# TRANSFORMING YOUR IT ORGANIZATION

**rackspace.**

*the #1 managed cloud company*

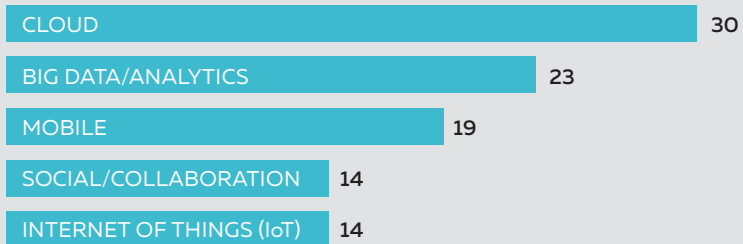# TABLE OF CONTENTS

# THE EVOLUTION OF CLOUD MATURITY
# CLOUD CONFIDENCE IS RISING

Over the past few years, IT has placed more trust in the cloud. Myths have been debunked, features enhanced. Senior IT leaders now cite cloud as the most transformative new technology.

**65%** of IT leaders think the cloud is as secure — or more secure — than their on-premises software.*

**74%** have seen a positive impact from cloud computing.*

**Technology's ability to change the way you work as a business**
(out of 100)

| | |
|---|---|
| CLOUD | 30 |
| BIG DATA/ANALYTICS | 23 |
| MOBILE | 19 |
| SOCIAL/COLLABORATION | 14 |
| INTERNET OF THINGS (IoT) | 14 |

Source: IDG & Rackspace 2016 Research Study

# CLOUD ADOPTION STAGES

| STAGE | DEFINITION |
| --- | --- |
| **New to Cloud** | Working on proof–of–concepts. Focused on gaining more experience. |
| **Mid–Deployment** | Have multiple projects or applications already deployed. Focused on improving cloud resources. |
| **Trailblazers** | Heavy users of cloud services. Focused on optimization and cost savings. |

### Enterprise Cloud Maturity 2016 vs. 2015

**2016**

| 41% | 34% | 25% |
| --- | --- | --- |

**2015**

| 47% | 38% | 18% |
| --- | --- | --- |

▢ New to Cloud   ▢ Mid–Deployment   ▢ Trailblazers

# REAPING CLOUD BENEFITS

As the cloud continues to mature, consumers gain more value and assume less risk:

**Faster access to infrastructure**
**Faster time-to-market**

**Greater scalability**
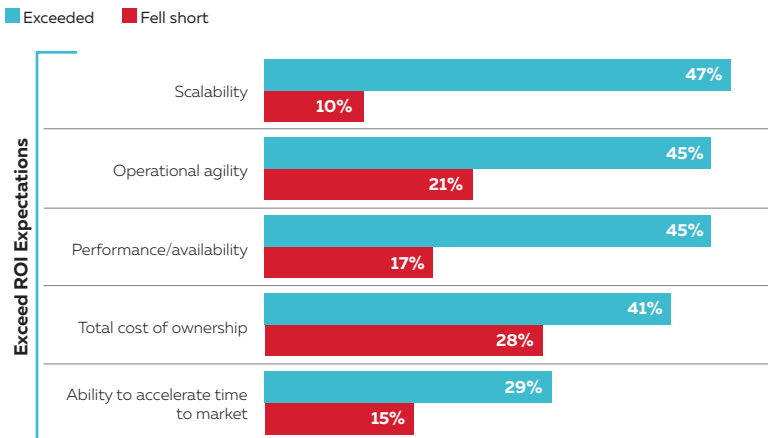**Higher availability**
**Better performance**
**IT staff efficiency**

**Cost savings**
**CapEx to OpEx**

# BLOWING AWAY EXPECTATIONS

The scalability, agility and performance of the cloud far exceeds expectations.

## Expectations of Cloud Investments

■ Exceeded  ■ Fell short

**Exceed ROI Expectations**

Scalability — 47% / 10%
Operational agility — 45% / 21%
Performance/availability — 45% / 17%
Total cost of ownership — 41% / 28%
Ability to accelerate time to market — 29% / 15%

Source: IDG & Rackspace 2016 Research Study

Cloud investments exceed expectations for **46%** of all adopters.

# REMOVING CLOUD BARRIERS
# LACK OF EXPERTISE TOPS THE LIST

While security was top of mind in previous years, lack of resources and expertise is now the top challenge for cloud adopters at every stage.

