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Looking to the clouds: are Irish organisations amplifying the transformational value of cloud technology?



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Introduction

It's been said that COVID-19 and the proliferation of the 'work-from-anywhere' culture did more for cloud adoption in a matter of weeks than any number of multi-year IT strategies and ambitious digital transformation plans.

However fast or slow, tactical, or strategic an organisation's digital adoption proved to be, cloud computing likely had an enabling role in this transformation. Cloud's scalability gave organisations the means to adopt new ways of working, operate more flexibly, and deliver solutions faster. But the accelerated timeframe brought on by the early public health restrictions was hallmarked by a sense of urgency, a need to get going quickly, and an acceptance refinement might have to come later. At Deloitte, we understand the move to the cloud can be a significant change for any organisation – one

that comes with natural resistance to, or fear of, change. However, once adoption takes hold, the transition becomes smoother. The result is a shift from hesitancy to embracing a continual evolution of the use of cloud, which often leads to innovation and transformation.

When reflecting on the variety of cloud-enabled projects we have seen in recent years, it resulted in us questioning whether these cloud projects have led to a deeper understanding of the cloud's potential benefits and whether they were catalysts for more widespread and accelerated adoption. To help us answer this, we decided to survey Irish organisations across the private and public sectors, gauge the current state of adoption, understand if organisations are unlocking the value of the cloud, and uncover where they may be facing challenges in doing so.



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Methodology

Deloitte surveyed 101 senior C-level executives in organisations based in Ireland. They come from a wide range of industries across the private and public sectors, including architecture and engineering, arts and culture, education, energy and resources, financial services, healthcare and life sciences, IT and telecoms, legal, manufacturing and utilities, professional services, retail, sales, media and marketing.

The roles of our respondents included Chief Financial Officer, Chief Information Officer, IT Director, Chief Technology Officer, Chief Transformation Officer, and Chief Digital Officer.





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Executive summary

Cloud is on the rise, but amplifying the value remains elusive for many

Investment in cloud services is increasing. Globally, Gartner forecasts that cloud spending will exceed \$482 billion in 2022 – a significant increase from \$313 billion in 2020. In Ireland,¹ our survey shows that cloud adoption is rising, investment is growing, and organisations are seeing benefits. But dig a little deeper, and a picture emerges of more value to be realised by organisations in their cloud adoption.

The survey results shone a light on three key areas, and this report analyses and reflects on

the findings under the following headings.

- 1. Business value** - are Irish organisations amplifying the value of cloud to enable real transformation?
- 2. Sustainability** - with climate concerns at the forefront of C-suite thinking, do organisations realise that cloud implementation may help them operate more sustainably?
- 3. Security** – cloud, when executed correctly, is now more commonly recognised as offering enhanced security against traditional on-premise resources. Have organisations' views of cybersecurity and cloud shifted in line with this evolution?

