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# Cloud Powers Digital Customer Experiences

Large Enterprises Harness New Technologies With A Solid Cloud Foundation

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FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY ATOS & VMWARE | APRIL 2020

## A Purposeful Cloud Strategy Powers Digital Success In The Customer Age

Not long ago, the need for greater agility and collaboration drove organizations to experiment with cloud technologies. As these firms continue along this journey, they're increasingly likely to see the cloud as a significant enabler of customer experience (CX) innovation via newer technologies like AI and internet of things (IoT). However, managing a hybrid environment made of several cloud and legacy systems creates challenges that prevent realization of cloud's full potential to enable digital transformation efforts.

In February 2020, Atos and VMware commissioned Forrester Consulting to evaluate cloud's role in advancing digital and CX goals at large enterprises. Through our survey of 109 cloud decision makers, we sought to uncover the obstacles preventing an optimized cloud approach and the actions firms can take to realize the full power of their digital efforts through cloud.

### Key Findings



Leaders agree that a solid cloud foundation would allow their AI, IoT, and CX initiatives to flourish, but few currently have a cloud infrastructure they consider very effective at supporting such goals.



After years of uncontrolled cloud experimentation, many large enterprises have built a multicloud environment by accident. To succeed, they need to link their infrastructure into a strategic system.



Those that can optimize their cloud systems, regardless of industry, stand to realize operational and customer benefits, including an improved ability to harness emerging technologies.

## Cloud Is Key To Delivering Better Customer Experiences At The Speed Of Business Today

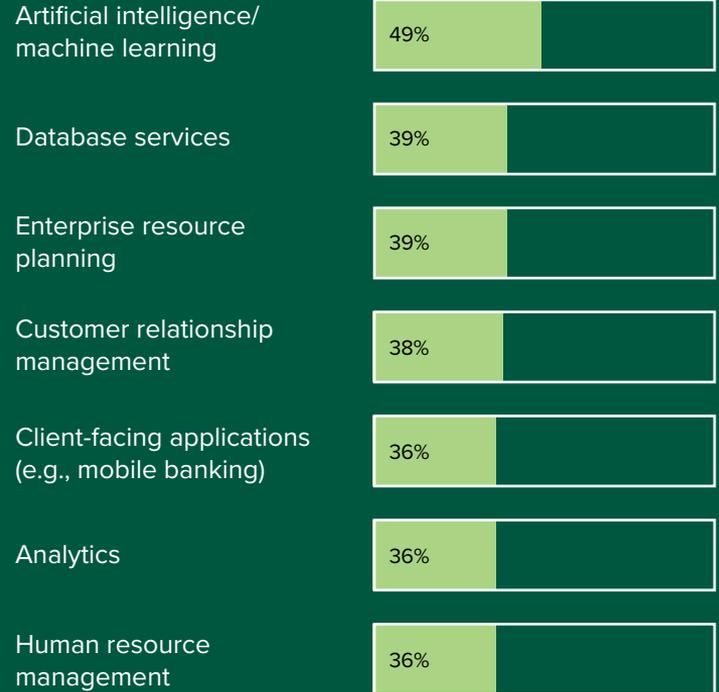
Cloud-based infrastructures, development platforms, and applications promise the agility and flexibility firms require to respond to rapidly evolving customer expectations.<sup>1</sup>

Many large organizations already rely on cloud services to support the systems of engagement, insight, and record that enable them to adapt and compete. The areas where companies currently leverage cloud the most include harnessing the power of AI and machine learning (ML), supporting customer-centric applications (back-end and customer-facing), and modernizing their core enterprise resource planning (ERP) and human resource management (HRM) business applications.

## “To what extent are you using cloud services/ computing to support each of the following areas?”

(Showing top areas)

● 50% OR MORE



## Your Brightest Future Is Powered By Cloud

Cloud is now a strategic enabler of digital transformation. Decision makers believe cloud can significantly enable business-critical digital transformation initiatives, like AI and IoT — the two areas where leaders most often rate cloud’s role as essential.

