



# Impact of Cloud on IT Consumption Models

Produced in Partnership with Intel®

August 2013

# Agenda

- Study Background
- State of Cloud
- Impact of Cloud on the IT Consumption Lifecycle
- Role of Lines of Business
- IT Organization of the Future
- CIO Implications

# The Internet of Everything:

Cloud plays an important role in connecting the dots



## People

Connecting people  
in more relevant,  
valuable ways



## Process

Delivering the right  
information to the  
right person (or  
machine) at the  
right time



## Data

Leveraging data  
into more useful  
information for  
decision making



## Things

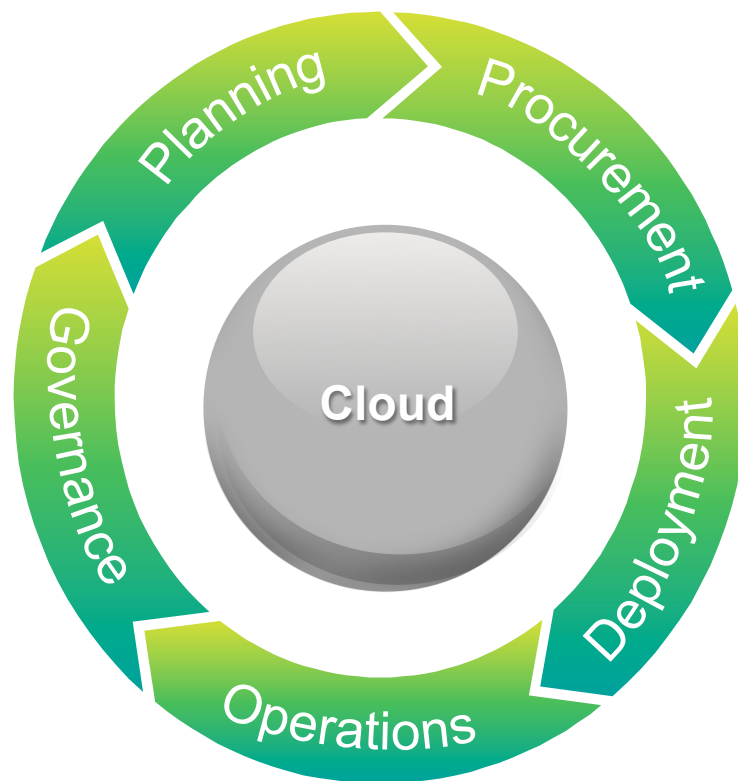
Physical devices  
and objects  
connected to the  
Internet and one  
another for  
intelligent decision  
making

Connectivity Through Cloud...

# Study Objectives

## Key Questions

- What impact will cloud have on different IT consumption lifecycle stages?
- How will the role of lines of business (LOBs) evolve in terms of IT consumption?
- What are the implications for the IT function?
- What are the hallmarks of a successful IT leader in this context?



# Study Scope

## 4,000+ IT Decision Makers

- Online survey fielded in March 2013
- 29% executive level; 25% director level; 46% senior manager
- 63% final decision makers; 33% very involved in IT decision making

## Global Coverage Across 9 Key Economies

- United States – 626
- Canada – 291
- Germany – 412
- United Kingdom – 608
- Russia – 286
- India – 605
- China – 600
- Brazil – 500
- Mexico – 298
- **Total – 4,226 respondents**

## Cross-Section of Company Types

- Split by enterprise (60%) and midsize companies (40%)
- Representative sample reflecting actual firm distributions by industry within each country

# Top 10 Insights

1. Cloud is overwhelmingly a good thing in the eyes of IT decision makers
2. Cloud is here and growing—significant share of IT spend has already moved to cloud
3. IT leaders in emerging markets are more enthusiastic about cloud, see greater impacts
4. Satisfaction with cloud providers is high, but so are expectations
5. Security concerns remain the chief brake on cloud growth

# Top 10 Insights (continued)

6. There is no “one size fits all approach” — a world of many clouds will predominate
7. IT views itself as being front and center in the future...
8. ...But the Lines of Business are gaining IT influence
9. IT must reimagine how it partners with the business
10. Cloud-driven impacts spanning the full IT consumption lifecycle serve as a wake-up call for IT leaders

# Cloud Is Here ... and Growing

**23%**

Share of total IT spending devoted to cloud today

**17%**

Increase in cloud's share of spending over next three years (27% by 2016)

