CLOUD INDUSTRY FORUM

The transformational impact of cloud

FUJITSU

CLOUD INDUSTRY FORUM

Executive summary

The last couple of years have seen some extraordinary demands placed on IT systems and departments in the face of Covid-19. It is undeniable that cloud, often public or hyperscale cloud, played a key role in businesses' abilities to respond quickly to these unprecedented challenges.

As we exit the pandemic, we are seeing organisations adopt a more strategic approach, with leaders looking much more closely at how they deliver services flexibly and economically in the future. The term "cloud" is and has been used in broad terms for several years, but what does it mean to businesses going forward? Public and hyperscale cloud absolutely have their place and will continue to grow, but are far from the only choice available to companies on their cloud journey.

What is now evident is that public cloud adoption is stagnating, with more and more businesses showing a preference for a hybrid approach. At Fujitsu, we completely share the view that the choice of cloud approach is very much a workload-dependent decision. There are applications and workloads perfectly suited to a cloud or SaaS approach, however, the time, risk and cost associated with refactoring and migrating legacy workloads are increasingly seen as key barriers to successful cloud adoption.
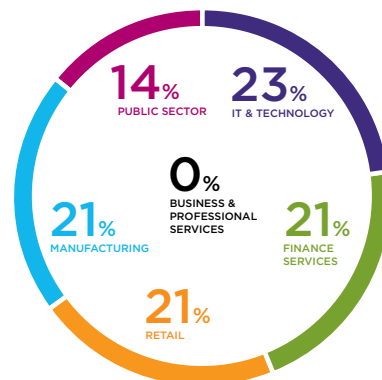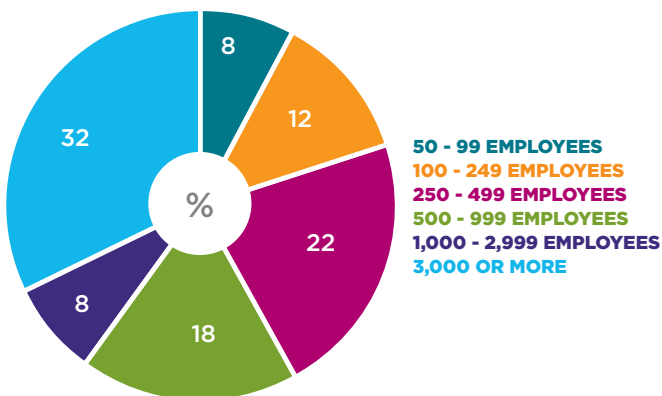
This paper aims to delve deeper into these challenges and examine hybrid cloud's role in helping organisations overcome them.

Methodology and sampling

Between late 2021 and early 2022, Vanson Bourne conducted a major research project on behalf of the Cloud Industry Forum, designed to assess the state of play regarding cloud adoption, how organisations have coped with the challenges of the last couple of years, and what needs to be done to address any lingering issues. The survey polled 250 senior IT and business decision-makers in large enterprises and SMEs across a range of sectors. All of those represented have UK operations.

How many employees does your organisation have globally?

8
12
32
22
18
8

%

50 - 99 EMPLOYEES
100 - 249 EMPLOYEES
250 - 499 EMPLOYEES
500 - 999 EMPLOYEES
1,000 - 2,999 EMPLOYEES
3,000 OR MORE

Within which sector does your organisation operate?

14% PUBLIC SECTOR
23% IT & TECHNOLOGY
0% BUSINESS & PROFESSIONAL SERVICES
21% MANUFACTURING
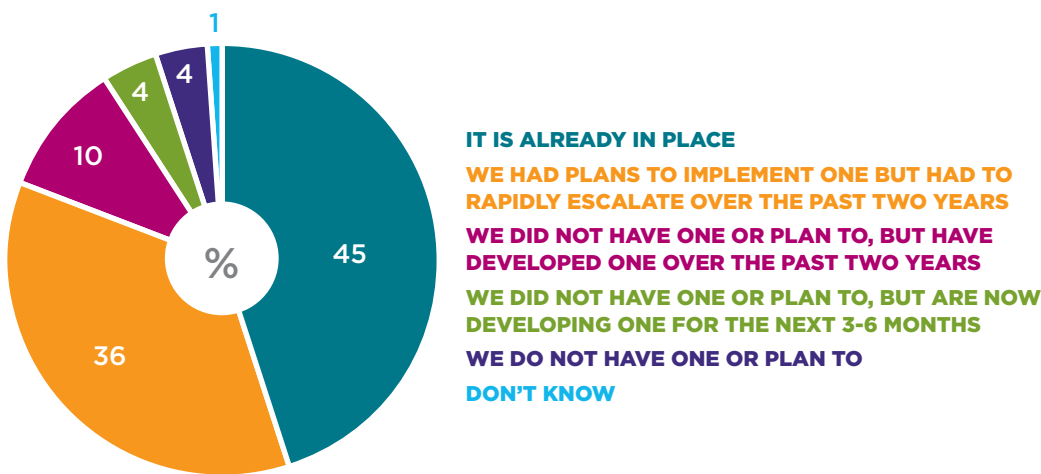**21**% FINANCE SERVICES
21% RETAIL

