



Cloud at Your Pace: Linking Business Strategy With Cloud Strategy

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Rimini Street



2021: A Year of Accelerated Digital Transformation

Digital transformation (DX) proved its value in 2020, as digital initiatives had prepared organisations well for the unforeseen circumstances brought about by the pandemic.



The top goals for 2021 and beyond are all focused on accelerating digital transformation at all levels of the organisation, ranging from developing operating models to investments in IT systems and ecosystems.

Q: What are your organisation's top goals for 2021–2022?



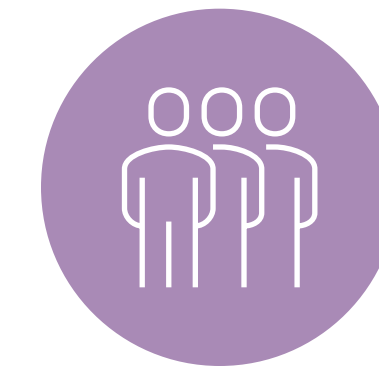
57% Future-proof the business
Develop viable operating models



45% Invest in technology
to close the gap in our digital transformation



49% Digitally enhance
our products, services & customer experiences



41% Expand our partner
ecosystems to reach new customer segments



46% Create new
revenue streams from digital

Source: European IT Buyer Sentiment Survey — Wave 13 — October 2020, n=530, Wave 15, Dec 2020, n=430

But — Digital Transformation Needs to be Profitable to Avoid the Digital ROI Gap

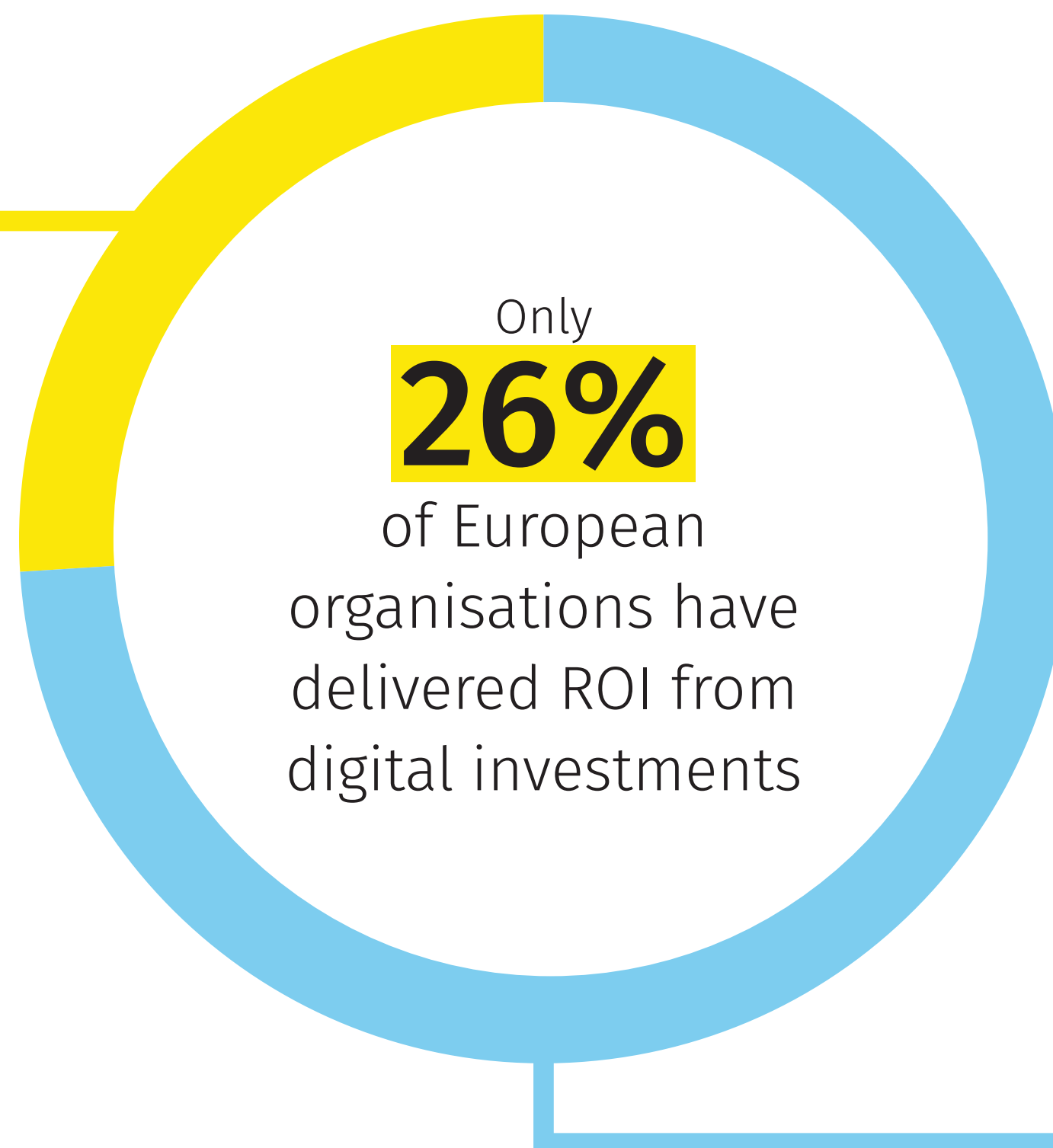
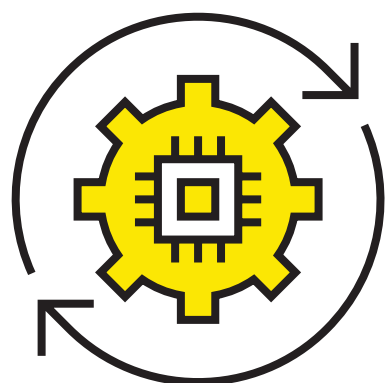
Pre-COVID Situation:

