

The next evolution for IT service providers:

Shifting focus to embrace BYOA

Part of the IT Management Research Series: Channel Edition

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Shifting focus to embrace BYOA.

IT service providers of all sizes stand at an important crossroads. The businesses and end users they support have transformed and their expectations have changed. Several forces have contributed to this shift including: the exponential use of personal devices for business purposes, rising levels of business data rapidly flowing into the cloud, and applications brought in and managed by end users themselves in ever-increasing numbers.

This “Consumerization of IT” has empowered end users at client organizations, and taken some of the power out of the hands of the channel. IT service providers must now decide whether they’ll regain their rightful role and become a part of the important strategic conversations of their time, or be relegated to the sidelines.

Before choosing the right path, IT service providers must understand the transformation that’s happening at their clients’ organizations. End users have become independent, universally-connected consumers of technology who no longer feel the need to ask permission to introduce new technologies into business environments. We first saw evidence of this with the sweeping trend of BYOD or “Bring Your Own Device.” End users brought their personal smartphones or tablets into work for business use and IT service providers had to adapt their strategies to accommodate this trend.

We are also seeing another wave of challenges in the form of BYOA or “Bring Your Own Application.” End users are now driving the adoption and management of applications, often leaving IT service providers out of the equation altogether. So while BYOD was the first sign that the lines between personal and business technology were beginning to blur, BYOA has made those lines almost indistinguishable.

The good news is that while BYOA presents many challenges to organizations, it also presents a huge opportunity for the IT service providers. Those who shift to embrace the BYOA opportunity can offer new services to help organizations benefit from the trend rather than suffer from it. With this in mind, LogMeIn set out to understand what the BYOA trend means for IT service providers and how they can drive more value for their clients by managing employee-introduced applications.

This edition on BYOA is part of a series of IT Management Research Studies LogMeIn will conduct. Overall, these studies will help IT service providers reclaim their seat at the strategy table in three ways: by effectively managing applications, devices, and data for their clients in this age of consumerization.

Methodology

This report is part of the IT Management Research Series conducted by LogMeIn, with a focus on responses from managed services providers and outsourced IT. In order to understand the state of IT management in today's world of independent, "BYO" consumers, we explore usage and adoption of end user-introduced applications within companies worldwide and how this has led to a loss of control for IT service providers. We partnered with Edge Strategies to survey IT service providers and end user professionals across the world in various-sized organizations that all outsource IT functions to service providers.

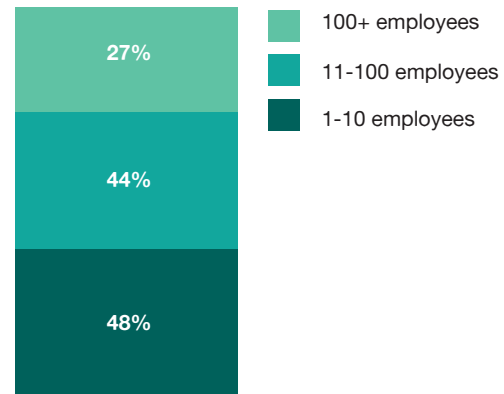
Field Dates: November-December of 2013

Method: Online Survey

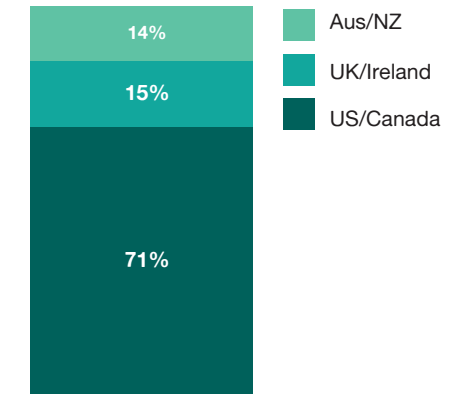
Segment profile: This part of the series focuses on IT service providers and end user respondents from across the globe.

Survey Base: 267 IT service providers and 429 client companies in six countries— US, Canada, UK, Ireland, Australia and New Zealand.

Client Size



Region



Summary

BYOA is here to stay.

64% of IT service providers indicate that their client organizations have some presence of BYOA; and it's a trend that is only going to increase.

IT service providers significantly underestimate the scale of BYOA.

IT service providers in this global survey estimated there are, on average, 2.7 applications that were brought into their clients' organizations by end users. LogMeIn data based on companies analyzed in the past 6 months shows the average to be closer to 21 apps—more than 7X what IT service providers estimate.

Service providers need to play an integral role in cloud app selection.

End users are consulting their IT service provider less than half the time when choosing applications. Then, even after they endorse end user-introduced apps, IT service providers are rarely involved in provisioning or managing them.

Security risks are inconsistently managed—if at all.

IT service providers and their clients acknowledge that BYOA poses huge security risks to their clients' businesses because it takes some of the control for technology out of their hands, but many are not actively working together to address the problem; only 50% of client companies currently have a BYOA policy in place.

Active end-user engagement can help.

There are many positive things that can come out of allowing end users to introduce applications if properly managed with expert guidance coming from IT service providers. Apps brought in by end users tend to be more user-friendly, mobile-friendly, and better suited for collaboration.

BYOA is a tremendous opportunity for monetization.

