productivity of integration specialists, but by empowering business technologists and citizen integrators to drive process automation and data integration projects on their own, it reduces the overall burden on this group. The organization is less reliant on them for all but the most complex integration projects which enhances job satisfaction and improves retention by allowing them to focus on more interesting and strategic work. The impact of the investment in a modern iPaaS is exponential since so many members of the organization are enabled to contribute to digital transformation efforts.



To leverage these valuable people resources, many IT organizations are adopting a “federated” model to enable business technologists and drive digital transformation across the enterprise. A traditional, centralized model ensures governance but creates bottlenecks that slow automation and limit innovation. While a decentralized model maximizes agility, there are higher security and compliance risks. There are also greater challenges in coordinating teams in digital transformation efforts that span multiple departments or functions.

In the federated model, IT transitions from delivering process automation and integrations to enabling business teams to implement and maintain them. IT defines governance and security policies, manages controls, helps to coordinate across functions, and provides guidance and support. Business technologists can more freely innovate as they are empowered to automate processes and modify them as needed without IT. IT can redeploy resources to focus on more complex digital transformation projects. This provides enterprises with greater agility and vastly increases the organization's capacity for digital transformation.



Reduce Risk and Be Prepared for Change

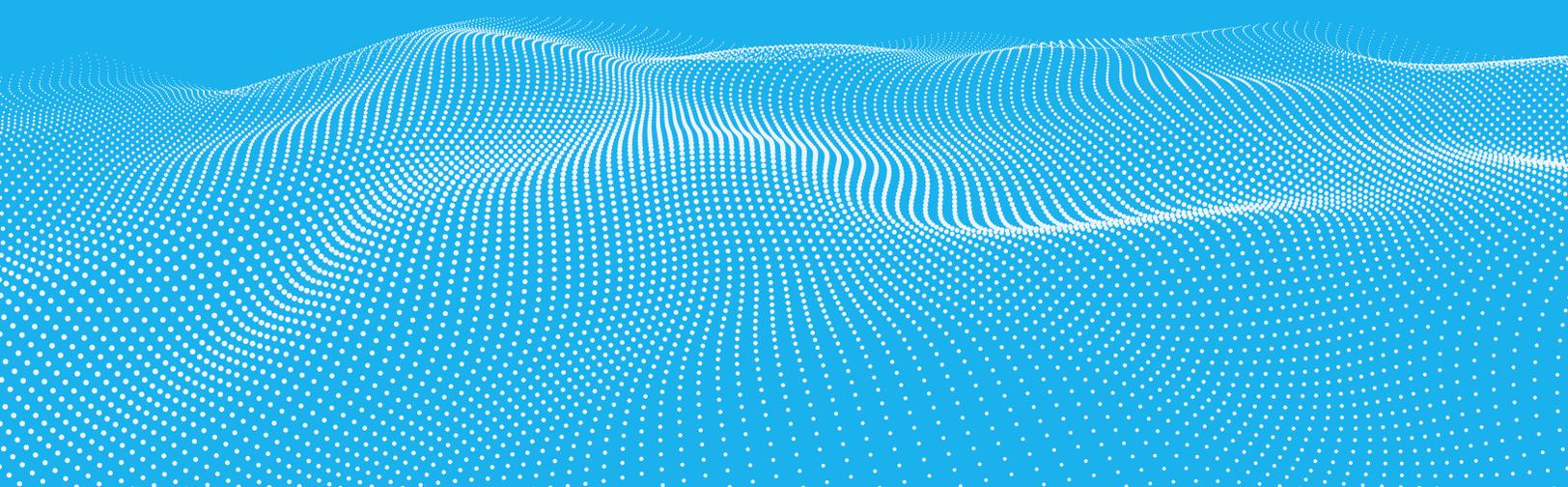
Regardless of the financial strategy business leaders chose to take in response to an uncertain economy, investing in a modern iPaaS reduces risk for CIOs by providing them with a flexible resource that simultaneously drives reductions in operational costs (including IT spend) while supporting growth initiatives. IT can gain control of and get more value out of existing SaaS resources. Capabilities that improve developer productivity and enable business technologists - without compromising IT governance - will accelerate digital transformation across the enterprise. The talent shortage has a lesser impact since the business is able to better leverage technical talent inside and outside the IT organization.

The Celigo Platform

The Celigo platform is a modern iPaaS and an ideal solution for IT leaders who want a flexible platform to reduce the risk of economic uncertainty.

- Best-in-class business process automation development workspace: Through a powerful yet approachable user experience and by leveraging AI, Celigo allows IT and non-IT users to build custom integrations, mappings, and embedded business logic to automate and optimize any business processes.
- Prebuilt business process automations: Powered by our Integration Application Framework, only Celigo delivers managed prebuilt integration applications that include embedded business expertise to automate up to 100% of a business process. Based on best practice learnings from thousands of customers and using AI, business processes are not just automated but optimized. Because they are managed, new capabilities are constantly added, and API updates are automatically pushed, ensuring business continuity and added value over time.
- A self-service platform for business teams with enterprise-grade governance for IT: The Celigo Platform allows IT to enable business teams to build, manage and monitor the business process they own while ensuring unified best practices, data security, and scalability to meet the needs of the business today and in the future.

Find out more by visiting our website at www.celigo.com or schedule a demo today.





More than an iPaaS. Your blueprint for success.



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