Getting the Cloud Balance Right

How to Move From Digital Resilience to Innovation with Hybrid Cloud

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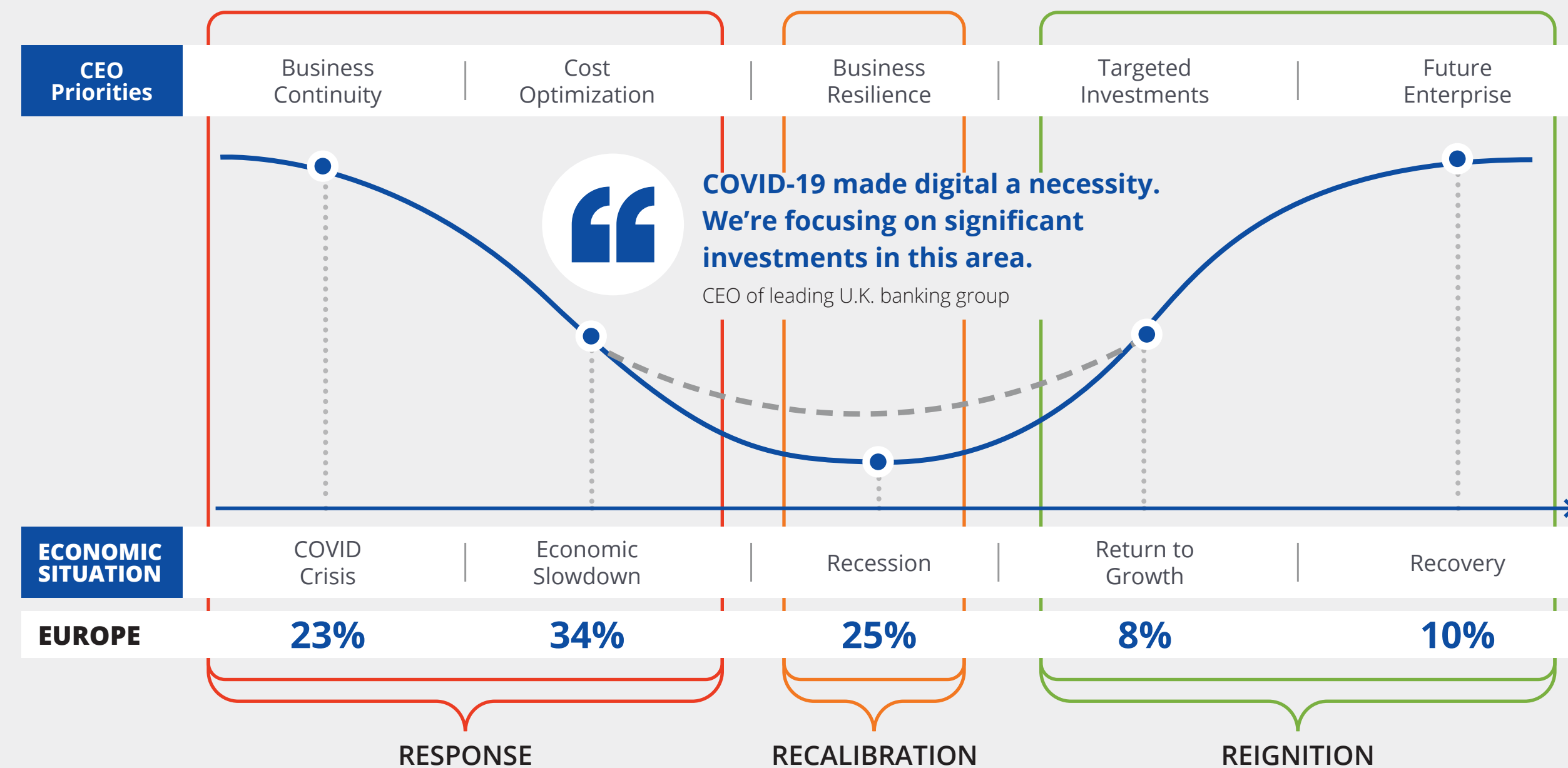
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Welcome to the Digital Road to Recovery: Response — Recalibration — Reignition

Accelerate Digital to "Flatten the Curve" to Recovery

CEO Priorities	Business Continuity	Cost Optimization	Business Resilience	Targeted Investments	Future Enterprise

> **COVID-19 made digital a necessity. We're focusing on significant investments in this area.**
> CEO of leading U.K. banking group

ECONOMIC SITUATION	COVID Crisis	Economic Slowdown	Recession	Return to Growth	Recovery
EUROPE	23%	34%	25%	8%	10%

RESPONSE   **RECALIBRATION**   **REIGNITION**

The pandemic response has five stages, grouped into three main stages:

1 Response: Focus on business continuity and cost savings

2 Recalibration: Focus on digital resilience (convergence of business and IT resilience)

3 Reignition: Focus on targeted investments to drive innovation and digital transformation (DX)

If there is one lesson from the impact of the pandemic it is that DX is not just a priority, it's an imperative for business resilience, adaptability, and agile innovation.

IDC estimates that by 2023

65% of global GDP will come from products and services of digitally transformed organizations.

As enterprises accelerate their DX journeys, they rely on innovative and disruptive technologies, newer agile development methodologies, flexible/as-a-service business models, and data-driven insights.

