



PERSPECTIVES ON CLOUD OUTCOMES:
EXPECTATION
VS. REALITY



**A Global Survey of
IT Executives**

The move to Cloud is well underway and accelerating.

With 77% of enterprises reporting that they have at least one application or a portion of their enterprise computing infrastructure in the cloud¹ and worldwide “whole cloud” spending predicted to reach \$565B by 2021², business has come to understand the value cloud offers. Yet despite the opportunity Cloud presents to enable innovation, drive business agility, streamline operations and reduce costs, many companies are struggling to capture the benefits.

Accenture surveyed 200 senior IT executives (CIOs, VP/Directors of IT, VP/Directors of Cloud) from companies around the world annually to discover to what extent those leveraging cloud have achieved the expected benefits and their level of satisfaction with these achievements. Four dimensions of cloud outcomes were considered—cost savings, speed to market, business enablement, and improved service levels. We then asked IT leaders to identify the greatest barriers in their organizations to fully exploiting the promise of cloud.

The blind survey was conducted with 200 companies having revenues in excess of \$1 billion annually across 10 industries in eight countries.

¹ “State Of Enterprise Cloud Computing, 2018”, Louis Columbus, Forbes.
<https://www.forbes.com/sites/louiscolumbus/2018/08/30/state-of-enterprise-cloud-computing-2018/#397993c5265e>

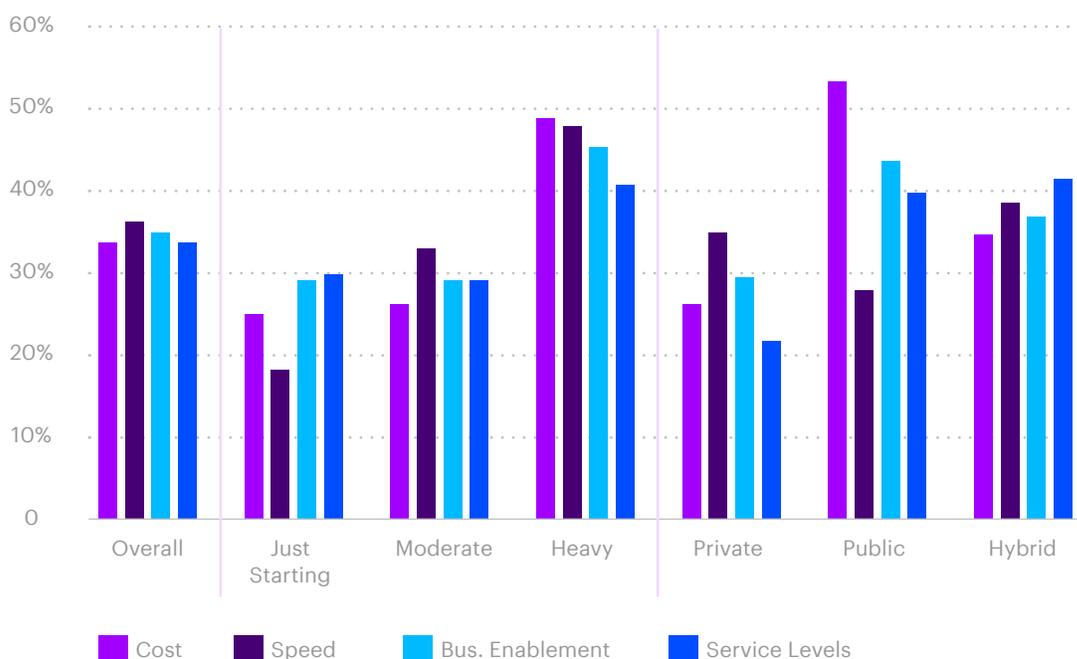
² IDC MARKET FORECAST: Worldwide Whole Cloud Forecast, 2017–2021. December 2017.

Achieving the full impact of cloud is a Journey

Nearly two thirds of companies report they have not achieved expected cloud benefits.

