softcat

Business Tech Report 2024/25

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Introduction

The past year has seen rapid technological advancements and expanding opportunities for innovation. Organisations are facing increasing pressure to drive value efficiently, requiring greater agility and resilience. Keeping up with such demands requires investing in the right IT technologies and services.

This report explores the latest technology and business trends, highlighting the solutions and services being used to drive value, the biggest challenges organisations are facing and how technology can be used to overcome them.

This report contains insights gathered from Softcat's 2024 Customer Experience Survey, which recorded the views of more than 5,600 respondents from 3,870 organisations across 30 different industries and sectors (both public and private).

5,663
respondents

3,870
organisations

30
industries and sectors

Foreword

After another year of rapid change, organisations are more focused than ever on the effective use of technology to aid growth, increase productivity, and support innovation, whilst continuing to control costs through effective procurement.

We have seen a rise in AI and automation being embedded into systems to boost productivity and improve customer experiences. With cyber security and AI ranking in the top three technology priorities in Softcat's customer experience survey (CES), it is important to not only consider the impact of AI on cyber security but also where AI can be used to strengthen cyber security efforts.

Looking ahead, consolidating platforms, services and technologies will provide a full view of everything from assets and users to connectivity and security. In addition, building a data-driven culture will make it easier to take advantage of ever-smarter technologies while complying with evolving regulations.

But real change comes from understanding which technologies will best meet each organisation's unique needs and having the agility to evolve when they do. This is what Softcat has done best for years, and we're looking forward to continuing to support customers on the journey.

Richard Wyn Griffith
Chief Commercial Officer at Softcat

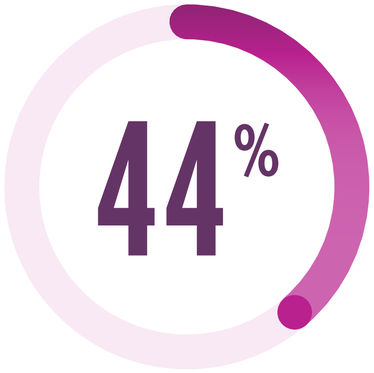
"I'm very happy to share our insights on the technologies driving digital transformation in this year's Business Tech Report. At Softcat, we're dedicated to helping our customers harness the latest innovations and best practices to achieve greater success and resilience in an ever-evolving digital world."

Graham Charlton
Chief Executive Officer at Softcat

Key findings at a glance

Strategic Priorities

More than half (54%) of respondents said that their organisation is prioritising Cost Control and Budgeting with increasing pressure to operate more efficiently and be financially cautious due to economic uncertainty.



Of respondents said their organisation is prioritising Technology Sourcing and Procurement. Many organisations are looking to upgrade their existing technologies to improve operational efficiency and resiliency.

Of respondents said Governance, Risk, and Compliance were a priority for their organisation to comply with various changing regulatory requirements, avoid legal penalties and protect their reputation.

Technology Priorities

67% Cyber Security was the most common technology priority among respondents, selected by the majority (67%). Cyber attacks are becoming more sophisticated, so there is continuous pressure to protect operations and sensitive data.

38% There was a significant increase in the number of respondents selecting Artificial Intelligence (AI) as a technology priority, with AI breakthroughs continuing and its implementation changing how organisations work.

37% Of respondents said Automation was a technology priority for their organisation. Organisations are increasingly seeking areas to implement Automation to improve efficiency and accuracy in their processes.

Cyber Security

> **In the era of 'assumed breach', with new regulations coming online, and increasingly sophisticated threats to manage, cyber resilience naturally remains front of mind for every organisation. However, in the boardroom, more questions are now being asked about the real value and impact of the ever-increasing cyber portfolio and spend.**

Adam Harding
Head of OCTO

Building resilient cyber security teams with SecDataOps

Spending on cyber security in 2024 is predicted to be up to 9.9% times higher than in 2023. So it's unsurprising that 67% of respondents in Softcat's 2024 customer experience survey (CES) selected it as a technology priority.

Unfortunately, security team headcounts haven't reflected this shift – leading 55% of security professionals to report heightened stress from overwhelming workloads and insufficient personnel **(CyberSecurity Magazine, May 2024)**. And many of our CES respondents mentioned the difficulty of securing all their systems.

The rapid evolution of new technologies, such as Generative AI, is compounding these challenges. Meanwhile, world events like the COVID-19 pandemic have altered work habits and reimagined business processes like the supply chain.

The implications of these shifts are vast: **IDC estimates that organisations will spend $3.9 trillion on digital transformation by 2027**. And adapting cyber security measures will form an important part of that investment.

Consolidation is king

One trend we're seeing is organisations moving away from technology shopping lists to streamlining operations on a single platform. While this may result in fewer technologies from fewer vendors, the main goal is efficiency.

Point products will allow organisations to provide and configure non-negotiable protective controls, such as email security. They may also need extra point products, like internet of medical things (IoMT) security or secure payment channels, to meet specific organisational needs.

Fighting cyber threats with AI

The concept of Security Data Operations, or "SecDataOps," is emerging as a vital nerve centre. This consolidates all security data into one place, so organisations can focus on managing their biggest risks through measures including security monitoring, vulnerability testing and identity governance.

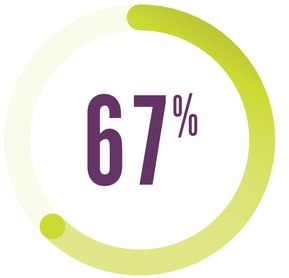
Over the next five years, human involvement here will become minimal. Organisations will be able to apply GenAI to their consolidated data to protect against lower-priority cyber threats. This will trim product development lifecycles and relieve the integration burden, so organisations can concentrate on developing products.

Organisations should adopt best practice in structuring their IT and security teams to support this transformation. By developing robust SecDataOps functions, they can maintain resilience against evolving cyber threats while keeping their operational overheads low.

Kieron Newsham
Chief Technologist – Cyber Security

9.9%

Spending on cyber security in 2024 is predicted to be up to 9.9% times higher than in 2023



of respondents in Softcat's 2024 customer experience survey (CES) selected cyber security as a technology priority.

$3.9 trillion

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Preparing for the next wave of cyber security regulations

Softcat's 2024 customer experience survey (CES) revealed that 40% of respondents will prioritise governance, risk and compliance over the next 12 months due to new cyber security regulations. Understanding how to navigate these changes will help organisations stay ahead of the curve.

What's changed?

Two key European directives came into force in 2023-24: the Digital Operational Resilience Act (DORA) and the Network and Information Systems 2 Directive (NIS2).

DORA aims to make the technology, services and supply chain of financial institutions more resilient. It's regulated in the UK by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

Meanwhile, the NIS2 Directive has made more sectors subject to stringent cyber security requirements.

What's more, the US National Institute of Standards and Technology (NIST) recently added a sixth function, 'Govern', to its cyber security framework. And the King's Speech signalled the UK Government's intent to create primary cyber security legislation, rather than adopting EU best practice.

These changes have prompted organisations to strengthen their overall infrastructure, rather than relying on IT as the first defence. Their actions have included introducing operational resilience roles such as Chief Operating Officers and Chief Information Officers (COOs and CIOs). The planned UK legislation may formalise this board/C-suite level accountability.

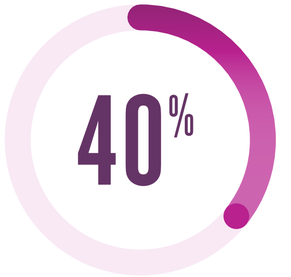
More complexity, more cost

New and changing regulation makes compliance more expensive.

Organisations can navigate the changes by viewing security as a risk function providing assurance and intervention – not just a branch of IT. That means:

- Re-assessing the goals of security programmes and making sure governance, risk and compliance teams don't only focus on compliance.
- Investing in technology that provides security insights from across the estate, rather than just in protective tools.

By consolidating these insights, such as business impact assessments and risk analyses, organisations can set and adjust security strategies. They can also govern their data and comply with regulations more easily. And, with the right communication, they can demystify cyber security, making the present risk clear.



of CES respondents will prioritise governance, risk and compliance over the next 12 months

Know your cyber enemies

The increasing sophistication of cyber-attacks was one of the reasons why cyber security emerged as the top technology priority in Softcat's 2024 customer experience survey (CES).