## Top 5 Challenges Change with Cloud Maturity

|  | NEW TO CLOUD | MID-DEPLOYMENT | TRAILBLAZERS |
|---|---|---|---|
| **#1** | Lack of resources/ expertise (38%) | Lack of resources/ expertise (34%) | Lack of resources/ expertise (26%) |
| **#2** | Security (35%) | Compliance (32%) | Building a private cloud (19%) |
| **#3** | Compliance (34%) | Managing cost (30%) | Managing cost (18%) |
| **#4** | Managing multiple cloud services (30%) | Security (28%) | Managing multiple cloud services (18%) |
| **#5** | Governance/Control (29%) | Managing multiple cloud services (26%) | Security (17%) |

Source: RightScale 2016 State of the Cloud Report

Organizations in mid–deployment find it more challenging to find the right strategic partners, whereas early adopters more commonly cite the skills gap as an issue.

## Agreement by Stage of Cloud Adoption

| | Early | Middle | Late |
|---|---|---|---|
| I am prepared to lead my organization through changing roles and responsibilities. | 89% | 81% | 92% |
| Identifying the right strategic partners for cloud services is challenging. | 63% | 73% | 64% |
| There is a cloud–related skills gap at my IT organization. | 78% | 60% | 40% |

Source: IDG & Rackspace 2016 Research Study

# REMOVING CLOUD BARRIERS
# A DEEPER LOOK AT TALENT SCARCITY

Gartner says we'll continue to see the IT talent shortage as one of the biggest problems facing the U.S. technology economy through 2020 — when there are expected to be 1.4 million computer specialist job openings according to the U.S. Department of Labor.

30%
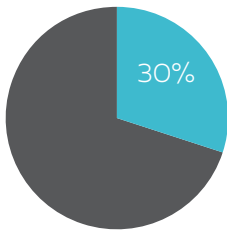
Qualified candidates will only fill close to **30 percent** of these jobs.

49%
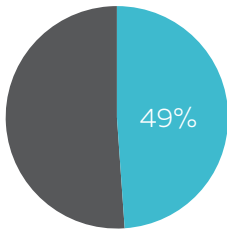
In the 2016 State of the CIO survey, **49 percent** of CIOs anticipate IT skills shortages within the next 12 months.
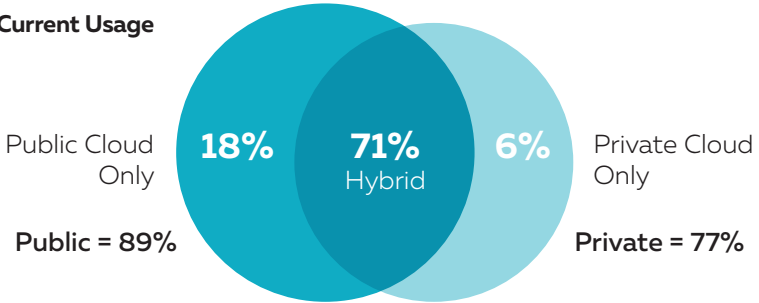
# MULTI-CLOUD USAGE

Companies using cloud are using 6 on average — 3 public clouds and 3 private clouds.

There continues to be strong growth in hybrid cloud adoption, which offers the best return on investment, according to a recent IDG/Rackspace research study.
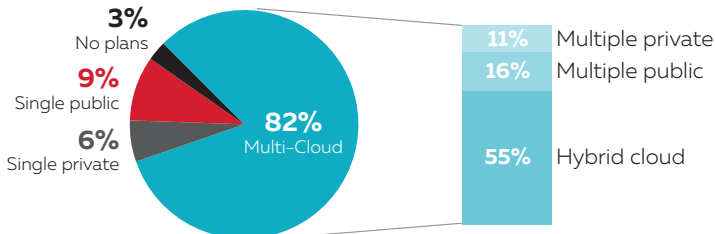
**Current Usage**

Public Cloud
Only

**18%**

**71%**
Hybrid

**6%**

Private Cloud
Only

**Public = 89%**

**Private = 77%**

Source: RightScale 2016 State of the Cloud Report

The percentage of enterprises that have a strategy to use multiple clouds has held steady in 2015 and 2016 at 82 percent, with 55 percent planning on hybrid.

**Planned Usage**

**3%**
No plans

**9%**
Single public

**6%**
Single private

**82%**
Multi-Cloud

**11%** Multiple private

**16%** Multiple public

**55%** Hybrid cloud

Source: RightScale 2016 State of the Cloud Report

# TRANSFORMING YOUR IT ORG
## DIGITAL DISRUPTION

The digital era has prompted a significant shift in business strategy that cannot be ignored. IT leaders must develop new processes and implement new technologies that will transform their IT organizations into service brokers.

