



Engage the core

Mid-market tech challenges report





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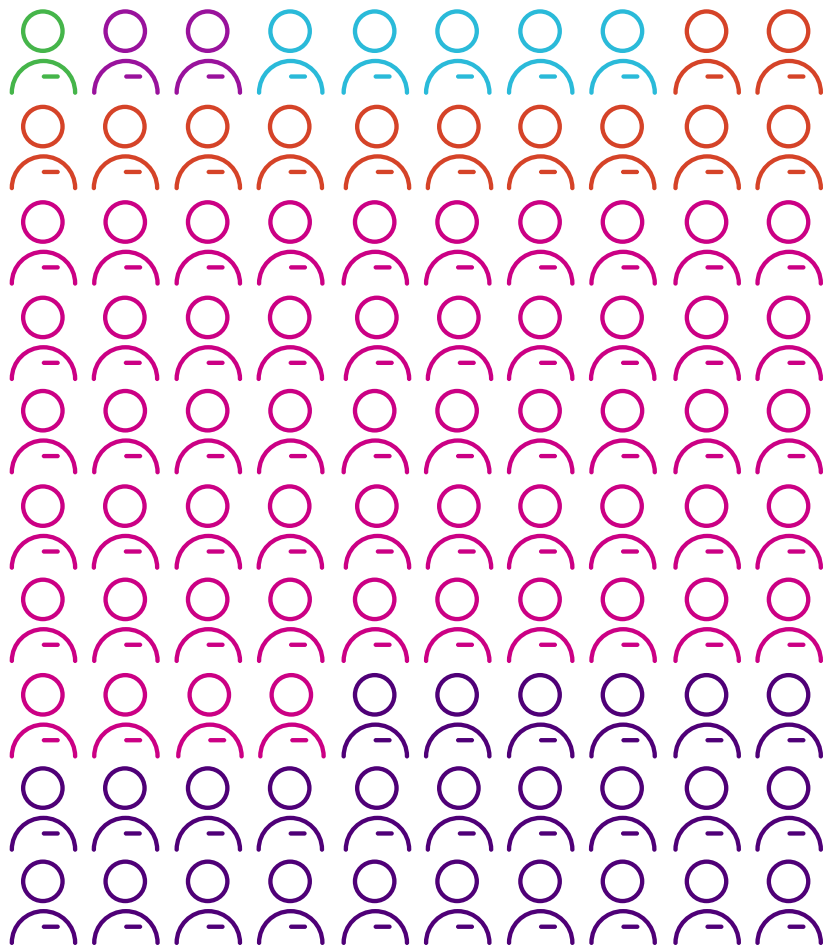
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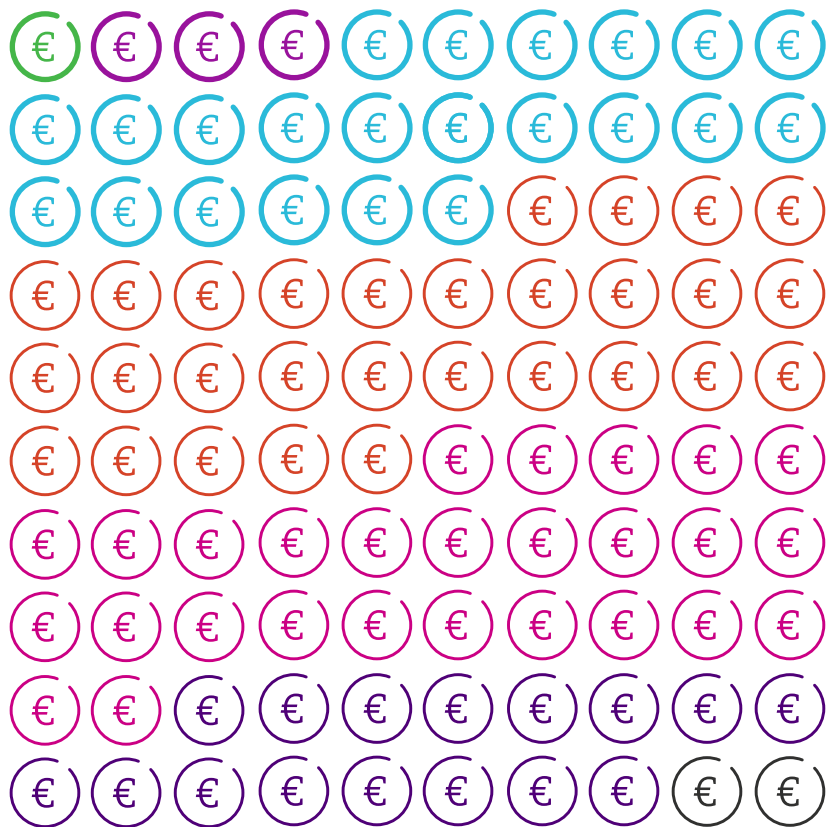
Organisation breakdown

Business size



1 - 9 employees	1%
10 - 49 employees	2%
50 - 99 employees	5%
100 - 249 employees	12%
250 - 500 employees	54%
More than 500 employees	26%

Revenues



£100,000 - £999,999	1%
£1 million - £9.99 million	3%
£10 million - £49.99 million	22%
£50 million - £99.99 million	29%
£100 million - £499.99 million	27%
£500 million or over	16%
Other	2%

Executive summary

“Cloud computing challenges the way organisations operate. The mid-market does not have the resources and budgets of enterprise yet still needs the tools and technologies to operate successfully in a digital world.