1 A bright future for cloud?
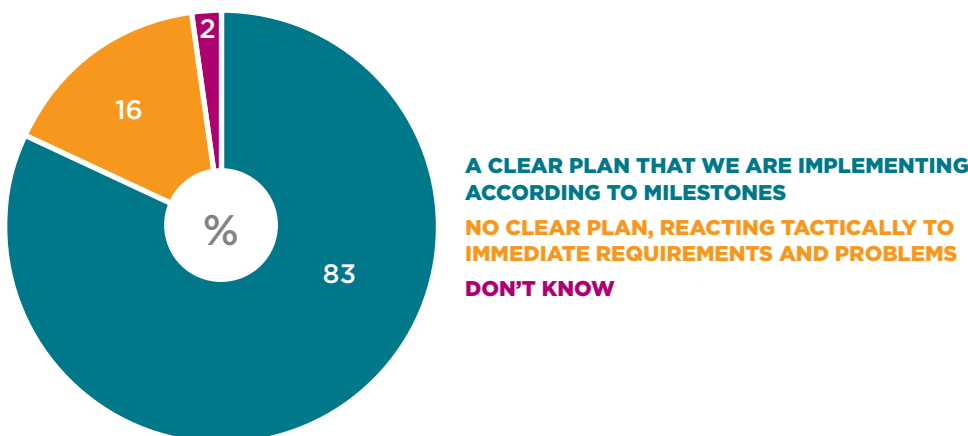
Digital transformation: the state of play

A good place to start is to examine where organisations are in their digital transformation journeys, particularly how their plans have been impacted in the last two years.

Does your organisation have a digital transformation strategy?

IT IS ALREADY IN PLACE

WE HAD PLANS TO IMPLEMENT ONE BUT HAD TO RAPIDLY ESCALATE OVER THE PAST TWO YEARS

WE DID NOT HAVE ONE OR PLAN TO, BUT HAVE DEVELOPED ONE OVER THE PAST TWO YEARS

WE DID NOT HAVE ONE OR PLAN TO, BUT ARE NOW DEVELOPING ONE FOR THE NEXT 3-6 MONTHS

WE DO NOT HAVE ONE OR PLAN TO

DON'T KNOW

The above charts demonstrate how digital transformation strategies are now firmly established in the minds of business leaders. Almost half (45%) already have a strategy in place, while 36% adapted to the demands of the pandemic and brought their implementation plans forward accordingly. SMEs were less likely to have strategies in place compared to enterprises (40% vs 47%), while they were also more likely to have accelerated their plans (42% vs 34% for enterprise).

Which of the following is closer to your organisation's position with its digital transformation strategy plan?

A CLEAR PLAN THAT WE ARE IMPLEMENTING ACCORDING TO MILESTONES

NO CLEAR PLAN, REACTING TACTICALLY TO IMMEDIATE REQUIREMENTS AND PROBLEMS

DON'T KNOW

Looking to the future, a large majority (83%) have a clear idea of how their strategy will develop, which underlines the greater sense of stability permeating businesses as we emerge from the pandemic.

Cloud continues to make the difference

To what extent do you agree or disagree with the following statements?