Like most new technologies, capturing the intended benefits of cloud takes time; there is a learning curve influenced by many variables. Most companies report having achieved some measure of their expected outcomes with 4% of those surveyed indicating they have not achieved their goal. While the vast majority of companies cite achieving some level of their desired outcomes, on average only 35% of companies report they have fully achieved their expected outcomes across the four categories of cost, speed, business enablement and service levels (Figure 1). Further nuances appear as one starts to breakdown the results by degree of cloud adoption and the type of cloud model employed.

Figure 1: Percent of respondents reporting they have “fully achieved” their expected cloud outcomes



Cloud Adoption

When considering the results based on the degree of cloud adoption, the survey shows that those companies most heavily “in the cloud” are significantly more likely to report having achieved their intended cloud outcomes. Yet, less than 50% of these companies recount full achievement of expected results.

For companies only moderately adopting cloud or early in their journey (1 year or less), realizing the full benefits of cloud are less likely. Generally, 30% or less report having achieved the desired outcomes, and for companies just starting, achieving their speed-to-market goals is particularly challenging with only 18% accomplishing their goal.

Cloud Model

Similarly, the cloud model employed by organizations appears to have an influence on their ability to capture expected cloud results. Companies employing private clouds tend to lag their counterparts employing public cloud or hybrid models when it comes to fully achieving expected outcomes (28% vs. 42% and 38% respectively). While private cloud users seem to struggle more generally, they are most challenged in achieving desired cost saving and service level improvements. More than half of public cloud users (54%) report having captured their cost saving goals, yet only 28% have experienced their anticipated speed-to-market benefits.

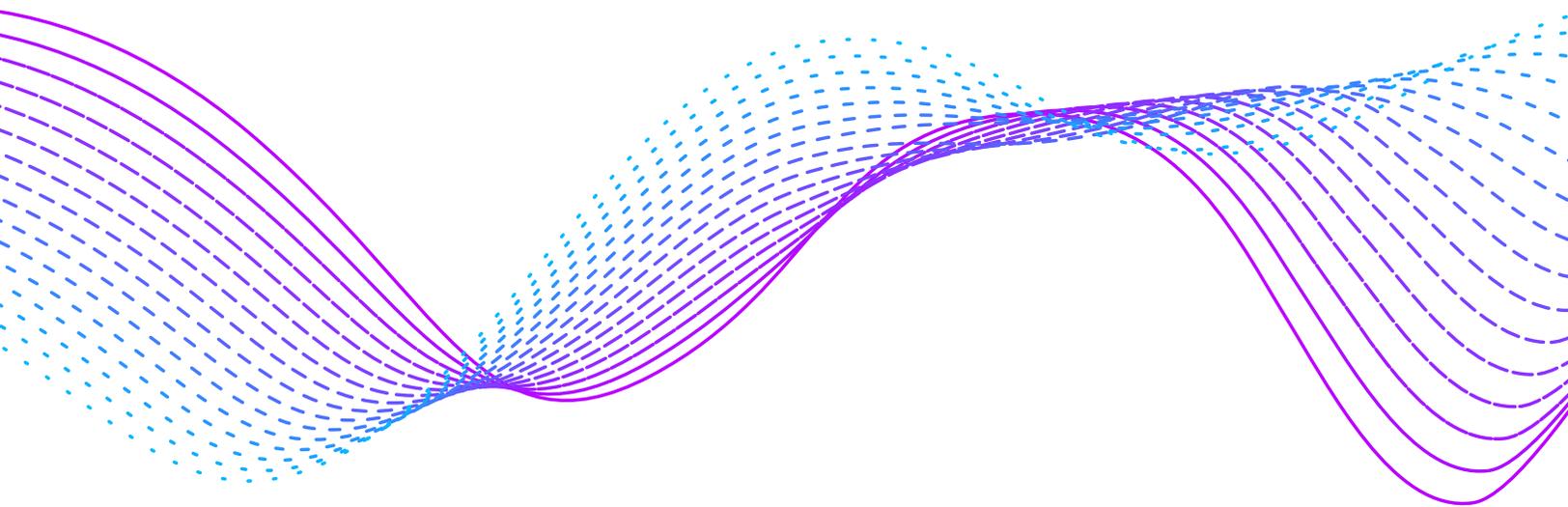
Company Size

This survey looked at company size according to revenue in three categories—revenues of \$1-\$5 billion, \$5-\$10 billion, and those in excess of \$10 billion. There were not significant differences based on company size, with full achievement of benefits falling on average between 33-36%. The most notable deviation related to large companies and service level improvements where only 28% respondents claim full achievement of expected benefits, though 98% of these companies reported at least partially achieving their objectives.