As a leader in technology services for mid-market organisations, we help clients across multiple industries and countries who face similar challenges in optimally configuring and managing the right technologies for them.

Research methodology

Independent research company
Censuswide surveyed 966 mid-market IT decision makers across the UK, Sweden, Denmark, Finland, Norway and Iceland with at least joint responsibility for purchasing software, hardware and cybersecurity software. The research aimed to uncover technology challenges holding back the mid-market.

The mid-market organisations we work for often feel like they are forced into tough choices.

- Compete for in-house IT talent against better known businesses or outsource to IT services companies?
- Invest in enterprise-level software bundles or seek ‘best of breed’ solutions that may require more support and integration?

At Advania our goal is to understand, so that we can better support the mid-market players at the core of our economies. This research report uncovers the hidden truths of the mid-market and prevents them from feeling overlooked, undervalued and encumbered.

“Our aim in working with mid-market companies is to ensure they can integrate modern technology into their organisation and scale quickly and securely at an affordable cost.”

Hege Støre,
Advania Group CEO



Business type



Privately owned	72%
Public owned	22%
Family owned	6%

Country breakdown





Cyber security: the critical

Mid-market cyber strategies are patchy

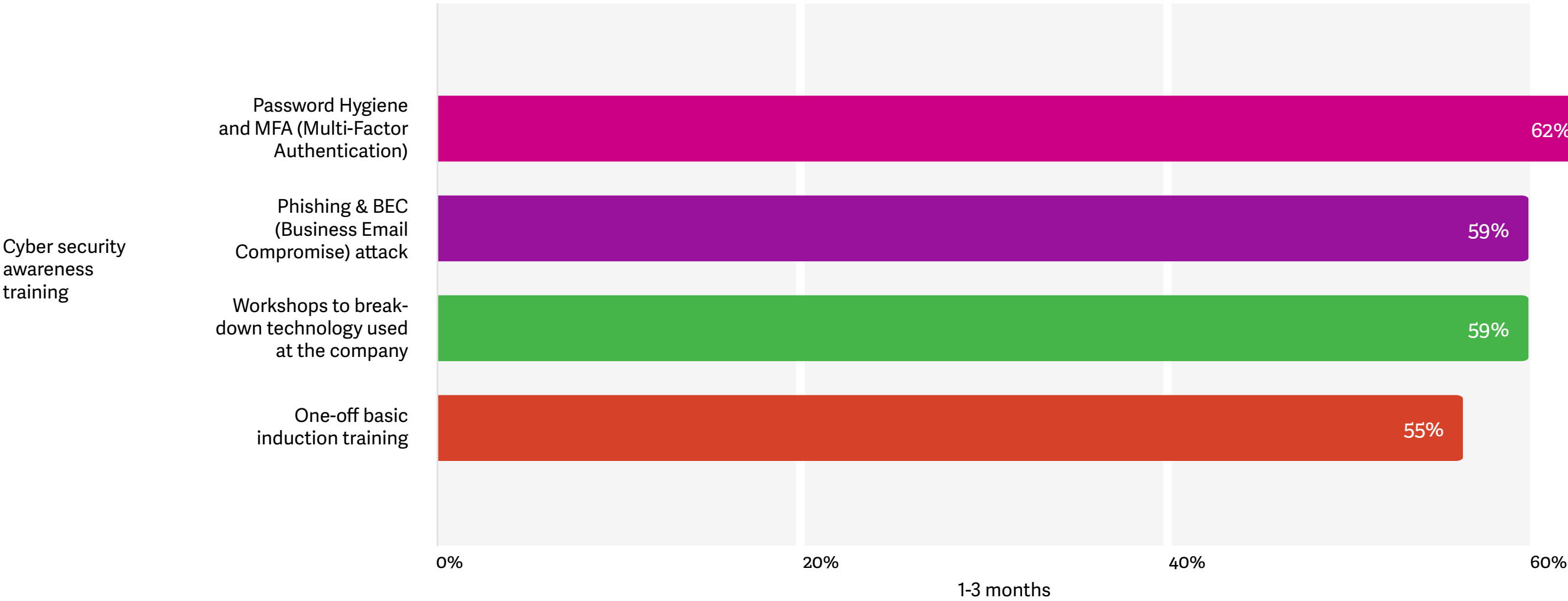
Ensuring cyber security has become a mammoth task even for the largest enterprises on the planet. Yet many mid-market organisations believe they can do it all themselves. Almost half, **47%**, develop their cyber strategies internally and have full confidence in their effectiveness. Only one in five seek advice from external experts despite how rapidly attack types and methods are evolving. This is hope over experience.

