MARKET PERSPECTIVE

Czech Public Sector, 2019

Jan Alexa

EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Czech Public Sector Decision Maker Sentiments and Priorities

This IDC Market Perspective discusses the latest ICT developments and stakeholder opinions in the public sector of the Czech Republic, as identified by the results of a survey conducted in March 2019 among participants of the Czech Republic's biggest public sector ICT conference, The Internet in National and Local Government *(Internet ve statni sprave a samosprave, ISSS)*.

Key Takeaways

- IT investment sentiment is still very positive — for the third year in succession.
- While security is still the most important topic for public sector end users, the relative prominence of citizen-facing services is rising.
- The Czech public sector is investing in Future of Work initiatives, but the investments are still tactical and limited to only certain use cases. Adoption is hindered by unclear strategic direction in this field.

Recommended Actions

- Solidify your market presence to ensure a stable pipeline for when the current peak market sentiment ends.
- Present your solutions as part of the implementation of a broader strategy, helping end users to draft their own Future of Work plans.
- In security solutions, prioritize access management and authentication and other employee-related offerings.

Source: IDC, 2019

NEW MARKET DEVELOPMENTS AND DYNAMICS

This IDC Market Perspective presents stakeholder opinions from a survey among participants of the Czech Republic's largest public sector ICT conference, The Internet in National and Local Government (*Internet ve statni sprave a samosprave, ISSS*), held April 1-2, 2019, in Hradec Kralove.

IDC has conducted the survey at the conference since 2015. This has provided both an annual market snapshot and visibility into the sector's medium-term ICT development dynamics. This year's survey included the same questions asked in previous years (e.g., around public sector ICT priorities and budgetary outlook), but it also sought to gauge interest in recent and new topics, such as the Future of Work concept.

ISSS Conference

IDC participates as a partner at ISSS. The 2019 edition focused on trends in egovernment, cybersecurity, Smart Cities, and the financing of public sector IT initiatives.

The 2019 sample (90 respondents) is smaller than in previous years, but it has still provided significant information. Its size and distribution across all levels of government enable valid insights into the minds of Czech public sector ICT decision makers. Nevertheless, the survey results represent only the views of ISSS conference attendees and should not be regarded as comprehensively representative of all Czech government ICT stakeholders, albeit most of the key stakeholders do gather at ISSS.

Public Sector ICT Priorities and Budgetary Outlook

Table 1 provides an overview of the IT priorities of the survey respondents. The importance of security has ceased to rise, which suggests that, after years of dominant security considerations, stakeholders are beginning to look at other priorities, although the importance of security remains very high.

The same holds true with respect to the importance of regulatory compliance. After the years in which crucial regulations came into effect, such as the European Union (EU)'s General Data Protection Regulation (GDPR), policymakers are prioritizing other issues, although regulatory compliance remains a must for public sector organizations and thus retains a lot of its perceived importance.

Citizen service enhancements remain the second most important priority, a trend that is likely to continue, as such requirements are likely to be addressed by legislation soon. Driving improvements in the skills of IT departments is becoming more important, reflecting the changing skills needs and shortages public sector IT teams are experiencing due to the deployment of new solutions featuring technologies such as cloud and artificial intelligence (AI). Interestingly, although the respondents did not report financial strain, cost reduction is increasingly important, likely reflecting the political priority of public sector efficiency. That said, public sector stakeholders are evidently becoming more experienced in procuring new technologies, with procurement efficiency subsequently being less of a priority than in the past.

TABLE 1

IT Priorities

Q. What are the top three IT priorities in your organization for this year?

Priorities	2015	2016	2017	2018	2019
Security of information and systems	42%	54%	55%	70%	58%
Citizen service enhancements	38%	29%	44%	44%	42%
Regulatory compliance	17%	26%	30%	33%	28%
Collaboration across government institutions	15%	19%	24%	22%	26%
Reducing costs	27%	18%	18%	17%	22%
Internal service productivity/efficiency	19%	18%	14%	12%	19%
Data retention	21%	20%	18%	15%	19%
Aligning IT with organizational strategy	24%	17%	18%	21%	18%
Process automation	17%	18%	20%	17%	14%
Improving quality of skills of internal IT departments	6%	10%	11%	10%	13%
Internal IT user efficiency	23%	14%	12%	9%	10%
Employee satisfaction	NA	NA	NA	NA	9%
Procurement efficiency	15%	12%	10%	8%	8%
IT organization responsiveness	14%	10%	13%	10%	4%
Outsourcing IT services	3%	4%	4%	2%	4%
Human resource management	9%	5%	8%	13%	3%
Green IT (carbon footprint and recycling)	NA	1%	1%	1%	NA
Other (please specify)	3%	2%	1%	2%	2%
Count	N = 117	N = 123	N = 114	N = 174	N = 90

Source: IDC, 2019

The overall investment mood among decision makers is broadly the same as last year – very positive. This point is reinforced by the data presented in Table 2. Around 44% of organizations expect IT budgets to increase. Only 6% expect them to fall – the lowest percentage since 2015. This marks the fourth consecutive year of very positive budgetary expectations, reflecting continuing positive business and consumer sentiment in the Czech economy (although the situation may change next year, when the economy is expected to slow). IT investment sentiment is unlikely to further improve, and these last two years should be considered peak years.

