CIO INSIGHTS REPORT

Priorities and Investment Plans in the Era of Platformization

Survey reveals strategies for AI, cloud networking, and security to drive innovation and growth.

Extreme networks

Introduction

The explosion of AI, escalating cybersecurity threats, bandwidth-intensive applications, and evolving hybrid work environments have collectively created complex networking infrastructure environments across all industries. As a result, CIOs and senior-level IT decision-makers face unique and multifaceted challenges in optimizing their tech stacks to harness the convergence of networking and security.

To uncover the perspectives, challenges, and strategies surrounding this convergence, Dynata, in partnership with Extreme Networks, conducted a comprehensive survey targeting 200 CIOs and senior IT decision-makers from diverse industries. This paper explores those survey findings, offering an in-depth analysis of how organizations across financial services, government, healthcare, and more can optimize their tech investments and IT resources to achieve improved performance, enhanced security, and continuous innovation.

- **51%** Chief Information Officer (CIO)
- **42%** Director of IT
- **7%** Vice President of IT

- **10%** Government (Federal, State or Local)
- **15%** Financial Services/Insurance
- **10%** Healthcare
- **3%** Education (Higher, Primary or Secondary)
- **8%** Hospitality / Retail
- **39%** Technology
- **3%** Service Provider
- **11%** Other

Survey Findings and Analysis

Beyond the AI Hype, Security Remains a Top Priority

While AI grabs headlines, network security remains the top focus for CIOs, with 34% naming it the number one priority and 55% placing it in the top three. Not too far behind, 22% of overall respondents ranked integrating networking and security as their key concern.

AI's Potential Requires Strong Foundations: AI plays an outsized role in driving innovation, but unlocking its full potential depends on having a strong infrastructure in place. For 36% of survey respondents, network bandwidth remains a challenge, while 96% of IT leaders emphasize that the network is essential to a strong cybersecurity and risk management strategy. In short, AI can't thrive without the right network in place.

Security Continues to Be a Major Focus: 57% of respondents ranked protecting the network against potential threats as one of their top three challenges. Security threats remain a top three concern for 45% of respondents, and when it comes to AI, 40% said one of their biggest worries is data security. Furthermore, 55% of respondents said built-in security was one of their top three requirements when selecting a networking vendor. These findings make it clear that while AI is an important part of the technology landscape, it is only one of several priorities IT leaders must address to ensure the security and resilience of their systems.

> **KEY TAKEAWAY** As organizations move toward more complex tech deployments, they need to focus not only on AI but on how it interacts with networking and security. Particularly as businesses operate across on-premises, cloud, and hybrid environments, the successful integration of AI, network performance, and security will be critical for driving innovation while safeguarding critical assets in an increasingly digital world.

AI Implementation Challenges

While AI adoption is on the rise—84% of survey respondents have started integrating AI into their tech stacks—the road hasn't been without bumps. Almost a third (32%) of IT leaders reported that they haven't seen a strong return on investment (ROI) from AI yet, nor have they experienced the expected improvements in efficiency after implementation.