IDC's COVID-19 Impact Survey found that 94% of organizations plan to change their long-term IT strategy as a result of the pandemic. One of the key changes is accelerated migration to cloud-based IT.

Where Are European Organizations Investing on the Road to Recovery?

IT budgets are tightening, and European organizations are balancing their investments between immediate crisis response needs and investing in their digital future.

Thinking about how your organization has shifted and/or increased technology spending in light of the COVID-19 pandemic, how would you break out your technology expenditures for 2020?

37%
Respond

33%
Recalibrate

30%
Reignite

- Technology projects that **reduce operating costs**
- Technology projects that react to the crisis brought on by COVID-19 (e.g., **business continuity**)

- Projects that **address** areas that were revealed as **weaknesses** during the pandemic
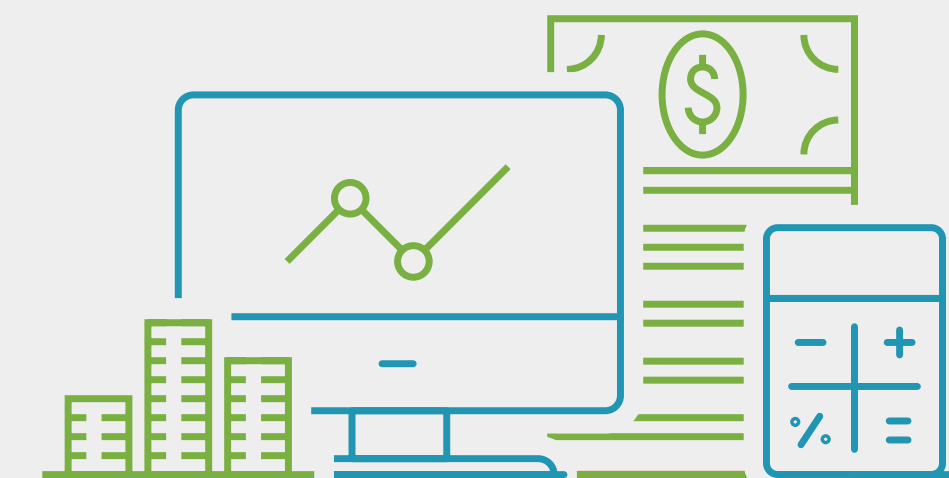- Projects that support the **new operational requirements** brought on by COVID-19

- Projects that help us to **capture market share**
- Projects that introduce **business model innovation**

IDC ANALYZE THE FUTURE

1. How do Customers Respond: Digital Resilience as a Competitive Advantage

The immediate crisis response is focused on creating digital resilience, starting with IT resilience, business continuity, and a focus on cost savings. It often involves a hybrid cloud setup to support remote working, resilience, and risk management, as well as real-time automation. Once this strong foundation is in place, businesses are well positioned to execute on their top business priorities, drive modern software development practices like DevOps, focus on efficient business processes and business resilience, and customer experience. Investments in digital resilience always need to position the organization well for business success.

Software development	Connect workforce, operations, and partners
Business resilience	Customer experience

Top Business Priorities

Leading IT Strategic Focus Areas

Accelerated hybrid cloud adoption	Resilience and risk management
Remote working	Real-time automation

DIGITAL FOLLOWERS

DIGITAL LEADERS

Revenue growth in 2019

Digital leadership has a tangible impact on the top line

Digital Leaders — the **top 25%** of companies that i**nvest most heavily** in **advanced IT infrastructure technologies** — saw much greater revenue growth.
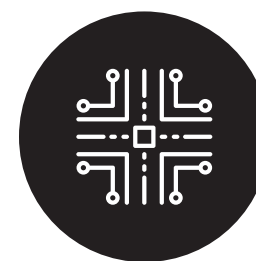
44% of Digital Leaders saw their revenues grow by up to 10% in 2019 compared with **26% of Digital Followers.**

Respond, Recalibrate, Reignite: How to Ensure Digital Resilience in the Here and Now and Prepare for the Digital Future

Three focus areas:
- Digital innovation
- Digital infrastructure
- Data-led value creation

There are three main focus areas for customers to build digital resilience that supports their immediate pandemic response and their digital future.

