The Business Benefits of Cloud Migration: Key Steps to Success in Europe

Migrate — Manage — Innovate

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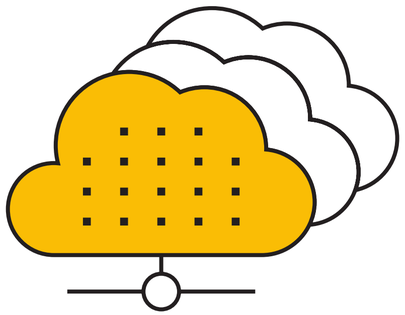
Digital Leaders Align their Strategy with Business Outcomes

Cloud adoption requires a mindset change. Savvy organisations see cloud **as a platform for digital change**, not just a cheaper destination for their virtual machines (VMs). This **strategic and services-driven mindset** helps them take **advantage of cloud-native services and deliver tangible business value**.



Digital Leaders' cloud migration success stories

Moving to cloud is not a pure cost play — it's about business value. We're using a hybrid cloud strategy to make applications responsive, scalable, secure and consistent. We're also making it easy to consume IT services via self-service through automation.

UK-based global financial services organisation

We're going beyond cloud infrastructure and taking a platform approach to build our IP and differentiated services that are key for our business.

French multinational utility

75% of EMEA organisations run hybrid and multicloud environments.

Cloud is all about innovation for us. With cloud, we can now start small, scale quickly and build MVPs in 6 weeks. As a public sector, we need to work across borders, and cloud allows us to consolidate the approved data sets from around the world for analytics and insights.

UK public sector director

Digital Leaders adopt a workload-driven cloud strategy. They embrace multicloud environments as a long-term objective to augment all workloads without compromising on security and compliance.

Thriving in the Digital-First World

The C-suite sees **cloud technologies as the primary driver to thrive, innovate and scale**.

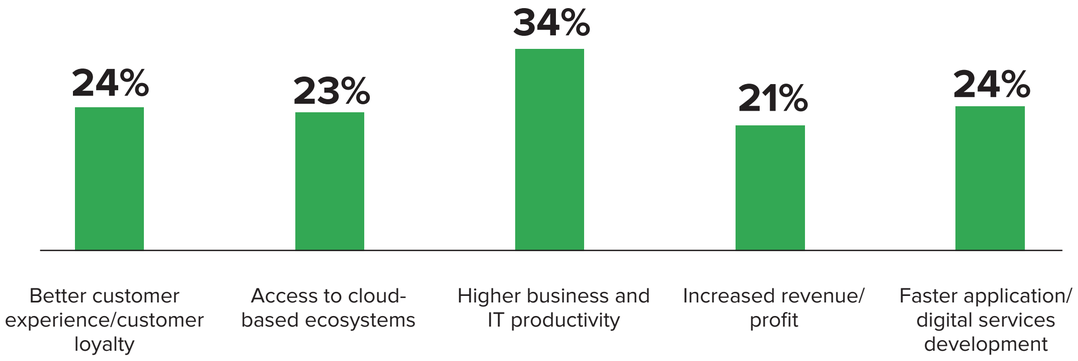
IDC research shows that by **2025, 70% of CEOs of large European organisations will be incentivised to generate at least 40% of their revenues from digital** — driving more than €4 trillion in gross value added (GVA) in Europe.

European organisations' top 6 business priorities in 2022 are growth orientated

Top business priorities for 2022 identified by % of respondents in descending order

European organisations, especially in France and the UK, use cloud adoption to achieve positive business outcomes.

Which positive business outcomes has your organisation achieved from migration to public cloud?



Business outcome expectations *Execution strategy*

Source: IDC European FERS Survey, January 2022

Why Cloud Initiatives Fail

What's worse than not trying to adopt cloud? Biting off more than you can chew, failing and never trying again. Around 50% of European organisations have failed and stopped trying. This needs to change because IDC predicts that by 2024 most legacy applications will receive some modernisation investment, with cloud services used by 50% of the applications to extend functionality or replace inefficient code.

Cloud success isn't accidental

IDC research shows that only half of all cloud migration projects are rated as **"successful" or "very successful"**.

This is because not all cloud migrations are focused on workload needs, compliance and governance requirements, cost analysis, skills or well-articulated business value.

