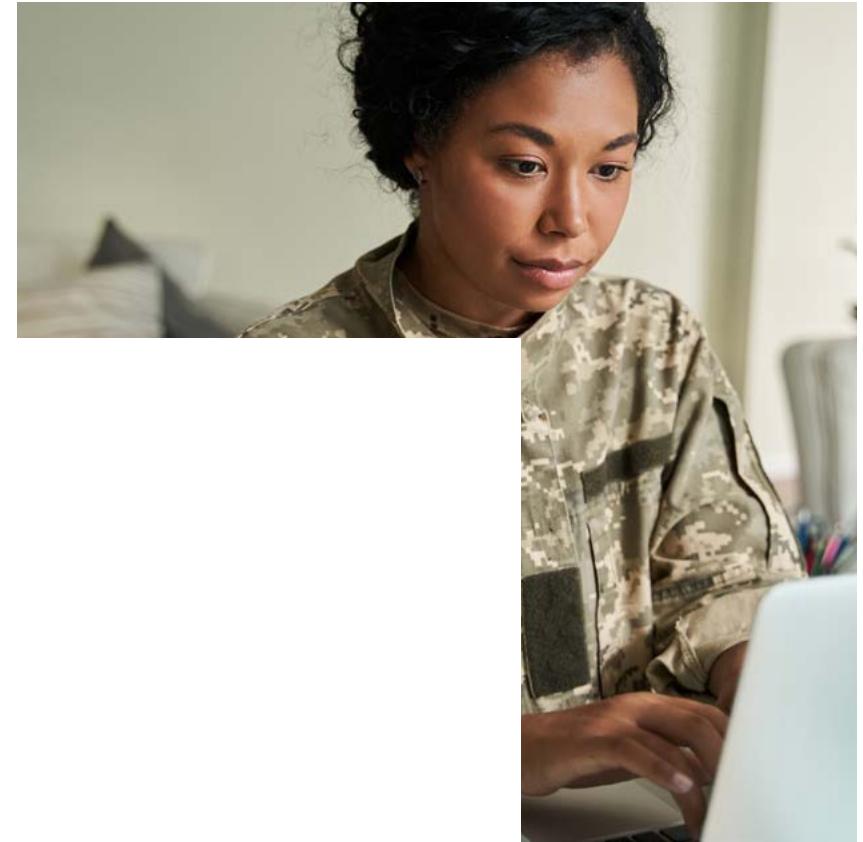


Top trends to watch in Defense & Intelligence

Read on for CGI client insights
to accelerate cybersecurity
resilience and modernize
environments to protect the future

2022 CGI VOICE
OF OUR CLIENTS



CGI

Accelerating cybersecurity for a safe and resilient future

Impact of macro trends

This year we asked executives to share input into how five macroeconomic trends are impacting their organizations: technology acceleration, changing demographics, climate change, supply chain reconfiguration and deglobalization.

For 64% of defense and intelligence executives, technology and digital acceleration due to rising citizen digital expectations has the highest impact. Changing social demographics, including aging populations and talent shortages, was second most cited at 51%. For executives whose organizations are producing expected results

from their digital strategies (digital leaders), response rates increase to 67% and 78% respectively—reflecting the critical linkage between digital technologies and talent to advance cybersecurity and modernization initiatives.

Top of mind for clients

Cybersecurity remains a consistent top industry trend both in frequency and impact over the past three years. In addition, protecting through cybersecurity ranks as the top business and IT priorities for the past two years. When comparing digital leaders to those still building or launching their digital strategies, cybersecurity also remains the top priority, demonstrating

that the urgent need to protect despite where agencies are on their digital journey.

In the midst of ever-increasing threats, defense and intelligence executives also align on the top two IT priorities: IT modernization and data center consolidation and data analytics and business intelligence.

About the insights



Each year, we meet with client executives from around the world to get their views on the trends affecting their organizations and industries. Through the CGI Voice of Our Clients, we analyze these findings to provide actionable insights by industry to benchmark best practices, including the attributes of digital leaders.