Digital infrastructure — move to cloud: cloud as an architecture, operating model, and experience, stretching from the edge to the core datacenter to the cloud in a hybrid multicloud setup
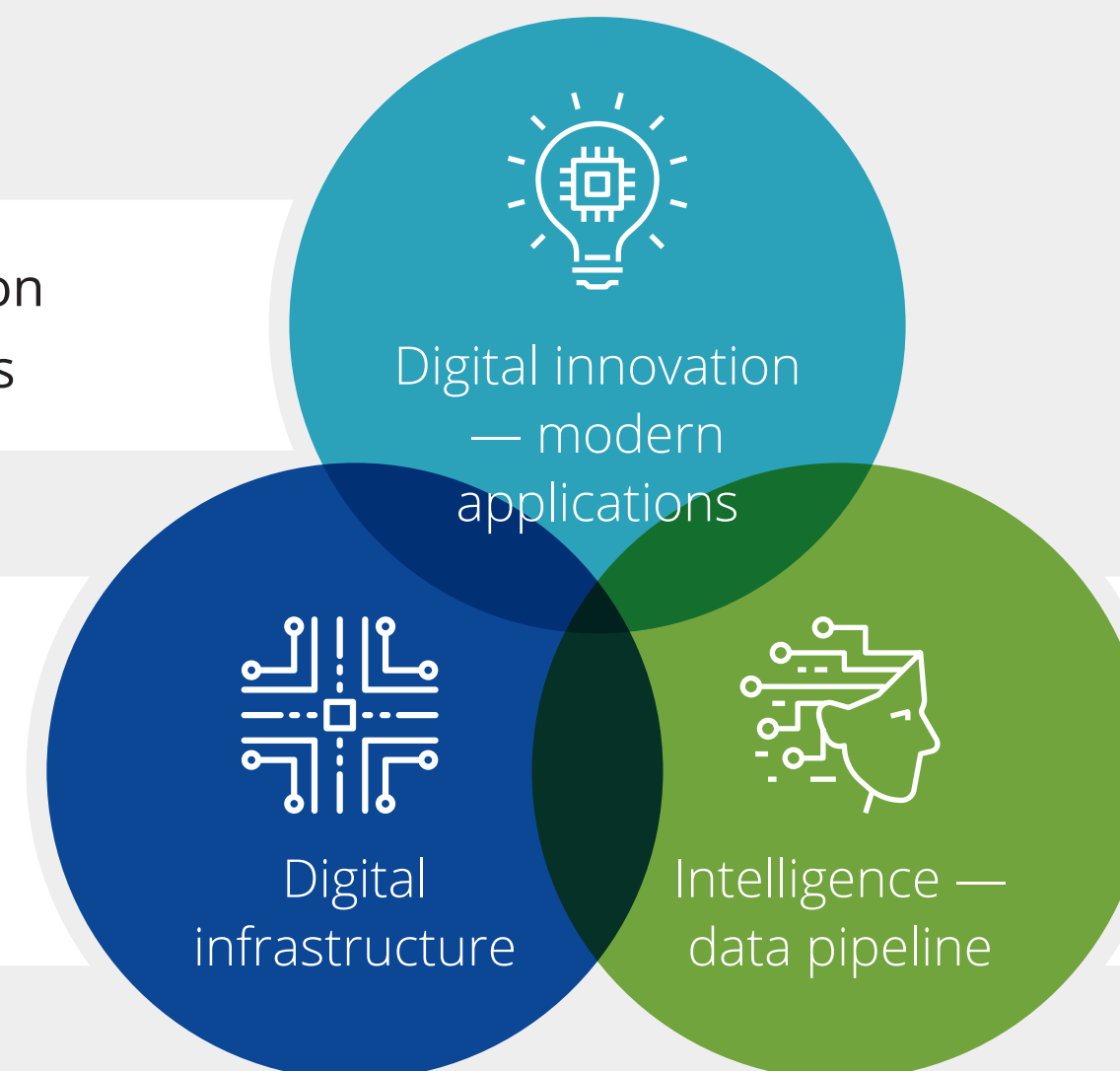
Data/intelligence: manage your data throughout its value chain, ensure data mobility and data-based operations

Digital innovation: modernize your existing business applications and create cloud-native applications on the same digital platform; use DevOps methodologies to drive digital innovation

- Application modernization
- Cloud-native applications

- Cloud as an experience, not destination
- Edge-cloud-core
- Hybrid multicloud

Digital innovation — modern applications

Digital infrastructure

Intelligence — data pipeline

- Data-led value chain
- Data mobility
- DataOps

Five expected outcomes:
- Speed
- Intelligence
- Automation
- Resilience
- Efficiency

IDC ANALYZE THE FUTURE

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2. How Are Organizations Recalibrating?

A good starting point for recalibrating IT spending is to look at the application landscape and to determine which applications will benefit from a lift-and-shift migration to cloud, which applications can move to SaaS, and which applications can be rearchitected or created and operated in a cloud-native way.

- Business-critical applications typically start with a lift-and-shift or hybrid cloud approach.
- Non-mission-critical applications can move to a standardized SaaS service.
- Digital applications and services will be developed on cloud-native platforms.

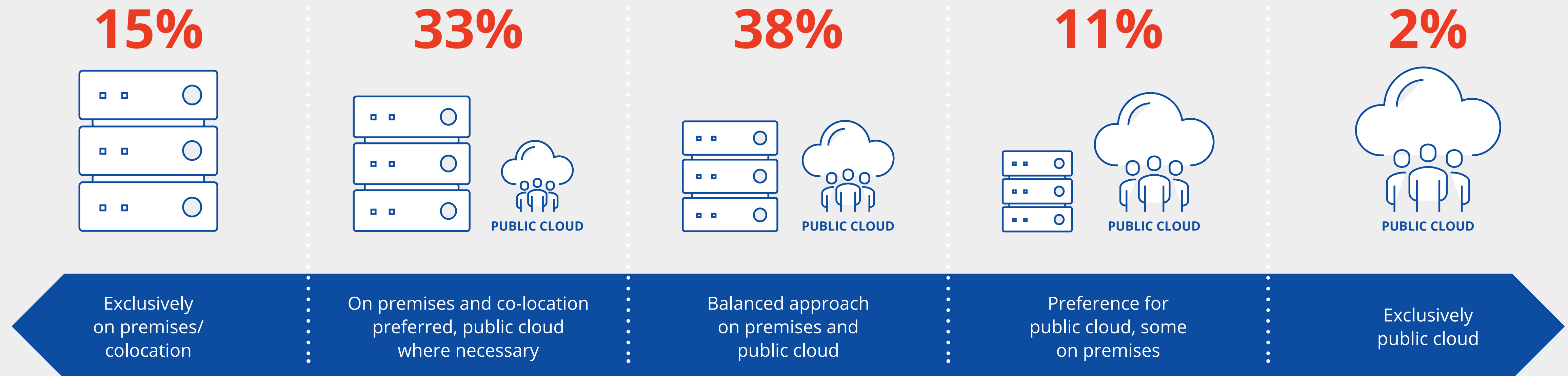**Three steps to calibrate your IT spending toward cloud:**

- Move to a cloud-based operating model for your applications to save operating cost.