Satisfaction with Cloud Results

While 96% report achieving some degree of their expected wth cloud outcomes, less than half are “very satisfied” the results.

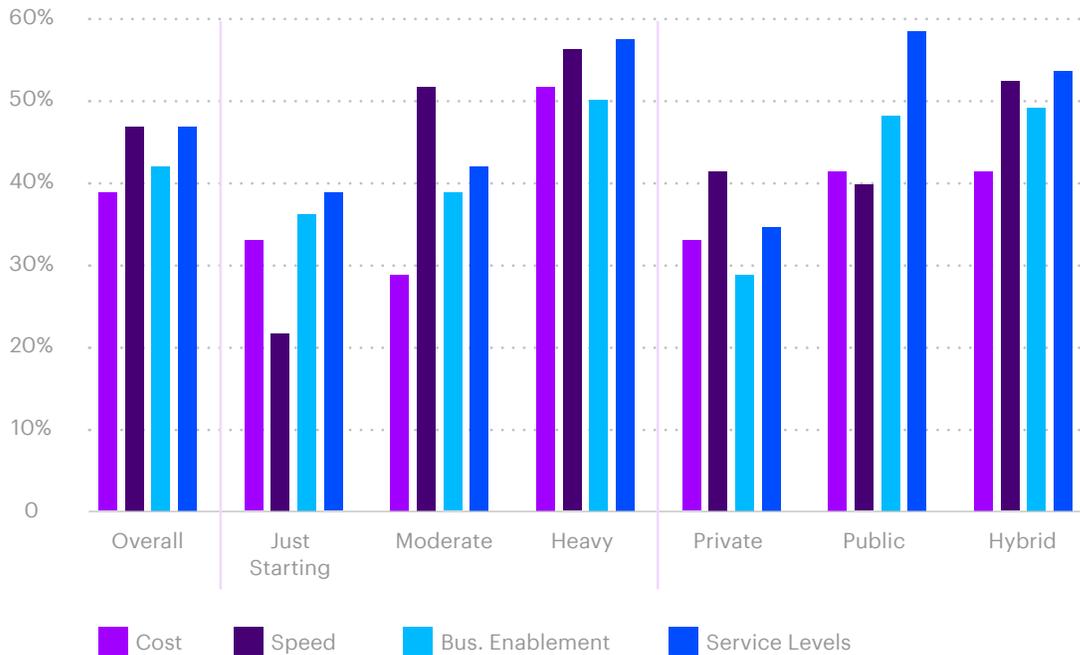
As mentioned earlier, most companies surveyed had achieved some measure of success in attaining their desired cloud outcomes. With this in mind, we looked at the level of satisfaction the surveyed executives had with their reported results. In general, respondents indicated satisfaction with cloud results achieved, despite not fully realizing the anticipated benefits. On average, 93% of executives were satisfied (49%) or very satisfied (44%) with the outcomes delivered, indicating that for the most part, cloud-driven improvements of any degree were sufficient to clear the bar of minimum expectations. Cost savings proved to be the area where the most dissatisfaction was raised, with 11% acknowledging expectations have not been met. Dissatisfaction with expected outcomes for Business Enablement and Speed to Market came in at 8% and 7% respectively, with only 4% indicating being dissatisfied with progress on Service Level improvements.



