



CanadianCIO
ROUNDTABLE

Embracing the Cloud: Bridging Teams, Budgets, and Success

Insights from a *CanadianCIO* Executive
Roundtable



CanadianCIO hosted an executive roundtable in Toronto on October 4, 2023 called ***Embracing the Cloud: Bridging Teams, Budgets and Success.***

Top-level IT decision makers from some of Canada's largest corporations gathered for this frank and revealing conversation. They shared the challenges and triumphs of their own experiences thus far, in hopes of helping each other in their ongoing cloud journeys.

This exclusive roundtable was moderated by **Jim Love, CIO and Chief Digital Officer of ITWC**. Providing expert advice were **Adam Faux, Principal Consultant at Amdocs** and **Deborah Koens, Regional Head of Cloud Professional Services for the Americas at Amdocs**.

Before turning to highlights from the event, here's a brief look at the state of cloud in 2023 as the backdrop for *CanadianCIO's* spirited roundtable discussion.

Setting the table

Businesses accelerated their cloud journeys during the COVID-19 crisis, and many show no signs of applying the brakes in the post-pandemic era.

According to an Amdocs survey of 1,000 senior IT professionals released in late 2020, almost two-thirds of organizations hastened or upsized their cloud adoption plans due to the pandemic, mainly to enable remote work and bolster the security of their data.

Three years later, the majority of businesses still feel a need to speed up their cloud efforts. According to one global study released earlier in 2023, 57 per cent of enterprises intended to accelerate their cloud migration plans this year. (The sense of urgency is even greater in the financial services sector, where 64 per cent of firms planned to step up their migration efforts.)

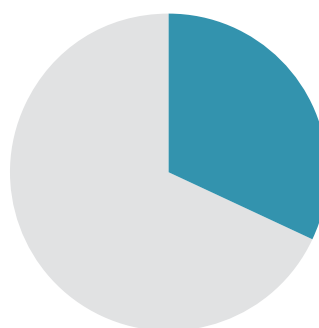
Enterprises who participated in this poll said their top motivators for cloud adoption in 2023 were:

1. Disaster recovery and business continuity
2. Replacing legacy on-prem tech
3. Lower Total Cost of Ownership
4. Better employee productivity
5. Greater flexibility to react to changing market conditions

Artificial intelligence is also fueling cloud deployment:



35%
of enterprises say AI is
accelerating their cloud
deployment



32%
say AI is increasing
their cloud budgets

But are businesses getting enough bang for their buck in the cloud?

Although 50 per cent of surveyed organizations say cloud capabilities helped them achieve increased and sustainable revenue in 2023, that's down from 60 per cent of enterprises in 2022. This data point indicates that, in the race to embrace cloud during the past three years, certain business benefits have been lost in the shuffle. The old adage "haste makes waste" has unfortunately been proven true for some enterprises that hurried key elements of their cloud strategy.

Getting this stuff right matters – in a huge way. That's because enterprises plan to allocate more than a third of their total IT budgets to cloud computing over the next 12 months. And according to a report by McKinsey & Company, the cost of cloud migration missteps is staggeringly high:

“Inefficiencies in orchestrating cloud migrations [are] adding unexpected cost and delays. Approximately \$100 billion of wasted migration spend is expected over the next three years, and most enterprises cite the costs around migration as a major inhibitor to adopting the cloud.

CLOUD MIGRATION OPPORTUNITY: BUSINESS VALUE GROWS BUT MISSTEPS ABOUND,
McKinsey & Company

With these issues playing out at enterprises around the world, executives at the CanadianCIO *roundtable* engaged in a deep discussion about **engaging internal stakeholders, managing cloud costs, and redefining the business value of cloud.**

Getting stakeholder buy-in

Moderator Jim Love, CIO of ITWC, opened the discussion by pointing out **cloud is a business management issue rather than a technology issue.** He posited that cloud strategy must **start with what people need to do, not with what *technology* can do.**

“We often go looking for a business case [for cloud] based on what people think they should want,” Love observed. “Go out and find the business challenges in the organization first. Then focus on those challenges when you’re making the business case for your cloud strategy.”

Taking a people-oriented approach starts with the people at the top; that’s why C-suite buy-in is so critical to any cloud strategy. Yet expert guest Adam Faux, Principal Consultant at Amdocs, spoke about the supporting players whose roles are often minimized: other internal stakeholders. They too, he argued, are important to the cloud journey, regardless of their position on the corporate ladder.

“It’s not just the CEO; you need compliance team members, security team members. There are people in every department who want to change how things operate. If you find them and put them in a room together, you can make it happen,” Faux said.

One roundtable guest called these non-executive changemakers “a coalition of the willing.” In his experience, leaning into the enthusiasm of these individuals brings exponential benefits to the cloud journey:

“We spend lots of time trying to convince the naysayers. But they’re not going to champion anything. Find all the people who are change agents. Empower them and celebrate them, and they’ll run with it.”