With the continued rise of BYOA over the next few years, 77% of IT service providers are looking at the trend as an opportunity to develop packages that drive new revenue streams and offer a unique competitive advantage compared to their peers.

IT service providers have the opportunity to be proactive and strengthen trusted partnerships when it comes to BYOA.

IT service providers need to decide what role they want to play when it comes to BYOA in their client's workplace. They can act as gatekeepers and restrict app introduction, or act more as strategic facilitators, managing and shaping the adoption and direction of cloud apps.

A man with dark hair, wearing a light blue button-down shirt, is seated in a modern office environment. He is holding a tablet computer and looking down at it with a focused expression. The office has large windows in the background, letting in natural light, and there are other office desks and equipment visible, though slightly out of focus. The overall atmosphere is professional and contemporary.

The realities of BYOA



Cloud and BYO provide gaping holes in security and stability around work machines. These apps open security holes through the firewall, waste bandwidth, cause drops in production, and are a distraction from work. Some of them border on addictive.

— IT service provider, 1-5 employees, 251-500 clients, New Zealand

IT service providers severely underestimate the impact of BYOA.

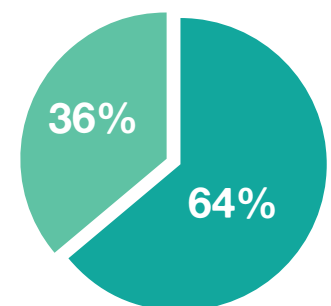
7X more apps coming into the workplace than IT estimates.

Now more than ever, end users are bringing their own applications into the workplace. In fact, 64% of IT service providers indicated there was a least one example of BYOA within their clients' organizations. But because IT service providers are not always aware of BYOA, the number of organizations with some presence of end user-introduced apps is likely even higher—meaning it's basically everywhere now.

When we look at a typical IT service provider client, SMB organizations with between 11-100 end users, this trend is particularly pronounced—75% of SMB organizations said they have a BYOA presence. And it's not just an issue for IT service providers in the United States, as their IT counterparts worldwide are experiencing this trend too, with 56% of organizations in UK/Ireland and over 74% in Australia/New Zealand having some presence of BYOA.

What's more, IT service providers underestimate the sheer volume of apps being brought into their clients' organizations. On average, they estimate there are roughly 2.7 apps brought in by end users across their client-base. However, based on data LogMeIn has collected through app discovery, this number is far closer to 21 apps—a staggering 7x more.

There is an enormous disconnect around the scale of BYOA



- Percentage of organizations with presence of BYOA
- Percentage of organizations without presence of BYOA

2.7

Average # of apps IT service providers estimate to be brought in by end users

21

Actual # of apps non-IT users bring into organizations¹



takeaway:

If you don't believe BYOA is happening in your clients' organizations, then you're either tragically unaware of what's really going on, or your clients are part of the very rare organizations that are in the minority.

Base: OIT only
LogMeIn App Discovery usage data¹

Things are only going to get worse.

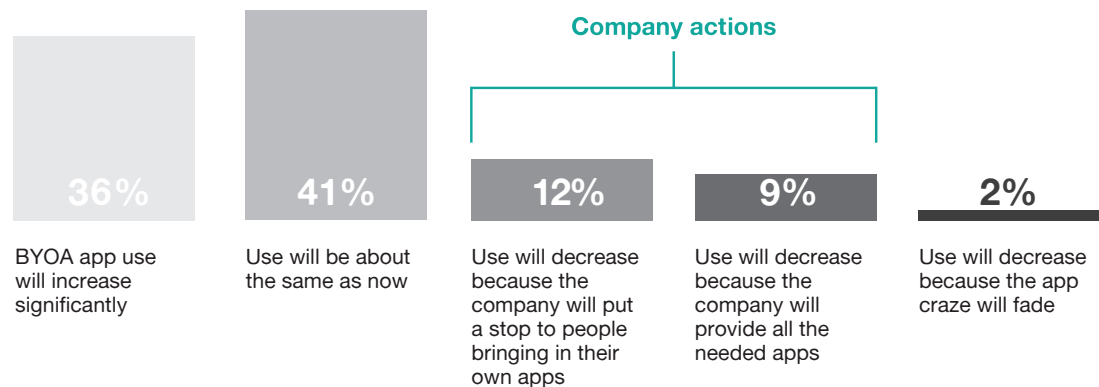
77% say BYOA will at least stay the same, or increase significantly in the next five years.

Most IT service providers see BYO applications as a trend that will, at the bare minimum, stay the same (41%), or significantly increase (36%) within the next 5 years.

On the flip side, those who feel the BYOA trend will go away only think that will happen based on IT service providers and their clients taking company-wide actions. 21% see BYOA decreasing because a company puts a stop to outside apps or provides all the apps users needed. Just a small fraction (2%) see a decrease coming because the app craze fades away.

In short, no one sees anything stopping end users from bringing in the apps they want to use other than companies taking major actions.


Changes in BYOA trend over next 5 years



takeaway:

Ignoring BYOA will not make it go away. IT service providers need to shift now to the tools and processes that help manage this new way of doing business in order to remain a relevant partner to their clients' success in the future.