- Build a cloud-based platform that enables you to run business-critical applications AND cloud-native applications.

- Determine which cloud destination makes sense for which application type depending on cost, performance, and compliance needs.

Mission-critical applications (e.g., SAP)

Lift and shift to IaaS

Non-mission-critical internally focused workloads

Move to SaaS

Digital apps and services (mainly externally facing)

Develop cloud native

End-to-end hybrid cloud platform
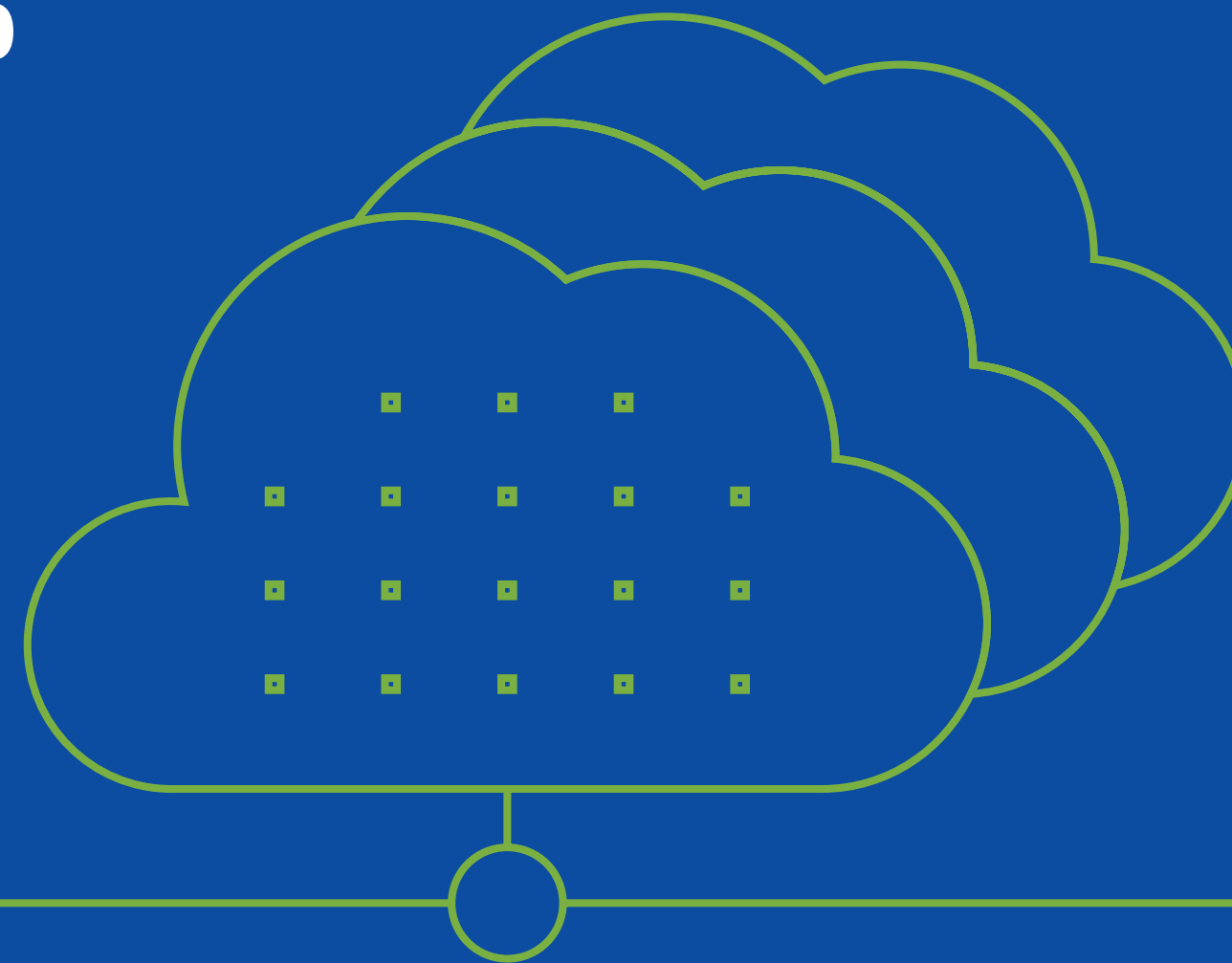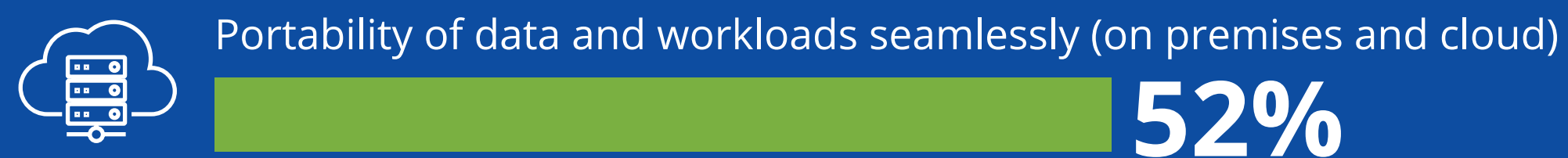
What Is the Cloud Mix Today?

