Enterprise MACHified

Developed in January 2022, commissioned by the MACH Alliance

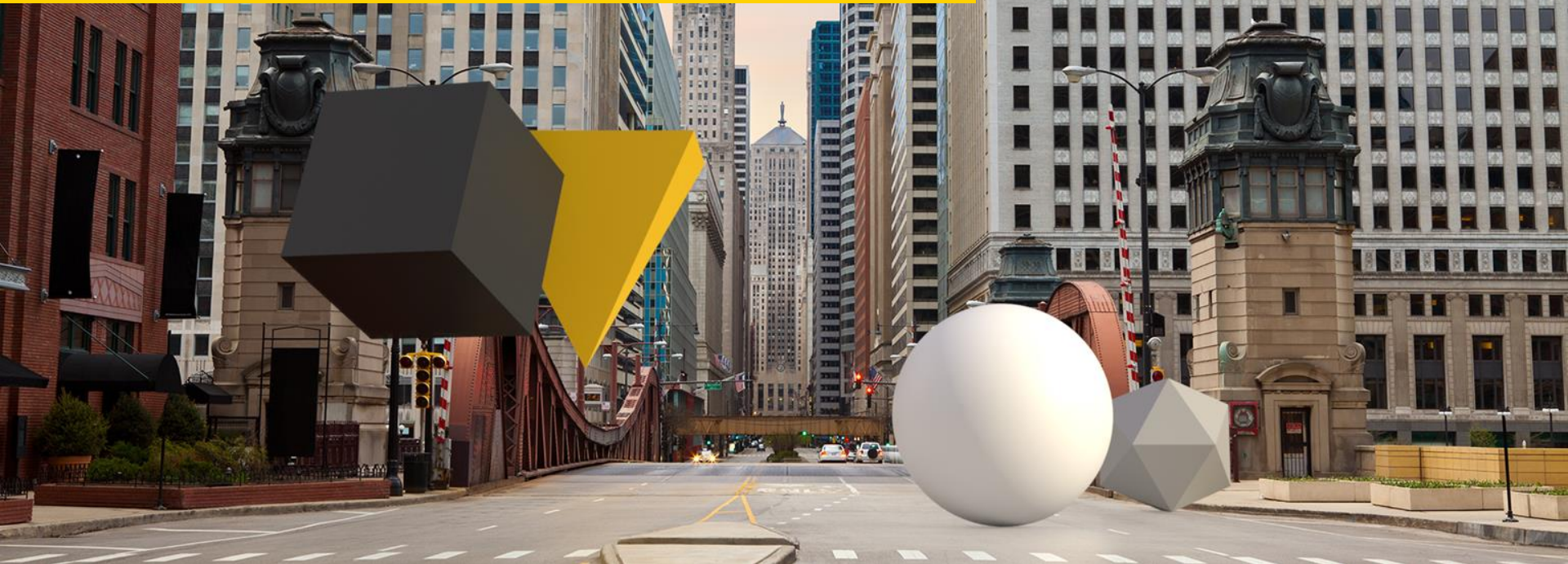Executed by **M·E·L Research**

Background & Objectives

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MACH Alliance aims to support companies to take advantage of the most innovative and flexible enterprise technologies available and to break the release cycle. Following a baseline report last year, MACH Alliance wants to understand the current situation and commissioned research to:

- Measure and monitor readiness to transition to best-of breed
- Identify drivers behind decision making
- Identify barriers to MACH architecture uptake
- Understand experiences from companies in transition
- Identify key stakeholders in the decision making process

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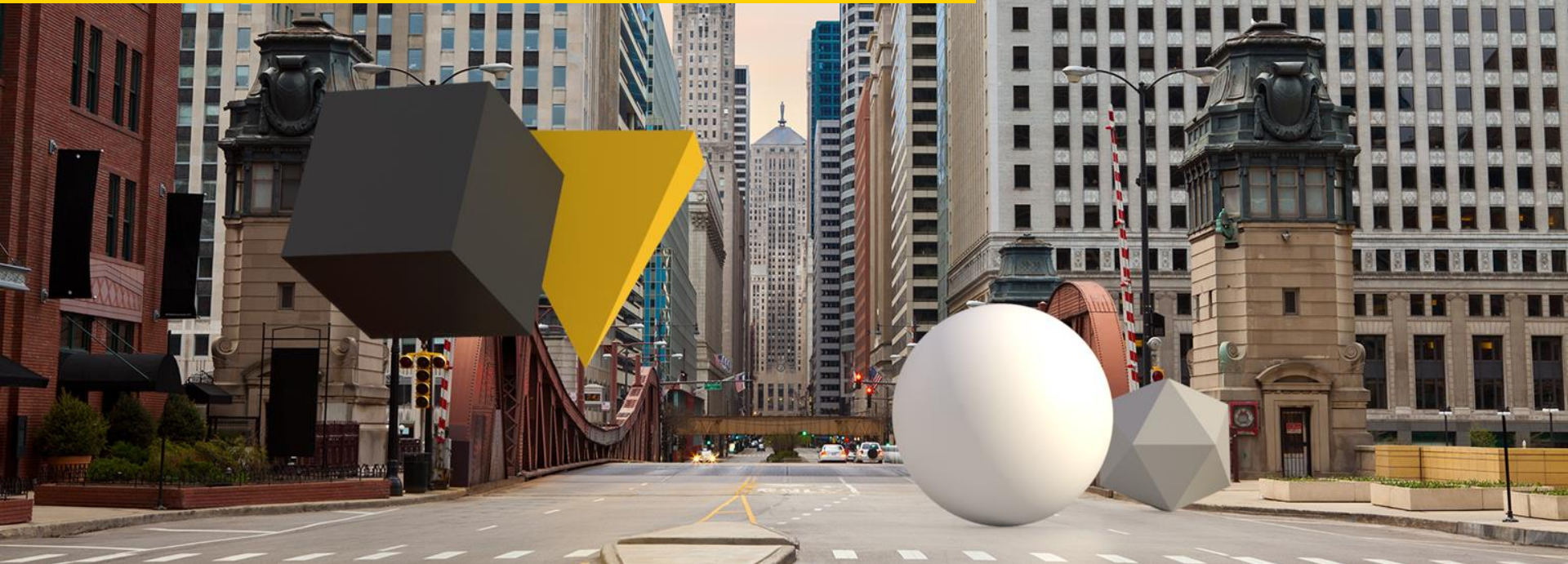
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Methodology

Methodology

- We spoke to a range of Technology Decision Makers (CIO/CTOs, VP/SVP, Senior Managers) across the UK, Germany and US.
- All organizations had at least 5,000 employees and had a revenue of at least $500m annually.
- Screening questions ensured all respondents are decision makers.
- Respondents were provided with a definition for MACH at the outset.
- 'Don't know' responses have not been reported.

A quantitative online survey:

- Was drafted collaboratively between the MACH alliance and MEL Research.
- Was 10 minutes in length.
- Was programmed in-house by MEL Research.
- Was distributed via a leading online access panel partner.
- Data cleaning, processing and tabulation was undertaken internally be MEL Research.
- Results were then analyzed by MEL Research, and findings are outlined in this report.