The Digital ROI Gap

In **2019** European Organisations

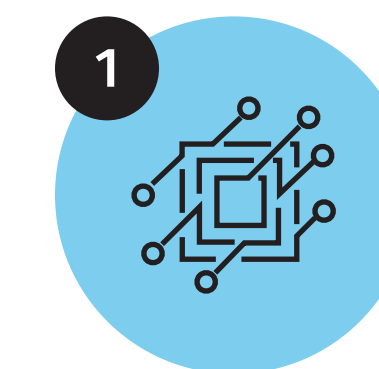
Invested \$272 Billion

on Digital Transformation

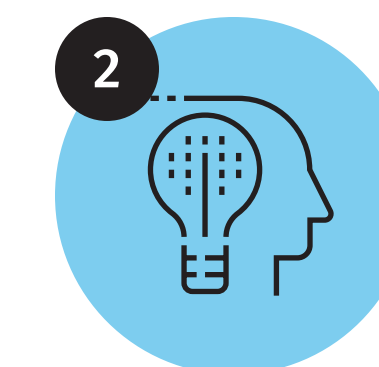


- Even before the pandemic pressed organisations to focus on cost savings, digital transformation investments were under pressure to deliver the expected return on investment.
- After a year of responding to the pandemic, it is imperative to reevaluate all projects and ensure they are cost effective and deliver the promised savings.
- As IT budgets will be tight, the requirement is to do more with less, leveraging internal resources and existing technology investments.

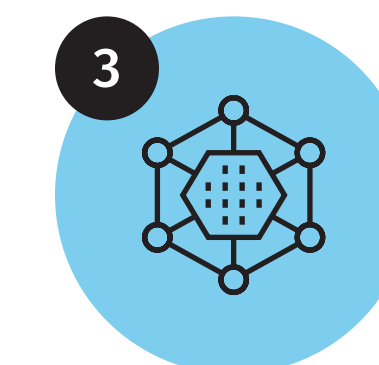
Top 3 DX responses to the pandemic



1 All/most projects will go ahead, but we will assess whether related technology and services investments will need to be reduced



2 All/most projects will go ahead, but we will leverage internal resources and existing technology investments only



3 All/most projects will go ahead, and investments in related technology and services will stay the same

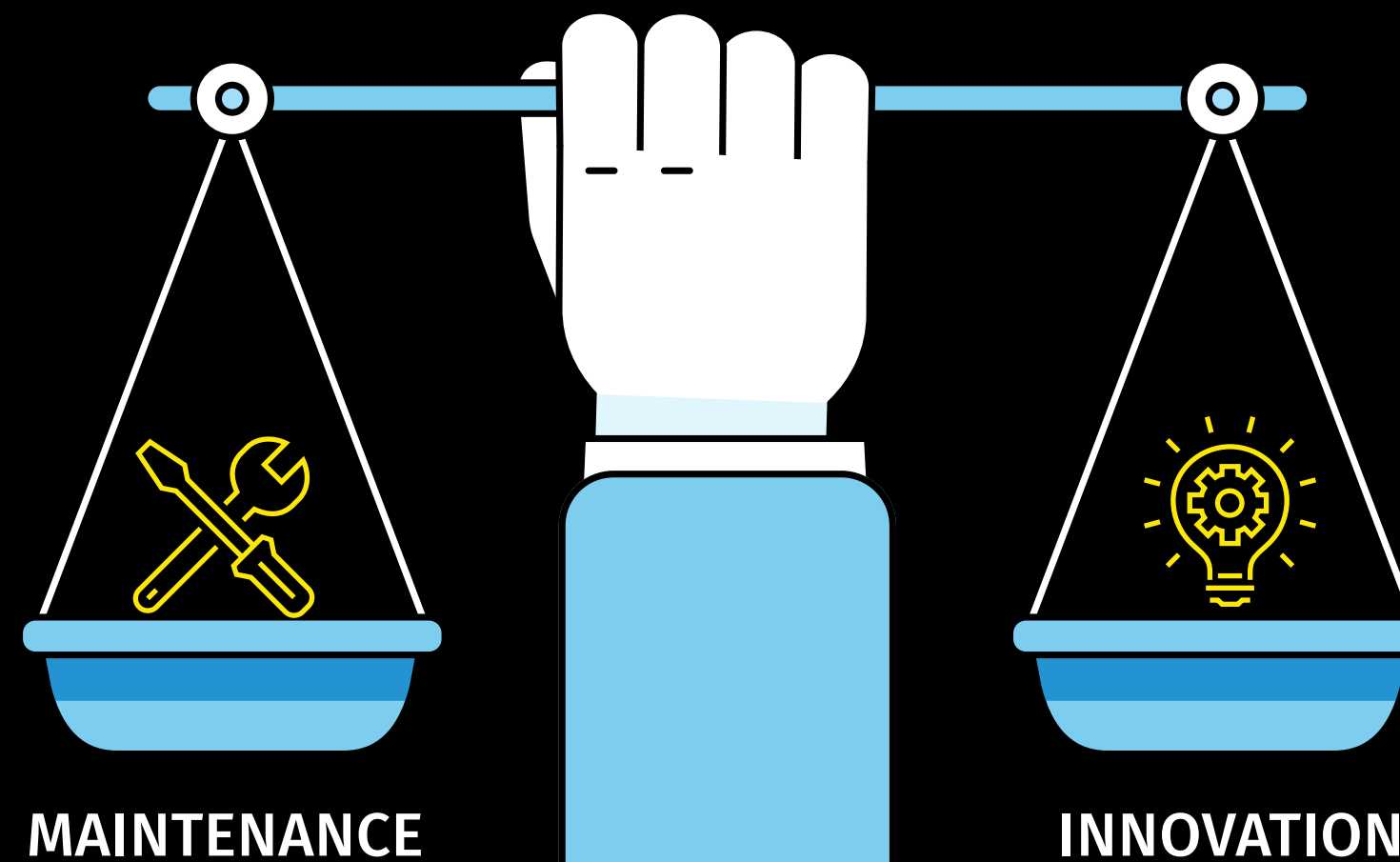
Source: IDC IT Buyer Sentiment Survey Europe, Wave 4: May 2020