Security also tops the list: 56% view cloud as critical to supporting their security and privacy efforts. In fact, cloud-first business strategies caused planned investments in software-as-a-service-based security solutions to eclipse spending on new technology deployed on-premises for the first time in 2019.<sup>2</sup>

Cloud is also vital to simplifying real-time understanding and engagements with employees, partners, customers, and “things.” For example, cloud often powers the systems that connect to remote machines and workers. Unsurprisingly, leaders view cloud as a vital customer experience and employee experience enabler.

### “Which digital transformation initiatives do you believe cloud can significantly enable or support?”

(Select all that apply; showing top options)

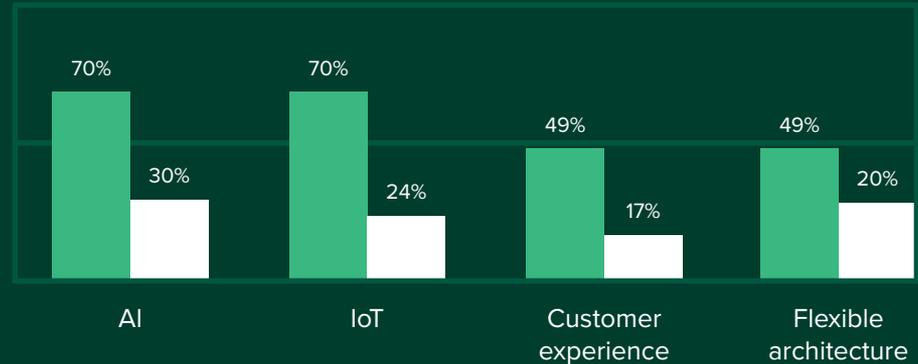


## Cloud Leaders Admit They Are Least Effective Where Opportunity Shines Brightest

Fewer than a third of leaders, however, believe their organizations are very effective at using cloud to support any single digital transformation goal we researched. The two areas where their internal cloud capabilities fall short the most are: 1) delivering digital customer experiences that are easy, effective, and emotionally engaging across the customer's journey and 2) designing/maintaining a flexible architecture capable of quickly adapting to changing requirements. AI and IoT will continue to be transformative in filling operational gaps and automating customer and employee experiences, yet there is a wide gap between the potential decision makers see in these initiatives and their ability to fully capitalize on them.

**PERCENT WHO VIEW CLOUD AS A SIGNIFICANT ENABLER OF EACH DIGITAL INITIATIVE**

**PERCENT WHO SAY THEIR ORGANIZATIONS ARE VERY EFFECTIVE AT USING CLOUD TO UNLOCK THE FULL POTENTIAL OF EACH DIGITAL INITIATIVE**



## Organizations Struggle To Manage A Tangled Hybrid Infrastructure Web

Despite the value leaders see in cloud when it comes to supporting their digital and CX ambitions, several hurdles stand in the way of large organizations' modernization efforts.

Challenges migrating applications off inflexible legacy systems and managing security, governance, and risk considerations are the top obstacles along their cloud journeys. At the same time, many lack the internal resources and companywide strategy necessary to support a complex hybrid environment in which they must effectively manage cloud and noncloud resources. To further complicate matters, most decision makers (58%) say their firms manage three or more cloud platforms. Although Forrester has observed a shift from accidental to strategic multicloud, 33% of leaders still report that IT has limited visibility over new cloud deployments, reducing their ability to mitigate cloud sprawl.

