Why
interconnectivity
should be a
strategic priority

Research insights into interconnectivity
awareness, perceptions, progress and why
you need an interconnectivity strategy.

Is interconnectivity an unconsidered need, and does it matter?

Business is now dominated by digital; in 2023, digital revenue streams, completely underpinned by digital applications, exceeded non-digital revenue streams for the first time, and by 2028, digital revenue will represent 60% of an organisation's total income.

We consider the shift from intraconnectivity to interconnectivity to be a fundamental element of this tipping point in digital transformation. Where once intraconnectivity between internal network connections such as branches, offices and data centres was enough, it's now vital to also have interconnectivity between enterprises, cloud providers and external B2B, SASE and SaaS partners.

This means networks must evolve. As organisations increase their use of distributed cloud - stretching across the customer edge, private cloud and public cloud - their networks must deliver more flexible and scalable connectivity between their IT and the multiple third parties that are now part of their digital value chain. This 'interconnectivity' must provide the seamless, friction-free, authenticated and trusted connections that support effective operations in today's digital economy.

Because of this, we believe interconnectivity has a significant value that markets are under-recognising, making it an unconsidered need and a strategic weakness.

So, we recently commissioned independent research to explore the progress Multi-National Corporates (MNCs) and mid-to-large UK enterprises have made on their interconnectivity journey, shed light on this unconsidered need concept, and examine any links between an organisation's maturity and its interconnectivity strategy.

Amongst a wealth of valuable insight, one finding stood out. Even though over half of organisations could recall an incident in the last two years where an interconnectivity issue impacted their service delivery to customers, three quarters (73%) either didn't have a strategy for interconnectivity or had yet to implement one.

Enterprises fully adopting the digital economy have a more mature approach to interconnectivity than those that have not yet reached that digital tipping point. These enterprises are still solely focused on interconnectivity transformation, such as closing their data centres.

At the least, this very low prioritisation of interconnectivity is a missed opportunity. At its worst, stalling on interconnectivity could inflict severe long-term damage to profitability and viability, and adverse impacts will emerge. App performance will suffer due to poor interconnectivity, and networks designed on legacy principles will become increasingly costly and inefficient as data burdens grow. Widespread 'bill shock' is likely, caused by unexpectedly large egress charges when moving data out of the hyperscaler environment.

Consider the situation one of our global manufacturing customers faced: their legacy approach of using IPsec tunnels left them with 200 tunnels connecting to 14 separate supply chain organisations in their European operation alone. This was an unsustainable situation – their bandwidth requirements were increasing and their hosting decisions, made by them or their partners, were changing. They needed a flexible, scalable architecture interconnected at the right places.

All enterprises need to recognise the importance of this intra-interconnectivity tipping point and turn interconnectivity into a considered need in their digital transformation.

If you're not already doing this, start now by reading this eBook.

Please get in touch with any questions.