2020 brought a shift in the perception of cloud services, and European organizations appreciate the benefits that the cloud architecture provides. Now is a good time to take stock and assess what the current cloud landscape looks like, and if it has grown organically (project by project) or based on a cloud strategy. Ideally, you have a clear cloud strategy by application, security, governance, and organizational structure in place, which spans all cloud deployment options, both on premises, in the public cloud, and potentially also at the edge, because cloud helps you both with your digital resilience and your digital innovation needs.

Hybrid cloud has emerged as the preferred cloud operating model. Hybrid cloud enables organizations to have the most optimal cost model for their IT infrastructure while driving innovation.

15%	**33%**	**38%**	**11%**	**2%**
Exclusively on premises/ colocation	On premises and co-location preferred, public cloud where necessary	Balanced approach on premises and public cloud	Preference for public cloud, some on premises	Exclusively public cloud

83% of European organizations are running a mixed environment, with on-premise and cloud resources

Challenges of Running a Multicloud Environment

Managing and controlling cost

71%

Regulatory compliance

58%

Portability of data and workloads seamlessly (on premises and cloud)

52%

Provisioning and managing capacity
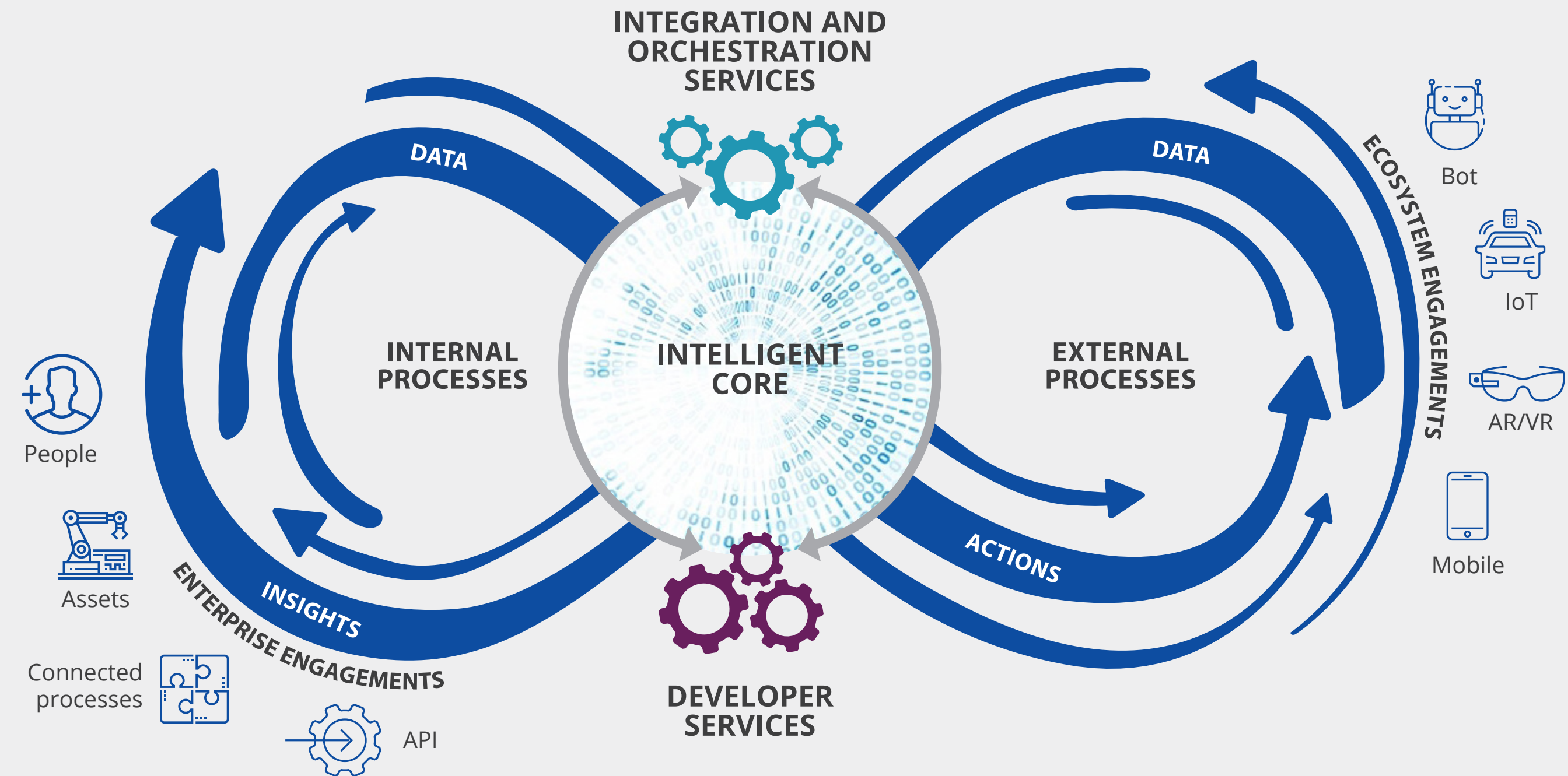
46%

Copy data management

44%

Operating a multicloud environment is complex and requires a new skill set. Controlling cost, enforcing regulatory compliance, and ensuring portability of workloads across different cloud environments are the main tasks that need to be solved.