Moving to the cloud has simplified the challenges
the IT department in my organisation faces

My organisation struggles to keep up with new
cloud technology

A multi-cloud environment is now crucial for my organisation
to operate efficiently

Cloud technology has introduced more complexity
to my organisation

We have a greater number of IT projects in flight than
we did three years ago

Cloud is the key enabler for my organisation in the future

The mass shift to remote working means that the cloud
is more important than ever

The cloud has been critical to helping us manage
during the pandemic

My organisation believes that cloud is the key
for digital transformation

STRONGLY AGREE
AGREE
DISAGREE
STRONGLY DISAGREE
DON'T KNOW

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

When asked about the impact cloud has had on businesses, 80% agreed that cloud migration has simplified the challenges faced by the IT department, which is a powerful endorsement of its ability to make a real difference. In a similar vein, 81% agreed that cloud has been critical in helping their company manage during the pandemic, while 83% consider it a key enabler for the future.

On the flip side, the above chart also reveals some of the cloud-related challenges that respondents still face. For example, 58% agreed that their business struggles to keep up with new cloud technology. Meanwhile, 57% said cloud has introduced more complexity to the organisation, with this figure rising to 72% for SMEs.
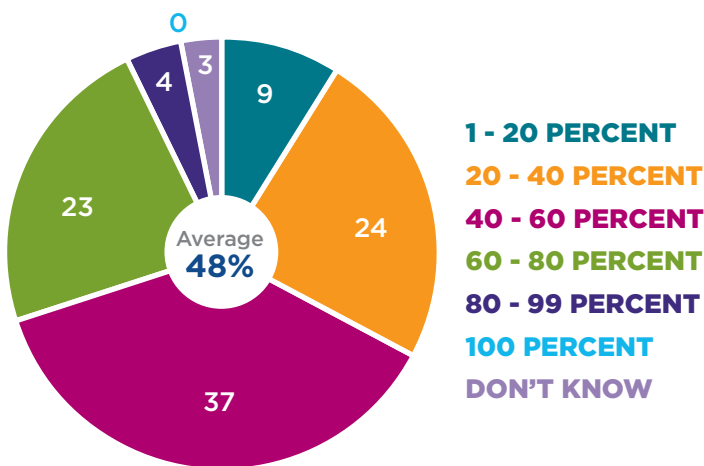
Clearly there remains room for improvement in terms of fully maximising cloud's potential, especially considering the importance of hybrid cloud arrangements and effective long-term remote working. The good news is that businesses should now have greater opportunity to focus on these goals, namely ensuring that businesses have access to the right cloud for the right workload.

2 Progress made, but plenty more to be done

Signs of stagnation?

What proportion of your organisation's IT infrastructure is hosted in the cloud?

Average **48%**

9 — **1 - 20 PERCENT**
24 — **20 - 40 PERCENT**
37 — **40 - 60 PERCENT**
23 — **60 - 80 PERCENT**
4 — **80 - 99 PERCENT**
0 — **100 PERCENT**
3 — **DON'T KNOW**

While cloud take-up has generally been on an upward trajectory for many years, there are clear signs that hybrid IT is the direction of travel for most organisations. The average proportion of IT infrastructure located in cloud is now 48%, which is actually a decline from 50% in 2020. While only a small reduction, it suggests that barriers to further adoption remain, possibly exacerbated by the pandemic.
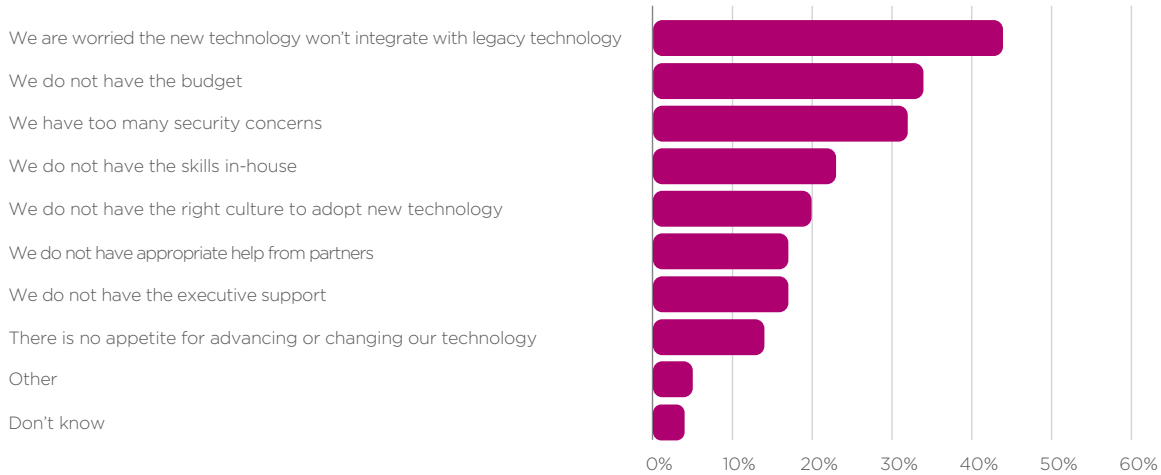
What is your organisation's current cloud technology approach?

