Executive Summary

Ever–ready for every opportunity

How to unleash competitiveness on the Cloud Continuum

From insights to action, the path to extraordinary value starts here.
Full speed ahead

Organizations are reimagining their futures with cloud in extraordinary circumstances

Organizations’ resilience has been tested like no other time in recent history, as the pandemic has changed how we live, consume and work. Transformation is the new normal.

That’s why many organizations are reimagining their businesses by migrating systems and applications to the cloud. Most organizations that have migrated workloads to the cloud are today enjoying the benefits of cost savings and greater efficiency. Our latest research has revealed a subset of them don’t stop at migration; they continue to expand their use of cloud for rapid innovation and business growth.

This small group—about 12-15 percent of respondents depending on region—recognizes the cloud as a continuum of capabilities that span from public to edge—and everything in between.

This Cloud Continuum includes different types of ownership and location (from public to private or hybrid to co-location to multi-cloud and edge), all dynamically supported by next-generation connectivity such as 5G and software-defined networks.

This subset of organizations harnesses the Cloud Continuum to envision a continuum in their journey—from on premises to cloud migration to growing and innovating with the cloud. They are able to extend the Continuum vision to their entire technology stack, from infrastructure, to network, to their applications, and beyond.

They make choices from across the Cloud Continuum to create a seamless technology and capability foundation that best serves their business needs—now and into the future.
Historically, cloud meant public cloud and shared data centers. Today, most organizations deploy some mix of public, private and edge clouds based on their needs – with very little integration among them. As a result, innovation, data and best practices realized in one part of the organization doesn’t benefit others, impeding value.

The Cloud Continuum includes a spectrum of capabilities and services from public through edge and everything in between, seamlessly connected by cloud-first networks, and supported by advanced, Cloud Continuum practices. The array of technologies that makes up the Cloud Continuum varies by ownership and location, from close to the enterprise to completely off-premise. Cloud-first 5G and software-defined networks unify the Continuum, allowing access to the cloud from virtually anywhere and ensuring that there are no silos among private, public, hybrid, edge or multi-clouds.
Meet the Continuum Competitors

We call these organizations Continuum Competitors because they are using the cloud not just as a single, static destination, but as a future operating model. They’re transforming how they interact with customers, partners and employees; how they make and market their products, services and experiences; how they build and operate their IT systems; and they’re reimagining the role of data and compute. Critically, this approach allows them to outpace their peers on many fronts.

A global survey of about 4,000 respondents showed almost every organization has adopted some type of cloud and artificial intelligence over the past decade or so.

Continuum Competitors pull ahead of their competition by advancing beyond cloud migration.

But we also saw a gap between action and opportunity.

Although a majority are migrating, they are not exploiting the cloud to its full extent. Our research showed that more than two-thirds of workloads will migrate to cloud over the next three to five years, with about a third of enterprises aiming to move more than 75 percent into the cloud across most regions of the world. Yet, only half of the organizations are using cloud to transform their day-to-day business, for instance, to reinvent how they run their warehouses, carry out knowledge work and redo applications to meet specific business needs.

In contrast, Continuum Competitors are advancing their cloud engagements beyond migration and leading—and even shaping—their industry transformations to pull farther ahead of their competitors. What’s more, our research shows that organizations don’t have to be so-called digital natives to move quickly and effectively in this space.
Continuum Competitors seek and achieve better outcomes; they are:

- Two to three times more likely to innovate and re-engineer knowledge work
- Achieving between 1.2x (North America) to 2.7x (Europe) greater cost reduction than migration players
- Up to three times more likely to use the cloud for at least two sustainability goals, such as using green energy sources, architecting for lower power consumption and utilizing servers better for a lower energy footprint
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Businesses such as Siemens, 3M, Starbucks, Roche and Carlsberg are all Continuum Competitors. They are expanding their use of the Continuum to transform how they interact with customers, partners and employees, make and market their products and services, build and operate their IT systems, and reimagine the role of data and compute.

Siemens makes the right connections

Take Siemens for example. The 174-year-old company’s rapid pivot to Industry 4.0 and becoming a highly advanced industrial manufacturer a few years ago was largely enabled by the Cloud Continuum.

Siemens made the decision to help engineering and manufacturing companies use vast amounts of data from their factories, equipment and production processes to operate more efficiently—all in alignment with the company’s Industry 4.0 vision.

To do so, it recognized those companies would need to embrace digital transformation—driven by automation, edge and cloud computing using a diverse landscape of different platforms.

Siemens chose to proceed with a multi-cloud best-of-breed approach, working with multiple cloud providers to broaden the choice of platforms offered to organizations, as well as investing in an advanced set of capabilities across those providers to continually optimize and improve manufacturing.

Our complementary research on technology Leaders and Laggards documents a similar digital achievement gap. While technology Leaders were growing revenue at 2X that of Laggards in the years before the pandemic, they have grown at 5X that of Laggards in the past three years. For more see Make the Leap, Take the Lead

They also aim to achieve more operational and financial goals, targeting up to 50 percent more business measures such as increasing the number of customers and faster time to market than their peers.

In one of the most exciting findings, our research showed that, in many cases, organizations needn’t be digital natives to move quickly and effectively in this space.
Research rethink at Roche

In another example, researchers at Roche used specialized natural-language processing (NLP) systems in a particularly novel way: To mine social media conversations to better understand symptoms that impact Parkinson’s patients. It was a new approach to data sourcing and analysis—both of which are native to the cloud—to rethink a traditional research process. This was possible because of the exponential improvements in NLP tools such as GPT-3.

