

# Digitally Advanced Traditional Enterprises Are Eight Times More Likely to Grow Share by Committing to Advanced Technologies but Still Lag behind Digital Natives

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*New research from Bain & Company and Red Hat indicates that many traditional companies are at an early stage in their digital journey; leaders stand out based on their use of advanced technologies, such as cloud computing, advanced analytics and modern app development*

NEW YORK & RALEIGH, N.C.--(BUSINESS WIRE)-- Bain & Company and Red Hat (NYSE: RHT), the world's leading provider of open source solutions, today released the results of joint research aimed at determining how deeply enterprises are committed to digital transformation and the benefits these enterprises are seeing. The research report, [For Traditional Enterprises, the Path to Digital and the Role of Containers](#), surveyed nearly 450 U.S. executives, IT leaders and IT personnel across industries and found that businesses that recognize the potential for digital disruption are looking to new digital technologies - such as cloud computing and modern app development - to increase agility and deliver new services to customers while reducing costs. Yet, strategies and investments in digital transformation are still in their earliest stages.

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For those survey respondents that have invested in digital, the technology and business results are compelling. Bain and Red Hat's research demonstrates that those using new technologies to digitally transform their business experienced:

Increased market share. These enterprises are eight times more likely to have grown their market share, compared to those in the earliest stages of digital transformation.

Delivery of better products in a more timely fashion through increased adoption of emerging technologies - as much as three times faster than those in the earlier stages of digital transformation.

More streamlined development processes, more flexible infrastructure, faster time to market and reduced costs by using containers for application development.

Despite the hype, however, even the most advanced traditional enterprises surveyed still score well below start-ups and emerging enterprises that have embraced new technologies from inception (digital natives). According to the survey results, nearly 80 percent of traditional enterprises score below 65 on a 100-point scale that assesses how these organizations believe they are aligning digital technologies to achieve business outcomes. Ultimately, the report reveals that the degree of progress among respondents moving towards digital transformation varies widely, driven in part by business contexts, actual IT needs and overall attitudes towards technology. It also uncovers some common themes in the research.

For example, Bain and Red Hat found that while 63 percent of enterprises surveyed have built processes to respond to digital trends, only 19 percent see rapid innovation as a priority. Additionally, for approximately 65 percent of survey respondents, the primary motivation driving their digital efforts is moves made by their competition, highlighting a highly reactive approach to digital transformation.

"We see many traditional enterprise companies still trailing on measures of digital maturity, even among the most advanced firms," said Jeff Taylor, a partner in Bain's Technology Practice and co-author of the report. "As we took a deeper look at these companies surveyed, we saw that those advancing further and faster on the adoption curve treat digital as more than just a singular function or activity. They view it as a comprehensive, cross-functional transformation, implementing changes across their leadership, organization, product development approach and processes, IT strategy and investments, data governance and tools, etc. Building sufficient digital capabilities that will generate the desired results is not a straightforward journey. Success requires a sustained multi-year focus."

As companies progress on their digital adoption journey, they typically invest in increasingly more sophisticated capabilities in support of their technology and business goals. The use of modern application and deployment platforms represents the next wave of digital maturity and is proving to be key in helping companies address their legacy applications and infrastructure.

Containers are one of the most high-profile of these development platforms and a technology that is helping to drive digital transformation within the enterprise. Containers are self-contained environments that allow users to package and isolate applications with their entire runtime dependencies - all of the files necessary to run on clustered, scale-out infrastructure. These capabilities make containers portable across many different environments, including public and private clouds.

In the course of their research, Bain and Red Hat found that enterprises using containers are beginning to realize material architectural benefits. Based on the analysis of survey respondents, initial container adopters could realize a 15 to 30 percent reduction in development times, and additional infrastructure flexibility gains driven by the portability benefits of containers. The results of the survey also found cost savings of five to 15 percent from hardware productivity are possible.

"Containers are on track to play an important role in not only application development for highly automated, scale-out platforms, but also in helping to drive the modern enterprise forward on their journey towards digital transformation. While most survey respondents - about 80 percent - are currently using containers primarily for web apps, we expect to see this start to shift to include more mission-

critical workloads,” said Tim Yeaton, senior vice president, Infrastructure Business Group, Red Hat. “In that time, we anticipate a growing set of more ‘traditional’ workloads will be prioritized for containerization, including custom applications, databases and business intelligence.”

The proportion of respondents selectively or broadly adopting container technology tied to benefits and complementary trends is expected to grow across all application lifecycle phases - from about 20 percent currently to upwards of 40 percent over the next three years.

While the opportunities created by these emerging technologies are compelling, the speed and path of adoption for containers is somewhat less apparent, according to the Bain and Red Hat report. The biggest hurdles standing in the way of widespread container use according to respondents are common among early stage technologies - lack of familiarity, talent gaps, hesitation to move from existing technology and immature ecosystems - and can often be overcome in time. Vendors are making progress to address more container-specific challenges, such as management tools, applicability across workloads, security and persistent storage, indicating decreasing barriers to adoption.

For more details, read the full report: [For Traditional Enterprises, the Path to Digital and the Role of Containers](#).

#### Methodology

Bain and Red Hat conducted a survey of 449 respondents, broken out across senior executives, senior IT decision-makers and IT development/operations personnel, with the latter primarily addressing specific questions related to containers. The survey focused on traditional enterprise in the US, and captured a representative distribution of industries and company sizes.

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