Accelerating the Cloud Migration Dividend

EXECUTIVES EXPECT A FASTER PATH TO BUSINESS OUTCOMES, PUTTING IMPLEMENTERS IN THE HOT SEAT.

Executive Summary
No matter where enterprise organizations sit on the adoption ramp to cloud, most companies want to accelerate the pace of public cloud migration. Even so, not all lower-level executives share the sense of urgency coming from the top. A global survey reveals that those who proceed at a faster pace of adoption are more successful at realizing the ultimate payoff. This paper examines the benefits of more rapid public cloud adoption and how to make the transition from cautious implementation to mass migration to reap the desired rewards.

» The need for speed
Agility is the top business objective of enterprises migrating to the public cloud, even surpassing cost savings, according to a recent global survey of IT and business executives conducted by IDG Research Services. A staggering 78% of those surveyed want to pick up the pace as they strive to achieve the expectations of their companies—but that number obscures a disparity between upper-level urgency and a substantial number of director-level respondents who don’t yet get it.

Every organization has to find its own optimal path to cloud migration and most of those surveyed indicate they are doing so at a steady pace. Cost savings, once the leading driver of cloud adoption, becomes less important as organizations pick up that pace and more fully realize the impact of cloud-driven business process changes.

Those with a slower, steadier approach often take a very long time or don’t overcome their initial concerns. Survey results suggest that the leaders of cloud migration are apprehensive about issues such as legacy integration, regulatory compliance, achieving cost savings, limiting business disruption, and transformation of application development. Furthermore, there is also evidence that lower-level respondents feel less urgency than those higher in the organization to execute the migration to public cloud.

More than 350 executives at the level of director or higher participated in the survey, which focuses on large enterprises in the U.S., Europe, and Asia Pacific. They were asked to identify their organizations as:

- Cautious migrators who act only as business needs dictate (22%)
- Steady migrators who are moving or planning to move some applications to the cloud (39%)
- Mass migrators who are seeking to move most, if not all, applications (24%)
- All-in migrators who opt for a “born-in-the-cloud” strategy and plan to deploy everything in the cloud first (16%)

» Getting on the same page
When it comes to an enterprise cloud adoption strategy, the need to level-set expectations between implementers and the executive suite can’t be overstated. Whether initiatives are driven top down or bottom up, cloud migration efforts can be stalled for any number of reasons—from organizational culture and skillset to resources and budget.

In fact, the IDG survey identifies a gap in expectations regarding the pace of migration. Of those at vice president and higher ranking, 83% say they are trying to accelerate that pace; but only 69% at the director level are of the same mindset, and among cautious migrators that number drops to almost half. This may indicate that implementers believe they are working toward cloud adoption appropriately, but clearly it’s not at the
rate expected in order to achieve strategic business objectives. Speeding up the effort may require turning to outside resources that can apply expertise and leverage proven best practices.

Successful mass migrators typically follow a pattern where middle management has embraced the goals of cloud adoption, says Chris Wegmann, managing director for the Accenture AWS Business Group and AWS Practice at Accenture. “A decision has been made at the top and the second-level people aren’t questioning it, they are executing. But it is clear they are not moving at the pace that their leadership expects.” On the other hand, he adds, “Companies that aren’t moving fast are struggling and have very high risk of failure. Their IT team may not believe in the public cloud or the approach that the executive suite is asking them to follow. It could also be that their cloud initiatives are being driven from the bottom up or by groups outside IT and they are resisting the change. Successful companies realize that a well-thought-out strategy supported from the top down is key. The execution team must be fully engaged and have the power to knock down any obstacles in the organization.” Regarding the particular circumstances at any enterprise, implementers need to sync their priorities with those of the executive suite, especially when it comes to all-important business outcomes. That may require reaching outside the organization for strategic or operational expertise needed to bridge the gap between business goals and technology implementation.

» Learning from the pacesetters
Those who are more cautious adopters can benefit from the learnings of those who took an accelerated approach to adoption and their best practices. In fact, 75% of cloud-first organizations and 50% of mass migrators say that within six months their cloud projects have resulted in increased speed to market to boost their competitive positions, compared with just 22% of steady migrators and 39% of cautious migrators.

Interestingly, the cloud-first and mass-migration organizations are, respectively, first and second in achieving benefits within six months across all of the business areas polled. This includes improved scalability to enable business growth, achieving cost savings, improving the customer experience, enabling the adoption of digital business initiatives, and improving agility.

As companies pick up the pace and begin to capitalize on the business process changes that cloud adoption enables, cost savings—once the leading driver—becomes less important and business outcomes rise to the top. Now, faced with intense competition and digital transformation issues, agility is the top desired benefit of cloud adoption, with 83% of respondents indicating that it is critical or very important in measuring the success of their investments, followed by scalability to support growth at 76%.

