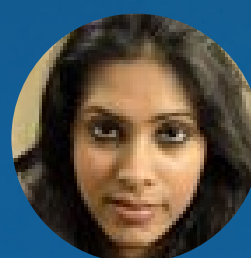


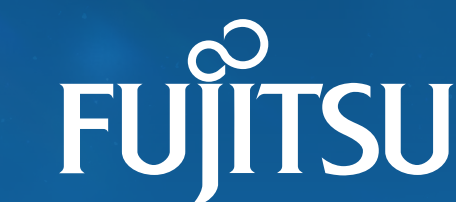
The Hybrid Cloud Balancing Act

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



Archana Venkatraman
Research Director,
Cloud Data Management, IDC Europe

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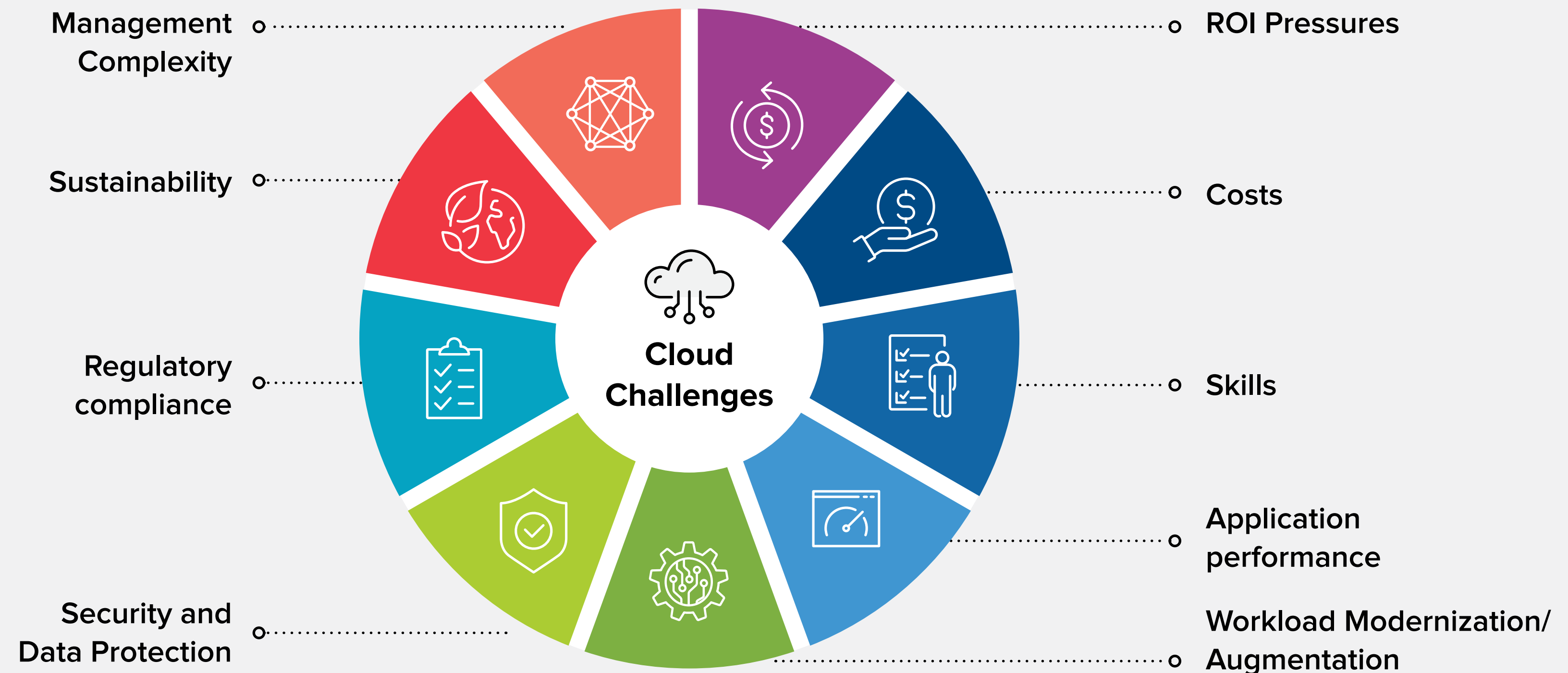


Executive Summary

- 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.