How do you believe that employee use of BYO apps will change over the next five years?
Base: OIT only



I think that if the client feels the app helps increase productivity they will definitely encourage it and maybe even require it in the future. However, if the apps pose a security risk or productivity distraction, they will request policies restricting it. Overall, I feel the trend for BYO apps to increase and there will be a need to manage and enforce/restrict it. It will vary between the type of business and the nature of what they do and how sensitive the data is that they create.

— IT service provider, 6-10 employees, 51-100 clients

BYOA is happening across all application types.

Unmanaged apps pose huge security threats to clients.

This study found that BYOA isn't a unique problem for a particular subset of applications; end users are introducing applications across all major app categories. In fact, for all application categories except remote access, they're introduced by employees more than half the time.

The biggest threat of BYOA is around potential security issues that could arise. When asked about issues limiting support of BYOA, 49% of IT service providers point to concerns around data security, and 38% cite a lack of control and management of apps.

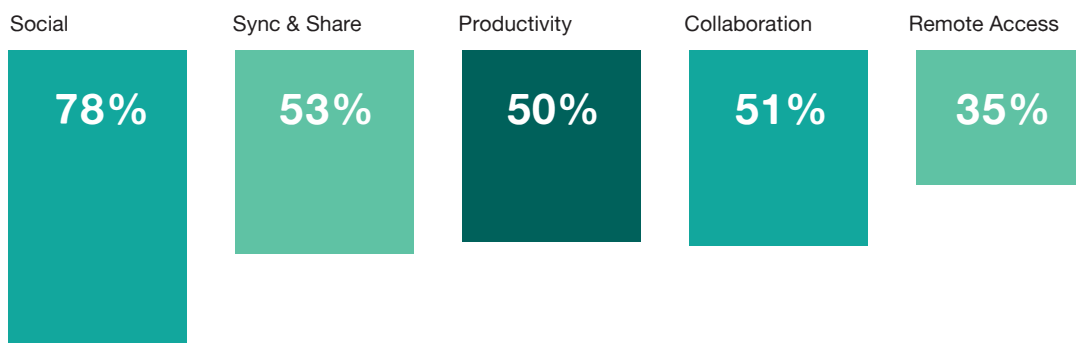
We've all heard horror stories related to consumer-focused apps being used in the workplace, but what's most troubling is that the influx of unsanctioned apps isn't shrinking. And with many end users using apps for personal reasons on company-owned devices, the security risks are even greater.

takeaway:

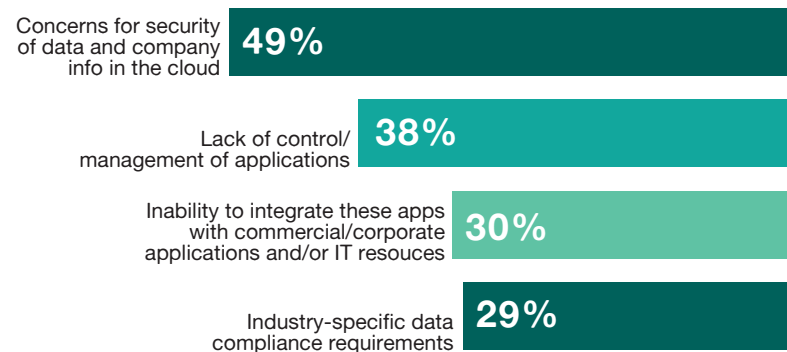
IT service providers who know about BYO apps but don't take steps to manage them may face huge security threats that could ultimately damage their clients' organizations.



Percentage of times applications were brought in by employees



Top issues limiting adoption/support of BYOA



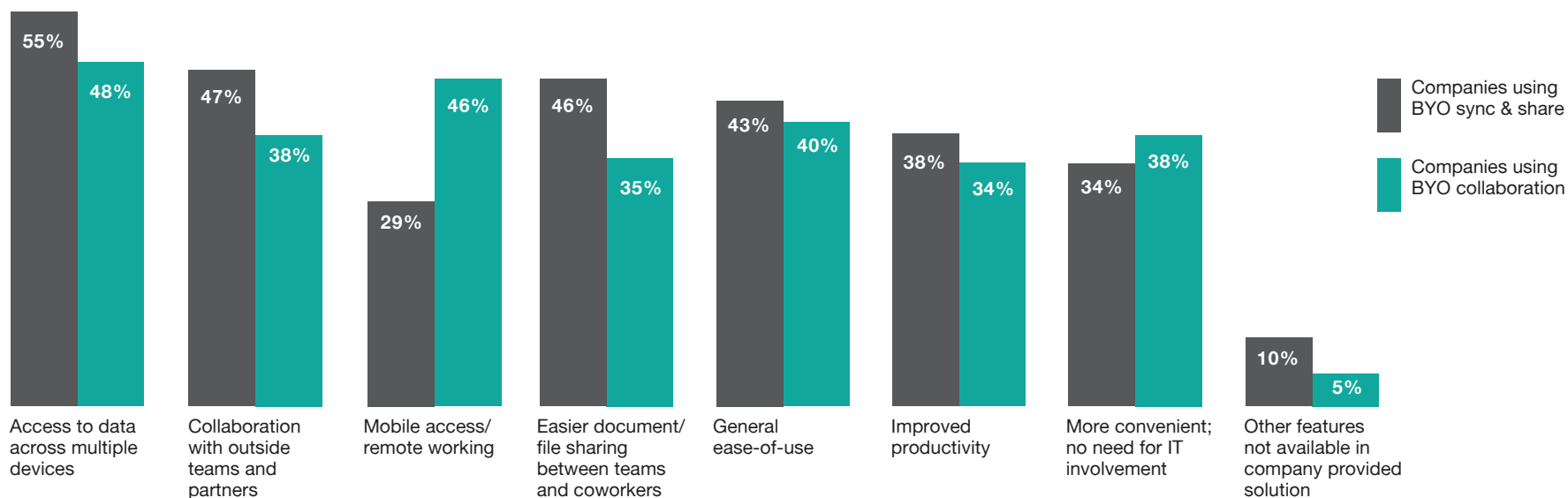
How were each of these applications brought into your company?