Cloud Adoption

Satisfaction levels based on the degree of cloud adoption, again shows that those in the early stages (88%) or moderately adopting cloud (92%) lag those who have heavily adopted cloud (97%). This is more pronounced when considering those who are “very satisfied” with early adopters at 33%, moderate adopters at 40%, and heavy adopters at 54%. Notable data points include early adopters speed to market satisfaction where only 21% indicated they “very satisfied” and more than one in seven indicating dissatisfaction (15%). Oddly, more than half of those companies moderately (52%) or heavily (56%) in cloud reported they were “very satisfied” with their speed-to-market outcomes. The response for moderate cloud adopters was particularly interesting, while more than half were “very satisfied”, on a third reported fully achieving their expected speed-to-market goals (Figure 2).

Figure 2: Percent of respondents indicating they are “very satisfied” with their cloud outcomes

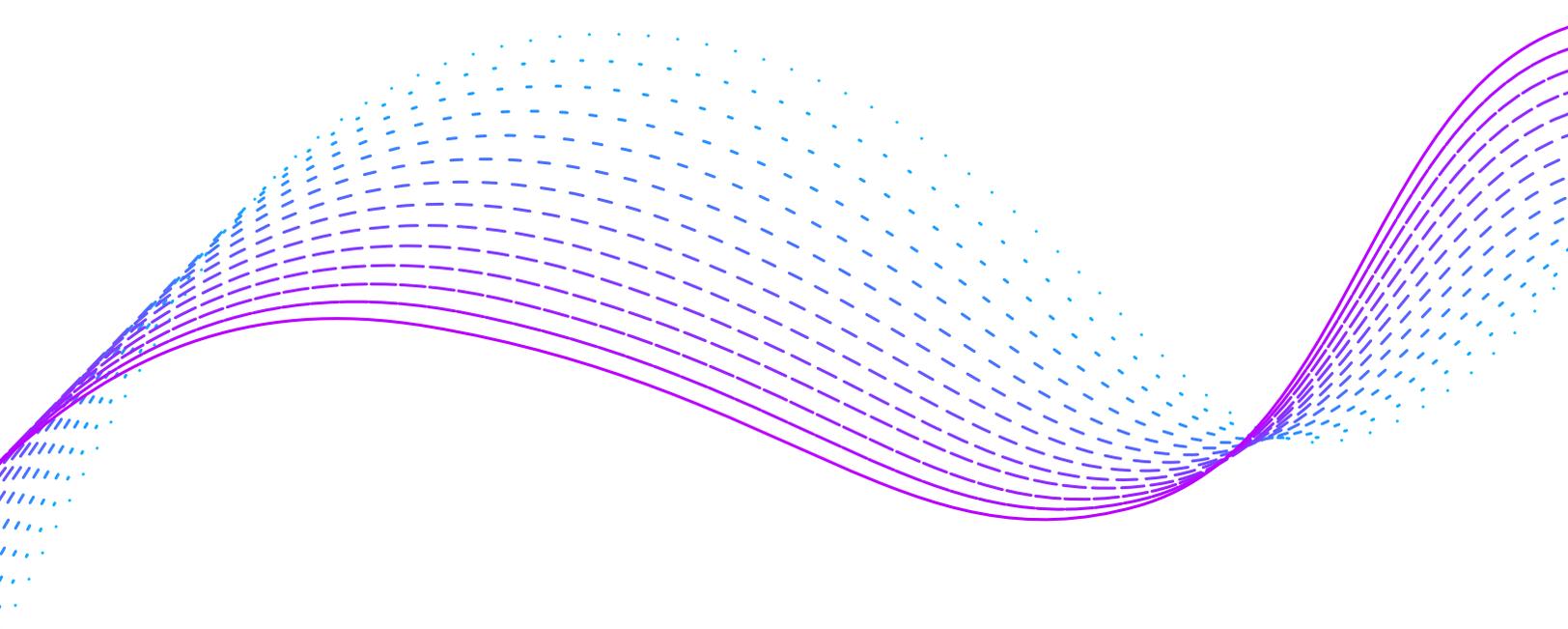


Cloud Model

Satisfaction levels based on the cloud model are relatively even, with those employing private clouds reporting 90% satisfaction, those employing public cloud 92% and those using a hybrid model 95%. When considering those who indicated they are “very satisfied”, private cloud users report lower levels of satisfaction (35%) than public (47%) or hybrid cloud users (50%). Its noteworthy that while overall satisfaction was high for Public Cloud users, one in five respondents (20%) indicated dissatisfaction with their business enablement outcomes.