CEOs Are Under Pressure to Show DX Value

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IDC's research shows that **92%** of CEOs globally are under pressure to execute a successful digital transformation

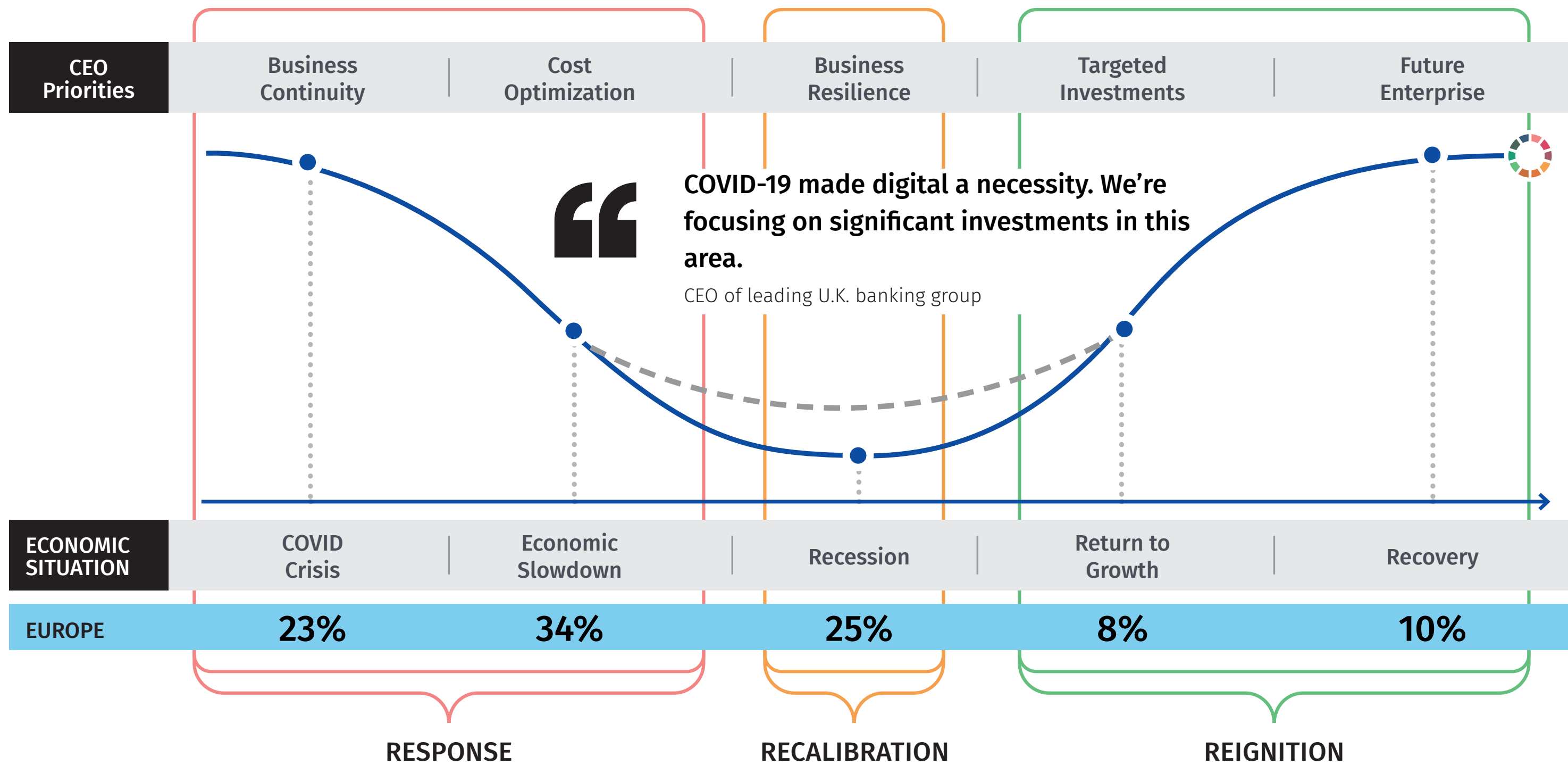
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- Organisations can no longer afford to experiment with DX. Business leaders need to focus on digital strategy execution and deliver financial outcomes from digital investments.
- Leaders more often are challenged with the necessity of implementing innovation and digitalisation with no additional budget — so they need to find resources within their existing budget.
- All projects need to be reevaluated and reclassified to ensure that they either help reduce costs or generate new revenue streams. Organisations need to identify areas where they can reduce operating costs to free up budget for investments in customer experience and innovation.