Base = OIT only companies with employees using BYO application; DK answers excluded

IT service providers can see the positive side of BYOA.

Provides end users with easy-to-use and mobile-friendly apps.

Surprisingly, IT service providers can point to many factors that drive end users to bring in their own apps. These vary by type of application, but the most important tend to be ease of use and greater mobile access/remote working capabilities. The fact that these are major drivers of BYOA tells us that, unfortunately, many IT service providers aren't offering or delivering easy-to-use solutions, or ones that are mobile-friendly for today's on-the-go users.

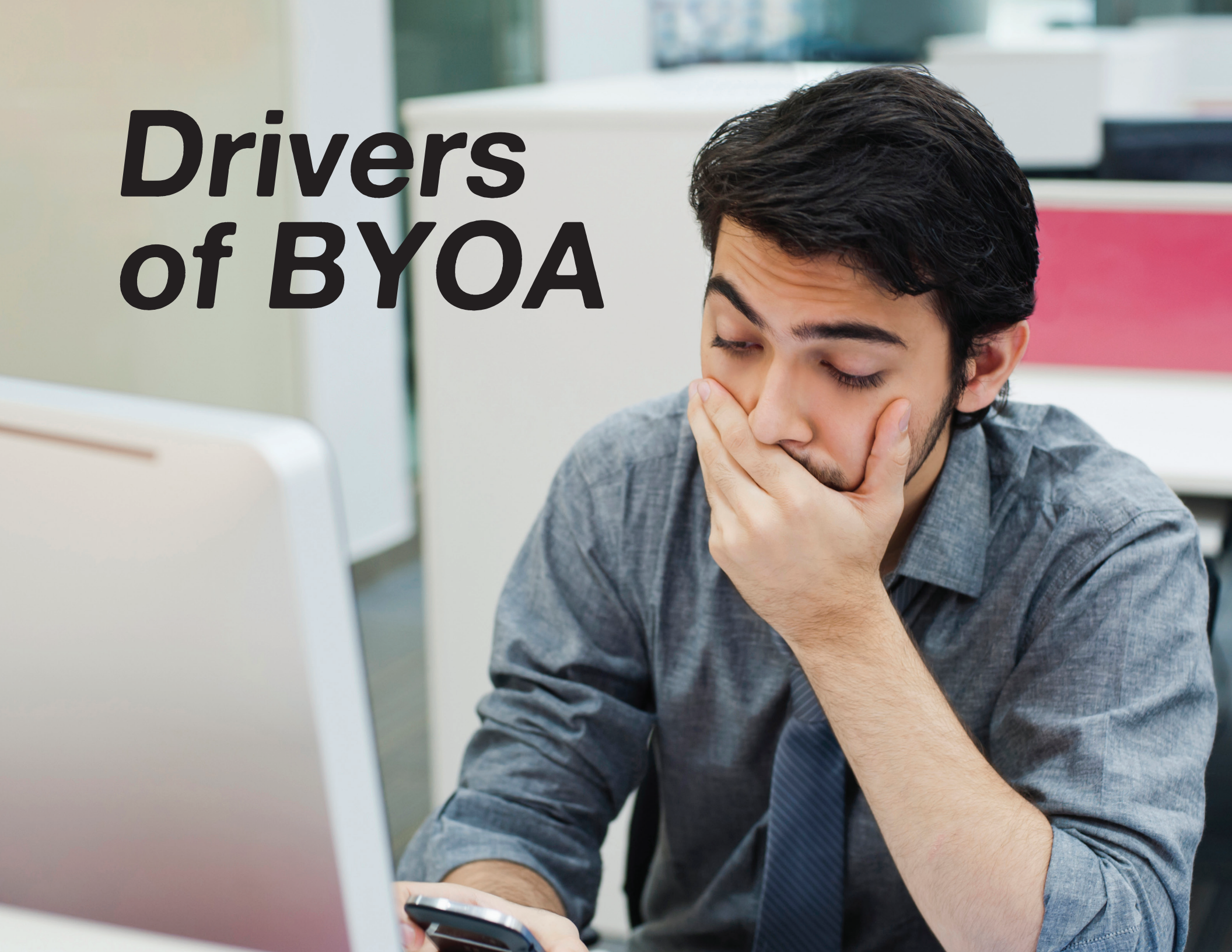


takeaway:

BYOA has many positive benefits for end users but IT service providers need to properly manage it to avoid the negatives.

