# CLOUD INDUSTRY FORUM

Digital transformation goes mainstream

**FORMATION** 







# A cultural shift at breakneck pace

2020 has been a year of unprecedented change and disruption. The Covid-19 outbreak and subsequent lockdown have dramatically altered the way businesses operate, with remote working going from occasional perk to critical necessity overnight. All of us have had to adapt, and the pandemic's legacy on the way we work will be long-lasting.

While digital transformation has been happening in organisations for many years now, the events of 2020 have forced companies to accelerate the pace of this change and make preparations to ensure this change will be permanent.

This paper examines the findings of the 2020 Cloud Industry Forum research intro trends in the cloud market, which was carried out before the pandemic began. By looking at where businesses were in terms of their digital transformation efforts before lockdown, a more accurate picture of just how ready businesses are for the future begins to emerge.

As a starting point, it is useful to look at just how confident organisations were pre-lockdown when rating their level of IT adoption compared to that of their rivals. As the below graphic shows, the general picture is one of confidence.

Across all sectors covered, the majority considered their IT adoption to be slightly or significantly ahead of their rivals. The business and professional services sector was the most confident, with manufacturing not too far behind, and financial services and retail following up. The public sector was the least confident of the five examined.

In the rest of this paper, we will aim to see whether this optimism was justified in the wake of the test Covid-19 presented and figure out what work there remains for individual sectors to do.

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#### How does your organisation's IT adoption compare to its competitors?

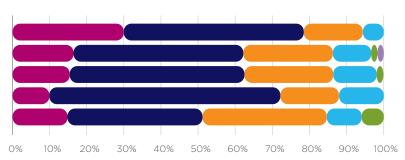
Business & professional services

Financial services

Retail

Manufacturing

Public sector



SIGNIFICANTLY AHEAD
SLIGHTLY AHEAD
ON PAR
SLIGHTLY BEHIND
SIGNIFICANTLY BEHIND
I DON'T KNOW





# Digital transformation strategies take centre stage

Does your organisation have a digital transformation strategy?

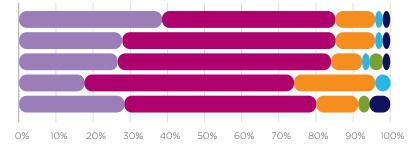
Business & professional services

Financial services

Retail

Manufacturing

Public sector



A STRATEGY IS IN PLACE
IMPLEMENTING ONE NOW
IN NEXT 12 MONTHS
IN NEXT 24 MONTHS
IN THE NEAR FUTURE
I DON'T KNOW

The pre-pandemic picture was generally a positive one when looking at the above charts. In all verticals except manufacturing, at least 80% of respondents either had a digital transformation strategy in place or were in the process of implementing one. Of those who had not yet brought in such a strategy, almost all planned to have one in the next 12 months.

The manufacturing sector is the one that had a bit of catching up to do in this respect. Only 18% of organisations had a defined strategy in place, which puts it well behind business and professional services at 39%. Close to a quarter (22%) planned to introduce one in the next year which showed that the wheels were very much in motion, but manufacturing businesses have taken a little longer than their counterparts in other industries to get going.

Lockdown has likely turned many of these plans on their heads. The very survival of office-based organisations has hinged on their ability to adapt and go remote as quickly as possible, while sectors such as manufacturing have suffered from severely reduced output and demand. Making plans to digitise processes and maximise the impact of technology are even more critical now.

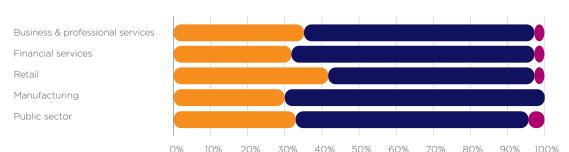
Only 18% of organisations had a defined strategy in place, which puts it well behind business and professional services at 39%





# Clear plans of action

### How clear is your organisation's digital transformation strategy?



COMPLETELY CLEAR
FAIRLY CLEAR
FAIRLY UNCLEAR
COMPLETELY UNCLEAR

When it comes to clarity of digital transformation strategies, it was an almost universally positive story across all verticals. The overwhelming majority had strategies that are at least fairly clearly defined, so it is evident that organisations were fully focused on their digital evolution.

However, respondents noted that they still had some progress to make. In business and professional services, finance and the public sector, around two-thirds of respondents said their digital transformation strategies were only fairly clear. Manufacturing was even higher at 70%. With this in mind, it appears that most organisations, while optimistic about their position against their competitors, were still very much in the midst of their IT evolution before Covid-19 struck.

