Sky high hopes:
Navigating the barriers to maximizing cloud value v2.0

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Cloud Outcomes Research 2020: Executive Summary LATAM
(Argentina, Brazil, Chile, Colombia, Mexico)

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In recent years, the break-neck evolution of the global economy saw businesses urgently looking to improve elasticity, efficiency and innovation. At the top of their list? Cloud initiatives.

They recognized that becoming "cloud first" is the key enabler for digital transformation. The move to cloud accelerated at a rapid pace, with over 90% of enterprises having adopted cloud in some form or another.[1]

And then came the pandemic.

COVID-19 created a new inflection point where every company must dramatically accelerate their cloud migration to enable end-to-end digital transformation.

In short, cloud is not an option, it's a mandate.

But just because cloud migration is imperative doesn't mean it's easy to implement. In fact, it's critical that anyone facing stumbling blocks on the cloud-first journey understand that they are not alone. The road to the cloud's transformational benefits is full of obstacles.

In its new "Cloud Outcomes" research, Accenture surveyed companies to pinpoint how far they are advancing in terms of the business value achieved from cloud initiatives.

The results are a wake-up call. Our last survey in late 2018 found that globally just 35% of companies had fully achieved their expected outcomes from cloud.[2] Nearly two years later:

- ⟩ **Full achievement of outcomes** has not significantly increased, basically holding steady at **37%** globally. **About 36%** of respondents in Latin America reported they have fully achieved their cloud outcomes.

- ⟩ Globally the share of respondents who say they are **very satisfied with the cloud outcomes** achieved to date showed little change: **45% in 2020** (vs. 44% in 2018). Latin America also reported same satisfaction levels at **45%.**

- ⟩ In Latin America, **only 29% are completely confident** that their organization's cloud migration initiatives will deliver the expected value at the expected time.

- ⟩ It's not uncommon for CEOs to have markedly different impressions of cloud results and concerns than fellow C-suite leaders and high-ranking company officials.

- ⟩ In Latin America, **17% of organizations** report that they always or usually run into **unexpected complications** during cloud migration initiatives.

In short, despite years of investment in cloud, full value realization remains a stubborn challenge. So what now?

Why pursue cloud initiatives?

Before we explore how to overcome the complexity challenge of implementing cloud, it helps to set the table stakes. The good news is that most leaders haven't lost sight of the forest for the trees.

Nearly all recognize that cloud provides the means to a variety of business benefits – greater cost efficiencies, improved service levels, and greater speed to market as well as enabling reimagined business models and improving business resilience. **Globally, 83% on average report having fully or mostly achieved these expected outcomes,** a slight improvement over 2018's result of 78%.

Figure 1 shows the breakdown by business benefit in Latin America. While 37% of organizations globally reported achieving full value of their cloud investments, in Latin America this percentage stands at 36%.

Improved business enablement is the cloud benefit most often cited as fully achieved (40%) followed by speed to market and improved service levels (39%). **Cost and business resilience are the lowest ranked benefit, with only 32% respondents reporting it as fully achieved.**

> **While 37% of organizations globally reported achieving full value of their cloud investments, in Latin America this percentage stands at 36%.**
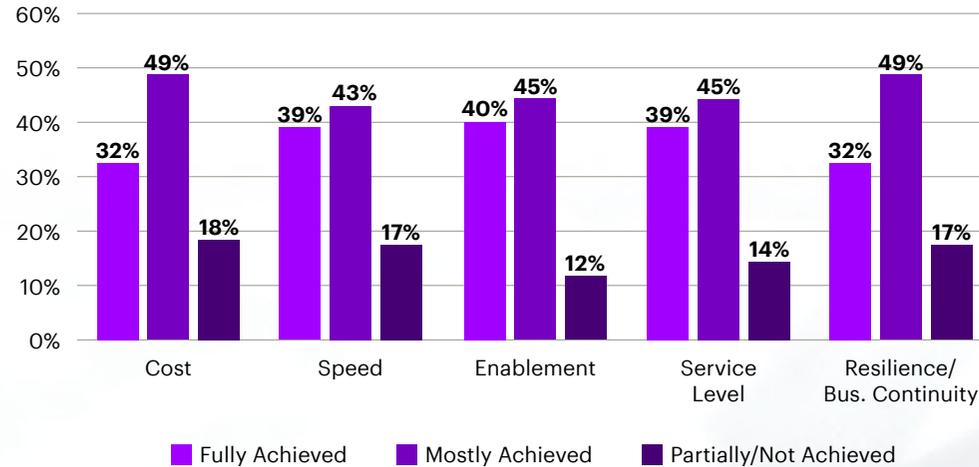
'Fully achieved' cloud benefits in Latin America