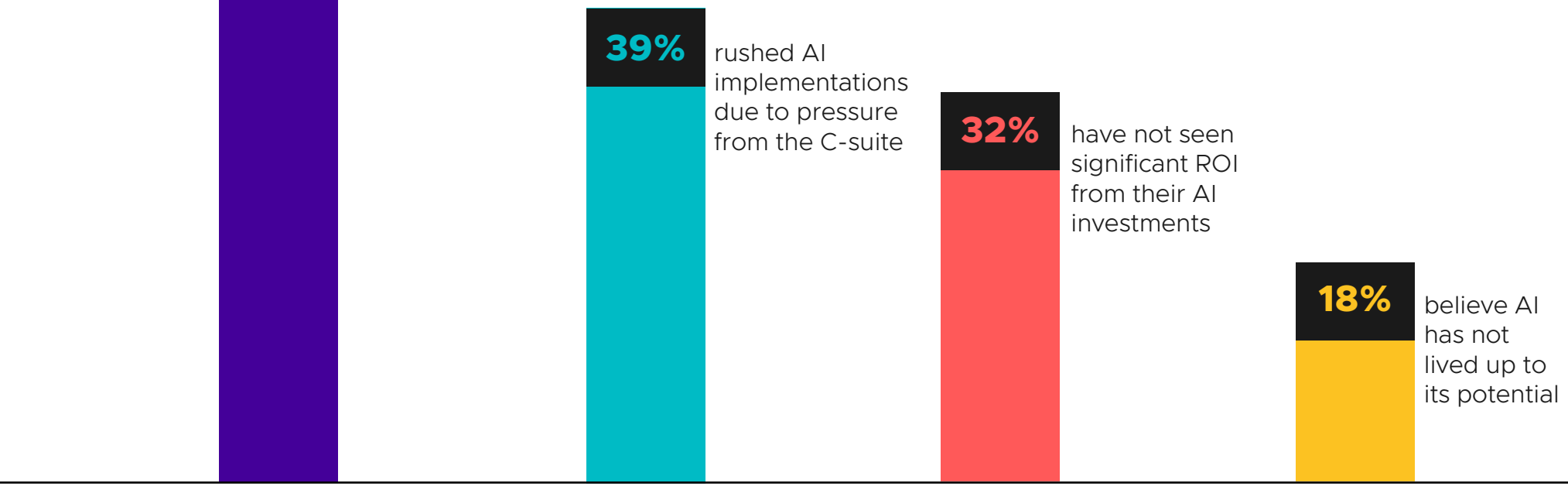
49%

of organizations struggled with network bandwidth during AI implementation

Bandwidth remains a critical issue, with nearly half (49%) of respondents saying they experienced bandwidth challenges when they began implementation of AI. Additionally, 39% admitted that their AI rollout was hurried due to demands from the C-suite, and 30% said employees didn't receive the proper training or guidance to make the most of these new technologies. This often resulted in poor outcomes, as teams weren't fully prepared to handle the complexities of AI integration.

Furthermore, 26% reported that their AI implementations haven't led to significant efficiency gains. For 18% of respondents, AI hasn't yet lived up to its potential in their organization, leaving a gap between expectations and reality.

KEY TAKEAWAY For AI to succeed, organizations need to invest in the right infrastructure, like boosting network bandwidth, and make sure employees receive the proper training. Rushing into AI without addressing these foundational elements can lead to missed opportunities for innovation and efficiency.



Cloud Networking and the Shift Toward Platformization

As IT organizations continue to evolve, there's a clear trend emerging: the shift toward platformization in cloud networking. This trend reflects a growing need for unified, scalable solutions that can handle everything from networking to security and compliance within a single, easily manageable system. According to the survey data, IT leaders are increasingly favoring cloud platforms that seamlessly integrate multiple functions, reducing the complexity of managing separate systems.

This growing demand for unified and interoperable platforms is driving major upgrades, as the vast majority (86%) of IT leaders are planning to invest in their networks over the next 18 months. A significant portion of these upgrades will focus on adopting cloud-based solutions that can support AI and other emerging technologies.

Interestingly, platformization is about more than just convenience. 88% of respondents said they would prefer a single integrated platform for networking, AI, and security. Additionally, 36% of respondents listed a seamless transition to cloud networking as one of their top three priorities, signaling a broader trend toward combining advanced capabilities within a single framework. 58% of respondents ranked integrating AI and security into one platform as a top feature they look for in a cloud networking platform, and 55% noted a Network Infrastructure as a Service (NIASS) model as a top priority.

> **KEY TAKEAWAY** The move toward platformization in cloud networking shows that IT departments are seeking more streamlined, scalable, and easy-to-use solutions that can grow with their needs. By adopting platforms that unify AI, networking, and security, organizations can reduce complexity, improve interoperability, and strengthen security—all while positioning themselves to embrace emerging technologies like AI.

