The Hybrid Cloud Balancing Act

A modern hybrid cloud strategy requires efficiency, innovation, and resilience to be in balance

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Executive Summary

- Efficiency, resilience, and innovation are top business priorities for all European organizations.
- A sharper focus on innovation has resulted in an over-pivot to public cloud in the last decade, affecting the balance between efficiency, resilience, and innovation. As a result, European organizations are facing resilience and efficiency challenges related to regulatory concerns, rising public cloud costs, growing carbon footprint, and management complexities.
- Macroeconomic, sustainability, and cost pressures are forcing a rebalance.
- Time to disrupt the status quo and execute on a hybrid cloud balancing act.
- Core datacenter remains the starting point for this hybrid cloud balancing act, despite public cloud capturing higher mindshare, as datacenters still host the majority of core applications.
- Learn how savvy leaders are evolving their existing cloud strategies, where they are investing, and how they are successfully balancing the three priorities to become a sustainable digital organization.
Challenges to organizations’ current cloud environment prevent them from effectively balancing innovation, efficiency, and resilience.

Innovation, operational efficiency, and resilience are the top 3 business priorities. But organizations are held back by nine challenges to their current cloud environments.

Let’s explore why addressing these concerns is essential for success in the hybrid cloud balancing act.

Source: IDC European Industry Acceleration Survey, October 2022 (n=1,500)
European organizations shifted their focus towards innovation to meet digital transformation mandates of the last decade. Current macroeconomic pressures, high public cloud costs, and regulatory pressures are forcing organizations to rebalance these priorities.
IT Spending Remains High in 2023, but the Balancing Act Requires a Sharper Focus on Efficiency and Resilience

78% of European organizations plan to either increase or maintain IT spending levels in 2023 compared to 2022.

Spending is primarily focused on governance, infrastructure operations, and optimization to deliver on efficiency and resilience priorities.

Top 2 IT areas immune to budget reductions relate to resilience and efficiency.

Security, risk, and compliance

Infrastructure and IT operation optimization

The savings from optimized infrastructure is re-invested in innovation.

Source: Future Enterprise Resiliency & Spending Survey - Wave 4, IDC, May 2023 (N=220)
Increased Spending on Infrastructure & IT Operations Optimization Is Supported with Efficiency Tactics and Strategies

Top 3 IT efficiency tactics initiated by technology leaders in 2023

1. Focus on technology initiatives with faster payback - 48%
2. Focus on spreading resources, skills, and development efforts across several cloud and infrastructure platforms - 34%
3. Focus on controlling cloud operational expenditures - 29%

Source: EMEA FERS, March 2023, Wave 2 (N=540); EMEA FERS, June 2023, Wave 5; IDC CIO Quick Poll, December 2022 (N=69)
IT and C-Suite Both Focused on Infrastructure Operations and Optimization to Address Soaring Cloud Bills

Public cloud remains a key building block for innovation. But an over-pivot to the public cloud has resulted in concerns related to cloud costs.

Of organizations feel a portion of their cloud spending is "wasted".

60% Of organizations are spending 2-3 times more on cloud than originally budgeted for.

50% Of CEOs are very or extremely concerned about growing cloud expenditures.

Rising public cloud costs are making efficiency and optimization a top priority and forcing a rethink of existing cloud strategies.

A step-by-step action plan to implement a modern hybrid cloud strategy is needed to succeed in the balancing act.

Source: IDC European CloudOps Survey, February 2023 (N=1057)
Replacing Last Decade’s Cloud-First Strategy with a Workload-first Strategy Is the First Step in the Balancing Act

Factors determining workload placement across the infrastructure continuum:

- You manage, control, and support
- Provider manages, controls, and supports

**ON-PREMISES, COLOCATION, AND TRADITIONAL DC EDGE**
- IaaS
- SaaS

**PRIVATE CLOUD**
- Private Cloud

**PUBLIC CLOUD**
- Cloud-native, composite apps

**MODERN EDGE**
- Modern databases

**Factors determining workload placement across the infrastructure continuum**

- Security, sovereignty, and governance
- Cost
- Management considerations
- Dependencies
- Performance, availability, latency
- Skills
- Speed and agility
- Scale

- File sharing and content management
- VDI
- Big Data analytics
- Archiving workloads
- Backup and DR
- Stateless apps

- Cloud-native, composite apps
- Modern databases
- Stateless apps

**All infrastructure types co-exist, but a workload-first cloud strategy:**

- Matches workloads to infrastructure
- Helps prioritize investment in the right infrastructure for maximum value and highlights value of hybrid cloud
- Provides an infrastructure starting point for hybrid cloud management
Laser Focus on Improving Infrastructure Operational Efficiency Must Follow Workload-First Strategy

Digital leaders are doubling down on 10 areas to develop in their hybrid cloud operations to support the balancing act. For them, a workload-first strategy and operational focus go hand-in-hand.