Figure 1: Percentage of respondents reporting they have fully achieved their expected outcomes on cloud.

Satisfaction with cloud results

Globally, 45% of the respondents on average were satisfied with their cloud results. In Latin America as well, this figure stands at 45% (Figure 2). Respondents in the region were most satisfied with the results they achieved on speed, business enablement and service levels as a result of cloud adoption.

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'Satisfaction' with cloud outcomes in Latin America

- Fully Satisfied
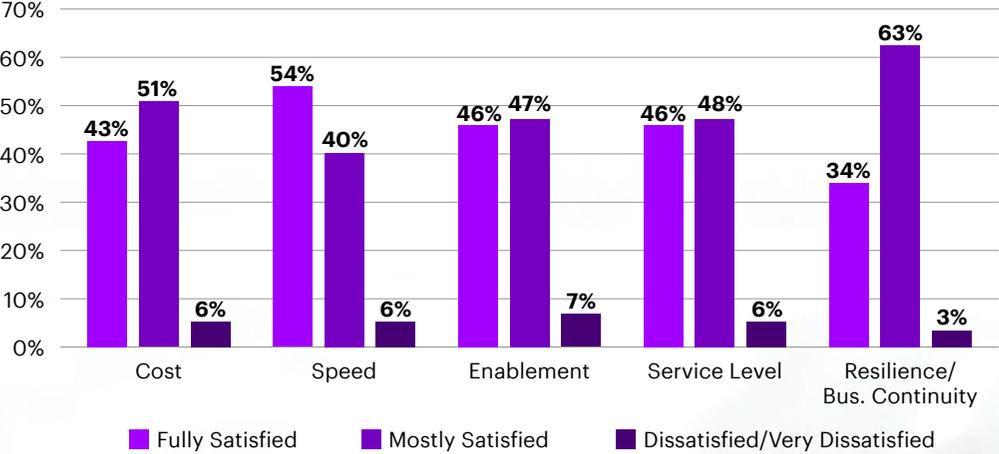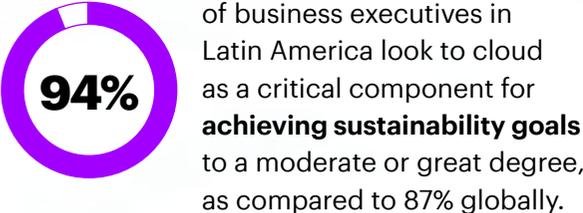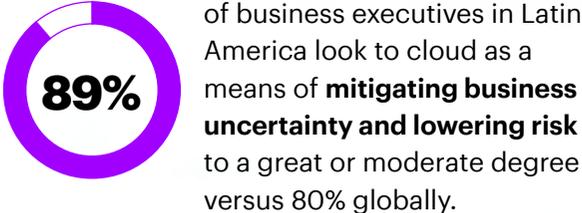- Mostly Satisfied
- Dissatisfied/Very Dissatisfied

Figure 2: Percentage of respondents reporting they are satisfied with their expected outcomes from cloud.

Business uncertainty/risk and sustainability

While the impact of cloud on value is undeniable, we wanted to consider broader sources of value – namely, mitigating business uncertainty/risk and sustainability. We asked business executives to what extent they perceived cloud as a means to mitigating risk and supporting sustainability goals. We found that:

89% of business executives in Latin America look to cloud as a means of **mitigating business uncertainty and lowering risk** to a great or moderate degree versus 80% globally.