N = 4,226



# Key Business Drivers for Adoption of Cloud

## DEVELOPED

**#1**

Lowering Costs

**#2**

Increasing overall business agility of the company

**#3**

Enhancing security and risk management

## EMERGING

**#1**

Increasing overall business agility of the company

**#2**

Lowering costs

**#3**

Enhancing security and risk management

N = 4,226

# Top Inhibitors of Cloud Adoption

**#1**

Security and privacy concerns

**#2**

Complexity of managing third parties

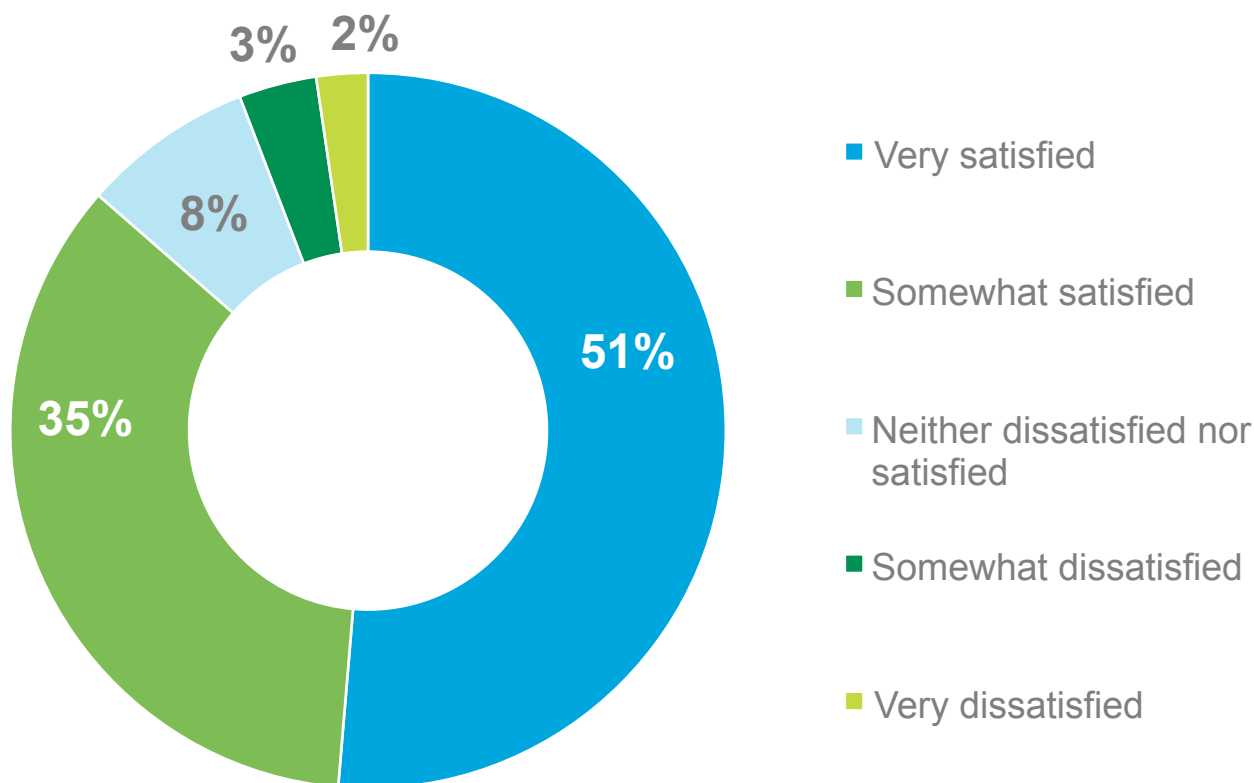
**#3**

Lack of integration and interoperability across internal systems and those of providers