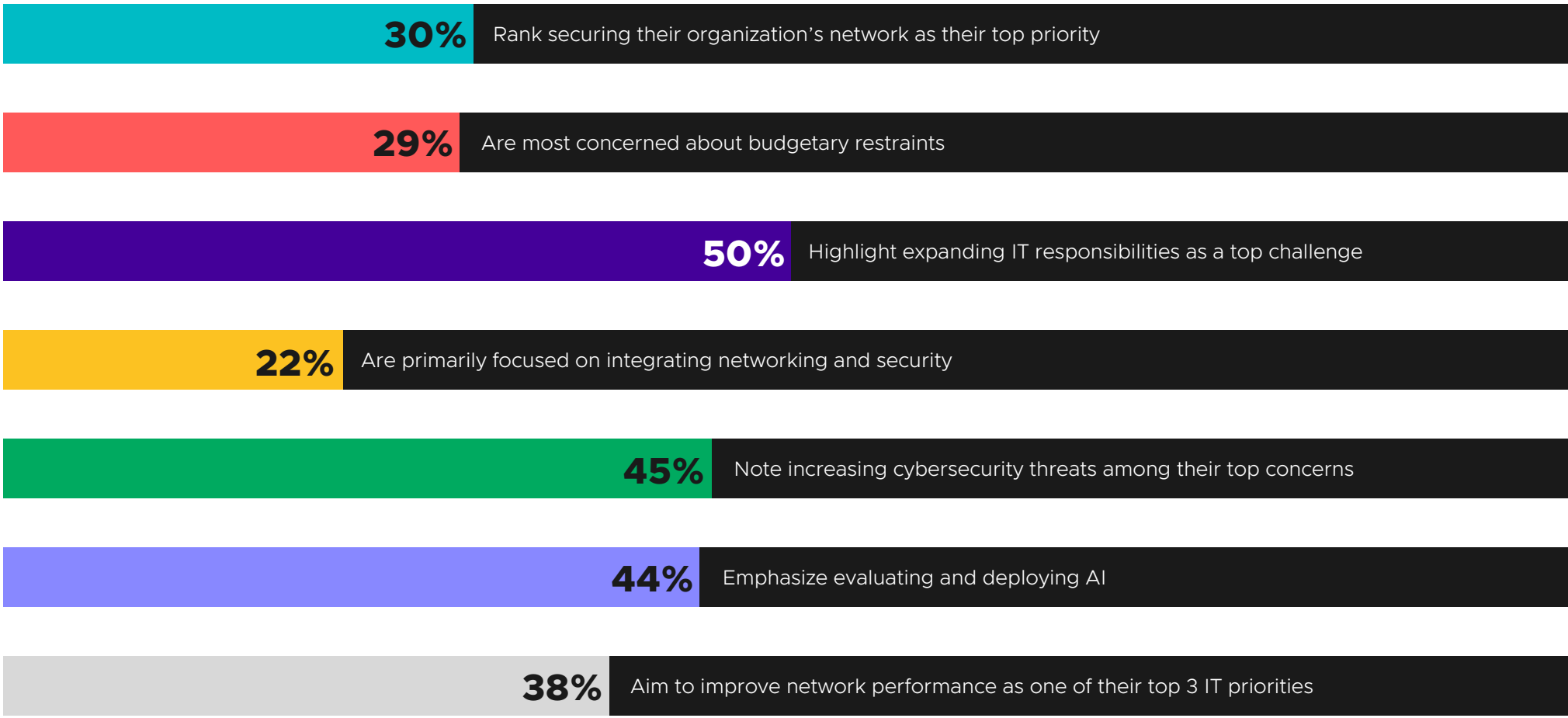
Expanding IT Responsibilities and Security Concerns

The rapid rise of AI has introduced a range of new priorities and challenges for IT teams. As their responsibilities expand, IT leaders are feeling the pressure to simplify and consolidate capabilities in order to manage everything more effectively. This growing complexity is pushing many to look for ways to streamline their operations and adopt solutions that can tackle multiple priorities at once.

The survey shows that 50% of IT leaders are struggling with the expansion of their responsibilities, as they work to manage an increasing number of tasks. 30% of respondents rank securing their networks as their top priority, with 45% highlighting the growing threat of cyberattacks as a major concern. At the same time, 29% are grappling with budget constraints, making it harder to handle their expanding roles.

Many leaders are also focused on AI, with 44% saying that evaluating and deploying AI solutions is a key part of their strategy, while 38% are prioritizing efforts to improve network performance. Altogether, these findings highlight the need for unified platforms that can simplify IT operations, boost security, and improve network efficiency—all while staying within budget and managing a growing workload.

KEY TAKEAWAY It's clear that IT teams are eager for platforms that can combine AI, networking, and security into a unified, integrated solution that is easy- to- use, configure, and deploy. The goal is not for AI to add to the complexity of their work but for it to become an integral part of managing their networks and security systems. By embedding AI into these platforms, organizations can improve automation, enhance performance, and boost threat detection, all while minimizing the risks that come with new technologies.



Complexity in Network Management

The growing complexity of managing network environments has become a significant challenge for IT leaders. Today's IT teams are tasked with balancing a range of responsibilities, from managing wired and wireless connections and ensuring performance resilience across all users to integrating security protocols and handling new devices like those from remote work setups and IoT environments. The result is an intricate web of responsibilities that can overwhelm even the most experienced teams.

