

150 COMPANY LEADERS SHARE THEIR CURRENT CLOUD STATUS

How Does Your Organization Compare?



Introduction

At Tecknoworks, we work with organizations worldwide to assist them in moving to the cloud. Often they don't know where to start, or they don't have the knowledge or in-house capacity to achieve the move successfully and profitably. Tecknoworks helps through advice, guidance, planning, and implementation, so that our clients are 100% confident in the transition.

Of course, many companies have already made the switch to the cloud, whether a full or partial migration. In a full migration, the entire infrastructure or application is brought to the cloud. In a partial migration, the company may choose to migrate just one application, functionality, or part of the infrastructure to the cloud.

The migration itself can be carried out in various ways. For example, some companies migrate their existing applications to the cloud. This is called the lift-and-shift method. Alternatively, they may decide to completely rebuild the application in the cloud. This is referred to as cloud-native migration.

When it comes time to perform the migration, some companies do everything in-house, while others hire temporary contractors. And many companies prefer to outsource the entire project to a consulting and implementation firm focused on cloud technologies.

Here at Tecknoworks, we were interested in how all these factors contributed to an organization's decision on whether to move to the cloud, and how. We decided to learn more by surveying over 150 executives to get a better understanding of the market, and to get a clearer sense of where companies currently stand in their migration plans. Because this research was carried out by our Netherlands team, we focused on Dutch organizations. We have compiled their insights in this research report.

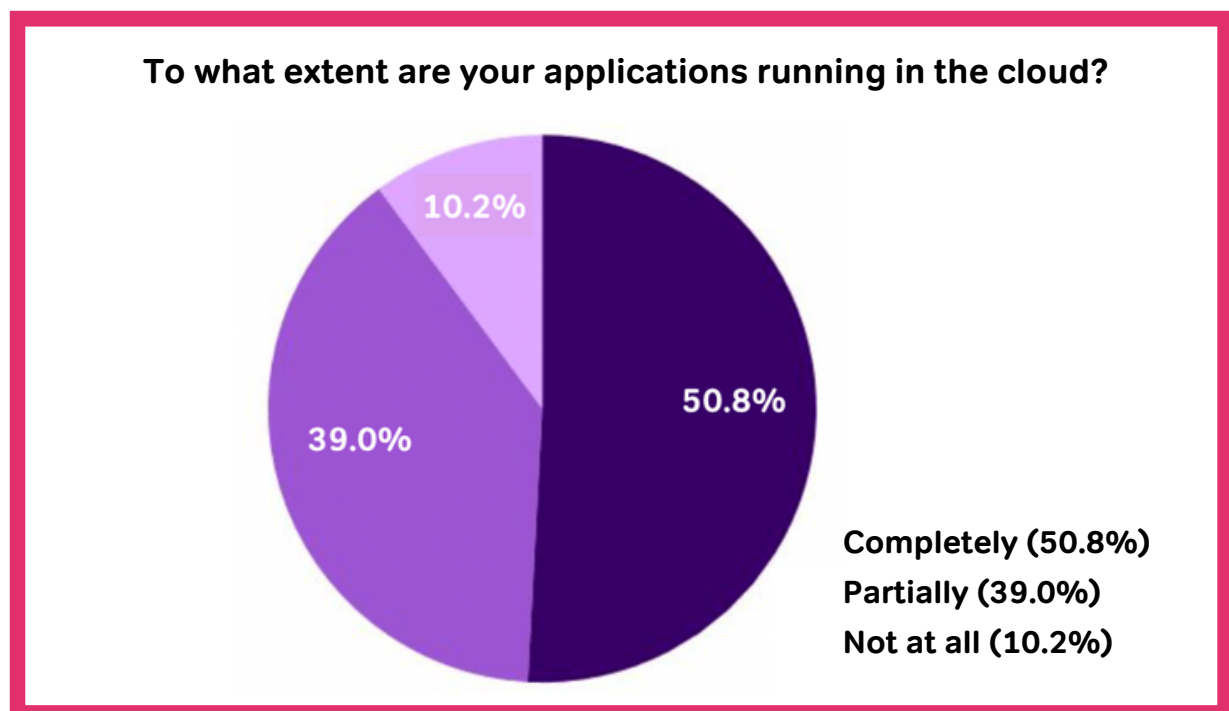
Because we believe it's important to keep a close eye on the tech landscape, especially following the massive digital shift brought about by the pandemic, we are pleased to share this research report with you, in hopes that it helps you make your own confident decisions about cloud migration.