Top reasons for cloud failure

OPERATIONAL 01

Inappropriate cloud operating model **18%***

Difficulty in controlling costs **16%**

Lack of standards **22%**

Performance and reliability issues **28%**

Security and network configurations **18%**

CULTURAL 02

Lack of cloud skills **20%**

Lack of cloud and DevOps culture **16%**

Poor user acceptance of cloud services by business users **26%**

Lack of leadership support **18%**

Digital sovereignty concerns **14%**

TECHNICAL 03

Lack of integration with existing environments **25%**

Lock-in concerns **18%**

* % of respondents citing these as reasons for unsuccessful cloud projects

After developing an innovation mindset, Digital Leaders' IT teams work on a step-by-step journey to the cloud rather than a big bang, all-in cloud approach. **Going all-in can be both overwhelming and risky. Digital Leaders identify the immediate trigger points and align their cloud strategy to overcome pain points. These pain points include:**

- Growing on-premises IT costs and management complexities
- Limitations to supporting innovative business needs or digital programmes
- Poor confidence in security
- Inability to manage data and application sprawl
- Lack of relevant architecture to pivot to a future enterprise that is data driven, agile, resilient and adaptable

Source: IDC European Multicloud Survey, 2021

The gap between Digital Leaders and Laggards

IDC research shows that Digital Leaders have either adopted or plan to adopt the following 12 attributes at scale. Their investments in each of these areas are higher than the EMEA average.

31%
Intelligent monitoring and optimisation
15% (Digital Laggards/Late Adopters)

29%
Adoption of multicloud architectures
10% (Digital Laggards/Late Adopters)

24%
DevOps and modern app development
13% (Digital Laggards/Late Adopters)

26%
Automation and orchestration
17% (Digital Laggards/Late Adopters)

30%
Intelligent security and digital trust
15% (Digital Laggards/Late Adopters)

29%
Formal risk management and governance
13% (Digital Laggards/Late Adopters)

27%
API-centric development
12% (Digital Laggards/Late Adopters)

27%
Programmable infrastructure
12% (Digital Laggards/Late Adopters)

25%
SLAs
14% (Digital Laggards/Late Adopters)

24%
Metering, billing and FinOps
14% (Digital Laggards/Late Adopters)

29%
Access to real-time data
15% (Digital Laggards/Late Adopters)

22%
AI/ML in business use cases
10% (Digital Laggards/Late Adopters)

Extensive use of 12 modern IT capabilities by Digital Leaders vs Laggards

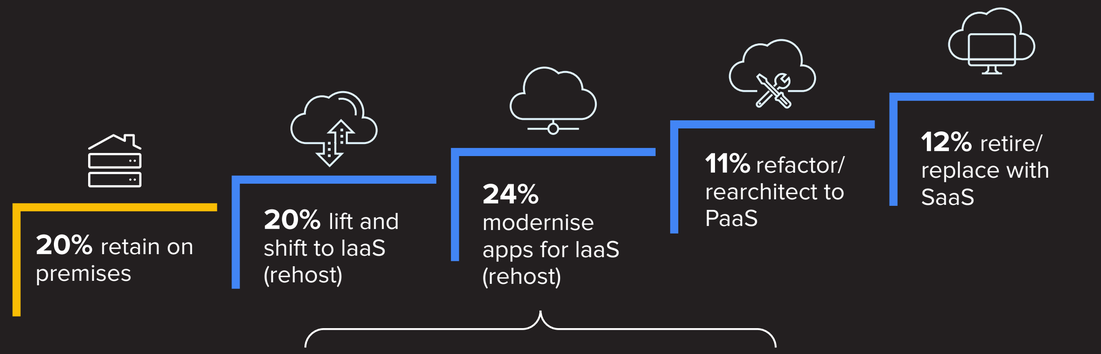
Source: IDC European Multicloud Survey, 2021

What can we learn from Digital Leaders?

Migrate — Manage — Innovate

Only 20% of organisations plan to retain their applications as is in their on-premises environment. There are multiple roads to the cloud:

- Lift and shift
- Modernise for IaaS
- Rearchitect and refactor applications
- Retire and replace with SaaS



55% of Digital Leaders are focusing on either lift and shift (with a view to innovate in the cloud) or modernising first to migrate and innovate, making innovation and business outcomes the crux of cloud adoption.

Digital Leaders' Top Cloud Migration Approaches

Regardless of the path chosen, Digital Leaders have a common focus on innovation as an outcome and a workload-driven approach to cloud adoption. They also prioritise security by design.