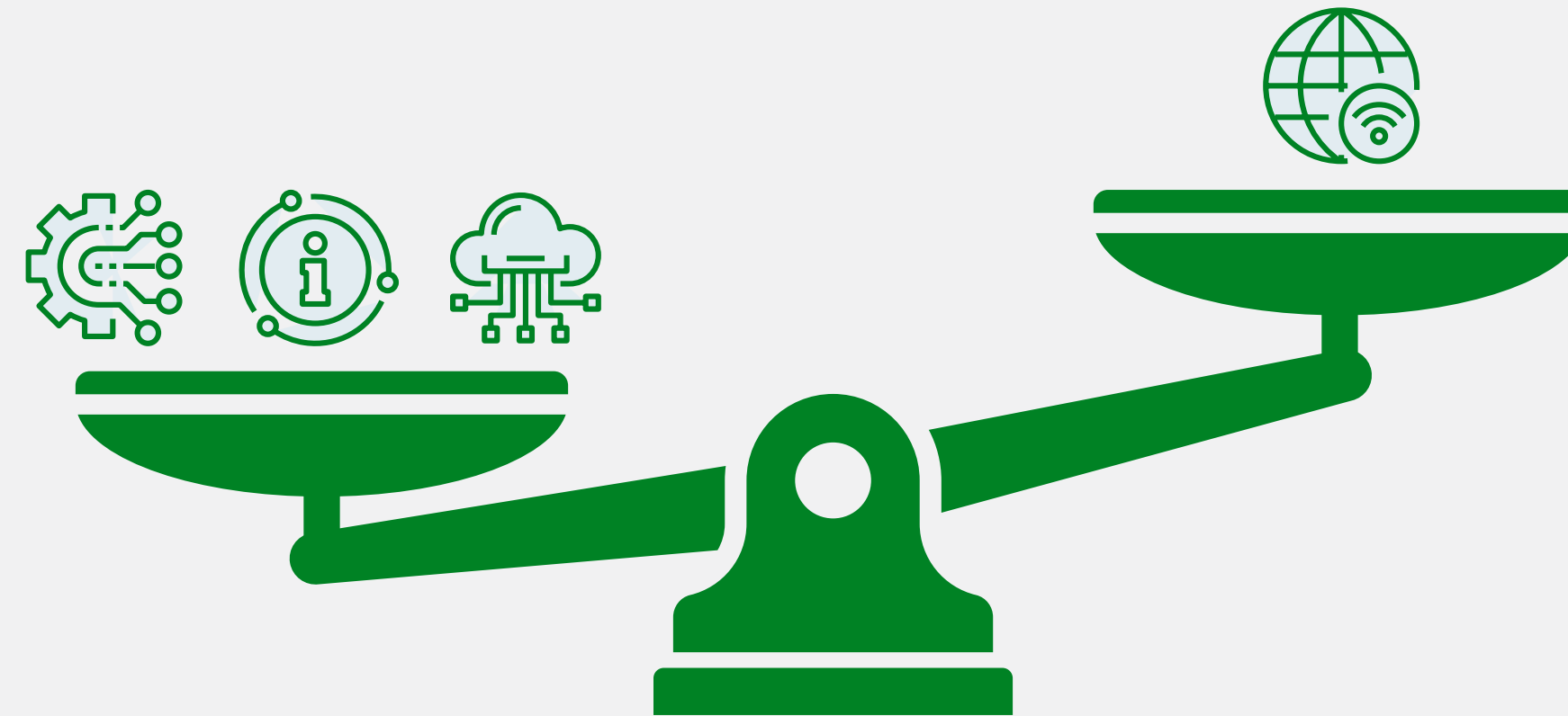
Innovation, operational efficiency, and resilience are the top 3 business priorities. But organizations are held back by nine challenges to their current cloud environments.



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



The Hybrid Cloud Balancing Act: Rising Pressures Driving Priorities



Drivers

Efficiency



- Rising public cloud costs
- Macroeconomic pressures
- Sustainable IT objectives

Resilience



- Concerns of public cloud or vendor lock-in
- Regulatory, security and sovereignty requirements
- Need for data, IP and operational control
-

Innovation



- Speed and agility
- Developer and Data Teams needs
- Delivering compelling customer experience

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.

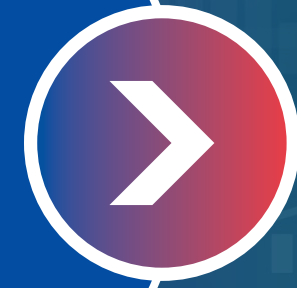
IT Spending Remains High in 2023, but the Balancing Act Requires a Sharper Focus on Efficiency and Resilience

 **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



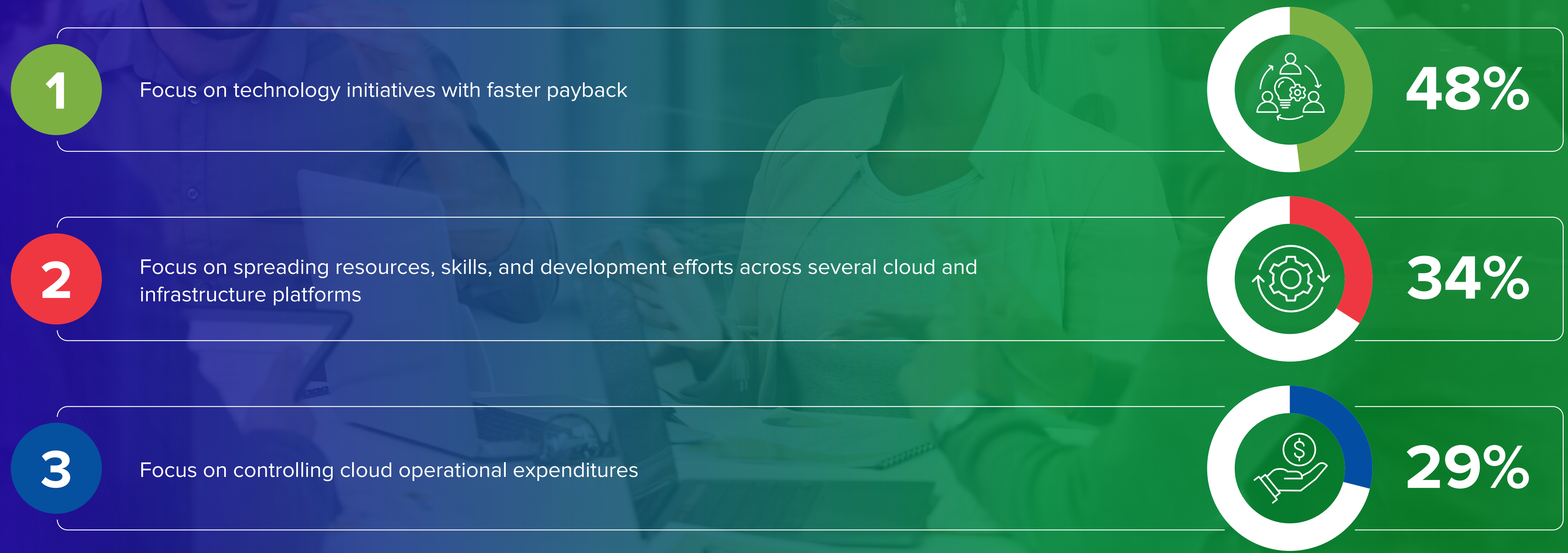
Infrastructure and IT operation optimization

