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INTRODUCTION

WHY A WEST MICHIGAN IT REPORT

More than ever before, IT leaders are directly and strategically shaping the trajectory of business growth for their organizations. West Michigan has a unique business atmosphere that differentiates our region through the way that we spend, invest and plan for the future. This year, Worksighted set out to understand how that ethos shapes IT decision makers across our region.

METHOD

In this first-ever West Michigan IT Report, we anonymously surveyed a diverse cross section of IT leaders from dozens of local manufacturers, professional service firms, nonprofits, retailers and others from among our clients, business partners, associates and connections. In addition to taking a pulse of business growth, the survey takes a look at five prevailing topics that have dominated discussion in 2017: Security, Spending, Cloud, Business Continuity and Future Trends.

To protect the identity of participants, individual responses were delivered to Worksighted in aggregate. We’ve since distilled the most notable data points and provided a narrative analysis around each in the following report.

WHAT INDUSTRY DOES YOUR ORGANIZATION REPRESENT?

- 24.29% Manufacturing
- 11.43% Wholesale and Retail Trade
- 10% Professional Services
- 10% Technology
- 8.57% Education
- 8.57% Health Services
- 5.71% Nonprofit Administration
- 4.29% Finance and Insurance
- 4.29% Government
- 4.29% Transportation
- 4.29% Other
- 2.86% Farming, Mining and Construction
- 1.43% Arts and Entertainment
More than just IT people
While the bulk of respondents fall into the IT and executive-level decision-making category, it’s important to remember that many smaller businesses, nonprofits and professional firms have no need for an internal IT position. We were purposeful to include this diversity of “decision-makers” in our survey. These respondents often make IT decisions under the advice of a service provider, google, common trends or simple word-of-mouth.

Focused on West Michigan (mostly)
The majority of respondents were from West Michigan, but some clients from outside our region with associations or offices in West Michigan were surveyed including seven from Southeast Michigan, one from Texas and one from California.
Small Business Focused

Beyond the decision makers themselves, we also sought to establish a basic business profile for each of the respondents. This included active users, position needs, growth, OS environment and their core challenges for the year ahead. The average organization we surveyed was a small business with strong anticipated growth for the year ahead.

HOW MANY ACTIVE USERS WORK AT YOUR COMPANY?

<table>
<thead>
<tr>
<th>Active Users</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-19</td>
<td>10</td>
</tr>
<tr>
<td>20-49</td>
<td>15</td>
</tr>
<tr>
<td>50-99</td>
<td>17</td>
</tr>
<tr>
<td>100-249</td>
<td>9</td>
</tr>
<tr>
<td>250-499</td>
<td>8</td>
</tr>
<tr>
<td>500-999</td>
<td>5</td>
</tr>
<tr>
<td>1000-2499</td>
<td>4</td>
</tr>
<tr>
<td>2500+</td>
<td>2</td>
</tr>
</tbody>
</table>

IN YOUR COMPANY’S IT DEPARTMENT, WHAT THREE POSITIONS ARE YOU FILLING MOST FREQUENTLY:

- Helpdesk: 38.57%
- System Administration: 28.57%
- Network Administration: 28.57%
- No IT Department: 28.57%
- Other: 14.29%
- Development: 14.29%
- Project Management: 14.29%
- Security: 12.86%

HOW DOES YOUR COMPANY PLAN ON GROWING THIS YEAR?

- Substantial Growth: 52.86%
- Moderate Growth: 25.71%
- Little Growth: 14.29%
- No Growth: 7.14%

Not surprisingly, when we compared these figures against IT budgets and changes, we found that companies experiencing growth had larger and increasing IT budgets.
Money Money Money

West Michigan IT leaders face a diversity of challenges, none so prevalent as budget. While not all industry segments rated budget as their top challenge (e.g. Healthcare), nearly half of decision makers feel they are not adequately budgeted for IT investment. As organizations continue to realize that their growth is contingent on reliable, secure information systems, we predict this barrier will decrease (pending continued economic growth).

Subset: Challenges in Healthcare

Of the responses, healthcare stood out as unique, citing complexity and external threats as leading challenges as opposed to budget, productivity and lack of process for manufacturers.
WHICH OPERATING SYSTEMS ARE IN ACTIVE USE AT YOUR LOCATION?