Migrate (lift and shift) first to innovate

or

Modernise first (modernise or refactor) to migrate and innovate

IDC research shows that regulatory and compliance requirements to run applications in the public cloud were cited as the top concern (at 50% of respondents) and was a particular concern with the most digitally advanced organisations (70%). Regardless of the path chosen, Digital Leaders prioritise innovation as an outcome and security by design as imperatives when choosing their migration paths. This helps them create a non-disruptive path to the cloud and meet business expectations.

Source: IDC European Multicloud Survey, 2021

The "Migrate-to-Innovate" Strategy Brings Agility and Instant Access to Cloud Tools, Frameworks and Experience

PILLAR 1 — MIGRATE

The pandemic has been a point of no return for digital investments — and has accelerated cloud adoption at many organisations. Given the continued geopolitical volatility, organisations are increasingly adopting **"migrate to innovate"**.

44% **of mature cloud users prefer the migrate-to-innovate approach, according to IDC's 2021 EMEA Multicloud Survey.**

These organisations take the fastest route to the cloud and migrate workloads as is to:

- Achieve immediate business continuity
- Guarantee continuous access to data and applications
- Meet their sustainability goals with an IaaS approach to exit energy-intensive legacy datacentres
- Review, improve and automate security, governance and operations
- Move to an opex- and consumption-based IT spending model for immediate cost savings
- Build skills and experience in the cloud before fully running the workloads in a cloud environment

But organisations don't see this migration as a one-time static project. Over time, they aim to optimise each workload for the cloud and use native functions to innovate.

PULL FACTOR: Only 34% of organisations said they plan to run key workloads such as SAP in their own datacentres/on premises as is. But most organisations also admit the complexities, costs and risks involved in fully reengineering core workloads before migrating, making "migrate to innovate" more appealing.

A migrate-to-innovate strategy enables organisations to adopt cloud

Why cloud migrations fail:

28%
Performance and reliability issues

26%
Lack of user experience

25%
Lack of integration

22%
Lack of standards

20%
Skills shortage

> **"It took us about a week to stand up the infrastructure, which could have taken up to a year or more on premises.**
>
> Martin Viljoen, VP of Information Technology
>
> TELUS International

Source: IDC European Multicloud Survey, 2021

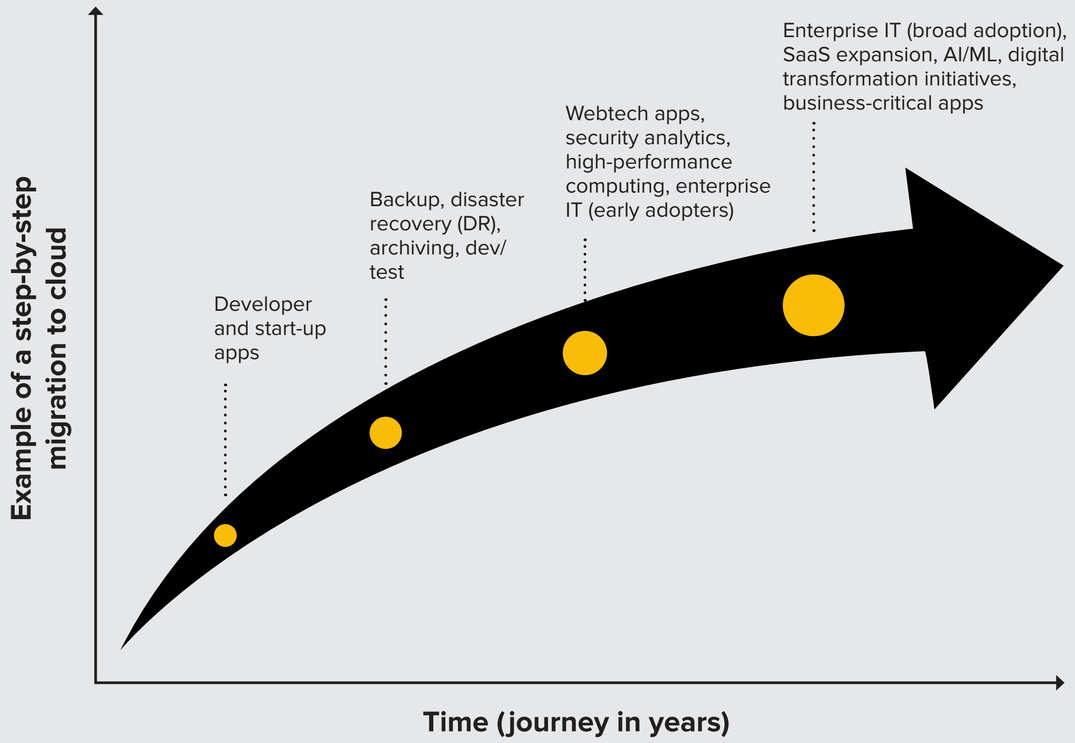
A "Modernise to Migrate and Innovate" Strategy Helps Organisations Architect Fully Cloud-Native Applications — But it's a Long-Term Journey and it's Resource-, Skills- and Cost-Intensive