Sample & Demographics

Sample & Demographics

Total number of completes: 230

COUNTRY

USA: 35%

UK: 34%

GERMANY: 31%

ROLE

C-Suite: 51%

VP/SVP: 13%

DIRECTOR: 35%

EMPLOYEES

5,000 – 9,999: 53%

10,000 – 24,999: 26%

25,000+: 21%

JOB ROLE

CX: 3%

IT / Information: 91%

Tech / Innovation 6%
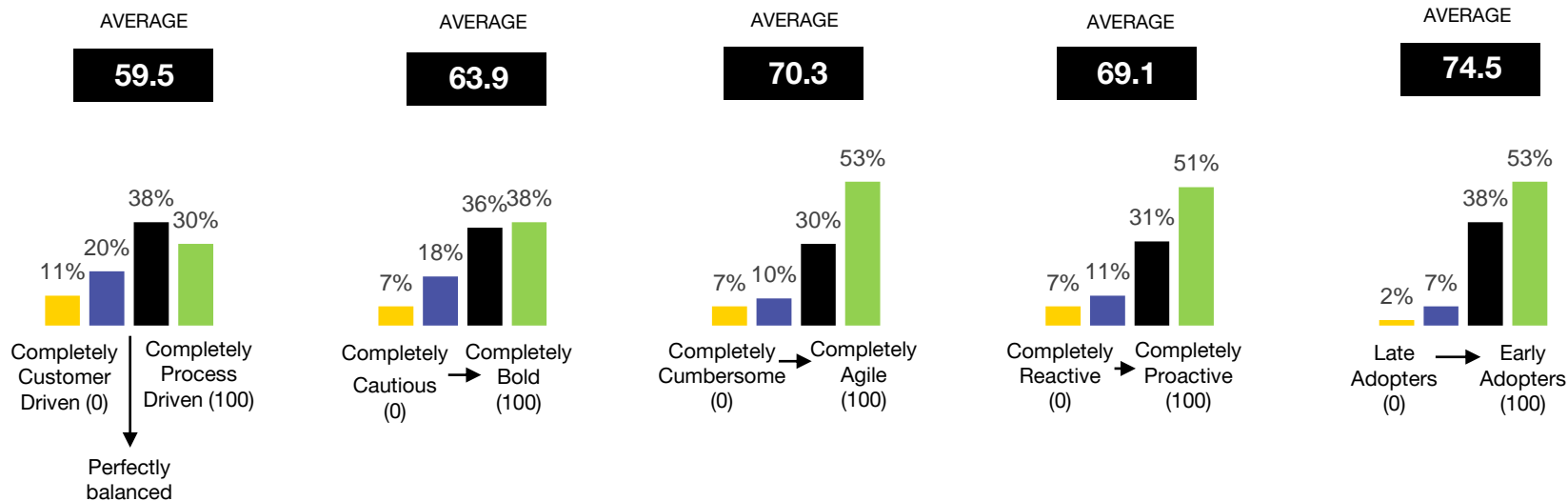
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A majority of decision makers see their organizations as proactive; three quarters call themselves early adopters

- There are geographical differences around caution, with UK and US participants more likely to say their company is bold (rather than cautious) than German organizations (49%/41% vs 24%)

On the following scales, please indicate where your organization currently sits…

AVERAGE
59.5

AVERAGE
63.9

AVERAGE
70.3

AVERAGE
69.1

AVERAGE
74.5

11%   20%   38%   30%
Completely Customer Driven (0)   Completely Process Driven (100)
Perfectly balanced

7%   18%   36% 38%
Completely Cautious (0)   Completely Bold (100)

7%   10%   30%   53%
Completely Cumbersome (0)   Completely Agile (100)

7%   11%   31%   51%
Completely Reactive (0)   Completely Proactive (100)

2%   7%   38%   53%
Late Adopters (0)   Early Adopters (100)

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Current VS Future prospects for MACH

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MACH accounts for <50% of front- and back-office infrastructure

- Two fifths of respondents utilize MACH architecture in over 50% of their front- and back-office infrastructure; chance to expand awareness among remaining three-fifths where use is less prevalent
- The largest organizations are more likely to be most invested in MACH
- MACH front-office usage more prevalent in UK and Germany (53%/60%) than US (34%)

Front office

Back office

Legend: <$1bn, $1bn - $25bn, $25bn +
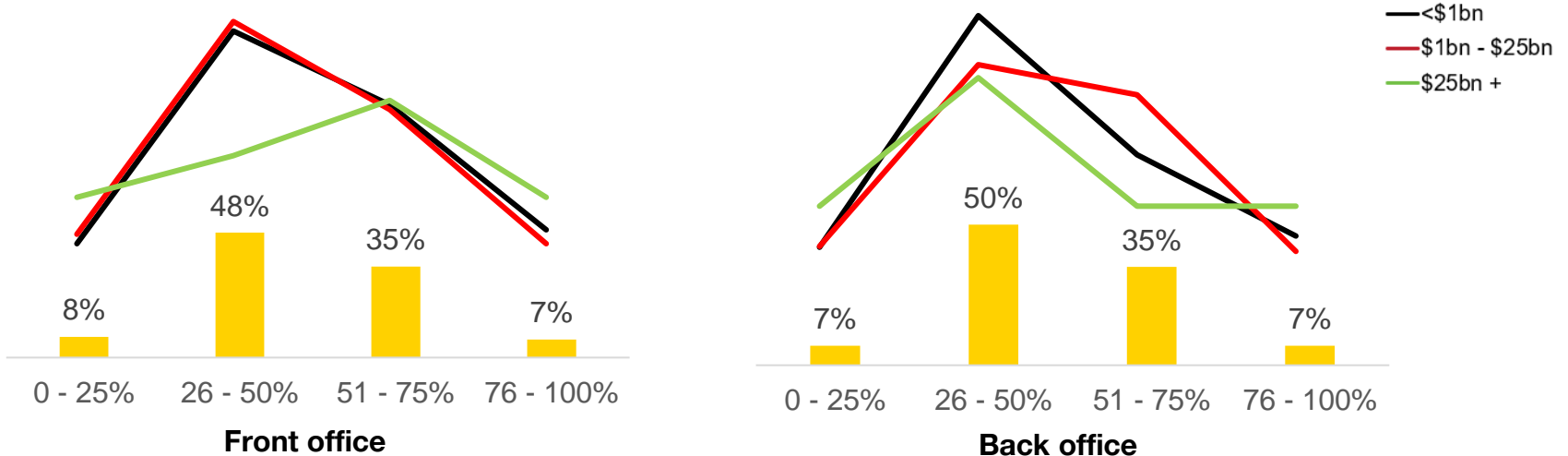
Decision makers currently prioritize investment in their front-office architecture