This technology lives and grows only on the cloud; the field of NLP in the past three years has seen an increase of 15,000x in parameters supported and a proportional jump in compute power. Previously, GPT-3 had been used mostly to produce press releases, technical manuals and even computer code, but had yet to be commonly integrated into business processes. Roche’s project might have normally cost $150,000 and taken six months, but with the reimagined cloud process, it only cost $10,000 and was completed in just 11 days.

Cloud is what you make it

No matter where you are on your journey or which industry you are in, migrating your systems and applications to the cloud is the first step to gaining competitive advantage. Cost savings may be a primary driver, but it is limiting, and ultimately a competitive disadvantage, to look at cloud migration simply as a cheaper, more efficient data center. There is more to cloud than just that. To differentiate your organization and lead through innovation, you must move along the Cloud Continuum.

Right now, true Continuum Competitors are few, and they’re scattered geographically. When we studied their perspectives and actions regarding the cloud, as well as those that have started to move beyond just migration, four key approaches emerged. These approaches are applicable to any organization in the cloud, whether they’ve just started their journey or are well on their way.
01

Know where you want the Continuum to take you

The greatest danger for most of us is not that our aim is too high, and we miss it, but that it is too low, and we reach it.

Michelangelo
Your vision made real

Your Cloud Continuum strategy can help you realize your business potential

Cloud is a valuable resource, particularly for those with a desire to expand on the Continuum. For organizations to achieve the full potential of their enterprise in the cloud, it’s important to develop a strategy that gets three things right:

- A vision that clearly states the core values and future aspirations
- An identification of competitive vulnerabilities
- A clear classification of capabilities, today and in the future, leveraging the full extent of the Continuum

Given the countless possibilities the Continuum has to offer, this is important: Such priorities act as guardrails to keep different parts of an organization moving in a unified manner toward the same, desired direction.

Having a clear strategy will help cut through the noise of, for example, whether to be primarily oriented toward AI and natural language processing (NLP) for improved user experience to become a customer favorite, or bank on edge computing to reduce manufacturing defects at remote factories to become a global supplier of quality products.
02

Establish cloud practices to support and augment your technologies
Being agile helps you thrive and grow

In a world where a third of workloads will soon be in the cloud, migrating alone is not a winning strategy. Without advancing on cloud with newer technologies, you simply won’t see the boost in growth, revenue and innovation. The key is to temper technology adoption with practices that bring discipline not only into the adoption process but also the organization overall.

Agility is the most critical mindset to being a Continuum Competitor; it infuses the other practices we surveyed. The other 5 top practices are: Continuous Goals, Cloud-first Apps, Talent Transformation, IT Experimentation and Compute Awareness.

Figure 2. Cloud Practices for Continuum Success

To expand successfully on the Cloud Continuum, organizations must embrace six important practices.
03
Accelerate innovation to deliver exceptional experiences

Continuum Competitors prioritize their investments in one area: Experience.
Experience is everything

Organizations may think that expanding on the Cloud Continuum means making over their operational processes, business models and customer experience. It may be true for some—those that have the technical, financial and talent resources to transform all those things at the same time. But most organizations don’t have the resources for such heavy lifts, although going through such organizational transformation could unlock tremendous value.

Our research shows most Continuum Competitors prioritize their investments in one important area: Experience. And they make their investments visible and accessible, to both employees and customers—the crux of competitive differentiation.

They are focused not only on internal employee-oriented processes, but also the creation of new product and service offerings for customers.

Using advanced, cloud-based technologies helps enterprises keep up with industry changes and also get ahead of and shape the transformation of customer service and employee experience in a post-pandemic world.
Today’s cloud offers the chance to move from a scarcity mentality—where simply cutting costs is the goal—to a mindset of abundance where experimentation, innovation and growth can flourish.
Build your own reality

The C-suite may not be cloud experts, but their engagement toward fostering that mindset of abundance goes a long way toward ensuring the success of their Cloud Continuum ambitions.

Leadership needs to establish business objectives, appropriate levels of risk-taking, and evangelize for agility and growth. This is easy enough to say, but in practice, these tasks are complex. This is why the call-to-action must come from the top. But organizations must also recognize the “all-hands” nature of the challenge—everyone across the organization needs to be aware of the cloud potential and best practices.

Leadership should intentionally go through the enterprise and ask, “What awareness are we building?” and “How well do employees at all levels understand the goals and the potential of the Cloud Continuum?”

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Reinventing on the Continuum

Migration of core systems and data is the foundation of a successful cloud journey—but it’s just table stakes. The critical question today is how organizations can advance on the Cloud Continuum to position themselves for growth in the next three to five years.

Our research finds a small group of organizations, that we call the Continuum Competitors, are successfully growing on the back of the Continuum.
These organizations are ahead of the pack. They’re not stopping after migrating their legacy systems and applications to the cloud; instead, they are boldly executing on their ambitious visions by leveraging next-generation, cloud-based technologies such as AI/ML, private cloud, IOT, edge, 5G and PaaS among others.

They are building smart factories, efficient supply chains, sustainable products and thriving organizations. And they are finding new ways to shape the transformation of their industries by leveraging cloud-based solutions to solve industry-specific problems.

Clearly, technology implementation alone isn’t the answer; it must be delivered with agility, coupled with the six advanced practices, to help organizations that desire to become Continuum Competitors.

To succeed, they must fully understand the power of the Continuum and what it can do for their organization. Equally important, leadership must adopt and infuse a cloud-first culture throughout the organization. The payoff from these steps can be substantial and help any organization unlock the full potential of their enterprise in the cloud.
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