Secure in theory, not in practice

Sadly, despite an increase in high-profile cybersecurity scares, mid-size organisations do not practise what they preach. Over half, **55%**, admitted a failure to implement basic cyber security with firewalls and antivirus, while do not regularly patch. Only **37%** have an incident response plan.

These poor security practices demonstrate a lack of awareness. Some **16%** do not know how their organisation maintains its cyber security posture. A worrying **2%** admitted having no security posture at all. They are in imminent danger. They just don't know it yet.

Is cyber security awareness training every 30 to 90 days enough?



“Regularly holding cyber awareness training looks good on paper. But is it a tick box exercise or are you measurably changing behaviour and culture? Organisations should be moving away from scheduled training, in favour of ‘Point in Time’ training. Here training tech identifies mistakes as they’re made, like clicking on a phishing email, to alert and train workers immediately”

Pravesh Kara,
Director for Security and Compliance, Advania

Cyber risk: not my job

Proving cyber's return on investment (ROI) is hard. Worse, mid-market organisations wrongly assume cloud providers are liable in the event of a cyber attack.

This is an expensive lesson hotel owners recently learnt when the global travel portal they used sent customers scam 'confirmation' emails asking for financial details. Despite their complaints, affected hotels remained responsible for the compromise of their own email system.

This error is widespread. Almost half of NEMEA mid-market respondents, **43%**, believe cloud providers will cover their data recovery costs, jumping to **55%** in Denmark and **52%** in Finland and Norway.

Some **40%** of organisations believe cloud providers should refund the cost of stolen cloud compute usage, an exploit known as cryptojacking, and also pay to fix the issue. A mere **3%** realise cloud providers are not liable for their organisation's cyber issues, leaving the vast majority exposed to major unbudgeted risks.

Top mid-market cyber issues

- ◆ Emerging Cyber Threats
- ◆ IT employee turnover
- ◆ New regulations

Talent turnover: draining cyber knowledge

Aligning cyber strategy with organisational objectives becomes impossible when you can't source strong IT staff. Excessive turnover drains internal knowledge and limits management accountability.

Only **2%** of mid-market organisations hold onto the IT staff they rate as excellent for two years or more. More than one in four, **28%**, keep these high-value colleagues between just one and six months. One in ten admitted to having never employed excellent IT professionals, which drops down to zero in Finland, Norway and Iceland.

How the mid-market calculates cybersecurity ROI:

- ◆ Legal costs associated with breach/attack
- ◆ Costs saved from not replacing damaged hardware
- ◆ Reputational/brand cost from a breach/attack

Show me the cyber money

Mid-market budgets are nothing like enterprise budgets. What is possible to achieve in-house and with expert help differs greatly. Cyber security is a vital IT spend investment, but with no clear way of measuring ROI, mid-size organisations constantly battle for budget.

"Viewing cyber security posture as someone else's concern puts organisations at risk. Many smaller mid-market businesses wrongly assume when they outsource IT, their partner is liable for their cyber security. Smart companies use a well-defined RACI matrix to identify who is responsible, accountable, consulted and informed."

Pravesh Kara,
Director for Security and Compliance, Advania



Cost: the constant

Big tech: a misplaced trust issue

Mid-market organisations mistakenly fear the Big tech vendors they are forced to shop from do not value them and so don't build products and services for them. Almost all, **92%**, claim tech vendors do not act in the best interest of the mid-market in the development of their tech stack. This jumps to **99%** in Finland and a staggering **100%** in Iceland. Almost a third of organisations, **31%**, believe tech vendors favour enterprise clients over mid-market.

"Bundling different capabilities together saves money rather than paying more for separate solutions. Microsoft 365 and Azure solutions are available in a variety of bundles with different complexities, and the components are innately integrated. The key is finding the right bundle for your organisation, and implementing the components optimally, which is where trusted technology services experts like Advania help."

Dan Coleby,

Director of Client Technology Value, Advania

A double-edged sword

Mid-market tech buyers talk of feeling forced into two options: poorly integrated, off-the-rack technology, or additional costs to customise components. As a result, mid-market organisations overpay for unnecessary bundles or incur additional charges to integrate bespoke solutions. And that's only for the basics, not the additional investment needed to fund their tech stack innovation and future-proof their operations.