- Half invest more in front-office while over a third invest equally in both front and back-office; strong potential to espouse the value of back-office MACH technology
- MACH seen as primarily applicable to front- rather than back-office for seven in ten respondents
- Those in C-Suite roles more likely to invest more in front-office (57% vs 41%)
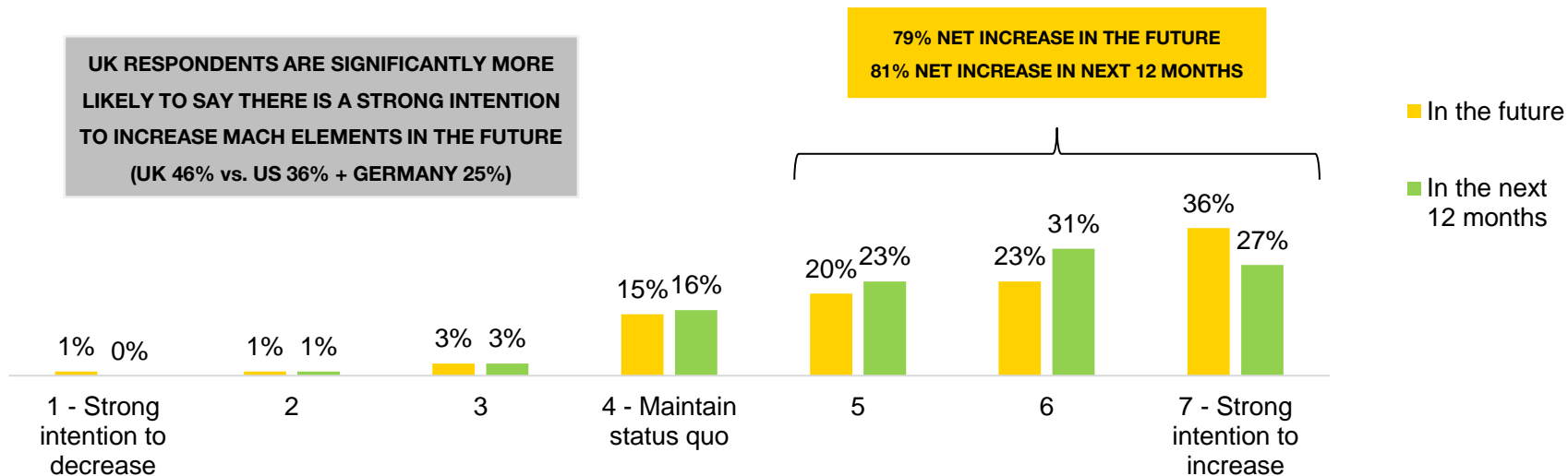
NET BACK-OFFICE: 15%
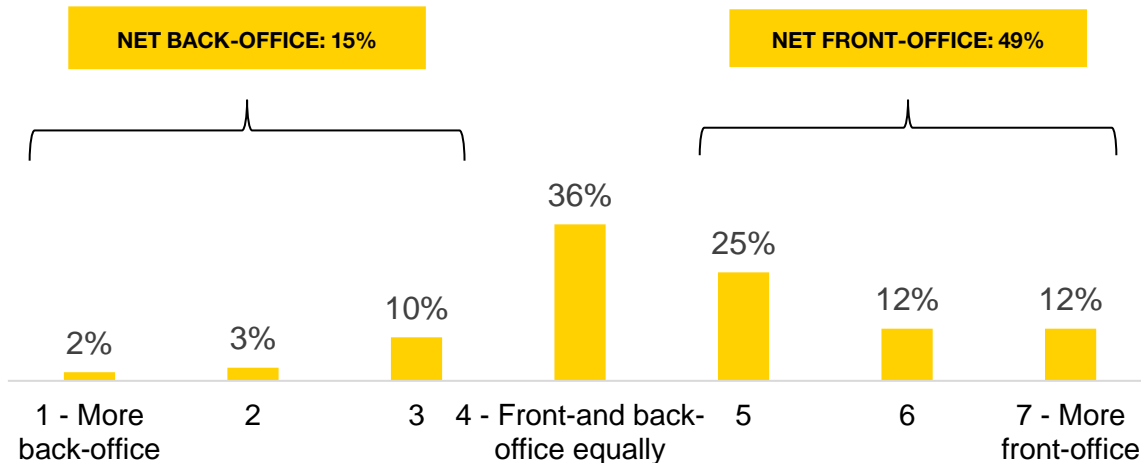
NET FRONT-OFFICE: 49%

SEVEN IN TEN RESPONDENTS AGREE / STRONGLY AGREE THAT MACH ARCHITECTURE APPLIES MORE TO FRONT-OFFICE PROCESSES THAN BACK-OFFICE PROCESSES (69%)

1 - More back-office	2	3	4 - Front-and back-office equally	5	6	7 - More front-office
2%	3%	10%	36%	25%	12%	12%

Decision makers see MACH as the future of architecture

- Four fifths expressed a strong intention to increase MACH elements in their architecture in the future (both within and beyond the next 12 months)
- More than a third had a very strong intention to increase MACH elements within and beyond the next 12 months

UK RESPONDENTS ARE SIGNIFICANTLY MORE
LIKELY TO SAY THERE IS A STRONG INTENTION
TO INCREASE MACH ELEMENTS IN THE FUTURE
(UK 46% vs. US 36% + GERMANY 25%)

79% NET INCREASE IN THE FUTURE
81% NET INCREASE IN NEXT 12 MONTHS

■ In the future

■ In the next 12 months

	1 - Strong intention to decrease	2	3	4 - Maintain status quo	5	6	7 - Strong intention to increase
In the future	1%	1%	3%	15%	20%	23%	36%
In the next 12 months	0%	1%	3%	16%	23%	31%	27%

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MACH intentions are strongly correlated with perceptions of outpacing competitors

- A third believe their organization is significantly ahead of the competition while two fifths say they are slightly ahead
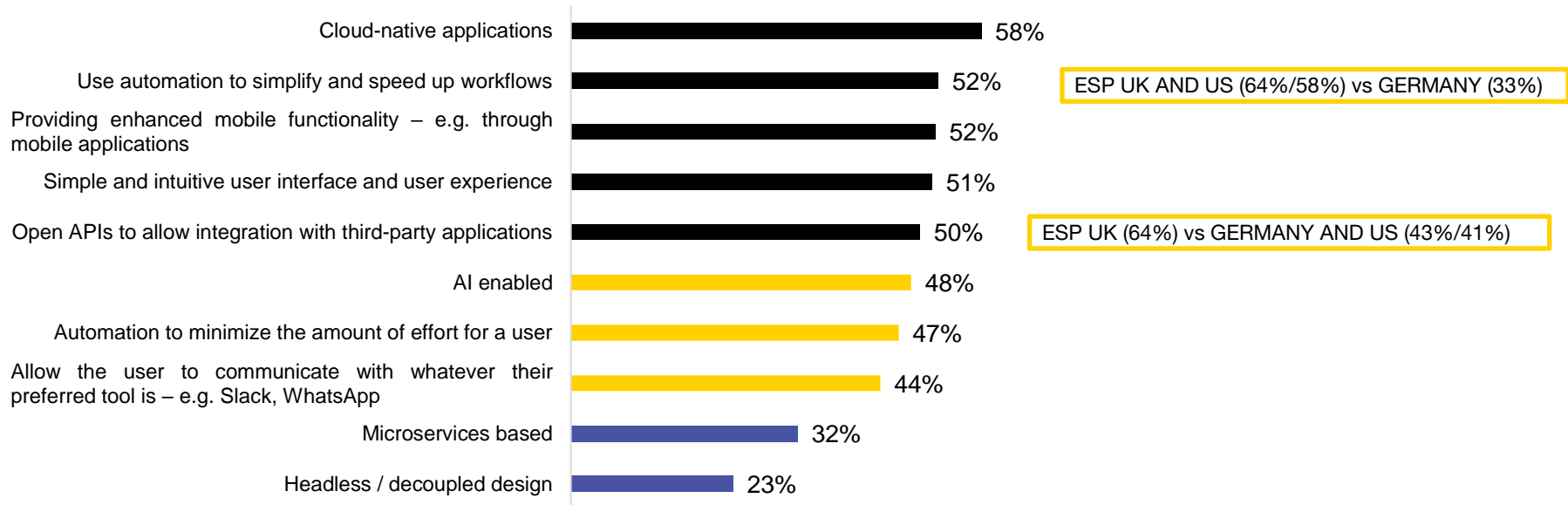- Those with the strongest intention to increase MACH elements in next 12 months most likely to say they're significantly ahead
- Germany based respondents least likely to be ahead of the competition (19% vs 40% in both UK and US)