Mandiant's M-Trends 2024 Special Report contains some interesting insights into the current landscape. Exploit remains the top vector of initial infection at 38%, followed by phishing (down from 22% to 17%). But infection via previous compromise has risen by 15%. This could indicate a rise in the practice of selling access gained from previous intrusions, otherwise known as access brokering.

Perhaps the most intriguing trend is the decline in the number of malware families tracked by incident response researchers. This fell from 321 in 2022 to 277 in 2023.

Shifting strategies

As **phishing decreases** as an initial infection vector, we can expect attackers to shift to bypassing well-established email and network edge controls. This includes attempting to compromise central communication platforms like Microsoft Teams and Slack. It also includes using modern techniques like deepfakes, voice and SMS phishing to increase infections through social media. Organisations don't often test these practices like they do email and drive-by-download attacks.

Also, with organisations widely adopting Multi-Factor Authentication (MFA), adversaries are likely to employ more sophisticated adversary-in-the-middle (AiTM) attacks. Most of these will use a proxy to direct unsuspecting users to fake login pages for popular applications. As these pages will also capture MFA tokens, adversaries are cleverly now linking them to instant messenger channels like Telegram and WhatsApp. This allows them to capture the moment in which the login request is submitted, so the MFA token remains valid.

The future's agile

These trends show that organisations must remain vigilant to less common alert mechanisms that might not traditionally appear as high or critical detections. These include cloud alerts for risky sign-ins, the creation of mailbox rules, suspicious MFA enrolment or users flagging emails from internal addresses as suspicious.

Organisations must also constantly adapt to emerging methods of attack, as well as fortify their defences with sophisticated techniques and comprehensive monitoring to mitigate the risks.

Exploit remains the top vector of initial infection at 38%

Infection via previous compromise has risen by 15%

Data, Automation and AI

“AI-powered everything and becoming automation-first appears to be the message on the street, but we believe the main starting point for driving value is with data. Understanding data drives process efficiencies, defines use cases, and unlocks innovation. However, it has become crucial to balance innovation with the challenge of ethics, security, and governance. It is an exciting time to innovate, but with caution.”

Dean Gardner
Technology
Director

Becoming data champions

In today's digital age, data is the backbone of business success. Organisations that harness it effectively can make smarter decisions, enhance customer experiences, and stay ahead of the competition.

Why? Because data allows them to understand their current state, predict outcomes, and plan proactively. This means better insights into customers, allowing products and services to be tailored to meet specific needs.

Yet, in Softcat's recent Customer Experience Survey (CES), data came in a surprising seventh place on the list of technology priorities – four places down from 2023. Meanwhile, 38% of customers indicated they plan to prioritise AI over data in the next 12 months.

Andrew Hermsen
Chief Technologist – Data, Automation and AI

However, there are many reasons why keeping data at the forefront is essential. Here are two:

1 Data as the Strategic Asset

Data can become a strategic asset through robust governance practices for quality, security, and accessibility. With strong data governance, organisations can integrate high-quality, secure data from multiple sources to create a unified view. This unified view significantly enhances collaboration and decision-making across the business.

2 Data is also a foundation for Environmental, Social, and Governance (ESG) success

By collecting and analysing detailed metrics like energy consumption, waste reduction, and carbon emissions, organisations gain a clear view of their environmental footprint. This data-driven approach ensures informed decisions, helping to meet sustainability goals while complying with regulatory standards.

What's next and how to prepare

Over the past year, AI and machine learning have increasingly been integrated into data analytics, enhancing predictive capabilities and improving compliance. Looking ahead, we expect AI-driven insights and data literacy to continue growing, empowering employees to use data more effectively to meet customer needs. Investments in modern data architecture, supported by scalable data infrastructure and middleware will help organisations adapt to changing demands and manage changing data volumes and flows effectively.

Encouraging a data-driven culture will lead to smarter decision-making that aligns with strategic objectives. Establishing governance frameworks through a Centre of Excellence (CoE), whether internal or outsourced, will ensure regulatory compliance today and in the future.

Adventures in automation

Automation is transforming industries by cutting costs, boosting efficiency, and paving the way for an autonomous future. As a result, it's becoming crucial for keeping businesses competitive.

This growing focus is clear from Softcat's 2024 Customer Experience Survey (CES): 37% of customers selected automation as a technology priority, compared with 13% in 2023.

More efficient and sustainable

From business process automation (BPA) to robotic process automation (RPA), smart technologies are helping companies make the best use of their resources while improving quality.

Automation plays a crucial role in achieving ESG goals by streamlining the monitoring and management of key sustainability metrics. Through real-time data collection and automated decision-making, organisations can reduce waste, optimise resource use, and promote sustainable practices, ensuring that environmental actions are both acted upon and scalable.

Automation can also promote fairness and inclusivity by standardising processes, ensuring policies and practices are applied equally, and controlling bias - leading to transparent, consistent reporting.

What the future holds

AI-enhanced decision-making systems, intelligent infrastructure, and smart buildings are moving from concept to reality. As they do, we expect to see more efficient logistics, along with improvements in convenience and safety across various sectors.

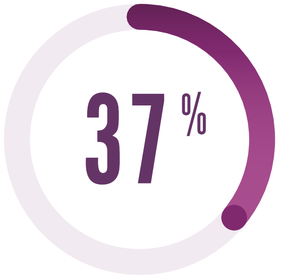
Task mining will also improve dramatically, and trends such as hyper-automation, low-code/no-code platforms, and the use of explainable AI will set the scene for more self-directed end-to-end processes.

Competitive Advantage

With the pace of change accelerating, the pressure is on organisations to adopt an Automation-first strategy today or risk being left behind tomorrow.

To stay competitive, organisations must focus on investing in their workforce with the right skills to adapt to evolving customer demands. Additionally, integrating automation systems in a cohesive manner that is conscious of flow - with API management as a cornerstone for enabling efficient data access and pipelines will be crucial for achieving seamless and effective automation.

By following these steps and making Augmentation and Automation a key part of customer-focus, businesses will be better equipped to manage increasingly advanced automated systems, stay connected with customers, their AI agents, and remain competitive.



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Advancing with AI

AI might be front of mind, ranking as the second highest technology priority in our 2024 Customer Experience Survey (CES). However, it's also quietly embedding itself into the tools employees rely on.

Adopting AI through existing applications

Most companies adopt AI through their existing application stack, as vendors increasingly integrate AI capabilities into their products. While these enhancements provide new capabilities such as improved analytics, automation, and decision-making support, many leadership teams are not fully aware of these updates. Change notices are often missed or overlooked, meaning employees may not receive adequate training on how to use these new AI-powered features effectively or responsibly.

Understanding data usage and privacy

With new AI features embedded in familiar tools, businesses may not always pay close attention to what data is being collected and how it is being used to deliver these capabilities. This can lead to unintentional data privacy concerns or missed opportunities to optimise data usage for better results. It is critical for firms to thoroughly assess these changes, understand data flows, and establish guidelines for appropriate data collection and usage.

Best practices for AI integration

As AI becomes an integral part of everyday tools, staff need proper training to understand both the benefits and potential pitfalls. Without adequate training, employees may misuse AI functionality or fail to harness its full potential. Establishing best practices, providing training sessions, and ensuring awareness of the right and wrong ways to use new AI capabilities is essential.

Ethical AI and sustainability

As AI becomes more integrated, managing it ethically and sustainably is increasingly important. This involves promoting transparency, controlling bias, and adhering to emerging regulation. On the sustainability front, AI can mean an increase in consumption, but it can also directly contribute to reducing waste through reducing the overall cost to serve customers.

Empathy is key

Power & responsibility – how can you help your internal and external customers get ready for these changes? By being conscious about it, by embracing explainable AI (XAI), and by establishing a Centre of Excellence (CoE).

Hybrid Platforms

“Organisations rely extensively on strong cloud platforms and hybrid infrastructures for application services and data storage, emphasising the need for business continuity and compliance with industry-specific regulations. The hybrid and multi-cloud landscape will continue alongside the public cloud repatriation and operating model conversations that are more prevalent due to rising costs and operational complexities.”

Dean Gardner
Technology
Director

The hybrid advantage: Modernising IT systems

Legacy IT systems can hinder innovation and increase operational costs and inefficiencies. In Softcat's 2024 customer experience survey (CES) 38% and 37% of customers selected 'technology adoption' and 'technology awareness and selection' respectively as priorities, with legacy systems frequently cited as a contributing factor. However, completely replacing these systems is often tricky and disruptive – particularly as organisations must keep their IT operations running throughout the transition.