Today, with a focus on top-line growth, the emphasis at almost two-thirds of cloud-first companies has shifted to implementing an IT culture that supports innovation and doesn’t punish failure. Just 9% in that fast-adopter’s category say cost savings are the single most critical outcome, trailing agility (30%) and adoption of digital business initiatives (21%). See Figure 1.

“For companies that are successful at maximizing the benefit of the cloud, change is seen as opportunity,” says Stephen Orban, global head of enterprise strategy at Amazon Web Services and a former CIO at Dow Jones & Co. “These companies’ executives aren’t afraid to challenge the status quo, and creating a culture of experimentation is one of the most common changes these executives look to make.”

Culture is increasingly an important component of success, as digital transformation requires an enterprise-wide, everybody-onboard effort. Companies that want to foster innovation should take note that cloud-first companies are far ahead of the pack in developing and implementing best practices that accelerate cloud migration, with a majority indicating they are well on the way in nine out of 12 practices areas. While trailing cloud-first companies, mass migrators are substantially ahead of steady migrators in best practices areas except security assessments—where there is just a 1% difference—while cautious migrators trail the pack in all areas.

Leaping over the skills gap
No matter the pace at which they’re pursuing cloud strategies, all organizations face a skills issue today, or will in the near future. Technology is changing too fast for current workers to keep pace and competition for new talent is fierce. Many are turning to third-party service providers to help them accelerate cloud adoption.

Just 14% of respondents overall (but 46% of cloud-first respondents) indicate they have made sufficient progress in the talent transformation process of readying employees for cloud adoption. Overall, 53% indicate they’ve filled some of the needed skills gaps but still need help. And more than half of cautious migrators are still in the early stages (determining needs or actively seeking help. And more than half of cautious migrators are still in need help. And more than half of cautious migrators are still in the early stages (determining needs or actively seeking new talent).

Substantial numbers of respondents across all categories of adoption are leveraging cloud services providers to aid their migration efforts. For mass migrators, they are most reliant on services providers for security and system monitoring, while data migration tops the list for steady migrators and cloud-first organizations.

Cloud-first companies (39%) and mass migrators (42%) are more likely to turn to cloud services providers for help with formulating a cloud strategy. This best practice proves successful in that these aggressive migrators enjoy the benefits of cloud faster than slower adopters.
**ACCELERATING THE CLOUD MIGRATION DIVIDEND**

The least developed practice areas are in DevOps adoption, finding new talent with cloud expertise, and investing in training to fill the skills gaps. Application development issues seem to be the biggest obstacle to moving from a mass-migration to a cloud-first strategy. Developing these areas is part of building the foundation for mass migration, says Orban. “As the enterprise builds a cloud foundation and gains experience with more projects, it typically becomes easier and more compelling to migrate existing IT assets to the cloud,” he says.

**Centralizing cloud decision making**

Whatever path they are taking to cloud adoption, few organizations (9% of cloud-first enterprises, 4% of mass migrators, 1% of steady migrators) say that lines of business are encouraged and empowered to purchase cloud services on their own without IT approval.

“A couple of years ago cloud was often driven by shadow IT,” says Stephen Orban, global head of enterprise strategy at Amazon Web Services and a former CIO at Dow Jones & Co. “But over the last few years the conversation has shifted substantially toward where central IT teams are now leading the way. It’s simply a matter of the market maturing.”

Two-thirds of survey respondents indicate that IT must approve all cloud services purchases and the remainder recommend that lines of business gain IT approval for any cloud services purchases. This signals that business leaders are centralizing their cloud strategies around their IT chiefs, making CIOs even more integral to business success. So those IT leaders need to be thinking about leveraging modern technology to deliver new products and services that drive top-line revenue, rather than managing the bottom-line costs of data centers.

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**FIGURE 1. Practices Complete or Ongoing – By Cloud Deployment Strategy**

<table>
<thead>
<tr>
<th>Practice Complete or Ongoing</th>
<th>Born in the Cloud</th>
<th>Mass Migration</th>
<th>Steady Migration</th>
<th>Cautious Migration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create an IT culture that supports innovation and doesn’t punish failure</td>
<td>63%</td>
<td>39%</td>
<td>30%</td>
<td>18%</td>
</tr>
<tr>
<td>Leverage open source development tools</td>
<td>61%</td>
<td>37%</td>
<td>24%</td>
<td>22%</td>
</tr>
<tr>
<td>Define key success metrics/ desired outcomes of cloud initiative</td>
<td>59%</td>
<td>39%</td>
<td>29%</td>
<td>19%</td>
</tr>
<tr>
<td>Create an automated service catalog</td>
<td>59%</td>
<td>31%</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Regularly assess the security of your cloud environment</td>
<td>55%</td>
<td>39%</td>
<td>38%</td>
<td>27%</td>
</tr>
<tr>
<td>Use centralized tools and processes to deliver both cloud-based and on-premise IT services</td>
<td>55%</td>
<td>36%</td>
<td>29%</td>
<td>18%</td>
</tr>
<tr>
<td>Automate IT service delivery processes</td>
<td>54%</td>
<td>37%</td>
<td>26%</td>
<td>13%</td>
</tr>
<tr>
<td>Leverage managed service providers to help develop and/or execute cloud strategy</td>
<td>52%</td>
<td>40%</td>
<td>26%</td>
<td>21%</td>
</tr>
<tr>
<td>Use containers to simplify application deployment</td>
<td>52%</td>
<td>31%</td>
<td>18%</td>
<td>17%</td>
</tr>
<tr>
<td>Adopt DevOps to ease the development process</td>
<td>45%</td>
<td>37%</td>
<td>20%</td>
<td>12%</td>
</tr>
<tr>
<td>Hire new talent with cloud expertise</td>
<td>43%</td>
<td>40%</td>
<td>29%</td>
<td>21%</td>
</tr>
<tr>
<td>Invest in training to fill skill gaps</td>
<td>43%</td>
<td>38%</td>
<td>29%</td>
<td>16%</td>
</tr>
</tbody>
</table>