%

60 — **HYBRID (BLENDED CLOUD/ON-PREMISES)**
36 — **CLOUD FIRST – MIGRATING TO CLOUD AS SOON AS POSSIBLE**
4 — **ON-PREMISES TECHNOLOGY WHEREVER POSSIBLE**
0 — **DON'T KNOW**
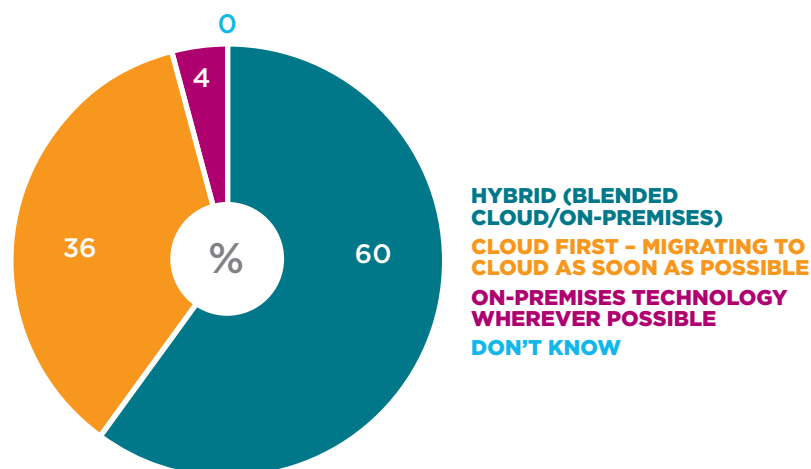
The above highlights the prevalence of hybrid arrangements, with 60% of organisations reporting a preference for a blend of cloud and on-premises infrastructure. This is lower for SMEs, however (51%). Cloud-first has a strong foothold on 36%, with this figure rising to 44% for SMEs and dropping slightly to 34% for enterprises. In any case, it remains some distance behind hybrid.
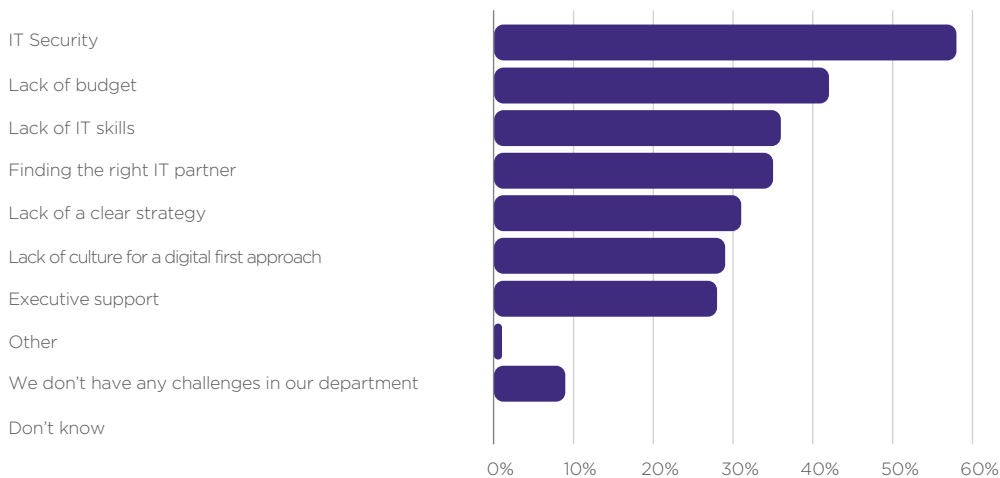
Reasons for challenges

What is preventing your organisation from fully advancing the use of technology across the business?

We are worried the new technology won't integrate with legacy technology	
We do not have the budget	
We have too many security concerns	
We do not have the skills in-house	
We do not have the right culture to adopt new technology	
We do not have appropriate help from partners	
We do not have the executive support	
There is no appetite for advancing or changing our technology	
Other	
Don't know	

0%   10%   20%   30%   40%   50%   60%

The biggest problem on the minds of leaders relates to worries around legacy integration, cited by 44%. This is even more of a concern for SMEs (50%). The perennial challenge of budget constraints is second on 34%, closely followed by security concerns on 32%.

