



IT Trailblazers Reveal a Path to Business Value from App Transformation

TO TRANSITION APPLICATION ENVIRONMENTS TO THE CLOUD, COMPANIES MUST UNDERSTAND THE BUSINESS AND OPERATIONAL EFFECTS—INCLUDING TECHNICAL FITNESS, VALUE, RISKS, AND COSTS.

As progressive enterprises undertake digital transformation, their focus shifts from IT infrastructure to applications. This is an essential step toward realizing the goal of quickly delivering robust applications based on flexible infrastructure to staff and customers. Cloud computing, serverless computing, edge computing, and microservices are among the technologies enabling this transformation.

However, many organizations are undertaking application transformation with little regard to the IT investments that are needed. The shift requires rethinking the way software is built and deployed, and that demands investment.

One of the myths of cloud computing is that it's cheaper than on-premises computing. While that may be true over the long term, organizations shouldn't move to the cloud in pursuit of lower costs. The transition involves both cost and organizational change. Those that don't make the necessary investments in technology and training will miss out on the business value of application transformation.

Some organizations are already well down this path.

Recent IDG Enterprise research identifies them as “trailblazers” who share several characteristics:

- They tend to opt for flexible and secure hybrid cloud environments to give themselves the greatest range of options at the lowest cost.
- They adopt Information Technology Infrastructure Library (ITIL) best practices for service management to keep the IT organization focused on quality of service while also enabling user self-service provisioning and consumption.
- They make extensive use of orchestration and automation for provisioning applications to the business. By removing human operators from routine tasks to the greatest possible degree, trailblazers enable self-service provisioning, reduce wait times, empower business users, and improve business agility.

- They use DevOps agile techniques, which embed development teams into business functions while maintaining close ties with the IT organization. This allows for economies of scale through centralized management, while also enabling greater speed and innovation on the part of developers and their business-side customers.

Having these elements in place enables trailblazers to decentralize services, improve responsiveness, and gain greater visibility and control over their digital investments. The results include more effective asset management, better regulatory compliance, lower cost, and more responsive delivery of IT services directly to the business—critical building blocks of digital transformation.

Survey Objective

IDG Research surveyed IT and business decision-makers to better understand the current state of application transformation. It examined the characteristics of those organizations that consider themselves to be ahead of the curve in moving applications to the cloud, and compared their profiles to those that are moving at an average or below average pace.

The survey also assessed deployment models, specifically regarding cloud and on-premises computing, and how different types of organizations measure business outcomes.

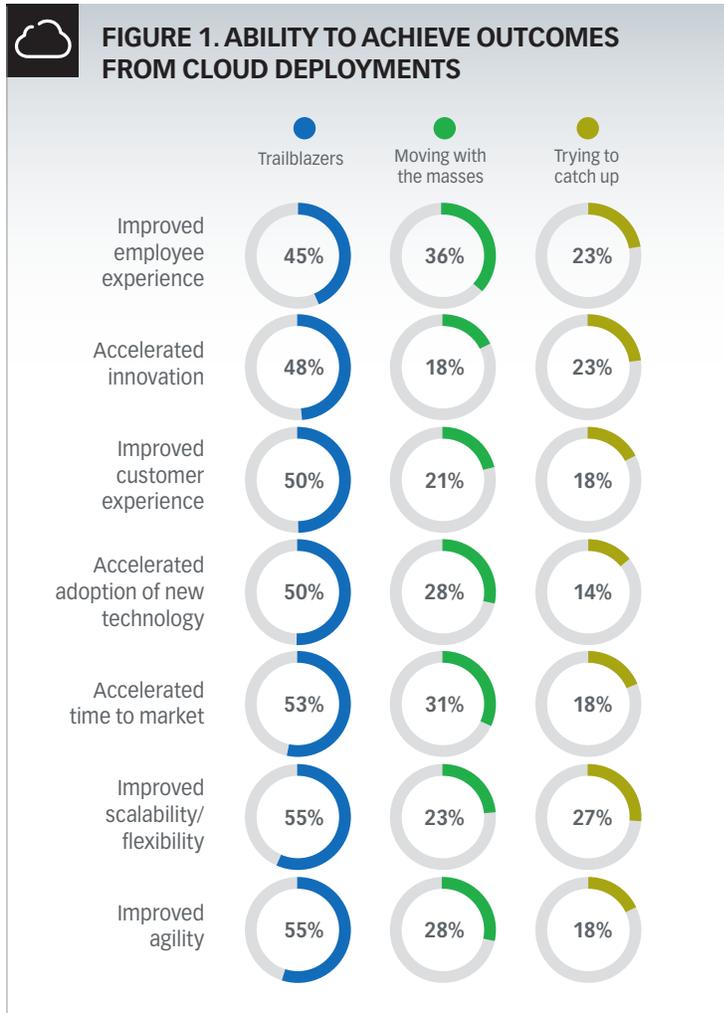
The goal of the survey was to determine best management practices from leading-edge organizations, which are defined as the one in three respondents who consider themselves to be “trailblazers.” Responses were limited to decision-makers who work at enterprises of 1,000 or more employees. Roughly seven out of eight respondents have senior IT-related job titles.