**10 areas identified for investment to optimize cloud operations**

- Sustainability: 37%
- Cloud cost optimization (FinOps): 31%
- CloudOps skills development: 26%
- Observability tools: 24%
- Digital sovereignty: 21%
- Network operation center/Security operation center: 21%
- Cloud center of excellence (CCOE): 18%
- Automated governance/Governance as a code: 17%
- AI/Ops/Intelligent analytics: 14%
- Automatic creation of landing zones: 12%

Source: IDC European CloudOps Survey, February 2023; IDC Future of Digital Infrastructure Predictions 2023 — European Implications
Embedding cloud governance improves resilience, allowing organizations to withstand economic and regulatory headwinds

37% of European organizations will spend more on governance capabilities such as security services, automation, and infrastructure management than they originally budgeted. Better cloud governance leads to better resilience.

Top cloud governance roadblocks of 2023:

- Proliferating data privacy regulations (e.g., GDPR, CCPA) - 45.0
- Shortage of cloud governance skills - 45.5
- Lack of agreement across IT, Dev, and LOB regarding standards/policies - 39.5
- Inflexible internal policies on workload/data placement - 37.9
- Insufficient automation of service provisioning/configuration - 37.0

EMEA organizations (% of respondents)

43% of European organizations see infrastructure standardization and consolidation as essential to address cloud governance roadblocks.

Organizations seek to extend their datacenter-based standardization and consolidation expertise to the full hybrid cloud environment.

Better cloud governance leads to better resilience.

Source: IDC’s FERS, Wave 5, June 2023, EMEA (N=164)
Datacenter-Out Hybrid Cloud Management Emerges as a Key Choice

Infrastructure platforms are closing in on public cloud’s lead.

42% of hybrid cloud users cite primary infrastructure as their strategic provider, compared to 39% that cite public cloud as their strategic technology provider.

Others cited application vendors or ISVs as strategic providers of technology.

Q: Which of the following technology providers do you see as strategic partners?

Core datacenter maintains strategic importance despite public cloud's higher mindshare.

Q: How much of your total infrastructure spend will be split across these environments in 2023?

On-prem wallet share

MIND THE GAP

Cloud mindshare

Source: EMEA FERS, June 2023, Wave 5 (N=220); IDC European CloudOps Survey, February 2023 (N=1,057)
Digital Leaders Leverage Modern, Cloud-Like Features in Core Datacenter Infrastructure to Meet Innovation Needs

Cloud has revised organizations’ expectations from IT. Savvy organizations rely on modern infrastructure capabilities such as flexible pricing and consumption models and observability for an innovative, cloud-like experience.

Compared to the overall market, European digital leaders are:

- 40% more likely to increase all infrastructure spending
- 70% more likely to use flexible payment solutions to fund significant parts of their IT infrastructure investment
- 63% of savvy organizations have adopted automation and orchestration for their infrastructure, compared to 37% of less digitally mature organizations.
- 51% of IT leaders rely on observability tools for intelligent monitoring, optimization, and remediation across applications and infrastructure.

Source: IDC EMEA Edge to Cloud Infrastructure Survey 2023, n=1,626; IDC Future of Digital Infrastructure Predictions, 2023
Future IT Investment Is Balanced Between Innovation Building Blocks and Operational Building Blocks

Organizations invest in containers, micro-services, and AI (for innovation), as well as operational pillars such as observability, multicloud management, automation, and integration (for resilience and efficiency). This highlights the need to deliver on all priorities with a hybrid cloud.

Over a third of European organizations have earmarked innovation and modern datacenter technologies for investment.

Over a quarter of European organizations will invest in additional future-ready technologies
Hallmarks of Datacenter-Out Hybrid Cloud Management Plane: Full-Stack Observability and Automation

- Observability, automation, and orchestration have been identified for investment.
- How can organizations maximize value from these investments?

Full-stack observability from the datacenter control plane enables self-healing, self-driving, and self-service capabilities. It also provides insights to support resilience and operational excellence and to optimize workload placement.

- Focus on business impact with reliable full stack
- Real-time, smart dashboards

- User-focused
- Full stack visibility

- Security integration
- Broad analytical models

- A core pillar of digital infrastructure is autonomous operations empowered by observability.
Making a Difference Beyond IT: Optimized Hybrid Cloud Operations Help Meet Sustainability Objectives

Top 3 criteria for cloud and datacenter platform choice

1. Energy efficiency of the deployed hardware
2. Energy consumption related to cloud datacenter operations
3. Cloud footprint related to company operations

Savvy organizations are evolving from full datacenter-out mindset to sustainable hybrid operations to maintain the balance.