The study

Information Services Group (ISG) conducted 240 interviews between 9-17 September 2024 with senior interconnectivity decision-makers in IT and at C-suite level in global MNCs and UK mid-to-large enterprises.
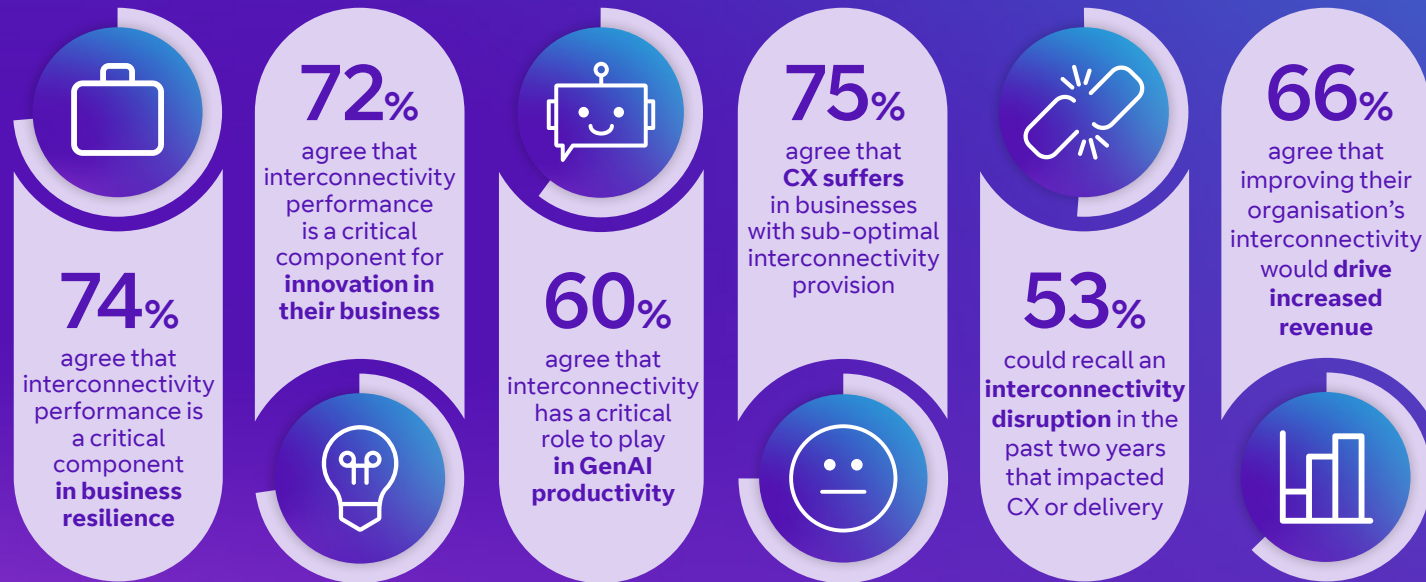
Matt Swinden
Managing Director, Digital Connectivity,
Business, BT

The lack of an interconnectivity strategy is becoming a barrier to growth, especially for domestic enterprises

Interconnectivity is crucial to your business

74% agree that interconnectivity performance is a critical component **in business resilience**

72% agree that interconnectivity performance is a critical component for **innovation in their business**

60% agree that interconnectivity has a critical role to play **in GenAI productivity**

75% agree that **CX suffers** in businesses with sub-optimal interconnectivity provision

53% could recall an **interconnectivity disruption** in the past two years that impacted CX or delivery

66% agree that improving their organisation's interconnectivity would **drive increased revenue**

Our view

Interconnectivity is driven by immediate need, not longer-term potential. On average, global MNCs think about interconnectivity earlier than UK enterprises to maintain their application performance when accessing globally distributed clouds, SaaS / SASE partners, and to manage a more complex web of business partners.

As might be expected, interconnectivity is less mature for emerging trends such as GenAI, but surprisingly also for more established business-critical areas such as ensuring applications function even under failure and as a driver for R&D and innovation.