PILLAR 1 — MIGRATE

Some organisations (11%) refactor and modernise their workloads before moving them to the cloud. This requires thorough application assessment, classification, immediate skills development and resource investment to reengineer the workloads and adapt the processes and operations. The business value of modernising is also more long-term orientated.

A popular strategy is to start with low-risk workloads that need the scale and agility of native cloud services. This can help build skills and experience in the cloud. Teams can then progress to secondary workloads such as backup and archiving to reduce hardware costs and management overheads. Then they can evaluate workloads that need to be modernised, and explore how cloud can help.

Going all-in can be both overwhelming and risky.



Take a workload-driven approach to determine the right path and build portability to make cloud a two-way street.

Planning for Day 2 and Beyond in the Cloud: Developing Operations and Governance Processes to Thrive

PILLAR 2 — MANAGE

Cloud represents a paradigm shift. Migration is the first step in that journey. How organisations govern and operate their cloud environments — while developing complementary processes and skills — will determine their long-term success. Plan for Day 2.

Cloud operations and governance encompass six key areas that Digital Leaders are developing capabilities for:

- FinOps or cloud cost management
- Automation and self-driving infrastructure
- User experience focus with self-service, predictability
- Full stack observability
- Managing cloud security, resilience and performance across hybrid and multiple clouds
- Continuous optimisation and innovation driven by site reliability engineering (SRE) processes and guardrails

52% of European organisations IDC surveyed said they have set up a cloud centre of excellence (CCoE) to develop these cloud operations capabilities for continuous success. A further 24% plan to do so in the next 6 months. Ignoring cloud operations can lead to high costs, security risks and operational complexities.

Benefits of cloud operations strategies:

- Visibility into performance and security of applications
- Optimised cloud resources
- Reusable frameworks and blueprints for streamlined operations
- Policy-driven governance and security guardrails for continuous compliance
- An ever-growing list of native cloud functions

Cloud operations is the key for success.

A cloud operational framework is enabling a handful of savvy organisations to move to a services-driven, SRE operating model that enables full-service ownership, autonomous operations and compliance assurance. This breaks down the silos between SRE, CI/CD and DevOps teams who work together and create a solid foundation for innovation — the third pillar.

Forward-thinking organisations want to mature in cloud operations and governance by 2025 and are investing now. Are you?

Source: IDC European Multicloud Survey, 2021

Planning for Day 2 in the Cloud: Developing Operations and Governance Processes to Thrive (Continued)

PILLAR 2 — MANAGE

As hybrid and multicloud strategies take hold, we see new complexities, reduced visibility, management overheads and inefficiencies.

Top European organisations are prioritising investments in cloud management and cloud operations strategies and platforms. IDC calls this strategy intelligent cloud operations. Organisations are leveraging new capabilities such as automation, full stack observability and cross-cloud governance to operate consistently and efficiently in the cloud.

According to IDC's European Multicloud Survey, 2021, **intelligent cloud operations require consistent management — from security and resilience, to performance and costs**.

Cost management

By 2023, 80% of organisations using cloud service will establish a dedicated FinOps function to automate policy-driven observability and optimisation of cloud resources to maximise value.

Security management

Driven by unified access controls and data protection needs, 55% of organisations will migrate their data protection systems to a cloud-centric model to centrally manage core, edge and cloud data from one plane. Automated governance, SOC and NOC excellence, as well as continuous monitoring and remediation, are key areas of investment to govern/secure the cloud operations.

Data management

Due to the need for cross-cloud data mobility, better data experience and data consistency, 55% of organisations are implementing tools for multicloud data logistics, using abstracted policies for data capture, migration, security and protection. The majority of organisations will implement DataOps programmes to reduce data and analytics errors by 80% and to boost trust in analytics outcomes.