Pandemic Recovery in 3 Stages: Response – Recalibration – Reignition

Accelerate Digital to “Flatten the Curve” to Recovery



Organisations will move through 3 major stages as they work through their response to the pandemic:

- 1 Response:** Focus on business continuity and cost optimisation
- 2 Recalibration:** Focus on business resilience, efficiency, and striking a balance between cost savings and investment in innovation and digital transformation initiatives
- 3 Reignite:** Focus on targeted investments and digital transformation towards the future enterprise.

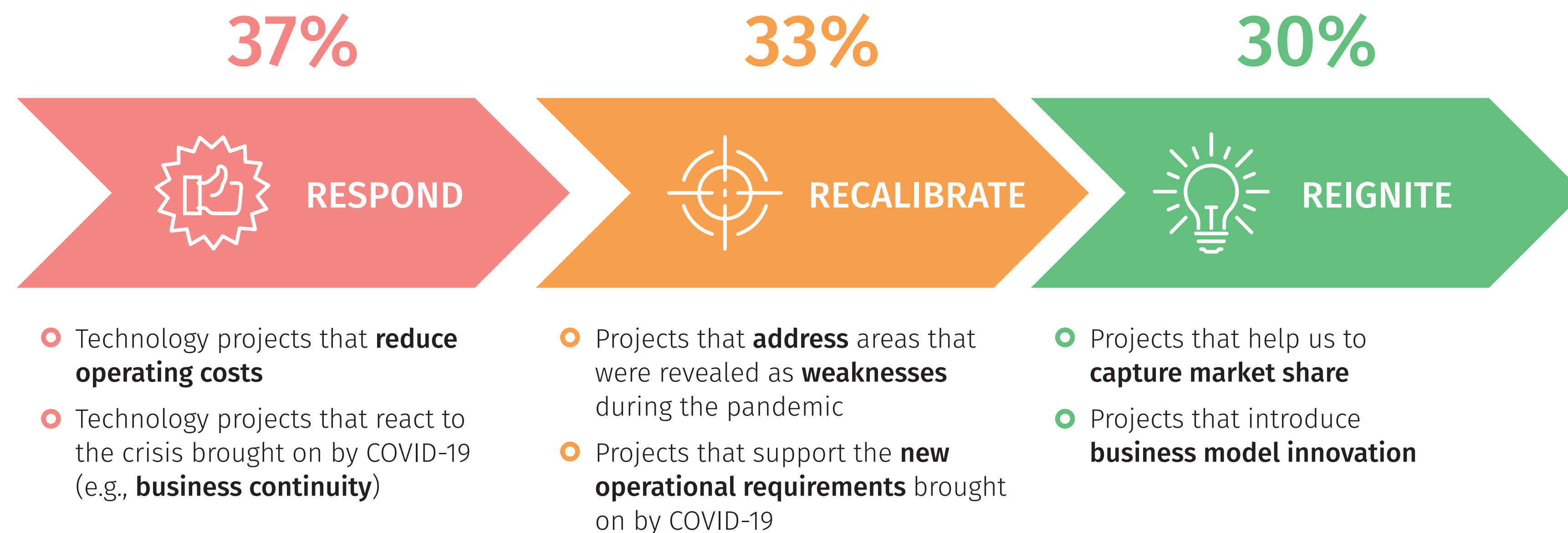
If there is one lesson from the impact of the pandemic it is that digital transformation is not just a priority, it is an imperative for business resilience, adaptability, and agile innovation.

How to Prioritise IT Investments in 2021

Striking a balance between investing in immediate crisis response projects, business resilience, and innovation is the key skill for IT and business leaders in 2021.

All IT projects need to be revisited and reprioritised to ensure that the organisation is well positioned to respond quickly to its business and social environment and to return to growth.

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



Source: European IT Buyer Sentiment Survey — Wave 15 — December 2020, n=387

Now is the Time to Prioritise Your IT Initiatives

Prioritising IT Initiatives

A High-Level Framework



CIOs need to balance IT budgets between immediate pandemic response and longer term innovation. All IT initiatives need to be scrutinised. Here are some points to consider:



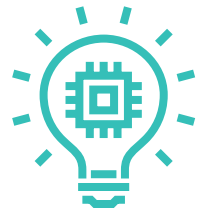
Infrastructure and compliance — Organisations can reduce complexity and costs by making necessary integrations or shifting the infrastructure to the cloud.



Enterprise software foundation — Selective software upgrades and refreshes, limited to those that bring ROI or proven business case, help decrease software maintenance costs and improve cash flow.



Productivity and cost management — Optimising IT operations can reduce costs and free up internal IT resources to focus on innovation.



Innovation and differentiation — IT initiatives that enable the organisation to grow and access new revenue streams, such as investing in low-code/no-code capabilities for business-driven innovation.

Strong Investment in Private and Public Cloud

Digital platforms based on cloud architectures have emerged as the critical platform for agility and resilience. Organisations are investing in both on-premises private clouds and public cloud services. Cloud architectures are also key to modernising ERP systems.

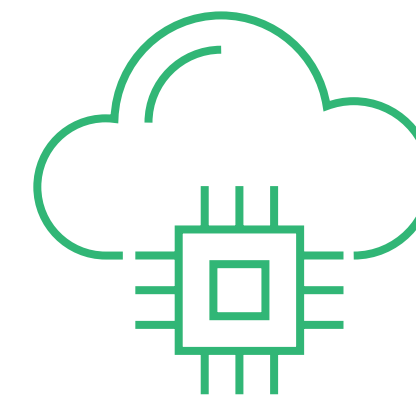
Q: Compared to your organisation's actual spending in 2020 (after COVID adjustments), how do you think your organisation's spending on the following IT products and services will change in 2021?