We are significantly ahead of the competition	33%
We are slightly ahead of the competition	42%
We are in line with competitors	22%
We are slightly behind competitors	2%
We are significantly behind competitors	0%

NET AHEAD OF COMPETITORS: 75%

UK AND US BASED RESPONDENTS MUCH MORE LIKELY TO SAY THEY ARE SIGNIFICANTLY AHEAD OF THE COMPETITION (40% UK/US vs 19% DE)

THOSE WITH THE STRONGEST INTENTION TO INCREASE MACH PROVISION IN THE NEXT 12 MONTHS (7) ARE SIGNIFICANTLY MORE LIKELY TO SAY THAT THEY ARE SIGNIFICANTLY AHEAD OF THE COMPETITION (51% vs. 1–6 27%)
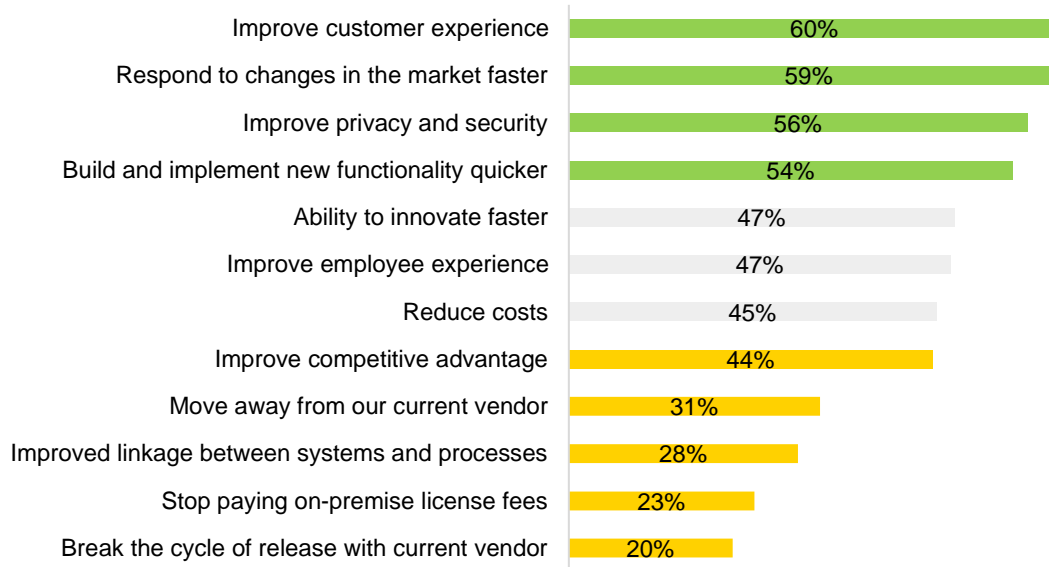
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Cloud, functionality & UX top considerations. Benefits of headless & microservices still to cut through for majority

- Nearly three in five decision makers prioritize cloud-native applications in future front-office infrastructure (58%); particularly true of those in the Finance, Manufacturing and Retail sectors
- Those with strongest intention to increase MACH elements in future architecture most keen on providing enhanced mobile functionality (64% vs 1-6 47%)

Category	%
Cloud-native applications	58%
Use automation to simplify and speed up workflows	52%
Providing enhanced mobile functionality – e.g. through mobile applications	52%
Simple and intuitive user interface and user experience	51%
Open APIs to allow integration with third-party applications	50%
AI enabled	48%
Automation to minimize the amount of effort for a user	47%
Allow the user to communicate with whatever their preferred tool is – e.g. Slack, WhatsApp	44%
Microservices based	32%
Headless / decoupled design	23%

ESP UK AND US (64%/58%) vs GERMANY (33%)

ESP UK (64%) vs GERMANY AND US (43%/41%)

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CX, keeping up to speed with market changes and privacy/security concerns are driving the transition to MACH

- Improved privacy/safety concerns especially true for companies high in proactivity vs reactive approach (75-100% proactivity = 68% vs 0-74% reactivity = 32%)

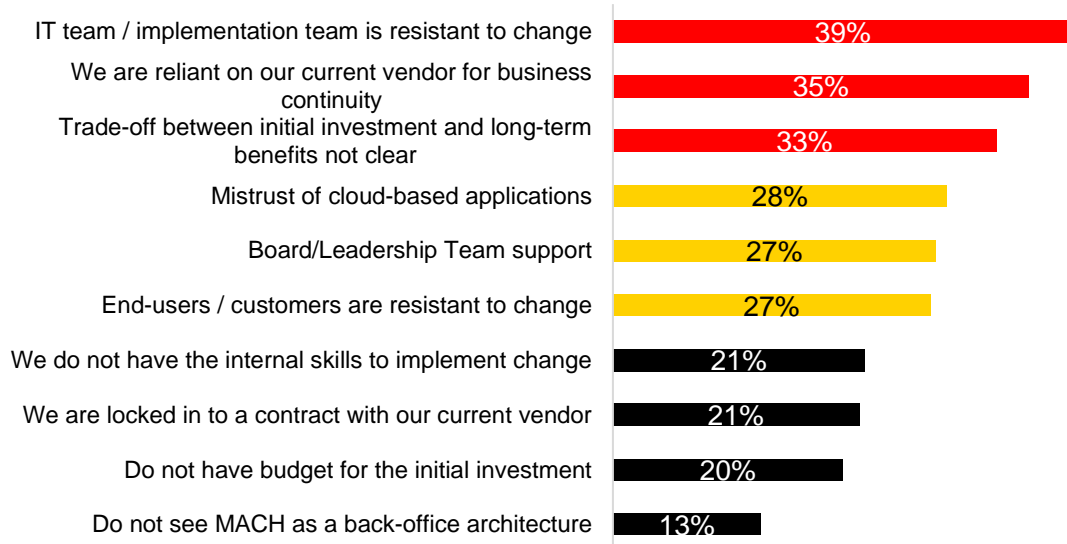| Driver	Percentage
Improve customer experience	60%
Respond to changes in the market faster	59%
Improve privacy and security	56%
Build and implement new functionality quicker	54%
Ability to innovate faster	47%
Improve employee experience	47%
Reduce costs	45%
Improve competitive advantage	44%
Move away from our current vendor	31%
Improved linkage between systems and processes	28%
Stop paying on-premise license fees	23%
Break the cycle of release with current vendor	20%

COMPANIES WITH BOLDER ORGANIZATIONAL FOCUS (RATHER THAN CAUTIOUS) ARE SIGNIFICANTLY MORE LIKELY TO CONSIDER IMPROVED CX AS A KEY DRIVER TOWARDS MACH (63% vs 29%)

