Raconteur

The executive's guide to the digital workplace

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Why cloud-based infrastructure is the key to long-term success

Companies recognise the power of the cloud – but how do you ensure you adopt it successfully?

Chris Stokel-Walker

Cloud adoption continues to grow at pace, with spending on public cloud expected to reach nearly $600 billion in 2023, according to Gartner.

Most of that spending is in software as a service (SaaS), or cloud-based application services, but it includes plenty of other elements of infrastructure that keep business ticking over. Cloud has become the norm, and increasingly it's seen as a basic requirement for a successfully run business,

rather than a risky proposition. The sheer numbers involved in cloud investment and spending are testament to how integral to success cloud-based infrastructure has become.

It's clear, then, that business has largely bought into the promise of the cloud. But why is this technology seen as so vital, and how does it contribute to corporate success?

Flexibility at its core

For SaaS procurement solution, Sastrify, it was a logical choice to adopt cloud solutions for their business but one that needed to be considered carefully. "The purchase of cloud infrastructure services is not a decision to take lightly," says Sven Lackinger, the company's co-founder. "Cloud infrastructure will always be a significant budget

line item, even when maximising ways to save." With the right solution though, the flexibility and agility the cloud offers can be transformative. "The beauty of the cloud is that you can configure and provision remote servers as needed in a short period of time," says Lackinger.

That flexibility is something that Mav Turner, CTO of business operations at software testing company Tricentis – which also relies on cloud infrastructure to carry out its work – agrees with. "A cloud-based workplace allows employees to quickly work from anywhere without setting up or reconfiguring VPNs, or making other network changes," he says. The company has seen research since then that shows employees are not only happier with the flexibility a cloud-based workplace provides, but are more productive.

Such evidence can help justify expenditure and show proof that it's possible to get a return on investment when buying into cloud-based infrastructure. That's vital when aiding decision-makers within a business to buy into the promise of cloud, allocating budget to ensure that a transition to cloud is made efficiently.

How to adopt cloud well

For Florida Crystals, the parent company of sugar manufacturer Tate & Lyle, around 80% of its application portfolio across the company is SaaS.

"We get the benefits of public cloud," says Kevin Grayling, VP and CIO at Florida Crystals. "And we don't have to think about running the infrastructure." Florida Crystals also put its core SAP – something Grayling calls "obviously our most important system" – into the cloud, too. "To do that in a data centre versus a public cloud mode would be a lot more expensive," he says. "There's a financial part to this: you basically have to buy the equipment, over a lifecycle of at least five years usually. And if you expand or contract, the elasticity of how you do that is pretty fixed."

By adopting cloud, Florida Crystals is able to adapt to its needs as and when they change, making it more agile and nimble to respond to significant shifts in the way its business works. But Grayling points out that the adoption of cloud-based infrastructure can be a large overhaul in how your business works – which means it needs "the right enthusiasm for it" from those holding the purse strings.

How to come to a pro-cloud choice

Grayling points out that the decision to adopt cloud – and the extent to which you integrate it into your business operations – will largely depend on how your business operates. "I can understand why someone at JP Morgan or Bank of America might feel that putting their proprietary data in a model over which they have less control carries too much risk," he says. But not every company is like that. "For most companies like us, information isn't our product. Sugar is our product," he says. "We don't need to do finance, HR or the supply chain better than our competitors, we just need to do it well." In that instance, choosing cloud is a sensible option.

Picking and choosing where to deploy cloud is what can make or break long-term success, says Turner. "The keyword here is 'effective'," he says. "Many organisations jump to the cloud without understanding their business requirements. They must understand how cloud solutions will work as an integral part of their strategy, how the technology will change over time and how those changes will drive different expenses for their business. When you skip this step, it's hard to know whether your transformation initiative was successful or not."