94% of business executives in Latin America look to cloud as a critical component for **achieving sustainability goals** to a moderate or great degree, as compared to 87% globally.

Executives in Latin America had a higher level of confidence in their cloud results — 29% of executives are "completely confident" their organization's cloud migration initiatives will deliver the expected value at the expected time, while 57% of executives are "mostly confident."

Who is doing better?

Though obstacles to cloud migration are common, they hit some companies harder than others. Those who have thus far had greater success in navigating them in order to reap the benefits have some of the following characteristics:

They are higher adopters.

Among the existing cloud adopters, 87% respondents globally suggested that they are moderate to high adopters of cloud, with only 13% identifying themselves as low cloud adopters.

In Latin America, 84% of respondents identified themselves as moderate or high adopters of cloud, with only 16% identifying themselves as low cloud adopters (Figure 3). Only 17% of respondents in Latin America identified themselves as high adopters of cloud, which is slightly lower than its global and North American peers.

In Latin America, 84% of respondents identified themselves as moderate or high adopters of cloud, with only 16% identifying themselves as low cloud adopters.

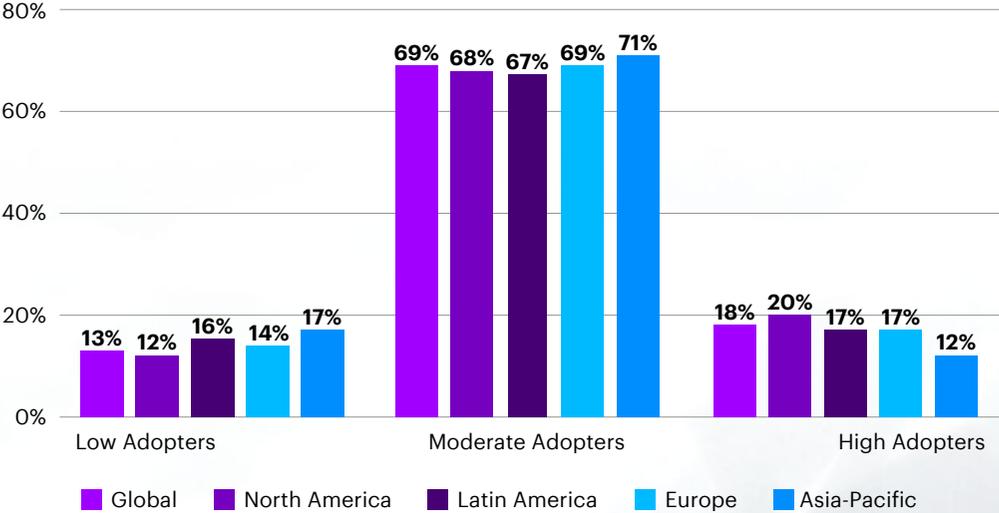**Cloud adoption by type of adopters**

Figure 3: Cloud adoption by type of adopters and geographic region

Not surprisingly, on average, 47% of high adopters reported fully achieving their expected cloud benefits as compared to 39% of moderate adopters and 17% of low adopters* (Figure 4). In Latin America, high adopters outperformed low adopters most significantly in the areas of speed-to-market (63% vs. 10%), business enablement (50% vs. 18%) and resilience/business continuity (40% vs. 13%). Interestingly, cost showed the lowest variance based on adoption with only 14% separating high (35%) and low adopters (21%).