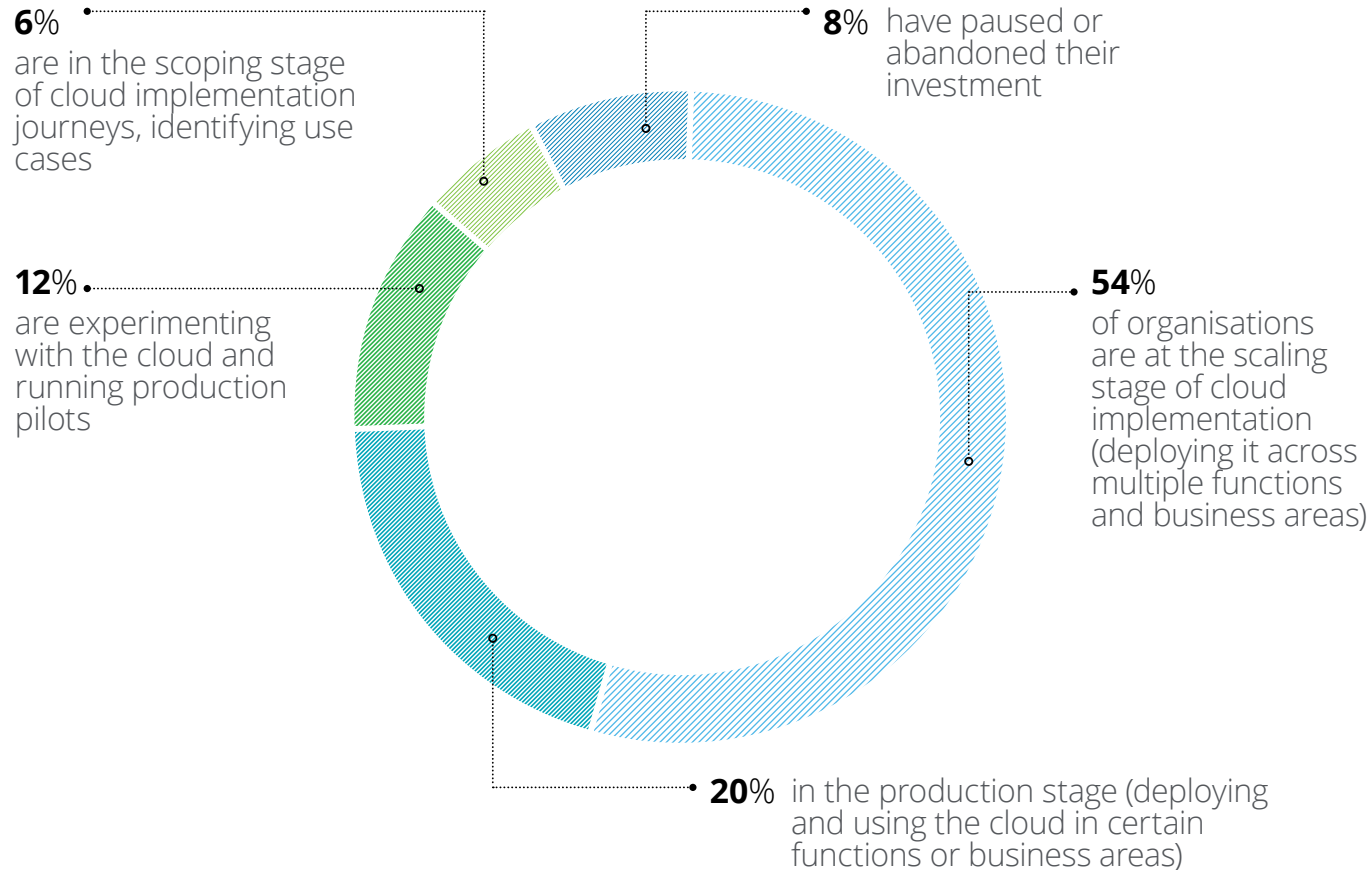


[1. Gartner Says Four Trends Are Shaping the Future of Public Cloud](#)



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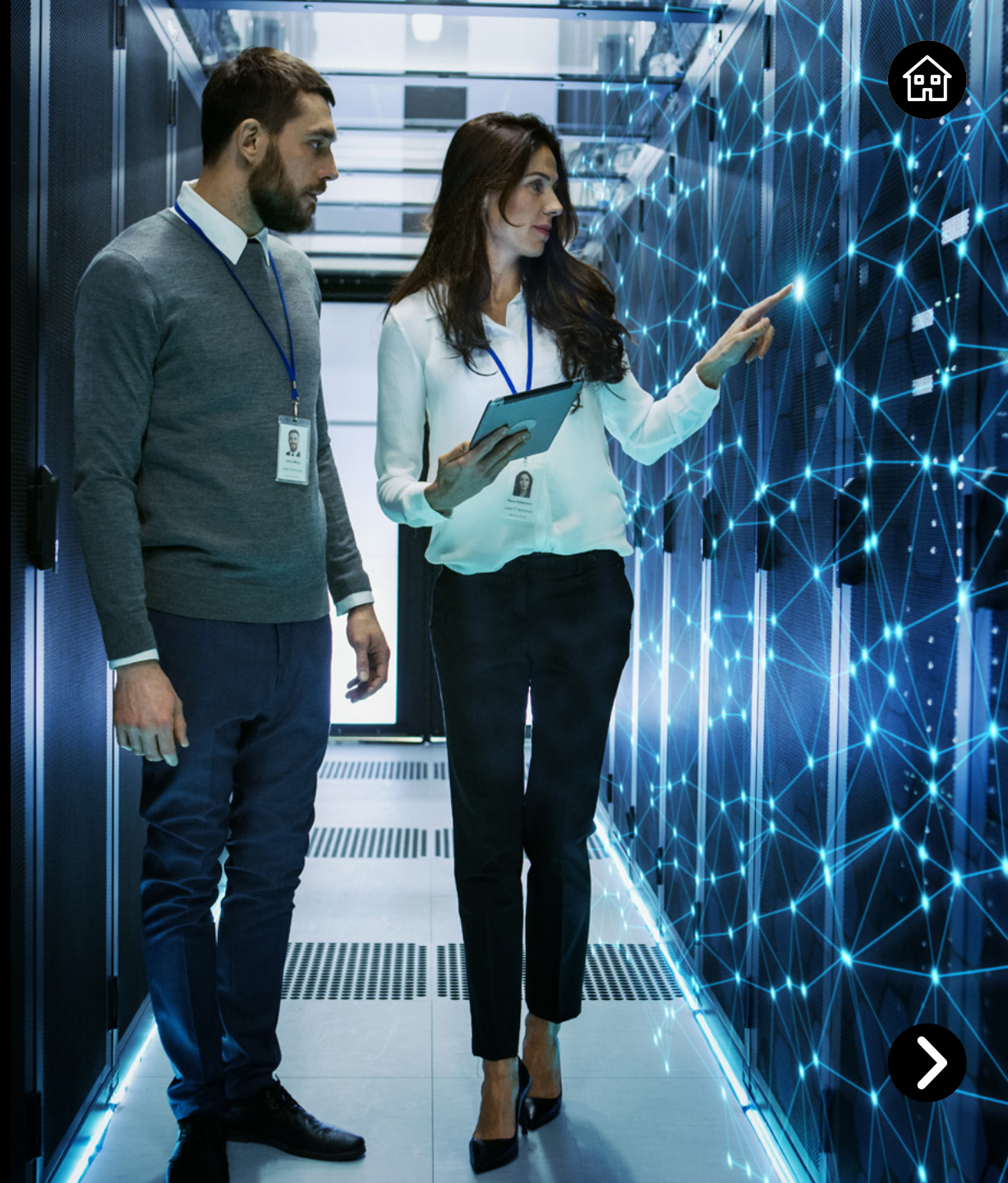
Cloud's value is being recognised: but that's just the beginning. At what stage of Cloud implementation is your organisation?



