



The State of Cloud Readiness | Fall 2018:

# IT LEADERS ARE LOST IN THE CLOUD



# Introduction

The benefits of cloud migration are clear. Cloud environments offer greater agility and enable organizations to grow faster and respond quicker to changing market conditions. But many organizations still have to plan for considerable cloud migration to come. According to McKinsey & Company, [40% of organizations keep less than 10% of their workloads on cloud platforms](#), so we have a ways to go before businesses operate mostly from the cloud.

To reap the benefits of the cloud, organizations must tackle the up-front work and preparation necessary before moving their data and applications. The difference between on-premise and cloud environments is substantial, and IT leaders shouldn't rush the process. From costs to applications to skills, nearly every factor requires extensive adjustments in planning.

Most IT leaders will spend the time to develop a cloud migration plan that's strategic, cost-effective and well-managed. However, once they're in the cloud, it's a different story. As Softchoice found, many organizations confront unforeseen challenges in the cloud, including runaway costs and lack of expertise. Given their extensive preparation, IT leaders are befuddled by their cloud troubles. By resetting the foundations of their strategies and bringing in the right expertise, leaders can find solutions to their cloud hardships.

## Methodology

Softchoice, a North American provider of IT solutions and managed services, commissioned a survey of 250 IT decision-makers across North America to understand the processes organizations use to prepare for cloud migration, and how their cloud performance lives up to expectations after they've made the move.

All 250 respondents maintain some degree of influence over their organizations' IT infrastructure decisions. Respondents' titles ranged from manager to C-level executive, and all work at organizations of more than 250 employees. All of their organizations engage in some level of cloud adoption, from experimentation to corporate standard use.

According to [IDG Research](#), *83% of IT executives hope to accelerate the implementation of their cloud strategies.*

## Focus Areas

The survey focused on answering these key questions:

- What measures did your organization take *before* migrating to the cloud?
- How confident in those measures were you at the time?
- How confident are you with your organization's cloud management now?

# Key Findings

## Pre-migration, IT leaders believe they have done the upfront work necessary to migrate their organizations to the cloud.

- 82% of IT leaders modernized their data center in preparation for cloud migration.
- 72% have internally communicated the business impact of moving from an on-premise strategy to a cloud strategy.

## Post-migration, many IT leaders struggle to define strategy and stay within budget.

- 43% of IT leaders have trouble knowing how to create an effective cloud management strategy.
- 57% of IT leaders have exceeded their cloud budgets at some point.
- One-third of those who have exceeded their cloud budget have done so by more than 20%.

## IT leaders don't have faith in their security policies.

- Only 36% of IT managers and directors strongly agree they are confident in the extension of their security policies to the cloud.
- 46% of IT executives said the same.

## The IT skills gap is alive and well.

- 96% of IT decision-makers acknowledge a skills gap in their organizations.

## IT leaders in managerial positions are more aware than VP and C-level executives about shortcomings in their organizations' cloud management.

- 41% of managers and directors strongly agree that moving to the cloud has helped their organizations achieve their business goals, compared to 61% of VPs and C-level executives.

## Large enterprises struggle with the transition to the cloud more than mid-sized organizations.

- 48% of IT leaders at mid-sized organizations (251 to 500 employees) strongly believe moving to the cloud has helped them achieve their business goals. Only 36% of enterprises (more than 1,000 employees) felt the same.