Benefits achieved based on adoption levels in Latin America
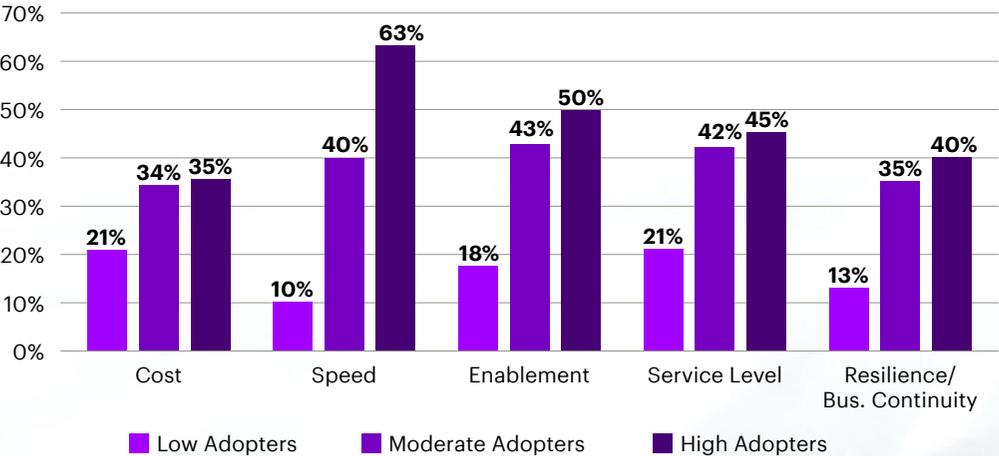
Figure 4: Percentage of fully achieved benefits based on degree of cloud adoption in Latin America

In Latin America, high adopters outperformed low adopters most significantly in the areas of speed to-market (63% vs. 10%), business enablement (50% vs. 18%) and resilience/business continuity (40% vs. 13%).

* High Adopters (≥75% workloads in cloud), Moderate Adopters (31-74% workloads in cloud, Low Adopters (≤30% workloads in the cloud)

In Latin America, the use of hybrid cloud stands at 39%.

Hybrid cloud is on the rise globally, with 53% of respondents relying on a combination of public and private cloud service for their current cloud deployments. However, in Latin America, the use of hybrid cloud stands at 39%, which is lower than its global peers. The use of private cloud is highest in the region at 37% while public cloud figures stand at 25% (Figure 5).
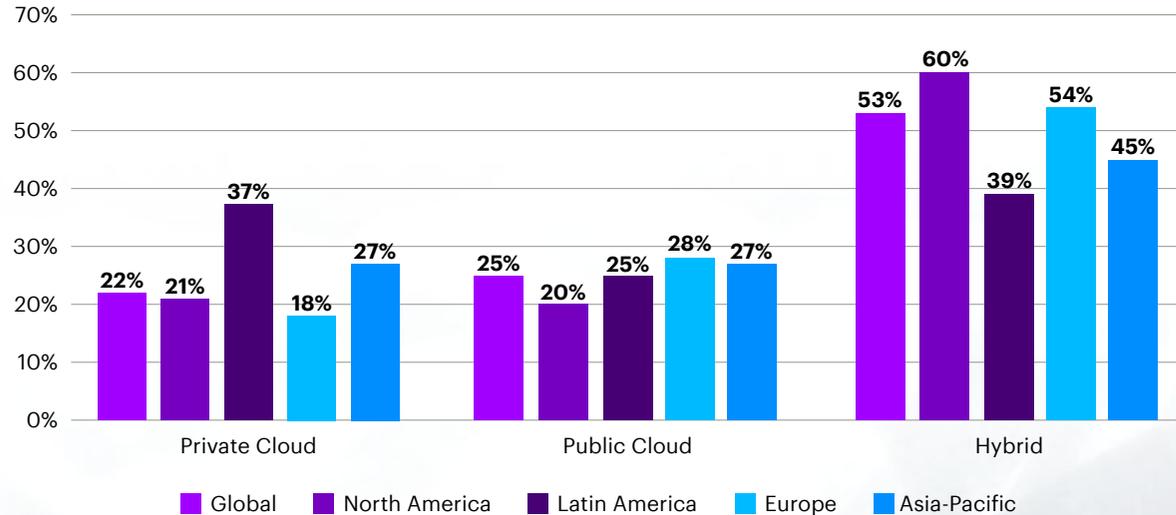
Cloud adoption by type of cloud

Figure 5: Cloud adoption by service type

They leverage managed services.