A hybrid platforms strategy combines public and private cloud with on-premise datacentres and edge infrastructure to offer a flexible and future-proof solution. It can strengthen IT infrastructure, improve application performance and enhance resilience in a gradual, thought-through way. This strategy balances innovation with making a positive cultural shift to newer technologies where training and adoption are crucial for success.

Gary Hawkins
– Data and Hybrid Platforms

A platform for business success

Some of the benefits that a hybrid platforms strategy can bring include:

Flexibility - allows organisations to use a mix of on-premise, multi-cloud and edge computing resources to put their workloads in the best place.

Lower costs – strategic workload distribution optimises application, data, and control costs across siloed environments. By leveraging both public and private clouds, organisations can use the most cost-effective resources for each workload.

Security – gives more control over applications and sensitive data.

Improved performance – can reduce latency and make applications perform better.

Scalability – can scale automatically to meet fluctuating demands fast.

How to implement a hybrid platforms strategy

We recommend following these five steps for a successful implementation:

1 Assess and prioritise

Evaluate existing systems and prioritise modernisation efforts based on the business impact and technical debt they could alleviate.

2 Take a phased approach

Gradually migrate workloads to the hybrid platform, starting with less critical applications to minimise risks.

3 Prioritise data automation and migration

Make sure data is secure and clean and moves seamlessly between legacy and modern systems.

4 Focus on integration

Implement solutions that allow for smooth communication between on-premise, cloud and edge components.

5 Invest in training

Prepare the workforce for the new hybrid platforms approach through comprehensive training to build adaptability, employee wellbeing and trust.

How AI-ready architecture fuels business growth

Increasingly, we're seeing organisations use AI-ready infrastructure as a key part of their ongoing efforts to harness the power of artificial intelligence (AI).

AI-ready infrastructure provides an on-premise alternative to cloud services that enables organisations to adopt new technologies while maintaining control over their data and systems. They can deploy AI solutions faster, in more secure and cost-effective ways. And by using pre-built, optimised systems, they can seamlessly integrate advanced technologies, improving their ability to innovate and making their operations more efficient.

This kind of infrastructure also creates a strong foundation for organisations to achieve their goals in AI and automation. As Softcat's 2024 Customer Experience Survey (CES) revealed, these are the second and third most significant technology priorities among our customers.

Faster, simpler, better

AI-ready infrastructure accelerates innovation by allowing organisations to prototype and experiment fast. It also supports a wide range of AI frameworks and tools and integrates seamlessly with existing systems and data sources.

The approach:

Optimises costs by allowing organisations to use only what they need, use their resources better, and benefit from flexible pay-as-you-grow models.

Improves performance and scalability through high-performance computing for AI algorithms, scaling with increasing data volumes and model complexity, and reducing latency for real-time AI applications.

Simplifies deployment and management with pre-configured hardware and software stacks, automated provisioning and orchestration tools, and unified management interfaces.

Improves security and governance with built-in secure features for AI data and models, simplified regulatory compliance, and centralised governance tools for AI assets.

What's more, organisations gain access to vendor expertise and support. That includes industry-leading AI expertise, comprehensive support and professional services, and continuous innovation and product improvements.

Focus on competitive advantage, not complex challenges

Adopting AI-ready architecture not only allows you to receive all these benefits. It also allows you to focus on deriving value from AI applications that drive competitive advantage, rather than on complex infrastructure challenges.

Remember, the key to success lies in aligning your AI strategy with your business objectives. AI-ready architecture provides the foundation, but it's your vision that will ultimately drive innovation and growth.

Modernising your apps: A digital facelift for business success

Application modernisation breathes new life into existing software by updating it with modern capabilities. In doing so, it addresses the challenges of outdated systems, such as inflexibility, high maintenance costs and security vulnerabilities.

It's particularly relevant given that 54% of respondents in Softcat's 2024 customer experience survey (CES) selected cost control and budgeting as a strategic priority. Yet only 16% considered asset management a technology priority. That's despite its potential for cutting costs by identifying applications that are ripe for modernisation.

Not just a trend – a necessity

Application modernisation doesn't only boost operational efficiency and reduce IT spending. It also improves performance and the customer experience. Load times are faster and navigation is smoother. Interactions are personalised and, crucially in today's multi-device world, there's seamless functionality across platforms.

Ultimately, application modernisation helps businesses achieve a competitive advantage by using their existing software assets more effectively, rather than overhauling the whole system.

It's why we're seeing the approach as not just a trend but a necessity for organisations to stay agile and relevant. In fact, the application modernisation market is projected to reach **$52.46 billion by 2030**, showing just how much organisations are recognising its importance.

The must-haves of successful modernisation

Achieving the benefits we've described hinges on managing data effectively. That means making sure data is accurate, accessible and secure, and that it's helping the organisation make informed decisions, comply with regulation and operate more efficiently.

Kubernetes and DevSecOps are also key to any journey to modernise your applications and data. Kubernetes acts as a traffic controller for your apps, making sure they can scale to handle high demand smoothly. DevSecOps integrates security into the development process, providing protection throughout the application lifecycle.

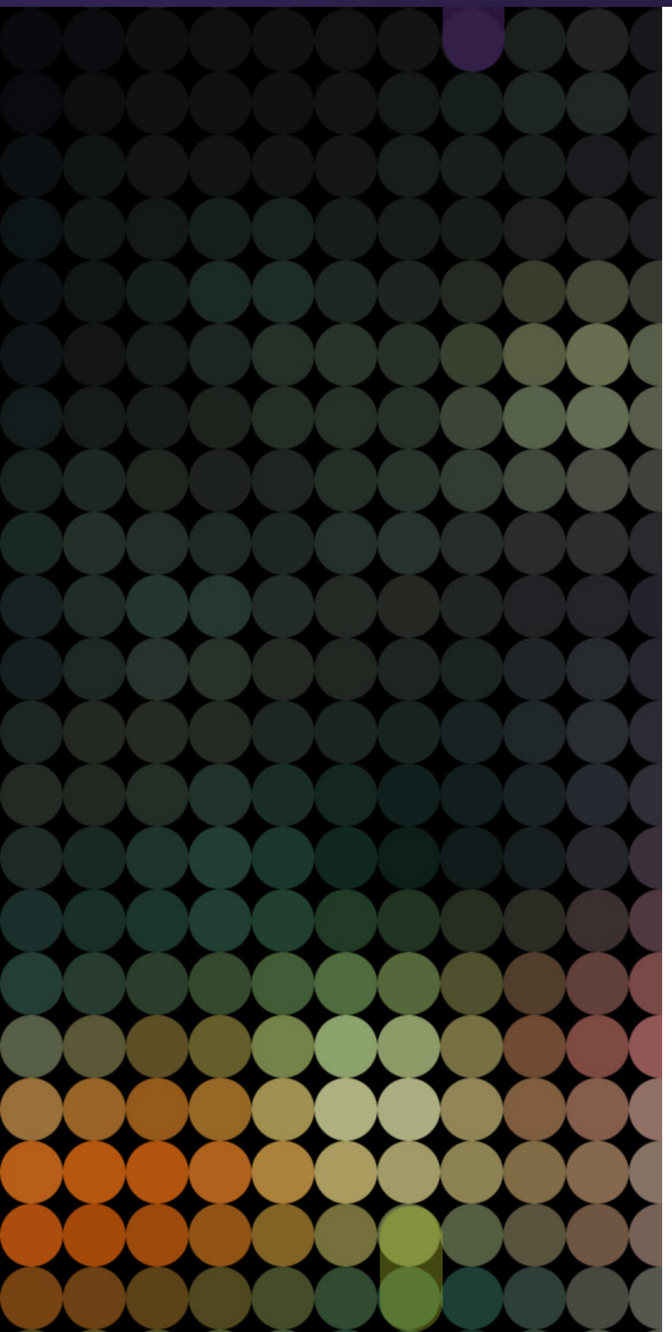
Future-proofing your organisation

By combining these tools with application modernisation and data management, you can deliver fast, reliable and secure applications that adapt to your customers' evolving needs.

The result? More efficient, personalised and enjoyable user interactions, leading to improved customer satisfaction and loyalty.