96%

*of IT decision-makers acknowledge a skills gap in their organizations.*



57%

*of IT leaders have exceeded their cloud budgets at some point.*



36%

*of IT managers and directors strongly agree they are confident in the extension of their security policies to the cloud.*

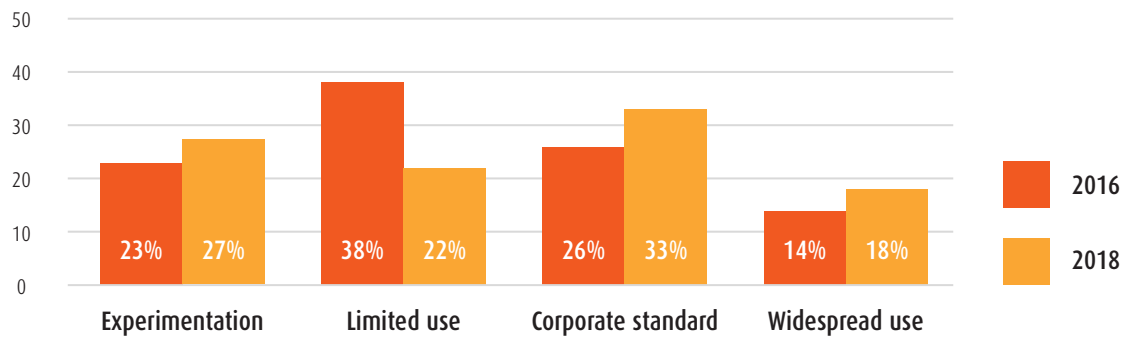
# The State of Cloud Adoption

Before moving into the struggles that organizations face on the path of migration, let's examine the breakdown of businesses' cloud adoption progress, complexity of strategy, and motivation for moving to the cloud in the first place.

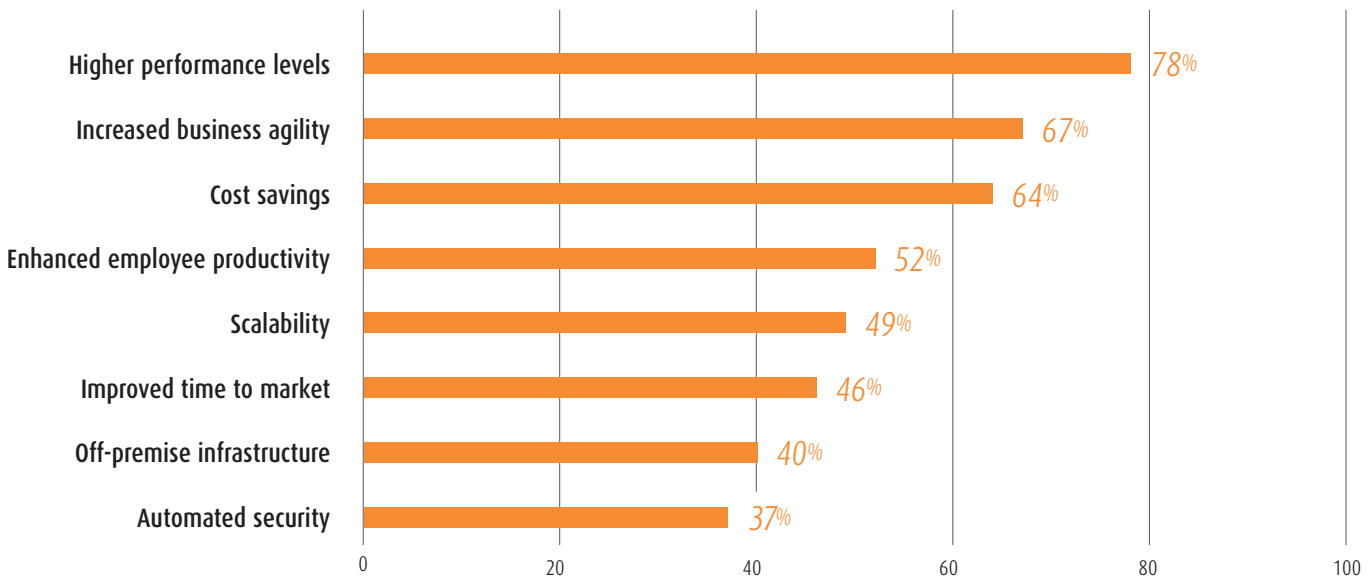
## Where are organizations in their cloud adoption journey?