What Percentage of Companies Have Already Migrated?

Working in the cloud is becoming more and more of a priority for company leaders who want to reduce costs, ensure scalability, heighten security, and move away from often-clunky legacy systems. In light of all these benefits, we were curious to know how many organizations were still running on a fixed server, and how many had already harnessed the power of the cloud.

Below is the current cloud status of our respondents:



What is striking is that over 10% of companies have not migrated to the cloud yet, even partially. When asked why, most respondents answered along the lines of, “We do want to migrate, we just don’t have the time; large projects like this often get put on hold because they’re so extensive.”

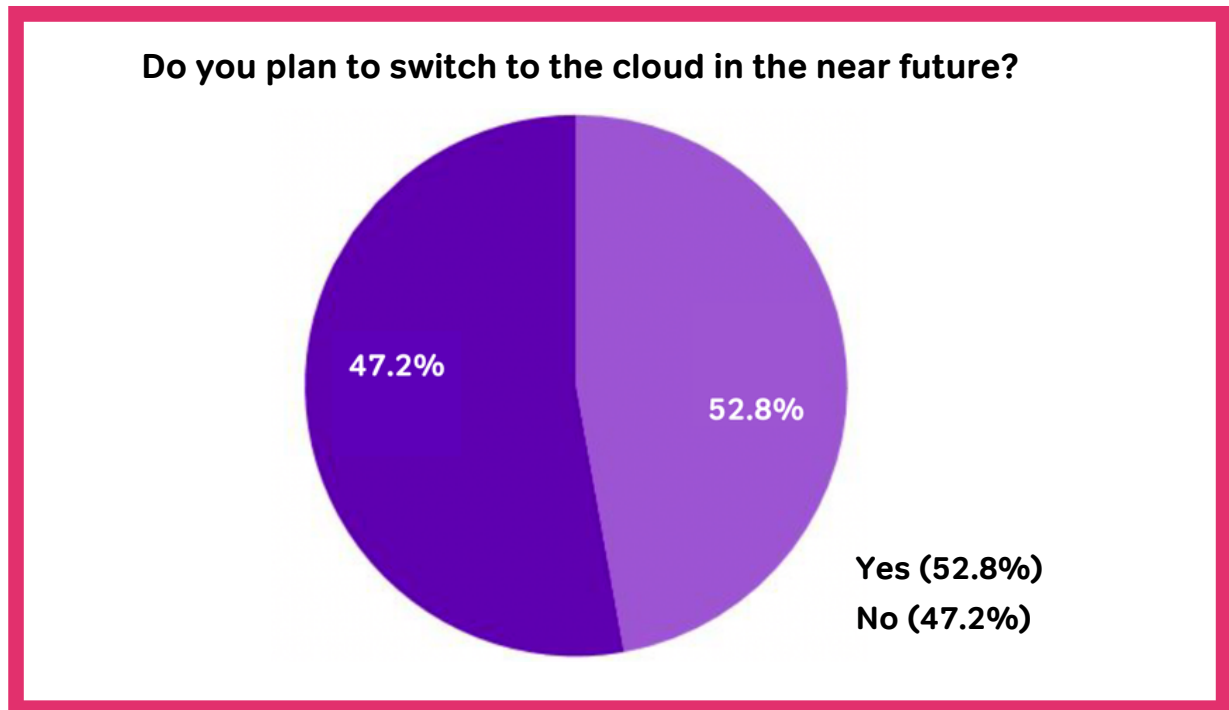
At the same time, more than half the companies are fully cloud-based. This is partially due to the fact that many of the companies are relatively new, and started as cloud-native right out of the gate.

Companies that have partially migrated report a sharp increase in productivity. As a simple example, working in shared documents is more efficient than old-fashioned and error-prone version management.



Are There Plans for Migration?

Respondents who indicated that they had not yet migrated, either partially or completely, were asked whether they're planning any migrations in the near future:



Here we see that more than half of respondents are planning a migration in the near future. Of course, there's a big distance to cross between initial discussions and concrete plans. Companies that are further into the discovery and planning phase will have quite a bit more insight into the possibilities and challenges they can expect, enabling them to make the right preparations.

We're surprised to see that the remaining companies don't have any migration plans at all, at least for the near future. This usually comes down to a few key barriers: Migration is seen as a "long and difficult road"; existing applications still require a lot of attention, causing a backlog; or other activities are viewed as more pressing, such as increasing capacity or focusing on sales.