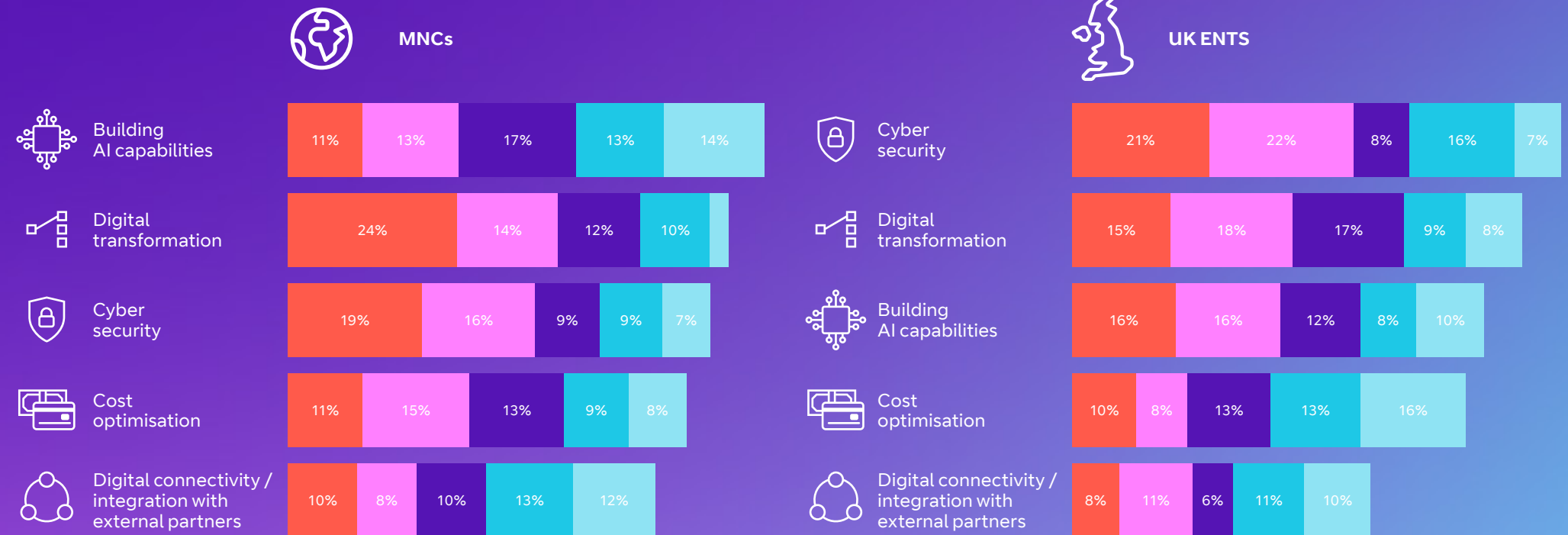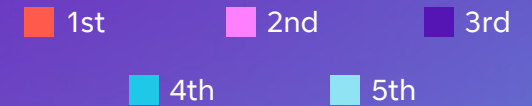## Organisations haven't prioritised interconnectivity

MNCs

27%

% that have identified interconnectivity priorities and have implemented a strategy for interconnectivity

18%

UK ENTS

Other priorities, not interconnectivity, are driving the short-term agenda

The top five technology priorities for organisations between now and year-end 2025

Legend: 1st | 2nd | 3rd | 4th | 5th

MNCs

Priority	1st	2nd	3rd	4th	5th
Building AI capabilities	11%	13%	17%	13%	14%
Digital transformation	24%	14%	12%	10%	
Cyber security	19%	16%	9%	9%	7%
Cost optimisation	11%	15%	13%	9%	8%
Digital connectivity / integration with external partners	10%	8%	10%	13%	12%

UK ENTS

Priority	1st	2nd	3rd	4th	5th
Cyber security	21%	22%	8%	16%	7%
Digital transformation	15%	18%	17%	9%	8%
Building AI capabilities	16%	16%	12%	8%	10%
Cost optimisation	10%	8%	13%	13%	16%
Digital connectivity / integration with external partners	8%	11%	6%	11%	10%

Our view

Drawing up an interconnectivity strategy and implementation plan is the most effective way to navigate challenges.
The research highlights a lack of coordinated activity. Some enterprises are already implementing interconnectivity with entities such as hyperscalers or cloud and security partners, but this is often done piecemeal. Without central oversight to provide an interconnectivity strategy and framework, enterprises risk making sub-optimal decisions and leaving money on the table.

Respondents echoed this. One research participant noted that "a complex organisational structure with multiple business divisions servicing various adjacent markets has led to siloed decision-making on interconnectivity needs with various customer systems, rather than a group-wide integrated approach."