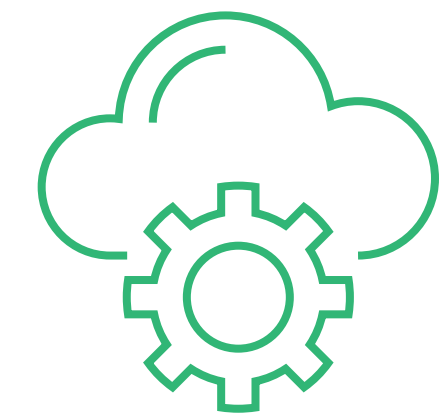
72%
Increase or maintain **private cloud** spend



67%
Increase or maintain **IaaS** spend



69%
Increase or maintain **PaaS** spend



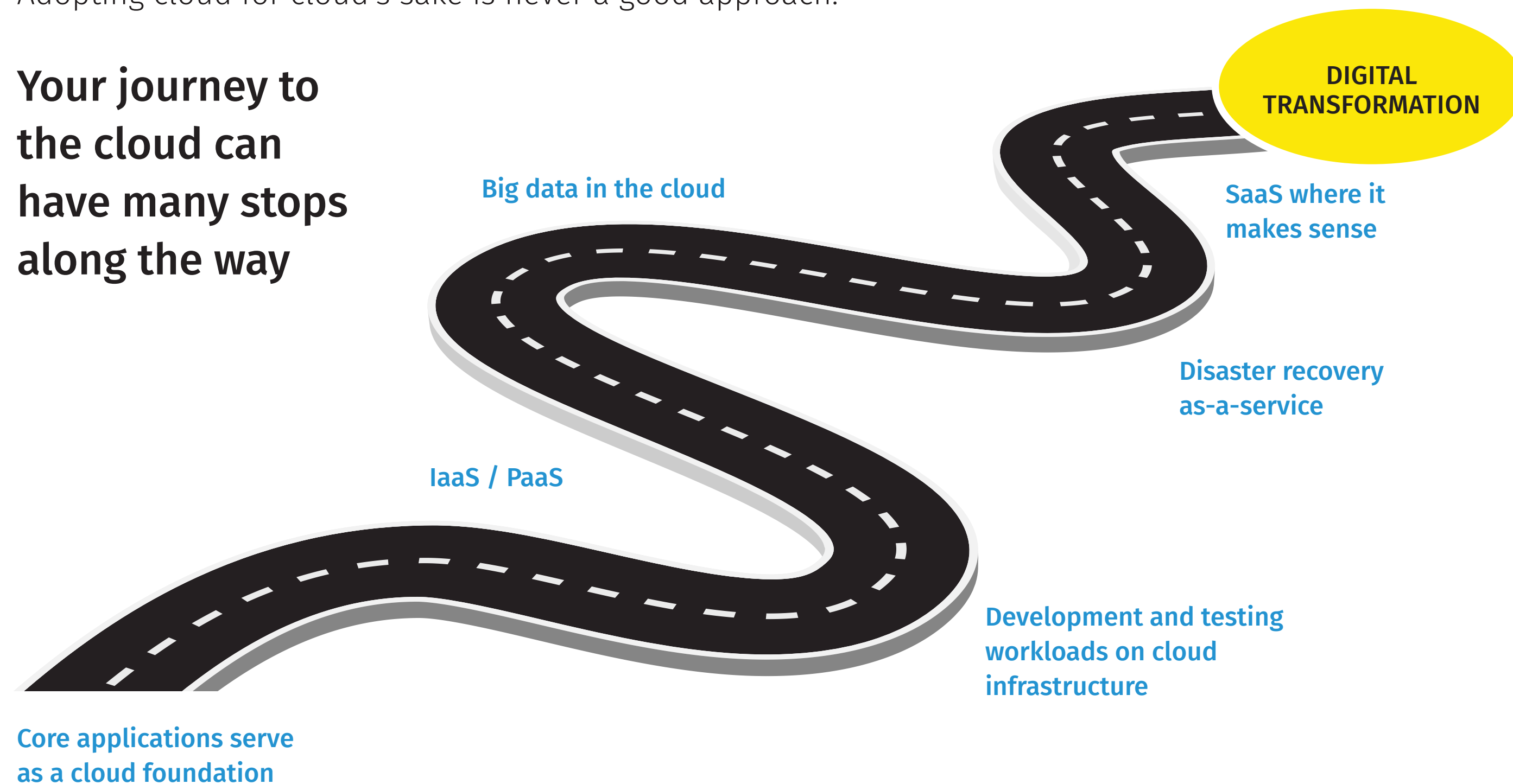
71%
Increase or maintain **SaaS** spend

Source: IDC's Buyer Sentiment Survey, Wave 15, December 2020, N=430

There Are Many Steps on the Digital Transformation Journey — Hybrid IT Supports Them All

Every cloud decision should be driven by business needs. Adopting cloud for cloud's sake is never a good approach.

Your journey to the cloud can have many stops along the way



Organisations starting on their digital transformation journey usually choose a small-steps approach and a pragmatic hybrid IT strategy.

Different workloads require different cloud strategies. There is no “one size fits all” approach to cloud. Organisations need to differentiate based on business case, business need, and technical and regulatory compliance.