One eye on the future

What are your department's top three challenges over the coming 12 months? Combination of responses ranked first, second and third

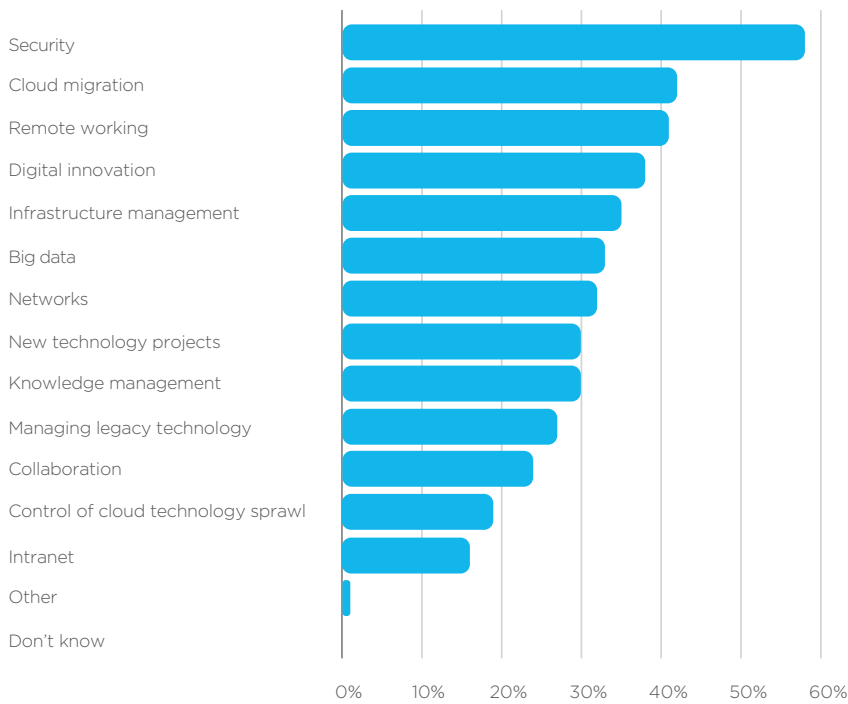|	
IT Security	
Lack of budget	
Lack of IT skills	
Finding the right IT partner	
Lack of a clear strategy	
Lack of culture for a digital first approach	
Executive support	
Other	
We don't have any challenges in our department	
Don't know	

0%   10%   20%   30%   40%   50%   60%

Interestingly, when looking at the immediate future, security rises to the top of the agenda as a key challenge, mentioned by 58% and rising to 66% for SMEs. While it is crucial for cybersecurity to remain a key area of focus, it is encouraging to see that it is no longer the biggest inhibitor of cloud adoption.

3 A clearer future is forecast

Tech priorities

Which of the below are your organisation's most important IT projects?

Category	
Security	
Cloud migration	
Remote working	
Digital innovation	
Infrastructure management	
Big data	
Networks	
New technology projects	
Knowledge management	
Managing legacy technology	
Collaboration	
Control of cloud technology sprawl	
Intranet	
Other	
Don't know	

