

Mayfield

# Mayfield CXO Survey Post COVID-19 Impacts to IT

How will IT spending, priorities, and strategy change as a result of the COVID-19 crisis?  
Input from the Mayfield CXO Innovators Network

April 2020



# Digitization: A New Urgency

These are clearly unprecedented times and we at Mayfield are wishing all the best to you, your families and your extended teams at work. We began 2020 with an outlook report on key CIO priorities. But shortly after publishing, we've all been struck with this unfortunate global crisis. So, we asked our CXO Innovation Network members to share their views on how they believe their business will be impacted, and how IT specifically will respond. We've heard from organizations around the globe on their priorities, strategic focuses, and budgets. The Mayfield CXO Innovation Network is made up of 800+ CIOs, CISOs, CTOs, and Heads of Innovation from around the globe.

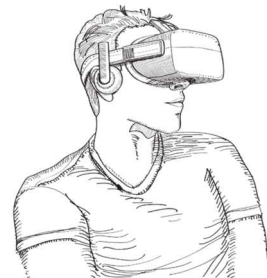
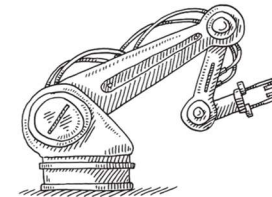
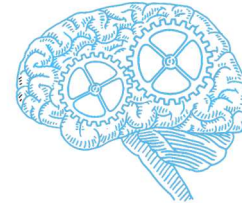
Mayfield has partnered with DoSomething.org, which is supporting the COVID-19 crisis via a series of initiatives. We have provided a direct donation for each CXO respondent who completed the survey to their selected cause.

## Some key takeaways:

- *IT Budgets*: Surprisingly, 8% say their budget is increasing because of COVID-19, 20% said no budget impact, and 30% say their budget impacts are short lived
- *Near-Term Priorities*: "Elastic Workforce" was a new term we heard - supporting work from home needs, that will perhaps continue for the foreseeable future
- *Mid-Term Predictions*: 85% said cloud migration is even more important post COVID-19
- *Project Slowdown*: 70% expect current projects to be slowed during the crisis - but on balance will spend more on high ROI, cyber, cloud/SaaS and productivity needs
- *Digital Optimization*: 50% will accelerate their digital optimization efforts and projects to help make smooth things out for their customers, partners and employees

In short, priorities have shifted from our earlier report, and it seems there is more urgency for the transformation to the cloud, and to a more fully digital environment. These initiatives are not new, but the crisis has certainly accelerated matters.

We have migrated our events and meetings to virtual and hope to stay in touch. We hope you enjoy the insights from this report. Please take care and stay well.



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# Changes to Near-Term Priorities: Top 3

We asked our network where they believe the most firefighting will happen in the next few weeks, and which near-term issues will require the most urgency. Here are the top 3 priorities:

1



## **The Elastic Workforce**

Remote work and productivity infrastructure (75% of respondents)

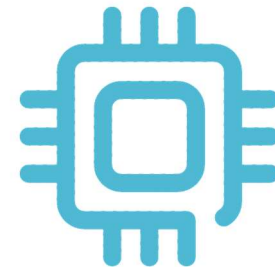
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## **Cybersecurity**

Work from home safety, identity management, cloud security (75% of respondents)

3



## **End-User Hardware**

Getting employees comfortable in their home environments (40% of respondents)

# The Elastic Workforce: Infrastructure

A big theme we're seeing around the new work from home trend is ensuring that all processes are streamlined. Every new tool that a team decides to implement requires security, support and integration – so it's important that everything is vetted and rolled out to the entire workforce, rather than allowing teams to choose their own tools piecemeal.