Company Size

Considering satisfaction based on company size, no company size category reported less than 41% “very satisfied” (\$5-\$10B). Overall satisfaction (“satisfied” and “very satisfied”) across all outcome categories met or exceeded 89% for every size company. The one exception was related to large companies (>\$10B) where 16% reported they were dissatisfied with what they had achieved relative to their cost savings goals.

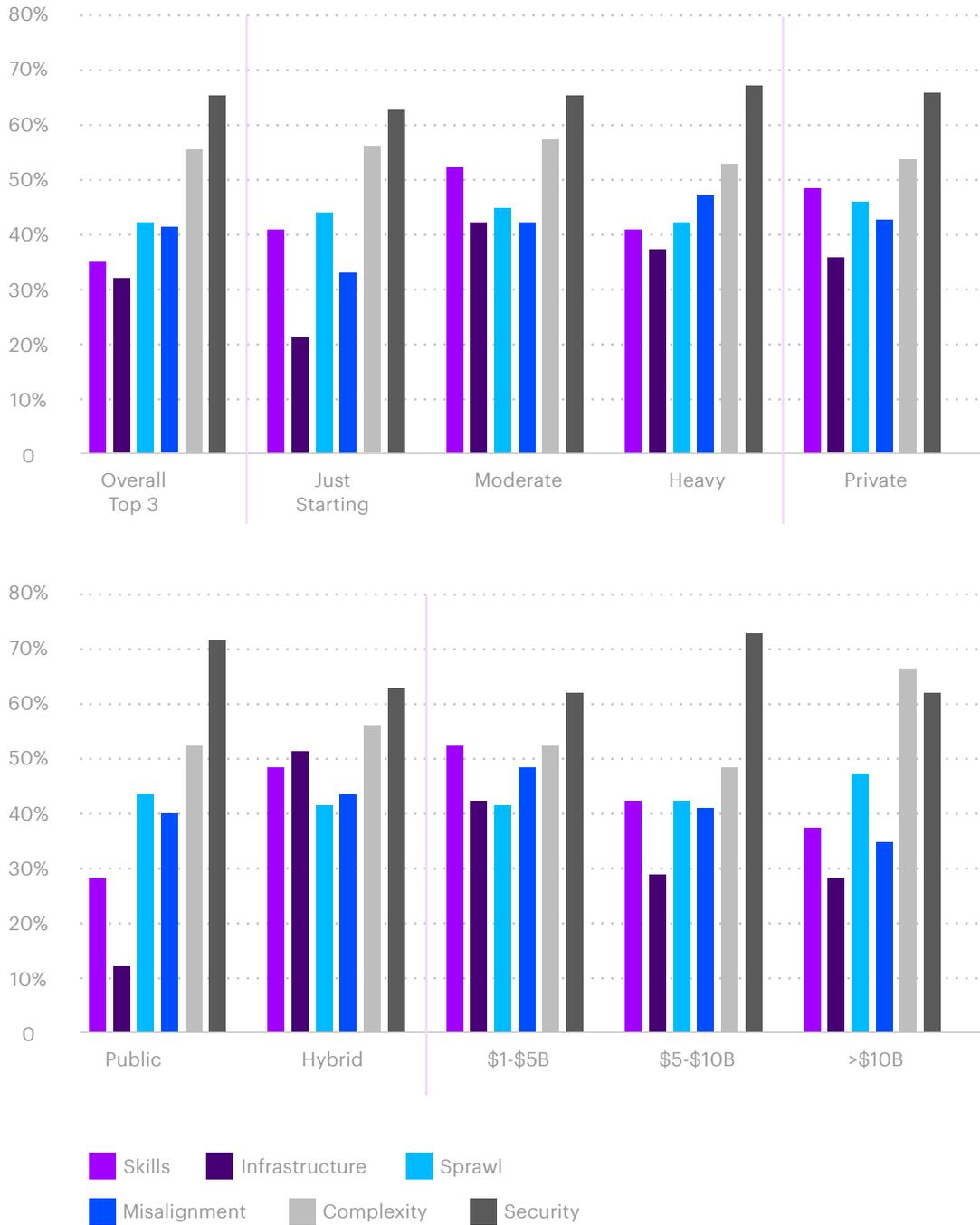


Barriers to fully achieving the promise of Cloud

While overall satisfaction levels with cloud outcomes on average exceed 90%, only 35% of all respondents report fully achieving their expected benefits.