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



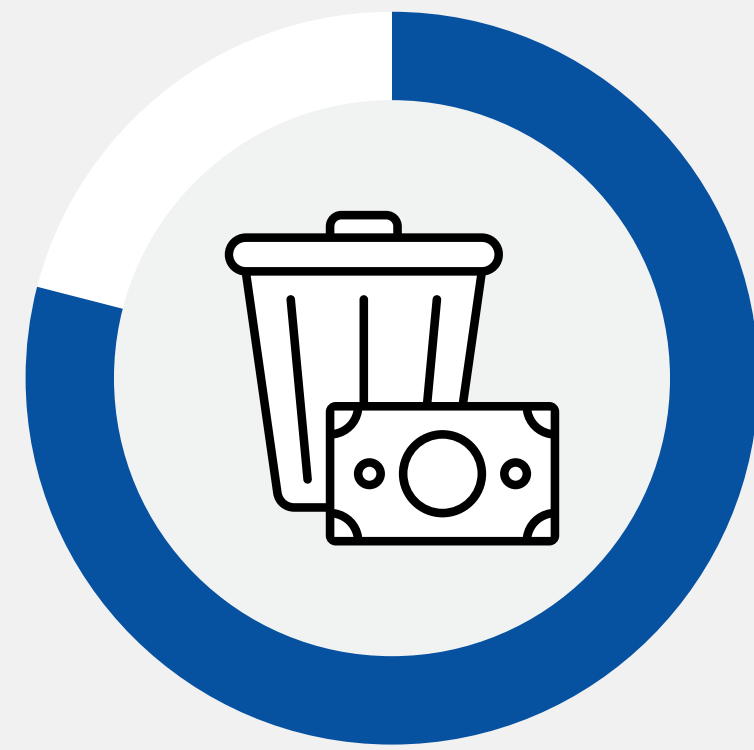
Increased Spending on Infrastructure & IT Operations Optimization Is Supported with Efficiency Tactics and Strategies

Top 3 IT efficiency tactics initiated by technology leaders in 2023

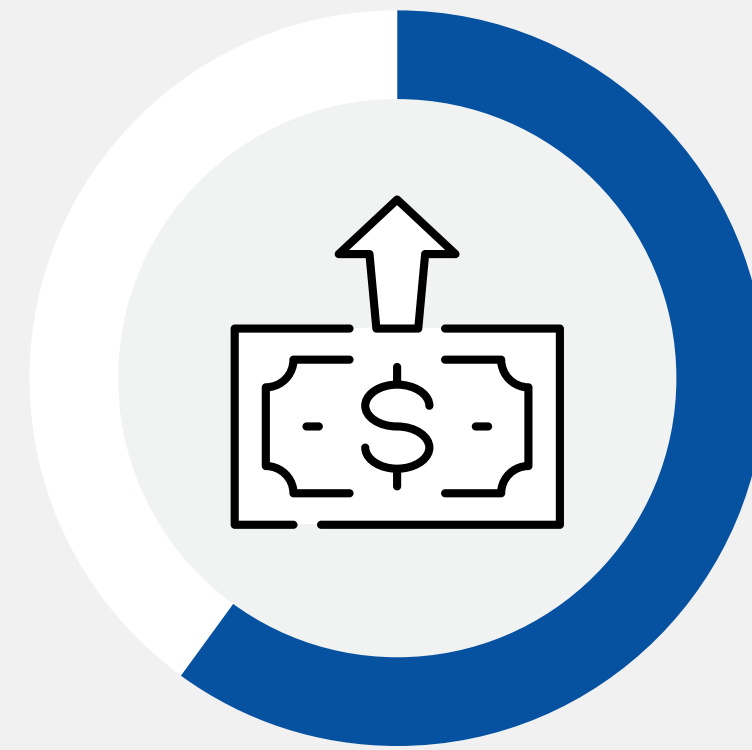


IT and C-Suite Both Focused on Infrastructure Operations and Optimization to Address Soaring Cloud Bills

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.



79% 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

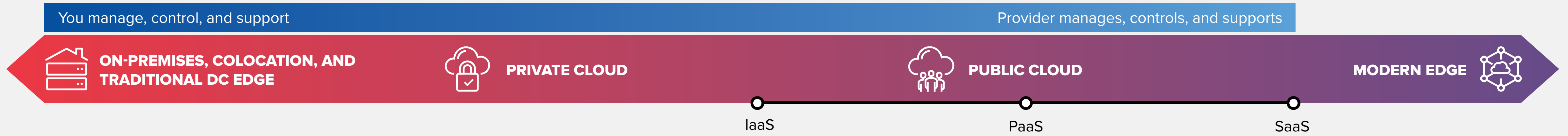


50% Of CEOs are **very or extremely concerned** about **growing cloud expenditures**