VP OF FINANCE AT A MULTINATIONAL TELECOM INFRASTRUCTURE PROVIDER

Faux added that buy-in is an ongoing process, however, not something to simply cast aside once your cloud migration strategy is in full swing. That means checking in with key internal stakeholders on a regular basis.

“I spend a lot of time working in the weeds getting consensus between multiple teams,” Faux explained. “Most of the problems that cropped up were [from] people not talking to each other. So I set up full teams just to listen to people. For anyone who had a problem, I’d phone them and ask them what was going on. I always want to understand: what, if anything, is wrong with what we’re doing?”

These continuous opportunities for feedback ensure internal stakeholders feel valued, stay engaged in the migration process, and see their concerns addressed in ways that can improve the organization’s cloud strategy overall. In the end, **internal stakeholder UX matters as much to your cloud journey as external-facing CX.**

Managing cloud costs

Although many organizations say data privacy and the skills shortage are top cloud adoption challenges, they also cite spiraling cloud costs as a persistent issue. McKinsey’s research revealed an astounding **75 per cent of cloud migration projects go over budget.**

With that figure in mind, it's no surprise that the topic of cloud costs dominated much of the roundtable discussion. As enterprises gain more experience with the maturing cloud ecosystem, they're encountering costs they never even anticipated.

For example, Faux touched on the cost of moving from a single cloud provider to a multi-cloud scenario. While switching may give your company leverage to push for better pricing, it ultimately creates a new challenge: requiring your IT teams to gain skill sets in more than one cloud provider's architecture. With the ongoing skills shortage, that's a price some organizations simply can't afford to pay.

Finops as a cloud management game changer

Roundtable guests agreed that finops (an emerging discipline providing structures, tools and approaches to managing cloud investments) is an exciting opportunity to gain greater visibility into cloud usage and costs. Research shows nearly half of Canadian enterprises (46 per cent) are using finops to manage cloud resources and expenses, a rate much higher than the global average of 28 per cent.

Some roundtable guests credited finops with giving them clearer insight into:

- cloud services or capacity their organization isn't getting full value from
- under-utilized, on-prem IT assets that aren't really worth moving to cloud after all

“You can get cost savings from just pulling the plug on some on-prem or legacy systems, despite the fears of doing that.

ASSISTANT VP OF INFORMATION SYSTEMS AT A MAJOR CANADIAN INSURANCE BRAND

Love also lamented the phenomenon of “cloud lock-in.” This occurs when a business, faced with financial barriers for switching from one cloud provider to another, opts to stick with their original provider to avoid the extra cost. (Love likened this to the fictional *Hotel California*, where you can check out any time you like but it's not *really* that easy to leave.)

For example, moving to a new cloud provider can force a business to essentially re-purchase licenses it already owns. That double-payment conundrum, Faux asserted, can make it far less cost-effective to move applications to the cloud.

“Doing nothing is a valid option to avoid a few million dollars in new licence fees,” he said.

Although cloud services are charged via a usage-based subscription model, Faux stressed how easy it is to lose track of an uptick in cloud usage that gradually pushes costs higher – precisely proving the value finops can add in terms of visibility into cloud spending.

“On-prem charges are fixed. But you can spend more on cloud than you think you’re spending.”

ADAM FAUX, PRINCIPAL CONSULTANT, AMDOCS

Qualitative vs. quantitative cloud benefits

Building on Faux’s warning about ballooning cloud usage costs, Love suggested that, in addition to tracking how much money cloud saves them, organizations should also keep tabs on how much cloud services cost them.

This sparked a deeper conversation about reframing the way organizations calculate the cost – and value – of cloud. Instead of looking only at costs saved from the bottom line, why not consider how much value cloud adds to the business as well? Yet some benefits of cloud – like improved resilience, productivity, agility and user experience – are qualitative rather than quantitative. As one guest shared at the roundtable:

“I’m still getting some skepticism if [leadership] doesn’t immediately see the savings on the balance sheet. But this [cloud strategy] was never just about the financial business case.”

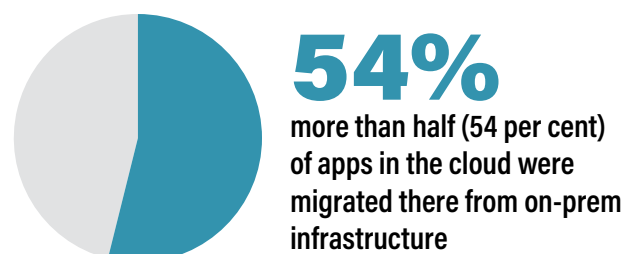
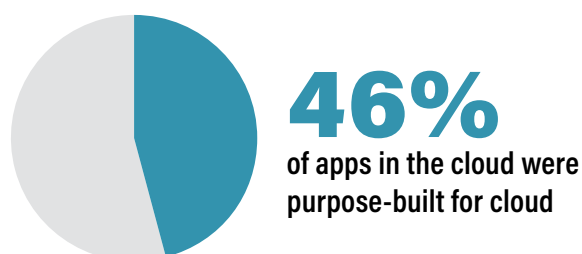
EXECUTIVE FROM A MAJOR CANADIAN TELECOM SERVICES PROVIDER