Which of the following describes why employees have introduced cloud storage/file sync and share and collaboration apps into the workplace?
Base = OIT only in companies with employees using BYO sync & share and/or collaboration apps

Drivers of BYOA



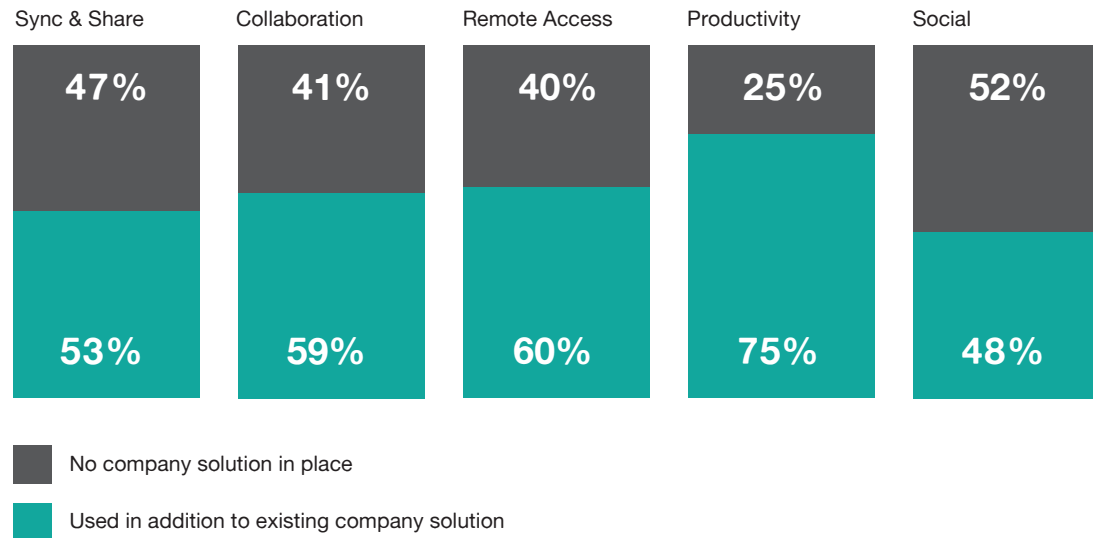
End users just aren't happy with what they're given.

More than half of the time, BYOA duplicates an existing solution.

One of the unnerving realities of BYOA is that many of the apps end users are bringing into the workplace already have a similar solution available. Despite the best efforts of IT service providers to seek and provide solutions that end users will adopt, the truth is, end users simply don't like the tools provided—for productivity apps in particular, this happens 75% of the time. Only 25% of time do end users bring in a productivity app because there wasn't already a solution in place.

This is even more pronounced in SMB businesses (11-100 employees) where IT service providers are the main source for IT control. For example, in SMB businesses with collaboration apps standardized across the organization, end users continue to use their own apps in addition to, or in replace of, these established solutions 83% of the time.

These numbers send a clear message to IT service providers about how empowered end users feel. Although IT service providers and their clients can implement what they believe to be high-quality solutions, it won't stop end users from bringing in the apps they prefer.



takeaway:

Whether or not you have apps for sync & share, collaboration, remote access and other functions, end users will always find, bring in, and adopt a solution they like more than the one you offer in your portfolio.

Are the BYO apps filling a gap (i.e., there was no solution in place) or being used in addition to existing tech/apps?
Base = OIT only, Companies with employees using BYO application; DK answers excluded



We continually have to evaluate and work to find business-level solutions for a variety of BYO apps. Typically increased revenue for us as an IT solution provider, but can also be a headache when they jump out ahead of us too quickly.

— IT service provider, 11-25 employees, 251-500 clients

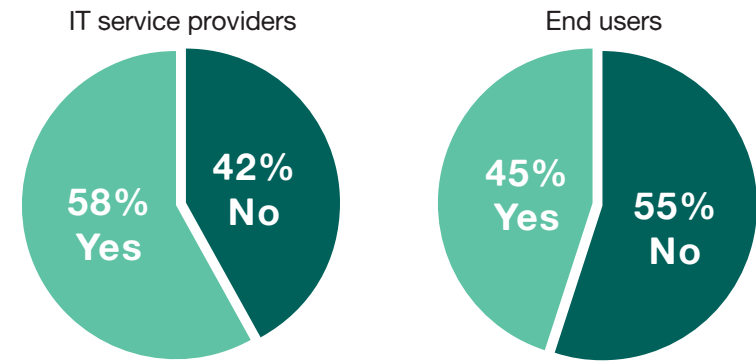
Business needs force end users to go rogue.

IT service providers are only consulted 45% of the time.

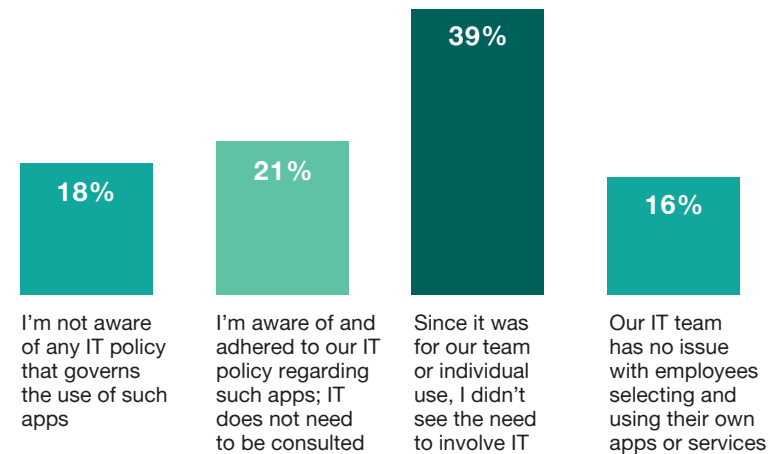
When asked if they're consulted on the decision to use sync and share apps, IT service providers admit they're only consulted 58% of the time. When you ask the actual people who would do the "consulting" (i.e.: non-IT end users), the real number shows to be even smaller—just 45%. This shows a disconnect between the two groups, but more importantly, points out that no matter who you ask, IT service providers are involved only roughly half of the time.