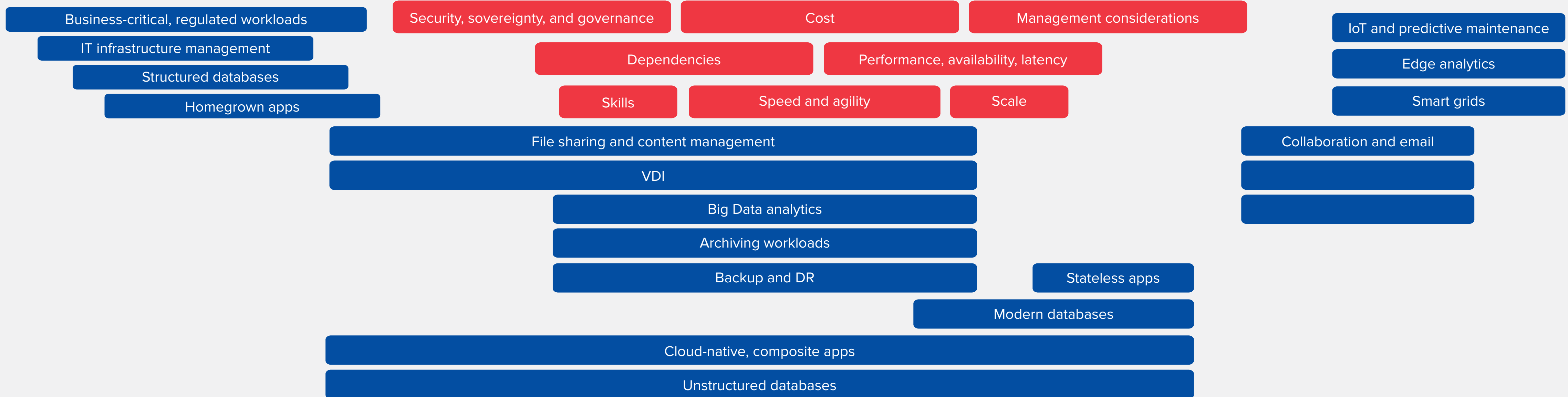
Rising public cloud costs are making efficiency and optimization a top priority and forcing a rethink of existing cloud strategies.

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

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



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

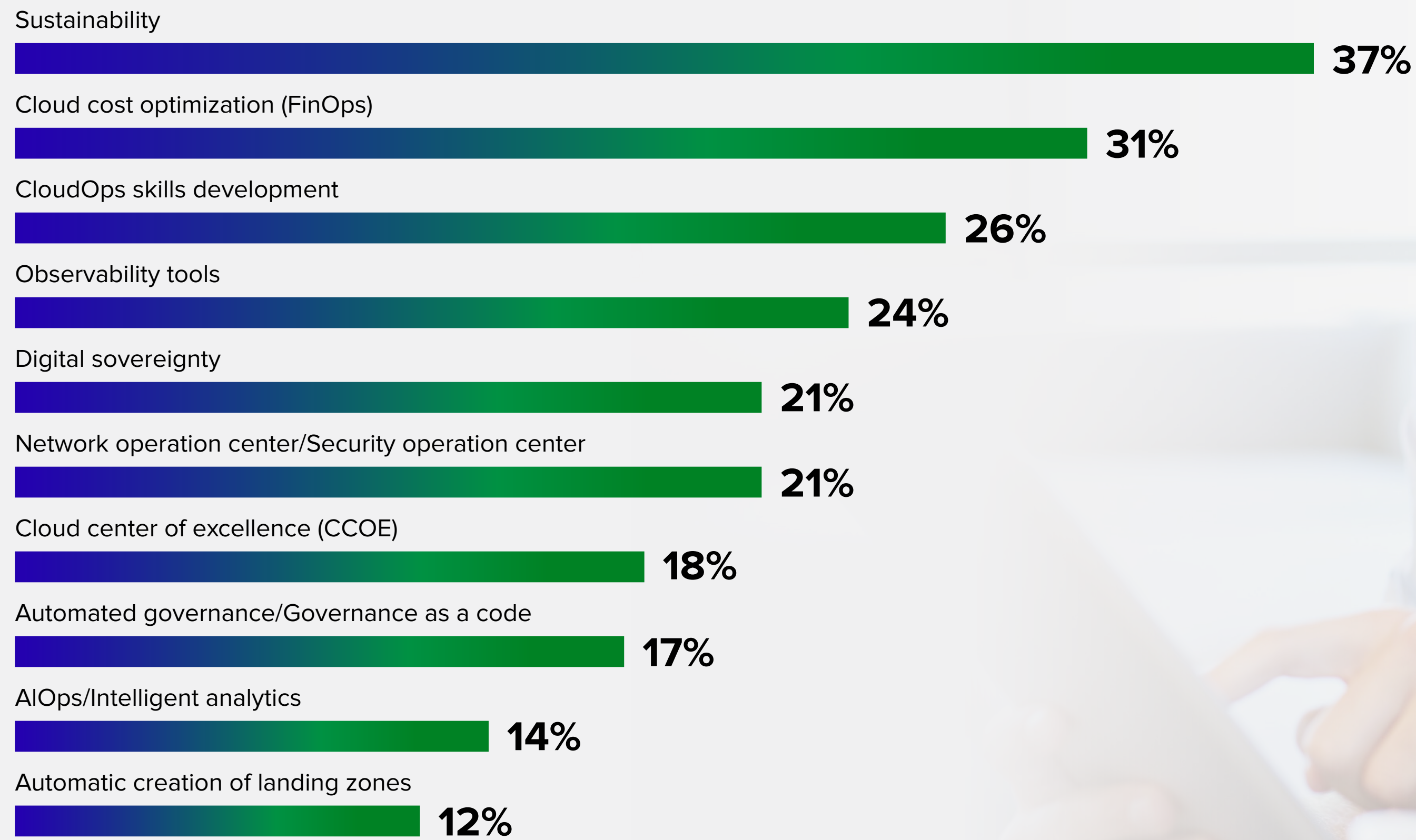


- Matches workloads to infrastructure
- Helps prioritize investment in the right infrastructure for maximum value and highlights value of hybrid cloud
- Provides an infrastructure starting point for hybrid cloud management