That leaves a sizeable 65% that have not fully achieved their expected benefits. We asked our IT leaders to identify and rank the barriers they most experienced in the efforts to drive their cloud agenda and achieve their goals (Figure 3). The barrier noted most frequently by respondents in their top three was “security and compliance risk” (65%), a view echoed across nearly all segments. The second most commonly noted barrier was “complexity of business and organizational change” (55%), with “legacy infrastructure and/or application sprawl” (43%) coming in a third, followed closely by “lack of cloud skills with the organization” (42%).

Figure 3: Top 3 barriers to achieving anticipated cloud outcomes



Cloud Adoption

The two most cited barriers across all phases of adoption were consistent with “security and risk compliance” the top concern and “complexity of business and organizational change” second. The third ranked barrier varied with those just starting citing “legacy infrastructure and/or application sprawl”, those moderately in the cloud placed “lack of cloud skills within the organization” solidly in third at 52%, while heavy cloud users reported “misalignment between IT and the business”.

Rank	Just Starting	Moderately	Heavily
1.	Security (63%)	Security (65%)	Security (66%)
2.	Complexity (56%)	Complexity (58%)	Complexity (53%)
3.	Sprawl (44%)	Skills (52%)	Misalignment (47%)
4.	Skills (41%)	Sprawl (45%)	Sprawl (42%)

Cloud Model

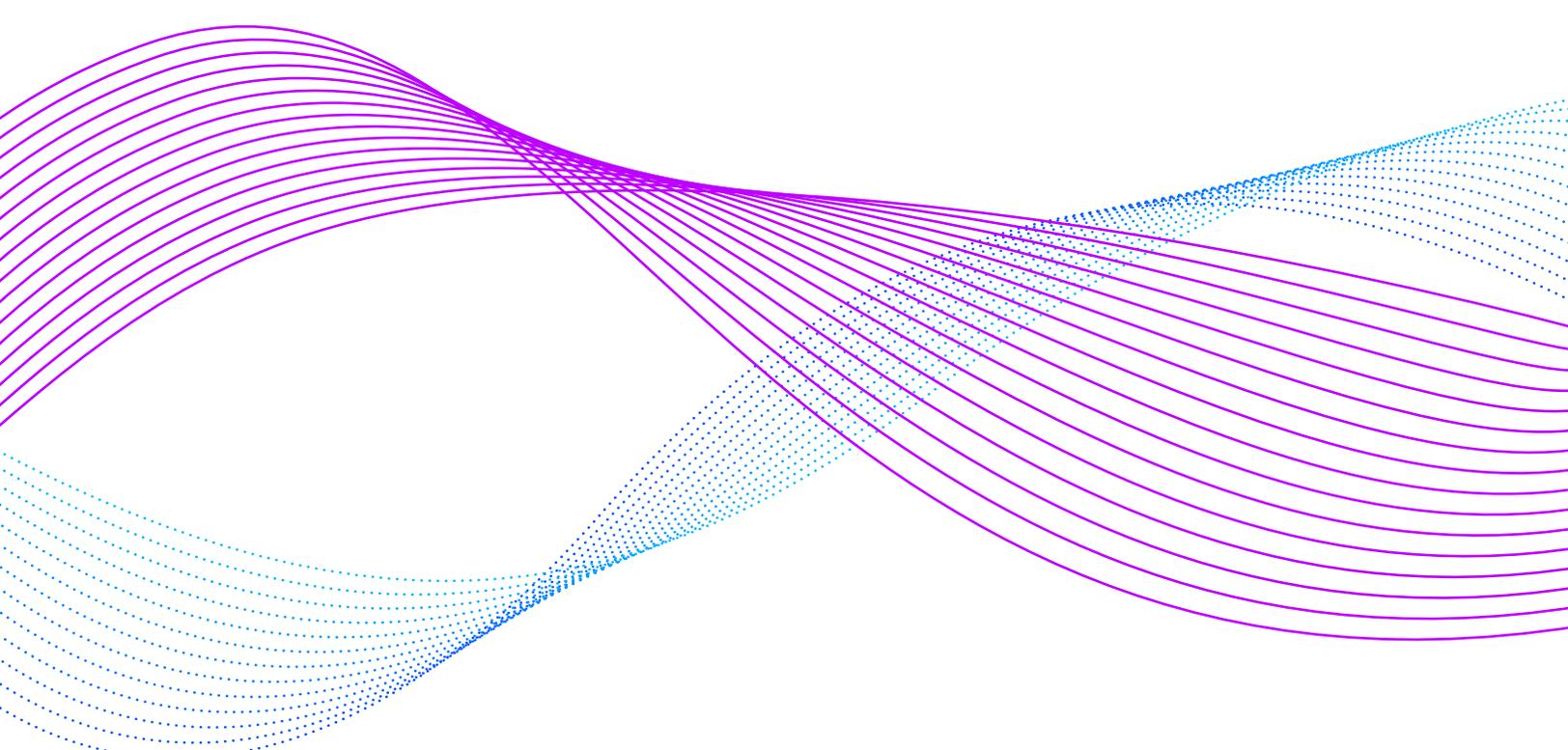
Cloud model did not seem to influence the top barrier rankings, with “security and compliance risk” and “complexity of business and organizational change” consistently ranked first and second for all cloud models. The third ranked barrier varied by cloud model, private cloud users cited “lack of skills”, public cloud users listed “infrastructure and/or application sprawl”, and hybrid users identified “infrastructure as a bottleneck”.