### Percent who describe each obstacle as holding their organizations back from realizing the full potential of their digital transformation efforts through cloud



## The Customer Journey Cannot Be An Afterthought

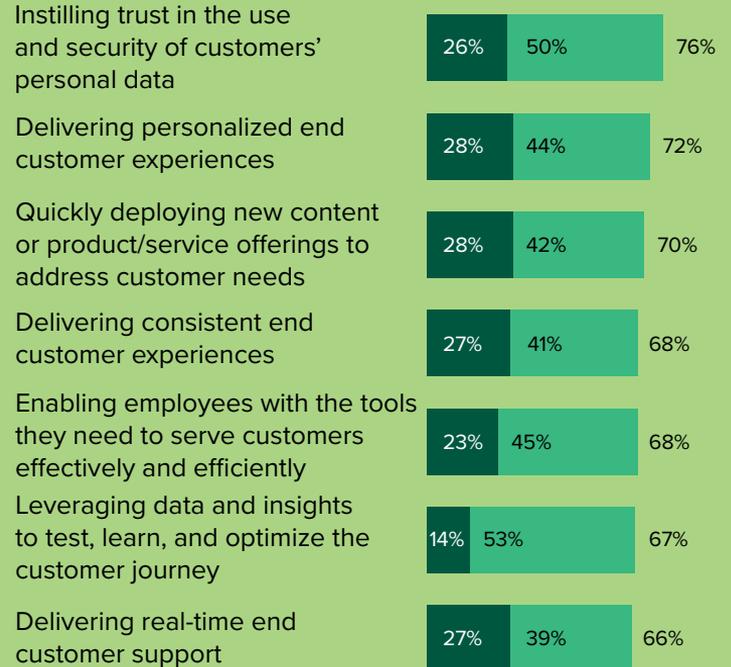
An inability to overcome these challenges negatively impacts operational agility and CX delivery. Most respondents believe that cloud plays an important role throughout the customer journey in delivering experiences that are fast, secure, personalized, and responsive to changing customer needs. Yet most organizations fail to design around the customer — just 26% of leaders say their firms consistently evaluate how each new cloud project might impact their customers' journeys. Failing to map integration efforts to the customer journey will inevitably impact a firm's ability to maximize the potential of its digital transformation.



**Only 26% of cloud leaders always consider the end customer's journey with each new cloud project.**

## “Recognizing that your customers’ journeys are influenced by a mix of factors, what role does cloud play in your ability to do the following along your customers’ journeys?”

● Critical role ● Important role



## Optimized Cloud Strategies Deliver Value

Firms that can effectively wrangle their complex cloud environments stand to benefit. Cloud lies at the heart of efforts to drive shorter product lifecycles, reduce the cost of doing business, and respond effectively to customer expectations.<sup>3</sup> Cloud's on-demand nature and elastic foundation also make it an ideal vehicle for technology adaptiveness and innovation.<sup>4</sup>

Surveyed decision makers agree. They say that optimizing their cloud strategies — that is, managing their cloud assets in a way that allows them to realize the full potential of their digital transformation goals — can lead to many of these benefits. They are most likely to see cloud as a way to improve their ability to take advantage of emerging technologies like AI and IoT, operational efficiency, and digital experiences.

### Benefits respondents expect to realize from an optimized cloud strategy

Improve our operational efficiency **(51%)**

Improve our ability to take advantage of emerging technologies like AI and IoT **(48%)**

Improve digital user experiences **(47%)**

Reduce the overall cost of our IT infrastructure and applications **(43%)**

Deliver a more seamless experience across our customer's journey **(41%)**

Generate new business models/revenue streams **(40%)**

Improve governance/compliance processes **(40%)**

Deliver a more personalized customer experience **(40%)**

## Cloud Powers Adaptive Organizations Across Industries

Businesses functioning with cloud speed and fluidity will — or already do — dominate their markets.<sup>5</sup> Digital-native companies, unburdened by legacy considerations, are disrupting traditional delivery models in insurance, finance, healthcare, and beyond. To compete, companies need an optimized cloud strategy that allows them to engage with internal and external customers more directly, frequently, and personally and to provide unified experiences across touchpoints.<sup>6</sup> Respondents identify several industry-specific processes that an optimized cloud strategy can enhance. These include a more streamlined ability for insurance companies to service policies, for financial service firms to manage compliance processes, and for healthcare organizations to collaborate virtually with different stakeholders on patient care.