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

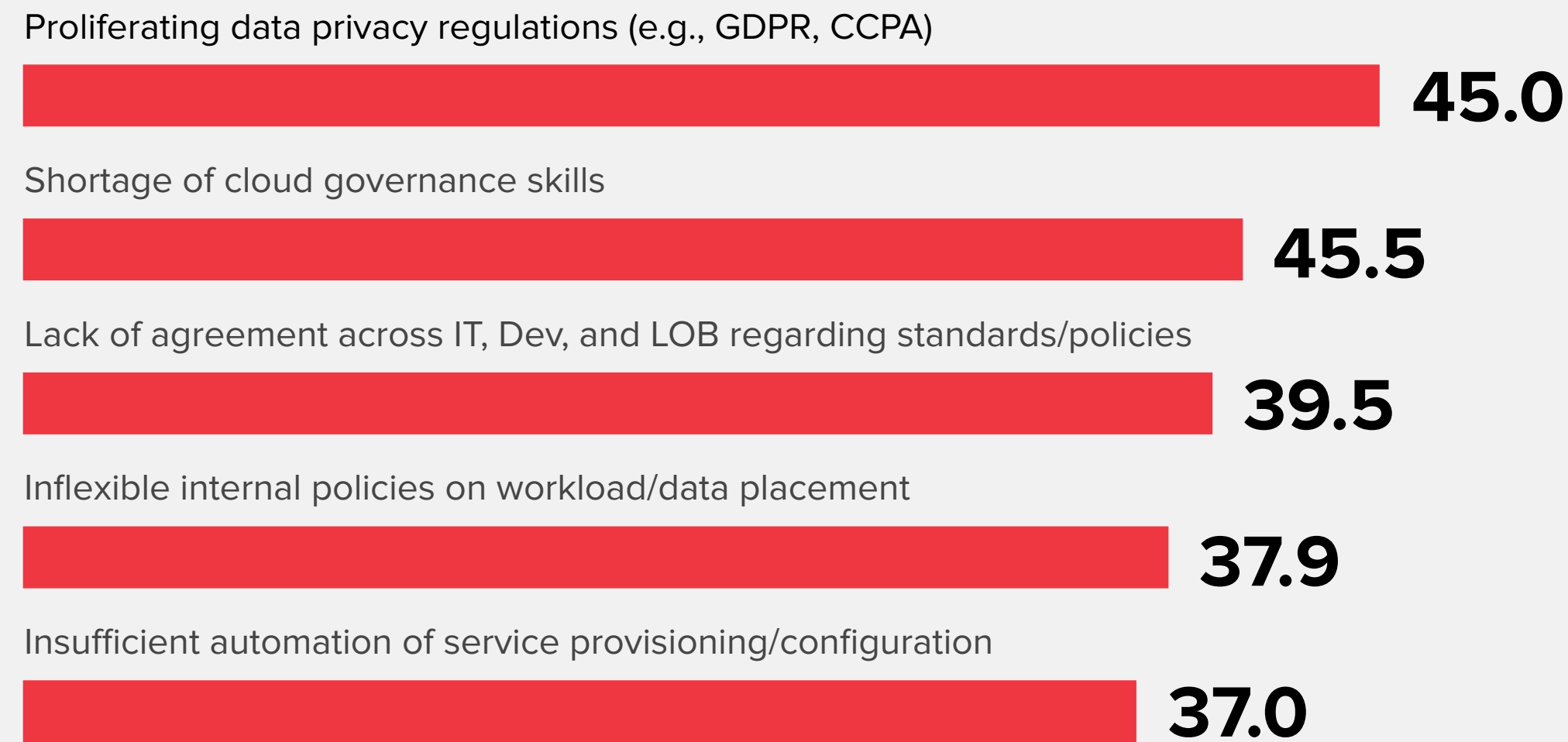


Embedding cloud governance improves resilience, allowing organizations to withstand economic and regulatory headwinds

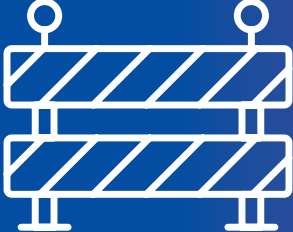
37% of European organizations will spend more on governance capabilities such as security services, automation, and infrastructure management than they originally budgeted. **Better cloud governance leads to better resilience.**




Top cloud governance roadblocks of 2023:



● 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.

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.