IT decision-makers report their companies are in a more advanced stage of cloud adoption now than they were in 2016 when Softchoice conducted a broad study of [enterprise cloud trends](#).

The scales have tipped over the last two years, with a slim majority of organizations now in the widespread and corporate standard stages of cloud adoption. In 2016, the majority of organizations were still in the getting-to-know-you phase of cloud adoption. The evolution in the past two years signals that many organizations' cloud strategies are more complex today than in 2016.



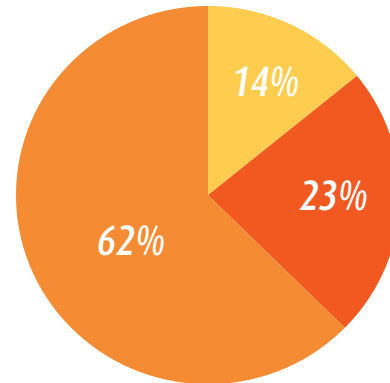
## Why organizations are moving to the cloud



## The cloud strategies organizations are using

Most organizations are recognizing that both public and private cloud deliver different advantages. Most plan to adopt a hybrid cloud strategy to leverage the improved security and customization of private cloud for certain applications, while realizing the cost benefits of public cloud where appropriate.

Hybrid (A mix of public and private)	62%	<span style="color: #f4a460;">■</span>
Private only (Hosted on premise)	23%	<span style="color: #e67e22;">■</span>
Public only (Using AWS, Azure, etc)	14%	<span style="color: #f1c40f;">■</span>



## The cloud tools organizations are actively using

Cloud Tool	Actively Using
<b>Application performance monitoring</b> The monitoring of transactions and response time by an application to detect issues and ensure adequate service.	53%
<b>DevOps principles</b> An IT strategy that encourages the intertwining of development and operations for quicker deployment and better stability.	36%
<b>Machine learning/predictive analytics</b> The use of statistical techniques to build systems' ability to learn and predict.	33%
<b>Infrastructure as code</b> The automated deployment and management of infrastructure within constantly changing cloud environments.	30%
<b>Microservices architectures</b> An application development strategy in which the application is designed as a suite of functions, making it simpler to test and run.	28%
<b>Containers</b> Bundled runtime environments that allow an application to function within various contexts, such as a data center, cloud environment, testing environment, etc.	25%

# An IT Leader's Arduous Journey To The Cloud

## The preparation

IT leaders have taken steps to prepare their organizations for the cloud. From a strategy perspective, 83% have assessed their existing applications to understand if they are ready for the cloud. Plus, 82% have modernized their data centers to seamlessly integrate within cloud environments. From a cost standpoint, 72% have communicated to their stakeholders the business impact of moving applications to the cloud in terms of cost, usage and interdependencies.



83%

have assessed their existing applications to understand if they are ready for the cloud.

## Reality strikes

Despite preparation, IT leaders still experience significant and costly challenges operating in the cloud.

- 43% struggle to know how to create an effective cloud management strategy.
- 46% struggle to acquire or develop the skills internally to take advantage of the cloud.
- 57% have exceeded their planned budget for cloud spending.

Overall, IT leaders are misguided in their skills acquisition approaches and cost management abilities. They make investments to train internal talent and hire new talent, yet many fail to develop their people enough to execute their strategies.

This lack of adequate internal preparation creates significant challenges once a cloud journey is underway, including:

*Learn more* about best practices for every stage of cloud adoption in our [IT Leaders' Guide To Maximizing Cloud Value](#).

## Challenges

### HUMAN ERROR

- 31% of IT leaders have experienced a cloud failure due to human error.
  - 40% cited lack of strategy as a cause.
  - 34% pointed to a lack of skilled employees.
  - 24% blamed a lack of understanding about cloud costs.



43%

struggle to know how to create an effective cloud strategy.



40%

cite cloud failure due to lack of strategy.