Others cited barriers such as organisational complexity, legacy systems and processes, diverse stakeholders with competing priorities, and a lack of flexibility in their current network connectivity solutions.
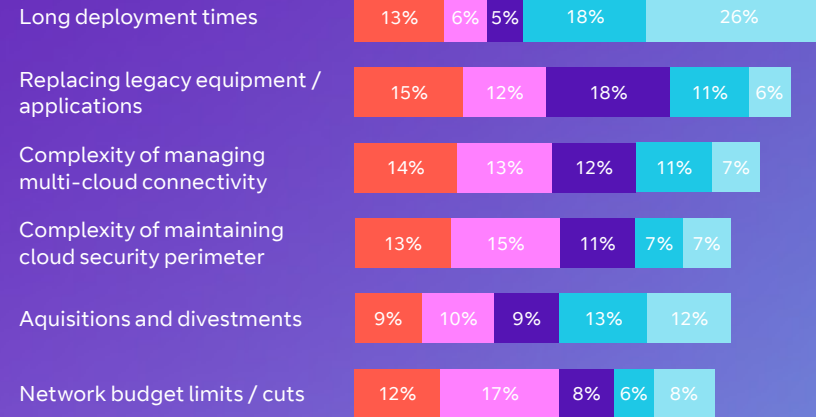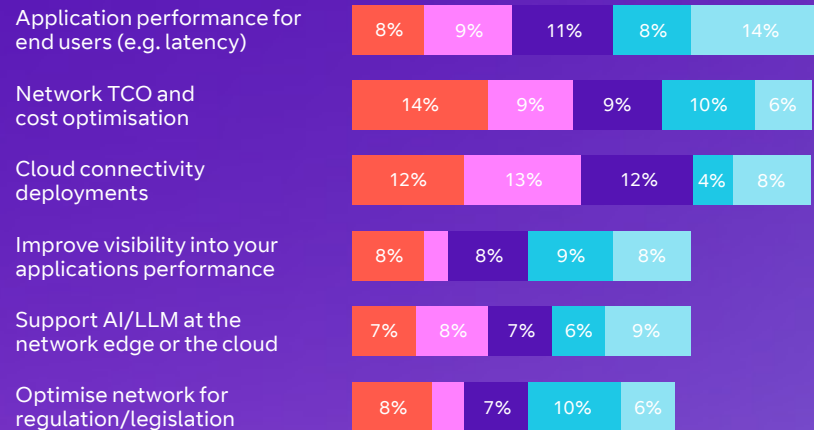
Is overlooking interconnectivity a strategic weakness?

However, in reality, many of those priorities and challenges are underpinned by the need for better interconnectivity
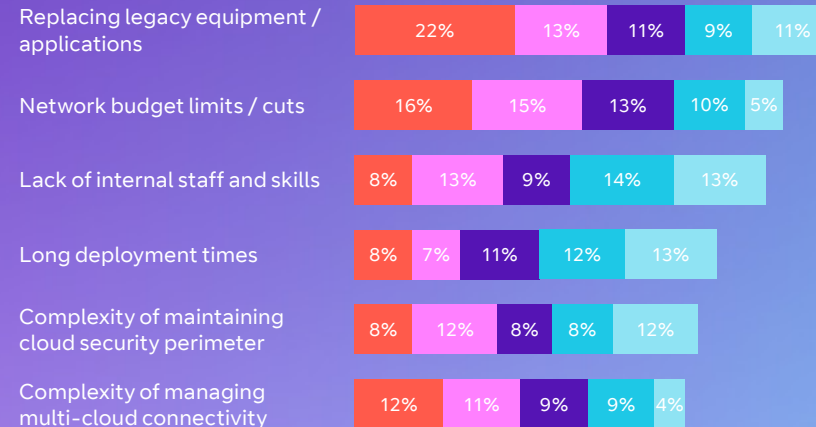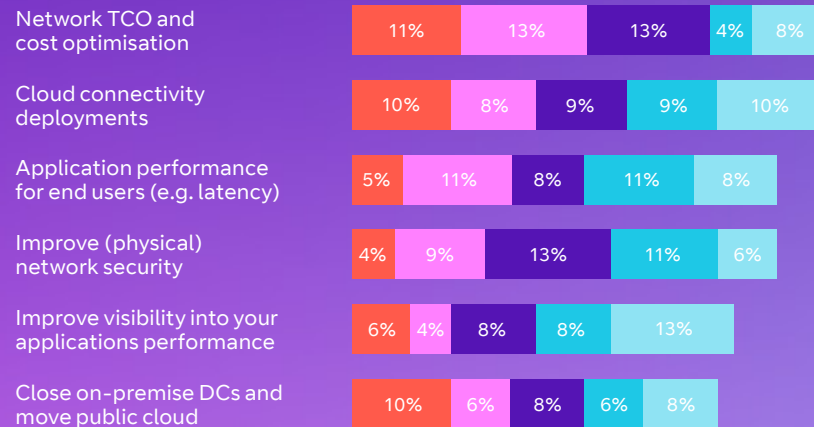
The top six connectivity priorities to ensure business success between now and year-end 2025