In 2022, we met with 1,675 business and IT executives.

This summary report shares sample insights from 63 defense and intelligence client executives.

Interview demographics

Program leaders 75%  25% IT leaders

Executive-level 60%  40% Ops-level

Europe 70%  30% North America

Top trends and priorities

Global threats dominate the agendas of defense and intelligence executives, resulting in a top focus on cybersecurity, followed by the need to transform operations and systems.

Key takeaway

The top two industry trends remain the same for three consecutive years, demonstrating a sustained focus on protection and modernization.

| | Top trends | Top business priorities | Top IT priorities |
|---|--------------------------------------|--|--|
| 1 | Protecting through cybersecurity | Protecting military organizations and operations (cybersecurity) | Protecting through cybersecurity |
| 2 | IT modernization and cloud solutions | Driving military operations | IT modernization, data center consolidation, cloud |
| 3 | Decreasing or flat budgets and spend | Becoming digital organizations to meet citizen expectations | Data analytics and business intelligence |

The industry trends capture key drivers with the greatest impact on the clients' industry. The business priorities represent how clients are addressing the industry trends, and the IT priorities reflect the technology areas of focus to address the trends and achieve the business priorities.

Digital progress in Defense & Intelligence

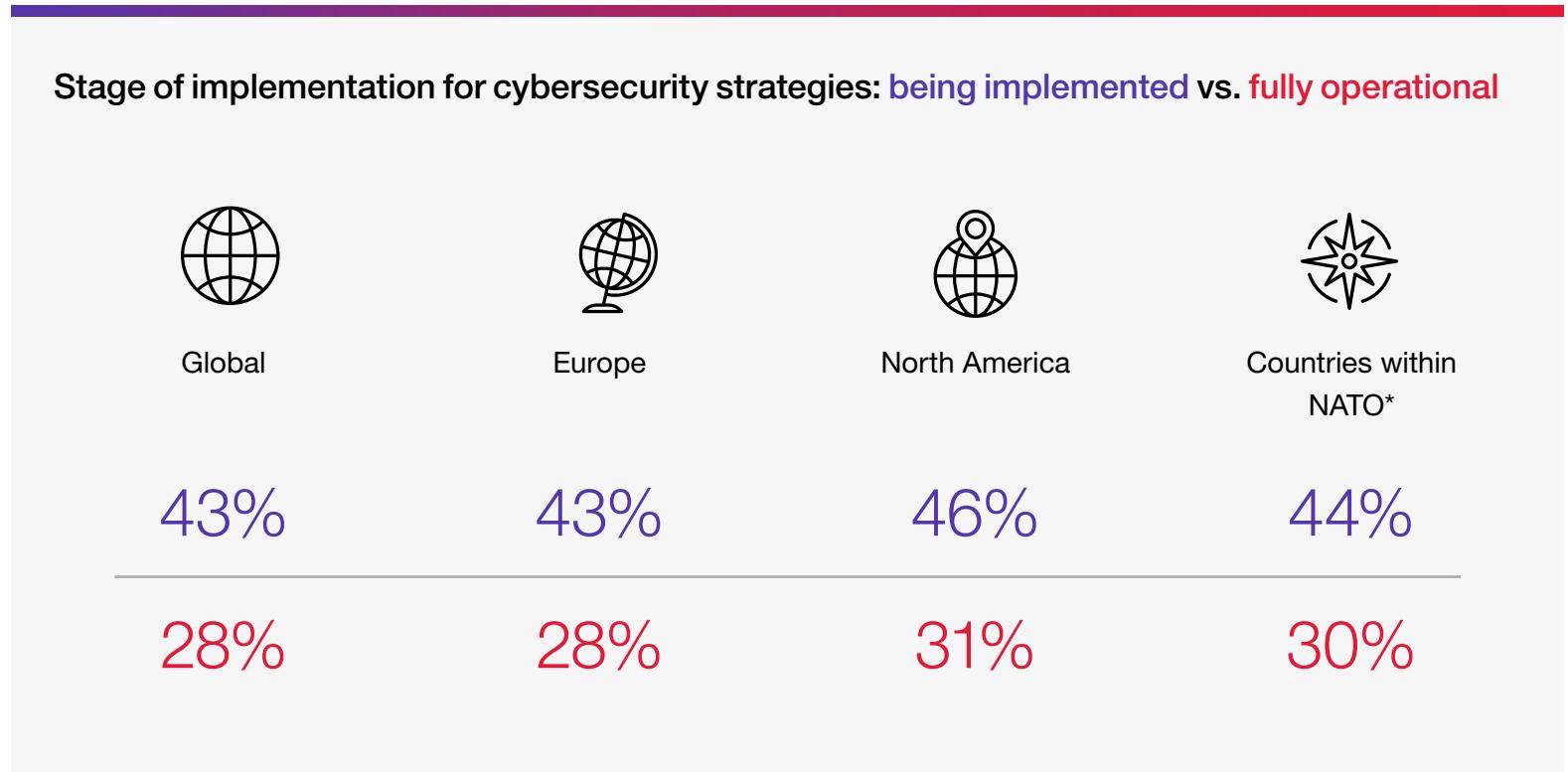
The percentage of executives producing results from digital strategies rebounded this year, increasing from 8% to 16%.