According to the survey, one of the biggest challenges faced by IT departments is the influx of new devices, with 58% of respondents identifying the management and security of IoT and mobile devices as a top concern. Other complexities include managing bandwidth, with 40% of respondents struggling to meet growing demands, and integrating emerging technologies, a challenge for 52% of IT leaders. These statistics paint a clear picture of the multi-layered challenges organizations face as they navigate the evolving technology landscape.

KEY TAKEAWAY IT leaders are expressing a strong desire for solutions that can simplify these complexities. An overwhelming 88% of respondents highlighted the need for a platform that integrates AI and security management. As AI adoption continues to grow, it's crucial that it doesn't become yet another isolated task for IT teams to manage. Instead, AI should be seamlessly woven into existing security protocols and network management solutions, reducing the burden on IT departments and ensuring smoother, more efficient operations.

Spotlight on Sustainability in IT

Sustainability is steadily becoming a focus for IT departments, as the role of technology in driving environmental initiatives grows. According to the survey, most IT leaders feel a strong sense of responsibility when it comes to recommending eco-friendly technologies. Many of them are also seeing their departments directly tied to their organizations' sustainability goals. With the growing capacity requirements of AI, the importance of sustainable practices in IT is even more apparent.

The survey revealed that a staggering 88% of IT leaders believe it is their responsibility to recommend technology that reduces their company's carbon footprint. Additionally, 82% of respondents have sustainability initiatives or specific goals tied to their IT department, highlighting the key role that IT plays in shaping a more eco-conscious future for businesses.

KEY TAKEAWAY Sustainability is no longer just a side consideration for IT departments—it's becoming an integral part of overall IT and AI strategy. By adopting environmentally friendly technologies and practices, IT teams can contribute meaningfully to their organization's sustainability goals, while simultaneously improving their operational efficiency. This dual focus on sustainability and efficiency not only benefits the environment but also aligns with broader business objectives.

IT Budget and Priorities

While budget constraints have long been a challenge for IT leaders, the survey shows some positive news: budgets are on the rise. As businesses increasingly recognize the critical role of IT infrastructure and enterprise networking—along with the growing importance of AI and security—more resources are being allocated to support these initiatives.

According to the survey, 83% of IT leaders expect their budgets to increase in the next six months. This upward trend aligns with a finding noted earlier, where 86% of respondents indicated plans for network upgrades within the next 18 months. These upgrades will primarily focus on securing networks, integrating networking with security, and evaluating AI solutions—key priorities for today's IT departments.

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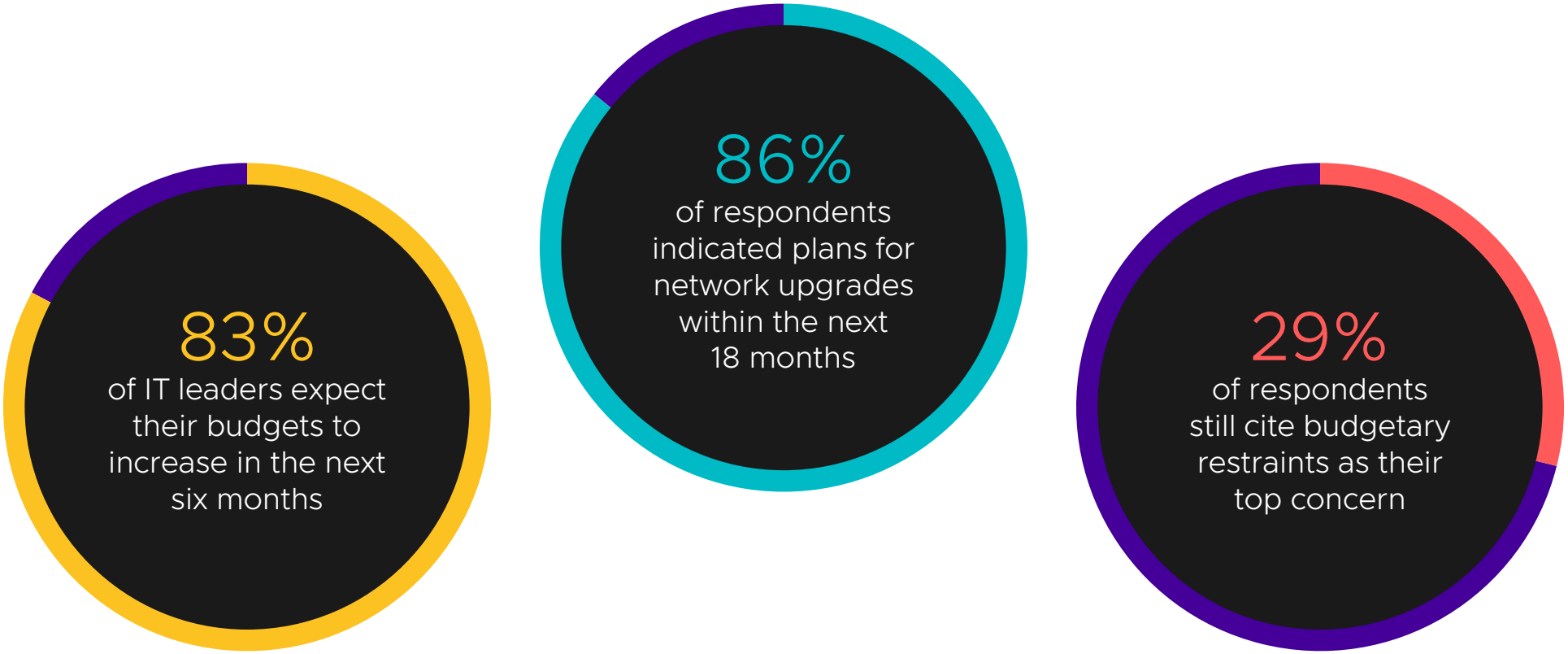
However, even with the promise of bigger budgets, 29% of respondents still cite budgetary restraints as their top concern. This indicates that despite increased funding, IT leaders must continue to be strategic in how they allocate their resources. Balancing network upgrades, security investments, and AI implementations without overspending will remain a priority.