Turner points out that there are certain situations where cloud solutions can be more expensive than their non-cloud comparators. For that reason, it's important to do your sums before diving in. "For small workloads, public cloud could still be more beneficial if you can completely remove all local hosting requirements and associate costs," says Turner. "Companies using cloud-based solutions can optimise staffing in other areas of the business as providers maintain infrastructure in most cases."

That's something Grayling cherishes about the way Florida Crystals has adopted the cloud. "It means we can abstract ourselves from software development," he says. "We don't need to think about requirements, we don't need to build software, we don't need to test it, we don't need to support it." Instead, he and his colleagues can get on with building their long-term success by focusing on the things they're specialists at, leaving the rest to the cloud to sort out. ●

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> ## We don't need to think about requirements, we don't need to build software, we don't need to test it, we don't need to support it

Why digital transformation still needs to be high on the agenda

It's a concept that's been around for a while, but many organisations are still in the early stages of their journey

ORGANISATIONS WITH A DIGITAL TRANSFORMATION STRATEGY ARE MOSTLY DRIVEN BY A NEED TO KEEP UP AND COMPETE

The percentage of C-suite leaders globally who are planning tech transformations for the following reasons

- ● To become a tech company
- ● To keep up with our industry
- ● To maintain current infrastructure and capabilities
- ● To differentiate ourselves from our rivals

7%	11%	28%	51%
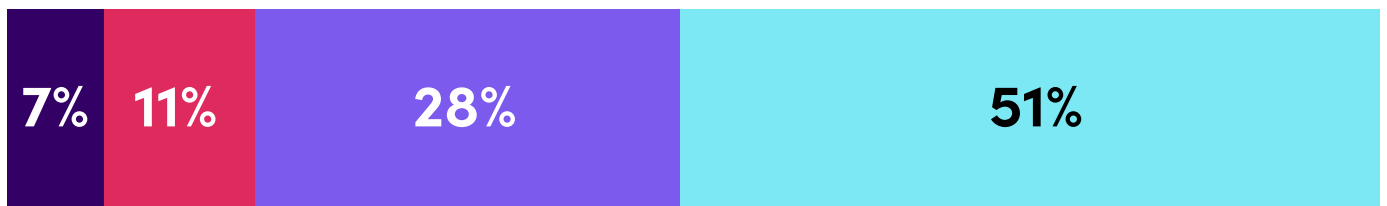
McKinsey, 2021

BUT NOT EVERYONE IS THERE YET. MANY COMPANIES ARE STILL UNAWARE OF THE POTENTIAL OF DIGITAL TRANSFORMATION

42%

of businesses don't use digital tools to track orders or inventory

48%

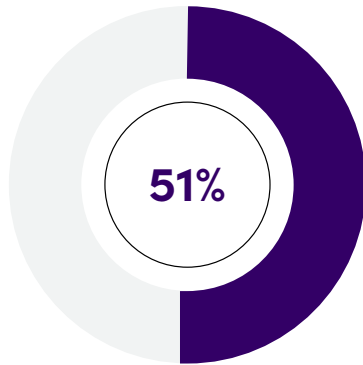of business leaders have not heard of cloud computing or do not know what the term 'cloud computing' means

31%

of businesses don't yet advertise online

38%

of businesses are not using social media

Public First, 2022

CLOUD INVESTMENT IS ON THE RISE, WITH SPENDING IN CLOUD PREDICTED TO EXCEED SPENDING ON TRADITIONAL SOLUTIONS IN KEY AREAS BY 2025

51% of enterprise IT spending across application software, infrastructure software, business process services and system infrastructure will shift to public cloud by 2025
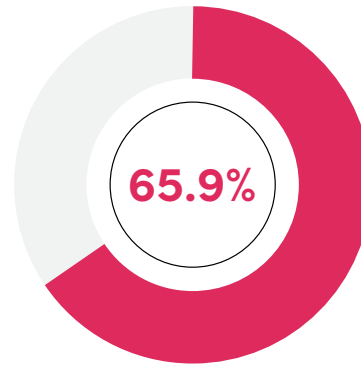
65.9% of enterprise IT spending on application software will be directed toward cloud technologies by 2025

