EBOOK

aptum

CLOUD IMPACT STUDY

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BRIDGING THE CLOUD TRANSFORMATION GAP

"The majority of companies did not initially envisage a global pandemic as a use case for managed cloud services. We've seen many organizations, including some of our customers, realize the potential of cloud to rapidly scale and deploy new services, particularly in terms of enabling remote working and cloud-based collaboration. As we navigate the economic effects of COVID-19, now is the time for businesses to ensure any response measures that were put in place quickly are robust, secure and enterprise-grade."

– Craig Tavares, Global Head of Cloud, Aptum

INTRODUCTION

'Bridging the Cloud Transformation Gap' is the first report in our four-part series, evaluating the findings of Aptum's Global Cloud Impact Study. Aptum's inaugural annual study canvasses the opinions of 400 senior IT decision-makers from across the UK, U.S. and Canada.

The first report focuses on overall planning and migration efforts, to reveal the main business drivers behind cloud adoption and the obstacles impacting organizations undergoing cloud transformation.

EXECUTIVE SUMMARY

Cloud computing has evolved into an essential technology for organizations everywhere, with Gartner predicting worldwide public cloud revenue will grow 6.3 percent in 2020 for a total revenue close to US$258 billion, up $15 billion from 2019. Analyst house, IDC has also predicted that private cloud will see a 1.1% growth increase in 2020.

This growth is largely due to the cloud's scalability and integration capabilities, making it a fundamental part of most modern computing strategies. Cloud computing is a linchpin for modern digital transformation efforts, providing a robust platform for companies to compete and reinvent their business models, creating valuable new revenue streams.

Aptum's survey reveals that businesses understand the importance of the cloud and strive to adopt this innovative model. However, several key barriers stop businesses from realizing the cloud's potential.

"Most companies understand the economic benefits of cloud computing and the opportunity it offers in terms of its scalability, flexibility and functionality. Yet, a common worry among businesses, including many of our own customers, is the cloud's complexity and the ability of internal teams to architect the solution in a way that delivers the anticipated business benefits. One should design a cloud using secured landing-zones and leveraging industry best practices like Well-Architected and the Cloud Adoption Framework."

– Craig Tavares, Global Head of Cloud, Aptum

WHAT MAKES THE CLOUD SO IMPORTANT FOR MODERN COMPANIES?

According to Aptum's survey, 99 percent of respondents acknowledge the cloud as important to the overall organizational success, and 89 percent characterize it as essential to business continuity. This came to the forefront during the COVID-19 pandemic when cloud computing became mandatory for many organizations. Ninety-five percent of companies used cloud computing models in some way to mitigate its effects. Another 80 percent see the cloud as essential to the financial security of their organization.

Increased efficiency is the biggest driver for businesses moving to the cloud. Nearly three in four respondents (72 percent) cite this as a driver, highlighting the cloud's ability to streamline cumbersome processes. Business agility is another key factor in cloud adoption, with 56 percent of companies taking this factor into account.

Processes automated in the cloud using integrated, transparent access to data are easier to re-engineer, making it simpler for companies to adapt cloud processes to evolving business conditions. Also, the cloud's elasticity facilitates ease in adding new computing and storage resources on demand, allowing businesses to flex their capacity up and down in response to changing business conditions.

DISAPPOINTING REALITIES

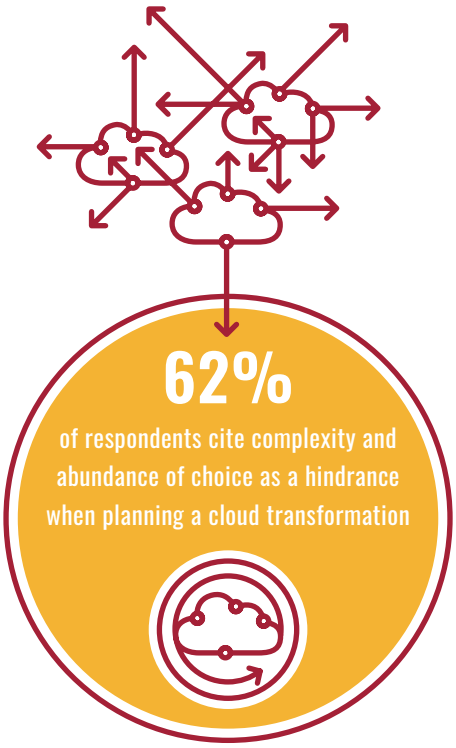
The problem for businesses transitioning to the cloud is difficulty realizing the benefits. In fact, most survey respondents claim they are only partially or mostly successful in realizing the specific benefits associated with the cloud. Only a third (33 percent) of respondents report complete success at increasing efficiency in the cloud, with another third reporting that they are completely satisfied with the cloud's ability to deliver extra agility. The same goes for business continuity, for which only 35 percent of respondents report complete success in the cloud.

This gap between expectations and reality has left companies disappointed. Fewer than four in ten companies (39 percent) are completely satisfied with their current rate of digital transformation. Most respondents (56 percent) are only somewhat satisfied, claiming their investment in the cloud has delivered only slight improvements.