TABLE 2

Budgetary Outlook

Q. *In comparison with last year, how has your IT budget changed for this year?*

IT Budget Size	2015	2016	2017	2018	2019
Increased considerably (>10%)	3%	7%	6%	13%	8%
Increased slightly (2–10%)	22%	28%	38%	35%	36%
Stayed the same	50%	53%	44%	44%	50%
Decreased slightly (2–10%)	23%	11%	11%	6%	3%
Decreased considerably (>10%)	2%	2%	2%	2%	3%
Count	N = 117	N = 123	N = 114	N = 173	N = 90

Source: IDC, 2019

Future of Work

This year, IDC covered a new topic in the survey, which resonates strongly worldwide across all industries – the Future of Work. IDC's Future of Work (FoW) concept is a holistic framework that encompasses all major trends in the workplace brought about by new technologies and organizational changes. To name a few, mobility, AI, workplace flexibility, and agile organization are increasingly being adopted to make work more efficient, but also to raise employee satisfaction and increase employee retention. Although the public sector may generally be lagging in some key elements of FoW transformation, around the world, new FoW initiatives have been successfully adopted in the government sector. This part of the survey assesses the kind of initiatives being undertaken in the Czech public sector.

TABLE 3

Future of Work Initiatives — Percentage of Adopters

Q. *Which of the following workplace transformation initiatives has your organization already introduced? [Choose all that apply]*

Initiative Type	2019
Tools to enable employee mobility (home office, working on the move)	56%
New reskilling/training programs to bring employees up to date with digital requirements	50%
Facilitation of better collaboration among employees and with external parties	47%
New security policies (e.g., multifactor authentication) to support new workstyles	38%
Smart working in the office with space redesign	12%
Programs and tools that track employee satisfaction	12%
New recruitment and talent management platforms	11%
AR/VR for training and support or collaboration	11%
Artificial intelligence (AI) and/or robotics to assist employees or augment their capabilities	4%
Task and process automation, including robotic process automation (RPA)	2%
Count	N = 90

Source: IDC, 2019

Table 3 shows that Czech public sector stakeholders are engaging in FoW activities, but various initiative types have very different adoption rates. Solutions that focus on mobility and security seem to be a priority, reflecting a tight labor market in which workspace flexibility is considered a significant perk. Public sector organizations are also embracing reskilling and training as important HR policies, enabling employees to grow professionally. Nevertheless, Czech public sector entities are still at the beginning of their automation journeys; for example, RPA and AI in general are barely present.

TABLE 4

Future of Work — Barriers to Adoption

Q. What are the biggest barriers to implementing workplace transformation initiatives in your organization? [Choose all that apply]

Barriers to Adoption	2019
Lack of budget	50%
Unclear vision and strategy on future work	47%
Inadequate integration of new technologies into existing IT systems	34%
Lack of management support	33%
Lack of digital expertise	27%
Intergenerational conflict and multigenerational work expectations	23%
Poor cooperation between IT, HR, and other areas of expertise	22%
Regulatory barriers	18%
Legacy IT infrastructure	11%
Other (please specify)	2%
Count	N = 90

Source: IDC, 2019

Table 4 provides an overview of barriers to FoW initiatives. Surprisingly, lack of budget is the most often cited, suggesting that, although budgets are increasing, they are being utilized for priorities other than FoW. On the other hand, regulatory barriers are not such an issue, and neither are the conflicting needs of different generations of employees.

The second most cited barrier is a lack of vision. Uncertainty about overall strategic direction is reflected in the responses about investment plans for FoW. While 21% of the respondents indicated that their organizations plan to invest in FoW initiatives in the next 12 months and 27% responded that they will not, the rest of the respondents were unsure, a state likely resulting from a lack of strategic direction. The Czech government so far lacks a comprehensive future-oriented vision of what work in the public sector should be like. It remains to be seen whether, in the medium term, the government will be forced to adopt such a vision due to an increasingly tight labor market and the need to adopt best practices from other industries.

IT Security

For the fourth consecutive year, IDC's survey included questions related to ICT security. Table 5 shows that the threats posed by malware, particularly ransomware, remain prominent in the concerns of decision makers. The risks posed by shadow IT have increased in comparison with previous years, reflecting the seriousness with which shadow IT is now seen. The biggest perceived threat has remained unchanged over the years – an unintentional misstep by an employee resulting in data loss.