KEY TAKEAWAY The rise in IT budgets reflects the growing importance of strong IT infrastructure in driving business success. However, even with larger budgets, careful planning is essential to ensure that resources are used efficiently. IT departments must prioritize critical upgrades and AI deployments while staying mindful of budget constraints to avoid overspending.



Actionable Insights and Strategic Recommendations

As the survey results reveal, the convergence of AI, networking, and security brings both opportunities and challenges. To harness these technologies effectively, organizations must take a strategic approach to optimizing their tech stack, addressing key operational challenges, selecting the right vendors, and prioritizing a well-thought-out AI strategy. The following recommendations offer actionable insights that IT leaders can implement to achieve success in this complex landscape.

Optimizing the Tech Stack

To fully leverage AI, networking, and security integration, organizations should focus on several key areas:

- **Ensure Network Bandwidth and Speed:** Investments in robust enterprise networking solutions are critical to supporting AI deployments. Without the necessary bandwidth, AI initiatives will struggle to deliver meaningful results.
- **Integrate Networking and Security:** Consolidated management platforms can streamline IT operations, enhance security, and simplify the overall management of AI, network, and security tools. As the trend toward platformization continues to grow, organizations should seek out platforms that offer unified solutions, enabling them to integrate AI and security while optimizing operations.
- **Simplify the Tech Stack:** Simplifying the tech stack reduces complexity and improves manageability, enabling IT teams to focus on strategic initiatives rather than operational headaches. The move toward platformization plays a key role in this, as organizations look for scalable platforms that allow them to streamline processes, automate tasks, and free up resources for more high-level work.

Addressing Top Challenges

To overcome the primary challenges highlighted in the survey, organizations should consider the following actions:

- **Scalable, Secure Networking Solutions:** Scalable solutions that can grow with organizational needs are crucial. They should also provide robust enforcement of security policies and advanced threat detection capabilities to ensure long-term security.

- **Staff Training and Development:** Continuous training for IT staff is essential to keep up with rapidly evolving AI technologies and security protocols. Investing in skill development can significantly improve operational efficiency and security management.
- **Adopt Sustainable Practices:** Sustainability is becoming a core component of IT strategy. Integrating sustainable practices into both IT and AI operations can drive environmental initiatives and improve overall efficiency, aligning technology investments with broader organizational goals.

Enhancing Vendor Selection Criteria

Choosing the right vendors is key to simplifying IT management and improving security outcomes. When evaluating potential partners, organizations should look for:

- **Integrated AI and Security Solutions:** Vendors that offer unified platforms combining AI and security solutions can reduce complexity and streamline IT operations.
- **Scalability and Ease of Deployment:** Scalable, easy-to-deploy solutions are essential for meeting the evolving needs of dynamic organizations. They should be able to grow with the business while being implemented without major disruptions.
- **Sustainability Initiatives:** Vendors with a strong focus on sustainability align well with organizations that have set ambitious environmental goals. Partnering with these vendors can support both operational and sustainability targets.