N = 4,226

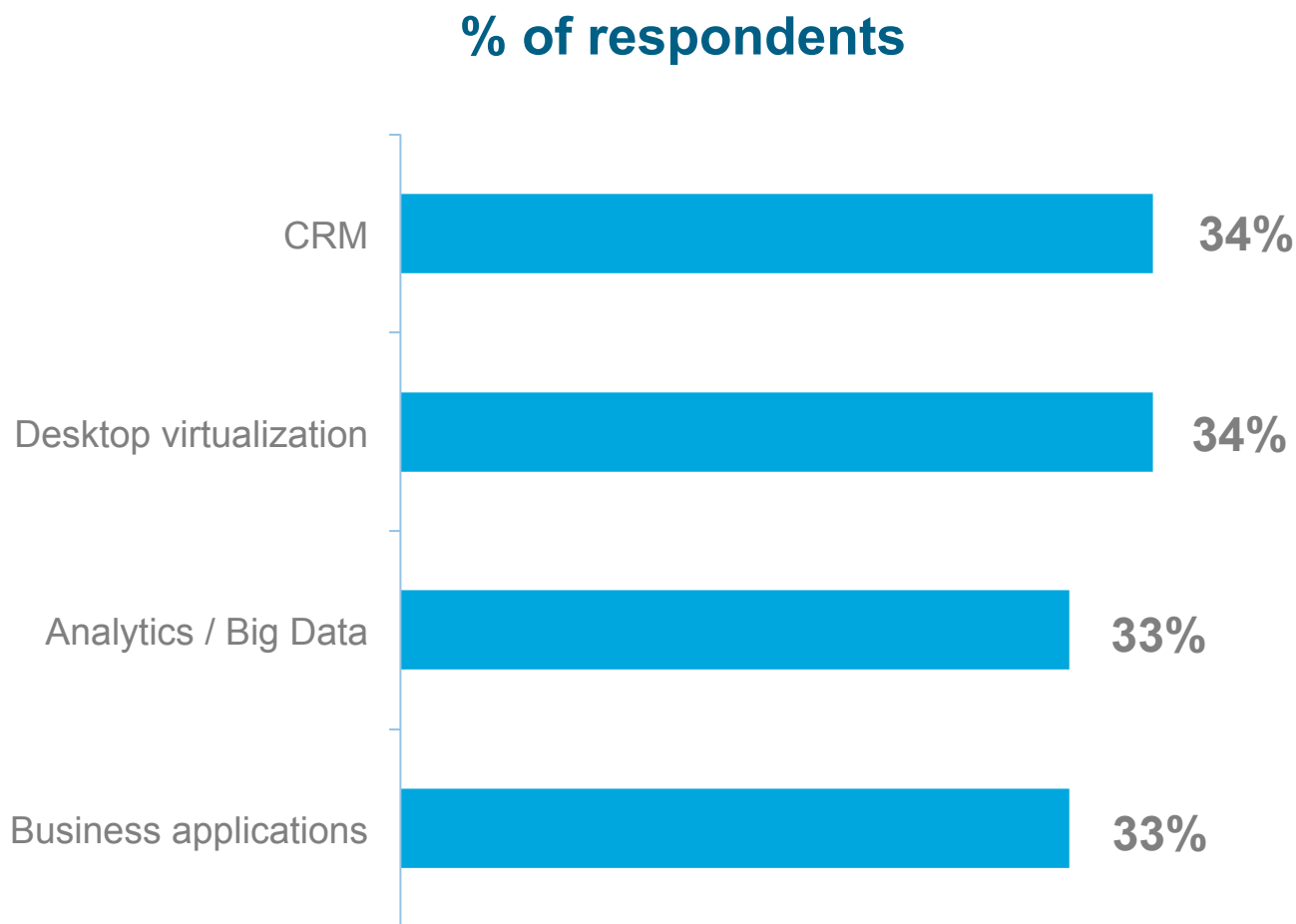
# High Satisfaction With Existing Cloud Providers Across Geographies

% of respondents 'very' or 'somewhat satisfied'