Encouragingly, the Irish survey found that most respondents feel that using cloud services meets or exceeds their expectations. The current benefits realised are mainly in areas such as improved quality of service, reduced costs and improved business resilience (e.g. data back-up, disaster recovery).

This is the first stage on the journey [of adoption and benefits realisation]; not the ultimate destination. Cloud is a better, faster way to deliver IT, and in the process, it changes how organisations serve the business. By unlocking real change in how they organise and deliver projects for their business, cloud can be the catalyst to transform organisations. We are not there yet, but the survey findings show we are on our way.

Theme one: Cloud's value is leaders' opportunity





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Theme one: Cloud's value is leaders' opportunity

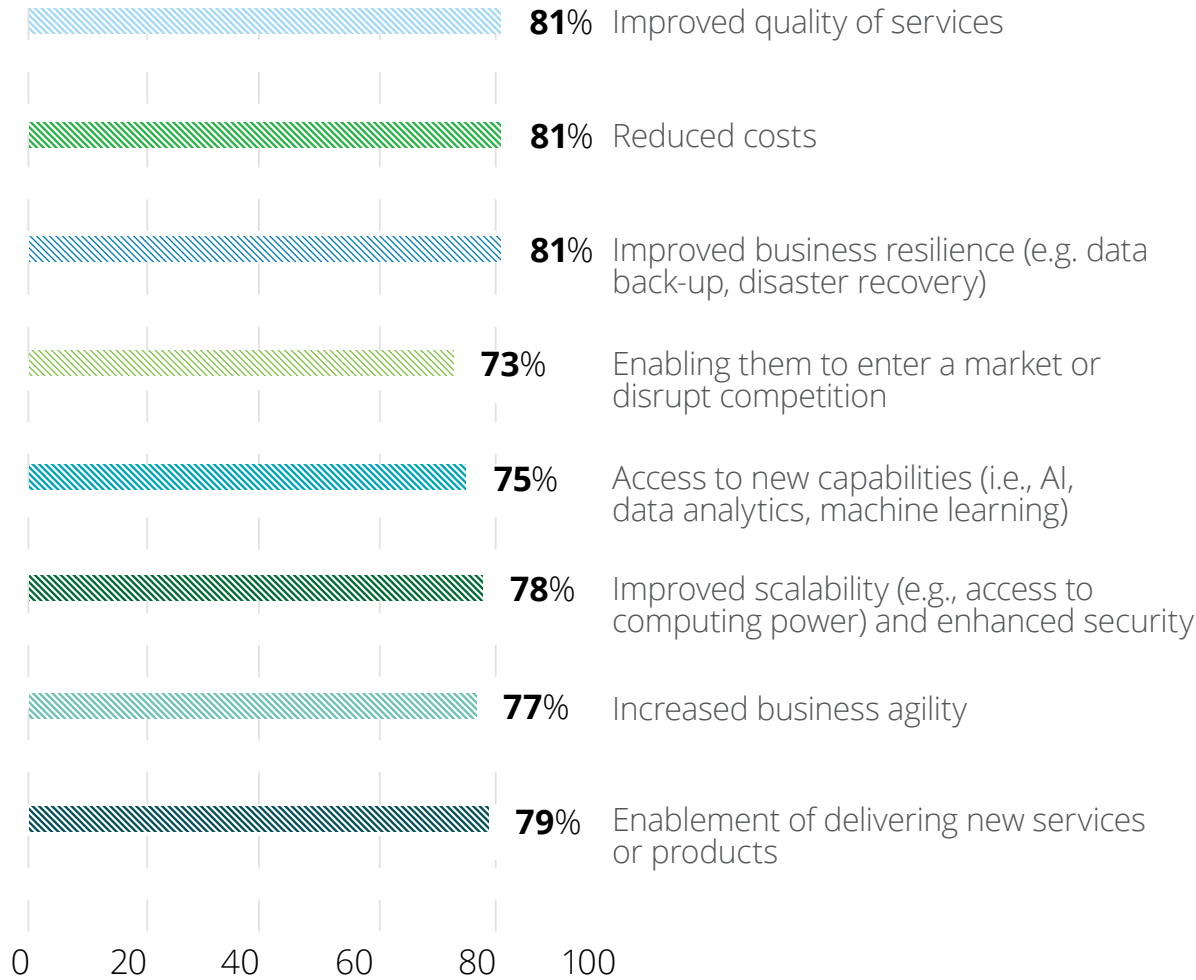
At a high level, our survey findings indicate a strong understanding of cloud's advantages at an infrastructural level or from a total cost of ownership perspective; that is, it delivers improved quality of service, reduced costs, and/or fast and scalable access to computing power. But the data also suggests that many organisations are struggling to amplify the value of cloud. By this, we mean using the cloud to increase business agility, create new products with faster time to market, avail of data-driven insights, enhance operational resilience and increase staff productivity and engagement.

Cloud's true value lies in its ability to enable business transformation: when people and processes work in concert. Cloud adoption isn't just a technology change but one of organisational culture and skills, together with the governance and delivery model for IT. If the organisation can articulate what it plans to achieve from a digital perspective, its experience of cloud will be significantly improved.