The Trailblazers’ Perspective

Based on their answers, respondents were classified into three groups: “trailblazers,” “moves with the masses,” and “trying to catch up.” This paper focuses on trailblazers, who consider their organizations to be ahead of others in their industry in deploying applications to the cloud (see Figure 1).

Companies in the trailblazer group are significantly more motivated by agility and speed to market than their peers. They see the IT organization as an enabler of business transformation more than a steward of infrastructure. They tend to seek dramatic leaps forward in functionality through replatforming or rebuilding existing applications, a strategic focus that contrasts sharply with the organizations that are adopting cloud simply to save on cost.

Trailblazers also rate the value of cloud computing more highly. This is especially true for the goal of creating a cloud-friendly



culture, gaining visibility into business performance, and creating innovative applications.

In short, trailblazers are more focused on business value than production efficiency (see Figure 2).

The difference between early adopters and all others is shaped more by attitude than budget or business factors, says Michael Kollar, chief digital officer of Atos, a leading digital services provider. Companies that are slow to adopt cloud platforms are often held back by a legacy mindset, and have reservations about modifying existing processes and infrastructure. There’s also cultural resistance from people whose jobs will be affected. Cloud is a converged platform that requires managers equally skilled across a variety of technology subjects.

“Getting to that model is difficult for many companies because their people pride themselves as being the best in a particular vs. broad areas of the IT stack that is required,” Kollar says, “but getting people to a converged mindset is critical to cloud.”

Convergence also sets the stage for IT organizations to shift their thinking to applications rather than infrastructure. “It’s about developing and deploying applications and infrastructure in a seamless way,” he says. “It’s a business-centric approach.”

Cloud Adoption

Trailblazers take a long-term view of cloud adoption. They accept that cloud platforms are relatively immature, but they believe in the value of the first-mover advantage.

As a result, trailblazers are accelerating cloud deployments faster than companies that are further behind the curve. They have moved a larger percentage of their mission-critical and customer-facing applications to the cloud than the other two groups.

Trailblazers have fewer reservations about making cloud investments and are more likely to have aggressive investment plans for the future because they see benefits across the organization. While a majority of respondents in all groups say they have benefited from improved employee experience, scalability, and agility, trailblazers outpace the others by a significant margin in their perceptions that those benefits are “substantial.” They are also more inclined to use cloud for customer-facing applications, which indicates a higher confidence level in cloud as a core platform.

While it’s not surprising that trailblazers lead all groups in adoption of public, private, and hybrid cloud platforms, the contrast between the three groups is most evident in use of hybrid cloud, where trailblazers lead by as much as a 2-to-1 margin. In contrast, respondents in the “trying to catch up” category are much more likely than all other groups to deploy applications on-premises.

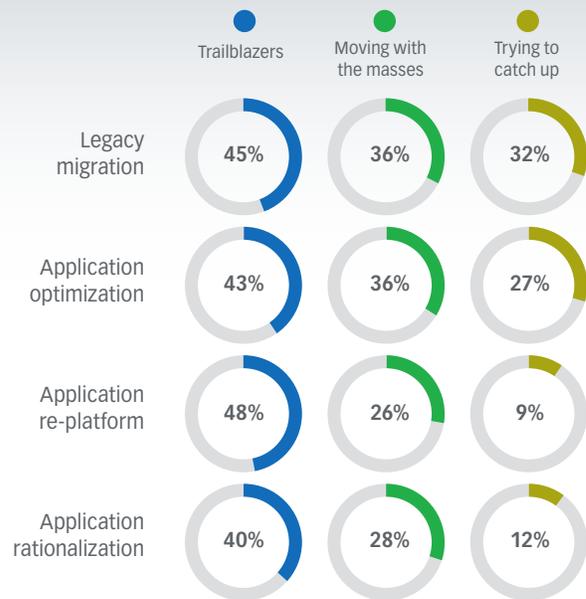
Trailblazers are less concerned about integration with existing infrastructure than others, and somewhat less concerned with cost management overall. This is in line with the long-term view they take toward cloud benefits. It also reinforces their conviction that adopting cloud is more about business benefits than cost control.