10% of respondents are still using Windows XP, which Microsoft has not supported since 2014. While some respondents “air gapped” these systems from internet or intranet connections, the persistence of XP is concerning as it creates very easy access for hackers and malware.

WHAT COLLABORATION TOOLS ARE MOST VALUABLE TO YOUR ORGANIZATION?

It’s also notable that the prevalence of Bring Your Own Device (BYOD) policies and personal taste have created a much more diverse OS environment within businesses than ever before. IT decision makers will increasingly need to invest flexibly and creatively in systems and technology that support collaboration across differing operating systems.
Understand the risk

Perhaps the most pressing issue of our time (for IT leaders) is security. Beyond the continuous barrage of high profile security attacks that made headlines in 2017, security is just as serious of a concern for small businesses, who ranked security as the most important software investment of the year. The effects of hacking can be devastating - disrupting your business, eroding your reputation and even costing millions of dollars. Our survey pulled no punches - we wanted to know who’s been hacked and how it happened.

HAS YOUR SYSTEM EVER EXPERIENCED HACKING OR A SECURITY BREACH?

Yes 44.29%
No 42.86%
?

More common than you know

Nearly half of our respondents have experienced hacking or a security breach of some level in the past. Even at a conservative estimate, extrapolating this data to the greater West Michigan region could mean millions of dollars of lost productivity and ransom paid in the past several years.

Subset: Hacked Companies by Active Users

Small/midsize businesses under 500 users experienced hacking at a rate that increased with the number of employees. This backs the common perception that users typically create the weakest link in security. Manufacturers, our biggest base of respondents, reported 35% had been hacked or experienced a security breach in the past.
WHAT COUNTERMEASURES DO YOU HAVE IN PLACE TO PREVENT SECURITY THREATS?

We noticed that for respondents who have an IT budget of $0-$10,000, their most popular countermeasure is regular password resets, which shows a frugal way to stay safe with a smaller budget. Interestingly, this handful of companies with small IT budgets and regular password changes have never knowingly experienced a security breach.
Follow the money

Spending is a strong indicator of how IT decision makers are implementing change across the various elements of their IT ecosystem. This survey takes a look at software, hardware and service investments for the 2017 fiscal year.

WHAT APPROXIMATELY IS YOUR COMPANY’S IT BUDGET?

- Prefer Not To Answer: 24.29%
- $0 - 10,000: 5.71%
- $10,000 - 30,000: 12.86%
- $30,000 - 50,000: 15.71%
- $50,000 - 70,000: 7.14%
- $70,000 - 99,999: 5.71%
- $100,000+: 28.57%

On the Up and Up

A majority of budgets are increasing, which is good news for IT leaders. However, it’s surprising that 40% are either stagnant or decreasing, which does not directly align with the positive growth outlook of our respondents (93% reported at least some business growth) nor the general growth of our regional economy. While our survey can’t demonstrate causality for this disparity, we believe this could be because modern cloud and collaboration tools are increasing efficiency for IT departments.

HOW HAS YOUR IT BUDGET CHANGED IN THE PAST YEAR?

- Increased: 60%
- No Change: 31.43%
- Decreased: 8.57%
WHAT ARE THREE CRITICAL SOFTWARE INVESTMENTS YOU ARE HOPING TO MAKE?  
(OR HAVE ALREADY MADE FOR 2017?)

Drivers for Software Investments

Compare: Top IT Challenges

- **Budget**: 48.57%
- **Security**: 35.71%
- **Lack of Process**: 34.29%
- **Data Leakage**: 2.86%

With budget, security and lack of process ranked as the most difficult IT challenges, it's no surprise to see security and productivity as leading software investments for 2017. Data leakage/loss was ranked as the lowest priority for IT challenges, yet investment in backup software and processes is ranked second for investments in 2017. There's a high price for peace of mind.

WHAT THREE CRITICAL HARDWARE INVESTMENTS ARE YOU HOPING TO MAKE?  
(OR HAVE ALREADY MADE FOR 2017?)