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Cloud services met or exceeded expectations for the following areas:



More than one-third of C-level respondents (33%) say cloud services exceeded their expectations of enabling them to enter a market or disrupt competition. But this also means two-thirds have not seen similar benefits. Our findings indicate considerable concern among C-level executives that their organisations do not have sufficient internal knowledge or subject-matter expertise to execute their digital strategy, including cloud adoption, in the next 12 months.

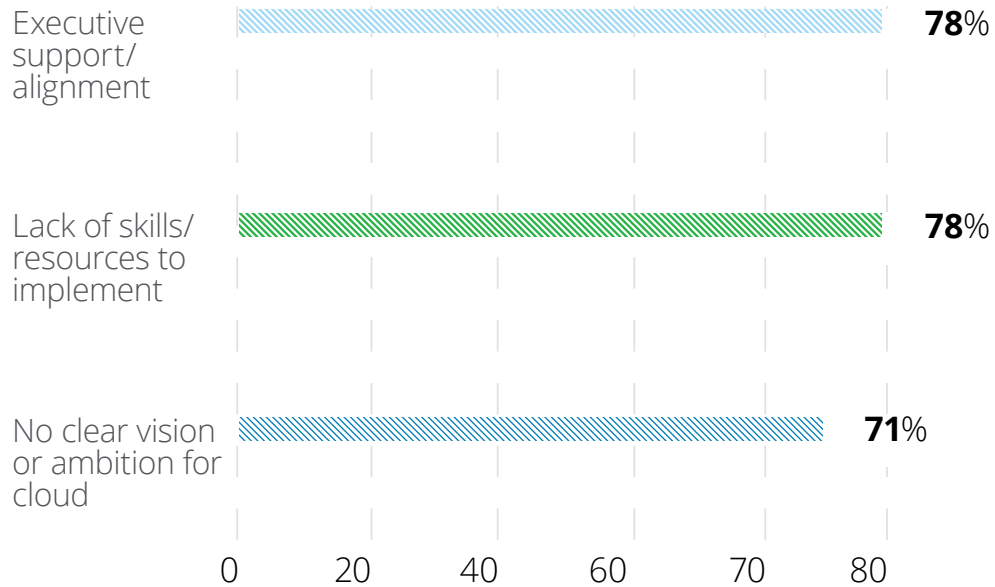
Amplifying the business value of the cloud is only possible where there is a robust digital transformation strategy to start with, and executive sponsorship from the top to drive it.

Considering the reported lack of internal digital capabilities, this poses a challenge for both private and public sectors in connecting practical adoption of digital technologies and how these fit into organisations' strategic plans.



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Leadership lagging

One of the biggest barriers to cloud is a lack of sponsorship from the top, and skills to make cloud happen.