It's notable that, globally across all industries, the percentage achieving expected results from digital strategies rose from 20% to 25%. While defense and intelligence executives report slower overall digital progress, the top three IT priorities—cybersecurity, IT modernization and data analytics—remain consistent year-over-year, despite the dip and then recovery in achieving expected results.



Cybersecurity progress in Defense & Intelligence

Defense and intelligence clients across all regions face the same cyber threats, leading to consistent implementation stages of their cybersecurity strategies, with a majority reporting that their strategies are being implemented or are fully operational.



* This data is from June 2022, when the North Atlantic Treaty Organization (NATO) consisted of 30 independent member countries.

Key findings from our interviews with Defense & Intelligence executives

1.

Cybersecurity is the top focus.

Protecting through cybersecurity is the top industry trend and top business and technology priorities. While 60% have a cybersecurity strategy in place for the entire enterprise, just over half of that number (33) say this strategy extends to the external ecosystem.

2.

Decreasing and flat spend impact modernization.

New this year, decreasing or flat budgets and spend makes it into the top industry trends at number three, driven by an increasing inability to initiate programs due to limitations in procurement capacity and reprioritization due to geopolitical conflicts. Spending constraints compound the need to modernize, with 81% of executives saying their legacy system environments are somewhat or very challenging to their ability to implement their digital strategy.

3.

Becoming digital continues to rise.

Becoming digital to meet citizen expectations continues to rise in importance among business priorities, from fifth in 2020, to fourth in 2021, and third in 2022. Yet 77% of executives rate the agility of their organization's business model at medium or low when it comes to addressing digitization, including the integration of new technology.

4.

Technology acceleration has high impact.

Defense and intelligence executives are most impacted by the macro trend of technology and digital acceleration, with 64% citing its impact at 8 or higher on a scale of 1 to 10.

5.

Changing demographics have greater impact on digital leaders.

Changing social demographics, including aging populations and talent shortages, impact 51% of executive respondents to a high degree. That number jumps to 78% for digital leaders, and represents their most impactful macro trend.

6.