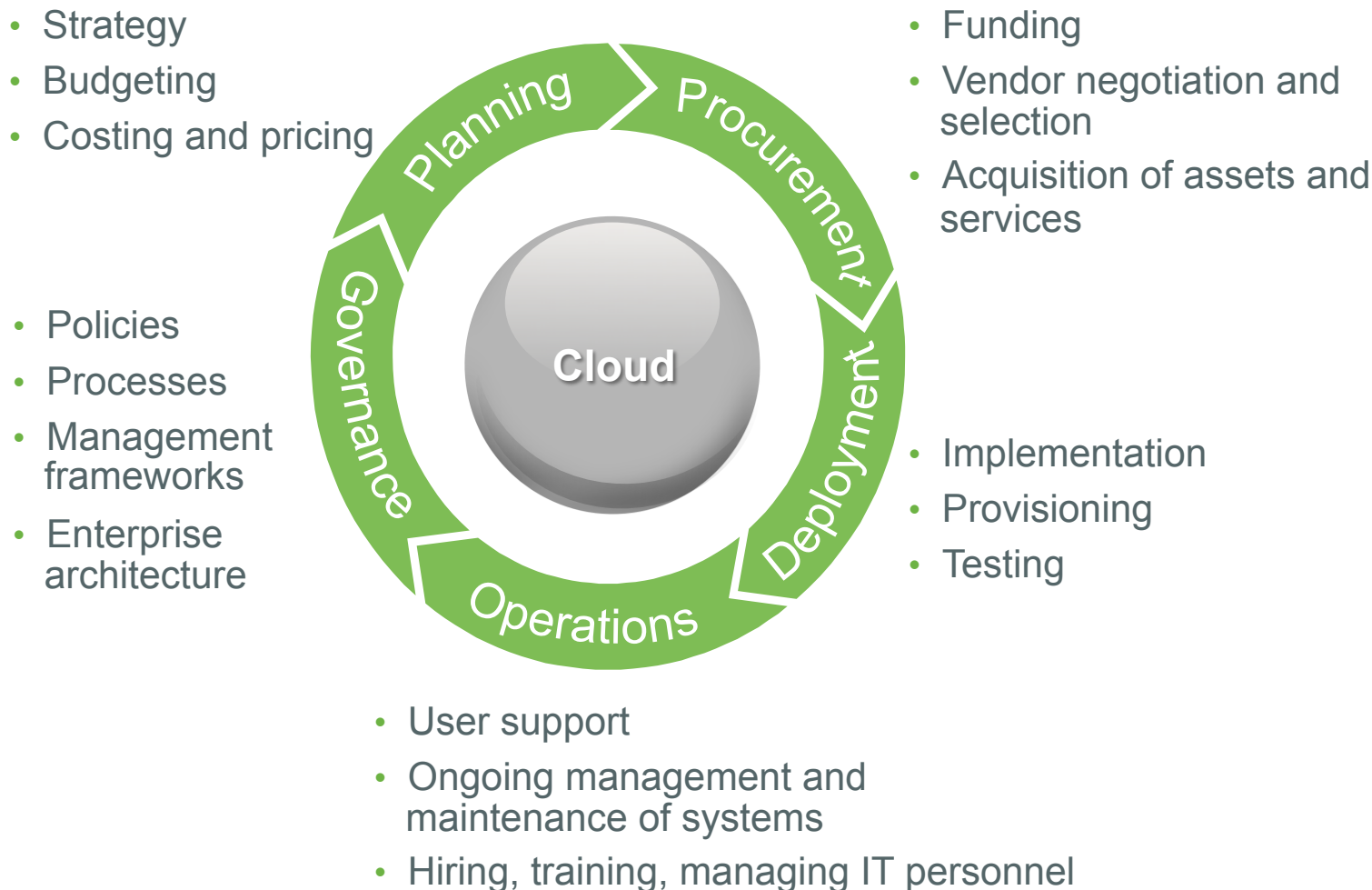
N = 4,226

# Big Data Among Top Cloud-Based Workloads by 2016



N = 4,226

# IT Consumption Lifecycle





# From IT Planning to Service Brokerage



- 76%** IT will act as a “broker” of cloud services across internal and external clouds for LOBs
- 75%** IT planning will increasingly involve stakeholders from LOBs
- 74%** IT planning will increasingly take place with direct involvement of third-party vendors

N = 4,226



# Cloud To Impact IT Procurement

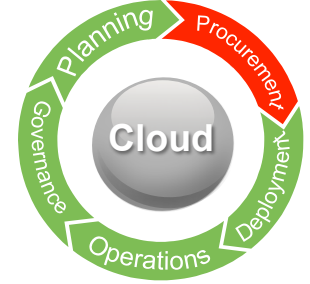
**71%** Vendors' cloud release cycles will impact the timing of our buying decisions

**69%** Authority over buying decisions will increasingly reside with LOBs

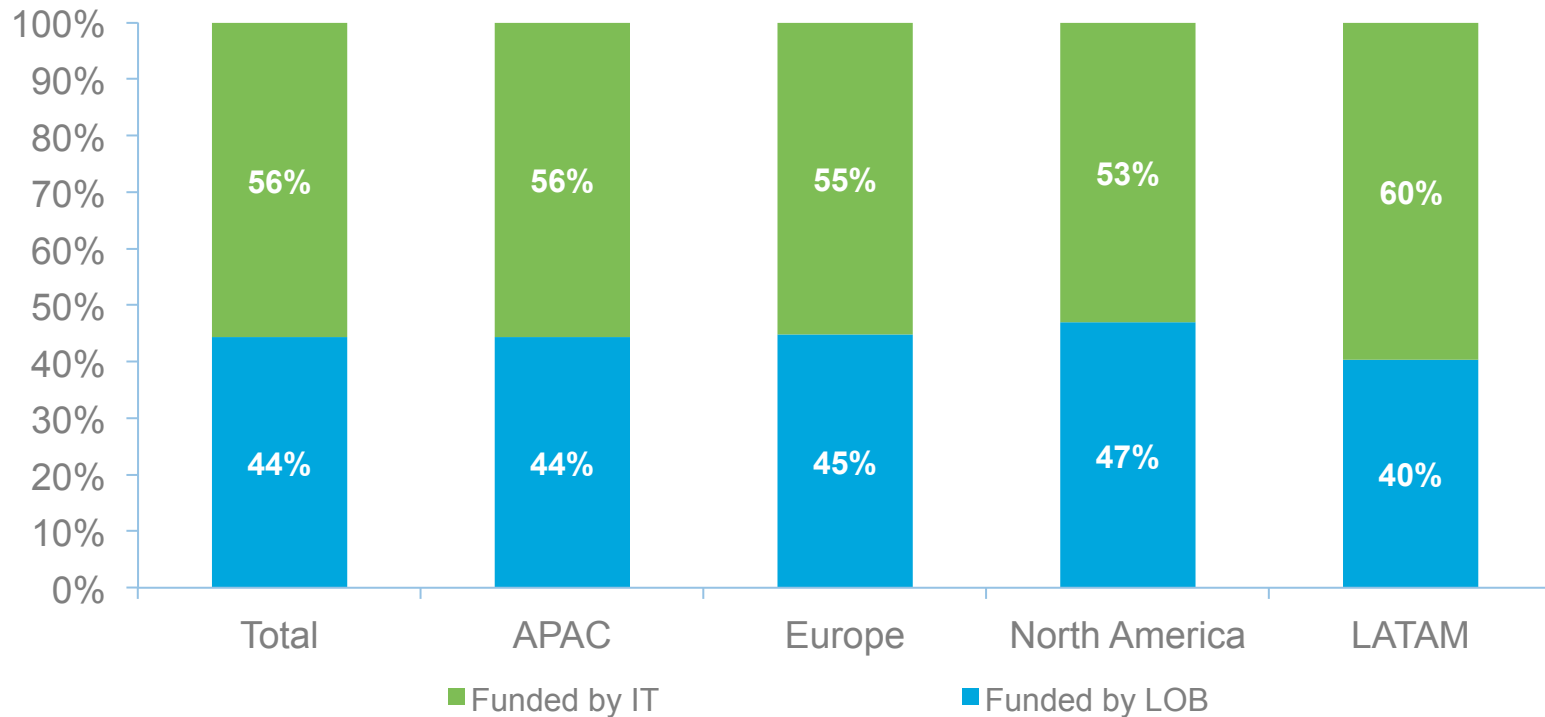
**65%** Chargebacks to departments will be the primary funding mechanism for IT