## SECURITY

While 98% of IT leaders believe their cloud providers keep their data secure, there is a significant gap when it comes to their familiarity in extending their own security policies to the cloud – especially within mid-level IT roles.

- *Only 36% of IT managers and directors strongly agree they are confident in the extension of their security policies to the cloud.*
- Only 46% of IT executives (VPs and C-level) strongly agree they are confident in the extension of their security policies to the cloud.

## OVERSPENDING

- 44% of IT leaders struggle to understand how to model cloud costs while educating their businesses on the shift from capital expenditures to operating expenditures.
- *64% cited cost savings as a motivator in moving to the cloud, yet 57% of IT leaders have exceeded their cloud budgets at some point.*
- Of those who have exceeded their cloud budgets:
  - 67% exceeded the budget by up to 20%.
  - One third have exceeded the budget by 21-50%.

## THE IT SKILLS GAP

Hiring and training for cloud management skills are high priorities for organizations trying to solve for a lack of strategic direction. Still, many teams struggle.

- 96% of IT decision-makers acknowledge a skills gap in their organizations and are turning to outside resources to solve for it.
- Hiring is the top strategy enterprises use to close the skills gap in cloud management. However, the hiring cycle often doesn't move as quickly as needed.
- 76% have hired additional full-time resources to support their cloud initiatives in the last six months.
  - Nearly half (49%) of IT leaders say it takes three to six months to hire the right candidates. This is up from 31% in 2016.
- 
- *86% of organizations pay a premium for cloud talent – from 10% to as much as 50% more than traditional IT staff salaries.*

**Learn more** about optimizing your cloud security in **The Softchoice Blog**, including [“The Path to Cloud Security is Through Automation”](#) and [“A Decade of Cloud Computing and the Evolution of Security Sentiment.”](#)

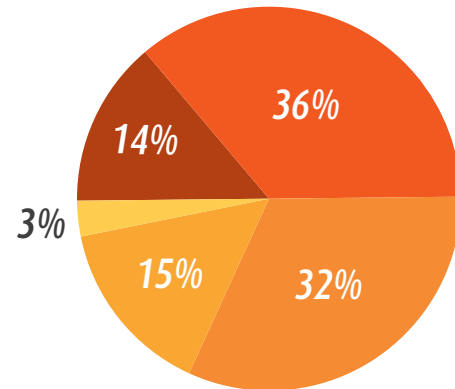
**Learn more** about containing cloud costs on **The Softchoice Blog**, including [“5 Ways you Could be Misunderstanding Cloud Usage and Costs.”](#)

**Learn more** about filling cloud skill gaps in your organization on **The Softchoice Blog**, including [“To Find your Cloud Talent, Think Beyond the Hire.”](#)

## Paying a Premium To Hire Cloud Talent

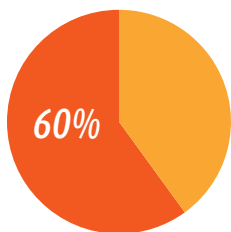
Cloud computing skills are in high demand, and organizations are paying more to attract and retain the right talent.

No premium	14%	■
Up to 10% premium	36%	■
Up to 20% premium	32%	■
Up to 50% premium	15%	■
50% or higher premium	3%	■

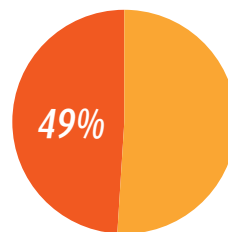


## IT's Other Methods For Obtaining Cloud Management Skills

To help offset the cloud skills shortage, most organizations are investing in training and development of their existing IT team, while nearly half are also looking to third party support to fill in the gaps.



- 60% take part in formal training programs.



- 49% augment their teams with external managed service providers.



## What's Broken: Looking For Root Causes

The trio of broken strategy, missing skillsets and cost overruns are the symptoms of dysfunctional cloud management. So what are the root causes? What makes these foundational aspects of cloud migration suffer? A couple of issues fuel the post-migration dissonance.