Globally, high adopters are also ahead of the curve in working with partners to achieve their cloud results: We found that **29% of high adopters use cloud managed services "to a great degree,"** nearly three times more than moderate adopters (10%) and ten times more than low adopters (3%). These numbers are consistent with our 2018 results. In Latin America, 62% of the respondents use third-party managed services (Figure 6) to run their cloud operations to a great or moderate degree. We also found that 23% of high adopters in Latin America use managed services "to a great degree" as compared to only 4% of low adopters.
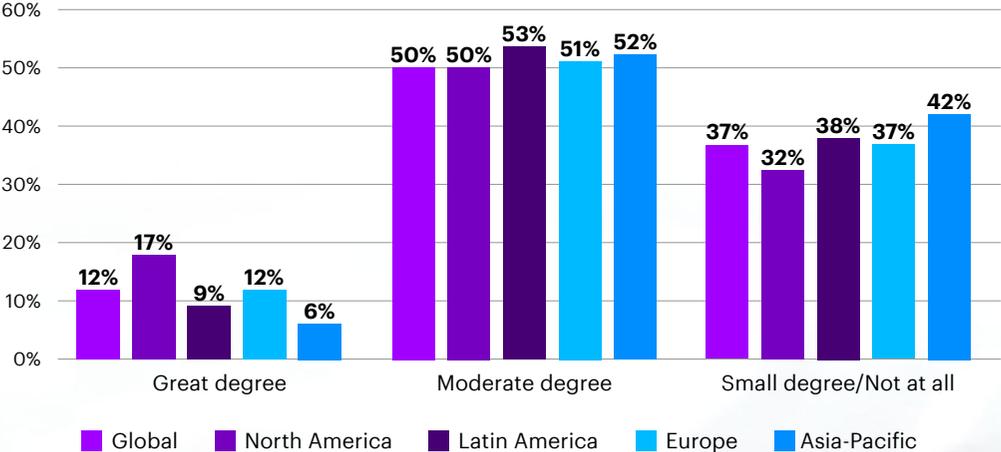
Adoption of cloud managed services

Figure 6: Percentage using third party cloud managed services by degree of cloud adoption

In Latin America, 62% of the respondents use third-party managed services to run their cloud operations to a great or moderate degree.

Understanding barriers to cloud adoption

Whether a business falls into higher-performing categories or not, most are still in a position to achieve more value. To do so, it's important to first identify the specific obstacles standing in their way.

We asked our business and IT leaders in Latin America to identify and rank the barriers to their efforts to drive their cloud agenda and achieve their goals.

Security and compliance risk is the top barrier, cited by 45% of the respondents. Complexity of business and operational change ranks second at 44%, followed closely by data sovereignty concerns (39%).

Security and compliance risk is the top barrier, cited by 45% of the respondents.

Top Barriers in Latin America
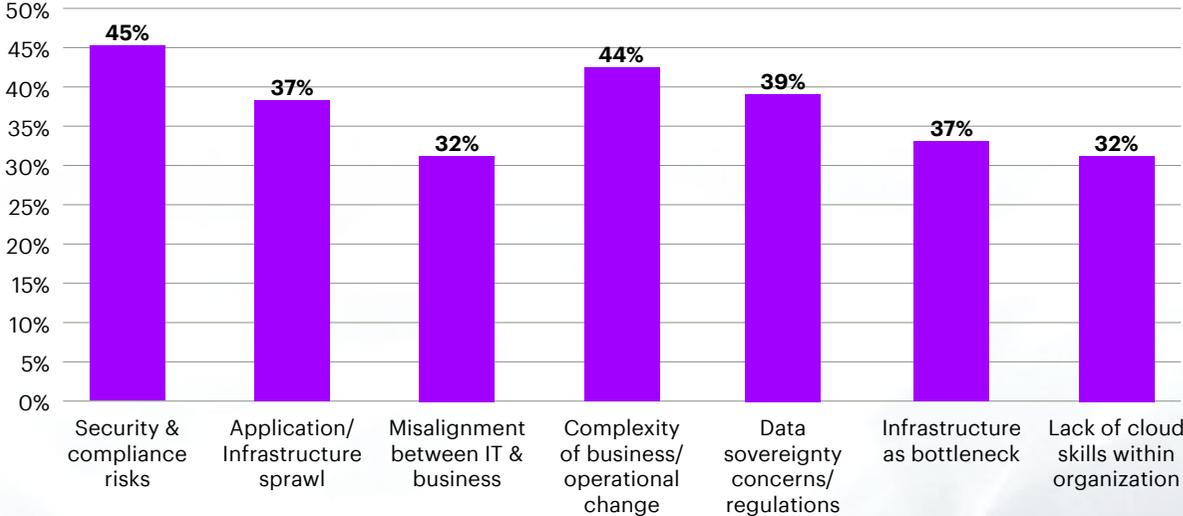
Figure 7: Percentage reported as top barriers to achieving expected cloud outcomes