The disruption caused by the outbreak has surely been the ultimate test for these strategies. Were organisations able to translate these plans into definitive action when the lockdown began, or did they come up short?

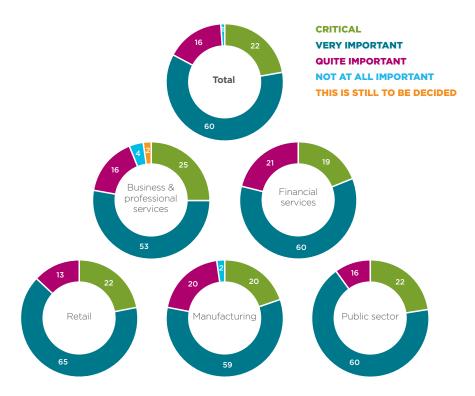
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## The criticality of cloud

To what extent is cloud important to your organisation's digital transformation strategy?



It goes almost without saying that cloud has played a pivotal role in facilitating digital transformation and changing the IT landscape. Now an established technology, cloud has brought the flexibility and easy scalability that an agile organisation needs, without demanding that companies break the bank to make the most of it. Its importance in enabling productive remote working cannot be overstated.

When it comes to how important cloud was perceived to be prior to the coronavirus outbreak, a quarter (25%) of respondents in business and professional services considered it critical to their ongoing digital transformation. The picture was similar for the public sector (23%) and retail (22%), which paints an encouraging picture of an environment where cloud plays a major part in both public and private organisations. Interestingly – despite its wider reputation for innovation – financial services was the only sector where fewer than one in five (19%) described cloud as critical.

Overall, the largest proportion of respondents across all sectors considered cloud to be "very important". This could be indicative of a need for cloud to establish an even firmer foothold, but it could also point to a desire for many organisations to maintain hybrid deployments.

For many sectors, remaining productive during lockdown depended on their cloud-readiness. Being able to operate without relying too heavily on on-premise technology was key, and will remain vital in the more digitally minded organisation of the future.

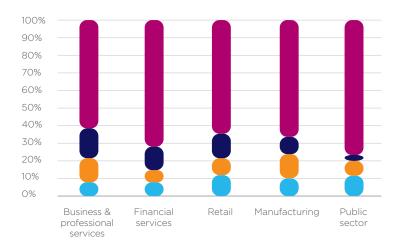
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### Opportunities abound

Which of the below statements most accurately reflects your opinion of the current digital revolution?



IT IS A GREAT OPPORTUNITY FOR MY BUSINESS IT IS A GREAT PERSONAL OPPORTUNITY AS AN INDIVIDUAL FOR MY CAREER

IT IS A THREAT TO MY JOB

IT IS A THREAT TO MY BUSINESS

On the whole, a strong majority of leaders across all sectors saw the digital revolution as being a positive opportunity to develop their organisation as a collective. This view was even more pronounced in the public sector, where 77% saw it as a great opportunity, which perhaps reflects technology's potential to save time and money for cash-strapped governmental bodies.

There was, however, a small but not insignificant concern amongst some respondents that the move to digital could threaten their jobs. This was most prevalent in business and professional services (13%) and manufacturing (14%), which is somewhat understandable given the current and possible future impact of automation on these sectors.

With the Covid-19 situation leading to millions of UK workers being furloughed and the unfortunate possibility of redundancies for some, it is now more important than ever for leaders to be as transparent as possible when communicating the arrival of new technologies. If concerted efforts are made to reassure staff that tech such as automation is there to complement them rather than replace them, these concerns can be reduced.

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# Are organisations doing enough to digitise?

Do you believe that your organisation is doing enough to become fully digitised?

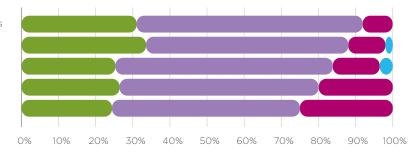
Business & professional services

Financial services

Retail

Manufacturing

Public sector



YES, MORE THAN ENOUGH
YES, JUST ENOUGH
NO, MORE EFFORT NEEDED

NO, MUCH MORE EFFORT NEEDED

Again, the pre-pandemic picture across verticals in this case was a fairly positive one. For a third of those in financial services (33%) and 31% of those in business and professional services, their company was doing more than enough to fully digitise, with the other sectors not too far behind.

However, the numbers are generally lower across manufacturing – where 20% said more effort is needed to digitise – and in the public sector – where more than a quarter (26%) said the same thing. While these two sectors have made significant progress and demonstrate a clear desire to evolve, it appears that there remains a reliance on traditional, more time-consuming processes in some cases.