MNCs

Priority	1st	2nd	3rd	4th	5th
Application performance for end users (e.g. latency)	8%	9%	11%	8%	14%
Network TCO and cost optimisation	14%	9%	9%	10%	6%
Cloud connectivity deployments	12%	13%	12%	4%	8%
Improve visibility into your applications performance	8%		8%	9%	8%
Support AI/LLM at the network edge or the cloud	7%	8%	7%	6%	9%
Optimise network for regulation/legislation	8%		7%	10%	6%

UK ENTS

Priority	1st	2nd	3rd	4th	5th
Network TCO and cost optimisation	11%	13%	13%	4%	8%
Cloud connectivity deployments	10%	8%	9%	9%	10%
Application performance for end users (e.g. latency)	5%	11%	8%	11%	8%
Improve (physical) network security	4%	9%	13%	11%	6%
Improve visibility into your applications performance	6%	4%	8%	8%	13%
Close on-premise DCs and move public cloud	10%	6%	8%	6%	8%

The top six challenges in managing and maintaining networking between now and year-end 2025

MNCs

Challenge	1st	2nd	3rd	4th	5th
Long deployment times	13%	6%	5%	18%	26%
Replacing legacy equipment / applications	15%	12%	18%	11%	6%
Complexity of managing multi-cloud connectivity	14%	13%	12%	11%	7%
Complexity of maintaining cloud security perimeter	13%	15%	11%	7%	7%
Aquisitions and divestments	9%	10%	9%	13%	12%
Network budget limits / cuts	12%	17%	8%	6%	8%

UK ENTS

Challenge	1st	2nd	3rd	4th	5th
Replacing legacy equipment / applications	22%	13%	11%	9%	11%
Network budget limits / cuts	16%	15%	13%	10%	5%
Lack of internal staff and skills	8%	13%	9%	14%	13%
Long deployment times	8%	7%	11%	12%	13%
Complexity of maintaining cloud security perimeter	8%	12%	8%	8%	12%
Complexity of managing multi-cloud connectivity	12%	11%	9%	9%	4%

Legend: ■ 1st ■ 2nd ■ 3rd ■ 4th ■ 5th

Global Fabric: the future of interconnectivity

Our new Network as a Service (NaaS) platform, Global Fabric, transforms and future-proofs connectivity through the world's largest pre-integrated cloud and public network.

Our core belief is that interconnectivity is vital for our customers' digital success. So, we've built Global Fabric PoPs in Carrier Neutral Facilities (CNFs) to provide our customers with the best, most flexible ways to connect with their business partners.

It's satisfying that the research has confirmed this belief, not least because 75% of respondents agree that customer experience suffers in businesses with sub-optimal interconnectivity provision, and 66% think improving interconnectivity will improve their revenue.

Because we physically built Global Fabric in CNFs and coupled this with a cutting-edge API-first digital systems stack, we can deploy interconnectivity logically in near real-time, making it easy to access your SaaS, SASE, hyperscaler and B2B partners for improved performance.

Global Fabric is designed to future-proof your network. We'll be there to support you with unmatched reliability, flexibility, dedicated support and robust cyber security as your interconnectivity needs change in line with your strategy.

We'll be there because, at BT, interconnecting your business is our business.

BT

Visit our dedicated webpage to explore the possibilities of Global Fabric:
Global Fabric | Network as a Service Solutions (NaaS)