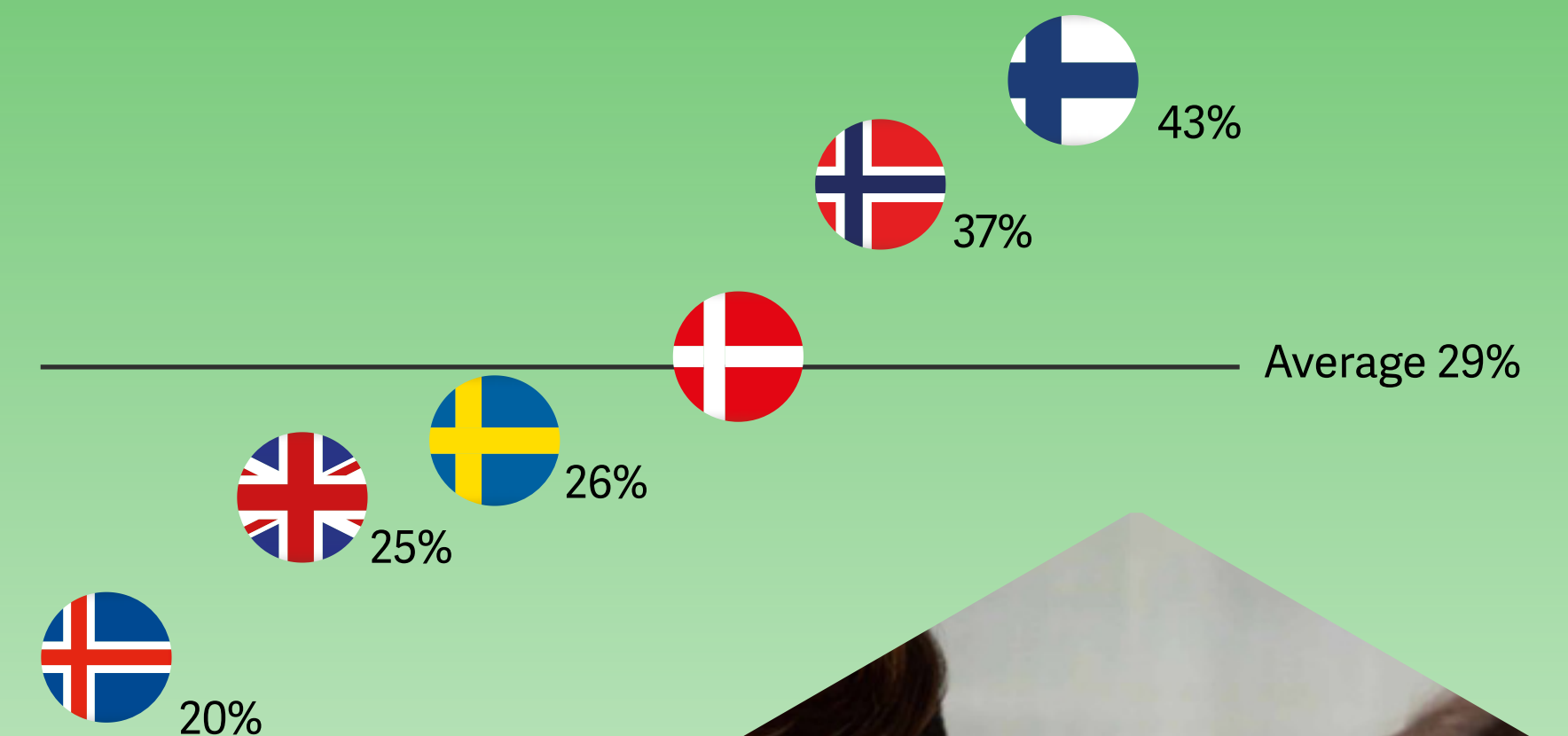
Despite cloud computing democratising IT previously only accessible by Enterprises, the mid-market often needs support to realise the full value of Big Tech and apply it appropriately to their organisation.

Top barriers to mid-market scaling:

- ◆ Difficulty convincing senior decision-makers of the benefits of scalability
- ◆ Difficulty securing additional budget
- ◆ Lack of skillset to achieve scalability in the desired timeframe



Mid-market feels Big tech ignores their needs



Getting the balance right

The research shows the average mid-market organisation believes the perfect mix of off-the-shelf software versus bespoke code should be **50:50**. This, however, encompasses a large variety of organisations, each needing a specific IT strategy that suits their business.