Faux agreed that the intangible business benefits of cloud must not be overlooked. He recalled asking a team of developers to describe their typical day on the job. Why? He wanted to determine how cloud might help them, even in ways that couldn't be tabulated in a financial report:

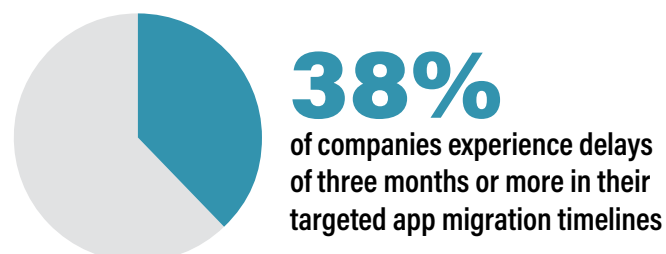
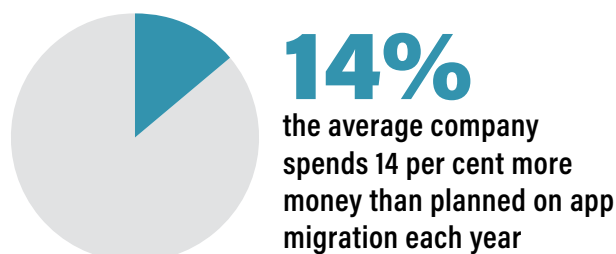
"I asked them, 'What can I do to make your life better?' If cloud makes your development cycle faster, I can't quantify all of that," Faux recounted at the roundtable. "But it has huge value if it can make your life better."

App migration remains a formidable challenge

According to a global survey of almost 900 IT decision makers:



This means app migration is still a significant issue for enterprise cloud strategy. Findings from the McKinsey study demonstrate the cost of inefficient and ineffective app migration:



Roundtable expert guest Deborah Koens, Regional Head of Cloud Professional Services for the Americas at Amdocs, said finops may help companies determine which on-prem applications are actually worth moving into a cloud environment in the first place.

"If you don't access an application in 30 days, maybe you don't really need it," Koens offered.

Conducting an inventory of your applications will reveal some apps are better off staying on-prem, others can be rewritten with cloud-native architecture, and some should be decommissioned completely. Instead of rushing to lift and shift applications to the cloud, taking a more strategic approach can save an organization from spending precious resources on app migrations that will generate little or no business value in the end.

“Some applications work well in the cloud but require a lot of work upfront. Some older applications might not even be worth migrating at all. So you have to examine them all carefully and realistically.

DEBORAH KOENS, REGIONAL HEAD OF CLOUD PROFESSIONAL SERVICES FOR THE AMERICAS, AMDOCS

Key roundtable takeaways

- find and empower change agents who champion cloud at every internal stakeholder level, not just the C-suite
 - build a business case for cloud based on what people need vs. what technology does
 - moving something to the cloud isn't always the best option
 - harness finops to gain cloud cost visibility and align cloud expenses with business outcomes
 - gauge qualitative business benefits of cloud, not just quantitative costs
 - strategically assess the functionality of applications vs. rushing to lift-and-shift them to the cloud
 - ask internal stakeholders what they need to make their jobs/lives better
- stakeholder buy-in is a constant, ongoing process

About Amdocs and Sourced Group

Founded in 1982, **Amdocs** is a publicly traded company specializing in software and services for the global media and communications industries. Two years ago it merged with **Sourced Group**, a Toronto company that collaborates with enterprises across Canada and around the world to orchestrate, implement, and administer ambitious cloud strategies. Amdocs and Sourced Group have combined their experience and expertise to reshape the Canadian market and reveal the benefits of cloud computing.

www.amdocs.com

www.sourcedgroup.com

About ITWC

ITWC is the Canadian AI-enabled digital media and marketing platform reaching Canada's most influential, engaged and targeted technology decision-makers. Using first-party data, the science of demand generation and industry knowledge, we create value for both our community of participants of over 280,000 CASL-compliant subscribers and our leading vendor customers.

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About CanadianCIO

CanadianCIO is an integral source of strategic insight for CIOs and senior executives. It focuses on issues related to the strategic use and management of information technology within the enterprise. It takes a hands-on, real world approach to exploring issues such as: the creation of business value through the use of IT; the evolving role of the CIO; IT-driven business transformation; innovation; information privacy and security.

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