Gartner, 2022

CLOUD MODERNISATION SOUNDS LIKE AN OXYMORON, BUT THERE'S A BIG DIFFERENCE BETWEEN BASIC ADOPTION AND OPTIMISATION

Benefits of moving from a basic cloud infrastructure to containers

AWS, 2022

increase in portable applications
+45%

increase in apps developed using agile
+36%

increase in revenue
+28%

reduction in downtime
−40%

AND 'HIGHLY MODERNISED ENTERPRISES' WHO HAVE ADOPTED CONTAINERS, GONE SERVERLESS, AND INVESTED IN MANAGED DATA AND MANAGED ANALYTICS CAN ENJOY

AWS, 2022

increase in transformation focused resources
+38%

reduction in time to deploy new features
−20%

reduction in time to resolve security incidents
−21%

reduction in IT infrastructure spend
−30%

Leading your business through digital transformation

How can digital transformation contribute to a company's long-term success?

Chris Stokel-Walker

As competition increases, businesses are looking for every last benefit they can eke out to stand in good stead compared to their competitors. It's a situation that has been exacerbated by the last few years, and the business response to the coronavirus pandemic.

Digital transformations aren't only made in the IT sector, but across entire businesses. "For the first time in a long time, since dot-com one, we've found a situation where the line of business and the C-level are directly involved in the organisational change," says Mario Thomas, global senior executive coach and trainer at AWS.

And having made changes to adapt to the pandemic, businesses like what they see. "They've got a taste for change," says Thomas. They're keen to enact more. The pandemic years showed that it's possible to drive digital change in a business without ruining the way that business works forevermore. In fact, many organisations could benefit from the moves.

It's a revelation that businesses who are already on that journey understand. Digital transformation is the key to achieving business objectives, improving efficiency and generating greater performance. But how do you bring that change to bear across your organisation?

Strategies for success

Implementing cloud-based workplace solutions, such as those supported by AWS, is a holistic move that can't just be layered on top of existing services. "Cloud is about broader organisational change because it doesn't just facilitate change in the IT silo," says Thomas. "It's responsible for so many other aspects of organisational change."

And that means executives need to go into the process with open eyes and bring everyone with them on that journey.

Many business benefits are realised in areas that don't immediately look like they'd benefit from cloud-based solutions, whether that's powering a flight simulator for an airline or enabling a home delivery service for a restaurant. However, as more advocacy projects begin to enter the mainstream conversation among business leaders, the power of the cloud is being recognised by those managing the budgets.

Thomas explains that it's about looking at the bigger business objectives. "How do we optimise our production lines so that we reduce the cost of production of our products and services? How do we enter new markets and new regions more quickly? How do we get to know our customers more intimately?" The cloud can suddenly become an enabler for a whole number of business outcomes.

For instance, luxury fashion brand Burberry recently went through a transformation using AWS to overhaul the front- and back-end of its digital technology estate. The company wanted to empower local teams across Europe and Asia to create a holistic, localised customer experience and drive sales.

To do this, Burberry's ecommerce team needed to shift from its legacy architecture to something more agile, reliable and available. It opted for a composable architecture using a 'MACH' approach – microservices-based API-first, cloud-native and headless architecture – built using AWS.

Burberry's new ecommerce estate includes core features that can be deployed quickly in key regions. Joining up all the crucial elements of the customer experience across retail stores, its app and website, has given the business a 360-degree view of each customer's activity, many of whom are global travellers and might interact with the brand in a number of countries. It's a clear example of how a key business objective can be realised by an IT transformation.

"Having this information cohesively and in real-time is super important, and lets us get closer to the customer," says Peter Goggin, vice president of digital, marketing, and customer technology at Burberry.