### “Which use cases would benefit most from optimizing your cloud strategy?”

(Showing top five per industry)

#### INSURANCE

- 1 Policy servicing
- 2 Claim processing
- 3 Compliance management
- 4 New customer onboarding
- 5 Field inspection

#### FINANCIAL SERVICES

- 1 Compliance management
- 2 New customer onboarding
- 3 Reporting/forecasting analytics
- 4 Recording/analyzing financial data
- 5 Mobile banking

#### HEALTHCARE

- 1 Patient record management
- 2 Compliance management
- 3 Accounts payable/receivable
- 4 Referral management
- 5 Care collaboration

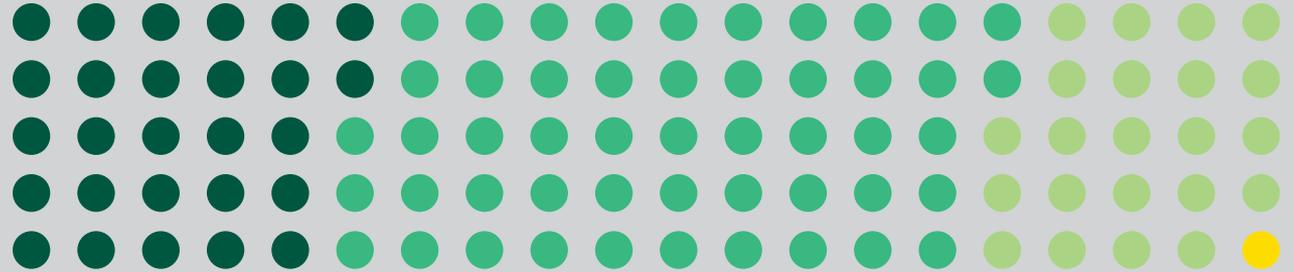
## Optimized Cloud Strategies Are Built On A Well-Integrated Foundation

To transform from accidental to strategic multicloud environments, firms must discover, understand, manage, and integrate a complex mishmash of products.<sup>7</sup> Success hinges on adopting a “systems” approach that weaves the strengths of individual components into an optimized whole. Systems thinking requires strategic and engineering talent that may not exist in your firm.<sup>8</sup> Partners are crucial in making optimized cloud strategies a reality. Leaders unanimously agree that having a partner that can integrate and manage cloud infrastructure from end to end would improve their ability to realize digital ambitions.



**Over 60% of cloud decision makers would prefer to engage a partner to partly or fully support their IoT and AI initiatives.**

“What impact would working with a partner that can integrate and manage your cloud infrastructure from end to end have on your ability to execute on your digital transformation goals?”



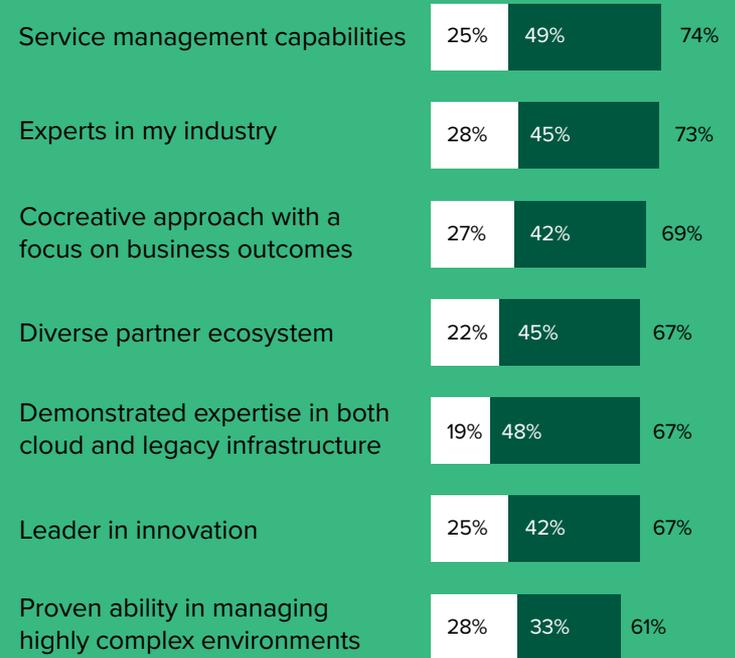
Significant improvement
  Moderate improvement
  Slight improvement
  No improvement