Our primary digital infrastructure provider



Our primary public cloud provider



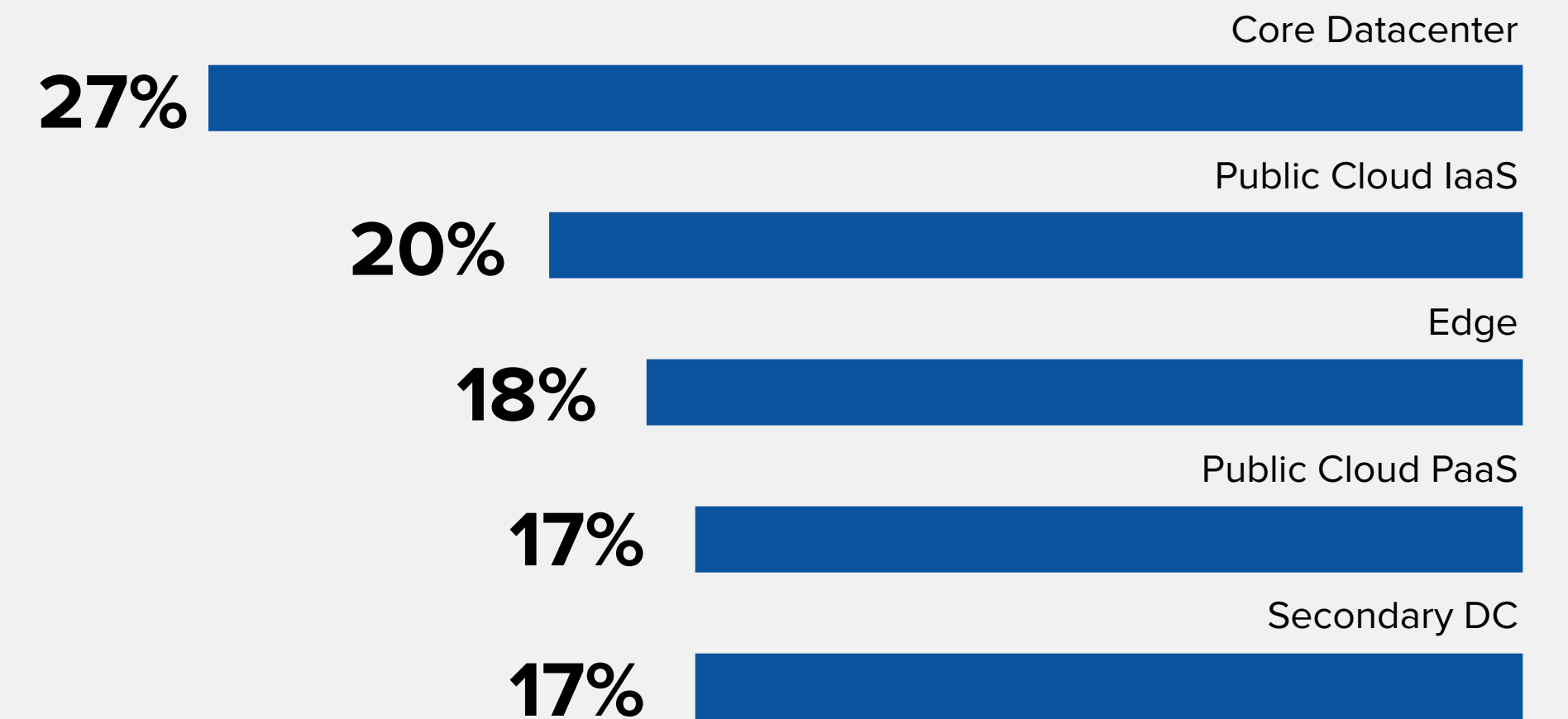
● Total ● Hybrid Cloud Respondents

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



MIND THE GAP

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



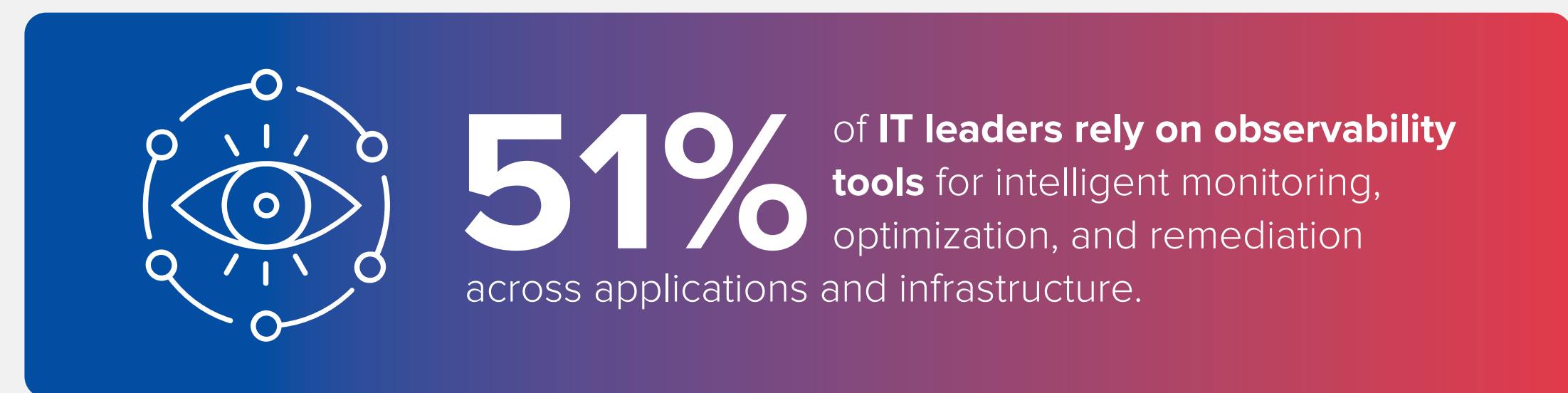
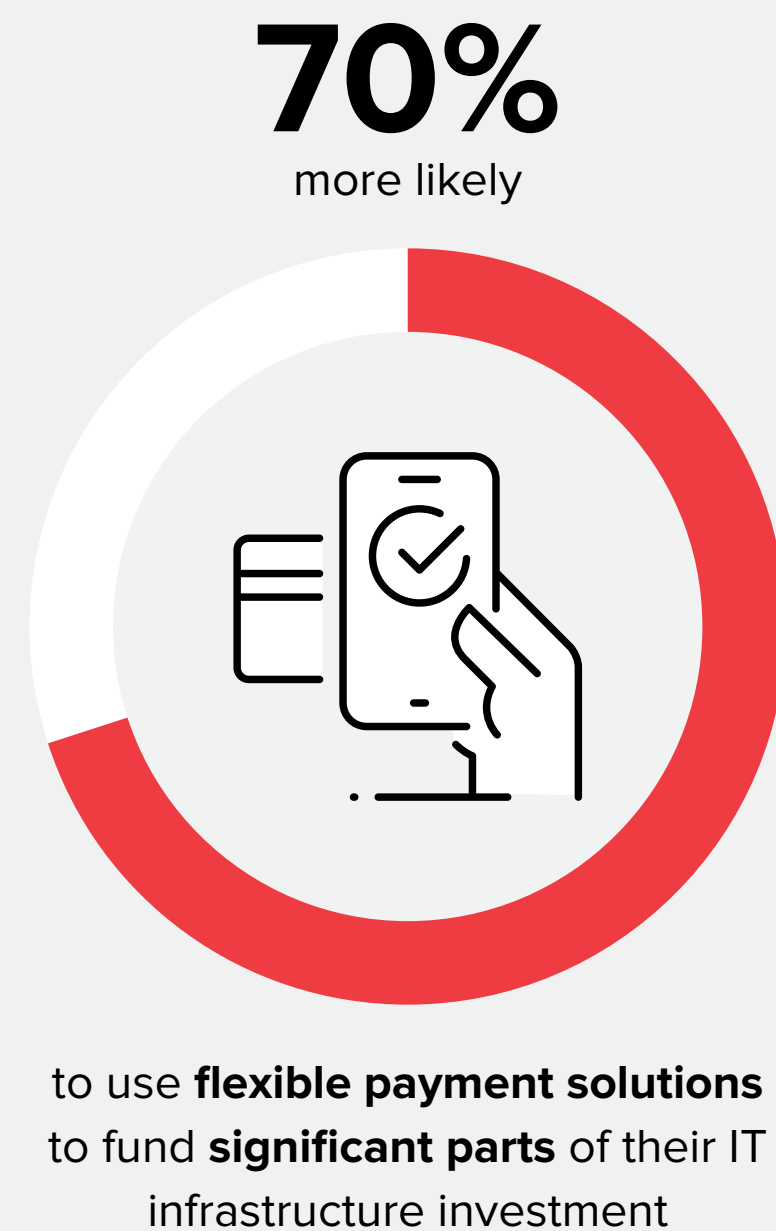
Q: How much of your total infrastructure spend will be split across these environments in 2023?