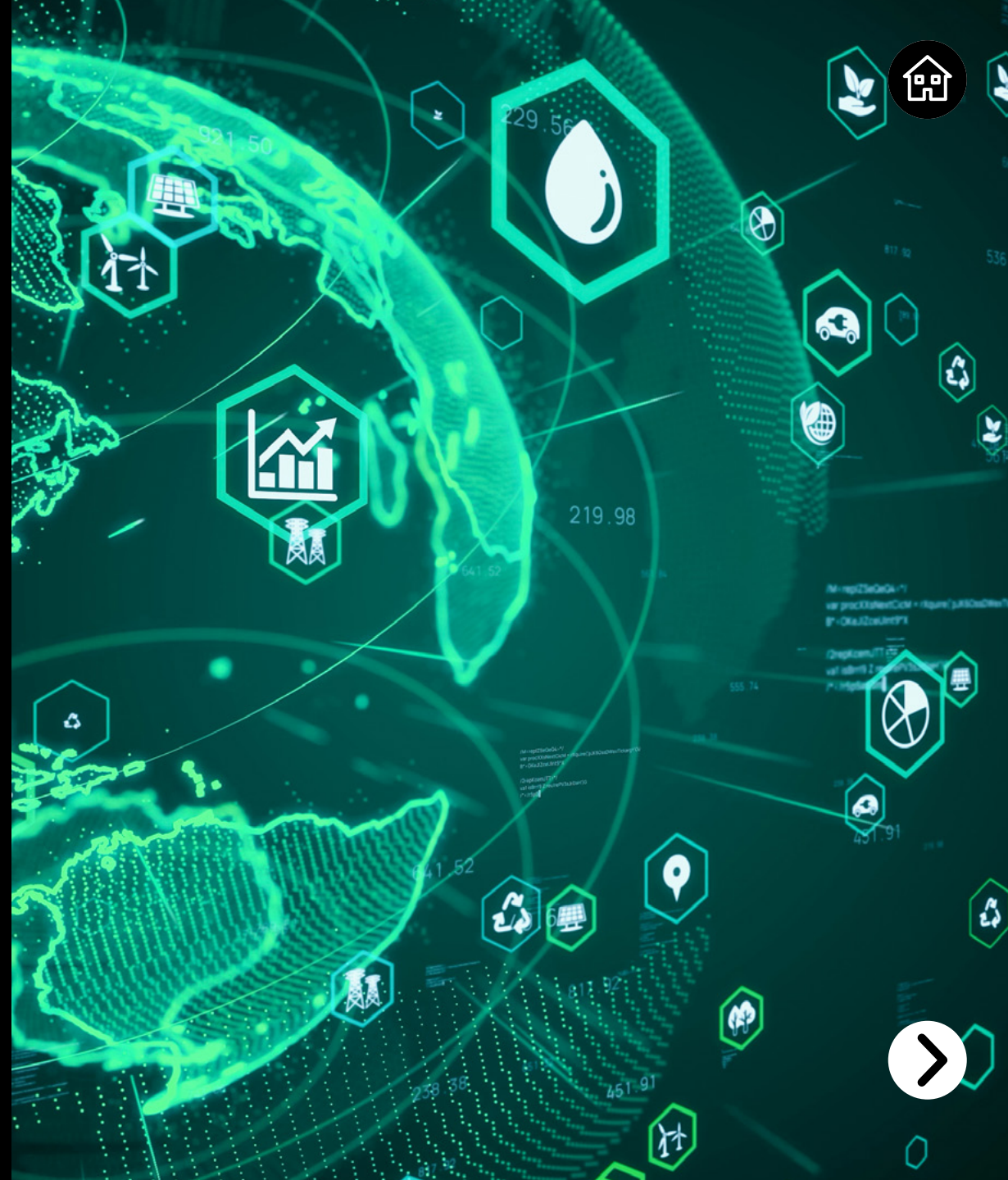


Key takeaways for your leadership team to consider

-  Where is your organisation on the cloud continuum: starting off/realising operational benefits/transforming the business?
-  Have you conducted a cloud suitability assessment and roadmap?
-  Do you have senior leadership support for the cloud strategy?



Theme two: Digitisation is the reality, and it's more sustainable in the cloud





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Theme two: Digitisation is the reality, and it's more sustainable in the cloud

It's simple: sustainability is one of the most pressing issues facing society and business today. You can be sure it's top of mind in the C-suite. In the context of your IT, the cloud industry is focused heavily on driving efficiency and sourcing energy from renewable sources. In reality, due to their scale, cloud providers can deliver IT more sustainably than most enterprises that operate their own data centres. As organisations look to transform their businesses, a move to cloud can be an additional area where sustainability gains can be made.

Judging from our findings, the understanding of the potential sustainability benefits of cloud hasn't fully permeated Irish organisations. Only

11% of respondents understand that migrating workloads to the cloud – which would remove the need to own, operate and maintain physical hardware on their premises – could help their sustainability agendas. To maximise potential sustainability gains when migrating to the cloud, organisations need to consider implementing sustainable IT best practices that minimise data processing requirements, such as implementing sustainable architecture guidelines and responsible data retention policies.