When respondents were asked to winnow their choices to their top three concerns, infrastructure as a bottleneck (20%) was the most frequently cited in Latin America (Table 1), followed by complexity of business and operational change (17%) and, security and data sovereignty concerns (14%).

Infrastructure as a bottleneck was the most frequently cited in Latin America.

Rank	Most Cited Top Three Barriers
1	Infrastructure as a bottleneck (20%)
2	Complexity of business and operational change (17%)
3	Security and compliance risks, and, Data Sovereignity (14%)

Table 1: Percentage reported in Top Three barriers to achieving expected cloud outcomes globally.

Considering barriers by adoption rate (Table 2), we found that low cloud adopters were most concerned about misalignment between IT and business, security & compliance risks and legacy infrastructure and/or application sprawl.

Moderate adopters' top concerns included security & compliance risks, complexity of the business and operational change, and data sovereignty.

High adopters ranked security and compliance risks as their top concern. Complexity of business and operational change and lack of cloud skills within the organization tied at 48% as the other top issues for high adopters.

Rank	Low Adopters	Moderate Adopters	HighAdopters
1	Misalignment between IT and business (51%)	Security and compliance risks (44%)	Security and compliance risks (50%)
2	Security and compliance risks (49%)	Complexity of business and operational change (43%)	Complexity of business and operational change (48%)
3	Legacy infrastructure and/or application sprawl (44%)	Data sovereignty concerns/ regulations (42%)	Lack of cloud skills within the organization (48%)

Table 2: Top 3 barriers to achieving expected cloud outcomes by cloud adoption levels in Latin America

Security and compliance risk, and complexity of business and operational change are the most common themes across all levels of cloud adoption. However, almost half of the high adopters also consider lack of cloud skills as a top barrier in Latin America.

Achieving expectations

Cloud has become an essential component of the future of business and it's clear that to achieve its full potential **requires much more than technology.** It requires organizations to adopt fundamentally new ways of working, shifting to new operating models and developing new roles and skills. Four key areas companies should address include:

⊙ **Business value focus.** Develop an optimal cloud strategy anchored to comprehensive economic business cases to identify revenue upside and cost efficiency opportunities while aligning goals and putting company leaders on the same page.

⊙ **Workforce and culture change management.** Implement talent readiness programs and new operating models to evolve culture, transforming how people work and what work they do to meet rapidly changing needs.

⊙ **Data and AI.** Unlock industry- and function-specific data insights and intelligence trapped in legacy systems with the power of cloud data models.

⊙ **Partnering for success.** Leverage the skills and experience of the appropriate partners to augment your own capabilities. Cloud managed services is often an option for companies looking to access the right skills while maintaining cost efficiency.

For more information on how you can maximize value of cloud, read our whitepaper: "Cloud is the urgent business imperative: how to maximize its value."

Cloud Ascent
Cloud is the urgent business imperative: how to maximize its value

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About Cloud First

Accenture Cloud First is a multi-service group that provides the full stack of cloud services to help clients across every industry become "cloud first" businesses that accelerate digital transformation, innovate faster, and create differentiated, sustainable value. Powered by 70,000 cloud professionals, and a $3 billion investment over the next three years, we bring together wide-ranging cloud expertise, industry cloud solutions, ecosystem partner capabilities and assets that help clients realize greater value at speed and scale. Visit us at **www.accenture.com/cloud**.

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