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:



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

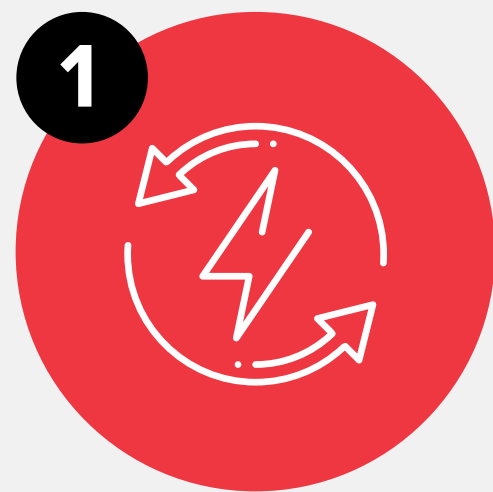
Broad analytical models



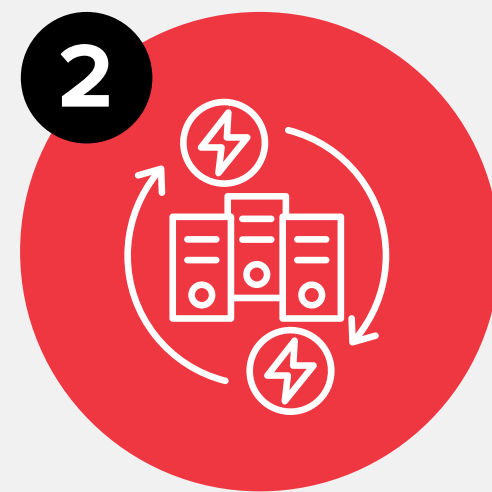
- A core pillar of digital infrastructure is autonomous operations empowered by observability.

Making a Difference Beyond IT: Optimized Hybrid Cloud Operations Help Meet Sustainability Objectives

Top 3 criteria for cloud and datacenter platform choice



Energy efficiency of the deployed hardware



Energy consumption related to cloud datacenter operations



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



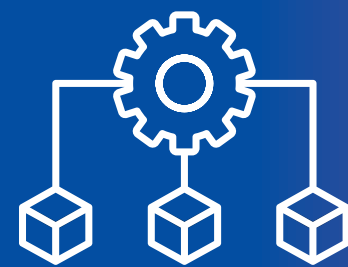
- Optimizing and re-engineering for the cloud prevents VM sprawl, unused cloud resources, and unnecessary/inefficient data movement.

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.

Evolving Infrastructure Management from Silos to a Datacenter-Out Unified Hybrid Cloud Management

- Efficiency
- Resilience
- Innovation

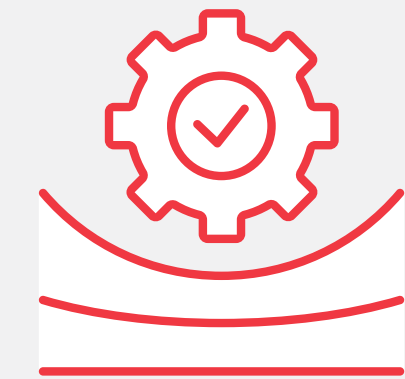
Datacenter-out operational management allows organizations to:



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**

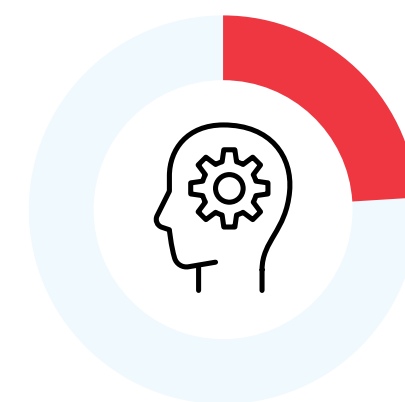
A datacenter-out management approach increases the likelihood of cloud project success. IDC research reveals the top 5 management-related challenges to successful cloud adoption.