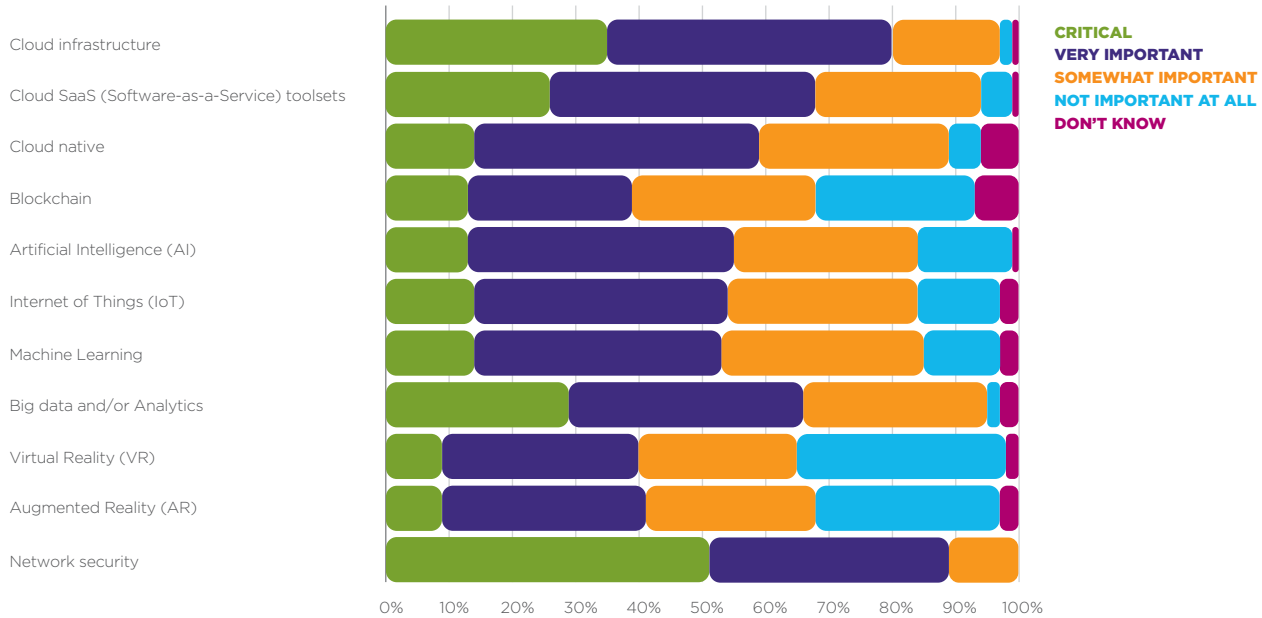0%   10%   20%   30%   40%   50%   60%

With the general population now largely adapted to an increasingly online working life, it seems logical that businesses are prioritising cybersecurity projects, with 58% ranking it high on their list.

Cloud migration ranks second at 42%, a figure that has increased from just 24% in 2020. This is an encouraging sign that cloud remains front of mind for decision-makers as we enter a period of greater stability. However, this figure decreases to 34% in SMEs, suggesting that smaller companies are not as far along in their cloud journeys as larger enterprises.

While remote working has shown a decline from 47% in 2020 to 41% in 2022, it remains in the top three priorities for businesses. This reduction may be due in part to an increased desire to get employees back to the office to help rebuild camaraderie and team spirit, while maintaining remote working as part of a hybrid strategy.

How important will the following technologies be to your organisation in the next five years?

	CRITICAL
Cloud infrastructure	**VERY IMPORTANT**
Cloud SaaS (Software-as-a-Service) toolsets	**SOMEWHAT IMPORTANT**
Cloud native	**NOT IMPORTANT AT ALL**
Blockchain	**DON'T KNOW**
Artificial Intelligence (AI)	
Internet of Things (IoT)	
Machine Learning	
Big data and/or Analytics	
Virtual Reality (VR)	
Augmented Reality (AR)	
Network security	

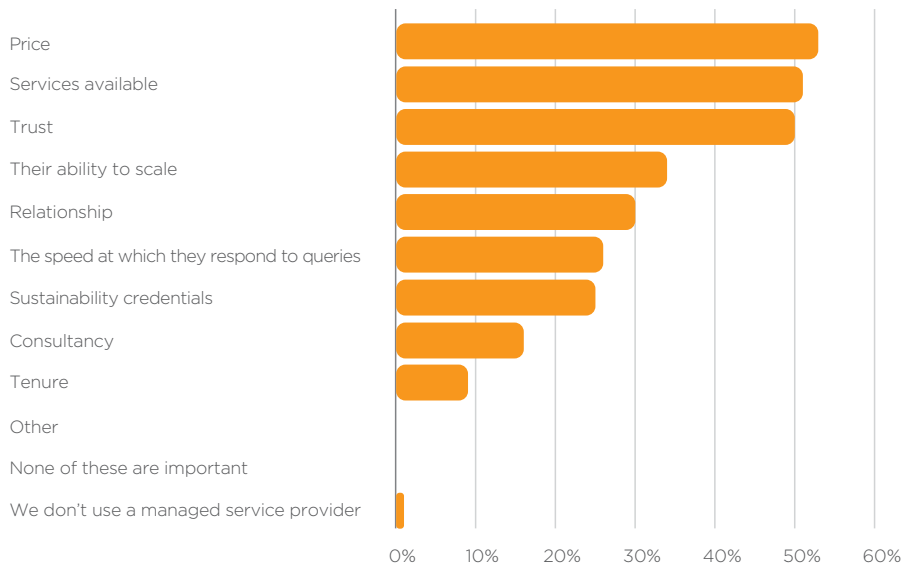0%   10%   20%   30%   40%   50%   60%   70%   80%   90%   100%

In line with the previous chart, the above shows that 89% of respondents consider network security either very important or critical to their organisation in the next five years. This is followed by cloud infrastructure (80%) and cloud SaaS (68%).