Put simply, application modernisation isn't just about giving software a digital facelift. It's about future-proofing your organisation in the digital age.

Networking & Connectivity



“The internet is the new network. Increasingly diverse, disparate and dynamic working environments, paired with increasingly distributed applications, data and platforms, have brought networking and connectivity innovation into the spotlight. Organisations are now actively seeking centralised visibility, control, flexibility and cost optimisation.”

Adam Harding
Head of OCTO

Stay ahead of the curve with observability

For the first time, respondents in our 2024 customer experience survey (CES) called out observability as a technology priority. And as it's already in the top 15, we expect it to climb the rankings further over the next year. So why the growing interest in observability and what do organisations need to know?

Infinite possibilities, unprecedented complexity

The rapid adoption of software-as-a-service (SaaS), cloud and hybrid working over the past five years has scattered users, devices and applications across locations. But by creating infinite connectivity possibilities, this shift has also created unprecedented complexity and made it increasingly challenging to monitor the full IT stack.

The use of monitoring toolkits for day-to-day operations has also grown over the past decade. **The average IT team now uses 10-30 tools for applications, network infrastructures and cloud environments, while 8% use 21-30**.

Thomas Rowley
Chief Technologist – Networking and Connectivity

Having so many independent tools across multiple IT teams creates two challenges:

1 A poor environment for team collaboration. Individuals feel the need to 'prove their innocence' when it comes to the technology that falls under their remit.

2 Too many sources of truth from varying monitoring tools. This makes it difficult to understand the true state of an environment, particularly when different tools report conflicting data.

Embrace observability to stay ahead

Observability allows organisations to view their IT environments as entire ecosystems of technologies, so they can identify interdependencies and troubleshoot complex systems efficiently.

These solutions take a holistic approach, gathering metrics, events, logs and traces from everywhere in an environment, covering workspace, applications and connectivity to infrastructure and networking. They then uncover patterns, trends and insights into performance, resilience and the user experience. So, IT teams can proactively detect and address issues, often before they can cause any problems.

To fully benefit, organisations need to first remove the noise by consolidating their monitoring toolkits and centralising the view across the function. They can then harness the power of observability solutions to observe and improve what organisations really care about: visibility, operational efficiency and the user experience. All of which are crucial to staying ahead.

Why go wireless first?

In Softcat's 2024 customer experience survey (CES), 31% of respondents selected networking and connectivity as a technology priority, and Gartner expects spending on wireless specifically to increase by over 85% globally between 2023 and 2028.

The shift to hybrid and modern working environments is a big part of the 'why'. Collaboration software like Microsoft Teams, Zoom and Slack have surged in popularity, causing devices to consume more data than ever. As a result, the need for reliable, pervasive and secure connectivity has soared.

What we're seeing in the world of wireless

Many organisations have responded by adopting a wireless-first strategy, typically covering traditional wireless, private 5G and, increasingly, point-to-point wireless. Here's what we're seeing in each area.

Traditional wireless

Innovations are transforming how these solutions are used. For example, on university campuses, location services are helping students get from dorm room to lecture hall, while IoT sensors are monitoring and improving energy consumption across buildings. New wireless standards are also emerging, with the aim of providing high-speed networks that can support large numbers of roaming devices simultaneously.

Private 5G

We're seeing lots of interest here too, particularly among large industrial firms that require low latency, high-speed networking and the ability to connect many devices over a vast area (think utilities and manufacturing). Private 5G isn't replacing traditional wireless here, but complementing it, by transporting time-sensitive, mission-critical and secure traffic. We're likely to see its role increase as operational technology (OT) and IT continue to collide.

Point-to-point wireless

These solutions can range from connecting buildings on campus to creating a fixed wireless access (FWA) link for a temporary site. They're particularly helpful for controlling costs and allowing organisations to deploy wireless faster, over a more flexible network.

A strategic necessity

To sum up, a wireless-first strategy can:

- Improve user experience and workforce productivity.
- Save money by reducing the footprint of wired networks.
- Drive value by using wireless technology for more than just connectivity.

So, exploring this approach is becoming a strategic necessity for organisations to keep pace with innovation, keep their customers happy and improve efficiency.

Connectivity is key

Softcat's 2024 customer experience survey (CES) found that 31% of customers have networking and connectivity as a technology priority for the next 12 months.

This reflects the soaring demand for robust and reliable connectivity as more organisations adopt cloud services, SaaS applications and hybrid working. Diverse and resilient connectivity architecture will be key to giving users a positive experience on a high-performing, reliable network.

The connectivity 'glue'

We're seeing organisations move from a virtual private LAN service (VPLS) and MPLS-based Wide Area Networks (WANs) to adopting a direct internet access (DIA) connectivity approach.

This provides organisations with a dedicated high-speed internet connection, consistent performance and low latency when accessing internet-based resources like public cloud environments. But despite its benefits, DIA provides limited visibility and control over WAN and internet-bound traffic. So, many organisations are combining it with software-defined wide area networking (SD-WAN).

SD-WAN acts as a glue between all types of connectivity by dynamically routing traffic via the option that will perform best. This gives IT teams visibility and control by allowing them to enforce their quality of service (QoS) policies on WAN traffic. It also means that SaaS, cloud-based and remote working apps perform optimally and that organisations can be agile in adopting different kinds of connectivity.

Connectivity on the move

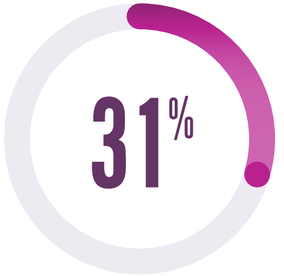
Connectivity requirements are also expanding as employees increasingly work from anywhere and organisations innovate by connecting the previously unconnected and implementing IoT.

This has increased the use of public 5G and satellite-based connectivity as primary and backup solutions. These boost resilience for a relatively low cost and can be deployed faster than traditional wired solutions. They're also helpful for creating temporary connections (for example, on building sites) and connecting vehicles like ambulances to the internet.

What's next?

We expect demand to keep rising as devices need more data from content-rich applications, IT teams adopt more SaaS and cloud-based apps and organisations strive to use connectivity for innovation.

As connectivity becomes increasingly business-critical, organisations should adopt a connectivity strategy focused on resilience, adaptability and diversity while using SD-WAN technology to provide centralised visibility and control to 'glue' all forms of connectivity together.



of customers have networking and connectivity as a technology priority for the next 12 months

Workspace

“Creating and maintaining a highly efficient, productive, and resilient user experience that works from home, the workplace, and anywhere in between is a top-level priority for the majority of organisations.

Grappling with application, OS, and device lifecycles is just the start, with almost a quarter of our customers reporting that they are struggling with poor helpdesk offerings, outdated ITSM tools, and a desperate need for more effective service automation.”

Adam Harding
Head of OCTO

Exploring GenAI in workspace

Softcat's 2024 Customer Experience Survey (CES) results reveal a clear trend: AI is rapidly becoming a major focus for our customers. 24% of customers identified it as a top three technological priority for the next 12 months. Many particularly emphasise the need to integrate Generative AI (GenAI) into their operations.

Achieving this goal may seem daunting due to the complexity and costs involved. However, starting with small, impactful use cases can pave the way for adopting GenAI more broadly.

These use cases can be hard to find. But in our experience, they often emerge in areas like automation, data management and workspace improvements.

Better contact centres

GenAI in the workspace can quickly reveal its value, which then provides a strong case for more investment.

Take the benefits of GenAI-powered contact centre solutions. These use large language models (LLMs) to offer features that empower agents to interact more effectively with customers.

These features can also improve back-office functions such as quality control. So you can focus more on reviewing calls that resulted in suboptimal interactions or where an agent may have deviated from protocol.

The result? Substantially happier customers and more efficient, lower-cost operations.

In workspace, we also see GenAI technologies like Microsoft Copilot becoming increasingly prevalent. These virtual assistants make employees more productive and creative by, among other things, improving virtual meetings, conducting research and analysing data.

Empowering end users

As organisations look to harness GenAI in their workspaces, it's critical that they derive tangible business value from these technologies.

That means having well-governed, high-quality data to power GenAI capabilities.

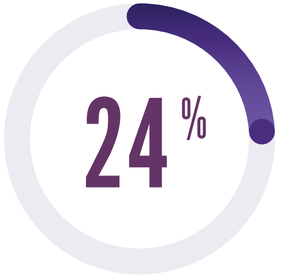
Equally importantly, but often overlooked, it means end users having the desire and ability to use these new technologies effectively. Only then can GenAI make a significant impact on daily workflows and contribute to organisational success.