Trailblazers allocate one-third of their IT budget to cloud migration, compared to 23% for mass movers and just 12% for laggards. Trailblazers also invest aggressively in agile development techniques, and self-service through automation. This satisfies a key requirement of application transformation, which is to put more control in the hands of business users.

In short, cloud is the trailblazer’s default platform, with on-premises deployment an undesirable fallback. For companies that are struggling to catch up, the priorities are the opposite.



FIGURE 2. PRIORITY OF STRATEGIES FOR MOVING APPLICATIONS TO THE CLOUD



Security and Automation

A perception remains that computing in the cloud is less secure than on-premises, and this was evident in the survey results. Across the board, respondents identify data security as their most significant deployment challenge.

There are valid reasons for this, says Atos’ Kollar. In the case of regulated industries, “there are standards in place to make people and companies accountable for how they operate, so that needs to be factored into their journey,” he explains. Image and patch management can be more complex in the cloud.

Perhaps more importantly, security in the cloud is an outside-in proposition, whereas security on-premises is inside-out. Traditional data centers focus on perimeter security, whereas cloud platforms assume there will be outside interaction.

“Businesses are evolving to a customer as a service enterprises enabled through rich APIs,” Kollar says. “As a result, those APIs need to be monitored and it changes the attack vector.”

Trailblazers have overcome security reservations to a greater extent than their peers. Only half identify security and privacy concerns as significant, compared to about two-thirds of the lagging adopters.

In fact, many trailblazers report that the enterprise-grade security cloud providers deliver is more of an asset than a risk. This positive attitude enables them to move ahead with cloud deployment more confidently, and with a wider range of applications.

Another asset of the cloud is automation. Trailblazers are significantly more likely to use cloud-specific application management solutions, indicating that they value the automation cloud provides. "It enables them to take advantage of the significant R&D spend of companies like Amazon, Microsoft, and Google to enable this new capability," Kollar says.

He believes the technology of orchestration and automation is actually the easy part. "The bigger challenge is the organizational transformation that companies need to get through to realize a new way of building and deploying applications," Kollar says. "Unfortunately, in many lines of businesses, the application developers and infrastructure teams are still separate."

Exposing services through APIs minimizes custom coding, enables reusability, and supports automation. "Ideally, there's a master orchestration platform that's aligned with the business process," Kollar advises.

In line with that, trailblazers are significantly more likely to adopt ITIL processes than mass movers and those trying to catch up (33% to 23% and 14%, respectively), and more than twice as likely to have adopted those service management standards than laggards.

This means they manage at a higher level, with less concern about the details of infrastructure. Automation frees them to focus on the business. It also enables them to adopt DevOps for cloud-native development by a nearly 3-to-1 margin compared to others. DevOps intrinsically involves end-user customers more directly in defining outcomes, creating closer alignment between applications and business value.

Bottom Line

Although many organizations are first attracted to cloud by the promise of reduced cost, those that have made the transition see the payoff more diffusely. Across the range of respondents, cloud adopters say the greatest benefits they've seen are: creating a cloud-friendly culture that stimulates new roles and skills; improved availability; application innovation; and improved visibility into applications and the development lifecycle. Cost controls came eighth on the list.

Organizations that have amassed considerable experience and made large investments in application transformation are also significantly more optimistic about the potential of the cloud, and are accelerating their transitions accordingly. As they become more reliant on the cloud as a core application platform, they exhibit greater confidence in a "cloud-first" strategy.

Trailblazing organizations are more likely than others to adopt associated cloud-native practices such as DevOps and automation. This enables them to realize agility and cost-saving benefits at a more rapid pace than their peers.

Conclusions

Trailblazers show a greater willingness to take on the investments and organizational change needed to deploy flexible architecture. They see the benefits as going far beyond cost savings to include business agility, speed to market, efficiency, and employee engagement. They understand that migrating to the cloud is as much an organizational and cultural shift as a technical one. But they also see the ancillary benefits of embracing other technical disciplines that cloud migration enables, such as ITIL and DevOps.

As a result, trailblazers are more tightly bound to business goals and culturally committed to business outcomes. They're also likely to have more motivated employees, Kollar believes. "If I'm doing exciting things that haven't been done before, it makes me want to go full bore at the business problem I'm trying to solve," he says. "I want to be the person who plants the flag atop the mountain."

As a result of all of these factors, trailblazers are more likely than late adopters to facilitate successful application transformation. As they accelerate their transition to cloud platforms, their lead over others on the continuum will continue to grow. Followers can close the gap by moving quickly to make the necessary financial and cultural commitments.

Become a trailblazer

Become a trailblazer by aligning application strategy to business objectives. Atos has an industrialized approach that focuses on application transformation.

[Find out more](#)