COMPANIES WITH $25BN+ TURNOVER ARE SIGNIFICANTLY MORE LIKELY THAN SMALLER COMPANIES TO FOCUS ON IMPROVING EMPLOYEE EXPERIENCE AS A DRIVER TOWARDS MACH (67% vs 33%)

CONCERNS ABOUT VENDORS AND ON-PREMISE LICENSE FEES ARE TIER 3 DRIVERS, SUGGESTING TRANSITION TO MACH IS A RESULT OF PULL RATHER THAN PUSH FACTORS

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Barriers to MACH are more likely to be around implementation than ideology

- Two-fifths of decision makers said resistance to change from their IT/implementation team is their main barrier to moving to a MACH based infrastructure
- A third are unclear about trade-off between initial investment and long-term benefits

Barrier	Percentage
IT team / implementation team is resistant to change	39%
We are reliant on our current vendor for business continuity	35%
Trade-off between initial investment and long-term benefits not clear	33%
Mistrust of cloud-based applications	28%
Board/Leadership Team support	27%
End-users / customers are resistant to change	27%
We do not have the internal skills to implement change	21%
We are locked in to a contract with our current vendor	21%
Do not have budget for the initial investment	20%
Do not see MACH as a back-office architecture	13%

PROCESS (AS OPPOSED TO CUSTOMER) DRIVEN COMPANIES ARE MORE RELIANT ON THEIR CURRENT VENDORS FOR BUSINESS CONTINUITY SUGGESTING EXISTING B2B RELATIONSHIPS IMPACT BUSINESS FUNCTION

**RESPONDENTS BASED IN GERMANY MORE LIKELY TO LACK BUDGET FOR INITIAL INVESTMENT (33% vs UK 15% / US 10%)**

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Systems, upgrades and support

Over half of companies outsource the majority of the day to day management of their front-office

- 54% of decision makers say their company outsource all of / a majority of the day-to-day management and maintenance of their front-office ecosystem; only one in ten don't outsource at all

Outsource all	**20%**
Outsource a majority	**34%**
Outsource a minority	**38%**
We do not outsource it	**7%**

■ Total
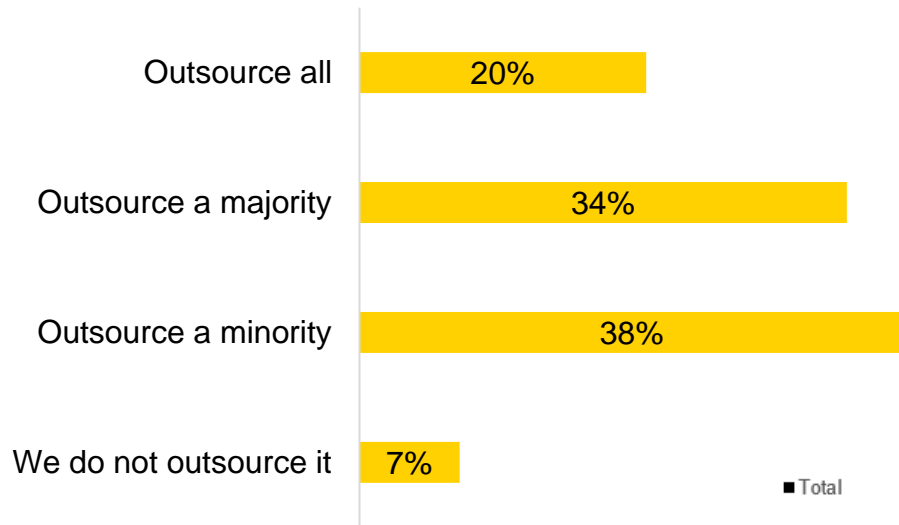
THOSE WITH THE STRONGEST (7) INTENTION TO INCREASE MACH ELEMENTS IN THE FUTURE ARE SIGNIFICANTLY MORE LIKELY TO OUTSOURCE ALL THAN THOSE RATING 1-6 FOR INTENTION (36% vs. 1-6 11%)

THOSE FEELING THEIR ORGANIZATION IS 'CUMBERSOME' MORE LIKELY NOT TO OUTSOURCE ANY MANAGEMENT / MAINTENANCE OF FRONT-OFFICE ECOSYSTEM

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Upgrades are costing a quarter more than half of their IT budget

- A quarter of IT decision makers surveyed said that they spend over half of their IT budget on upgrades; on average companies spend almost two fifths of budget on upgrades
- Those with strongest intention to increase MACH elements over next 12 months likelier to spend 75%+ of IT budget on upgrades

Approximately, what percentage of your organization's IT budget is currently spent on upgrades to your technology ecosystem?

AVERAGE PROPORTION OF IT BUDGET
SPENT ON FRONT OFFICE UPGRADES

37.4%

NET 51 – 100% OF IT BUDGET: 27%

25%	43%	20%	7%
0 - 25%	26 - 50%	51 - 75%	76 - 100%

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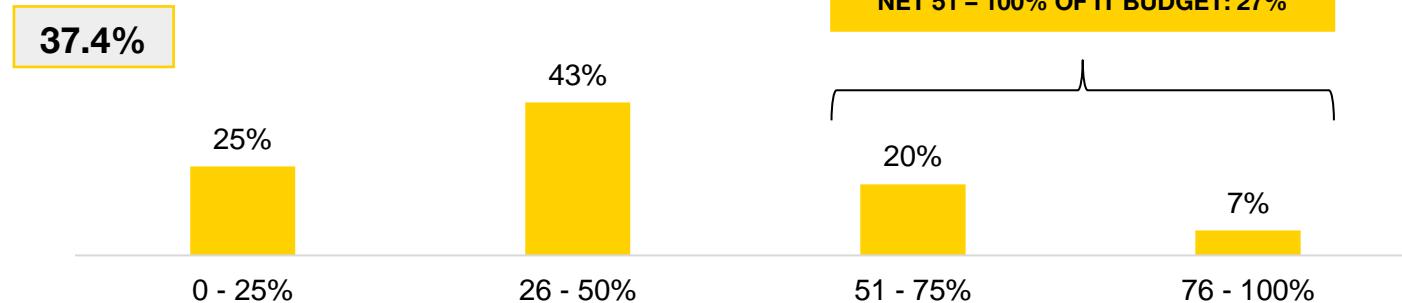
Two fifths of organizations carry out a maintenance or upgrade project almost monthly

- On average, organizations are running a project every 3 weeks – although this is driven by a small number undertaking a lot of projects. The median number of projects is 10 annually, or one every five weeks.
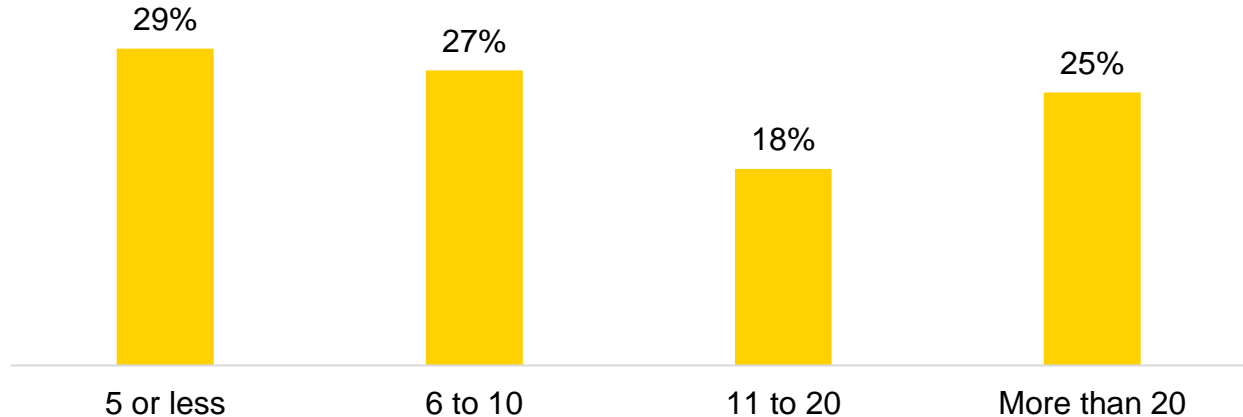
How many projects are run annually to maintain or upgrade your technology ecosystem?