A bright future

Looking ahead, the future of GenAI in the workspace is bright. We can expect even more sophisticated tools that seamlessly integrate with our daily tasks, blurring the lines between human and machine intelligence still further.

To stay competitive and drive innovation, organisations should stay agile – continuously exploring and adopting new GenAI capabilities.

Jack Lewis
Chief Technologist – Workspace



of customers identified AI as a top three technological priority for the next 12 months

Modernising effective workspace delivery

In Softcat's 2024 customer experience survey (CES), 33% of customers had end user devices and computing as a technology priority. This made it the most popular sub-category within Workspace – highlighting a strong desire to improve how end users access desktops, applications and business data.

From VDI to cloud-based MDM

The world of end-user computing has seen significant changes. Virtual desktop infrastructure, or VDI, used to be the default solution for every problem. Today, organisations are transitioning to using VDI where it fits best, often as a supplementary technology to cater for specific use cases.

Instead, there's a growing trend towards premium client devices (mostly laptops) managed by cloud-based mobile-device management (MDM) tools and, where suitable, locally installed apps. Apple Mac and Google Chromebook devices are becoming popular, often supplemented by VDI technologies like Azure Virtual Desktop (AVD) to bridge any gaps in app compatibility.

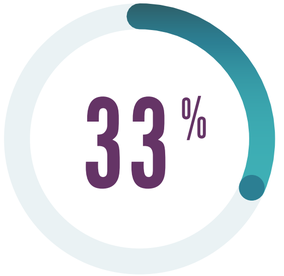
We're also seeing new AI-on-device capabilities energising the client device market. That means organisations now need to consider whether their hardware has a powerful enough neural processing unit (NPU) to handle AI models locally, complementing the consumption of GenAI-powered products and services from cloud providers. Crucially, the NPU can enhance client device performance and battery life while enhancing user experience.

Balancing innovation and control

Regardless of how organisations decide to modernise their end-user computing, the goal remains the same: making users more productive while giving them a better digital experience. Other benefits include easier management, a lower total cost of ownership and better support for off-network devices. But achieving these outcomes often means relinquishing some control.

Organisations need to strike the right balance between innovation (enabling users to be productive) and control (protecting the estate from advanced cyber-attacks).

Properly integrating workspace and security tools, sharing information and automating tasks is the game-changer here. It allows organisations to deliver a more modern, effective workspace – resulting in happier, more productive employees and the agility to keep pace with change.



of customers had end user devices and computing as a technology priority

Breaking down silos with enterprise service management

Traditional IT service management (ITSM) is still popular: 32% of respondents in Softcat's 2024 customer experience survey (CES) chose it as a technology priority. But we're increasingly seeing organisations look beyond ITSM to adopt enterprise service management (ESM).

So why is ESM gaining such traction?

From siloed services to a single platform

Historically, departments in an organisation have run their services independently, using separate systems that rarely communicate with one another. This siloed approach can lead to confusion and make delivering services slower and less efficient.

ESM can help overcome this by using a single service management platform that's customised for different departments and functions. And as our CES showed, many businesses want to use their existing ITSM platforms – like ServiceNow or Halo – to do this.

Taking a unified and consistent ESM approach brings big benefits:

A better user experience

Giving users a single point of contact for all their service needs makes it easier to access self-service portals, chatbots or virtual assistants. No more switching between channels.

Less cost and complexity

ESM eliminates duplication of effort across the organisation, making it simpler to integrate and orchestrate services. It also allows organisations to reuse existing ITSM assets, like workflows, templates or catalogues.

More productivity and agility

Automating and standardising the delivery of services reduces manual tasks and errors, leading to faster, higher-quality outcomes.
And providing a fuller picture of how services are performing allows organisations to make data-driven decisions.

A connected, efficient and agile future

As ESM keeps improving and organisations keep adopting it, it'll transform workspaces. More advanced, AI-driven tools and integration with emerging technologies will lead to more efficiency and innovation in how organisations manage their services.

For organisations considering moving to ESM, it's essential to focus on data governance and user engagement to realise its potential. This means shifting to a culture that encourages collaboration and self-service, as well as adopting new technologies.

ESM is already forging more connected, efficient and agile workplaces. As innovation continues at pace, its influence will likely increase and organisations will reap even bigger rewards.

Strategic Business Priorities

"In a dynamic business landscape, the importance of circular IT, the increased activities associated with mergers and acquisitions, the accelerated agility and priority now given to governance, risk, and compliance (GRC), are becoming key drivers for many organisations to change the way they strategically operate and evolve.

Embracing the circular modes of technology with continued agility is crucial for organisations to adapt swiftly, improve resilience and deliver value with measurable and quantifiable improvements.

Effective GRC practices continue to be vital in the expanding legislative landscape, ensuring that organisations meet regulatory obligations, safeguard their assets, and maintain long-term sustainability. Meanwhile, the role of IT in M&A is increasingly critical, as technology integration and data management are key to unlocking the full potential of these transactions."

Dean Gardner
Technology Director

"The IT landscape continues to move rapidly, with many strategic priorities requiring focus, attention, and investment. While each requires independent consideration, they are interlinked, requiring us to focus on impact and optimisation to drive sustainable transformation.

In the past year, sustainability has gained importance across the industry - reflected in general thinking, tenders, projects, product selection, and supply chain reviews. Embracing this allows us to generate impact on multiple levels."

Al Wynn
Business Transformation Director

How to tackle emissions in IT

In Softcat's 2024 customer experience survey (CES), 19% of organisations identified sustainability as a top strategic priority.

You could argue that this percentage should be higher, considering that measuring emissions is becoming an increasingly important part of the journey towards net zero.

Understand the 'as-is'

The first step is to establish clear baselines for emissions. Without these, it can be difficult to assess the impact of any changes or investments in reducing them. Suppliers should also use this data to make sure the solutions they offer contribute to reducing emissions in line with the sustainability goals of their clients.

The same baselines will soon be helpful during procurement processes, where new EU regulations on carbon emissions and energy usage will create demand for comparable sustainability data. That means procurement teams will increasingly ask suppliers to provide data comparing emissions from current and proposed solutions.

Long-term managed contracts will likely need to include carbon reduction strategies, too. This marks the rise of 'Sustainability as a Service', where reducing emissions becomes an integral part of business services.

It pays to start small

For businesses looking to begin their sustainability journey, starting small is often the most effective approach. A phased assessment, starting with workspace equipment and gradually moving to servers, storage and networking, can provide valuable insights without overwhelming resources. Gathering data from cloud and SaaS providers can further support these efforts. Advanced phases can even focus on breaking down emissions by region, department or service level.

By taking these steps, organisations can gain a comprehensive understanding of their IT emissions and make informed decisions – particularly around what they're buying and why. This will allow them to unlock extra value from their suppliers, all while aligning with future standards around sustainability.

John Gladstone
Sustainability Lead

Closing the circle: How to adopt circular practices in IT

The concept of a circular economy in IT – in which teams reuse, repair, remanufacture and recycle as much as possible – isn't new. But it's recently gained mainstream attention as organisations increasingly focus on sustainable practices.

This is particularly relevant as 44% of respondents in Softcat's 2024 customer experience survey (CES), selected technology sourcing and procurement as a strategic priority, which means considering what actions to take with the technology that is being replaced.

As a result, many companies are now rethinking how they retire their end-of-use (EoU) or end-of-life (EoL) IT equipment. Some opt for trade-ins or buybacks, returning value to the business, while others choose to donate their equipment for social good.

Remember regulation when retiring equipment

Which option they choose, all organisations should adhere to the Waste Electrical and Electronic Equipment (WEEE) regulations by partnering with certified or local disposal services. Yet despite the growing importance of sustainability, many still fail to implement the necessary policies set by regulations for managing those EoL and EoU assets.

Organisations should focus on creating clear processes for retiring equipment while considering environmentally friendly disposal techniques, such as bioleaching, to reduce their impact.

In the coming months, we expect more organisations to embrace refurbished and remanufactured hardware as part of their procurement strategies. The desire to reduce emissions is largely driving this shift, along with the growing availability of refurbished equipment that comes with warranties equivalent to new products.

