HYBRID CLOUD COMPUTING

The Great Enabler of
Digital Business

It's no secret that digital business transformation and hybrid cloud computing are two of the most dominant IT trends today. But are they interrelated trends as well? A new study from IDG Research Services offers proof that hybrid cloud accelerates digital business progress—and can even help fund it.

EXECUTIVE SUMMARY

If technology experts have agreed on anything in recent years, it's these two things:

1 Digital technologies—like mobility and big data—are key to the long-term health and success of any business.

2 Hybrid cloud computing is the future of enterprise IT.

A recent study from IDG Research Services, in conjunction with EMC, offers compelling evidence that both assertions are not only accurate but closely interrelated as well. The results provide clear proof that by increasing IT agility, hybrid cloud makes implementing digital business initiatives a faster, easier and less expensive process. Furthermore, the survey shows that by reducing IT costs, hybrid cloud enables investment in digital transformation. The upshot is statistical confirmation that—in the words of John Gallant, senior vice president and chief content officer of IDG Research Services' sister company IDG Enterprise—hybrid cloud is the "great enabler" of digital transformation.

The survey further suggests a causal relationship between the two, with the most enthusiastic hybrid cloud adopters making the most progress toward their digital business objectives. Organizations running a significant number of workloads in a hybrid cloud environment:

- SAVE MORE ON IT COSTS

- REDIRECT MORE OF THOSE SAVINGS TO IMPROVED BUSINESS OUTCOMES

- ARE SIGNIFICANTLY MORE LIKELY TO BE LEADERS IN BUILDING A DIGITAL-READY INFRASTRUCTURE

- ARE SIGNIFICANTLY MORE LIKELY TO BE AHEAD OF THE PACK IN DIGITAL BUSINESS TRANSFORMATION

GO DIGITAL OR ELSE

"Digital business" is a catchall term for a wide variety of initiatives aimed at transforming customer experiences, accelerating time to market, and introducing more data-driven processes and business models using technologies like mobile, Internet and cloud services, social media and predictive analytics. When done right, it equips companies to anticipate customer desires and deliver personalized services in real time around the clock while offering maximum transparency into how data is being used and secured. It can also propel companies to new heights of agility and efficiency, eliminating traditional boundaries of place and time.

The end results—which include deeper and more durable customer relationships, enhanced flexibility, lower costs and higher profits—can be game-changing. For related reasons, however, the consequences of not pursuing digital transformation can be equally dramatic, but in the wrong way.

"Customer expectations have totally changed," observes Jeremy Burton, president of products and marketing at EMC Corporation. "They expect everything to be online, connected and immediately accessible via mobile apps, so they can do what they want, when they want, from anywhere." Companies that fail to meet those expectations risk being swept aside by startups and other nimble rivals. "I don't think I'm going too far in saying that our new digital world is a massive opportunity for
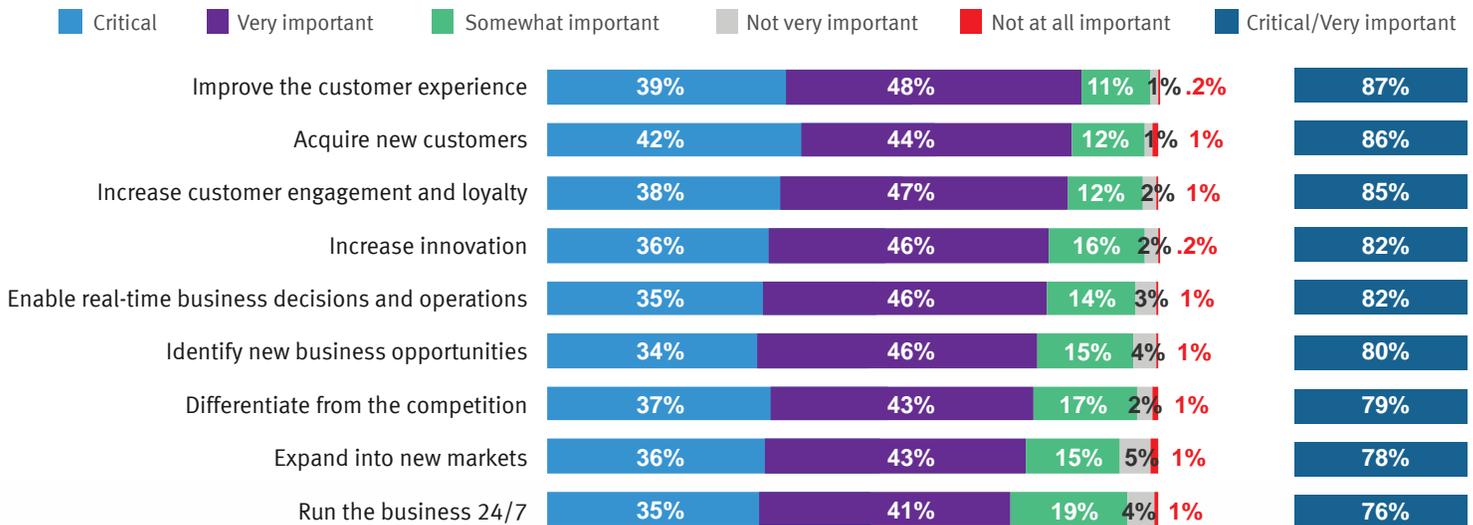
the companies that embrace it, but a potential extinction-level event for the ones that don't."