Again, the switch to almost universal remote working has forced organisations to speed up this digitisation process, and those sectors that still required the physical presence of employees – such as manufacturing – have often had to maintain their operations using limited resources. Achieving the right long-term blend of digital technologies and human input will be integral to the recovery of all sectors.

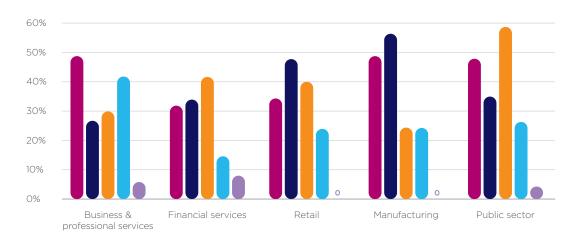
It appears that there remains a reliance on traditional, more timeconsuming processes in some cases





# Hurdles to digitisation

### What is preventing your organisation from becoming digitised more quickly?



NOT ENOUGH HUMAN RESOURCES NO IN-HOUSE SKILLS NO BUDGET NO APPROPRIATE HELP FROM PARTNERS I DON'T KNOW

When it comes to what stands in the way of further digitisation, the situation pre-Covid-19 was much more of a mixed bag. A lack of human resource was common across all sectors, particularly in business and professional services (49%), manufacturing (49%) and the public sector (48%), albeit less so in finance (31%) and retail (33%).

A lack of in-house skills was particularly pressing in manufacturing, cited by 57% of respondents, with retail not too far behind on 48%. Stretched budgets were most prominent an issue in the public sector (59%) which is understandable, but they were also an issue in financial services (41%) and retail (40%).

Interestingly, an average of 25% of total respondents said that they do not get enough assistance from partners to help them digitise, rising to 41% for business and professional services, and around a quarter for manufacturing, retail and the public sector.

Even before lockdown, organisations' challenges were diverse and varied heavily according to the nature of the sector in which they operate. The impact of the pandemic will squeeze organisations even further in the coming months, so an emphasis on efficiency and collaboration between businesses will be key. Whether it is a lack of people, skills or budget, external partners have a leading role to play in helping companies continue their digitisation journey in a post-Covid world.

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### Conclusion

The upheaval of the coronavirus situation has meant businesses have had no other option but to expedite their digital evolution, regardless of the sector in which they operate. The question is no longer about whether or not organisations are – or should be – transforming, but what adjustments need to be made to become digital, maximise the potential of existing strategies, and recover from the pandemic's impact in the best way they can.

Confidence in technology and its ability to make a positive difference is high, so businesses need to be given the support to ensure the challenges of the last few months translate into effective long-term digital strategies. This means being wise to the hurdles that continue to hamper further digitisation, and working to offer solutions to help companies meet inevitable budgetary challenges or skills shortages. This should be managed in a way that solves key problems for organisations, but also reassures staff that new technologies are there to support them, not supersede them.

The potential and opportunities that cloud provides are now well understood by the overwhelming majority of businesses, with most now leveraging it in some way at the very least, and many seeing its very real benefits during lockdown. The next phase should be for external partners to position themselves as an increasingly integral component of the ongoing digital transformation process, by ensuring that lessons learned from Covid-19 lead to permanent, positive changes.

The near future will be full of challenges, but there are reasons to be optimistic if businesses remain on the front foot and use this disruption to spur themselves on to greater success. We are coming through what has been the greatest test of our digital capabilities we have ever seen. By maintaining an enthusiasm for evolution and embracing the potential of new technologies during the recovery process, success will remain on the horizon.

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### **About**

The Cloud Industry Forum (CIF) was established in direct response to the evolving supply models for the delivery of software and IT services. Our aim is to provide clarity and advice for end users when assessing and selecting Cloud Service Providers based upon the clear, consistent and relevant provision of key information about the organisation/s, their capabilities and operational commitments.

Ancoris is an award winning Cloud Services Provider with a successful digital transformation practice. We combine our services with technology and applications from our strategic partner, Google Cloud, to accelerate our clients' cloud journey to become an agile, digital business. We help our clients in three specific areas:

- To transform their digital workplace with the adoption of collaborative working practices using Google G Suite and Chrome.
- To digitally transform their business with new custom cloud and mobile applications that eliminate manual processes and connect head office, workforce and customers.
- To develop actionable business insights with Google Cloud's advanced data analytics and machine learning technology.

More information can be found at www.ancoris.com.



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