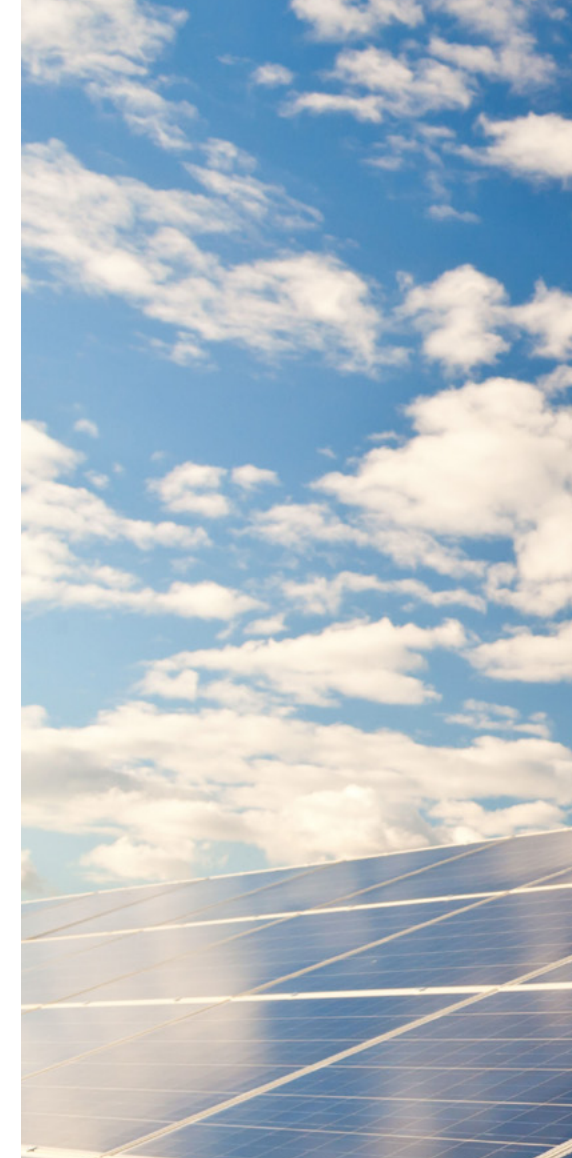
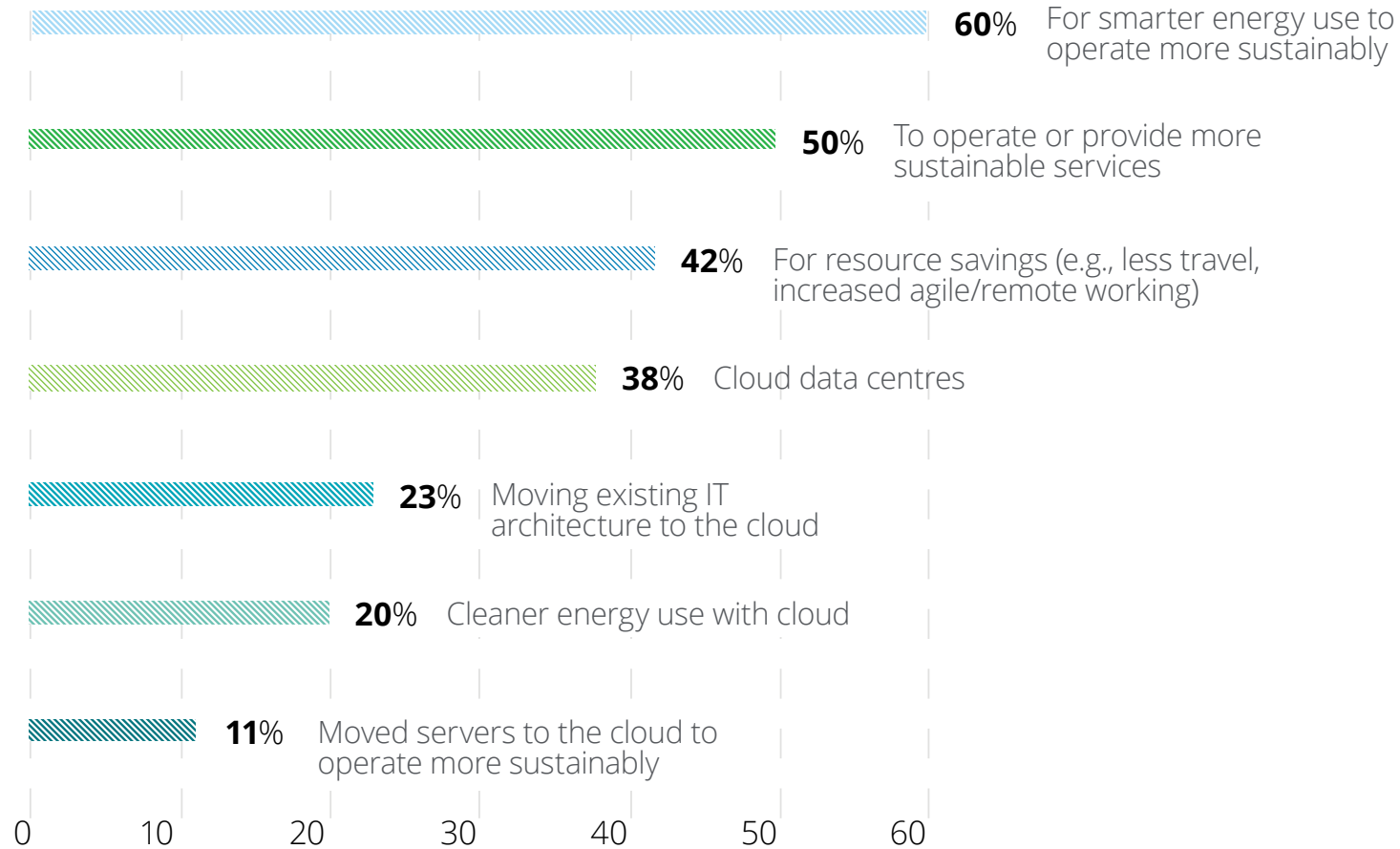
By contrast, we believe sustainability can – and should – be front and centre in making the business case. For businesses that have not yet adopted cloud, energy efficiency can be the factor that convinces the board to make the necessary change to its cloud [adoption] plans.



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Challenges to sustainability

How are you using cloud transformation to operate more sustainably?