Working in partnership
"Customer obsession is our primary leadership principle at Amazon," says Thomas. "We spend that time to really get to know our customer, and understand what the customer outcome is that they're trying to work towards." AWS then brings in a raft of experts who can support the business's goals.
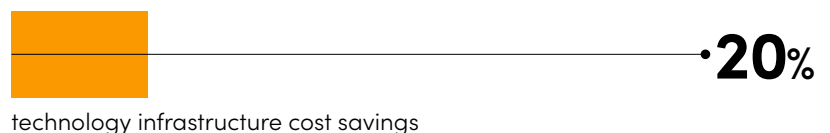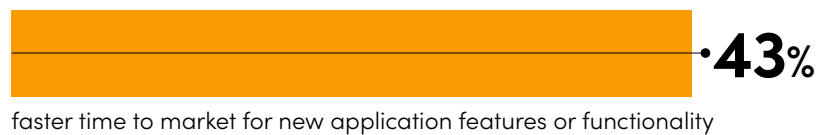
"We try to bring a really strong consultative approach to the customer problem, and we then define what teams are required, what support the customer needs, what technical skills they need and what skills gap they may have that we can fill," says Thomas. "It builds trust with the customer, and in particular with the executive stakeholders that are ultimately responsible for this in the customer organisation."

It's not just the C-suite that you need to build trust with, either: as rank-and-file workers worry about being replaced by robots, intelligently integrating a digital transformation involves people management as much as IT principles. It results in significant return on investment – not just through the bottom line, but improvements in sustainability, innovation, user experience, operational efficiency and the hiring and staffing in tech departments.

"ROI measures are financial, but they're also non-financial," says Thomas. The intelligent deployment of cloud through a carefully crafted digital transformation can help build a business that operates quicker, reacts more nimbly, and responds to customer needs more conscientiously, than ever before.

For more information please visit aws.amazon.com

BY MIGRATING THEIR IT INFRASTRUCTURE TO THE CLOUD, ORGANISATIONS HAVE SEEN

43%
faster time to market for new application features or functionality

29%
increase in staff focus on innovation

20%
technology infrastructure cost savings

AWS, 2022

Optimising the cloud for efficiency and performance

Running IT in the cloud has numerous advantages, but leaders must keep their eyes focused on the bigger picture

David Benady

C loud migration is just the first step towards reaping the benefits of the cloud. There's a big difference between basic adoption and optimisation.

Enterprises need a "money-maker mindset" to drive their business to new heights says Chris Harris, VP of global engineering at cloud database company Couchbase. That means looking beyond efficiency savings to the broader benefits the cloud offers. For instance, cloud migration can help break down data silos by getting different departments to centralise data collection. And a cloud-based infrastructure can help build "composable IT", where the technology stack works in a single, fluid environment to create a seamless user experience.

By outsourcing IT provision to data centres run by hyper-scale providers rather than managing this in-house, companies can take multiple paths to business transformation. But the cloud's primary advantage over in-house servers and data centres is the freedom it gives companies to dial up and down their computer usage.

For any business that experiences peaks and troughs in activity, getting sufficient computing resources to handle the all-important highs is crucial. Companies tend to overestimate those peaks and may allocate resources based on the busiest times of the year. For example, an ecommerce retailer might need to double IT resources around Black Friday or Christmas as sales spike. Using in-house servers to achieve this will typically mean they have this capacity available and underutilised for the rest of the year, whereas a cloud provider can offer the option to scale resources up and down. Businesses only pay for the resources they use, so they won't have to fund expensive in-house servers that lie idle most of the time.

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> DevOps culture alongside cloud native tooling means reduced time to market for new features, functions and services. Cloud facilitates a truly agile development culture

The cloud also offers companies greater operational resilience, with the promise of less downtime and improved detection of security breaches. Cloud operators can cut down on system outages as they have plenty of spare capacity. If one set of servers goes down, they can quickly spark up an alternative. They can also keep copies of data in the cloud, so if there is an interruption to the system or a breach, the data will not be lost.