[...]
curve and know the pitfalls," suggests Accenture’s Wegmann. "It doesn’t take long for them to find out they can move rapidly, but spending can go out of control quickly if they don’t have governance in place to ensure people are following standards, such as tagging or cost-to-project chargeback. It’s very simple to go set something up in the cloud; the challenge is to make it work in your environment in a repeatable fashion without breaking the bank.”

An astonishing 90% of fast adopters indicate they have used global systems integrators (GSIs) for cloud strategy, compared with 62% of mass migrators, and roughly just over 40% in each of the steady- and cautious-adopter categories. That’s another best practice of learned implementers.

"Oftentimes, global companies are able to make initial progress with a boutique firm but then hit a wall when it comes time to migrate at scale or they move onto more complex workloads. Scale and complexity drive enterprises to seek a global partner with the capabilities to help extract maximum value and speed and low cost,” says Michael Liebow, global managing director for the Accenture Cloud Management Platform. “To reconcile the cost of migration and standing up a new cloud environment, with the turn-down or exit of existing or traditional data center resources, speed is essential as enterprises get saddled with the costs of maintaining both modes of compute—traditional and cloud.”

» Action-oriented
Migrating to the cloud is a multistep process, with every enterprise taking a unique path (see Figure 3). Aside from the cloud-first respondents, most (70%) organizations prefer to optimize existing applications for the cloud versus a “lift and shift” (36%) or re-platform (31%) approach. But many face difficulties in optimizing applications for cloud and unleashing new business value through new application development for cloud.

"Each application has to be discovered, assessed, and categorized to determine the best path for achieving business and financial goals. That’s where it pays off to work with a partner that has a breadth and depth of expertise, methodology, skills, and tools—all while being fully aligned with the target landing zones of their selected cloud vendor,” Liebow says.

No matter the current state of adoption, accelerating the pace involves many considerations and a comprehensive plan of action. It starts with executive sponsorship and the development of a compelling business case. “The cloud sponsor has to get the rest of the executives in the company comfortable with making a concerted effort to a mass migration,” says Orban.

Other factors he cites include:
• Fostering a culture of experimentation
ACCELERATING THE CLOUD MIGRATION DIVIDEND

Most companies feel that full utilization of DevOps is a key element of faster adoption. However, less than half of cloud-first organizations say they have adopted a full DevOps model. “Very few organizations have completely transitioned to the DevOps model across all enterprise applications,” Wegmann says. “They may be doing so in one or two areas, but most have not gone through and embedded DevOps across their enterprise applications. It’s important to get things started to set the foundation, and get DevOps standardized to go across the enterprise and pull different groups into that model, but companies should not wait to transition to a public cloud until the DevOps transformation is completed.”

The Six Rs for Applications

- Rehost
- Rearchitect
- Retire
- Retain
- Repurchase
- Revisit

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Accelerating the pace

As the IDG survey illustrates, whatever path they prefer to take, most organizations want to proceed faster with their cloud adoption efforts. It is too easy to let challenges become obstacles to mass migration. Even those implementers who think they are moving at the right pace may want to check in with the executive suite, who are probably more keen to accelerate adoption in pursuit of greater business agility. Moving slowly will most likely lead to a failed public cloud migration and result in a new group of directors and managers to lead the company’s next attempt to move to public cloud.

For more information, visit https://www.accenture.com/us-en/service-aws-cloud

Accenture AWS Business Group

Orban says that typically half of an enterprise’s application portfolio will be rehosted to a cloud platform and somewhere between 10% to 20% will be retired because an evaluation reveals there is no further purpose to be served. Many applications, such as customer relationship management and human resources management, may be repurchased in the form of software-as-a-service options. Rearchitecting is the most expensive option but in some cases may be the best choice if the application is a particularly good market fit or a legacy application for which there is no cloud alternative. The final option is retaining and perhaps revisiting later.

All data from IDG Research survey “Cloud Migration,” August 2016