## Acceleration of Cloud-Based Apps

- A huge acceleration is taking place to rapidly shift onto cloud-based collaboration platforms: Zoom, O365, Slack, etc.
- It's important to stay consistent & organized around cloud-based solutions: video, messaging, etc.
- Support models are being revisited for remote work
- Payment is being streamline and teams need to use IT processes to pay for SaaS apps, not personal credit cards



## Corporate Access

- Many companies are having to rapidly enable remote access to corporate resources for large numbers of staff – getting people connected to the resources they need has become a top priority
- VPN capacity is being re-evaluated: this includes both access to, and bandwidth within the system; physical tokens to support software tokens



## Remote Everything

- There is currently an uptick in mobile solutions to help employees who may be on the go or more active during the day
- There's a shift to soft phones, cloud-based call centers and remote service centers where applicable
- User experience is getting a lot more attention: more employees are working solo and need to figure out tools for themselves
- There is a greater emphasis on ease of adoption



## Align on Current Infra Priorities

- Business continuity and critical infrastructure remain a top priority
- Alignment is needed regarding what makes sense to put on hold in the short run to make space for work from home and security infrastructure
- What projects can be paused?
- What is possible given the current circumstances?

# The Elastic Workforce: Employee Care

On the people side everyone is echoing: communicate, communicate, communicate. This means ensuring your employees are not in the dark, and taking the time to have deeper conversations with your customers on their needs and current status. Overcommunication on all fronts is better than silence, as people will fill in the blanks if you do not.



## Servant Leadership

- Honesty and transparency is needed right now using hard facts
- Some teams are flattening the org and allowing for distributed and collaborative decision-making
- Q&As are helpful to clear up misunderstandings
- Leading by example is important, as is staying calm and compassionate
- Management rolling up their sleeves and helping with operational work is beneficial



## Increased Communication

- Communication is needed for employees (top-down and bottoms-up) & customers/vendors on how they're doing
- Daily or weekly team check-ins help get everyone on the same page
- Integrating company culture into fun activities & virtual stand-ups helps keep employees connected to the organization
- Online office hours help provide opportunities to replace casual drop-ins
- Virtual happy hours & #breakrooms help keep the staff engaged with one another



## Mental Health

- Some companies have planned end of day "sanity checks" where staff can talk to each other about non-work topics
- Grief counselors may be needed as employees begin to experience the brunt of the impact
- It helps to reassure parents and have dedicated time slots to caring for kids. Some flexibility helps on employee productivity, with many tied up at home right now.
- Keeping meetings short and laser focused gives employees flexibility in their work from home schedules
- Short activities help break the monotony of the day



## Employee Benefits

- Home office stipends are being handed out many places to cover basic needs (\$300-\$1000)
- Some companies are offering a one-time reduction in healthcare premiums & relaxation of eligibility minimums
- Hardship withdrawals from IRAs can help boost finances short term
- Time management training/ software & productivity webinars can help staff adjust to work from home
- Brown bag educational lunches can help employees gain some new skills during downtime

# Cybersecurity

With work from home becoming standardized across the corporate landscape, many new security threats have begun to emerge. Issues range from network security, to BYOC policies, and generally a wide array of new SaaS apps being spun up all at once. Our network weighed in on what they are seeing:

- **Home Network & BYOC Issues** – There is an urgent emphasis on ensuring employees remain secure if they are working from home or even using their own devices. Many companies are working on zero trust access models to better serve a more mobile workforce
- **Network Security & Endpoint Security** – With more devices on the network now than ever before – it's a priority to both secure against unauthorized intrusion, but also the interactivity across new devices
- **Phishing Threats** – Concern over COVID-19 updates and news has created a window for many sophisticated phishing attempts against nervous employees (who might click before they verify)
- **Cloud-Delivered** – With the expansion and proliferation of SaaS apps and the accelerated move away from on-prem, cloud-delivered security solutions are more important now than ever
- **Two Factor Authentication** – Many companies are turning to solutions like Duo and others to help with regulatory compliance during work from home while improving end-user experience
- **Data Security** – There is a renewed emphasis on protecting data from unauthorized access and corruption: data encryption and tokenization is on the rise

# End-User Hardware

End-user hardware has become a huge issues with large backlogs in the supply chain at a time when many employees need laptops or other equipment for work from home set-ups. Our network weighed in on what they are seeing:

- **Remote Repairs** – It's important to implement a system for how to handle this . What is the process if an employee's hard drive breaks and they lose their data? Is there help for them remotely? Is there new hardware ready to be deployed?
- **New Systems** – How will you get laptops and other hardware to new employees or contractors? Is there a plan? This can be especially difficult internationally right now
- **QoS Over Broadband** – How can you help employees who have issues with their home bandwidth? Are you considering in-home devices that optimize QoS over broadband? Wi-Fi amplifiers? This can also be especially difficult internationally where employees may not be at all capable of easily connecting from home
- **Place Orders Sooner Rather Than Later** – This includes everything from laptops, to headsets, VPN tokens, etc. Some vendors are getting a months-long backlog



# Near-Term Priorities – Beyond the Top 3

A few other impacts facing our network:

- **Surge Resources** – Customer support is overwhelmed and surge resources are needed to help handle it in many industries. Existing employees are being trained to help backfill
- **Re-Thinking & Re-Optimizing CapEx & OpEx** – Some companies are considering replacing core systems replacements during the downturn – one CapEx worth expediting. Others are considering capital recovery projects with federal recovery money for OpEx
- **Operational Needs Are The Top Priority** – It's more important now than ever to protect worker safety and brand image. Business continuity will be the focus in the near-term for many companies

# Mid-Term Predictions: The Top 3

Moving from tactical to strategic needs and looking beyond the next 60 days or so, this is where impact to IT strategy for 2020 begins to take hold. While the negatives of COVID-19 are immense across the globe, IT's transformation to digital-first, cloud-first, has even more of a strategic imperative than before. We asked our network what their predictions will be for the next several months and a few obvious trends came out of our responses:



## **To The Cloud!**

The accelerating shift to cloud-based everything (85% of respondents)



## **Project Slowdowns**

Any discretionary projects are at risk or on hold, in some cases core projects are on hold (70% of respondents)



## **Digital Optimization**

eCommerce and digital marketing are the new buzzwords: companies are moving marketing & sales to digital platforms (50% of respondents)

# To The Cloud – 85% Said Yes!

Cloud migration and a shift towards SaaS applications was already a priority for most companies, but with the introduction of COVID-19 it has become an urgent priority. Here is what our network is working to accomplish:



## Heavy Emphasis on Cloud Apps

- There's a strong emphasis on moving employees to core cloud application platforms
- There is a lower emphasis on niche business applications right now, and a greater focus on keeping the business running
- Companies are shifting away from on-prem and legacy software. Managers are evaluating which apps make sense in the cloud, and which apps could suffer from security, compliance, or latency challenges



## VPNs Are A Mixed Bag

- Although VPNs are legacy technology it doesn't mean they're going away anytime soon. At least 60% of our participants referenced using VPNs
- Zero-trust set-ups and SDP are the new goalposts, as VPNs are cumbersome, not user-friendly, and expose a large surface area to attack



## Cloud Storage

- We're seeing an uptick in interest around cloud storage solutions, particularly solutions which have attributes that can be managed at a very granular level
- Even companies with existing cloud storage are looking to upgrade



## Slowdown in Server Hardware

- This is the obvious next step to people moving to a more distributed work format
- Fast tracking the complete elimination of on-prem servers to reach 100% cloud infrastructure
- Soft phones are taking over, even in companies that previously had physical call centers – everything is moving to the cloud

# Project Slowdowns – Balanced

While there seems to be a temporary slowdown in discretionary projects as emphasis shifts towards customer needs and business continuity, our network still seems to be bullish on spinning up new SaaS applications for business-critical applications. In spite of 75% of our network saying they are slowing down projects, there seems to be a balanced initiative to continue to push towards digitization.