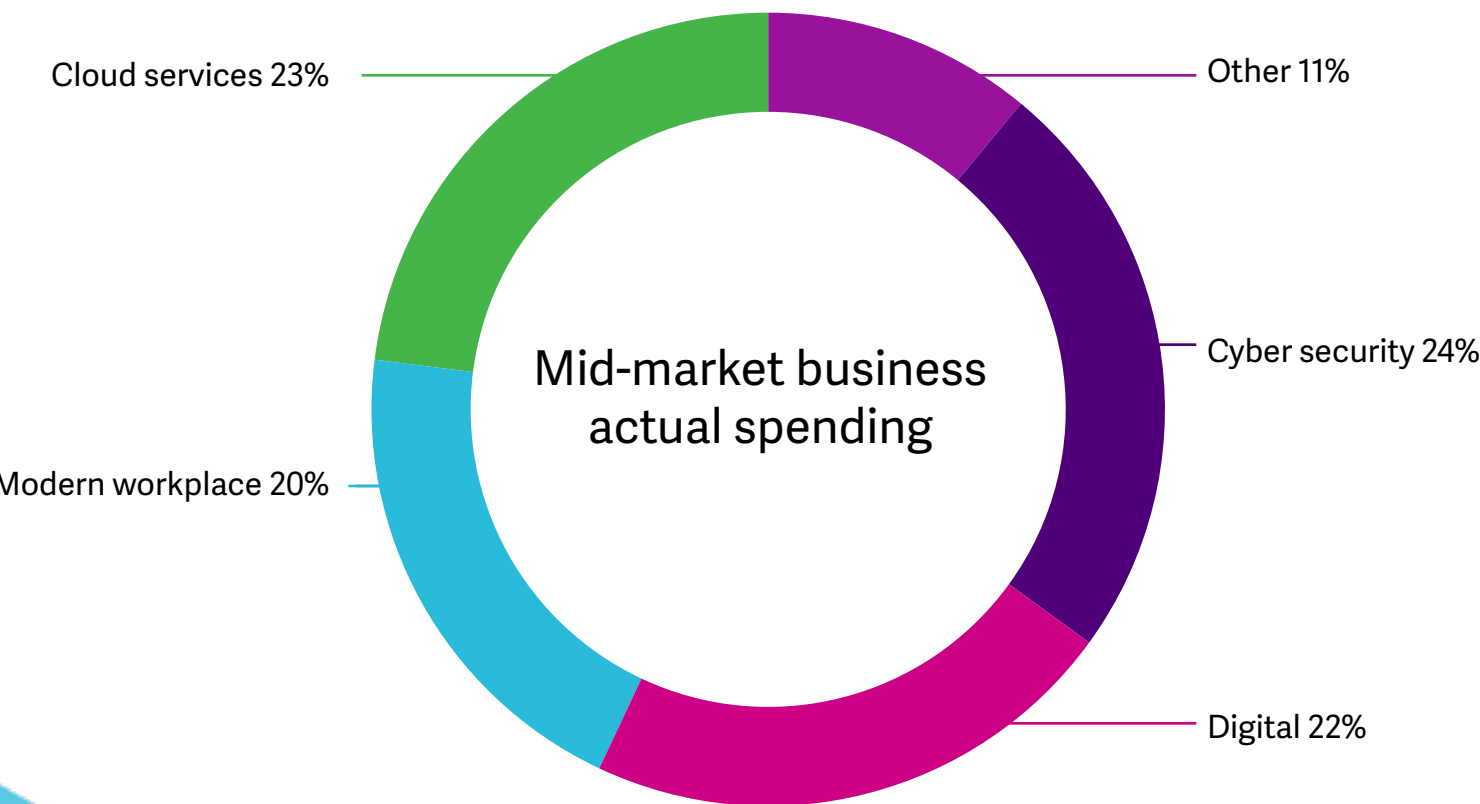
For example, some public sector organisations, where it is harder to recruit tech talent, may opt for more off-the-shelf than bespoke. In contrast an ecommerce company may need more bespoke coding to connect to their supply chain. Whether you're an acquisitive company inheriting tech debt from bespoke code, or are investing further into the Microsoft suite, your approach to IT needs to align to your business strategy to minimise risk and cost.