N = 4,226

# A Large Share of IT Spend Is Funded by Lines of Business



## % of IT Spending 2013



N = 4,226



# While Deployment Becomes More Automated, Integration Is a Challenge



**79%**

Deployment will become more automated

**77%**

Cloud integration with in-house IT systems will be a key challenge

**75%**

Integration among cloud solutions from different vendors will be a key challenge

N = 4,226

# Cloud Will Streamline IT Operations of the Future



#1

Cloud will enable efficiencies through the use of more shared services

#2

New analytical capabilities will enable greater optimization of IT resources and their use

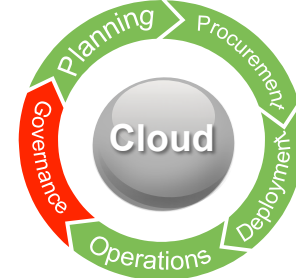
#3

Important to have a single, unified view for monitoring and managing IT environment

N = 4,226



# Moving to Cloud Requires a Change in IT Governance



**81%**

Respondents agree that “automation” will become more important for IT governance processes

**76%**

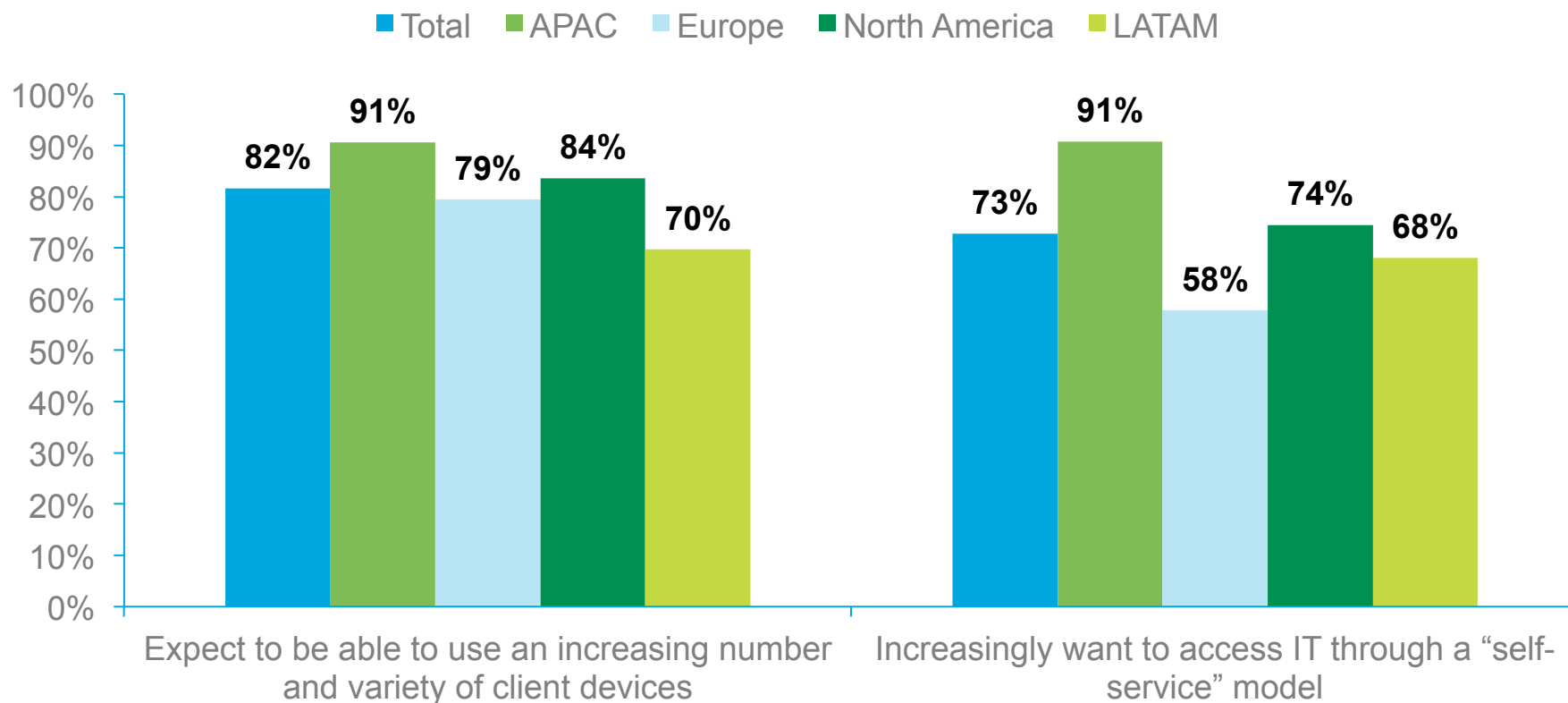
Feel that IT organization will become more metrics-driven