The number 1 reason they don't involve IT service providers? 39% don't see a reason to consult IT if they're using an app for individual or team use.

Was IT consulted on the decision to use BYO sync & share apps?



End users: Which statement best describes why you did not involve IT in your decision to use sync & share apps?



takeaway:

It's impossible for IT service providers to insert themselves into the entire process, but they can learn to manage the influx of apps brought in by end users.



Base = OIT and Non-IT users that didn't consult IT before using BYO cloud sync & share



While the practice will be discouraged, I believe management will be open to exploring the apps and using service providers to help create and enforce policies and manage the delivery of the apps. What will be paramount to the success of the apps, BYO or otherwise, will be the ability to secure the app usage in the event employment status changes or lost devices.

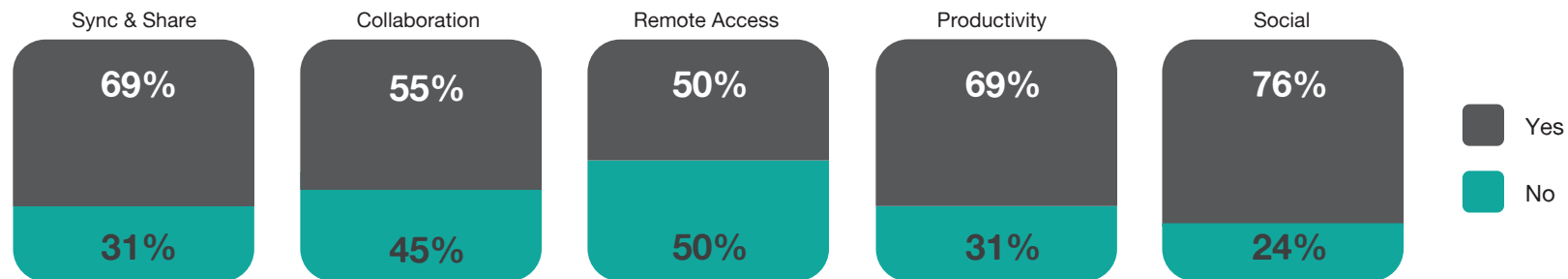
— IT service provider, Sole proprietor, 11-25 clients

End users won't stop bringing in new apps.

More than half the time they continue to bring in more.

If IT service providers adopt an end user-introduced app into the organization, the BYOA struggle will end, right? Wrong. IT service providers admit that even after implementing the apps end users want, it won't stop them from bringing in even more apps to meet their needs. Then it becomes a never-ending cycle of end users finding new apps, IT adopting some of them, and then end users finding a better, newer app, which sets the precedent for continuous, and often times viral, adoption of applications across the business.

Do employees continue to use their own apps in addition to the IT-provided solution?



takeaway:

Even when end user-introduced apps are adopted, more will be introduced. IT service providers need a clear plan on how to continually manage BYOA for their clients in order to keep apps and data secure and under control.

For those categories where your company has either adopted an employee-introduced app or provided the app/solution itself, do employees continue to use their own apps in addition to the established solution?
Base = OIT only companies that have adopted BYO application or provided a company solution; DK answers excluded

Reclaiming the channel's role





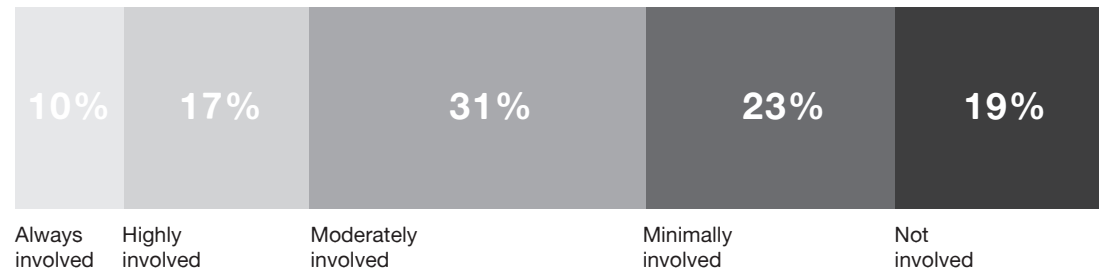
Some applications can be helpful. However, if we are required to support and troubleshoot these apps that are introduced by the LOB or staff then it could become a bit troublesome and difficult to manage.

— *IT service provider, 11-25 employees, 100-250 clients, Canada*

IT service providers admit they are not focused on apps. **63% of the time they're moderately, minimally or not involved.**

No IT service provider wants to admit they're not strongly influencing the technology decisions within their clients' organizations. After all, they consider themselves trusted advisors for all things IT. However, when asked how involved they are in the selection of cloud apps, IT service providers admit they are not involved at all 19% of the time, minimally involved 23% of the time, and only moderately involved 31% of the time.

