

The Great Accelerator: Innovate and Transform with the Cloud

COMPANIES ARE FUNNELING PUBLIC-CLOUD SAVINGS INTO BUSINESS INITIATIVES — YET STRUGGLE WITH EXECUTING ON CLOUD STRATEGY.

FOR MOST COMPANIES, IT IS A BALANCING ACT. CIOs and IT leaders are pressured to support innovative, revenue-generating projects while maintaining existing services and delivering new efficiencies.

And this will not change soon. In fact, more than 70% of IT executives say they expect increased pressure in all three areas over the next two years, according to a recent IDG study (see Figure 1).

But there's a silver lining: There is evidence that cloud is helping companies meet their objectives. Indeed, 77% of IT leaders report that the savings reaped from public cloud deployments are being used to fund digital transformation and innovation initiatives.

That said, they're struggling to execute on cloud strategy.

This paper examines the results of an IDG survey among 375 IT leaders in Asia-Pacific, Europe, Latin America, and the U.S. It highlights the areas where IT organizations are making headway in their transformational, innovation, and cloud strategies; the challenges they are trying to overcome; and how they can do so.

FIGURE 1. **High IT Expectations for Next Two Years**

71% say they will increasingly need to create efficiency/save costs

72% say they will increasingly need to deliver IT services faster and more reliably

72% say they will increasingly need to enable revenue-generating projects



THE PRESSURE TO INNOVATE

IT leaders understand the importance of their department's role in innovation. For many, this plays out by providing IT support for revenue-generating projects or investing in technologies that enhance the customer experience.

Overall, 78% say their organization has a documented innovation strategy — and IT is driving it. They're doing so by:

- Improving customer engagement platforms and capabilities
- Integrating security throughout IT operations
- Developing a multi-cloud strategy
- Implementing new technologies, like AI and robotics, to enhance employee or customer experiences
- Making efforts to proactively identify innovation opportunities

Asked how much of their IT budget over the next five years will be applied to innovating customer strategies versus existing IT operations, respondents are nearly equalized: 51% towards technology that wins, serves, and retains customers and 49% towards tech that maintains IT operations.

THE PRESSURE TO TRANSFORM

In addition to the demand for innovation, companies are seeking to digitally transform, with 60% of respondents saying their organizations have taken either enterprise-wide or departmental action to support these efforts.

They're expecting that digital transformation initiatives will improve the employee, customer, or business decision-making experience (see Figure 2). And in many cases (55%), these transformational efforts are mandated. In companies where it's not a dictated initiative, respondents say they've been inspired to seek specific business outcomes — such as competitive advantage, cost efficiencies, increased revenues, or faster product development.

There's clearly an intersection between innovation and digital transformation. For example, IT leaders who report being further along with transformational efforts also place greater importance on innovative initiatives, such as improving customer engagement and developing a multi-cloud strategy. In addition, they're more likely to say their digital transformation is about enhancing the customer experience.

Also of interest: Those companies that have a documented innovation strategy are more likely to have an organizational mandate to digitally transform. This suggests that companies are forcing innovation rather than allowing it to occur organically.

Whatever is behind their digital transformations, it's clear there are challenges — with security and compliance at the top. It's an obstacle that remains as transformation projects progress. For example, the ability to secure cloud workloads is cited as a greater challenge as companies move through the digital transformation stages.

Plus, many companies (55%) are attempting to handle transformation projects in-house, continuing the balancing-act pressure on IT to manage these efforts while finding efficiencies and delivering existing IT services faster.