25%



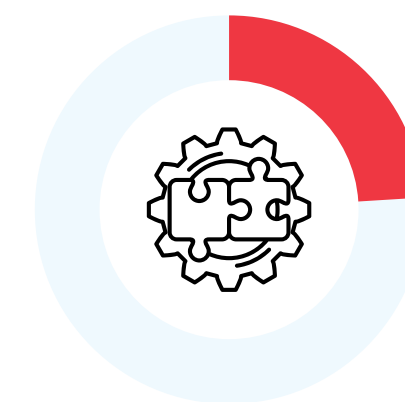
Security and trust issues

24%



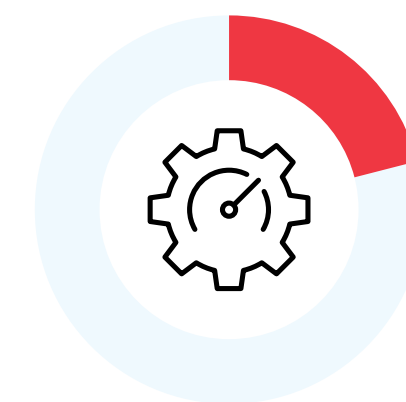
Skills shortages

24%



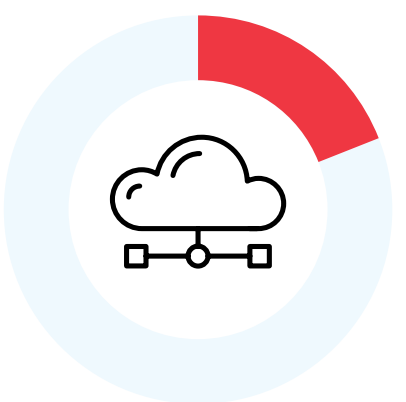
Inability to integrate well with key infrastructure and applications

21%



Performance and reliability issues

19%



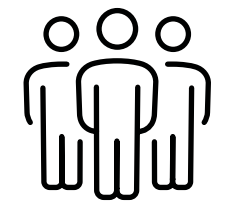
Digital sovereignty concerns

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



Savvy Organizations Are Evolving their CCoEs from Cloud-First Mindset

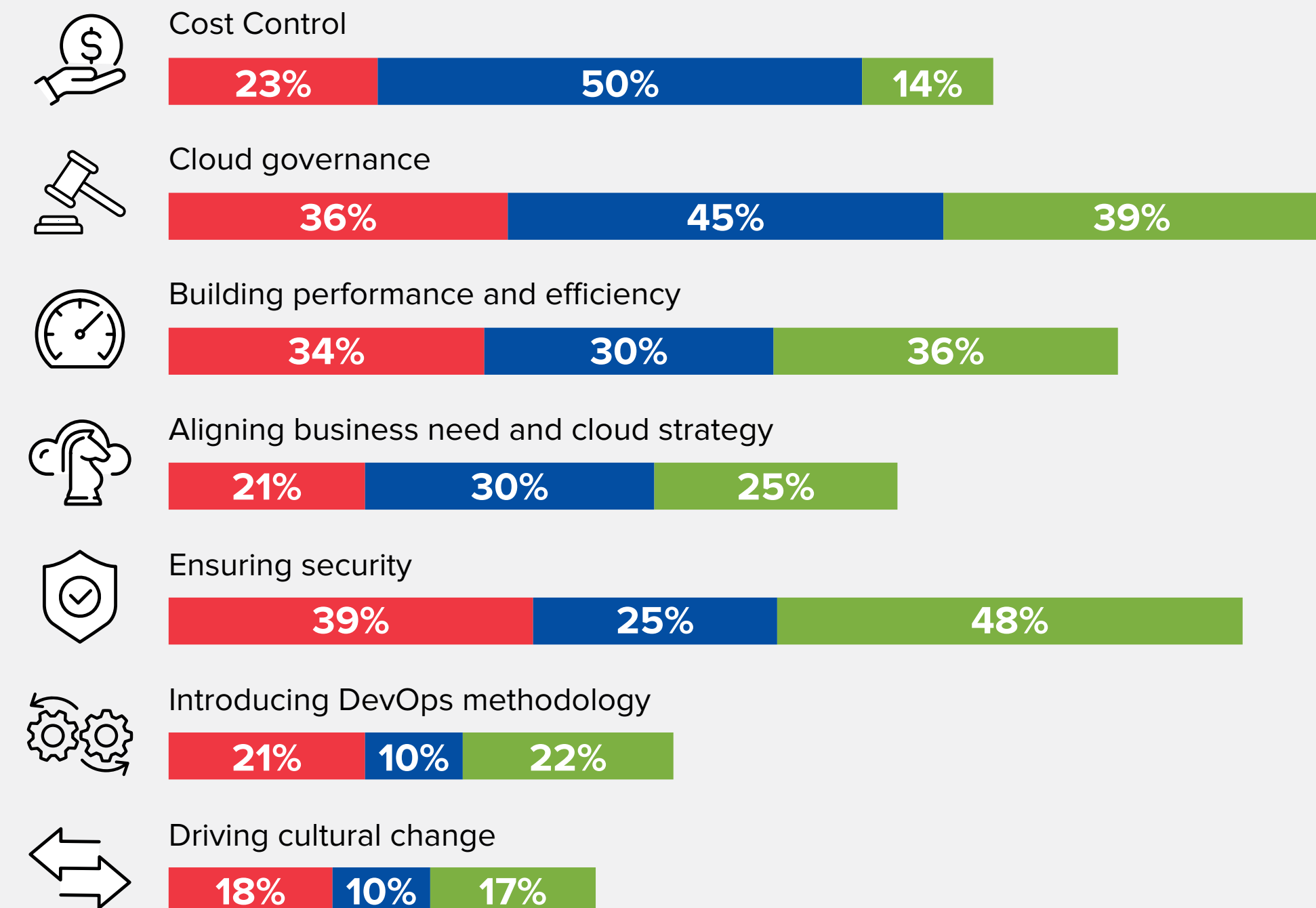
57% of mature cloud users are focused on operational success with CCoEs in the second or third iteration



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)



Executing on the balancing act is an imperative



Efficiency



Resilience



Innovation



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.



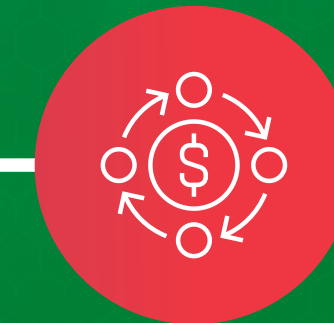
Doubling down on **operations and management** with a **datacenter-out management strategy**.



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



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