MEAN NUMBER OF
PROJECTS EACH YEAR

18

MEDIAN NUMBER OF
PROJECTS EACH YEAR

10

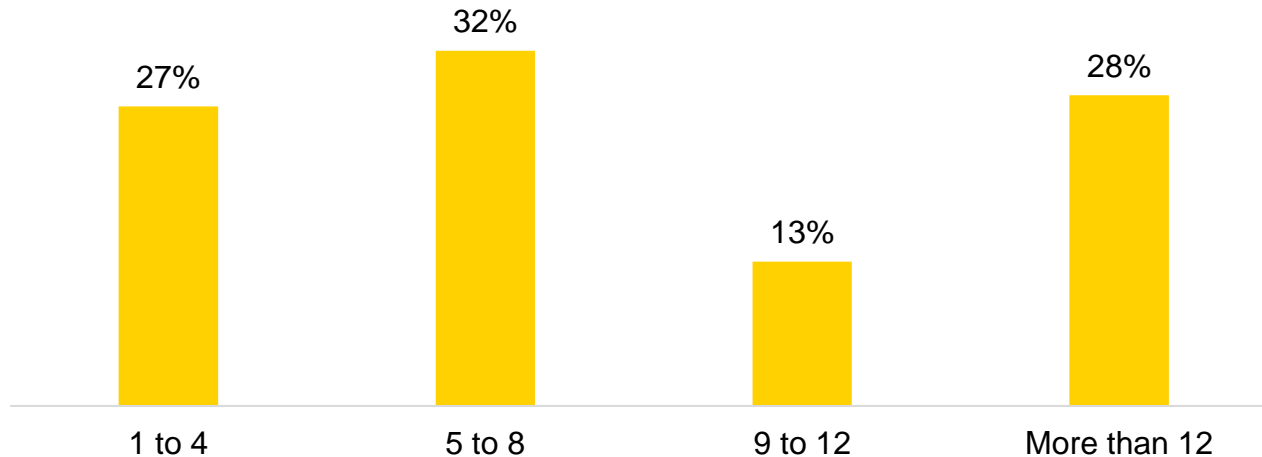| 5 or less	6 to 10	11 to 20	More than 20
29%	27%	18%	25%

Almost three quarters of projects take more than a month – with a quarter taking more than 3 months

- The mean average length of project is around three months, with the median being two months

And, on average, how long is a typical project developing a new service or meeting a new business requirement? (Weeks)

MEAN PROJECT LENGTH (WEEKS)	**12.5**
MEDIAN PROJECT LENGTH (WEEKS)	**8**

27% — 1 to 4
32% — 5 to 8
13% — 9 to 12
28% — More than 12

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On average, IT teams spend 39% of their time delivering upgrades to the front-office

- Four in ten say that 25-49% of their IT team's time is spent on delivering front-office upgrades, with just over a quarter saying more than half of their IT team's time is spent on upgrades (28%)

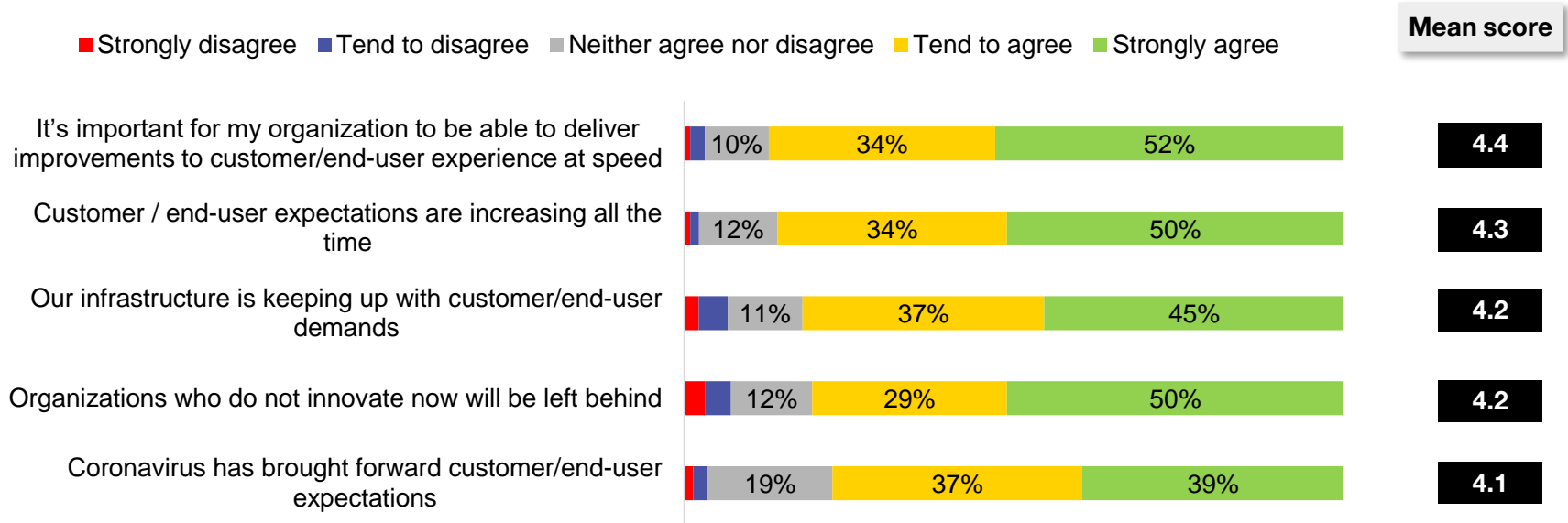| 0 - 24% | 23% |
25 - 49%	40%
50-74%	21%
75 - 100%	7%
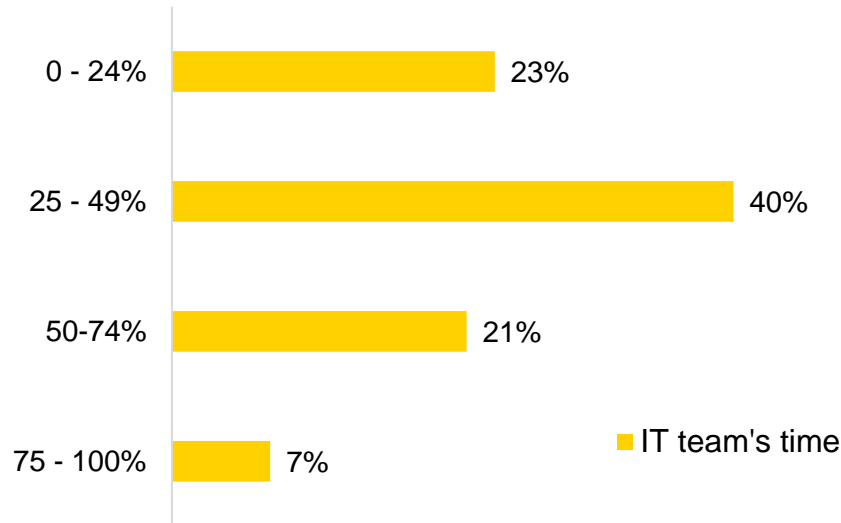
■ IT team's time