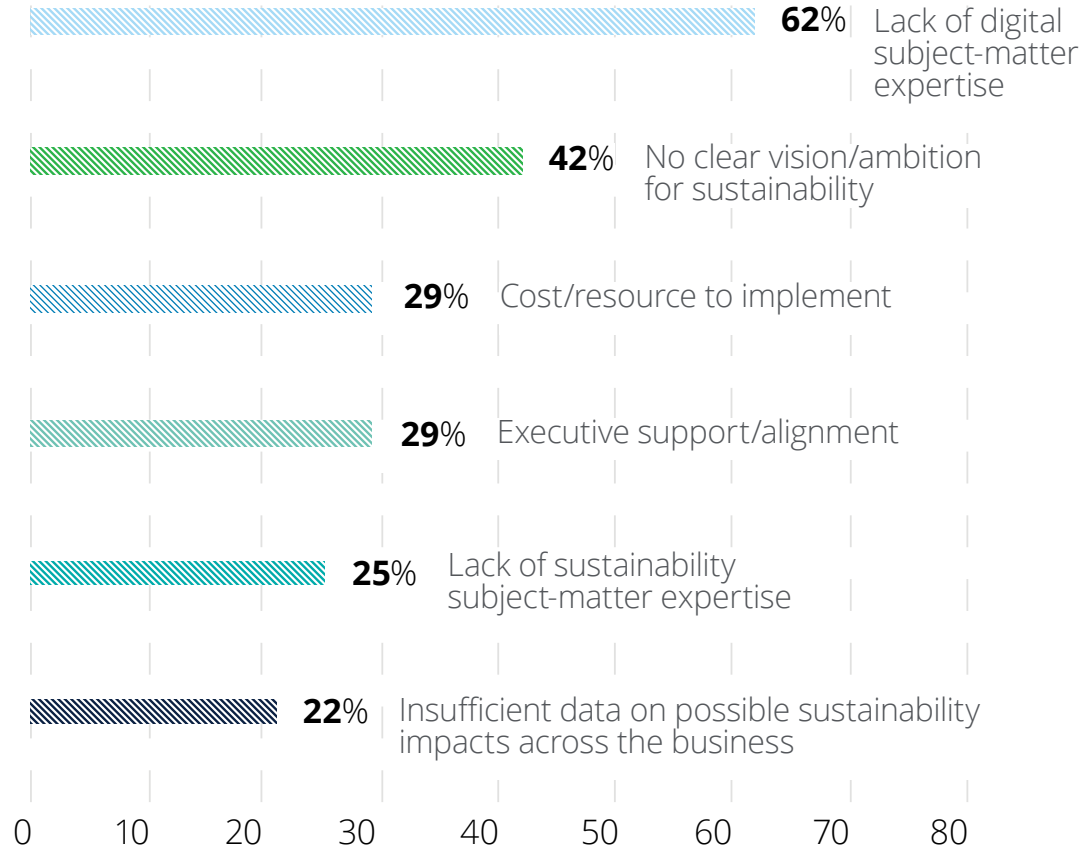




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Challenges to sustainability

Obstacles in using digital technologies to become a more sustainable organisation



2. <https://www.science.org/doi/10.1126/science.aba3758>

Cloud's energy efficiency agenda

A growing body of evidence proves that cloud service providers are making significant improvements in their energy-saving efforts. According to a paper in the journal,² Science, computing performed in data centres increased by 550%

from 2010 to 2018, yet the amount of energy the centres consumed grew by a modest 6%. Many modern data centres use innovative cooling technologies which reduce power consumption or source energy from renewable sources such as biomass, hydrogen, and wind.

Key takeaways to amplify the sustainable value of cloud



Do you have a sustainability plan in your organisation?



Has IT made a case for cloud as a key pillar of that plan?

