

IBM Transformation Index: State of Cloud

IBM



Overview

Participant Details

Survey participants included: 3,014 business and IT professionals across 12 countries and 15 industries with deep knowledge of their organization’s Cloud and Digital Transformation investments, strategies and desired business outcomes.

Participants represented organizations with annual revenues of \$500M or more.

Countries

 United States	n=600	 Germany	n=253
 Australia	n=150	 India	n=251
 Brazil	n=250	 Japan	n=251
 Canada	n=200	 Singapore	n=152
 China	n=250	 Spain	n=153
 France	n=252	 United Kingdom	n=252

Industries

Financial Services	n=406
Telecommunications	n=158
Government	n=351
Healthcare	n=238
Consumer	n=368
T&T	n=154
Life Sciences/Pharma	n=124
Media/Entertainment	n=119
Manufacturing	n=220
Industrial Products	n=119
Automotive	n=183
Electronics	n=122
Chemicals*	n=84
Petroleum*	n=90
Energy and Utilities	n=125

Methodology (to be included in all materials for public release)
 This survey was conducted online in 12 countries (US, Canada, UK, Germany, France, India, Japan, China, Brazil, Spain, Singapore, Australia) by The Harris Poll on behalf of IBM from June 8th, 2022 to July 17th, 2022. The survey was conducted among 3,014 IT and business professionals in companies with annual revenue over \$500M who have deep knowledge of their organization’s Cloud strategy. The IBM Transformation Index was developed by combining the data from 25+ question batteries of various formats across 9 Cloud-related dimensions that were informed by input from industry experts.

Notes on Reading the Report:
 Percentages may not add up to 100% due to computer rounding, and/or the acceptance of multiple responses.
 Bases of <100 are marked by *. Results based on small samples (n<100) should be interpreted as directional only.
 For the purposes of this report, company sizes are defined as follows: Large = \$500M-\$1B; Very Large = \$1B-\$5B; Largest = \$5B+.

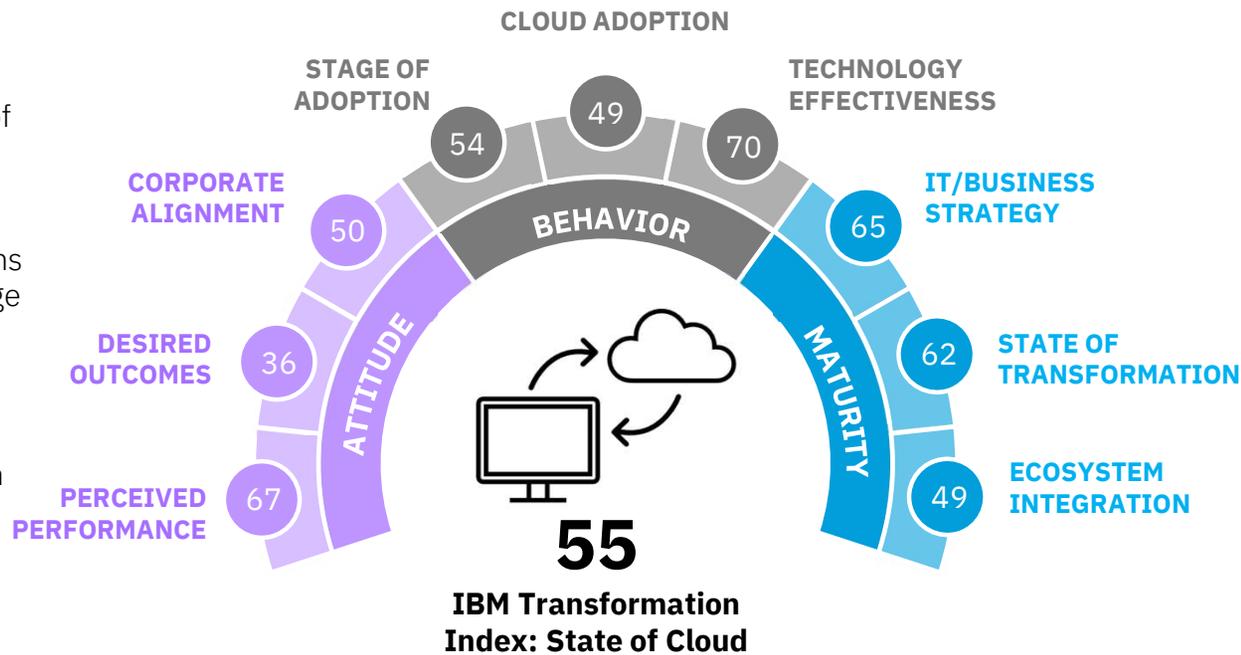
Unpacking the IBM Transformation Index: State of Cloud

The IBM Transformation Index: The State of Cloud (scored from 0-100) allows entities to see how they fare against industry and local norms – over time. The higher the Index score, the further along the cloud transformation path an organization is. There are several elements to this Index, each with its own impact/weight on the overall Index*. The elements are linked to organizational Attitudes, Behavior & IT Maturity and can reveal the areas in which the organization faces the biggest challenges and opportunities.