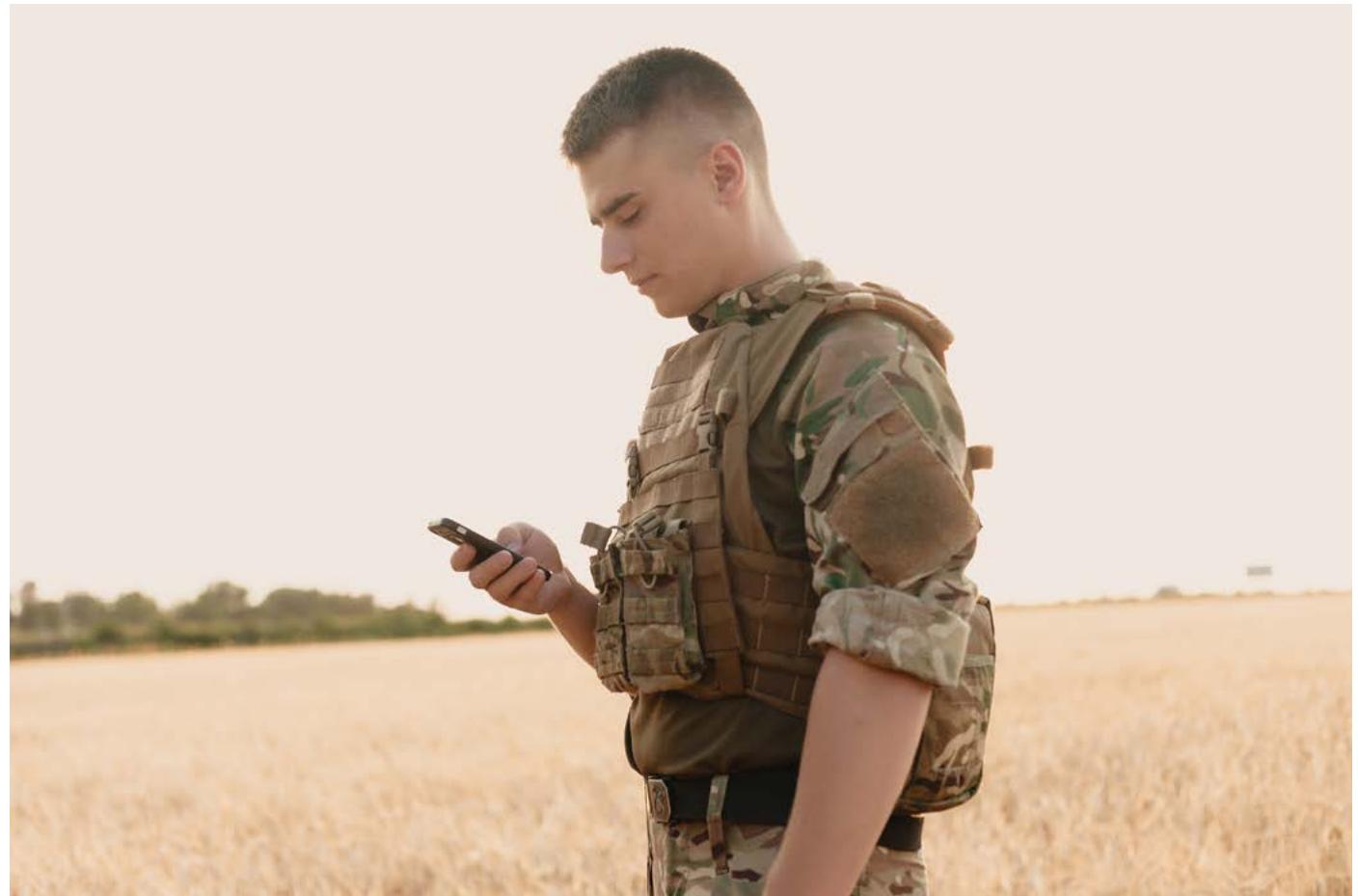
Culture and change management are a top constraint.

More than half (59%) of executives cite culture and change management as a top constraint. The top two initiatives to overcome this constraint include change programs and attracting and retaining talent.

7.

Data analytics remains a top priority.

Data analytics and big data remains in the top 5 business priorities year-over-year; although the priority has decreased from second in 2020, to third in 2021, and fourth in 2022.