Having a common management layer across on-premises private clouds and various public clouds makes these tasks more manageable and ensures that cloud is part of the overall IT infrastructure and does not become yet another silo that needs to be managed separately. Ultimately, organizations need to manage and operate their entire IT estate like a cloud.

Blueprint for the Digital Platform

When investing in IT, it is important to understand the future vision for the digital platform, so that current investments are already taking you one step closer to your desired future state of IT. The digital platform of the future has five key design attributes and is built on a hybrid cloud architecture.

1 Cloud-based API strategies that **orchestrate** exchange of data across your ecosystem

2 **Agile application architectures** on PaaS using microservices and containers

3 **New customer experience** technologies that fully support customer- and ecosystem-facing business models
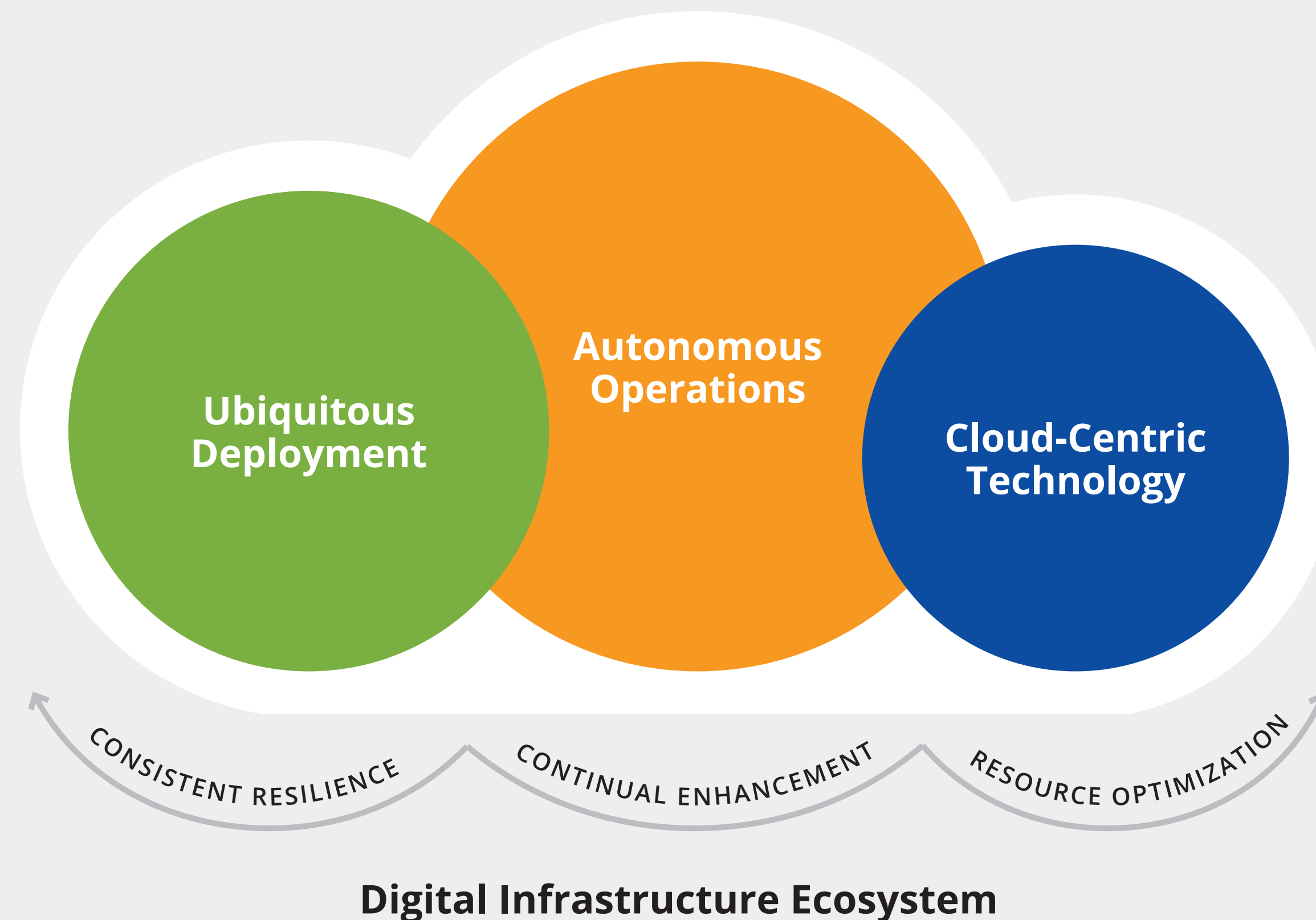
4 **Foundation for "digital trust"** through identity, vulnerability, and threat management across all services

5 **An intelligent core** based on data management, cognitive, artificial intelligence, and machine learning

What does the Future of Digital Infrastructure Look Like?

The underlying foundation of the digital platform is digital infrastructure. The future of digital infrastructure is cloud. Cloud-centric technology is going to be deployed both on premises and consumed as public cloud services, but the interfaces will be the same. This enables autonomous operations across all locations, and applications can be developed and deployed anywhere.