Buy now, save later

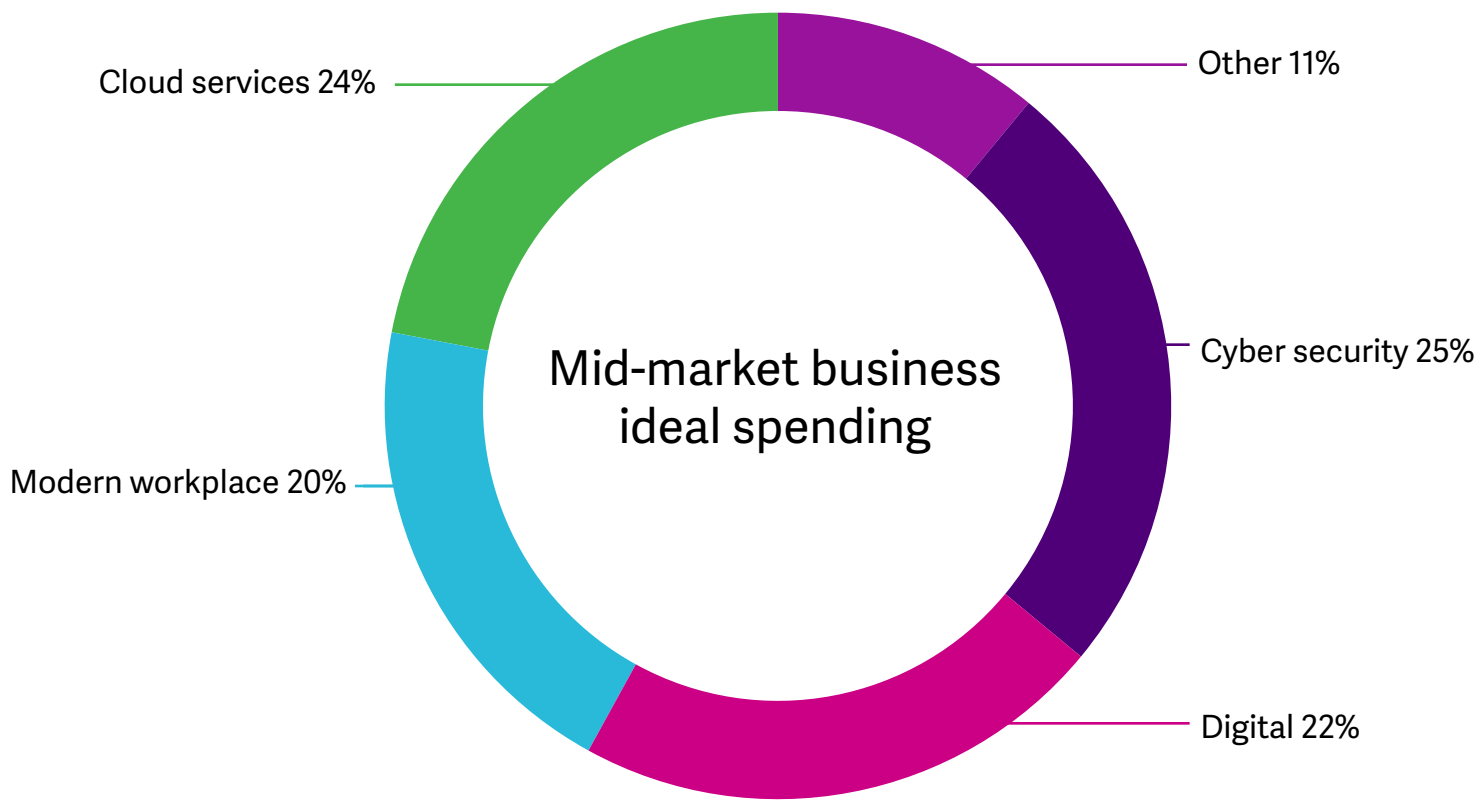
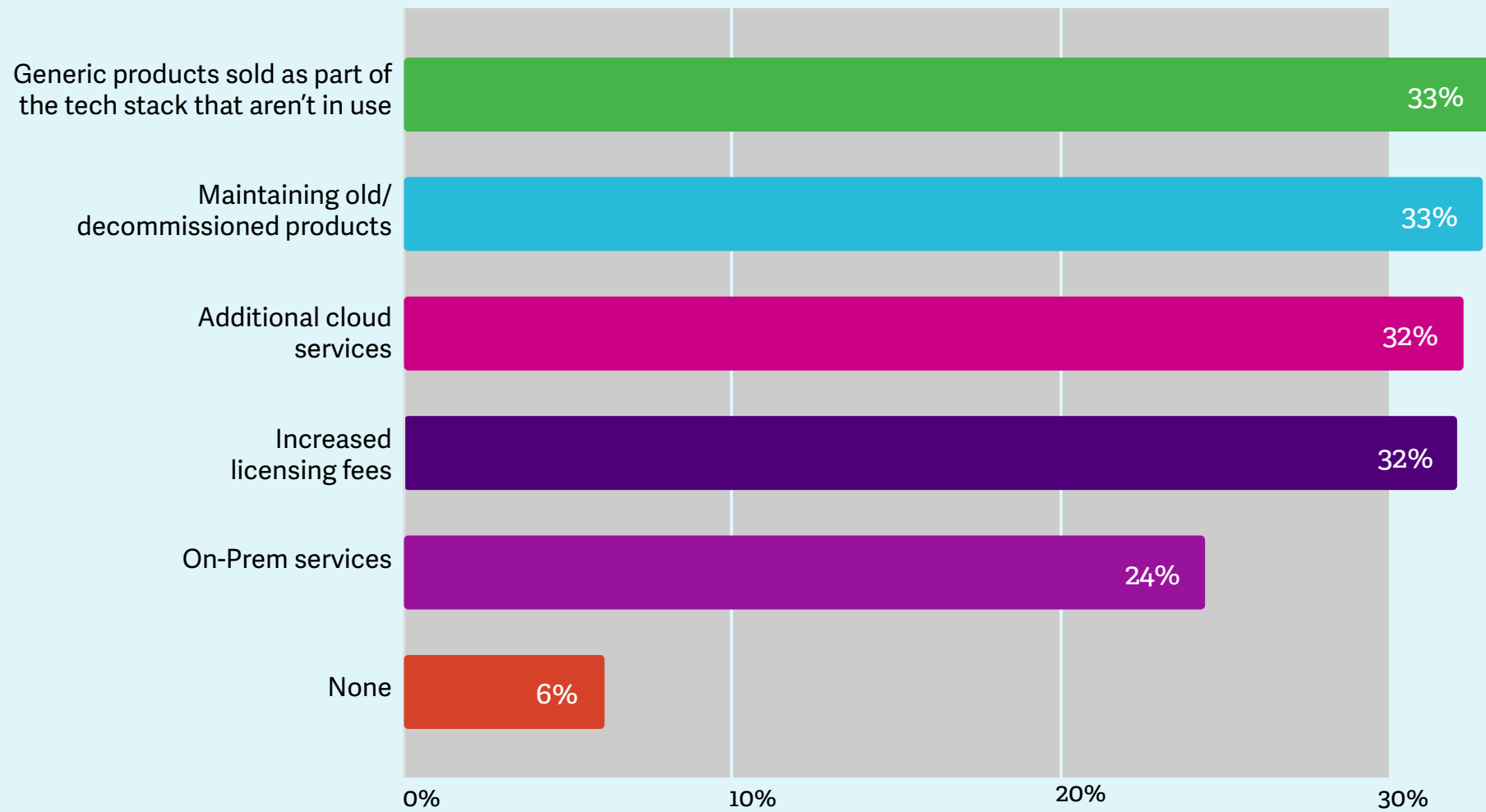
Lumbered with bundled products they don't use, or tech debt from bespoke code, many organisations display a level of acceptance of the wrong mix of technology rather than shopping around for better solutions.