How involved are you or the others in your IT service provider business in the selection of new cloud or SaaS apps today?



takeaway:

IT service providers accept the fact that end users are driving app decisions. But now they need to figure out how to have a more engaged role in the app decision making process.

How involved are you or others in your IT department in the selection of new cloud or SaaS apps today?
Base = OIT only

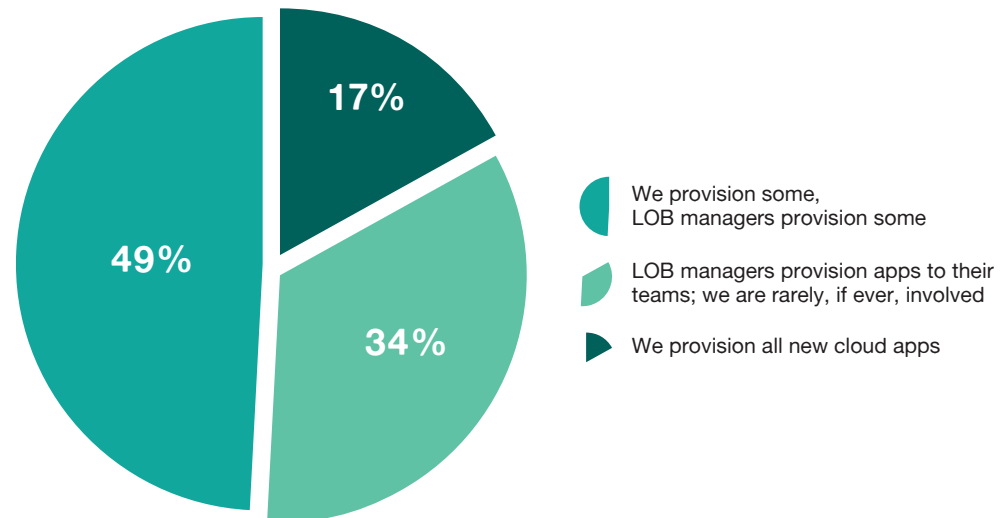
IT service providers are also left out of provisioning.

34% of the time, Line of Business managers drive on their own.

Even if service providers were ok with end users bringing apps into their clients' organizations, you'd think they would want to be involved in provisioning the apps. However, that's not always the case. The bold truth is that line of business (LOB) managers are involved more often than IT service providers in the process—83% of the time. What's more, 34% of the time LOB managers provision apps on their own, with zero involvement from their IT service provider.

The really scary part? While the IT service provider may know an app exists, they don't know who has the app or how they're using it. The uncertainty around connecting the users with BYO app usage only worsens the major security risks and lack of control for IT service providers.

What is the IT service provider's role in provisioning new cloud apps?



takeaway:

IT service providers need to find the best way to be involved in all phases of app adoption so they don't lose their strategic importance to their clients.



Base = OIT pros only, DK excluded



The technology is advancing so rapidly IT departments have two choices: (1) Lock down all apps and control everything, hamstringing the productivity of 100% of their employees, or (2) Do their best to educate employees on security and trust them. I believe #2 is the only option. I have seen IT departments cost their companies hundreds of thousands of dollars because they are so rigid about the network security that it is nearly impossible to get things done.

— Non-IT executive, Engineering firm, 10 employees

IT service providers that act like strategic facilitators will be most successful.

Gatekeepers face an uphill battle, and observers will fall victim to perils of BYOA.

When asked how they're currently monitoring BYOA at client organizations, IT service providers came back with three vastly different approaches.

The first was to act as a gatekeeper and restrict apps (28%). Another way is to act as a passive observer, and let the BYOA trend wash over them without monitoring app usage (39%). The third is to be more of a strategic facilitator (30%) by allowing apps to be brought in by end users, but actively monitoring and managing them.

Becoming a strategic facilitator promises to be the best suited as it embraces the BYOA trend as a reality, but doesn't try to stop it in its path with strict, gatekeeping policies.



28%

Active gatekeeper:

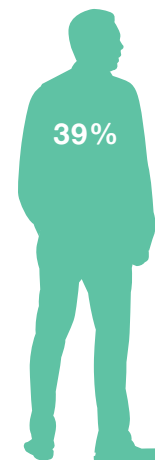
Restrict BYOA
by blocking apps



30%

Strategic facilitator:

Manage BYOA through
analyzing web traffic logs,
packet sniffing, and/or
monitoring devices



39%

Passive observer:

Ignoring BYOA
(not monitoring)



takeaway:

IT service providers who act as gatekeepers will prevent app adoption at the expense of continuous improvement. To establish their role as trusted IT advisor on BYOA, IT service providers must become strategic facilitators of cloud apps to the clients they support.

How are you monitoring the use of BYO apps?



On the positive side, BYOA opens our clients' door to need our resources and assistance. It also allows us to share our experience with these various BYO apps and services, which is an added value for our clients.

— *IT service provider, 1-5 employees, 11-25 clients*

The future of IT services includes BYOA.