> **Not only did we save money on day-to-day costs, we also saved money because we no longer needed to buy additional capacity for the applications that were still running in the datacentres.**
>
> **Steve Crusenberry, VP of Infra and Platform Engineering, Wayfair**

wayfair

Source: IDC European Cloud FutureScape, 2022

Innovation as the End Goal

PILLAR 3 — INNOVATE

It's not enough for organisations to just migrate and modernise. In the digital-native era, cloud is a foundational capability. How you harness it to continuously innovate will define your success. Accelerated delivery techniques such as DevOps and low/no-code application development are critical enablers to gaining a competitive advantage.

IDC prediction: European enterprises that leverage cloud-based applications and software will derive over 25% of their revenue from digital products, services and/or experiences by 2026.

"Innovation accelerators" such as AI/ML, analytics, low code, automation, AR/VR and interactive design thinking underpin this innovation pivot, and are critical for success:

By 2025, 30% of net-new applications will be developed with no-code/low-code platforms, up from 10% today.

Organisations should reduce technical barriers to innovation. Low-code and intuitive user experiences enable them to take a greater role in cloud-based development across the wider business.

Data-driven value expectations from the cloud (AI/ML intelligence)

Using cloud platforms, data teams can exploit pre-built AI models fast and generate real-time actionable insights from systems and processes.

Carrefour

During COVID-19 customer personalisation from Google AI helped drive a 60%–70% increase in ecommerce revenue.

Co-creation + DesignOps + product mindset … as a culture

Outside-in design thinking via interactive workshops can reimagine business challenges, unify stakeholders and support co-creation of new digital products.

> **We're committed to using the public cloud as an enabler of innovation. It helps us become more agile in the work we already do and push forward to what's next for our business. With Google Cloud, we're not just meeting the regulatory demands of the finance world, we're meeting our own ambitions to scale further and use technology to innovate in our industry.**
>
> **Michael Girg, Chief Cloud Officer, Deutsche Börse Group**

DEUTSCHE BÖRSE GROUP

Four Ways to Accelerate Innovation

PILLAR 3 — INNOVATE

Once in the cloud, it's time to rapidly iterate. IDC research shows that **organizations with a high degree of software dev and delivery maturity, can push digital ideas to production 4 times faster than the market average. By 2023, up to a quarter of the 500 largest European companies will become software producers**, to maintain their status.

a. Developers' main pain points are low responsiveness of developers, poor integration of tools, poor data quality and high levels of manual processes.

b. DevOps and consistent CloudOps are the best way to accelerate app delivery — enabling better IT and business ops alignment around common objectives and processes.

Organisations need to automate tasks and tooling to reduce inefficiencies in productivity, app performance and integration. **More than 40% of enterprises will replace outdated operational models with cloud-centric models.**

a. Manual workarounds in apps and processes are time-consuming. It also makes learning from data difficult.

b. Organisations that leverage tools such as low/no code, machine learning/AI and CI/CD can eliminate manual bottlenecks and errors. Automating as much as possible is critical in the cloud as the speed of change accelerates and the potential for human error increases.

Find ways to measure and monitor successful app delivery. About 26% of organisations cite rigidity in integrating/supporting DevOps practices as a hurdle.

a. Value stream management (VSM) is a top priority for a third of organisations to optimise performance and productivity, enabling them to easily spot and resolve issues.

b. Organisations should aim to embed continuous innovation and optimisation, and ensure that releases are tightly aligned to business outcomes.

Organisations need to thoroughly scale innovation as a practice. By 2024, most legacy applications will be modernised with cloud services for better functionality.

a. Building a software dev CoE is the most popular strategy for the biggest organisations. But less than half of European organisations overall currently have one. Organisations should address this to successfully unify innovation development in the cloud.

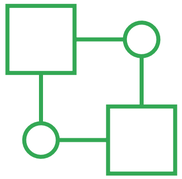
b. Digital Leaders' mantra is to start small and scale fast.

Source: IDC EMEA, Accelerated App Delivery Survey, August 2021, Europe (n = 411)

Get Ready for the New Paradigm

With the onslaught of applications and data, container-first strategies and zero-trust architectures, developing and executing your cloud strategy the right way creates a foundation for the next era of enterprise IT.

By 2024, net-new production-grade cloud-native apps will increase to 70% from 10% of all apps in 2020, thanks to microservices, containers, dynamic orchestration and DevOps.



46% of organisations already run more than a quarter of their applications on containers.

Expect a wholesale shift to containers and Kubernetes environments in the next two to three years.

By 2023, C-suite leaders will implement business-critical KPIs tied to data availability, recovery and stewardship as rising levels of cyberattacks expose the scale of data at risk.

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