EXPECTATIONS VERSUS REALITY

CLOUD EXPECTATIONS	CLOUD REALITIES
72% OF RESPONDENTS CITED INCREASING EFFICIENCIES AS ONE OF THE MAIN DRIVERS BEHIND CLOUD ADOPTION	**33%** OF RESPONDENTS REPORT COMPLETE SUCCESS AT INCREASING EFFICIENCY IN THE CLOUD
56% OF RESPONDENTS CITED INCREASING BUSINESS AGILITY AS ONE OF THE MAIN DRIVERS BEHIND CLOUD ADOPTION	**33%** OF RESPONDENTS REPORT COMPLETE SUCCESS AT INCREASING BUSINESS AGILITY IN THE CLOUD
48% OF RESPONDENTS CITED BUSINESS CONTINUITY AS ONE OF THE MAIN DRIVERS BEHIND CLOUD ADOPTION	**35%** OF RESPONDENTS REPORT COMPLETE SUCCESS AT BUSINESS CONTINUITY IN THE CLOUD

FOR MANY COMPANIES THEN, THE WORDS DO NOT FIT THE PICTURE. WHAT IS GOING WRONG?



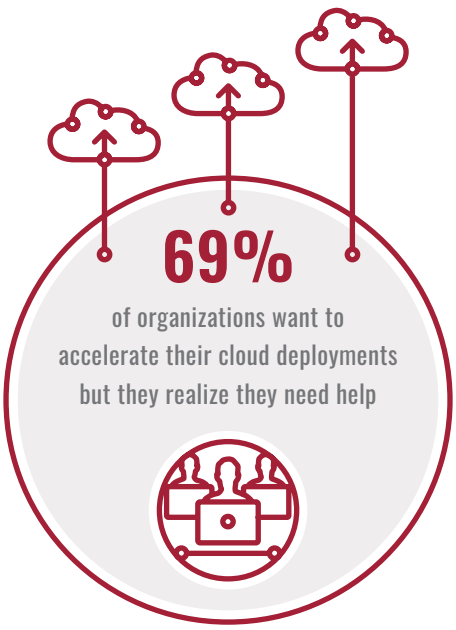
A common failing among cloud transformation projects is a lack of maturity. For many companies taking their first steps in integrating the cloud, the proposition seems simple: move your computing infrastructure to a managed service provider's data center and enjoy the benefits of mobile access and scalable storage. While there are some early benefits, taking full advantage of the cloud involves real investment and planning.

Two-thirds of all respondents admit their use of cloud computing is still at a basic or intermediate level, with many failing to move beyond simple software-as-a-service (SaaS) solutions. The more sophisticated a cloud migration project gets, the more intricate the design and development choices become. The survey reveals this with 62 percent of respondents citing complexity and abundance of choice as a hindrance when planning a cloud transformation.

One of the biggest sources of complexity that crops up in more advanced cloud projects are legacy systems. Most of the respondents who haven't taken their cloud migration to an advanced level are choosing instead to concentrate on non-critical workloads without refactoring them from working natively in the cloud.

This approach, known as 'lift and shift', often leaves many of the cloud's scalability and data integration advantages untapped. Refactoring an old application to work natively in the cloud is an extensive undertaking, which is why 35 percent of organizations cited modernizing legacy applications as the second biggest barrier to transformation.

Concerns over security and data protection topped legacy application barriers. Better cloud security was the third biggest driver for cloud projects, attracting 51 percent of organizations, but it was also the number one barrier, keeping 38 percent of executives up at night.



Like applications, security architectures don't migrate neatly from on-premise environments to the cloud. These applications need to be refreshed to paint a clearer understanding of the cloud service provider's shared responsibility model. This complexity in restructuring raises the risk of security missteps for organizations that lack the necessary training and experience.

"Companies have transitioned to embrace the cloud, driven by the promise of greater efficiency and agility. Organizations are quickly discovering that effective cloud transformation involves hidden technical complexity and a failure to tackle this challenge leaves them with incomplete cloud strategies. These incomplete strategies deliver some rewards, such as mobile access and reduced capital expenditure on hardware. But they leave other benefits on the backburner, such as native application scalability, seamless data integration, reduced legacy maintenance or license costs, and automated cloud-based workloads. It's also important to understand how to determine the right cloud platform for your workload and when you need to maintain legacy versus invest in a cloud native approach."

– Craig Tavares, Global Head of Cloud, Aptum

THE NEED FOR A BETTER CLOUD EXPERIENCE

This reoccurring gap between expectations and reality is a problem for companies who are realizing that failure isn't an option in cloud transformation. A significant number of respondents (41 percent) felt that, at best, they are matching rival businesses in terms of cloud computing, and often falling behind them.

There are solutions to all these problems, but they require expertise that companies often don't have in-house. Many organizations, grappling with a new computing paradigm for the first time, are running into issues they have never tackled before. A lack of expertise was a problem for 26 percent of respondents transforming their IT for the cloud, as was finding the right technology partner.

The first step to success is being aware of what you don't know. That's why it's encouraging to learn that while most organizations (69 percent) want to accelerate their cloud deployments, they also realize they need help. This puts them on the right track to source the expertise they need and ask the questions that will take their cloud transformation projects to the next level.

NO TIME TO LOSE

More than half (59 percent) of organizations said that they would decrease their on-premises infrastructure to some degree in the next 18-24 months. The same percentage of companies expected to put more infrastructure into the public cloud, while an even higher proportion (66 percent) planned to expand their private cloud workloads, likely driven by those top-of-mind security concerns. SaaS remains a popular option, with 56 percent of respondents earmarking some of their investment budget for this model.

CONCLUSION

Companies can take their cloud computing strategies to the next level by partnering with managed cloud providers with experience in the nuances of cloud transformation. By shouldering these tasks, these partners can unlock more of cloud computing's benefits while giving business leaders the time they need to capitalize on this powerful computing model.

Demographics: Aptum commissioned research company Vanson Bourne to survey 400 executives in the US, Canada and UK. They spanned business unit heads (58 percent), business leaders (22 percent), and departmental managers (21 percent) across industries including IT, financial services, professional services, manufacturing, retail, and the public sector. Business sizes ranged from 500 employees upwards.

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