**#1**

“Risk management” of IT governance processes will be most impacted by cloud

N = 4,226

# LOBs Want To Control Their IT Experience



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# LOB Impacts Felt, Especially in Public Cloud Adoption

Top 3 areas of involvement of LOBs in public cloud procurement

**#1**

Identify business requirements

**#2**

Recommend solutions

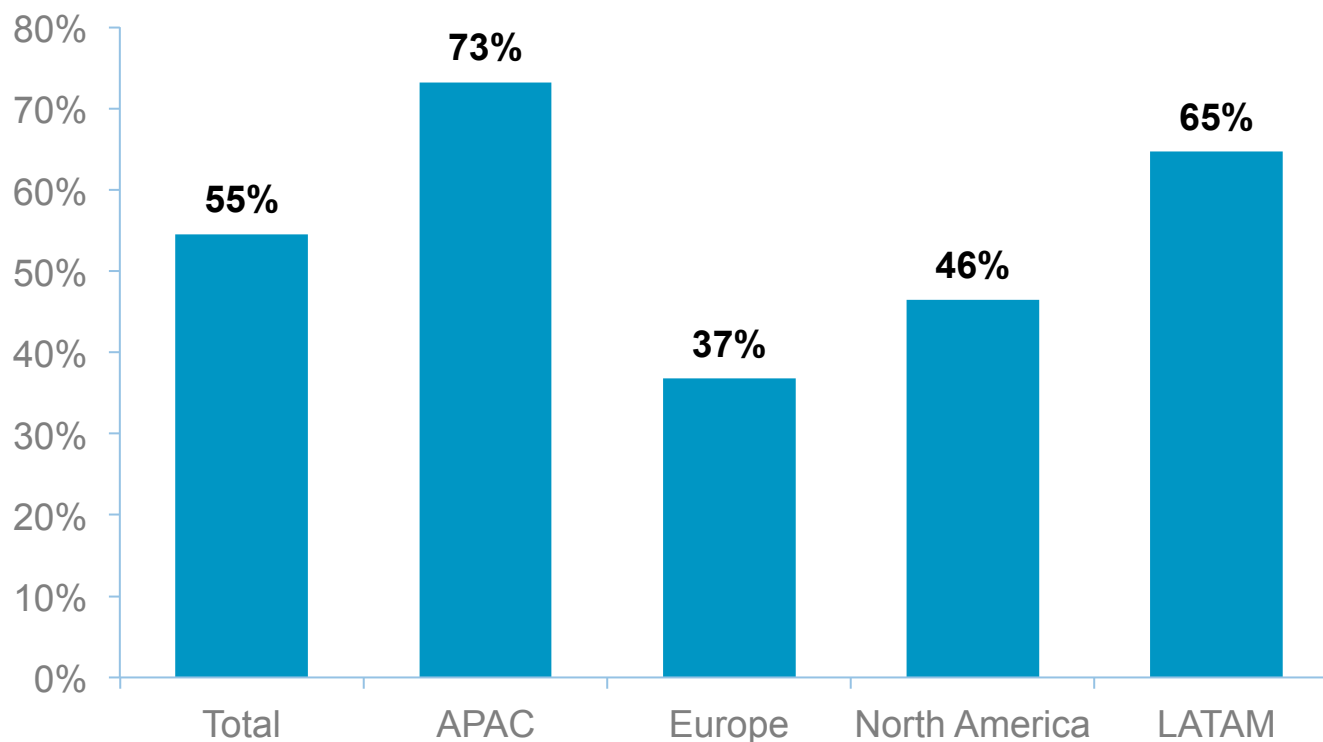
**#3**

Research products, technologies, and brands

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# LOB Autonomy Is Expanding

**% of respondents stating 'somewhat' or 'significant' increase in 'rogue purchasing' by LOBs in past two years**



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# Growing Influence of LOBs Creates New Challenges for IT