**Hardware Inertia**

Despite continuing trends toward the cloud, there remains a high interest in continued investment in physical servers at 47%. This continued investment in physical hardware indicates strong inertia among IT leaders in favor of on-site storage and software.
Performance vs. Cost

For all the buzz, cloud adoption has been fairly moderate over the past few years, at least among respondents here in West Michigan. Perhaps that’s just our region’s conservative spending habits. As costs decrease for cloud-hosted applications, collaboration and storage, more businesses can afford to take advantage of the flexibility these services offer.
WHAT CLOUD SERVICES DOES YOUR ORGANIZATION RELY ON?

WHAT CLOUD SERVICES DO YOU PLAN TO INVEST IN OR EXPAND SIGNIFICANTLY THIS FISCAL YEAR?

Application hosting, online backups/storage and productivity solutions show the most potential for cloud growth in the coming year.
With our region’s generally conservative business habits, it comes as no surprise that most respondents had some level of plan in place for business continuity. However, nearly 20% of respondents either had no backup plan or were unsure. The business continuity portion of survey briefly looks at a few key indicators for continuity: planning, distributed storage and the presence of an online backup.

**Prepared for Disaster**

**Does your system have a backup solution or contingency plan?**

- 80% Yes
- 10% Unsure
- 8.57% No
- 1.43% N/A

**How reliant is your system upon one server?**

- 7.14% N/A
- 34.29% Not at all
- 24.29% Somewhat
- 34.29% Very

**Does your company rely on a cloud system for storage?**

- 4.29% Unsure
- 48.57% Yes
- 47.14% No

**What cloud service does your firm use?**

- N/A
- Google Drive + G Suite
- Other
- Amazon Web Services
- Unsure
- VMware vCloud
- Microsoft Azure
- Dropbox
What technology trends has your company currently adopted and what does your company plan to integrate in the next three years?

<table>
<thead>
<tr>
<th>Technology</th>
<th>Using Now</th>
<th>Using Next 3 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Security</td>
<td>25.71%</td>
<td>27.14%</td>
</tr>
<tr>
<td>Artificial Intelligence</td>
<td>1.43%</td>
<td>32.86%</td>
</tr>
<tr>
<td>Blockchain</td>
<td>2.86%</td>
<td>1.43%</td>
</tr>
<tr>
<td>Cloud Migration/Cloud-first</td>
<td>27.14%</td>
<td>32.86%</td>
</tr>
<tr>
<td>Converged/Hyper-Converged</td>
<td>2.86%</td>
<td>2.86%</td>
</tr>
<tr>
<td>Drones</td>
<td>2.86%</td>
<td>5.71%</td>
</tr>
<tr>
<td>IT Automation</td>
<td>18.57%</td>
<td>27.14%</td>
</tr>
<tr>
<td>Infrastructure as a Service</td>
<td>7.14%</td>
<td>5.71%</td>
</tr>
<tr>
<td>Intelligent Personal Assistants</td>
<td>1.43%</td>
<td>8.57%</td>
</tr>
<tr>
<td>Internet of Things</td>
<td>25.71%</td>
<td>18.57%</td>
</tr>
<tr>
<td>Machine Learning</td>
<td>4.29%</td>
<td>10%</td>
</tr>
<tr>
<td>Mobility/BYOD</td>
<td>22.86%</td>
<td>20%</td>
</tr>
<tr>
<td>Virtual or Augmented Reality</td>
<td>1.43%</td>
<td>8.57%</td>
</tr>
<tr>
<td>3D Printing</td>
<td>7.14%</td>
<td>11.43%</td>
</tr>
<tr>
<td>Other</td>
<td>11.43%</td>
<td>11.43%</td>
</tr>
</tbody>
</table>

Trends follow pain points
In this final section of the report, we take a look at how local organizations are embracing and adopting new trends and emerging technologies. West Michigan has a natural bend toward innovation, and IT leaders have proven to be no exception. While some of the media-popularized technologies of late like blockchain didn’t see as much interest, respondents embraced advanced security, IT automation and cloud migration. These show a strong correlation as solutions to the top IT challenges identified earlier in the report: security, process and productivity.
CONCLUSION

Thank You
We set out on this journey to better understand the driving factors that shape decisions for West Michigan IT leaders, and to share that understanding with our business community, clients and peers. We’re hopeful that this report helps to start conversations, create opportunities and support your organization’s growth in the coming year.