A service broker model means IT shifts to researching, proposing and managing a broad range of effective services, many of them sourced from third parties that specialize in certain technologies.

**Increased innovation**

**Faster deployment cycle**

**Improved team morale**

**Increased agility**

**Financial impact**

# TRANSFORMING YOUR IT ORG
# REFOCUS INTERNAL IT ON INNOVATION

40% of IT organizations believe that a top barrier to innovation is the over-allocation of resources to IT maintenance. Budget constraints and difficulty keeping up with emerging technologies are additional barriers to innovation.

Outsourcing of infrastructure enables the reallocation of IT staff to projects that serve the strategic mission of the business.

IT leaders make room to innovate when they move to the managed cloud.

**62%** **report that analytics and big data are critical or very important initiatives for their company over the next 12 months**

**59%** **report that enterprise mobility "as-a-service" is a top priority**

**54%** **plan to invest in the power, control and security of the managed private cloud**

# BUILD YOUR TRANSFORMATION STRATEGY

When moving to the cloud or learning how to optimize it, a partnership approach is necessary due to the involvement required by all parties – central IT, end-users, and the cloud service provider. This is not only a technology change, but a core change to the way businesses will be supported by technology and central IT. Now more than ever, enterprises are beginning to realize that there's a need to transform old IT services and processes to a more service-based IT approach that actively looks for and pursues business needs.

**Most cloud transformation journeys will follow this cadence, built from standard principles and forward-thinking strategies:**

**Executive leadership or central IT** experiences the push for early adoption through shadow IT.

**Central IT** asks for more visibility and control to establish governance while creating a business service approach that fits their end-users' needs.

**End-users** develop solutions by leveraging the technology in a self-service model.

**Central IT** enables the business to innovate with speed and flexibility.

# TRANSFORMING YOUR IT ORG
## NEW TO THE CLOUD

Take this questionnaire back to your technical leaders and power users to strategize your cloud transformation journey.

1. What are your top 3 motivators for moving to the cloud?

2. What kind of talent or resources are you missing on your team, and can a cloud service provider fill the gap?

3. What type of changes do you anticipate in the way technology is supported? How will you deliver a smooth transition for internal teams?

4. What cloud infrastructure is suitable for the data and applications you will move first?

5. What applications can be migrated with the least effort, and who will perform these migrations for you?

6. How do you currently package services to address internal needs? Are they effectively marketed within the organization to reduce shadow IT?

# TRANSFORMING YOUR IT ORG
## MID-DEPLOYMENT

Take this questionnaire back to your team to strategize the next step in your cloud transformation journey.

1. **What kind of SLA from your cloud provider best meets your needs?**

2. **Who is making sure that your data is secure (you, your cloud provider, both)?**

3. **What is your stance on business continuity and disaster recovery, and what does your cloud service provider's stance need to be?**

4. **How do you expect to account for the costs associated with cloud consumption?**

5. **What strategy will you employ for cloud development across the business? Do you plan to make the cloud readily available, or will internal teams be offered a specific package?**

6. **What is your expectation for Service Delivery Integration with your cloud provider, process and technology?**

# TRANSFORMING YOUR IT ORG
# TRAILBLAZERS

Take this questionnaire back to your team to strategize the next step in your cloud transformation journey.

1. How valuable is innovation to your business – what are the main focus areas?

2. How do you currently innovate to produce a better product and/or service to the market?

3. What type of technologies are you investing in for future efforts to provide services to the business?

4. How have the needs coming from your business changed over the past five years, and how has that influenced innovation and central IT functionality?

5. What type of demand do you see for easily accessible platforms for the development of new services?
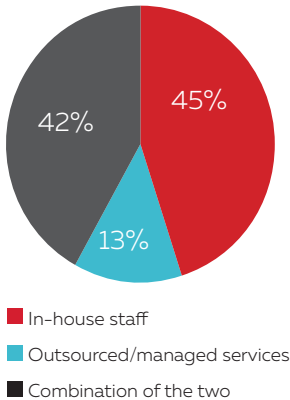
# THE CLOUD DOESN'T RUN ITSELF
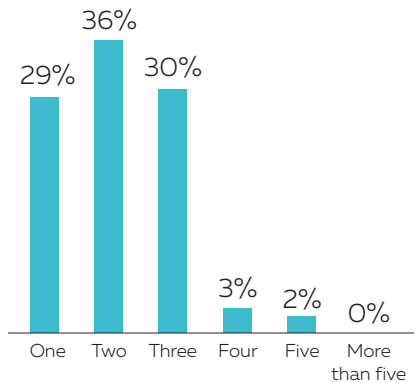# IDENTIFY YOUR STRATEGIC PARTNER

As enterprise cloud adoption and talent deficiencies continue to increase, infrastructure management, governance and control become more important.