Results from the new IDG study show that technology decision-makers fully understand the stakes attached to digital transformation. A staggering 92 percent of IT and business leaders said their organization's competitive strategy calls for digital business initiatives, and 90 percent called digital business "a top IT priority" for the next one to three years. Some 44 percent, moreover, called it their number-one priority.

"We think the digital business situation could create the opportunity for non-traditional competitors to enter the mutual fund business and interrupt the way the market has operated from a competitive standpoint for the last 30 to 40 years," said the CTO of a major financial services firm.

IT leaders also clearly appreciate the transformative power of digital business. When asked to identify the drivers behind their digital technology investments, 87 percent of the survey respondents called improving the customer experience a critical or very important goal. Other critical goals included acquiring new customers (86 percent), increasing innovation (82 percent), and enabling real-time business decisions and operations (81 percent).

Importance of business goals as drivers of digital business initiatives

Legend: ■ Critical ■ Very important ■ Somewhat important ■ Not very important ■ Not at all important ■ Critical/Very important

Goal	Critical	Very important	Somewhat important	Not very important	Not at all important	Critical/Very important
Improve the customer experience	39%	48%	11%	1%	.2%	87%
Acquire new customers	42%	44%	12%	1%	1%	86%
Increase customer engagement and loyalty	38%	47%	12%	2%	1%	85%
Increase innovation	36%	46%	16%	2%	.2%	82%
Enable real-time business decisions and operations	35%	46%	14%	3%	1%	82%
Identify new business opportunities	34%	46%	15%	4%	1%	80%
Differentiate from the competition	37%	43%	17%	2%	1%	79%
Expand into new markets	36%	43%	15%	5%	1%	78%
Run the business 24/7	35%	41%	19%	4%	1%	76%

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PROGRESS AND OBSTACLES

Further survey results show that businesses are making progress on the journey to digital transformation, though they still have a ways to go. On average, participants in the IDG study said they're 63 percent of the way to achieving their initial digital business goals and that their current infrastructure is 65 percent ready to support new digital technologies.

"We're giving our clients what we consider to be unprecedented access to capital markets intelligence and services across all the product lines," said the executive vice president of a global banking and investment firm, one of the many study respondents whose company is making solid progress in digital business. "Through the web, mobile and trading applications, clients can find our research, commentary, proprietary data and analytics to execute fast and stable foreign exchange transactions."

Still, IT leaders are encountering familiar obstacles on the road to digital transformation. Asked to list their top digital business hurdles, 30 percent of polled IT executives named fragmented computing environments and 29 percent pointed to a lack of the right technologies. An even greater 38 percent cited a shortage of budget and resources.

"Like most IT departments today, we never have enough money to do all the different projects we would like to do," one study participant said. "The diversity of the applications and the digital delivery mechanisms are getting such that it's overwhelming in terms of the amount of resources we have," another stated.

None of those results comes as a surprise to Gallant. "IT shops are making real progress toward implementing the appropriate infrastructure to support a modern, digital business," he says. "But as the numbers show, there's still a good deal of work to be done. IT remains too siloed, and some companies are not moving quickly enough to bridge the worlds of private cloud and public cloud capabilities." Though far from insurmountable, Gallant maintains, such issues hinder enterprises from bringing their digital business aspirations to life more swiftly.

THE GREAT ENABLER

Hybrid cloud is the answer to such challenges. Gallant goes so far as to say, "Hybrid cloud is the great enabler of digital business."

In short, a hybrid cloud environment embodies a modernized infrastructure that involves two or more of three delivery models: A traditional data center and/or private cloud, a managed private cloud and a public cloud. It also includes coordinated management and service provisioning.

By automating administrative tasks, providing self-service access to infrastructure, and applications, and dramatically boosting the scalability, availability and utilization of IT resources, hybrid cloud maximizes an organization's flexibility and speed to market while lowering operational costs.

That last part is especially critical for companies pursuing digital transformation, Burton notes. "You've got to have money to fund digital business initiatives, and that money doesn't just appear out of thin air." Hybrid cloud models help companies spend less on operational upkeep and more on innovative new projects.

Gallant agrees: "Hybrid cloud not only makes IT—and the entire company—more agile but it also streamlines operations and frees up budget for the things that really make a difference for corporations: Acquiring new customers, improving the customer experience, increasing engagement and loyalty, and driving innovation."