The journey to the cloud has several steps including:

- Shifting development and testing to the cloud infrastructure to take the burden off the production environment.
- Moving big data analytics to the cloud to improve performance and decrease refresh cycle time.
- Setting up a disaster recovery centre in the cloud to ensure business continuity and security of operations.

Innovate at the Top, Not at the Core Layer

Over the past ten years, organisations invested heavily in their ERP modernisation, and many are satisfied with their environment. Big upgrades bring certain challenges and risks, so it's often wise to keep current ERP systems in place, perhaps do a lift and shift to IaaS to optimise costs.

40%
of SAP customers
in Europe are not
considering migration
to S/4 as they are
satisfied with the
current environment

Top challenges encountered or expected during migration to S/4HANA



49%
Alignment with
business processes



48%
Data model
transitions

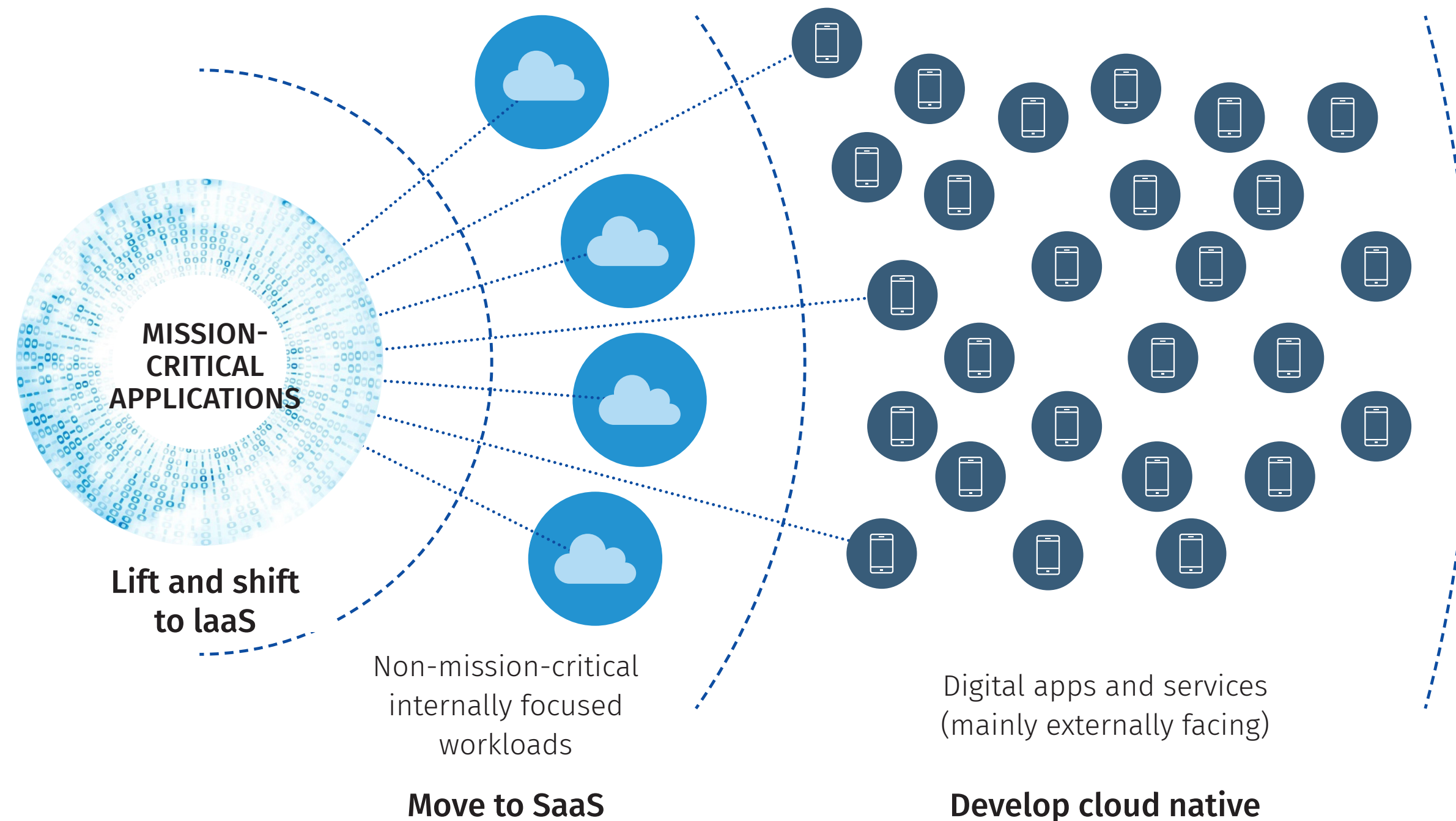


43%
Custom code
migration

Source: IDC SAP S/4HANA Migration Survey, 2020 N=400

The Role of ERP Systems on the Road to Recovery

The modernisation of ERP systems is a key area to reevaluate. As ERP systems are the core engine of every organisation, it is important that they support business processes optimally and integrate with other applications that are reliant on them. European organisations have often invested significantly in customisation to support their business processes and provide competitive advantage that they want to continue to leverage.



Several ERP modernisation strategies can be deployed:

- Lift and shift to IaaS: Move your core ERP systems onto a modern cloud infrastructure for agility and flexibility
- Move adjacent applications such as HR, CRM, and marketing to standardised SaaS solutions and ensure integration of data and processes.
- Build new innovative services on top of your ERP systems through low-code/no-code platforms and cloud-native developed applications.