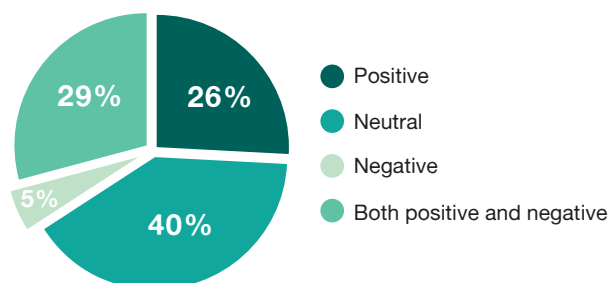
77% of IT service providers see BYOA as an opportunity.

More than half – 55% – of IT service providers saw a positive impact for BYO app usage within their clients' companies. While the effects of this will force IT service providers to adjust their business to account for app-related services, only 5% believe there is a significant negative impact to their business.

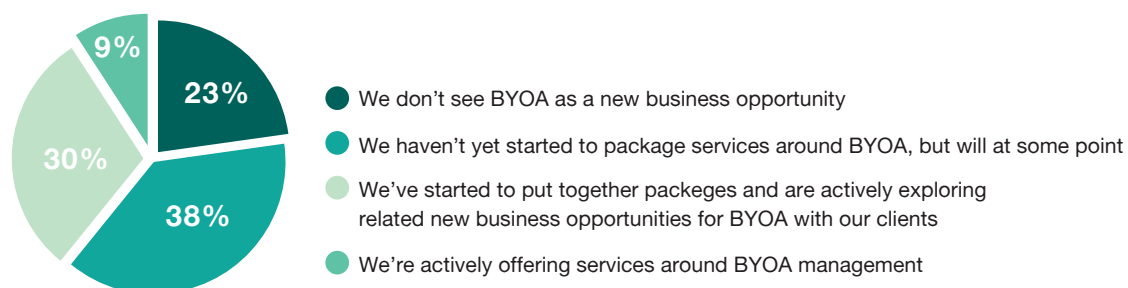
Furthermore, when it comes to offering BYOA services to their clients, 77% see BYOA as an opportunity that they are going to explore now or in the future. 39% are currently exploring BYOA services as a new opportunity for business growth.

Expanding service portfolios to include popular apps and cloud app management will allow IT service providers to gain a competitive advantage in the app-centric world. Before long, the need for BYOA-related services will no longer be a “should-have” but a “must-have” in all service level agreements and as part of every IT service provider contract.

Impact of BYOA usage¹



BYOA opportunity in your business²



¹As a provider of IT services, what is the impact on your business of BYO app usage within your clients' companies? Does it create new opportunities?
Base: OIT only

²Which statement best represents your company's ability (and desire) to offer IT services that address BYOA management for your clients?
Base: OIT only



takeaway:

IT service providers believe there is a significant positive impact that BYO app usage can have on their business, and those that quickly explore opportunities will be positioned to take on the BYOA challenge and differentiate themselves in a congested market.

Conclusion: Embracing the BYOA opportunity

Based on this report's findings, IT service providers are in a position to monetize the BYO application opportunity. Whether they are prepared or not, the mobile space will continue to evolve and end users will remain empowered to bring in their own apps if IT doesn't meet their needs.

Here are five things IT service providers must do in order to remain a trusted IT expert to their clients and drive revenue in today's app-centric world.

1: Understand the scale and reality of BYOA.

End users are more empowered than ever, with 64% of clients having a BYOA presence. IT admits they're not always consulted (42%) but organizations end up adopting user-introduced apps 62% of the time.

2: Embrace the Consumerization of Apps as a positive change that uncovers key opportunities to extend their portfolio.

IT service providers recognize the value in easy-to-use, mobile-friendly applications with the top three drivers being mobile access/remote working, easier document and file sharing followed by access to data across devices.

3: Act now to establish a competitive position to capitalize on the positives of BYOA.

Over a quarter (26%) of IT service providers have a positive outlook on BYOA and 39% are already actively offering BYOA services or beginning to package them, and an additional 39% are planning to do so in the future.

4: Seize the opportunity to define their role as a strategic partner.

IT service providers can map out their path to facilitate continuous, secure policies for the organizations they service. By doing so, those who add cloud apps and app management to their solutions and services portfolios will be best positioned to address the needs of their clients and are well prepared to monetize the BYOA opportunity.

5: Recognize the tremendous opportunity BYOA presents.

BYO application usage, while a challenge to many IT service providers, creates an opportunity to drive additional revenue by offering services and cloud-based solutions that they previously have not delivered to their clients.

About LogMeIn

LogMeIn (Nasdaq:LOGM) transforms the way people work and live through secure connections to the computers, devices, data and people that make up their digital world. Serving over 90,000 customers, LogMeIn's solution portfolio of cloud services free millions of people to work from anywhere, empower IT professionals to securely embrace the modern cloud-centric workplace, give companies new ways to reach and support today's connected customer, and help businesses bring the next generation of connected products to market. Founded in 2003, LogMeIn is headquartered in Boston's Innovation District with offices in Australia, Hungary, India, Ireland and the UK.

IT management solutions:

LogMeIn's portfolio of intuitive IT management solutions enable organizations to effectively manage applications, data and devices in the cloud. Our solutions are purpose-built to help IT address the changing needs brought about by the Consumerization of IT, and the accelerating trends of BYOA and BYOD.

Manage applications:



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Manage data:



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