## Top 3 Challenges

**#1**

More complex IT support requirements

**#2**

More pressure to cut costs

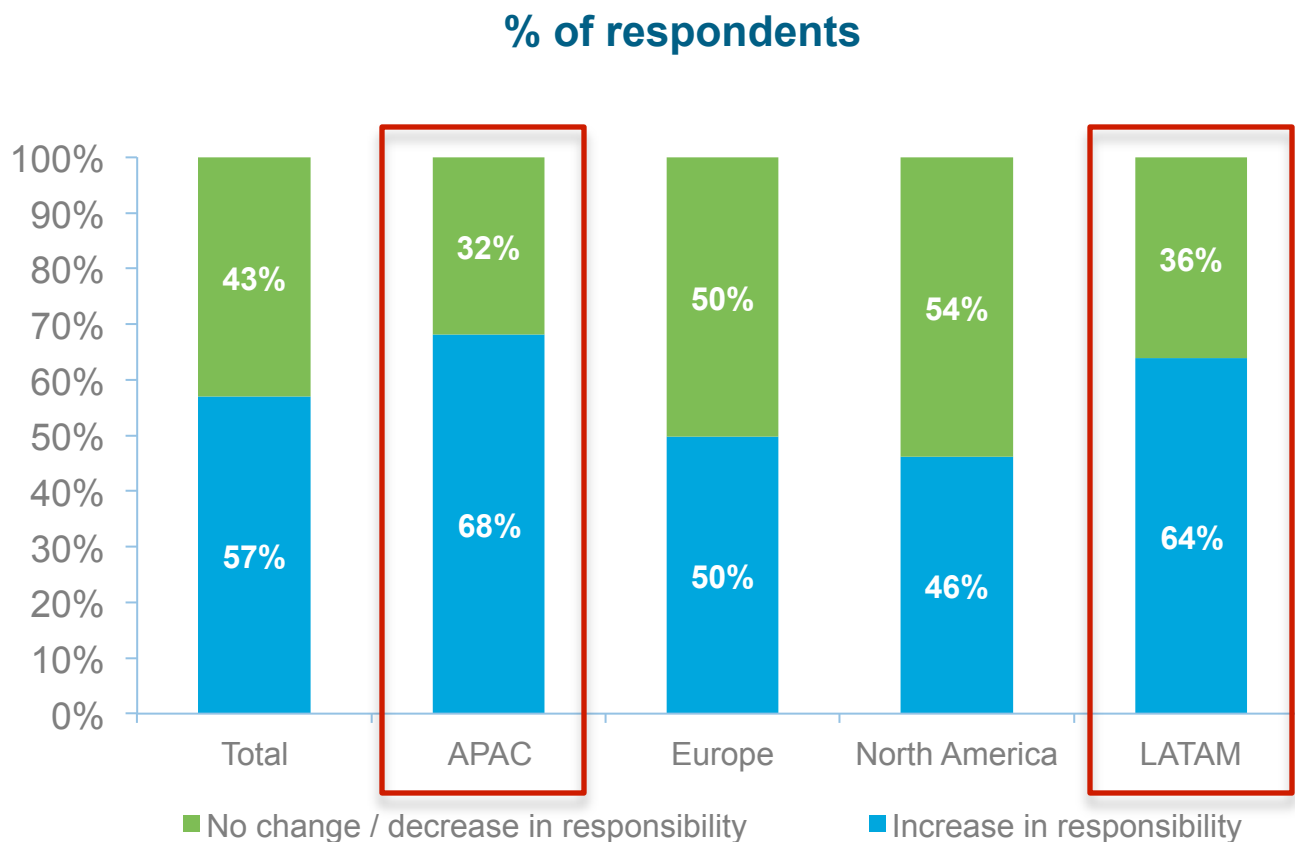
**#3**

Higher expectations for return on IT investments

N = 1,583

# Emerging Market Leaders Foresee a “Front and Center” Role for IT...

Role of the IT department changing in relation to the role of cloud solution providers