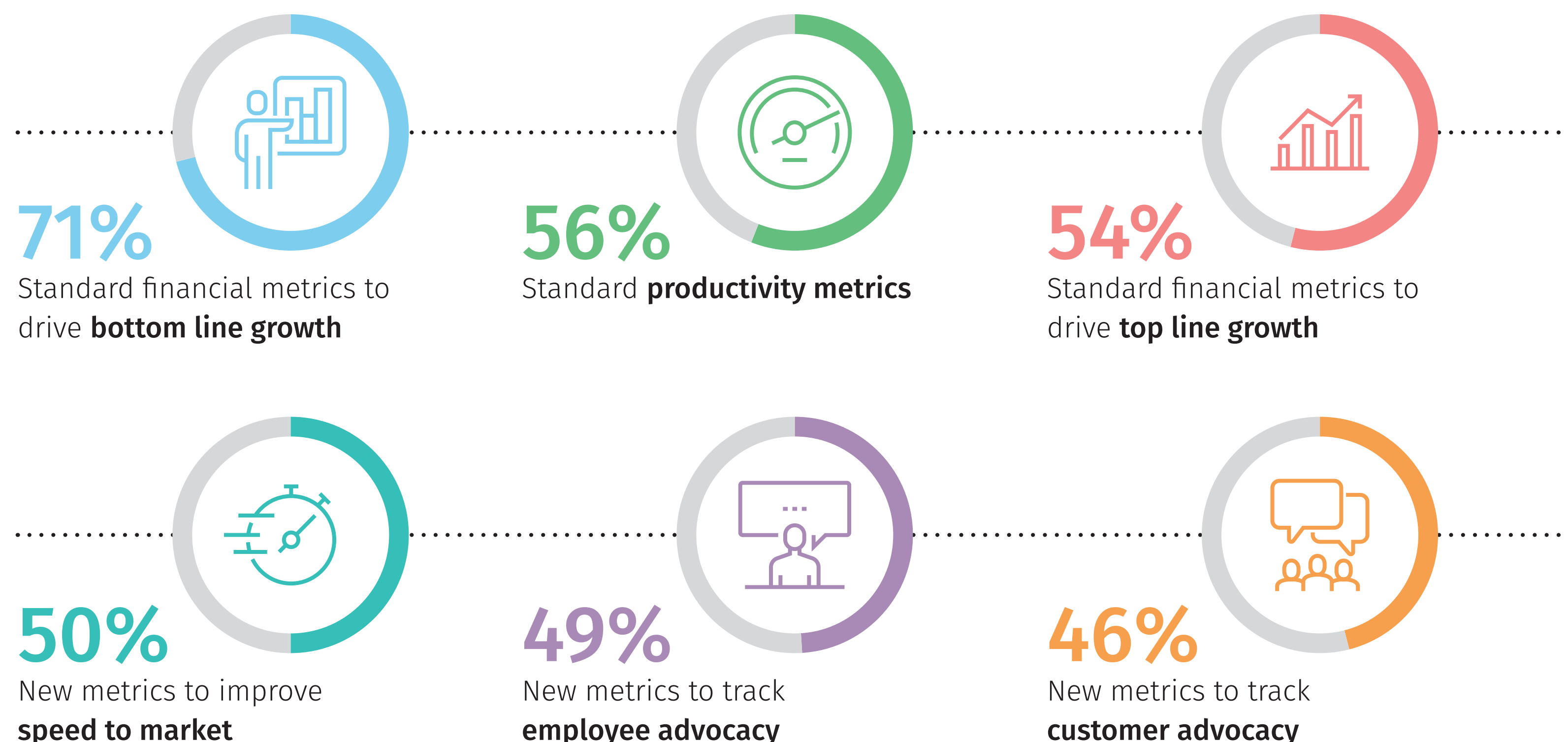
Building a Strong Business Case for ERP Modernisation is Key

Good ERP modernisation business cases need to consider different IT and business aspects and involve various stakeholders.

They should include:

- Standard financial and productivity metrics
- New business metrics with a focus on speed to market and customer advocacy
- Technology metrics and potential risks such as skills gaps, custom code migration failures, change management