On the 100-point Index, a 55 indicates only modest progress of the global community on their Transformation journey.

To date, only 27% of organizations globally have made above average progress (Transformation Advancing).

About a third (30%) are still finding their way (Transformation Emerging).



<50
Transformation Emerging
30%

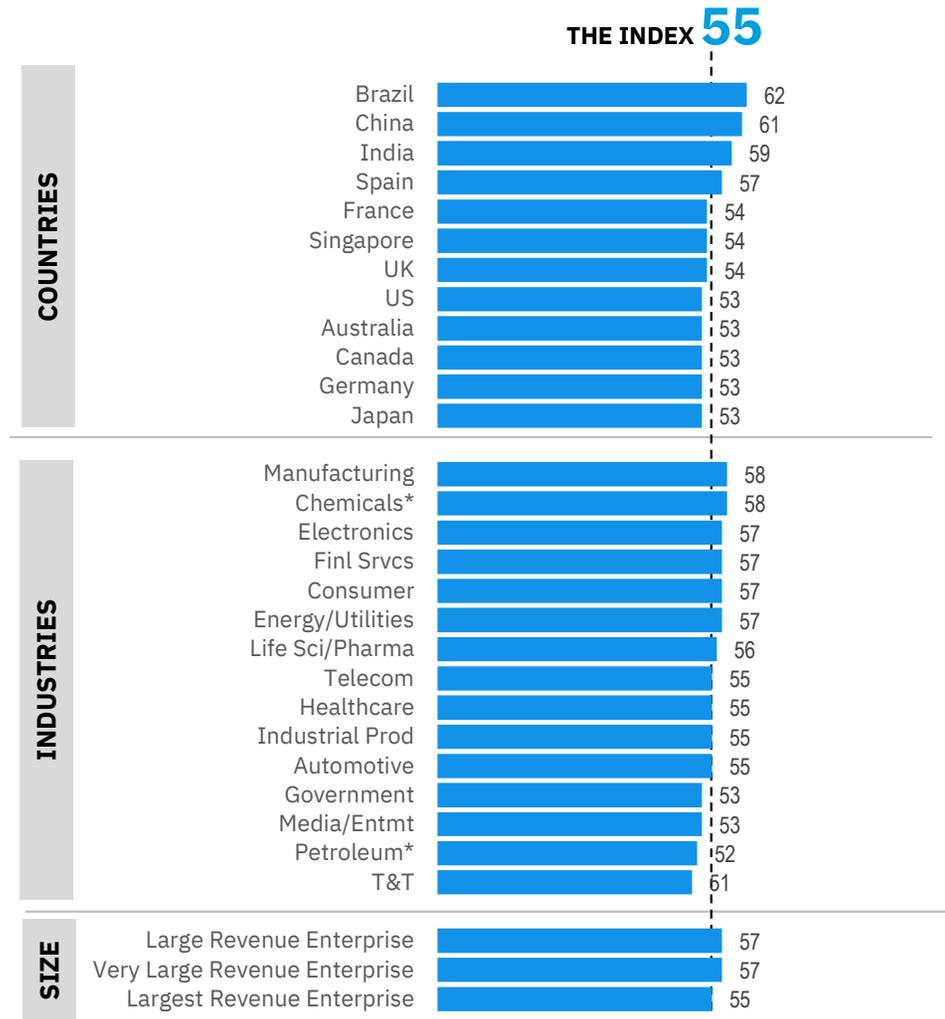
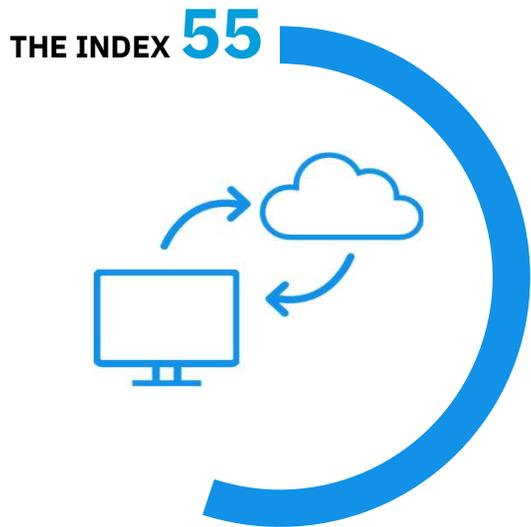
50-60
Transformation Mainstream
43%