Rank	Private	Public	Hybrid
1.	Security (65%)	Security (72%)	Security (63%)
2.	Complexity (54%)	Complexity (52%)	Complexity (57%)
3.	Skills (49%)	Sprawl (44%)	Infrastructure (51%)
4.	Sprawl (46%)	Misalignment (40%)	Skills (48%)

Company Size

Company size seemed to have the greatest influence on top three barriers. Large companies (>\$10B), not surprisingly, identified “complexity of business and organizational change” as the top concern (67%), with “security and compliance risk” ranked second (61%) and “legacy infrastructure and/or application sprawl” ranked third (47%). Small and moderately sized companies (\$1B-\$5B and \$5-10B) ranked security and compliance risk as their top concern (61%) but next viewed lack of cloud skills and complexity of change equally concerning at (53%).

Rank	\$1-5B	\$5-10B	\$10B +
1.	Security (61%)	Security (74%)	Complexity (67%)
2.	Skills (53%)	Complexity (48%)	Security (61%)
3.	Complexity (53%)	Skills (43%)	Sprawl (47%)
4.	Misalignment (48%)	Sprawl (43%)	Skills (37%)

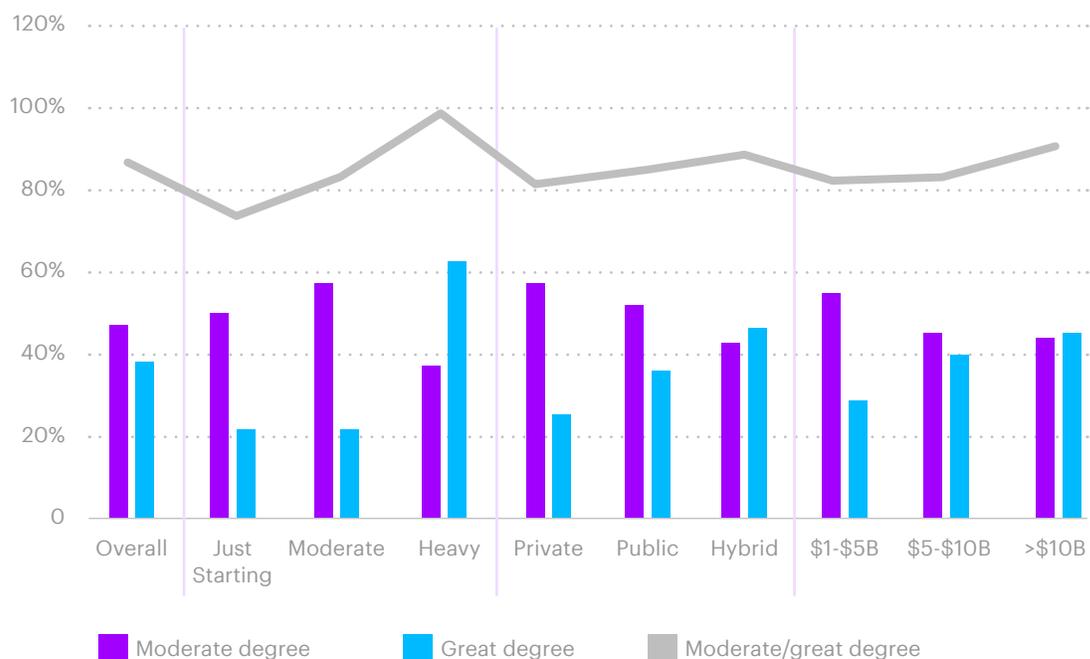


Managed Cloud Services

Access to the right skills and lower cost are the top drivers of cloud managed services consideration.

One option available to companies in addressing the barriers to achieve the promise of cloud is to leverage a qualified third party to manage their cloud services. We asked our IT leaders to indicate the extent to which they would consider using such services (Figure 4). Overall, 87% those surveyed indicated they would moderately or greatly consider the use of such services. The greatest variance was based on extent of cloud adoption. Those in the early phases of adoption were least likely to consider managed cloud services (73%), while nearly all those heavily in the cloud would consider managed cloud services (99%), with 62% of heavy users stating they would greatly consider them. Similarly, the largest companies showed strong inclination toward the use of managed services (91%), with nearly half (47%) indicating they would greatly consider them.

Figure 4: Consideration of managed cloud services



Benefits of Managed Cloud Services

Managed cloud services is clearly an option on the minds of IT leaders. We asked our survey participants to indicate the top benefits achieved by leveraging managed cloud services across multiple dimensions. (Figure 5).