TABLE 5

Main Threats

Q. What are the biggest threats to your organization's network, data, and internet security?

Threat	2016	2017	2018	2019
Unintentional data leakage/loss by employees	53%	55%	55%	50%
External hacking	41%	20%	31%	43%
Ransomware	24%	26%	32%	34%
Employee sabotage	32%	39%	22%	33%
External social networks	23%	6%	27%	22%
Shadow IT systems and solutions	16%	16%	15%	21%
Spam	28%	15%	16%	17%
Distributed denial of service attack	19%	13%	14%	16%
Cloud security breaches	11%	2%	15%	14%
Other malware	-	-	13%	11%
Bring your own device and remote access points	10%	27%	8%	10%
Unwanted reconfiguration	4%	8%	4%	6%
Enterprise social networks	2%	21%	3%	4%
Big data initiatives and management	3%	27%	2%	2%
Other	2%	2%	-	NA
Count	N = 123	N = 114	N = 183	N = 90

Source: IDC, 2019

Table 6 provides an overview of security spending drivers. The Czech Cyber Security Act, amended in 2017, is still gaining in prominence as a driver, a likely sign that public bodies still feel that the act's provisions need to be implemented more consistently. Interestingly, other regulations again constitute an important factor in terms of spending, reversing the fall in importance in 2018. Finally, the importance of security audits has risen markedly and is likely to continue to rise, as security audits are becoming more common.

TABLE 6

Main IT Security Spending Drivers

Q. Which of the following drive security spending the most in your organization? [Choose three at most]

Concerns	2016	2017	2018	2019
Cyber Security Act	58%	49%	53%	67%
Security audit results	35%	32%	36%	51%
Security incidents	42%	46%	43%	49%
Mobile computing — internally issued devices	16%	25%	18%	36%
Mobile computing — Bring your own device and remote access points	15%	17%	11%	17%
Cloud solutions — public cloud	14%	11%	13%	16%
Cloud solutions — private cloud	7%	16%	7%	8%
Other regulations	42%	55%	39%	54%
Other (please specify)	1%	4%	6%	3%
Count	N = 123	N = 114	N = 183	N = 90

Source: IDC, 2019

ADVICE FOR THE TECHNOLOGY SUPPLIER

This paper offers several takeaways for vendors seeking to enhance their relationships with Czech public sector clients, as well as for those seeking new opportunities in the sector. IDC offers such tech suppliers the following advice:

- **Solidify your position.** The Czech public sector market is approaching an IT-spending-cycle peak. It is prudent to solidify your position by aiming for medium-term contracts, which will provide steady revenue when a downturn occurs.
- **Help with FoW strategies.** End users seem unsure about how to proceed regarding FoW. Vendors should provide a holistic view, embedding their solutions into broader strategic frameworks and working with end users, helping them to chart their own FoW transformation journeys.
- **For security, focus on access management.** Survey responses indicate that employees and their unintentional mistakes are still seen as the biggest security threat. Vendors should tailor their offerings to minimize employee-mishap data loss, focusing on access management and authentication.

LEARN MORE

Related Research

- *Czech Public Sector 2017: Compliance Among Top Priorities, Cloud Slowly Takes Off* (IDC #CEMA42520417, May 2017)
- *Czech Public Sector 2018* (IDC #CEMA42702118, May 2018)
- *European Government Citizen Services Quarterly Update, October-December 2018* (IDC #EMEA43733919, February 2019)

Synopsis

This IDC Market Perspective presents stakeholder opinions from a survey among participants of the Czech Republic's largest public sector ICT conference, The Internet in National and Local Government (*Internet ve statni sprave a samosprave, ISSS*), held April 1–2, 2019, in Hradec Kralove. This year's survey included the same questions asked in previous years (i.e., around public sector ICT priorities and budgetary outlook), but it also sought to gauge interest in recent and new topics, such as the Future of Work concept. The paper therefore provides not only a one-off snapshot of the public sector ICT market, but also information about the sector's medium-term ICT development dynamics (from 2015 onward).

"This paper provides an annual update on the IT themes demanding the most attention among Czech public sector stakeholders," says Research Manager Jan Alexa, IDC Government Insights, IDC EMEA. "The investment sentiment remains very positive, and organizations are increasingly focusing on citizen-facing services. Tech suppliers that adhere to this priority and help end users fulfill their mission of providing digital options for all services are likely to prosper."

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IDC CEMA

Male namesti 13
110 00 Prague 1, Czech Republic
+420 2 2142 3140
Twitter: @IDC
idc-community.com
www.idc.com