Ubiquitous Deployment

Autonomous Operations

Cloud-Centric Technology

CONSISTENT RESILIENCE   CONTINUAL ENHANCEMENT   RESOURCE OPTIMIZATION

Digital Infrastructure Ecosystem

By the end of 2021

80% of enterprises will put a mechanism in place to shift to cloud-centric digital infrastructure twice as fast as before the pandemic.

Which Attributes Do You Need to Master to Achieve Cloud Success?

IDC has identified 10 key attributes that organizations need to master to ensure the success of their digital infrastructure initiatives. European organizations are only just beginning to adopt these technologies.
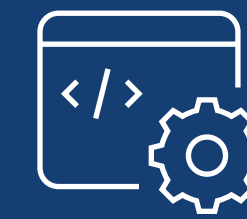
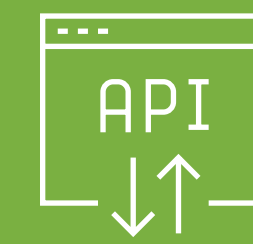**Intelligent security and/or digital trust**

Formal risk management/ governance processes

Access to integrated real-time (less than an hour old) data

Programmable infrastructure — software-defined storage (SDS), software-defined networking (SDN), serverless, containers, Kubernetes, etc.

API-centric development/API gateways

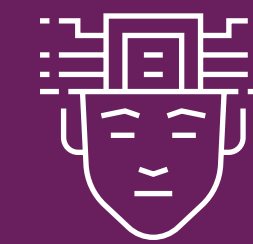**Intelligent monitoring, optimization, and remediation**

Automation and orchestration

Adoption of multicloud services (ability to deploy and manage IT services across multiple cloud locations or providers)
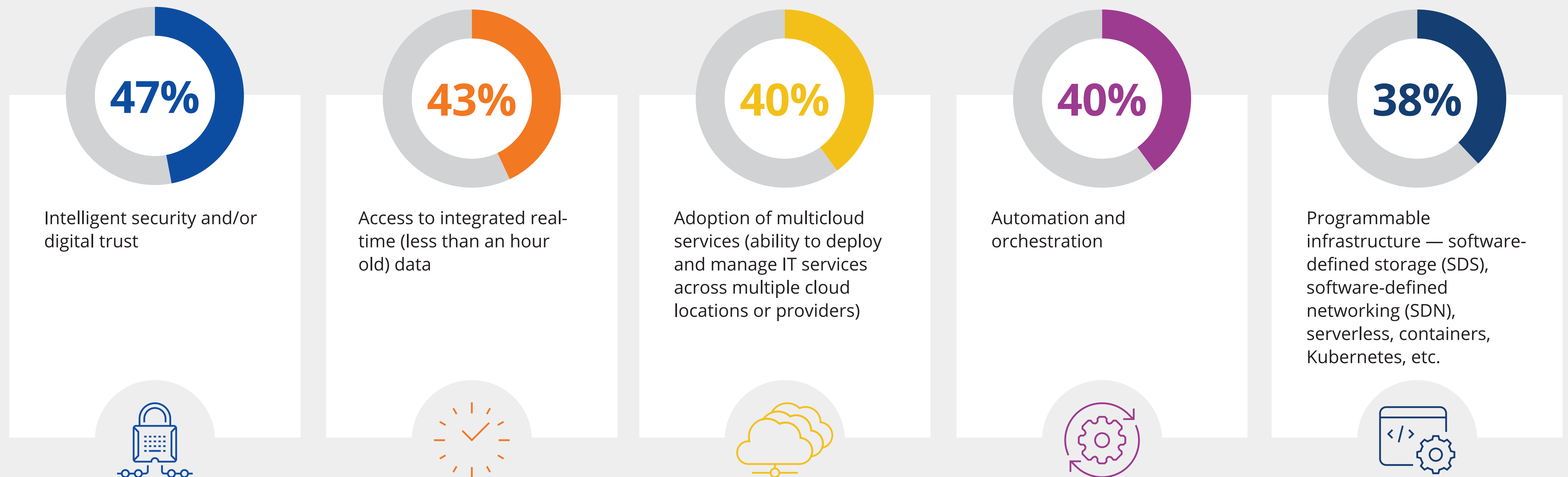
DevOps and/ or modern agile application development approaches

Artificial intelligence/ machine learning (AI/ML) in actual business use cases (business processes/ monetization/decision support)

Which Top 5 Cloud Capabilities Are Advanced Cloud Users Focusing On?

Learning from the leaders: the most cloud-savvy organizations are generally more advanced in using all 10 technologies but focus on these five to successfully build their digital infrastructure.

47%

Intelligent security and/or digital trust

43%

Access to integrated real-time (less than an hour old) data

40%

Adoption of multicloud services (ability to deploy and manage IT services across multiple cloud locations or providers)

40%

Automation and orchestration

38%

Programmable infrastructure — software-defined storage (SDS), software-defined networking (SDN), serverless, containers, Kubernetes, etc.