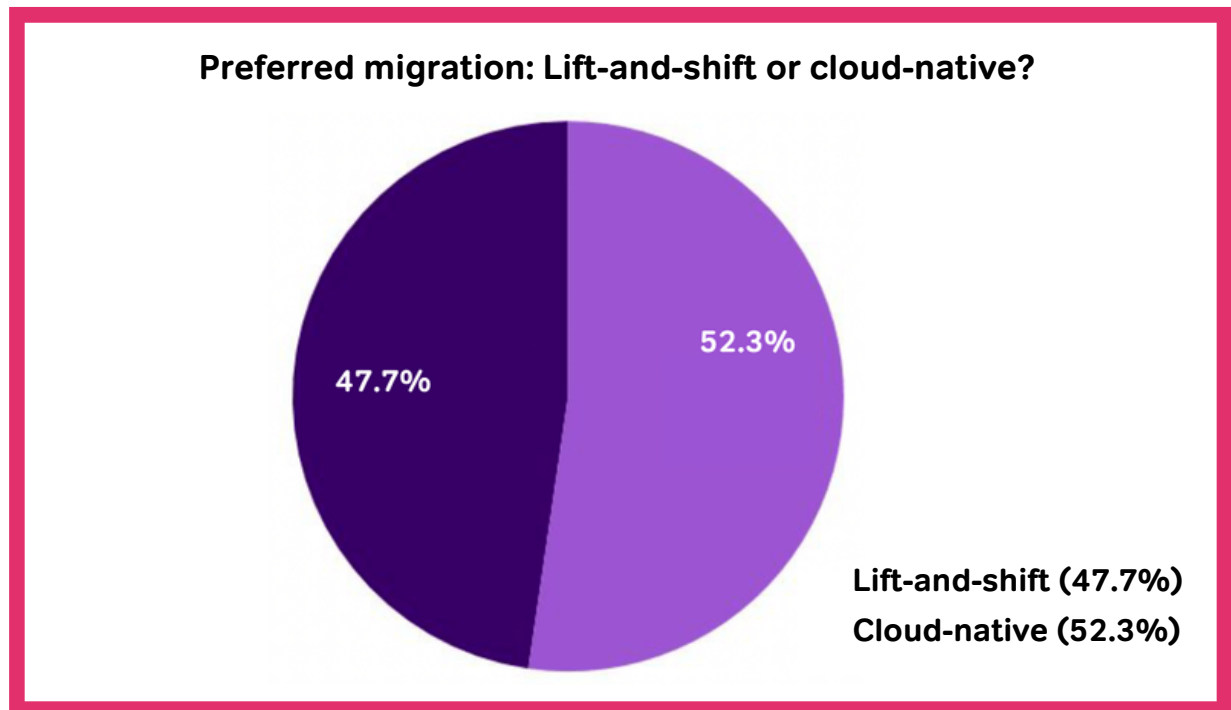
We understand the hesitancy in committing to such a significant operations shift. However, we think of it in a similar way to the explosion of data and data analysis. Ten years ago, most organizations hadn't even heard of the title "Data Analyst." Today, everyone from the C-Suite to an entry-level team member understands the crucial role data plays in business success. We think it's only a matter of time before the cloud is universally acknowledged as an equally important core business requirement.



What Type of Migration is Most Popular?

As described in the introduction, there are two types of migrations: Lift-and-shift, where existing applications are brought to the cloud; and cloud-native, where applications are completely rebuilt in the cloud.

Below is what our respondents prefer:



As you can see, the choice is almost evenly distributed. Slightly more than half opt for a cloud-native migration.