## Discretionary Projects Are At Risk

- Anything with marginal ROI is on the chopping block right now to make room for more immediate concerns
- Focus is on business continuity and productivity tools, not “nice to haves”



## Security Resources Are Strained

- Projects requiring security resources are being delayed as security is tied up right now on new work from home and other urgent initiatives



## New RFPs & Products Are Frozen

- New RFPs and products are mostly frozen for the time being
- Many companies don't want to roll out new products and updates to their customers anyways, as customers do not have capacity to handle them at this time
- Dev initiatives are a lower priority



## Slowdown of New Investment Initiatives

- Slowdown on new internal and external investment initiatives as economic uncertainty creates paralysis (in most cases)
- Potential opportunity for less impacted businesses to really make bold moves during this time

# Digital Optimization

As in-person meetings and events have been temporarily shuttered, there has been a rise in digital sales & marketing – virtual events, metric-tracking, and remote sales.



## Greater Investment Into CRMs & Predictive Analytics

- As the pipeline moves virtual, many businesses are taking this as an opportunity to upgrade their CRMs and beef up their pipeline analytics
- The digitization of sales and marketing seems to be one business application that isn't being put on hold right now



## Remote Selling Solutions Are On The Rise

- Companies are turning to solutions like Outreach.io to push their remote sales and email campaigns to the next level in lieu of in-person meetings
- Virtual event and meeting solutions are being implemented ASAP



## Consumer Engagement Is a New Focus Area

- Many companies are reaching out to their customers with direct messages from the leadership (in the case of consumer-facing businesses), or from the reps (in the case of enterprise) with direct custom, detailed messaging during the crisis
- While getting new customers may be tough, current customer retention and managing those relationships properly is more important now than ever



## eCommerce Makeover

- For consumer businesses, some are using this as an opportunity for an “eCommerce makeover” – people are spending the time asking their customers what experiences work best for them
- Slower traffic makes it easier to update a lot of consumer-facing features
- It's a good time to improve customer self-service and digital experience

# Mid-Term Predictions – Beyond the Top 3

## Upticks

- **E-Learning & Training** – Both to help accustom employees to work from home, and also to provide learning opportunities during this lull
- **Re-Evaluating Disaster Preparedness** – Many plans did not properly account for pandemics - it has become a good time for crisis teams and the board to re-evaluate these for the future (including a new approaches to the supply chain)
- **5G** – There has been an uptick in interest and continued investment in 5G despite the downturn
- **DRM** – Increased focus on DRM software and management given the shift to digital

## Slowdowns

- **Travel** – Anything travel related on the IT or software side is frozen
- **Engineering and Dev** – Resources are not being directed towards product launches
- **Real-estate support** – New facilities and office buildouts are mostly halted as companies consider the long term implications of working from home

# Strategic IT Priorities

Obviously, strategic priorities are going to vary depending on the business, with some companies going into a slowdown period where they are just trying to keep the lights on. About half of our participants said that their priorities have not changed from before their business was impacted, their reasons included:

- Already using a remote workforce
- Priorities are the same, but strategic priorities are now becoming urgent and tactical (e.g. cloud migration)
- Priorities are the same but now deferred to later in the year
- Priorities are the same but now with a reduced budget

For those businesses that did experience a shift in priorities, we've summarized what that seems to look like on the next page.



# Strategic IT Priorities



## Listening To The Customer

- Now is a good time to enhance current customer value and digital client interaction
- Do some market analysis on what a post-COVID world will look like and where your product will fit
- Delay major patches, many customers can't handle them right now



## Cost Containment

- Outsourced services are being re-evaluated and contracts are being re-negotiated
- Costs are being reviewed with an eye for optimization



## AI/ML & Automation – A Mixed Bag

- Some seem to feel that these projects need to be slowed as they are expensive and could be perceived as distracting
- Others feel that automation and ML can help with security, customer service, and cost containment use cases that are important during the crisis



## Health & Safety

- For any mission critical businesses, in-person health and safety is a top priority
- There is a renewed interest in tele-health solutions



## Scenario Planning

- Many of our participants are spending a lot of time on scenario planning and figuring out what different possibilities might look like in an uncertain future (stabilize, re-imagine, re-emerge)
- Daily huddles with exec team and weekly board updates + crisis management meetings daily (including internal and external comms) can be helpful