Sustainability-related challenges of datacenter-out mindset
- Optimizing and re-engineering for the cloud prevents VM sprawl, unused cloud resources, and unnecessary/inefficient data movement.

Sustainability-related benefits of optimized hybrid cloud operations
- Helps sweat datacenter assets longer for efficiency; 44% of leaders prefer existing on-premises infrastructure first, adopting public cloud where necessary.
- Provides flexibility to match infrastructure to workload needs and optimize efficiency.

TOP TIPS FROM CTOs:
1. Invest in quality infrastructure resources that last longer for economical and sustainability objectives.
2. Use operational data to make informed decisions about efficiency.

Sources: Energy and Climate Intelligent Unit; Carbon Neutrality Coalition; Climate Action Tracker; IDC European Multicloud Survey, 2022
Evolving Infrastructure Management from Silos to a Datacenter-Out Unified Hybrid Cloud Management

Datacenter-out operational management allows organizations to:

- Leverage stronger datacenter-based management and ITOps skills for efficiency
- Capitalize on existing infrastructure and application integration for innovation
- Improve control of applications and data to meet regulatory obligations for resilience

A datacenter-out management approach increases the likelihood of cloud project success. IDC research reveals the top 5 management-related challenges to successful cloud adoption.

Q. What are the main reasons for your public cloud deployments not being successful enough? (% of respondents)

- Security and trust issues: 25%
- Skills shortages: 24%
- Inability to integrate well with key infrastructure and applications: 24%
- Performance and reliability issues: 21%
- Digital sovereignty concerns: 19%

Source: IDC European Multicloud Survey, August 2022
Savvy Organizations Are Evolving their CCoEs from Cloud-First Mindset

57% of mature cloud users are focused on operational success with CCoEs in the second or third iteration

CCoE changes in 2023

- Greater focus on cloud operations and cloud migration equally
- Business representatives in CCoE are aligning business needs to cloud strategy but also taking interest in operational considerations such as cost control and governance.
- While being a driver of cultural change was the main objective for adopting CCoE last decade, that is currently ranked last among the main reasons for adopting CCoE today.
- C-level executives are pushing harder to modernize procurement strategies.
- CCoE stakeholders’ objectives are evolving; business representatives and CXOs are taking an interest in operational needs.
- CCoEs are closer to IT today than in the last decade, with operational specialists like AIOps teams, SREs, and platform engineers all on board.

What are the main reasons for adopting CCoE by IT Leaders, Business Heads, and CxOs? (Choose upto 3)

- Cost Control
  - 23%
  - 50%
  - 14%

- Cloud governance
  - 36%
  - 45%
  - 39%

- Building performance and efficiency
  - 34%
  - 30%
  - 36%

- Aligning business need and cloud strategy
  - 21%
  - 30%
  - 25%

- Ensuring security
  - 39%
  - 25%
  - 48%

- Introducing DevOps methodology
  - 21%
  - 10%
  - 22%

- Driving cultural change
  - 18%
  - 10%
  - 17%
Executing on the balancing act is an imperative

IT spending is focused on efficiency and resilience without compromising on innovation.

A modern hybrid cloud strategy is essential for success.

To effect this, digital leaders are:

- Adopting a workload-first strategy to invest in the right infrastructure for maximum benefit.
- Doubling down on operations and management with a datacenter-out management strategy.
- Making core datacenter a strategic area of investment.
- Taking advantage of on-prem innovation such as flexible consumption models, observability, and automation.
- Investing in cloud governance, cost optimization, and sustainable operations.
- Evolving CCOEs to support their workload-first, modern, hybrid cloud balancing act.
Message from the sponsor

The Need for Balance

IDC data shows that 79% of organizations feel a portion of their cloud spend is “wasted”. At Fujitsu, we believe that the best way to tackle this perceived waste is by embracing a hybrid approach.

Why Hybrid Cloud?

- European organizations are focused on designing resilient, governed, and optimized hybrid clouds.
- Fujitsu is uniquely positioned to help customers find the right cloud for the right workload.
- We offer a choice of pre-certified, pre-integrated, and prebuilt solutions to take out the complexity, cost, and risk for our customers.
- Customers are empowered to build resilient infrastructures and businesses.

"IDC recognizes that a successful hybrid cloud strategy is achieved by balancing efficiency, innovation, and resiliency. This approach aligns with Fujitsu’s focus on delivering finely tuned hybrid solutions that meet customers’ needs."

— Craig Parker, Head of Hybrid Cloud Europe, Fujitsu Platform Business