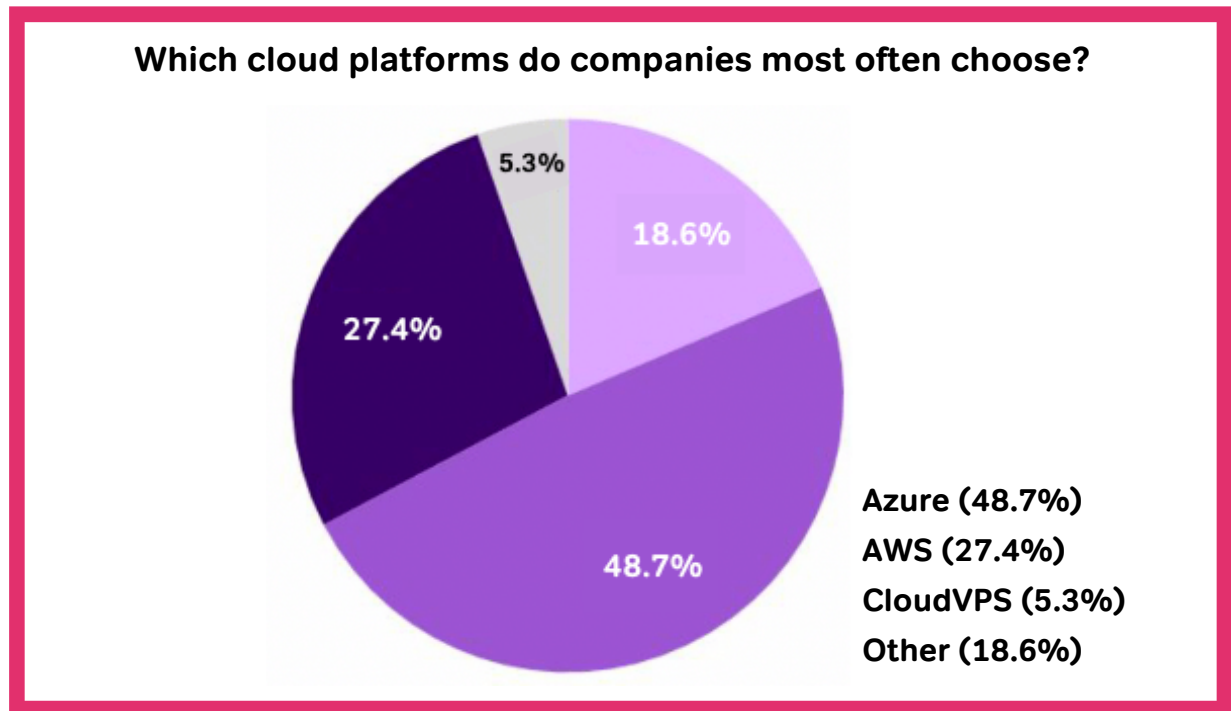
Rebuilding an application in the cloud might sound complicated and risky; and it can be, if done poorly. However, when built properly and with an eye for the big picture, cloud-native migration provides more benefits in the long term. These benefits include reduced or eliminated maintenance costs, tighter security, and increased functionality.

The lift-and-shift method is often regarded as simpler and safer, but it actually has a few drawbacks. The migrated application almost never takes full advantage of all the functionalities the cloud has to offer. And while the initial migration costs might be low, companies often end up paying far more in monthly costs by provisioning resources they don't truly need.



Which Cloud Platform is Most Popular?

Among the cloud platforms available, there are a few market leaders who together control more than 80% of the market. We asked participants who have already migrated which platform carries their cloud solution:



Microsoft Azure is the clear first choice by far, hosting almost half of our respondents' cloud solutions. This isn't particularly surprising, as Microsoft was one of the first companies to offer infrastructural cloud hosting, and consistently leads the market in new features, capabilities, security, and compliance offerings.

Azure is still the biggest player (and we expect it to remain so) because the service has the most to offer. One major benefit is that it provides users the freedom to use their favorite utilities and frameworks to develop, manage, and deploy applications on an extensive global network.