61+
Transformation Advancing
27%

The numbers in the circles represent the composite score from questions asked about each element. These roll up to the total index – each is weighted differently. Index Ranges were determined based on the marketplace distribution. See appendix for more detail.

Unpacking the IBM Transformation Index: State of Cloud

The Current State of the Index Points to a Global Community, Regardless of Sector And Size, Mid-way on their Journey

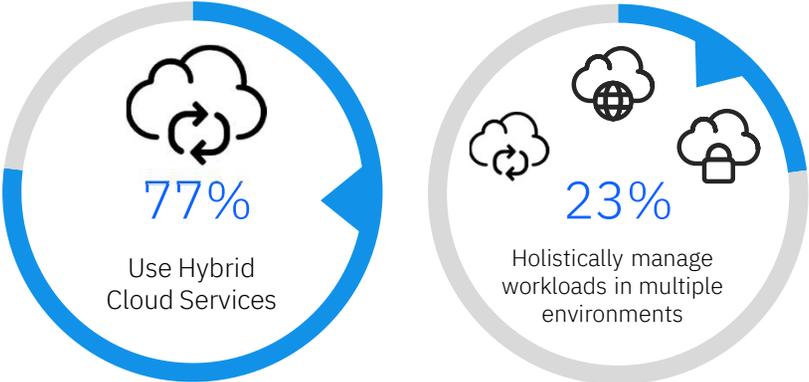


* Small base

The Data Behind the IBM Transformation Index: State of Cloud

Executive Summary

Hybrid Cloud is the Dominant Approach, but it Comes with Complexity and Concerns over Integration, Security and Skills

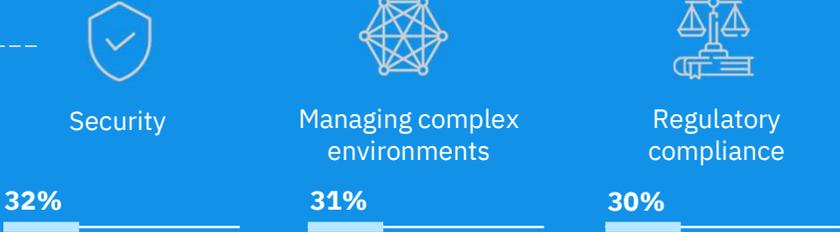


Heavily regulated industries like **Healthcare** (68%), **Government** (66%) and **T&T** (60%) are trailing considerably in Hybrid Cloud adoption.

71%

Agree that without a Hybrid Cloud strategy, it's difficult to realize the full potential of a digital transformation