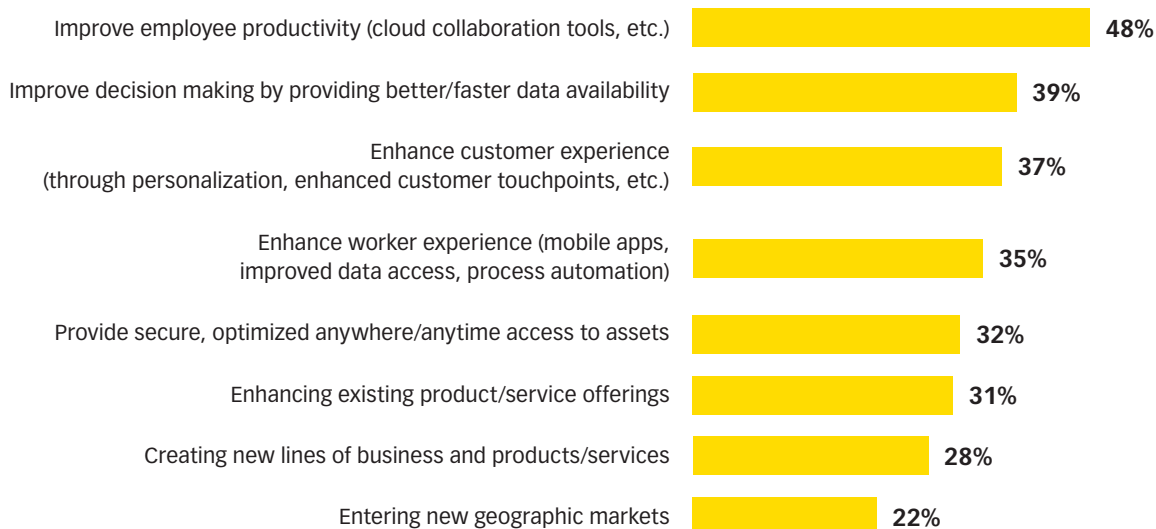
HARNESSING CLOUD TO ALLEVIATE PRESSURES

The IDG survey confirmed that there is a pressure-release valve: Cloud. Specifically, public cloud adoption. Three-quarters of companies (77%) have been able to funnel cost savings from these deployments into their innovation and digital transformation efforts, and 82% expect to do so in the future.

That success begets further cloud investment:

- 45% are extending on-premises environments with a hybrid cloud approach
- 38% are deploying a few targeted apps to public cloud
- 16% are shifting the majority of their workloads to public cloud

FIGURE 2. **Expectations for Digital Transformation**



Source: IDG

FIGURE 3. **How Companies Leverage Public Cloud to Support Digital Transformation**

There's evidence that companies further along in their transformational journeys are more likely to adopt a cloud-first strategy, with plans to shift the majority of their workloads to a public cloud: Of those whose digital transformation is enterprise-wide, 49% are shifting primarily to public cloud, versus 24% who say they're deploying a few workloads in public cloud, and 23% who say they're extending to hybrid cloud.

No matter the approach or timeline, it's clear that survey respondents are using public cloud to make improvements across business areas (see Figure 3).

NEXT STEPS

Although the benefits are significant, it's not as simple as investing in cloud.

IT leaders report several challenges in executing these strategies: most significantly, choosing cloud deployment models. As mentioned earlier, there is a mix of public and hybrid cloud adoption plans among respondents. IT executives are struggling with the multiple considerations — such as security, compliance, control, performance requirements, and staffing needs — surrounding which cloud model to use.

In addition, they're often having to make these decisions on a workload-by-workload basis, which can be time-consuming. The survey reveals that IT leaders are also concerned about optimizing these applications once they're in the cloud, and finding new tools to monitor and support them.

Respondents recognize they must lean on their cloud providers for help — whether for high-level support such as expertise, idea

generation, or cost management — or more technical issues like application integration and refactoring, architecture design, and business process automation.

Interestingly, companies further along in public-cloud deployments are slightly more likely than those with only a few apps in public cloud (49% versus 41%) to use third-party vendors or consultants for digital transformation efforts, realizing they can't support all these IT activities in-house.

THE BOTTOM LINE

No matter whether innovation and digital transformation are mandates or inspired business initiatives, they're both onerous activities, especially while IT staff are also expected to maintain existing services and find further efficiencies.

That's why it's critical for enterprises to make their cloud strategies work for them. IT leaders should tie cloud investments to specific business outcomes expected from digital transformation and innovation — such as agility, customer experience, and productivity — then map out an approach. The next step is to determine where in-house expertise is greatest and then have discussions with vendors and cloud providers about how they can best support and heighten initiatives.

With all the nuances and decisions around cloud, its strategy should be a collaborative effort. That's why DXC and Amazon Web Services have partnered to help companies meet and exceed their innovation and transformational goals. Together they provide enterprises with solutions that leverage their deep expertise, while helping them discover, migrate, optimize, and manage workloads in the public cloud.

Learn more at: www.dxc.technology/aws