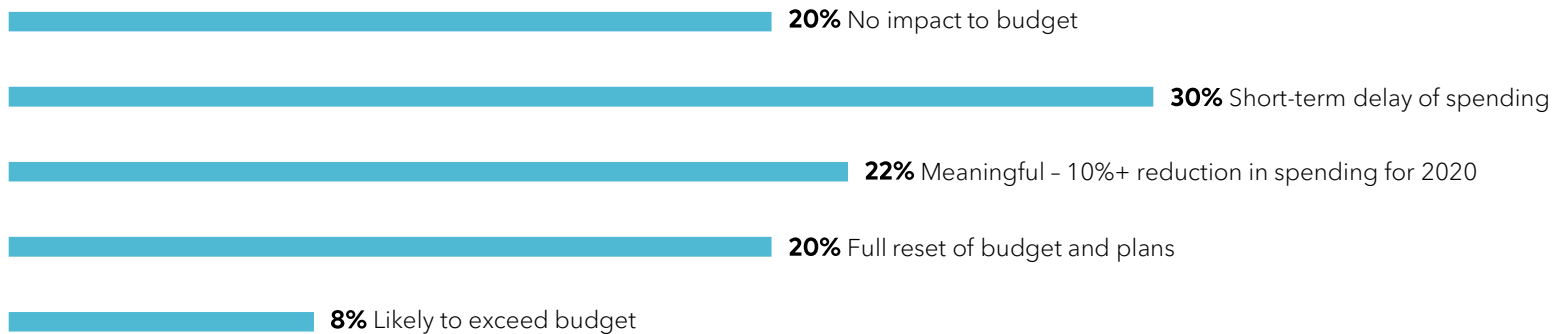
## Hiring & Recruitment – A Mixed Bag

- There are mixed feelings on hiring, mostly industry dependent. Some businesses are experiencing hiring freezes and layoffs.
- Others who are less impacted are looking to scoop up new talent while the pool is growing



# Budget

We asked our participants what their budget predictions look like now for 2020 given the change in revenue that many companies are experiencing. While part of our network is still planning, many already have a good idea where they stand. Surprisingly, in spite of what looks to be a looming recession – 8% are in increase mode, 20% see no impact, and 30% see this as only a short-term blip, with a continued emphasis on IT spending after the break. Here's where things fell out:



The results were a bit of a mixed bag, likely varying by industry. For those that planned on exceeding their budget, the reasons given were:

- Unanticipated costs
- Delays in cost savings initiatives, mitigated somewhat by spending delays
- Added funds for COVID-19 related costs and work from home spend
- Extra funds diverted towards scooping up talent

# About Mayfield

Mayfield is a venture capital firm with a people-first philosophy and \$2.5 billion under management. Mayfield invests primarily in early-stage consumer, enterprise and engineering biology companies. Since its founding 50 years ago, the firm has invested in more than 500 companies, resulting in 117 IPOs and more than 200 acquisitions. Some notable investments in recent years include CloudSimple, Elastica, Grove Collaborative, HashiCorp, Lyft, Mammoth Biosciences, Marketo, Moat, Outreach, Poshmark, ServiceMax and SolarCity. For more information, go to <https://www.mayfield.com> or follow @MayfieldFund.



# How to Engage



Gamiel Gran & Shelby Golan run the business development team at Mayfield. You can reach out to them at [ggran@mayfield.com](mailto:ggran@mayfield.com) & [sgolan@mayfield.com](mailto:sgolan@mayfield.com) - **We are fully virtual-enabled!**

- **Quarterly CIO Insight Calls** - Themed webinars on pressing topics of the day. Topics have included the CIO of the Future, Best Practices on Innovation, The Journey to Cloud Native, An Interview with the Kubernetes Founder, and most recently, CCPA and Privacy Ops
- **Emerging Market Trends Briefings** - 1:1 reviews with you and your team members on key areas of focus, with the goal of sharing possible new ideas Mayfield has seen that align to your specific use cases
- **Regional CIO Roundtables** - Regional roundtables with CIOs and other IT executives that are repeated on a semi-annual basis