



SURVIVE
THE CLOUD
EVOLUTION

RACKSPACE STUDY

NAVIGATING DIGITAL
TRANSFORMATION'S
MURKY WATERS

INTRODUCTION

In today's digital world, technologies such as cloud have become commonplace to take digital transformation projects to the next level. But while cloud is critical to business transformation success, Australian IT decision-makers (ITDMs) still feel that the C-suite does not understand the time and complexity of the journey.

Rackspace surveyed 113 Australian IT decision-makers in August 2018 from across the market*, to better understand the challenges they face when rolling out cloud projects. This paper explores the role of the ITDM today, key blockages IT stakeholders encounter when driving digital change, and what they need from the business and wider technology ecosystem to navigate the risks associated with kick-starting a cloud project or moving to a full cloud-first model.

A DAY IN THE LIFE OF AN AUSTRALIAN IT DECISION-MAKER

ITDMs' role keep on expanding:

- 52%** need to upskill and recruit to keep on top of new technologies
- 42%** manage risk for the business
- 41%** share responsibility for innovation and business growth
- 35%** manage issues arising from shadow IT projects

A LARGE MAJORITY OF ITDMS

64% 

FEEL STAKEHOLDERS UNDERSTAND THE BENEFITS OF CLOUD, BUT NOT THE TIME AND COMPLEXITY OF THE JOURNEY

For ITDMs planning to embark on a cloud project in the near future, the concerns on the top of their list remain

- 60%** security and compliance
- 35%** getting employees on board
- 30%** having visibility across what the business as a whole needs
- 25%** choosing the right solution
- 20%** having access to the right skills

* Refer to research methodology on page 7

IT MANAGER: A HYBRID ROLE THAT'S OUT OF CONTROL

The changes in the technology landscape and the need from businesses to digitally transform to survive has shaped a hybrid IT role. Over the last five years, and since the premises of what is now known as Shadow IT, this role has continued to evolve and become more complex. A plethora of technologies now support business growth and innovation, to the point that demand from the business has come full circle.

Can IT continue to focus solely on their core remit - keeping the lights on, managing risk and complying with the evolving regulatory and cyber threat landscapes?

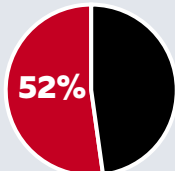
Today is the time for IT leaders to become active drivers of the broader business growth, and champion their organisation's innovation agenda. Thanks to the capabilities offered by technologies such as cloud, ITDMs today can truly make IT *the* key driver of change and evolution.

ACCORDING TO OUR RESEARCH

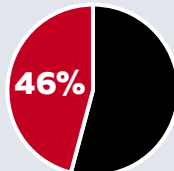
51% one in two IT managers say that they now have to manage issues that arise from shadow IT projects

OVER THE PAST FIVE YEARS

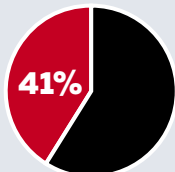
Australian ITDMs also pointed out that their realm of responsibilities increased to include:



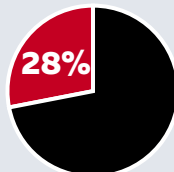
upskilling and recruiting to keep on top of new technologies



managing risk for the business



sharing responsibility for innovation and business growth



ITDMs are even acting as a consultant on non-IT driven technology projects

Google Cloud

IT decision makers have been asked to be part of the organisation's innovation agenda and be active stakeholders in driving innovation.

Google Cloud Platform is founded on the technologies that drive these insights for users, and that can help IT decision-makers navigate the requirements of their new roles, provide value to IT teams, the business, and customers.

CLOUD: A GROWTH AND INNOVATION DRIVER, IF YOU KNOW HOW TO OVERCOME CERTAIN CHALLENGES

Nearly four in five ITDMs cite cloud as critical to their business transformation success. However, the complexity of digital transformation presents them with major challenges.

WHY ARE AUSTRALIAN ITDMs RELYING ON CLOUD TECHNOLOGIES?

- 63%** to create operational efficiencies across the business
- 35%** to better serve customers
- 32%** to offer better tools and solutions to Line of Businesses - i.e finance, marketing, customer service, sales
- 32%** to free the hands of their teams so they can focus on added value projects for the business
- 28%** to drive business growth
- 27%** to be an active participant in their organisation's innovation agenda



UNFORTUNATELY, WHILE THE IT AND BROADER BUSINESS BENEFITS ARE INDISPUTABLE, THERE ARE STILL A LOT OF ROADBLOCKS.

Most of these come from a lack of understanding from the organisation's key stakeholders, and IT not getting access to the resources or external support they need.

SECURITY

According to our research, 61% of Australian ITDMs identified security and compliance as major concerns for their organisation when migrating to the cloud.