While circular hardware may not always be the ideal choice, it can offer a reliable, cost-effective solution in many cases.

Two keys to success in circular IT

To successfully adopt circular IT practices, organisations should focus on two main areas:

1. **Procurement:** Evaluate whether a circular product can meet the business' needs and choose refurbished or remanufactured hardware when possible.
2. **EoL/EoU strategy:** Make sure there's a refresh strategy in place for all hardware, detailing how IT teams will retire and dispose of equipment efficiently and consistently.

Incorporating circular hardware across the IT estate offers not only environmental benefits. It also brings significant cost savings, making it a smart strategy for businesses looking to become more efficient as well as more sustainable.

Process over technology: Achieving real change through agility

Like most new technologies, artificial intelligence (AI) brings an opportunity to change how we work for the better which was a strong driver behind it being selected as a technology priority by 38% of customers in Softcat's 2024 customer experience survey (CES). But, like all changes within an organisation, implementing AI is complex, time-consuming and requires a large investment.

That's because of technical and process debt: the potential long-term cost of any decisions you make to achieve your short-term goals.

But it's not technology that provides the solution to this problem. It's the process.

Real change comes from agility

Far too often, when rolling out technological changes, organisations focus only on the technology. This can lead to great outcomes, like preventing technology debt and reducing complexity. But in reality, these should be part of business as usual.

Real change comes from agility, which comes from being ready for change. And that's all about the process.

Think big, deliver small

Having a vision or a goal to aim for is a good thing. It wins the hearts and minds of those involved and helps them to understand the 'what' and 'why'.

But when you're looking at adjusting processes, or adopting new ways of working to achieve change, it's important to focus on smaller, more measurable changes. That's ones you can deliver quickly, as well as consecutively or concurrently where appropriate.

Don't run before you can walk

Implementing AI is a great example of this. Rather than getting caught up in the hype and trying to achieve a complete digital transformation through AI, it's better to focus on achievable, measurable and bitesize use cases. You can then build a mature process that outlines the steps for each use case while also managing governance, risk and compliance effectively.

Taking these clear steps can stop you from making technical mistakes. As you deliver more use cases, your process will mature further, giving you even more value from your AI investments. And as your organisation becomes more resilient to change, you'll receive less stakeholder pushback and be able to deliver value sooner.

James Seaman
Head of Advisory Services

of respondents in Softcat's 2024 customer experience survey (CES) selected AI as a technology priority

Why governance, risk and compliance is central to business success

With legislative demands growing, it's not surprising that governance, risk and compliance (GRC) ranked as the fourth-highest strategic concern in our 2024 customer experience survey (selected by 40% of customers). But GRC is much more than a compliance function. It's an enabler in an organisation's strategy – helping to protect its assets and boost innovation while keeping it running and sustainable in the long term.

An expanding legislative landscape

Current regulations include:

- The UK's Data Protection Act and the EU's General Data Protection Regulation (GDPR) – to protect data and privacy protection
- The EU's Digital Operational Resilience Act (DORA) and Network Information Security 2 (NIS2) Directive and the UK's Telecommunications Security Act (TSA) – to maintain continuity and mitigate cyber risk.

These regulations require organisations to assess and document the Impact Tolerance on critical services, manage third-party risks, strengthen risk structures and demonstrate continuous compliance.

The magic of risk management

Managing risk effectively drives transformation in organisations and makes them more efficient.

Organisations should establish from service owners how much risk they can tolerate, prioritise operations, reduce overheads, and focus on key initiatives.

With businesses relying on more external partners and suppliers, managing third-party and supply-chain risk is essential. Since GDPR (2016), organisations must ensure due diligence and monitor external partners and suppliers. Effective third-party risk management ensures that these relationships don't introduce vulnerabilities into the organisation's ecosystem.

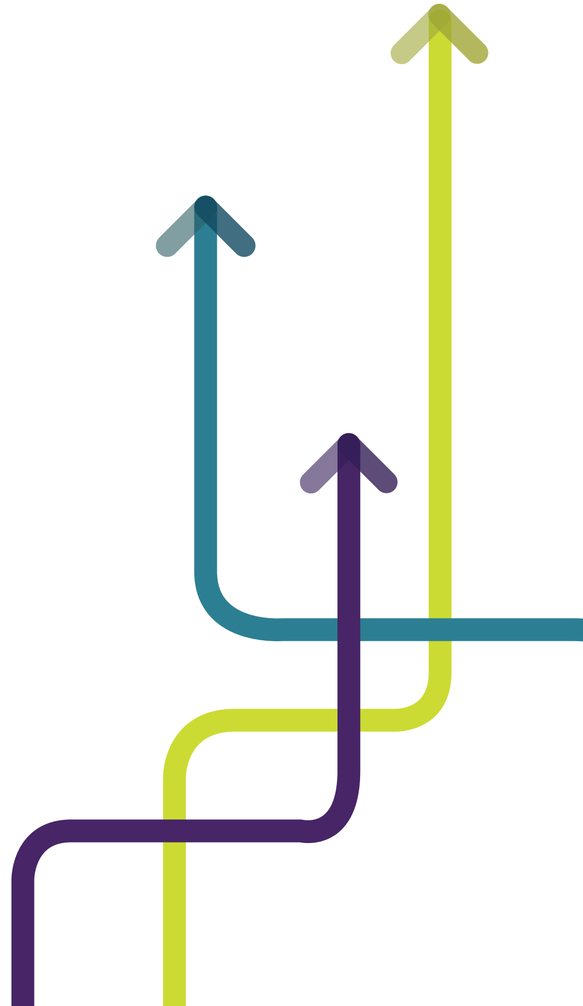
Integrating AI and ESG to strengthen GRC frameworks

By spotting real-time patterns, anomalies and threats, AI can help organisations normalise data and predict and mitigate risk proactively. Increasing numbers are also using AI to streamline audit trails, automate compliance checks and manage cyber security risks.

Meanwhile, regulators, investors and consumers are demanding sustainable operations. For example, the EU's Sustainable Finance Disclosure Regulation (SFDR) and the UK's Task Force on Climate-Related Financial Disclosures (TCFD) require organisations to disclose their environmental and sustainability risks.

So, integrating ESG into GRC frameworks assists with meeting regulatory obligations while encouraging ethical governance and mitigation of risks. In doing so, it helps to protect reputations and maintain sustainability and resilience in the long term.

Abi Dakin
Governance, Risk and Compliance Lead



The role of IT in navigating mergers and acquisitions

Mergers, acquisitions and divestments are on the rise in the UK as organisations strive to create more value. Softcat's 2024 customer experience survey (CES) reflected this trend, with customers calling out mergers and acquisitions (M&A) several times.

Reasons for this include:

1. Brexit and the COVID-19 pandemic created market uncertainty and volatility, presenting opportunities to consolidate and restructure.
2. Businesses are looking to digitally transform and innovate faster to gain a competitive edge and meet customer expectations.
3. Rising interest rates have limited growth, prompting companies to pursue M&A as a quick way to meet shareholder expectations. This has increased the value and complexity of deals, necessitating digital transformation during post-deal integration.
4. There's a perception that UK companies are undervalued compared to US counterparts, leading to bids above share valuations as investors see potential for appreciation.
5. Cost of living increases have altered household buying behaviours, straining revenue in certain industries. This has created market consolidation opportunities.

Complex IT challenges

Mergers and acquisitions require organisations to integrate or separate systems, data, processes and people. Often, budgets don't cover these needs, forcing IT departments to realign resources at a cost to wider IT services. (In Softcat's 2024 CES, 54% of customers selected cost control and budgeting as a strategic priority.)

On top of this, we see organisations struggle to:

- Align their technology strategy and vision with the business objectives and culture of the merged or divested entities.
- Manage the complexity and risk of data migration, security, compliance and governance.
- Rationalise, modernise and standardise applications, platforms and infrastructure to improve technology portfolios and architectures.
- Integrate or separate technology within agreed timelines and budgets while keeping operations running and minimising disruption.
- Build skills in technology teams by attracting, retaining and developing talent, and by calling upon external partners and vendors.

The solution: planning, execution and management

Organisations should involve IT in the M&A process from the beginning, and make sure the team have the time, resources and skills to support the process effectively.

By doing so, they are more likely to unlock the full value of an M&A and achieve their technology transformation goals.