## Cloud Decision Makers Favor Partners That Can Address A Wide Range Of Needs

While organizations are wise to look for opportunities to migrate legacy applications and processes to the cloud where appropriate, the need for large enterprises to manage a hybrid environment spanning both on-premises and cloud deployments will persist for some time. However, this does not mean that digital initiatives at these organizations are doomed. The right partner can ease the modernization journey and ensure that systems of engagement, insight, and record come together efficiently, reliably, and securely despite the underlying complexity. Respondents are likely to rate partners against a range of criteria, but they place importance on partners with strong service management capabilities, industry expertise, and a track record in supporting large and complex digital transformations.

### “How important are the following when evaluating partners to integrate and manage your cloud infrastructure?”

● Very important ● Important



## Conclusion

Cloud computing continues to drive business transformation. It's important to remember that:

- **Few enterprises use only one cloud.** Whether by accident or design, most manage several clouds and a variety of on-premises infrastructure and must cope with the additional complexity that brings.
- **Every enterprise can use cloud to improve their customers' experience.** As 72% of respondents know, the speed and scale of cloud are significant in their efforts to deliver a personalized customer experience.
- **Cloud accelerates exploitation of new areas like AI and IoT.** Alongside a role in supporting today's business workflows, enterprises recognize the power of cloud to enable tomorrow's opportunities, powered by artificial intelligence, machine learning, or the internet of things.

### Project Director:

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### Contributing Research:

Forrester's infrastructure and operations  
research group

## Methodology

This Opportunity Snapshot was commissioned by Atos and VMware. To create this profile, Forrester Consulting leveraged existing Forrester research. We supplemented this research with custom survey questions asked of 109 cloud decision makers from large enterprises in North America and Europe. The custom survey fielding began in February 2020 and was completed in March 2020.

### ENDNOTES

- <sup>1</sup> Source: "A Clear Multicloud Strategy Delivers Business Value," Forrester Research, Inc., April 18, 2018.  
<sup>2</sup> Source: "Security Budgets 2020: New Threats Bring New Priorities," Forrester Research, Inc., February 14, 2020.  
<sup>3</sup> Source: "A Clear Multicloud Strategy Delivers Business Value," Forrester Research, Inc., April 18, 2018.  
<sup>4</sup> Source: "Cloud Powers The Modern Adaptive Enterprise," Forrester Research, Inc., October 11, 2019.  
<sup>5</sup> Ibid.  
<sup>6</sup> Ibid.  
<sup>7</sup> Source: "A Clear Multicloud Strategy Delivers Business Value," Forrester Research, Inc., April 18, 2018.  
<sup>8</sup> Ibid.

### ABOUT FORRESTER CONSULTING

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## Demographics

### REGION

North America (the United States, Canada): **29%**

Europe (Germany, France, the United Kingdom, the Netherlands): **71%**

### COMPANY SIZE (NO. OF EMPLOYEES)

10,000 to 14,999: **53%**

15,000 to 19,999: **28%**

20,000 or more: **19%**

### INDUSTRY

Financial services: **34%**

Insurance: **33%**

Healthcare **33%**

### SENIORITY

C-level: **9%**

Vice president: **25%**

Director: **66%**

The image features a background of a network diagram with white lines and nodes of varying sizes. The nodes are connected by thin white lines, creating a complex web-like structure. The background color transitions from a light purple on the left to a light blue on the right, with a large, soft, white cloud-like shape in the center. The word "FORRESTER" is written in a white, serif font, centered horizontally and slightly above the vertical center. A registered trademark symbol (®) is located to the upper right of the word.

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