Despite a clear understanding of where they are overspending, when asked how they distribute IT tech spend today compared to how they would like to ideally, there was virtually no difference. This reluctance to change regardless of challenges uncovered in this report suggests they are trapped in an **IT spend paradox**.

Ignore past mistakes = repeat past mistakes



Top five areas mid-market organisations are overspending



Complexity: the distraction

Diagnosis: too much to handle

The mid-market is smart and competitive. Many boards are aware of failings in their tech stacks but they simply do not have the luxury of large IT departments to resolve them. Given the choice of planning spend differently, they make the same decisions again. This suggests mid-market organisations may be following generic guidelines for IT spend rather than basing it on proper analysis and understanding of their unique risk landscape.

This could be a sign that the way forward feels out of reach, which isn't surprising when decision makers face an uphill battle to increase IT budgets. In reality, budgets increase in reaction to events like cyber attacks, instead of proactively to deliver secure, scalable solutions.

Moving to the cloud helps organisations scale, and when done successfully can decrease cost and risk – especially related to security.

New tech investment won't solve old problems

Asked how they prioritise and remove technical debt – the mounting costs incurred when organisations do not fix problems that will affect them in the future – over half, **57%**, of mid-market organisations said they don't regularly review and replace legacy systems. Perhaps more alarmingly, **one in four** admitted their approach is to simply wait for bugs and glitches to arrive before they act.

The Log4J vulnerability known as Log4Shell was so devastating because many organisations didn't know this component resided in their own products. They had not audited their 'Software Bill of Materials', the itemised list of every component in their software stack. Once the vulnerability came out, the Log4J component was found, which was too late for some with bad actors already inside their networks stealing logins and passwords.



Why the mid-market outsources:

- ◆ Data loss
- ◆ A major attack/breach on my organisation
- ◆ To prepare for upcoming cyber security legislation
- ◆ Lack of internal skills
- ◆ A major attack/breach at a competitor

“If mid-market organisations can link risk and compliance demands with IT budget, they can flex as their needs change. Too many in the mid-market understandably just focus on one-time fixes, but don't recognise they need to be setup for constantly evolving circumstances. They follow the official guidance on how much they should budget for cloud services, for example, but just like buying off-the-shelf vs building bespoke code, one size can't fit all. Organisations need to consider their specific needs, the market they play in, the contextual threats they face, and flex their budgets accordingly. That's where we add the greatest value.”

Nick Isherwood,
Chief Information Officer, Advania



The result: slow progress

Poor budget planning affects organisational goals like net-zero and the adoption of new technology like AI.

Not-Zero

On the surface there is good news for the environment: **a third** of respondents have shifted to the cloud to reduce emissions, with **one in four** opting for net-zero cloud providers. But these big organisational moves make little difference because two-thirds, **66%**, admit there is no internal education about the environmental impact of their tech stack.