Prioritizing AI Strategy and Management

To maximize the benefits of AI, organizations should prioritize a comprehensive AI strategy that includes structured management and development.

- **Staff Training and Development:** Training IT staff on AI technologies and security protocols is critical for maintaining operational efficiency and protecting against potential vulnerabilities.
- **AI Strategy Over Implementation:** Organizations should prioritize creating a robust AI strategy before rushing into implementation. A well-structured strategy can help overcome common challenges, ensure a measured rollout, and achieve meaningful ROI.
- **Adopt Integrated AI and Security Solutions:** Organizations should prioritize vendors offering integrated platforms that unify AI, networking, and security, reflecting the growing trend toward platformization. By adopting a single, scalable solution, businesses can reduce complexity, improve manageability, and enhance security, ensuring that AI does not become an isolated management challenge. As 88% of respondents indicated, there is a clear desire for a unified platform that streamlines operations, drives innovation, and protects against evolving cyber threats.

Strategic Recommendations Checklist

Optimizing the Tech Stack

- [ ] Ensure Network Bandwidth and Speed
- [ ] Integrate Networking and Security
- [ ] Simplify the Tech Stack

Enhancing Vendor Selection Criteria

- [ ] Integrated AI and Security Solutions
- [ ] Scalability and Ease of Deployment
- [ ] Sustainability Initiatives

Addressing Top Challenges

- [ ] Scalable, Secure Networking Solutions
- [ ] Staff Training and Development
- [ ] Adopt Sustainable Practices

Prioritizing AI Strategy and Management

- [ ] Staff Training and Development
- [ ] AI Strategy Over Implementation
- [ ] Adopt Integrated AI and Security Solutions

Future Outlook: Staying Ahead of the Curve

As organizations embrace the convergence of AI, networking, and security, it's clear that these technologies will shape the future of IT. The survey findings reveal that IT leaders must focus on strengthening their networks, streamlining management processes, and adopting sustainable practices to remain competitive in a rapidly evolving landscape. By investing in integrated AI and security platforms, robust enterprise and cloud networking solutions, and environmentally conscious technologies, organizations can drive innovation while ensuring long-term success.

Today's CIOs and IT leaders face a clear mandate: they must prioritize solutions that seamlessly integrate AI, security, and networking components into a unified platform. The move toward platformization is more than a trend—it's a strategic approach to creating a unified solution that simplifies management, improves productivity, and enhances security. Organizations that view the network as the foundation of their platformization strategy have a unique opportunity to leverage AI and security to deliver exponential value across their operations. By adopting scalable, integrated platforms that are easy to deploy and continuously improve with new embedded capabilities, IT teams can constantly evolve, providing an exceptional user experience and exponential operational benefits.

Extreme Networks is uniquely positioned to help organizations navigate these challenges, leading the next wave of networking with a platformization approach designed to accelerate innovation and improve the time to positive business outcomes. By focusing on delivering integrated solutions that balance AI innovation with security and scalability, Extreme Networks empowers IT leaders to drive progress, meet their strategic objectives, and stay at the forefront of technological advancements. Learn more at www.extremenetworks.com.

Survey Methodology

The survey was conducted among 200 CIOs and senior IT decision-makers between July 11 and August 7, 2024, across a diverse range of industries, including government, financial services, healthcare, education, and technology. Participants were asked to share insights into their current priorities, challenges, and strategies, with a particular focus on areas such as artificial intelligence, networking, and security. This methodology ensured a broad spectrum of perspectives from key decision-makers responsible for shaping the technological direction and security policies within their respective organizations.

About Extreme Networks

Extreme Networks, Inc. (EXTR) is a leader in AI-driven cloud networking, focused on delivering simple and secure solutions that help businesses address challenges and enable connections among devices, applications, and users. We push the boundaries of technology, leveraging the powers of artificial intelligence, analytics, and automation. 50,000 customers globally trust our AI-driven cloud networking solutions and industry-leading support enable businesses to drive value, foster innovation, and overcome extreme challenges. For more information, visit Extreme's website at extremenetworks.com or follow us on LinkedIn, YouTube, X, Facebook or Instagram.

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