### Differing views between IT managers/directors and IT executives

According to the data, IT leaders at the vice president and C-suite levels are generally more positive about the impact of the cloud and their organizations' cloud management capabilities. Managers and directors running the day-to-day operations are less positive. Managers' and directors' proximity to lines of business expose them to the real issues that exist in extending security and running applications productively. IT executives may have a more aspirational view of the cloud as compared to managers' first-hand experience.

*IT executives may have a more aspirational view of the cloud as compared to managers' first-hand experience.*

	Managers and Directors	Executive Suite
Strongly agree moving to the cloud has enabled the achievement of business goals	41%	61%
Strongly agree they know who is responsible for each workload cost	35%	52%
Strongly agree they are familiar with extending security policies into the cloud	36%	46%

# Adoption challenges in large organizations

Mid-sized companies (251-500 employees) operate in the sweet spot for widespread cloud adoption and success. They tend to be more confident in their strategy, take advantage of advanced cloud features more readily, and acquire necessary talent faster.

It's likely these smaller companies are also younger than many of the larger enterprises surveyed. It's possible these smaller companies are also younger than many of the larger enterprises surveyed. It's possible some were "born in the cloud," and were never forced to migrate from on-premise to cloud environments. At the very least, given their size, they have greater agility than the more mature organizations and likely fewer applications to migrate to the cloud, too - allowing for the transition to occur more quickly.

## Cloud adoption by company size:

### Sophistication of cloud strategy

Company size (# of employees)	Widespread Adoption	Hybrid Model
251 - 500	39%	67%
501 - 1,000	29%	62%
1,000 +	32%	61%

### Active use of advanced cloud tools

Company size (# of employees)	Machine Learning	DevOps
251 - 500	38%	45%
501 - 1,000	32%	30%
1,000 +	31%	36%

### Time to hire the right candidates

Company size (# of employees)	Hire the right candidate within 1-2 months on average
251 - 500 employees	57%
501 - 1,000 employees	30%
1,000 + employees	41%

# Recommendations: How IT leaders can get their cloud journey back on track

Even though most IT leaders are confident they are covering their bases in advancing their use of the cloud, the day-to-day struggles organizations face tell a different story. Redefining the approach to cloud adoption can feel overwhelming, but making the necessary adjustments will pay off in dividends.

## 1. Integrate cloud into your business strategy

Cloud plays a central role in digital transformation. There are many barriers IT leaders must overcome to secure the long-term funding and resourcing necessary to successfully execute a cloud adoption strategy – and prove the return on investment to their stakeholders.

IT leaders should:

- **Set the right expectations with senior leadership on the role of cloud in enabling larger digital transformation efforts.** The value of cloud is not about a quick migration or testing a few non-essential workloads. The foundation for success starts with a methodical, application-based approach to planning and may include modernizing network and data center infrastructure to support a fully realized hybrid IT strategy.
- **Provide clarity on where resources are lacking.** The cloud is complex. It is important to identify barriers to long-term success, including new skillsets or support required to manage migrations, secure data, and develop the governance and operational guidelines for operating in the cloud.
- **Work with stakeholders to create a measurement model for cloud strategy success.** This includes setting objectives that are meaningful to the business such as increasing business agility, driving revenue growth, improving IT efficiency and supporting business continuity. Tracking progress transparently and consistently will help move stakeholders forward, and in alignment, toward a shared vision.

### Break down

1. *Integrate cloud into your business strategy*
2. *Prepare for the unpredictability of cloud costs*
3. *Leverage a trusted partner and get moving*

## 2. Prepare for the unpredictability of cloud costs

Organizations should not take cloud costs lightly, nor assume that cloud is always the less expensive option. IT leaders must consider the complexity of their environment and take a workload-centric approach to developing a roadmap for cloud migration. It is important to recognize the interdependencies between applications and that not everything belongs in the cloud.