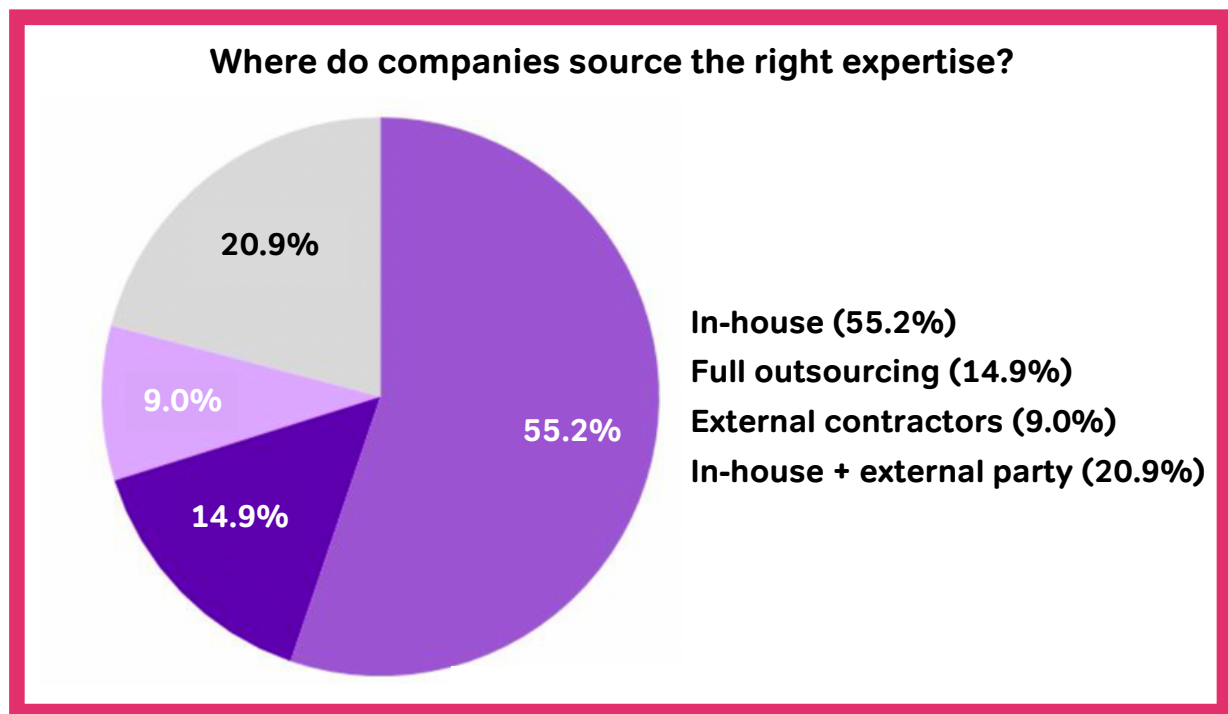
Azure is also less expensive, offers the most comprehensive AI portfolio, allows secure data transfer between regions, and provides true hybrid flexibility. For all these reasons and more, Azure is the cloud provider of choice for 95% of Fortune 500 companies.

Though Azure is the easy winner, Amazon Web Services (AWS) is another popular choice, with CloudVPS and other assorted providers making up the remaining percentage.



Who Completed the Migration?

Carrying out a migration is a big project. Specific knowledge is needed to know what opportunities the cloud can offer a particular company, and how this can be achieved. In addition, many companies do not have the in-house capacity to carry out the migration and all related activities. The below chart shows how our respondents handled the migration process:



Over half of our respondents carried out the migration in-house. In many cases, however, the execution team was increased to ensure available capacity. To achieve this, the companies pulled in-house team members from other projects, temporarily placing them on the migration team. Approximately 9% also opted to hire contractors to provide extra knowledge and capacity throughout the migration.

About 20% of respondents indicated that they brought in a full external team to work alongside their in-house team, creating close collaboration between the company's migration team and the external, specialized team. This way, the company was able to profit from external knowledge and capacity while simultaneously growing cloud-related skills and experience for their own employees.

