

# FROM CIO TO CHIEF CONSUMPTION OFFICER?

Hold on for just another three years and you won't have to worry about building IT systems anymore, you'll just have to figure out the best way your enterprise can consume IT services. That's the takeaway from a McKinsey & Co. report based on a survey of 800 CIOs and IT executives worldwide.

"In the next three years, enterprises will make a fundamental shift from building IT to consuming IT," according to the analysis of McKinsey's IT-as-a-Service (ITaaS) Cloud and Enterprise Cloud Infrastructure surveys.

"While cost is often perceived to be the main driver of this shift, our research shows that benefits in time-to-market and quality are driving cloud acceptance, while security and compliance remain key concerns for adoption, particularly for large enterprises," according to report authors, Arul Elumalai, Irina Starikova, and Sid Tandon.

The survey documents a dramatic shift away from building traditional systems, virtualized systems, and on-premise cloud, to consuming dedicated private cloud, virtual private cloud, and public infrastructure as a service. That shift is most dramatic among larger enterprises, while midsize enterprises are generally already ahead in cloud adoption so the shift is not as jarring.

## HEDGING BETS

Roughly 80% of large enterprises plan to have handed off at least one workload to a hyperscale cloud services provider such as Amazon, Google, and Microsoft. But half also plan to use tier-two and tier-three providers, according to the survey.

There's lots of great data in the survey report for which every IT leader should take note. There's also the warning that this shift is going to translate into "greater headwinds for the industry value chain focused on on-premise environments ..."

It's easy to dismiss or downplay these types of reports, because projections and expectations often fall short, and what seems black and white often turns out to be varied shades of gray. But it's hard to argue with McKinsey's conclusion that, "The cloud debate is over—businesses are now moving a material portion of IT workloads to cloud environments."

Even if your particular organization is not eager to be at the forefront of this shift, you need to anticipate that it is going to dramatically impact the fortunes and the nature of your traditional IT distributors and value-added resellers.

## \$1 TRILLION IN IT SPENDING IMPACTED

ComputerWeekly points out Gartner's projection that direct and indirect cloud shift will collectively result in \$1 trillion being redirected from traditional IT spending by 2020.

That's going to mean lots of winners and losers in the IT products and services industry. "For CIOs and IT to succeed, it's going to take a different way of thinking," declares Bob O'Donnell, TECHAnalysis Research president and chief analyst. "For example, instead of evaluating products, it's increasingly going to require evaluating and managing partners and services. Instead of sticking with slow,

burdensome, 'we'll build it here' types of internal processes, it's going to require a willingness to explore more external options."

For today's CIO, an IT strategy that encompasses multiple cloud vendors promises to be the best bet for managing this tectonic shift. Are you that CIO?