It's clear that security needs to be embedded natively at the heart of every cloud transformation project. Unfortunately, hiring the right cybersecurity experts to support this security-first approach is another major roadblock as Australian ITDMs are faced with a shortage in cybersecurity skills in the market. In fact, the US Center for Strategic and International Studies predicted that the global cybersecurity workforce would be short by around 1.8 million people by 2022.

Google Cloud is natively built around security and uses a range of technologies, approaches, standards and methodologies to protect applications, IT resources and customer data.

Beyond prevention, Rackspace provides monitoring and detection services combined with around-the-clock rapid response and remediation services to minimise the time criminals spend in your environment and the harm they can cause.

THE HUMAN COST OF A MOVE TO THE CLOUD

For a whopping 60% of Australian ITDMs, the lack of skilled resources within their team plays a major role in hindering the success of cloud projects.

The lack of skilled resources isn't the only issue as even when the right talent is found, the skills needed for a cloud project are often only required for a finite period - for example, until a migration is complete. Those expensive, talented resources need a pathway beyond a migration, which organisations often struggle to offer, resulting in lost IP due to lack of engaging work.

But the human factor doesn't stop there. Humans' natural resistance to change and to the implementation of new processes means that getting employees on board with the implementation of new technologies is very challenging, as stated by a quarter of ITDMs. The difficulty in articulating how technology-driven changes might impact the broader business is also proving a roadblock, as highlighted by 22% of those surveyed.

To overcome these challenges, organisations should look at including the outsourcing of cloud skills as well as change management within their overarching growth strategy.

DISRUPTING THE MOST VALUABLE

Customer experience has become the number one priority for many businesses, and no one wants to implement changes that could jeopardise customer satisfaction, or impact the brand's reputation. Not surprising, for almost half of businesses with an IT budget over AUD \$50M (41%), there is a fear that implementing new technology will disrupt the customer experience.

Risking the loss of customer data, or to have a website down even for a few minutes isn't an option. Ironically, businesses not willing or able to innovate through technology will ultimately lose customers.

For ITDMs, being able to rely on a third party expert to guarantee that no matter what happens, strategies to mitigate this risk and keep the customer experience the number one priority, can provide peace of mind to make the jump.

CLOUD EVOLUTION IS A SHARED AND COLLABORATIVE JOURNEY

“ To set up cloud projects for success, IT teams need to build shared knowledge hubs and work with the right partners that will assist in change management and help navigate the complexities between different stakeholders, as well as guarantee customers will always come first. ”

Darryn McCoskery
General Manager ANZ, Rackspace

THE OPPORTUNITY COST OF DOING NOTHING

With all the challenges they are faced with, it's little surprise IT decision-makers choose to delay cloud projects. But the truth is, the hardest part is often just starting, and the opportunity cost of doing nothing is far too high to delay.

Cloud projects taking longer than expected and going over budget are two of the top issues faced by organisations, with respectively 46% and 31% of ITDMs having run into these issues in the past.

Working with a third party expert such as a Managed Services Provider (MSP) who specialises in cloud can provide insight and confidence about where to go next and most importantly, shift the perception around risk and change.

WORKING WITH A TRUSTED PARTNER

40% of Australian businesses are already using partners to accompany them in their cloud projects, and one in two medium sized businesses are considering using partners in the future, to help them with their cloud evolution

43% of ITDMs work with partners because they provide a high level of expertise (i.e cloud, security)

29% said they worked in partnership with third party experts to get shared knowledge around best practice, process, automation and new technology

27% of ITDMs, faster delivery times and velocity for digital transformation projects is also a top reason for choosing to work with a partner

The key is to focus on the small wins, as over a quarter of ITDMs (26%) are already doing, to foster shared learnings around risk and dependencies for larger transformation projects. Achieving small wins and setting clear expectations and ways of measuring success showcases a culture of innovation, without the feeling that it will have significant disruption to business as usual.

Moving to cloud is complex. It implies an understanding from both business and IT stakeholders that goes far beyond technology, and includes an overview of the inter-dependencies and human-related factors that any change implies. Partnering with an MSP will bring those considerations to light.

Rackspace can provide clarity and guide you through this journey, and help you create a cycle of expectation and feedback that will help drive better outcomes, allowing your business to survive its cloud evolution.

Working with Rackspace

At Rackspace, we look at the outcome you're trying to achieve rather than the problem you're trying to solve. We do that through an operational lens so we jointly own the outcome with you. We architect, migrate, secure and operate your cloud – and continually help you optimise it for tangible business results. Our Fanatical Experience for Google Cloud is built around our results-obsessed customer service and deep technical expertise DNA. We're fanatical about your success, and we'll go above and beyond to support your business around-the-clock.

Research Methodology

Rackspace partnered with research firm The Digital Edge and surveyed 113 Australian IT decision makers (ITDM) in August 2018. The ITDMs surveyed worked for medium and large organisations (from 100 employees to over 500 employees), and with an IT budget of over AUD \$10M.

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