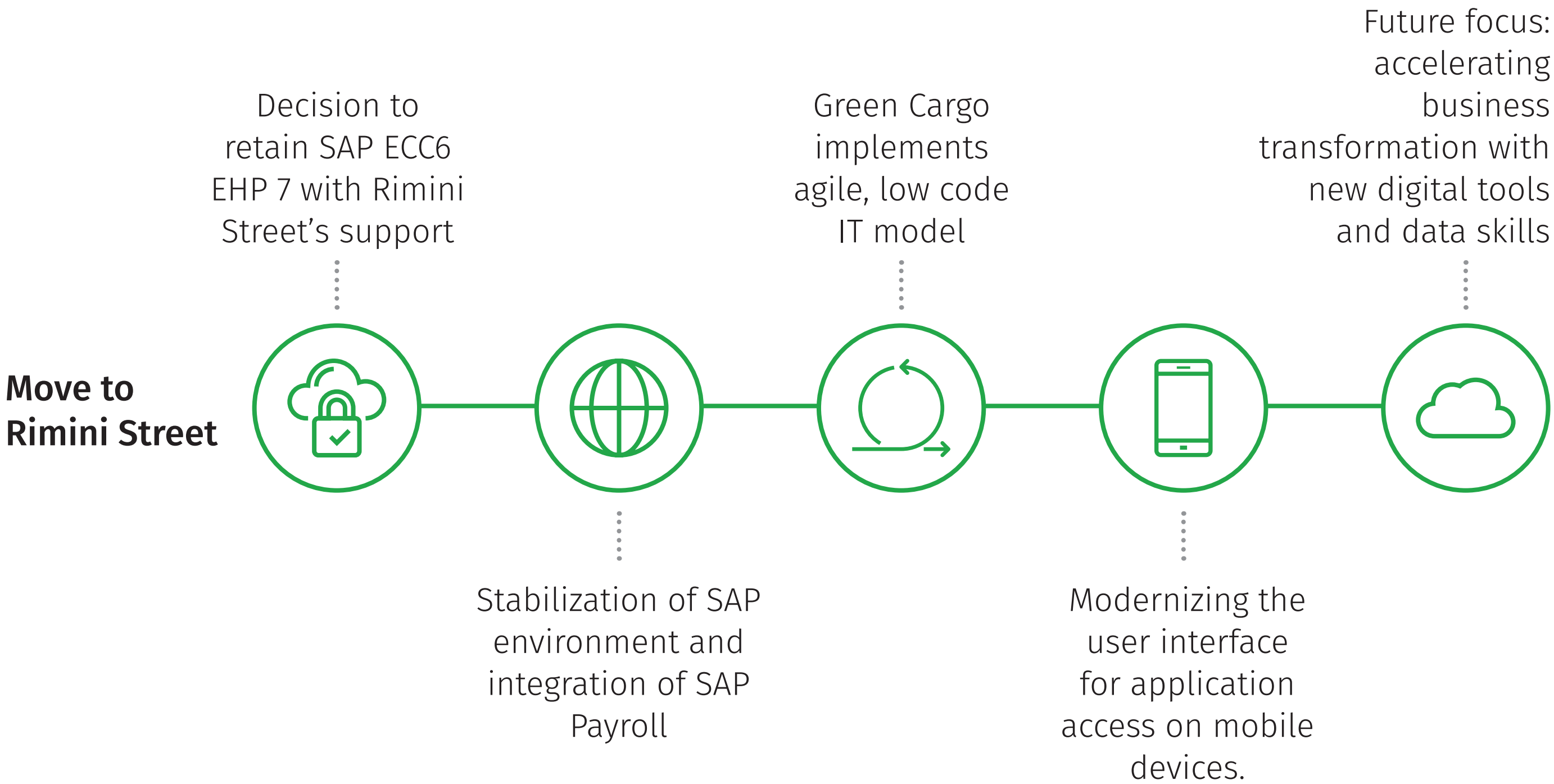
Q. What are your metrics for building the business case for ERP modernisation?



Source: SAP S/4HANA Migration Survey, 2020 N=400

CASE STUDY:

The Green Cargo Story: A Business Driven Roadmap in Action



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Our ambition is to deliver an IT roadmap that is driven by business needs rather than by IT, avoiding huge investments and the risks of migrating to other platforms. Knowing that we have Rimini Street as a trusted strategic partner ensuring the stability of our main SAP systems means we have the confidence and capacity to focus on the execution and further development of our goals.

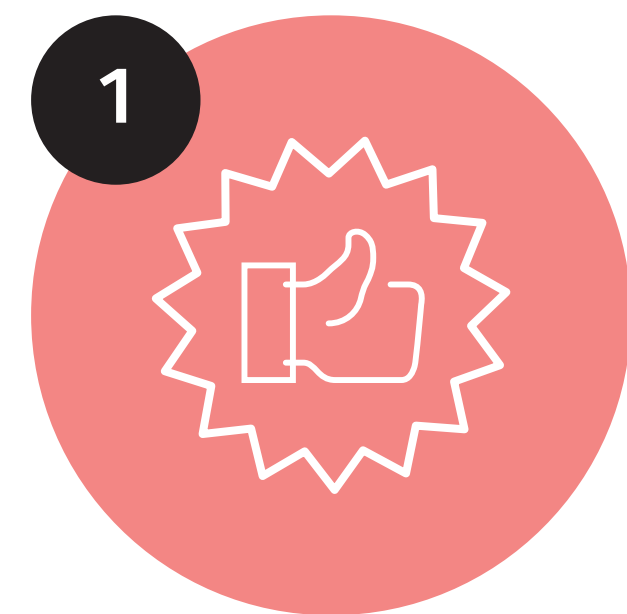
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Ingo Paas
CIO, Green Cargo



How to Navigate Your Cloud Journey at Your Pace

Cloud has emerged as a strong foundation for digital transformation. There are many ways to utilise cloud services in your pandemic response and ERP modernisation journey. You need to choose what makes sense for YOUR organisation.



1

Respond.

Maximise the life and value of core, mission-critical systems (e.g., ERP). Focus on business continuity and cost optimisation.



2

Recalibrate.

Rebalance your investments towards digital. Lift and shift to IaaS to free up infrastructure costs.



3

Reignite.

Innovate faster with customer engagement technologies and low-code/no-code platforms around core systems.

Cloud Migration

Leverage smart cloud strategies to differentiate and grow

Adopt a Smart Strategy for Cloud Migration

With many IaaS and SaaS cloud options to choose from, it is critical to pick a cloud strategy that supports business needs first. Rimini Street offers vendor-agnostic planning and advice to help avoid the risk of lock-in to proprietary cloud models and maximise business value.

Rimini Street solutions replace software vendor support and deliver a premium service experience, leveraging a scalable, global support model to drive business results. Achieve strategic flexibility and freedom from vendor lock-in by taking control of IT road maps and making decisions based on business priorities. Facing no further vendor lock-ins or upgrade cycles, many Rimini Street clients are freed to migrate to the cloud of their choice on their own timelines.

Other companies do software. **We do support.**[™]

Rimini Street

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