Top 3 Barriers To Integrating Workloads

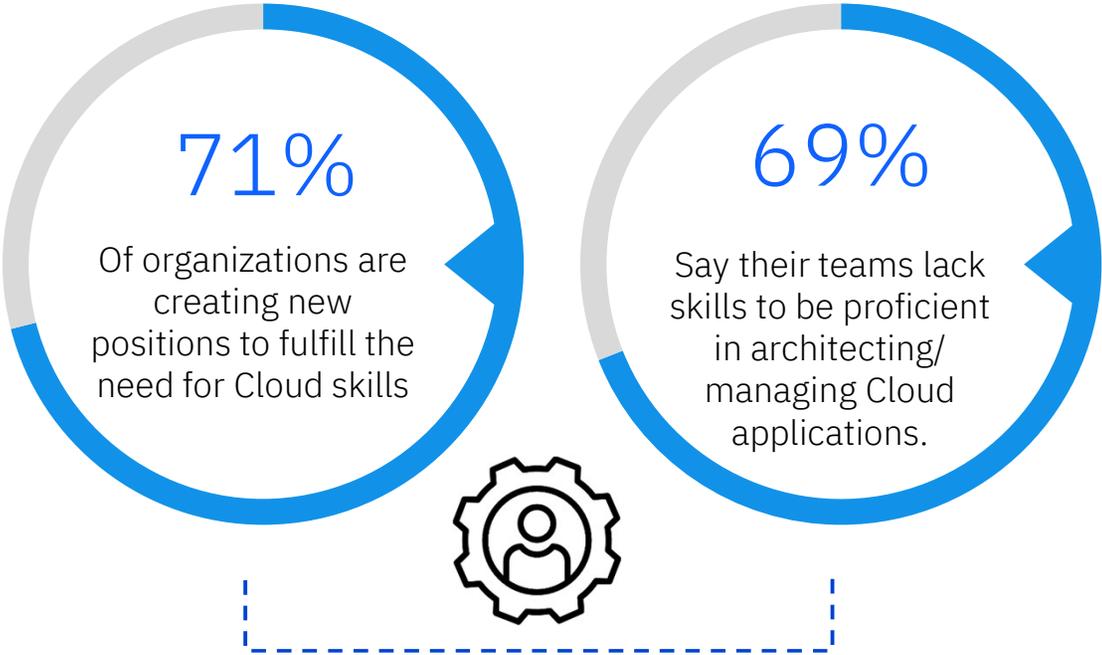


Security is the leading barrier in:



Executive Summary

Lack of skills and talent is a limiting factor



Lack of technical skills is among the top 3 global challenges (34%) for businesses that want to integrate business partners into their Cloud environments.

Industry segments where technical skill is a top challenge

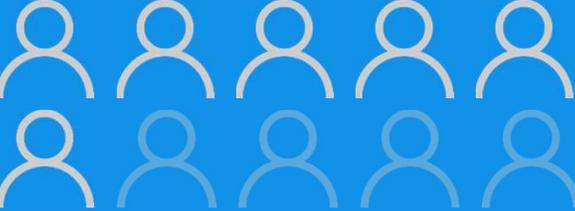
 Manufacturing	 Telecom	 Government	 Healthcare
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Executive Summary

Businesses have the tools to secure workloads in the Cloud, but challenges exist

Adoption and use of security tools is high and pervasive



At least **6 in 10**

Claim to be heavily using security tools such as Multifactor Authentication, Single Sign On, Confidential Computing, VPN, Virtual Desktop Interface, DevSecOps, Zero Trust.

Yet...



- **54%** Agree that “The Public Cloud is not secure enough for much of our data”
- **50%** [OF THOSE CONSIDERING/MOVING WORKLOADS OFF PUBLIC CLOUD] Cite Security & Compliance as a top reason organizations consider moving certain workloads off the Public Cloud.

Industries most considering moving workloads off the Public Cloud due to security concerns



Manufacturing (68%)



Telecom (56%)



Financial Services (55%)

Executive Summary

Regulatory & Compliance roadblocks can stand in the way of cloud goals



53%



Agree ensuring compliance in the Cloud is too difficult*

Both Skills & Tech are Challenges

[AMONG THOSE WHO AGREE ENSURING COMPLIANCE IS TOO DIFFICULT]

82%



Agree that their team is lacking skills necessary for them to be proficient at architecting and/or managing Cloud applications

36%



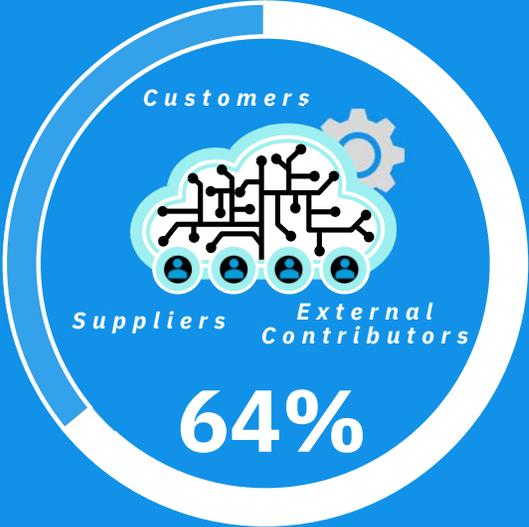
Say that limitation of technical stack is a challenge for ecosystem partner integration

*Brazil is the only exception, as just 38% noted compliance as a factor



Executive Summary

Data privacy concerns are holding back enterprises from unlocking the full potential of partnerships in Cloud



Believe it is important to integrate business ecosystem partners

Top 2 Challenges Integrating Business Ecosystem Partners Into The Cloud*



**These challenges are consistently noted as the top 2 challenges in 11 out of 12 markets and across all industries.*

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