Andy Lamb
Chief Strategist and Advisory Lead – Corporate

Corporate Verticals

“Over the past year, technological advancements have once again transformed our corporate sectors. In particular, the Financial Services industry has faced increasing regulatory pressures, prompting innovations in compliance and automation.

The Retail sector has adopted AI to prevent losses and optimise inventory management, while Independent Software Vendors (ISVs) have leveraged AI and machine learning to drive software innovation. Staying adaptable to these rapid changes is crucial for maintaining a competitive edge.”

Tim Jeans
Enterprise Sales Director

“In recent years, strategic procurement has become the dominant discussion point for many enterprise organisations, surpassing cloud, security, data, and maybe even AI. Organisations seek value but need a trustworthy partner to deliver it transparently.

This emphasis on trust and transparency has been heightened by the increased complexity of emerging routes to market, with new marketplaces potentially becoming a hindrance rather than a vehicle for greater cost, risk, and time savings.”

Adam Fraser
Corporate Sales Director

The science of selecting resellers for enterprise organisations

Over the past decade, the reseller marketplace has undergone profound changes driven by the escalating demands of enterprise organisations and the evolving dynamics within the reseller community.

Enterprise organisations are now grappling with:

- More scrutiny of costs – in Softcat's 2024 customer experience survey (CES), 62% of large and complex organisations selected cost control and budgeting as a strategic priority. That's compared with the survey average of 54%.
- Supply chain complexity – navigating a volatile geopolitical landscape requires more sophisticated supply chain management.
- High-volume tech procurements – 52% of large and complex customers selected technology sourcing and procurement as a priority in our CES, compared with the survey average of 44%. Managing large-scale technology acquisitions demands stringent supplier governance and compliance.

The reseller landscape is evolving due to:

- Rising competition – the dominance of tier 1 aggregate-scale resellers (which concentrate customer spend on a single supplier and use their scale as buying power) has intensified the competitive environment.
- Channel disruption – new opportunities and threats are emerging from alternative channels like marketplaces and direct-from-manufacturer options.
- Expanded offerings – resellers are broadening their fulfilment and services to stay relevant.

The principles of a successful partnership

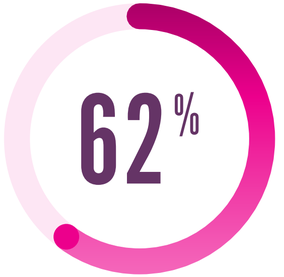
Given the important role of resellers, it's not surprising reseller strategy has become integral to the IT and procurement goals of large organisations. Yet they often overlook the complexities involved in selecting and contracting with resellers.

When many resellers appear similar on the surface, it's tempting to choose based on price alone, or to use leverage strategies to get the best price and value. But complex enterprise environments demand sophisticated solutions, delivered by expert account teams and specialists.

The real challenge is to balance commercial outcomes with guaranteed value from your reseller relationships. That means establishing a set of guiding principles that align with both the reseller's operating model and the organisation's stakeholder needs.

These principles need tailoring to the organisation, and everyone involved in choosing resellers must agree on them. But two principles are universal: **transparency and trust**. And while these may be difficult to achieve, they're essential for a genuine, mutually beneficial partnership in the long term.

Benjamin Willis-Brown
Enterprise Sales Specialist



of large and complex organisations selected cost control and budgeting as a strategic priority

of large and complex customers selected technology sourcing and procurement as a priority

Strategic procurement: Navigating purchasing channels in enterprise IT

Today's enterprise IT and procurement teams are inundated with purchasing channels, from resellers and direct manufacturer engagements to public cloud marketplaces – particularly when buying SaaS products. So one of the biggest challenges they face is working out the best channels to use.

Softcat's 2024 customer experience survey reflected these difficulties. Over half (52%) of large and complex organisations selected technology sourcing and procurement as a strategic priority, compared with the survey average of 44%.

Developing segmentation strategies and deciding whether to buy from manufacturers or through resellers is essential to navigate this complexity. The approach makes IT operations more efficient while also giving teams more control and visibility over their spend, creating economies of scale and mitigating risks.

Choice brings challenges

The vast array of technologies and suppliers available can create significant challenges for buyers.

These include:

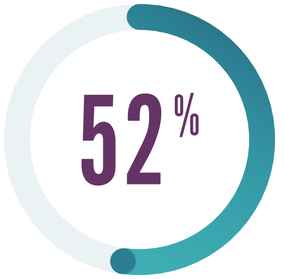
- Deciding whether to buy directly from manufacturers or through resellers.
- Communicating purchasing strategies to IT and procurement teams effectively.
- Determining the most strategic point at which to involve a reseller (before or after choosing a product).

The best solution accommodates all scenarios

Resellers can often access preferential pricing thanks to their accreditations and partnerships with leading tech companies. They also possess valuable technical benchmarking data that can help organisations make informed decisions. And their insights into industry trends can help buyers to avoid costly mistakes. The net benefit is that enterprises acquire the right technology at the right price.

However, it's impossible to predict the ideal purchasing route for every vendor or transaction. That's why the emerging best practice is for resellers and enterprises to co-design operating models and processes that accommodate all scenarios. The main processes to consider include managing renewals, benchmarking large purchases and managing tail-end spend.

This flexibility allows IT buyers to select the best route for each purchase with minimal disruption and rapid guidance from their preferred supplier base.



of large and complex customers selected technology sourcing and procurement as a priority

How financial services can embrace regulatory pressures

How can financial services firms meet the growing demands for operational resilience?

That's the question facing many as they grapple with regulatory pressures, including the EU's Digital Operational Resilience Act (DORA) and the UK's Financial Services and Markets Act (FSMA) 2023. Softcat's 2024 customer experience survey (CES) reflected the challenge: 40% of respondents in the sector selected governance, risk and compliance as a strategic priority.

Abi Dakin
Governance, Risk and Compliance Lead

The new regulations aim to make sure financial institutions can withstand and recover from disruption, safeguarding customers and the economy from instability. By complying, firms will also safeguard reputation, performance and competitive advantage. But several factors can make achieving this level of resilience a challenge.

Maturity gaps

There are significant disparities in maturity across the financial sector, with insurers and brokers struggling to modernise. Firms must also maintain their existing compliance activities (such as fraud prevention and anti-money laundering) throughout any modernisation programme, while managing ongoing compliance activities. This adds layers of complexity.

Third-party risk management

Both DORA and FSMA place heavy emphasis on managing the risks from third-party ICT providers. With the rise in supply chain cyber breaches, firms need visibility and risk mitigation throughout to prevent external threats from undermining Operational Resilience.

Impact tolerances and scenario testing

Regulations require firms to define Impact Tolerances for critical services and carry out rigorous scenario testing. These measures are vital in preparing effective recovery strategies and managing risk.

Legacy systems and transformation

Modernising legacy infrastructure remains a pressing challenge. Regulatory demands for more digital resilience are pushing firms to update obsolete systems without introducing new vulnerabilities. This makes transformation efforts both urgent and complex.

How to overcome these challenges

1 **Enhance your resilience capabilities**
Prioritise investments in technologies that improve monitoring, incident response and recovery.

2 **Don't leave it too late**
DORA applies from January 2025, so now's the time to prepare.

3 **Continuous improvement**
Regularly review resilience strategies to adapt to emerging risks and evolving regulatory landscapes.

Operational Resilience is now a regulatory imperative. We must focus on strengthening risk mitigation with particular attention to third-party risk management and enterprise modernisation.

Harnessing AI for retail loss prevention

In Softcat's 2024 customer experience survey (CES), 35% and 34% of retail and wholesale organisations saw automation and artificial intelligence as technology priorities respectively. But with a vast array of opportunities for applying AI, finding one with the potential to deliver a high ROI can be tricky.

One area gaining momentum is using AI for retail loss prevention (inventory, cash or assets). AI allows retailers to improve profits and become more efficient without having to combine data from multiple sources first. As a result, advances in AI, data integration and system integration have become key tools in improving loss prevention. That's in front-office retail spaces as well as in back office and warehousing.

Andy Lamb
Chief Strategist and Advisory Lead – Corporate

Prevention is better than cure

Retailers are using AI for loss prevention in two key areas:

1 Predictive analytics

Analysing historical data and identifying patterns helps them to forecast potential thefts and fraud. It can also identify high-risk periods and locations, so retailers can proactively reduce vulnerabilities.