For workloads that do make sense, organizations must invest time in understanding the fluidity of cloud costs, including factors that may cause costs to mushroom unexpectedly.

Overspending happens when:

- **There are errors in strategy and planning.** Configuring the cloud is different than configuring on-premise technology. While common in the data center, over-provisioning cloud resources can ratchet up costs unnecessarily. Operating cost effectively involves a concerted, ongoing effort to right-size cloud resources.
- **Licensing models are applied incorrectly to the cloud.** Choosing the right licensing vehicle is critical to avoiding overspending. Working with a partner with a sound knowledge of licensing for cloud and on-premise applications will avoid unnecessary surprises and ensure you leverage the most cost-effective purchasing vehicles.
- **Lack of governance and visibility into cloud usage.** Understanding who “owns” cloud applications or workloads, how billing will be managed, and how cloud workloads are requested and decommissioned is the foundation for effective cost management. This includes using tools to track cloud usage by individual, project or line of business to enable the right cost-allocation strategy for your business.

Successfully controlling costs requires constant vigilance in seeking new ways to optimize cloud environments and improve strategy. As organizations move into more advanced cloud capabilities, process automation, governance and ongoing application architecture reviews will help manage the complexity of these spending challenges.

*Organizations should not take cloud costs lightly, nor assume that cloud is always the less expensive option. For workloads that do make sense, organizations must invest time in understanding the fluidity of cloud costs.*

### 3. Leverage a trusted partner and get moving

Most organizations lack the expertise to build, support and manage a truly agile cloud environment. For this reason, cloud use is often limited – whether for testing and development or other non-essential workloads. The problem with this approach is it rarely delivers a material benefit to the organization.

It might seem counterintuitive, but with the guidance of the right partner, your first step should be to move a production workload to the cloud – something meaningful to your business. Practical, firsthand experience will help you understand the operational considerations of life in the cloud and set the foundation for future success. This includes:

- **Developing operational guidelines** for securing and configuring cloud resources; granting administrative privileges; and classifying, controlling and protecting data in the cloud.
- **Defining the lifecycle for cloud workloads**, including how cloud resources are requested, maintained and decommissioned.
- **Ensuring optimal performance** through the correct configuration and selection of cloud resources and setting guidelines for responding to cloud-related service issues that may affect the business.
- **Implementing tools and management processes** to monitor cloud consumption and allocate costs back to the business, whether by project, individual or line of business.

The average organization's journey to the cloud is hardly smooth. However, with the right guidance, you can establish the operating procedures, security and cost-management practices that are critical to long-term success. By setting the right foundation, organizations will become more consistent, efficient and secure in their use of cloud, paving the way toward greater agility and delivering greater value to the business.

*The average organization's journey to the cloud is hardly smooth. However, with the right guidance, you can establish the operating procedures, security and cost-management practices that are critical to long-term success.*

# Ready to Make A Smarter Migration to the Cloud?

Get the skills, roadmap, and ongoing support you need to ensure success.

The Softchoice Public Cloud Accelerator is the only service of its kind to include the migration of a production workload along with the staff training, tools and ongoing support you need for long term cloud success.

The Cloud Accelerator Includes:



**Full Day Educational Workshop:** Learn how to select the right cloud services and more.



**Cloud Architecture:** Understand the reference architectures, automation and infrastructure-as-code to build your environment.



**Workload Migration:** Certified Cloud Engineers complete your migration.



**Ongoing Support:** Get 4 months of unlimited cost governance and technical support.

Learn more and start your smarter migration to the cloud today.

[START MY MIGRATION!](#)

**softchoice**

Unleashing the potential  
of people & technology

**Softchoice is one of the largest IT Solutions and Managed Services providers in North America.**

Every day, thousands of organizations rely on Softchoice to provide insight and expertise that speeds the adoption of technology, while managing cost and risk. Through our unique points of view, we challenge leaders to think differently about the impact of technology on their employees and customers.