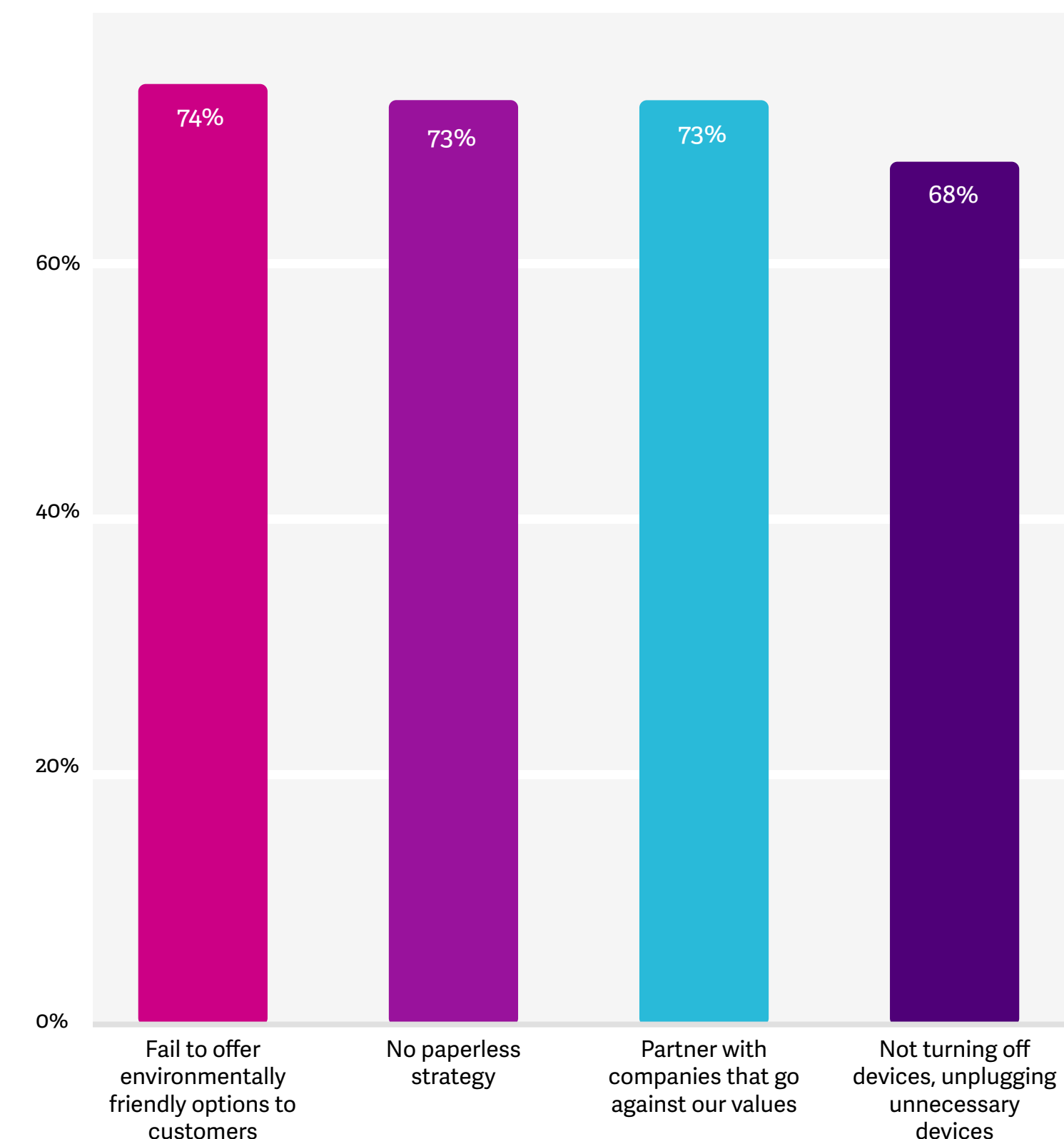
Net-zero cannot be achieved by one or two changes – the entire organisation needs to understand how to work together to reduce emissions. For mid-market organisations, this feels one step too far on top of everyday operations.

Lack of AI awareness

The art of what is possible with AI is completely out of reach. Mid-market organisations don't know how to implement new tech like AI or whether they can afford it. A shocking **81%** of mid-market organisations don't recognise AI as being able to help improve productivity, with over **12%** worried AI will put their IP at risk. And yet a third of mid-market organisations say their tech stack isn't future-proof because of a lack of knowledge in AI.

This suggests mid-market organisations see AI as important to stay ahead of competitors but have no real strategy around how to implement it, why to leverage it, or what benefits they really could see from it. For example, only **16%** acknowledge AI will help build technical skills needed for long-term growth.

Basic Net-zero initiatives challenge mid-market sized organisations



Five top tips to scale operations securely

Mid-market organisations should now know where they are going wrong from reading this report, but may still be unsure on how to move forward. Tech investments exacerbate already growing tech debt, which leads to tighter budgets. To top it off, the actual benefits from investing in new technology are not being seen.

There's an education gap to be filled to show mid-market the art of the possible with modern technology for mid-market prices. To help, here are five top tips from a variety of Advania experts:



Create sustainable value with Advania



We help mid-market organisations across the private and public sectors solve three key problems that arise from transition to cloud computing - **cyber risk, cost and complexity**. We act as an extension to their teams, filling technical resource gaps and reducing tech debt, to make sure their tech stack delivers for them.

Reduce your cyber risk

As mid-market organisations struggle to hold on to talent while facing a never-ending barrage of potential leaks or attacks, reducing and mitigating risks is a key focus. Trending tools don't always deliver what they promise, and with so many to choose from it can be hard to know where to even start.

As a leading partner to mid-market sized organisations in Microsoft Security, Advania acts as a bespoke cyber matchmaking service, sourcing the right cyber tools for your current and future needs. This starts with cyber triage to assess, prioritise and alleviate your most pressing cyber risks.

Clear out your complexity

We understand tech complexity and how to simplify it. Our experts will open your eyes to issues, take them off your hands and simplify your existing tech stack. We do this through a deep tech forensic audit to deliver an objective and harsh reality check of what you do and don't need, and will offer a custom solution.

At a price that works for you

With Advania on hand as your cloud saving expert, we help keep your lights on for less. Mid-market organisations shouldn't be forced to buy what they don't need: they should be able to buy what is just right for them. Our decades of tech purchasing experience puts us in the perfect place to specify the best tech solutions for your organisation. No one knows more about Microsoft tech stacks and innovation than us.





The tech company *with people at heart*

**Our primary goal isn't just about technology; it's about
empowering people to create sustainable value.**

Get in touch to find out how the leading Microsoft Solutions Partner for Mid-Market organisations
can help you navigate the cost, complexity and cyber-security of your tech stack.

advania.co.uk
hello@advania.co.uk
0333 241 7689