IDG survey respondents clearly share Gallant's hybrid cloud enthusiasm. Fully 83 percent said they either currently use one or plan to do so in the future. Moreover, 20 percent said they already host a significant number of workloads in a hybrid cloud environment. "Going forward, this whole concept of hybrid cloud is our strategy," said one respondent, noting that he ultimately plans to host all of the company's differenti-

ating business solutions via private cloud and all of its more generic workloads, such as email, in a public cloud environment.

Polled executives are also collecting substantial returns on their hybrid cloud investments. A massive 96 percent of them said their hybrid cloud initiatives are delivering measurable results, and 21 percent said those results are exceeding their expectations.

Moreover, the IDG data shows that IT leaders see a proven connection between hybrid cloud computing and digital business prowess. A very strong 88 percent of survey participants called hybrid cloud an important enabler of digital business and 73 percent agreed that hybrid cloud models create a path for digital business for their organization.

"The only way for us to do digital delivery is ultimately through a combination of private and public cloud," said one study respondent. "If we didn't do that, we wouldn't survive."

STRIKING SAVINGS

Other survey results reveal why so many IT leaders feel the same way. For one, the top benefits they associate with hybrid cloud correspond directly to their top digital business goals. A near majority expect their hybrid cloud investments to result in increased innovation, improved customer experience, real-time business decisions and operations, and acquisition of new customers.

In addition, more than three-quarters of the survey participants agreed that hybrid cloud models speed IT delivery and enable them to be more agile and innovative. "We can spin things up pretty quickly," one respondent said, adding that hybrid cloud is "allowing us to continuously transform and change our business as our consumers want it."

Even more striking are the savings IT executives are getting from hybrid cloud, which are every bit as large as experts have long predicted. On average, surveyed executives have reduced IT costs by an impressive 24

percent with hybrid cloud. "That's a significant number, and can fund a lot of the change called for by digital business initiatives," Burton observes. Indeed, poll respondents who have cut IT spending with hybrid cloud's help are reallocating 39 percent of those savings, on average, to new initiatives rather than legacy systems.

"Any savings that are realized from these types of initiatives are an opportunity to fund other things you wouldn't otherwise have the time or funding to do," said one participant. At his company, for example, those projects include a range of efforts aimed at giving customers access to data and services via smartphones and tablets. "It's a very mobile community," the executive said of his firm's clients.

MORE HYBRID CLOUD EQUALS MORE BENEFITS

The IDG Research Services survey's single most significant finding is especially telling for organizations on the path to digital business: The companies that are furthest along in hybrid cloud adoption are collecting dramatically richer benefits than hybrid cloud newcomers. This proves that the further companies go with hybrid cloud investments, the more they get from them. Respondents with a significant number of workloads via hybrid cloud are experiencing nearly 50 percent more IT cost reduction than those with just some hybrid cloud workloads. They're also reinvesting over 10 percent more of their savings in innovation and are over five times more likely to say their hybrid cloud environment is exceeding expectations.

Furthermore, the most aggressive hybrid cloud adopters are also the most advanced at digital transformation. Organizations with a significant number of hybrid cloud workloads are three times more likely than non-adopters to be approaching their digital business and infrastructure readiness goals.

CONCLUSION

The new IDG Research Services survey offers convincing evidence that digital transformation is the key to competitive success in this digital age, hybrid cloud computing is the great enabler of digital transformation, and implementing hybrid cloud accelerates digital business success. Those findings suggest a clear course of action for IT executives: Follow the example set by today's digital business leaders by making hybrid cloud a top priority and reinvesting the money saved into digital innovation. There's never been a better time to get in on the power of both digital business and hybrid cloud. It's time to seize that opportunity.

> **TO GET STARTED ON YOUR HYBRID CLOUD JOURNEY, PLEASE VISIT:**
> **www.emc.com/cloud/hybrid-cloud-computing/solutions.htm**

THE GREAT ENABLER OF HYBRID CLOUD

New data from IDG Research Services, in conjunction with EMC, makes clear that becoming a digital business without investing in hybrid cloud is extremely difficult. Unfortunately, designing and deploying a hybrid cloud environment can be difficult as well. "Building a hybrid cloud is a pretty tall task for most companies," says Jeremy Burton, president of products and marketing at EMC Corporation. "They know what they want, but they don't quite know how to get there quickly."

He adds that EMC can help them reach their destination faster and more successfully. For companies prepared for hybrid cloud deployment, the Federation Enterprise Hybrid Cloud gets them up and running quickly. An engineered solution equipped with all of the hardware, software, and services needed to operate, protect, and secure both private and public cloud resources, the Federation Enterprise Hybrid Cloud delivers the infrastructure needed to complete an IT as a Service (ITaaS) transformation.

For customers building their own clouds, the EMC Federation portfolio has many cloud enabling technologies and solutions, along with professional and managed services to assist. These include solutions from Virtustream and VMware, plus EMC's extensive network of service provider, systems integrator and IT outsourcing partners.

In the age of digital business, getting in on hybrid cloud is more important than ever. With help from EMC, it's now simpler than ever, too.

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