Recommendations for achieving your top priorities

1. Extend cyber resilience across decentralized systems.

Adopting an ongoing approach to assess risk, protect systems and networks, train employees, and operate in a manner that monitors and responds to threats is a universal requirement. Within the defense and intelligence industry, cyber protection takes on even more importance as the virtual world becomes a prime target in modern day warfare. While cyber protection traditionally is a regional matter, globalist perspectives are becoming more prevalent. To operate at the speed of the mission, executives should plan for and adopt strategies, processes and enabling technologies to manage cyber across decentralized systems. To facilitate this, secure and efficient data-sharing platforms can be applied at the classification domain layer to take advantage of real-time intelligence gathering.

2. Unlock spending to procure and produce in time.

Procurement bottlenecks have resulted in a lack of spending, which is delaying key programs required to deliver mission results. However, there is a new urgency for many governments, particularly in Europe, that are increasing military spending due to the war in Ukraine. To move at an accelerated speed and minimize the “red tape,” enhanced processes are required to fast-track procurement activity. While it is necessary to design processes in alignment with local legislation, there are solutions every defense and intelligence agency can take. These include negotiating innovative procurement practices within agreements that formulate the end solution. Another strategy is the adoption of managed services programs with trusted third parties, which is an important enabler of accessing critical IT talent and reducing technical debt from legacy systems.



Case in point



Protecting Australia's cybersecurity landscape

In collaboration with Microsoft, CGI launched an initiative called the “Secure on Azure Defender for IOT” to assess and provide actionable insights to strengthen clients' security landscape. This is particularly key as agencies seek to strengthen their defenses while also leveraging the benefits of cloud. ISG, a global technology research and advisory firm recognized CGI in their Provider Lens™ Cyber Security Solutions & Services report and classified CGI in Australia as a Leader in the Strategic Security Services and Managed Security Services categories.

3. Increase the inflow of talent.

The sector has a mature workforce, where impending retirements are leading to a talent drain. At the same time, competition from private businesses and academia is hiring talent away. On top of this, defense and intelligence agencies have an additional challenge where agencies compete against themselves where talent goes from one agency to another, leading to a lack of inflow of new talent to the sector. In the midst of this challenge, an adaptive workforce and no-fail initiatives to recruit, develop and retain qualified personnel is critical. To secure talent, sector leaders need to increasingly rely upon public-private partnerships. This includes turning to more managed services agreements and adopting enabling technologies, such as secure cloud and intelligent automation platforms, that reduce the need for additional hiring.

4. Increase digitization to overcome constraints.

Legacy IT debt is one of defense and intelligence executives' biggest challenges. There will be increasing reliance to be more creative in developing novel solutions to modernize. Examples include being open minded about the use of cloud, which can increase efficiencies and improve decision-making. For European agencies, this means adopting secure cloud solutions that ensure you maintain control of how data is stored in alignment with EU requirements. For U.S. agencies, where cloud adoption is more mature, this means leveraging trusted clouds to drive greater effectiveness in sharing best practices and solutions. Another opportunity is to advance the use of distributed collaborative networks that were adopted in the wake of the pandemic. Once cyber is baked into these solutions, they offer the digital capacity to accelerate collaboration.

Case in point



Partnering with the Ministry of Defence and National Health Service to share COVID-19 vaccination status

CGI delivered connectivity between NHS digital systems and Ministry of Defence medical systems to rapidly enable secure, multi-directional flow of COVID-19 vaccination data for service personnel. The interface enables real-time vaccination records of armed forces personnel and dependents to be accessed from both NHS MOD Defence Medical Services and MOD human resources systems. As a result, the status of armed forces personnel vaccinations is recorded only once due to the integration of each organization's disparate systems and can be used for multiple purposes including providing for enhanced workforce planning and an improved service personnel experience.

Insights you can act on

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world. We are insights-driven and outcome-based to help accelerate returns on your IT and business investments. Our insights represent deep knowledge of industry trends and your business and IT priorities.

For the latest [CGI Voice of Our Clients](#) industry insights, and to consult with one of our experts, please [contact us](#).