Do you expect your organisation's adoption of cloud services to increase over the next 12 months?

8

5

%

88

YES

NO

DON'T KNOW
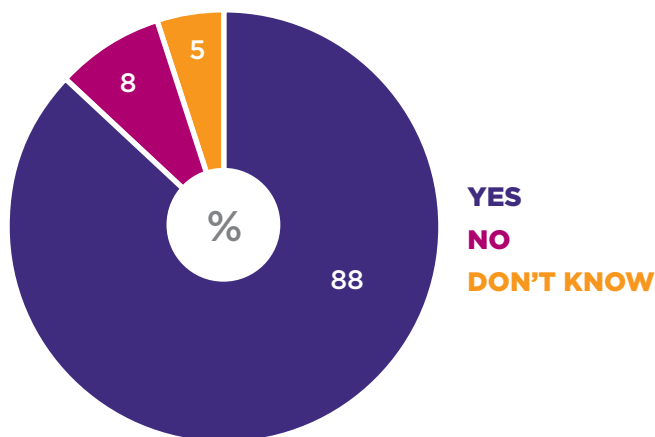
The future for cloud continues to look promising. This is exemplified by the fact that 88% of respondents expect their adoption of cloud services to increase in the next 12 months. The results are reflective of an industry-wide embrace of cloud's capabilities, with the vast majority of businesses committed to continuing their cloud projects in some way.

Which of following priorities are most important for your organisation when thinking about working with a cloud managed service supplier? Combination of responses ranked first, second and third

Category	
Price	
Services available	
Trust	
Their ability to scale	
Relationship	
The speed at which they respond to queries	
Sustainability credentials	
Consultancy	
Tenure	
Other	
None of these are important	
We don't use a managed service provider	

0%   10%   20%   30%   40%   50%   60%

According to the above, price is king when choosing a cloud managed service provider, cited by 53% of respondents. This is followed by a wide range of available services (51%), trust (50%), ability to scale (34%) and a strong relationship between MSP and end user (30%). SMEs tend to value trust more highly than enterprises (60% vs 48%). Sustainability credentials rank low on the list at 25%, suggesting that a passion for ESG doesn't always translate into practice.

Conclusion

Businesses have much to think about when it comes to the future direction of their IT estate. The working landscape has changed substantially, with remote and hybrid working patterns becoming firmly established, requiring the organisation to quickly adapt to this new normal.

Cloud continues to offer huge potential to help companies deal with the challenges ahead, providing they receive support to make these transformation projects a long-term success. It is clear from this research that many businesses still need a great deal of assistance in this respect, particularly when it comes to integrating legacy applications as cloud-based approaches become increasingly common.

The research highlights that the appetite for hybrid cloud is particularly strong, so we expect the most successful providers to be those who can deliver this effectively for their customers. Our focus at Fujitsu is firmly on helping companies in this endeavour, so we look forward to playing our part in building efficient, future-proofed businesses in the post-pandemic era.

Graham Bromham
Head of Regional Sales
& Service Providers

CLOUD INDUSTRY FORUM

CLOUD INDUSTRY FORUM

About

Fujitsu is the leading Japanese global information and communication technology company, offering a wide range of technology products, solutions and services.

Fujitsu

7th Floor, The Lantern, 75 Hampstead Road, London, NW1, United Kingdom

t 01235 79 7711

🇹 @fujitsu_uk   in www.linkedin.com/showcase/fujitsu-partner-ecosystem/

www.fujitsu.com/uk/products/

The Cloud Industry Forum (CIF) was established in direct response to the evolving supply models for the delivery of software and IT services. Our aim is to provide clarity and advice for end users when assessing and selecting Cloud Service Providers based upon the clear, consistent and relevant provision of key information about the organisation/s, their capabilities and operational commitments.

The Cloud Industry Forum PO Box 4160, Reading, RG8 6DT

t 01628 640 060   **e** info@cloudindustryforum.org

🇹 @UK_CIF   www.cloudindustryforum.org