Blueprint for Seamless Hybrid Multicloud

To implement and operate a hybrid and multicloud strategy successfully, the road maps for private and public cloud implementations need to converge.
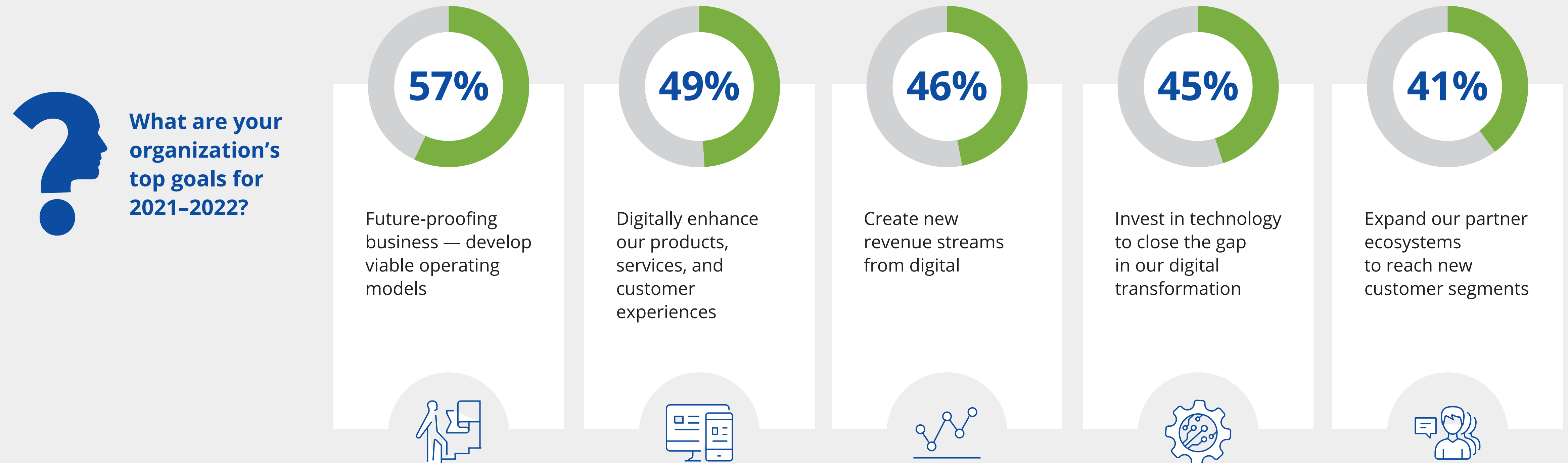
PUBLIC CLOUD

Experiment
Explore providers and migrate initial workloads into public cloud, developing success metrics

Evaluate
Refine and measure metrics to track migration and app operations in public cloud

Automate
Standardize migration processes and workload evaluations and automate operations

PRIVATE CLOUD

Experiment
Identify gaps in IT infrastructure cloud capabilities

Classify enterprise apps for cloud suitability

Build test apps to gain familiarity with new IT paradigms

Evaluate
Examine potential of full on-premises cloud stacks for your app catalog

Ensure that on-premises cloud stack is compatible or integrates with the public cloud services you use

Identify skills needed and training plan/recruitment

Automate
Modernize IT infrastructure that can be deployed as code

Identify low-level systems operations that are candidates for automation

Build automation and monitoring templates for infrastructure and apps

Expand
Apply the standard processes and automation to a broad set of workloads as needed

Optimize
Apply learnings from operational expertise and review/refine placement decisions and processes as needed over time

Hybrid multicloud maturity

Cloud CoE

DataOps

3. How Do You Reignite Your Digital Strategy for 2021 and Beyond and Execute on Your 2021 Digital Business Priorities?

Tightly aligning cloud strategies, application modernization, and operational transformation to business outcomes is the key to digital success in 2021. To achieve digital business priorities, European organizations need to build a hybrid and multicloud foundation.

What are your organization's top goals for 2021–2022?

57%	49%	46%	45%	41%
Future-proofing business — develop viable operating models	Digitally enhance our products, services, and customer experiences	Create new revenue streams from digital	Invest in technology to close the gap in our digital transformation	Expand our partner ecosystems to reach new customer segments

What's Next?

1

Respond:

Set up your hybrid cloud infrastructure to ensure business continuity and cost efficiency

2

Recalibrate:

Balance cost savings with focus on innovation and digital transformation

3

Reignite:

Use the innovation power of the cloud model to change your business models, explore new market segments, and return to growth

Note from Nutanix and Fujitsu

What IDC has been analyzing here is reflecting a trend at scale, driven again by the fast-moving corporations of today. Nutanix is not only enabling its customers to build their very own fully featured, container-based enterprise cloud with our software — we also help them reorganize their whole IT organization to be more agile, responsive, and flexible. After we successfully made IT infrastructure invisible, the goal for our current decade is to make the cloud invisible because, as IDC says, cloud is not a destination, it's an experience. What makes this experience even more enjoyable is when IT teams choose Fujitsu's Integrated System PRIMEFLEX service approach as a means to seamlessly implement Nutanix into their organization.

NUTANIX

This IDC InfoBrief is so special because it is being composed in probably the most brutal days of the COVID-19 pandemic — the winter months of 20/21. Yet we see that the business world is investing at a breathtaking speed amidst the technical upheaval, exiting the public cloud era and entering the hybrid cloud era. Market leaders will endure and come out of this crisis in a stronger competitive position than when they entered it. Fujitsu's Integrated System PRIMEFLEX for Nutanix Enterprise Cloud is a platform that our market leading customers are using to create their hybrid cloud platforms on — enabling them to respond, recalibrate, and reignite their business.

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