THOSE WITH STRONGEST INTENTION TO INCREASE MACH ELEMENTS OF ARCHITECTURE IN FUTURE ARE LIKELIER TO PERCEIVE IT TEAMS SPENDING MORE TIME DELIVERING UPGRADES

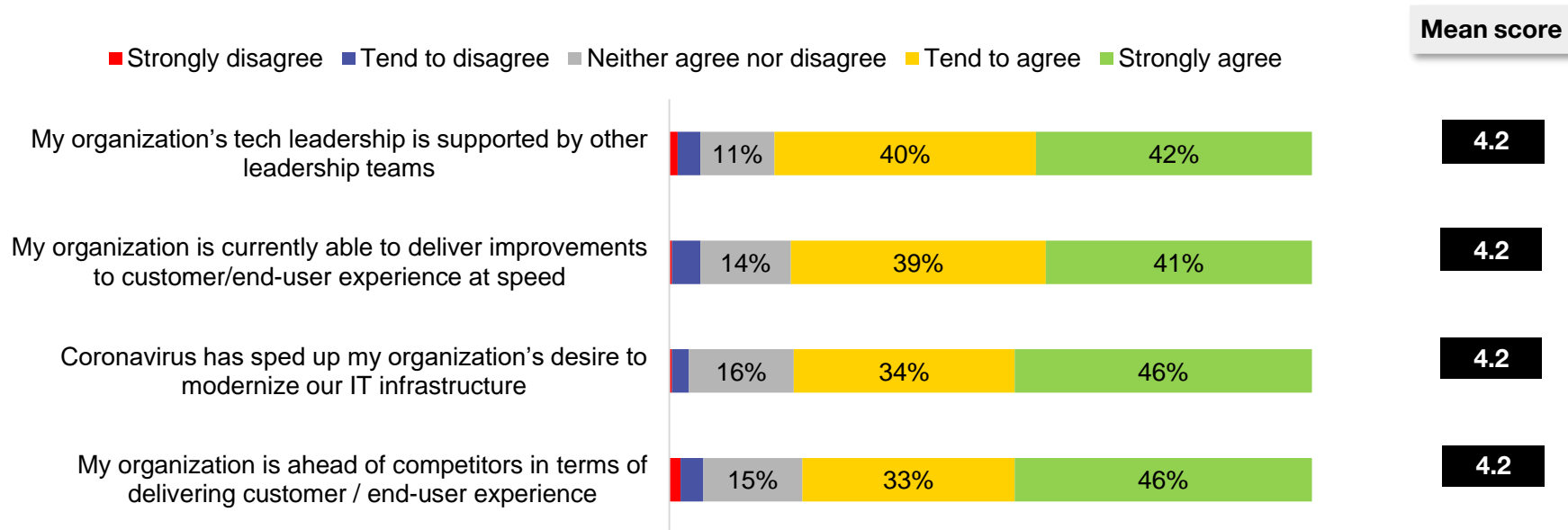| Intention to increase MACH infrastructure in the next 12 months	Average proportion of IT team's time spent on front-office upgrades
7 (strong intention)	44.5%
1-6	36.4%

Decision makers place huge importance on delivering improved CX at speed amid rapidly increasing expectations

- Four fifths say their infrastructure is keeping up with customer demands (82%) while three quarters say coronavirus has brought forward end-user expectations (76%)

Mean score

■ Strongly disagree ■ Tend to disagree ■ Neither agree nor disagree ■ Tend to agree ■ Strongly agree

It's important for my organization to be able to deliver improvements to customer/end-user experience at speed	10% / 34% / 52%	**4.4**
Customer / end-user expectations are increasing all the time	12% / 34% / 50%	**4.3**
Our infrastructure is keeping up with customer/end-user demands	11% / 37% / 45%	**4.2**
Organizations who do not innovate now will be left behind	12% / 29% / 50%	**4.2**
Coronavirus has brought forward customer/end-user expectations	19% / 37% / 39%	**4.1**

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And whilst four fifths of companies are able to deliver CX improvements at speed – less than half agree strongly
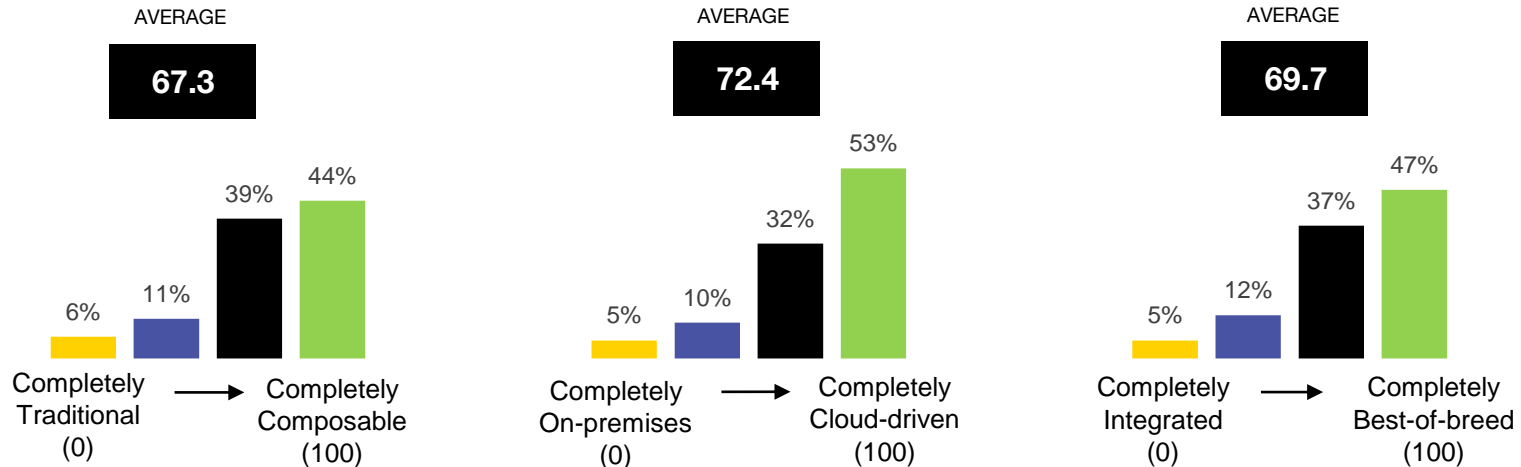
- Similar numbers (~80%) feel their tech leadership is supported by other leadership teams and that their organization is ahead of competitors in CX / end-user experience