Crucially, cloud provision enables businesses to boost product development and innovation. The latest practices in IT software development require flexible product cycles. This can be helped through systems such as containers, where software code is compartmentalised into modules, allowing organisations to deploy applications rapidly and scale developments quickly, all while requiring fewer resources.

Andy Bevan, head of cloud and digital transformation at Daisy Corporate Services, says that the biggest cloud providers are investing billions in leading-edge features, services and capabilities. This removes the need for companies to develop their own software platforms in-house, an expensive and often fraught process. These cloud features unleash the DevOps culture within enterprises, allowing a process of continuous improvement in software, which is the secret of success for the world's most advanced technology companies. "Customer innovation is accelerated through the ability to utilise new services on demand," says Bevan. "DevOps culture alongside cloud native tooling means reduced time to market for new features, functions and services. Cloud facilitates a truly agile development culture."

But companies risk losing out if they fail to optimise their use of the cloud, warns Greg
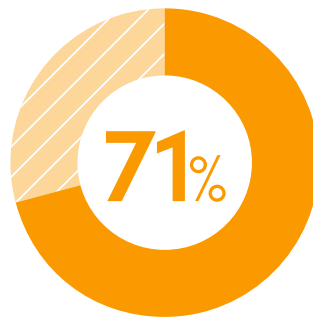
71%

of CIOs say the explosion of data produced by cloud-native technology stacks is beyond human ability to manage

77%
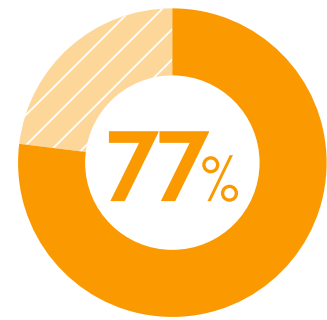
of CIOs say that their IT environment changes at least once every minute

Dynatrace, 2022

Adams, regional director at UK&I for Dynatrace. "If cloud is not optimised then many, if not all, of the benefits are negated," he says. He points out that modern cloud environments have become increasingly complex and difficult to manage. He quotes figures showing that 71% of CIOs say the explosion of data produced by cloud-native technology stacks is beyond human ability to manage. This challenge is increasing as 77% of CIOs say that their IT environment changes once every minute or less.

"To optimise cloud environments, businesses need to master this complexity," says Adams. He argues that AI and automation are invaluable in achieving this. "By adopting AI and automation, teams are no longer required to fulfil time-consuming, manual tasks such as quality assurance and incident response, and instead can focus on higher-value work that uses cloud to drive innovation."

Meanwhile, some question the assumption that migrating to the cloud, or building a business entirely in the cloud, is more cost-effective when looking at the hosting or infrastructure costs alone.

"You chose the cloud because of the assumed benefits, but don't just assume you'll realise them without deeply understanding the investment required and the hard work you'll do to get the best of it," says Vadim Solovey, CTO of DoIT International.

The advantages of the cloud are there for the taking by enterprises large and small, provided leaders strive to deploy the full bandwidth of cloud provision and keep an eye on the broader business benefits. ●

How the cloud enabled innovation for one retailer

British casual wear retailer Crew Clothing invested in a cloud solution which allowed it to develop a new mobile hand-held device providing improved customer experience in its pop-up shops and bricks and mortar stores. The device allows staff to handle sales, refunds, customer service queries and promotions from anywhere within a store.

Created with consultants PMC and data company Couchbase, Crew's cloud-based device is used in 85% of total transactions and is featured in 100 stores. Chris Harris, vice president of global field engineering at Couchbase says: "The cloud facilitates this new solution by providing faster data processing so all sales data can be securely and accurately reported back to Crew's central systems, while integrating with existing point of sale environments. This provides staff with real-time visibility of inventory, promotions and customer information, so customer service has become much more intuitive."

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