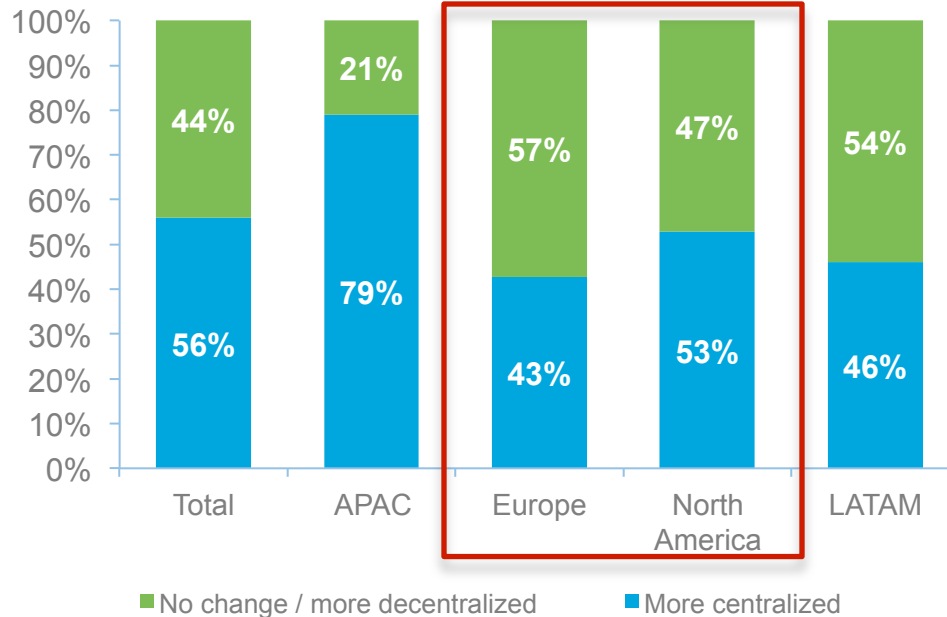
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# ...While Developed Market IT Leaders Are More Mixed on Future Org Direction

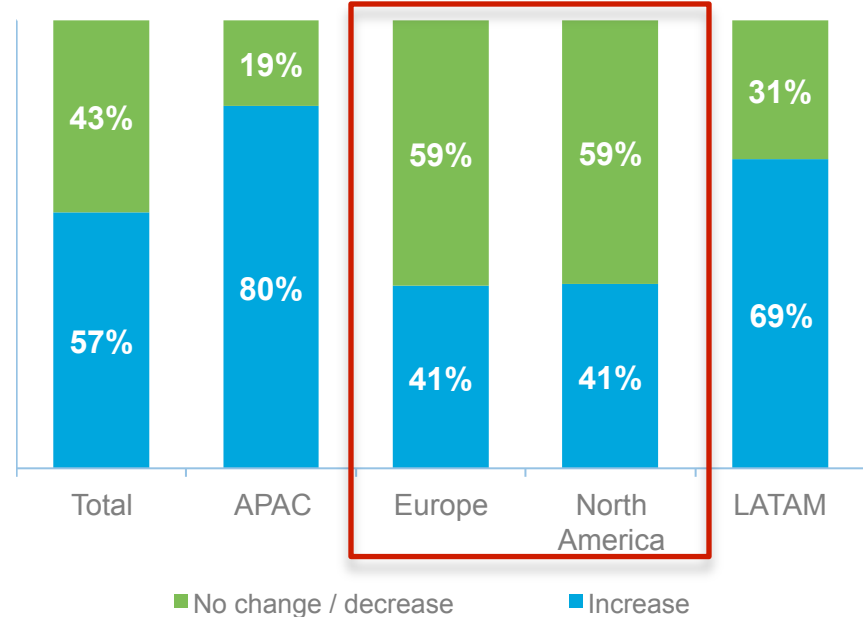
## Change in IT Organizational Structure and Staffing

% of respondents



## Impact of Cloud on Size of Internal IT

% of respondents



N = 4,226

# Cloud Demands a New Breed of IT Executive

Hallmarks of the successful IT leader in a cloud-driven environment

**#1**

Ability to align IT strategy to company's business priorities

**#2**

Understanding of emerging technologies and cutting-edge IT practices

**#3**

Strong technical background in IT

N = 4,226

# Key Implications: A Wake-up Call for IT

## #1

**Collaboration:** IT leaders will increasingly need to collaborate with LOBs, who are influencing all IT lifecycle stages. In particular, the interlock and relationships between IT and LOBs will need to change as IT transforms to an “as-a service” model.

## #2

**Value Creation:** IT leaders will need to reimagine what it means to partner with the business and share in value creation. This extends to funding mechanisms, budgeting, metrics, planning, governance models, and all aspects of how IT—as a function—is managed.

## #3

**Innovation:** IT leaders should actively seek out opportunities to drive business transformation for their companies, making IT an engine for growth.

# For More Information...

## ...Contact Cisco Consulting Services:

**Manjula Talreja**  
mtalreja@cisco.com

**James Macaulay**  
jmacaula@cisco.com

**Andy Noronha**  
anoronha@cisco.com

**Hiten Sethi**  
hisethi@cisco.com