Legend: ■ Strongly disagree ■ Tend to disagree ■ Neither agree nor disagree ■ Tend to agree ■ Strongly agree

Mean score

Statement	11%	40%	42%	Mean score
My organization's tech leadership is supported by other leadership teams	11%	40%	42%	**4.2**
My organization is currently able to deliver improvements to customer/end-user experience at speed	14%	39%	41%	**4.2**
Coronavirus has sped up my organization's desire to modernize our IT infrastructure	16%	34%	46%	**4.2**
My organization is ahead of competitors in terms of delivering customer / end-user experience	15%	33%	46%	**4.2**

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Organizations want environments which utilize cloud-native, composable and 'best-of-breed' technologies moving forward

- Over half of decision makers want completely cloud-driven solutions in the future (53%) with 47% aspiring to be best-of-breed moving forwards (more common in UK vs US and Germany (60% vs 38%/42%)

AVERAGE
67.3

6% 11% 39% 44%

Completely Traditional (0) → Completely Composable (100)

AVERAGE
72.4

5% 10% 32% 53%

Completely On-premises (0) → Completely Cloud-driven (100)

AVERAGE
69.7

5% 12% 37% 47%

Completely Integrated (0) → Completely Best-of-breed (100)

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PULLING IN THE RIGHT DIRECTION

INTENTION TO INCREASE/
DECREASE MACH ELEMENTS

FOUR FIFTHS EXPRESSED A STRONG INTENTION TO INCREASE MACH ELEMENTS IN THEIR ARCHITECTURE MOVING FORWARDS – 79% IN THE NEXT YEAR

MACH CORRELATES WITH
OUTPACING COMPETITORS

MACH INTENTIONS ARE STRONGLY CORRELATED WITH PERCEPTIONS OF OUTPACING COMPETITORS. THOSE WITH THE STRONGEST INTENTION TO INCREASE MACH ELEMENTS IN NEXT 12 MONTHS MOST LIKELY TO SAY THEY'RE SIGNIFICANTLY AHEAD

KEY DRIVERS
BEHIND TRANSITION

KEY DRIVERS TOWARDS MACH INCLUDE CX, KEEPING UP TO SPEED WITH MARKET CHANGES AND PRIVACY/SECURITY CONCERNS. NECESSITY FOR CX IMPROVEMENTS AND SPEED FUELLED PARTLY BY COVID-19

THE DRIVERS OF MACH TRANSITION ARE PULL NOT PUSH. CYCLE OF RELEASE ISSUES AND ON-PREMISE FEES RANK LOWEST AMONG DRIVERS. INSTEAD, SPEED, PRIVACY AND EVER IMPROVING CUSTOMER EXPERIENCES ARE KEY. AS MICRO-SERVICES AND HEADLESS ARCHITECTURE BECOME INCREASINGLY MIANSTREAM AND TOP OF MIND, THIS SHOULD CONTINUE.

PULLING IN THE RIGHT DIRECTION

"We use MACH principles on the back end to off load workflow processes to cloud services and provide faster more agile autonomous approvals."
VP IT Infrastructure, 10,000-24,999, Manufacturing

"Cost reduction, and access to best of breed software, without the storage limitations that come with onsite servers."
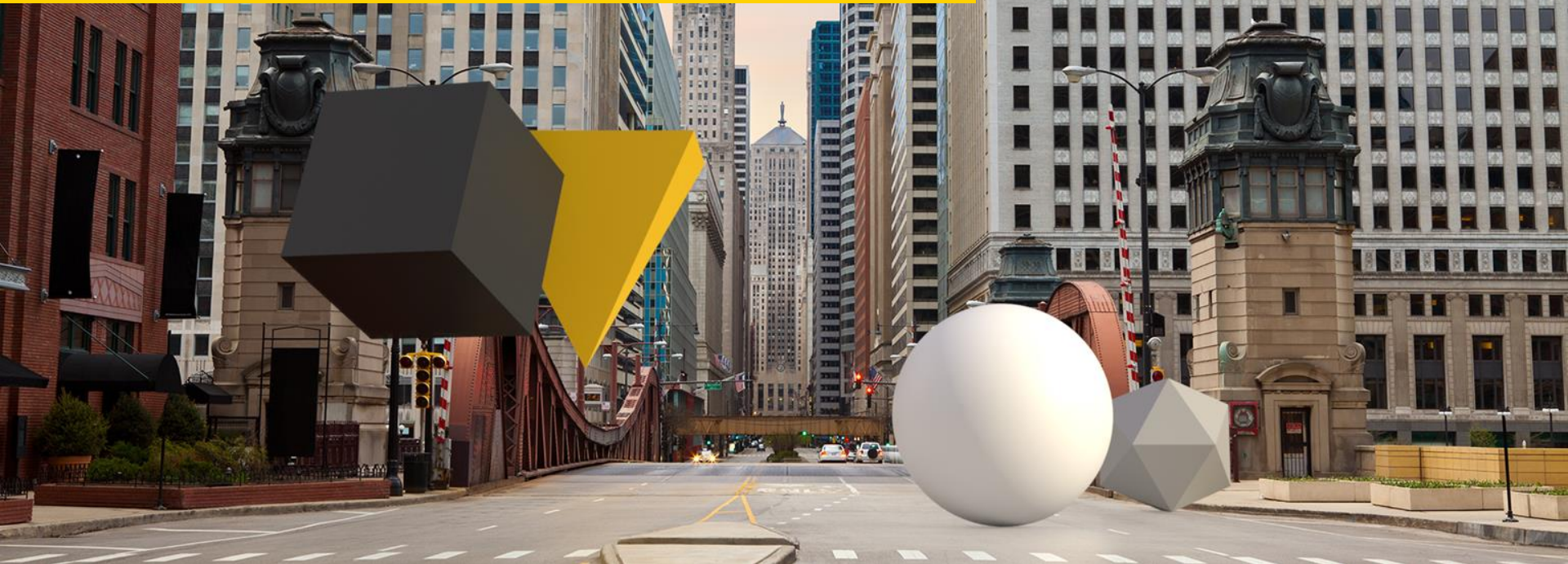**Chief Technology Officer, 10,000-24,999, Technology**

"Headless commerce, with its ability to rapidly build and scale, has been a great advantage."
Chief Information Officer, 5000-9,999, Retail

"Front office portal capturing customer requirements and issue resolution. Seamless hand off across technical teams invisible to end customers."
Director ERP Services, 25,000+, Technology

Conclusions

Conclusions

Overall

- Decision makers currently prioritize front- over back-office architecture

- Cloud, functionality & UX are top architecture considerations; headless & microservices benefits are not top of mind for majority

- MACH intentions are strongly correlated with those who see themselves as being ahead of competitors

CX as key driver

- Decision makers place huge importance on delivering improved CX at speed amid rapidly increasing expectations

- Four fifths of companies can deliver CX improvements quickly; covid-19 is acting as a key motivator for modernization

- CX, keeping up to speed with market changes and privacy/security concerns are driving the transition to MACH

Recommendations

- Harness the focus on CX to capitalize on the two thirds of organizations who say they are still 'process driven'

- Continue to highlight cloud-native, composable and 'best-of-breed' benefits; and make association with micro-services and headless clear to bring these further up decision makers' consciousness

- Barriers to MACH are more around implementation than ideology; work with IT teams to convince *them* of the benefits? Leaders largely convinced.