2 Real-time monitoring

Intelligent, AI-powered surveillance systems can monitor stores – detecting suspicious behaviour and notifying store employees instantly with supporting footage. This can significantly reduce response times and allows retailers to handle incidents before they escalate.

Both approaches can also drive sales by directing staff to customers who may be looking for support, leading to a better experience and higher conversion rates.

A strategic must

AI also equips retailers to manage their inventory more accurately and efficiently. It can identify any discrepancies between recorded and actual stock throughout the supply chain. It can also use patterns to spot where the actual number of items doesn't tally with what's recorded – allowing retailers to carry out more targeted investigations.

So, using AI for retail loss prevention isn't just a technology upgrade; it's a strategic must. By adopting these technologies, retailers can cut losses, become more efficient and boost the bottom line. This is particularly relevant given that 57% of retailers and wholesalers selected cost control and budgeting as a strategic priority in the CES.

As the industry evolves, embracing these innovations will be central to staying competitive and protecting assets.

The biggest vendors you've never heard of

Building a software company used to be an exciting but daunting proposition. First, you had to come up with a brilliant idea customers would be willing to pay for. Then you had to buy and secure all your infrastructure and find people to maintain and scale it, as well as to sell the software.

These barriers to entry stifled customer choice by limiting the number of enterprise-grade providers in the market. That's why most organisations with above 350 users use a broadly predictable mix of vendors across their technology estate.

Hyperscalers have changed everything

By selling enterprise-grade storage and software tools on consumption-based models, hyperscale providers lowered the barriers to entry overnight.

We can now expect a surge of independent software vendors (ISVs) born in the cloud. All with the ability to scale at will and fuelled by private equity and consumption-based purchase models.

This will be good news for those organisations that have technology sourcing and procurement as a big focus. (It was the second highest strategic priority in Softcat's 2024 customer experience survey.)

It could also disrupt established vendors who aren't as agile as their smaller, cloud-native counterparts. If these larger companies adapt – by making it easier to buy their solutions via cloud marketplaces and offering a variety of flexible purchase models – they're unlikely to be completely displaced. Leave it too late, though, and in 3-5 years, technology stacks may well consist of vendors most people haven't even heard of today.

Imitate to grow

Arguably, the most intriguing outcome of this shift is the growth in non-tech businesses creating and selling their own software solution by emulating the approach of their suppliers. How? By using their expertise, customer data and no/low code software tools to develop software solutions they can sell into their own markets.

It's like 50 years ago, when audit firms created consultancy arms to capture more of their customers' spending. Today, auditing is seen as a loss leader, and consultancy is the focus.

What's the big takeaway?

The way organisations are buying technology, who's creating it and the number of options available looks like it's about to change drastically. And buyers will benefit.

Cameron Turner
ITSP Sales Manager

Public Sector

“We are seeing changes and new challenges in technology, especially in foundational work, cost management, and cyber security. There is a push to establish solid foundations despite the fast-paced market.

Public sector organisations are focusing on optimisation, rationalisation, and IT cost control through consolidation. While the rise in high-profile cyber-attacks has increased the need for robust security measures. Balancing core IT improvements with transformation is crucial for the future of public sector services.”

Adam Rice
Public Sector
Sales Director

Financial and technological stability in higher education

Higher education institutes in the UK are grappling with several fundamental challenges, such as staying financially sustainable and integrating new technologies.

Rising operational costs and the need to maintain high standards are putting them under significant financial pressure. They're reliant on research grants and tuition fees, especially from international students. And while technological advances can make institutes more efficient and effective, it takes substantial investment and training to integrate them into teaching and research.

Rachel Clay
Head of Education

Technology priorities in higher education

In our 2024 customer excellence survey (CES), higher education institutes identified three main technology priorities:

- **Cyber Security (79%)**
- **Artificial Intelligence (50%)**
- **Automation (43%)**

As addressing these areas is crucial to financial and technological stability, we suggest that institutes:

1. Find cyber security solutions that address their unique needs and safeguard sensitive data. To prevent fines, these should also keep organisations compliant with regulation.
2. Implement AI-driven tools like personalised learning platforms and intelligent tutoring systems. These can improve the learning experience without significantly increasing operational costs.
1. 2. Use automation to streamline administrative tasks such as enrolment, scheduling and grading. This will reduce operational costs and allow organisations to reallocate time to academic excellence.

Facing the future

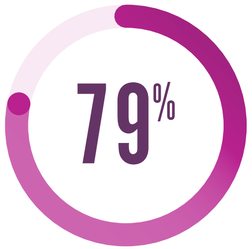
Higher education institutes also need to adapt their strategies to reflect the evolving nature of the challenges they face. According to our CES, their top strategic priorities over the coming year are:

- **Cost control and budgeting (68%)**
- **Understanding and improving processes (51%)**
- **Technology sourcing and procurement (47%)**

To achieve these priorities, they could:

1. Gain a complete view of their IT estate. This will identify areas where they could use more cost-effective solutions, use their resources more efficiently and investigate flexible pricing models.
2. Look into solutions for streamlining administrative and academic processes, so the organisation is more efficient and can get great results.
3. Consider partnering with technology suppliers and using consultancy services to make more informed decisions about where to invest.

By focusing on these areas, higher education institutes in the UK can navigate their challenges while seizing opportunities for innovation and growth. So they can stay at the forefront of global higher education.



Cyber Security

Artificial Intelligence

Automation

Curbing costs and cyber threats in healthcare and local Government

NHS and local government organisations have continued to feel the pinch over the past 12 months. Rising demand and cost pressures are outweighing funding for local government and NHS finances are increasingly under the spotlight. **Of 42 health systems in England, 31 now have a deficit plan.**

As our 2024 customer experience survey (CES) showed, these financial challenges are trickling down to IT and digital budgets. Cost control and budgeting was the top strategic priority for public sector organisations (selected by 60%). This supports a continued trend we've observed for public sector organisations looking at ways of rationalising their technology infrastructure and improving cost control in IT.

Cyber security still a critical concern

Our CES also showed that cyber security remains a critical focus, selected by 72%, making it the top technology priority. Several high-profile cyber-attacks have taken place in the past year, some successfully targeting supply chains. This disruption to critical public services, is driving boards and CEOs to view cyber threats holistically across the organisation.

Tighter budgets also increase the pressure to transform services. Our survey data showed a clear emphasis on data, automation and AI, mirroring the conversations we're having with customers. Public sector organisations are increasingly using these technologies to improve workflows, security, and user experience, as well as to utilise resources more efficiently. These investments are likely to continue throughout 2025.

The outlook for 2025

Looking ahead, we expect to see a stronger focus on organisational resilience, considering cyber threats and the importance of critical IT systems and infrastructure. We're also likely to see more aggregated approaches to technology as the new government looks for simpler, more cost-effective ways of working.

This means public sector organisations must ensure their operating models and technology are future-ready. Embracing operating models and service design approaches based around digital, data and technology will be crucial.

The drive for transformation and innovation must also align with IT strategy, by focusing on outcomes rather than just technology. And bringing boards and technology leaders closer together will strengthen the case for investments.

60% Selected cost control and budgeting as a strategic priority for public sector organisations

72% Selected cyber security, making it the top technology priority for public sector organisations

Paul Fleming
Advisory Lead – Public Sector

Summary

Over the past year, technology has evolved significantly, aligning closely with business outcomes, growth aspirations, and competitive advantages. This trend will continue as organisations innovate and enhance systems amidst budget scrutiny. They aim to ensure technology investments deliver value and improve user, consumer, and patient experiences while prioritising governance, risk, compliance, and security. Achieving this requires a strategic focus and a deep understanding of technology.

The need to define use cases for Data and AI projects is growing. AI-powered hardware, cloud platforms, and software are accelerating innovation, bringing efficiencies by reducing manual processes and integrating systems through automation and machine learning. Systems will continue to communicate and learn intelligently, necessitating defined process mapping and development capabilities to enhance these experiences.

Despite rapid technological evolution across sectors, foundational elements remain crucial. Connecting everything, securing systems, improving user experiences, and proactively monitoring performance are critical to meeting customer demands and countering threats.

Last year marked a shift in the technology landscape. Now, we are accelerating technological options and opportunities to enhance organisations. Implementing, maintaining, and improving technology while ensuring proper safeguards is a balancing act that will continue in the year ahead.

Dean Gardner
Technology Director

2025
here we come, as we embrace the technology age!

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