Figure 5: Top benefits for Cloud Managed Services



The survey respondents identified access to the right skills (19%), lower costs (18%), and optimization of the network (14%) as the top three benefits. When considering those benefits ranked either #1 or #2, access to the right skills remained the most cited benefit (30%), lower costs again came in second (29%), while greater security captured the third spot (27%).

A few other noteworthy points on top benefits by segment:



Public Cloud users

- #1 Security (56%)
- #2 Better enable the business to meet goals (48%)



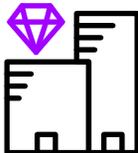
Private Cloud users

- #1 Easier access to cloud management platform (45%)
- #2 Ever up-to-date workplace capability (41%)



Just started on the cloud

- #1 Easier access to cloud management platform (54%)
- #2 Better enable the business to meet goals (46%)



Companies with >\$10B revenue

- #1 Security (42%)
- #2 Lower cost (40%)

Conclusion

The cloud has long been cited as a means of achieving multiple business benefits including reduced IT costs, faster speed-to-market, better service levels and as an enabler of the digital business.

The companies surveyed reinforce this view with 96% indicating they have at least partially achieved their expected outcomes across these four areas. Further, most are satisfied with the results achieved. Fully achieving the anticipated benefits, however, proves much more difficult, with 65% reporting they have yet to realize the full impact they anticipated. When asked about the barriers preventing full realization, security/compliance risk (65%) and the complexity of the change required of the business (55%) were the clear top two challenges. Managed Services was viewed as a means of addressing many of these challenges, with 87% of respondents indicating they would consider using these services. Access to the right skills, lower cost, and greater security were the top three most commonly cited benefits, respectively. While great advances have been made in the adoptions and application of cloud, there remains untapped benefits for those companies that can overcome the barriers shielding them.

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