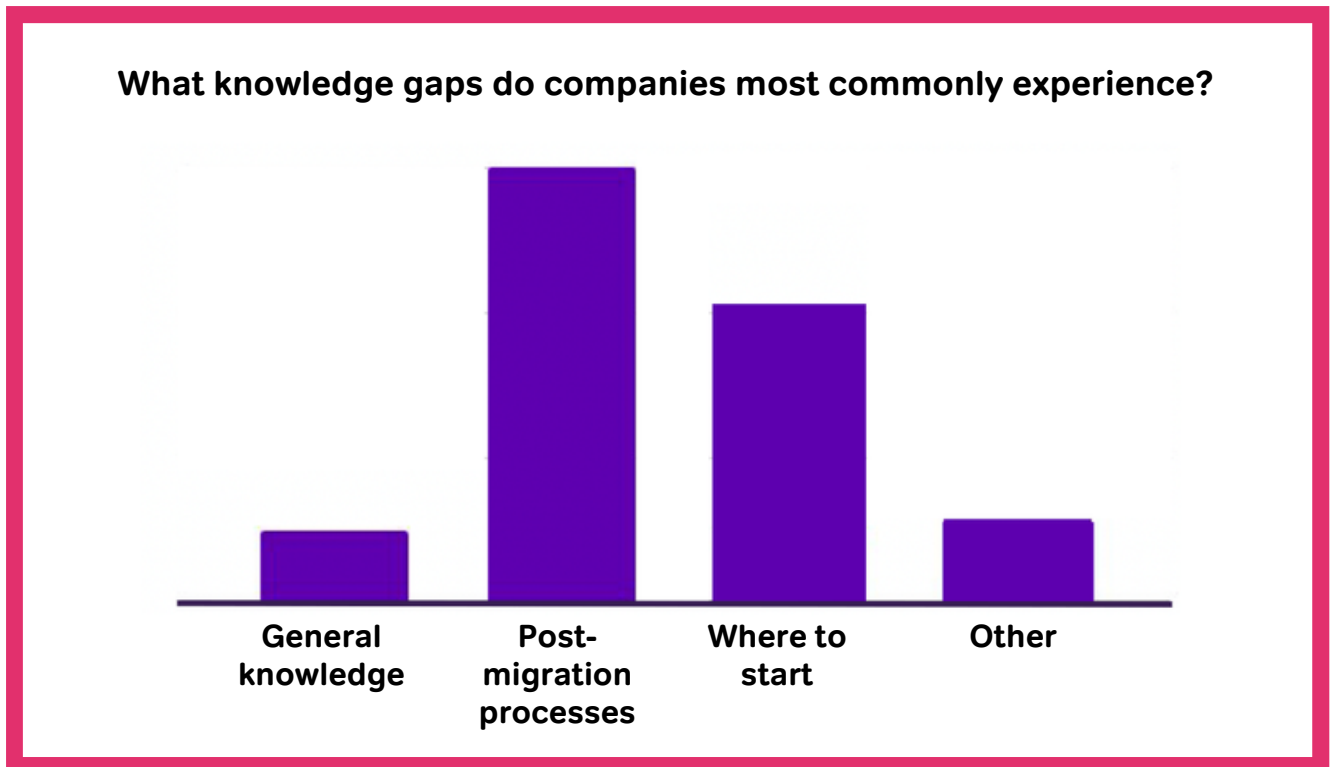
Finally, almost 15% preferred to outsource the entire project. By collaborating with a party that plans, develops, and implements the entire migration, these companies were able to focus on other internal matters while ensuring that their migration was carried out by experts.



Where Do Knowledge Gaps Exist?

Successful migrations rely on the necessary knowledge and skills required to understand not only the technical processes, but also the company's needs and goals, and how those figure into the long-term migration strategy. Many migration processes fail as a result of lack of knowledge in one or more areas.

Our respondents shared their most common knowledge gaps:



The majority of respondents indicated that they had initially succeeded in drawing up a development plan, but the plan ultimately failed. After building, companies often do not know how best to implement and adopt the migration.

In addition to the importance of smooth implementation, adoption is also a crucial factor in cloud success. Respondents felt the adoption process was often difficult to manage, especially within large companies. To address this, several companies either worked with their external team to educate and train employees, or hired an external consultant dedicated to the post-implementation support process.

Several companies simply did not know where to start with regards to the migration as a whole. Migration is complicated, with many interrelated elements that need close attention. How should they be prioritized? Here, too, specialized parties can help by creating a framework and setting up a clear step-by-step plan.



What Are Some Other Common Struggles and Setbacks?

We asked what other problems companies encountered during their migration. From internet speed to buy-in to incompatible applications, these are the most common issues:

- "Putting data outside the network and making it accessible via browsers turned out to be a big change in daily work."
- "Unfamiliarity with possible cloud services ceased the project. We didn't know if it would ultimately be advantageous for us."
- "Internet speed is crucial. When you're abroad, for example, it can be difficult to work in the cloud."
- "Cloud solutions are confusing for hospitals. Within the healthcare sector, people are terrified of data leaks. Migrating to the cloud is a huge step."
- "During the process, we discovered that our applications simply weren't cloud-ready. That meant the lift-and-shift approach we planned wasn't going to work."
- "Changing the work of back-office employees from manual to fully automated has been a struggle. It's not easy to completely change the way people have worked for years."
- "For us, the biggest challenge was to convince higher management that investing in cloud migration was more beneficial in the long run."
- "Our traditional IT departments have no knowledge of the cloud. We have recruited new people from outside to design and implement our cloud architecture and infrastructure."

Conclusion

As with any new technology, especially one as significant and transformative as moving to the cloud, there are going to be some challenges and uncertainties. But most leaders recognize that, when it comes to the cloud, being left behind leads to negative business implications including reduced agility, higher administrative burden, and lower overall revenue. When the commitment to change exists, companies find a way to make it happen, and to bring their team on board.

Many thanks to our participants for sharing their struggles and successes with us through this survey.