Three is the maximum number of service providers most organizations will consider, so it's important to choose providers who best meet your needs for multi–cloud expertise.

**Resources Deployed**



45%
13%
42%

- In–house staff
- Outsourced/managed services
- Combination of the two

**Optimum Number of Cloud Service Providers**



| | |
|---|---|
| 29% | One |
| 36% | Two |
| 30% | Three |
| 3% | Four |
| 2% | Five |
| 0% | More than five |

Source: IDG & Rackspace 2016 Research Study
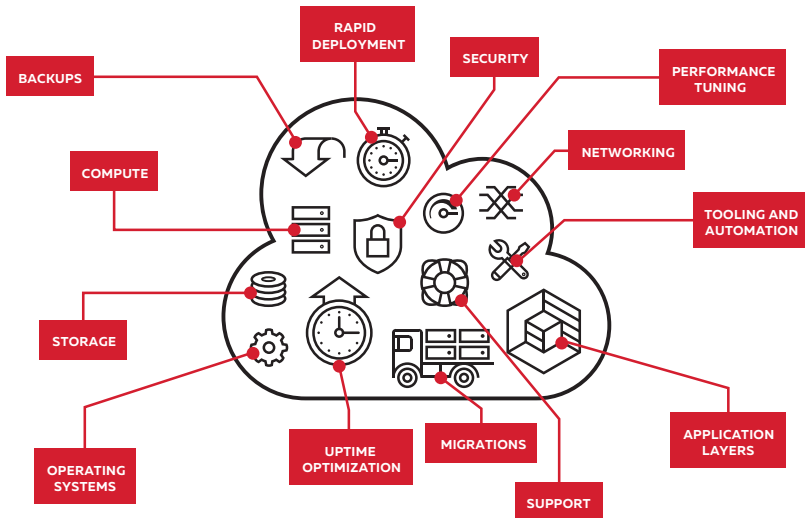
# THE CLOUD DOESN'T RUN ITSELF
# EXPERIENCE FANATICAL SUPPORT & COST SAVINGS

As you look for new ways to deliver innovative solutions faster to your customers, rely on Rackspace to deliver **Fanatical Support®** for the world's leading clouds. Every day, our certified experts work with businesses around the world to select best–fit solutions across OpenStack**®**, Microsoft**®** Azure**®**, AWS, VMware**®** technologies and more.

Moor Insights & Strategy found that outsourcing service and support to Rackspace creates the potential for 37% savings over a three–year period.

**Our Experts Help You Manage:**



BACKUPS
RAPID DEPLOYMENT
SECURITY
PERFORMANCE TUNING
COMPUTE
NETWORKING
TOOLING AND AUTOMATION
STORAGE
OPERATING SYSTEMS
UPTIME OPTIMIZATION
MIGRATIONS
SUPPORT
APPLICATION LAYERS

Source: "The Business Value of Cloud–Enabled Managed Hosting," Moor Insights and Strategy, March 2016

## Calculate how much you could be saving with Rackspace.
**www.rackspace.com/tco**

# ABOUT RACKSPACE

Rackspace (NYSE: RAX), the **#1 managed cloud company**, helps businesses tap the power of cloud computing without the complexity and cost of managing it on their own. Rackspace engineers deliver specialized expertise, easy-to-use tools, and **Fanatical Support®** for leading technologies developed by AWS, Google, Microsoft, OpenStack, VMware and others. The company serves customers in 150 countries, including over half of the FORTUNE 100. Rackspace was named a leader in the 2015 Gartner Magic Quadrant for Cloud-Enabled Managed Hosting, and has been honored by Fortune, Forbes, and others as one of the best companies to work for.

Learn more at www.**rackspace**.com

**SOURCES:**

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RightScale State of the Cloud Report, January 2016

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50 Questions You Must Ask Before Engaging In Cloud Computing Services, CIO.com, March 2015

The Business Value of Cloud-Enabled Managed Hosting, Moor Insights and Strategy, March 2016