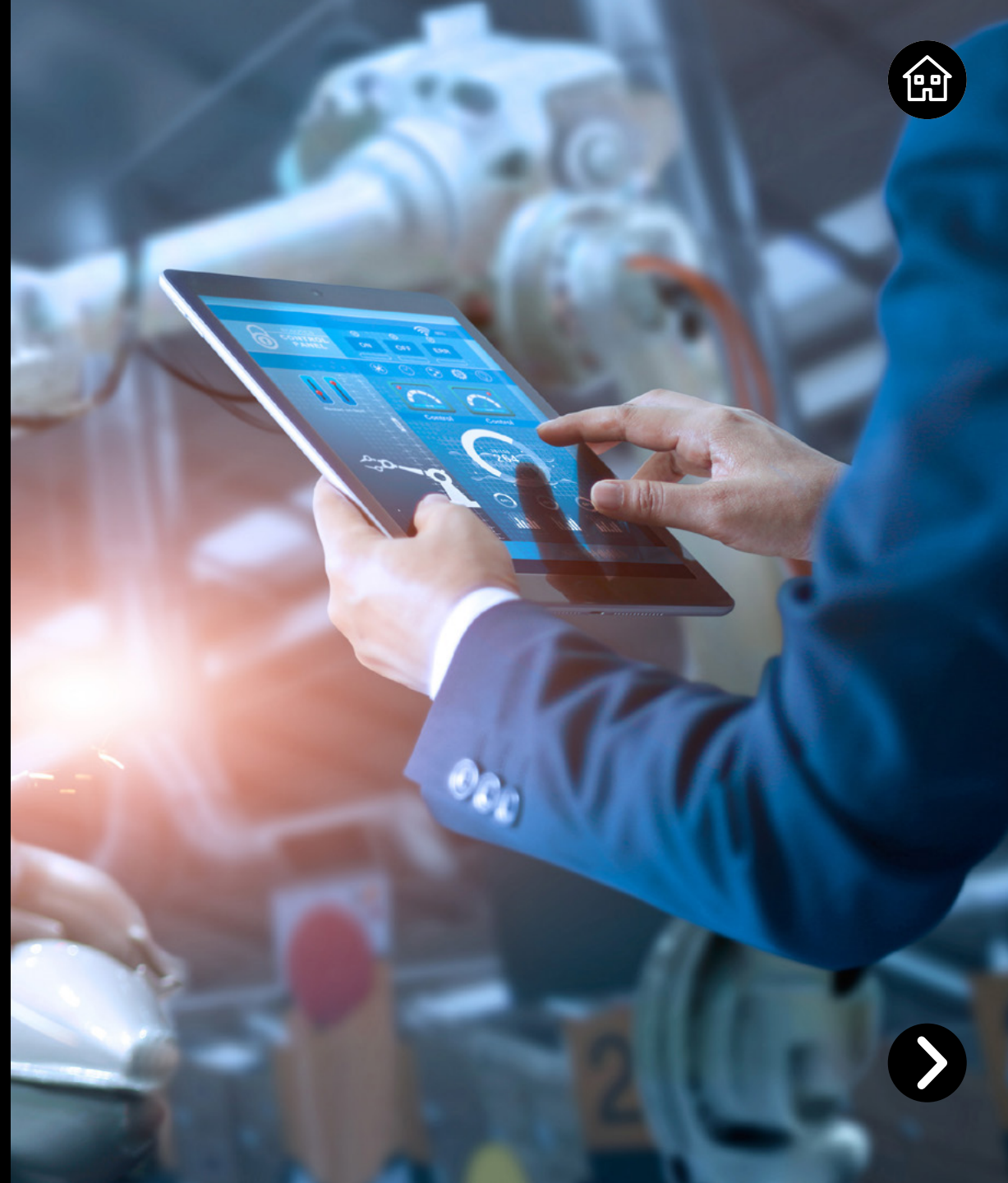


Have you put sustainability objectives around your cloud adoption plan if there is one?



Theme three:

Cloud security by design: a compelling reason to adopt





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Theme three: Cloud security by design: a compelling reason to adopt

Cyber security was one of the most critical and strategic priorities identified in the survey. Still, when it comes to security and the cloud, our survey unearthed two very opposing perspectives: on the one hand, most respondents agreed their security expectations were met when using cloud services. On the other hand, a high proportion of respondents cited data security and sovereignty concerns

as the most significant barrier to implementing cloud services. What's more, 18% of respondents felt their security expectations were not met.

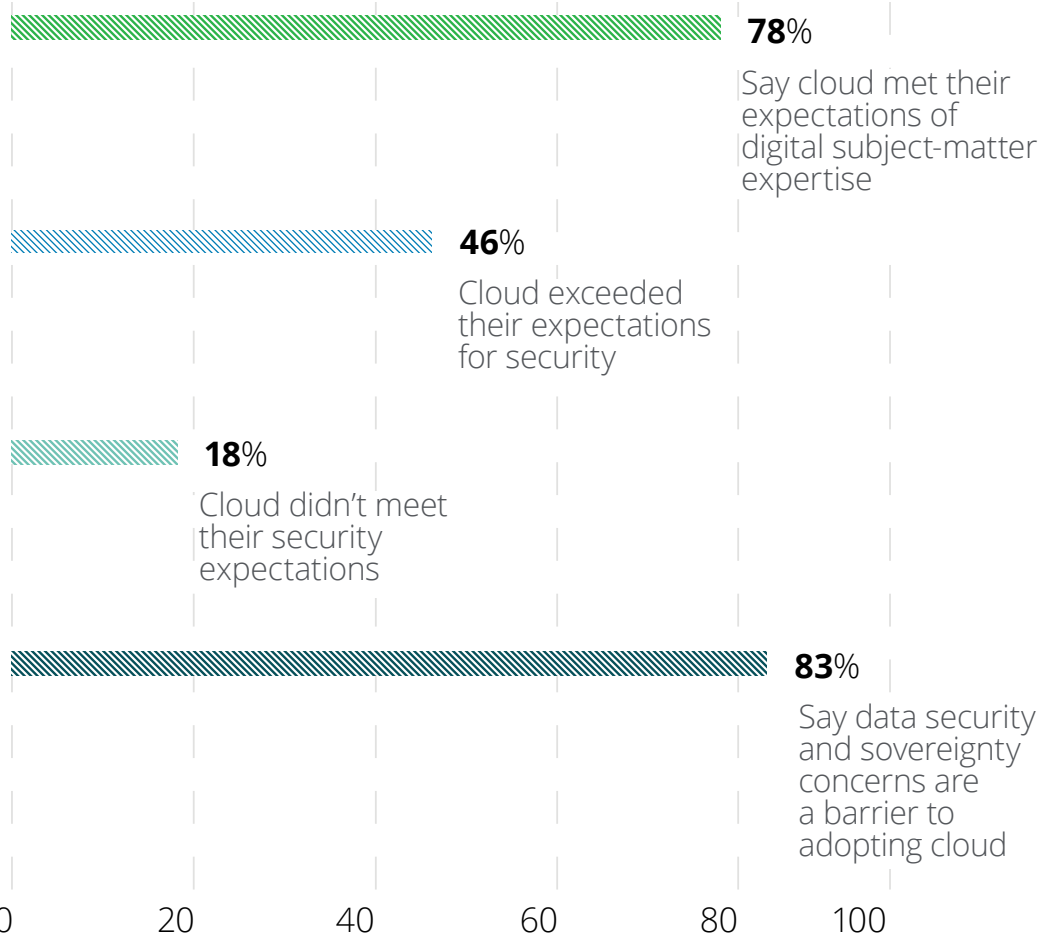
In reality, cloud has proved it can deliver on security and can protect critical workloads. Organisations need to challenge their perceptions and consider cloud adoption as an enabler to enhanced security.



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The two faces of security

Cloud is proven to answer security concerns, but organisations are worried all the same



Key takeaways to ensure security enables your cloud adoption

- Are you letting security concerns hold back your cloud adoption?
- Do you have accurate metrics for security in the cloud vs on premise IT?
- Are you using security to strengthen your pitch for more cloud adoption in the business?



It's interesting to note that data from some public sector respondents appears to show a more evolving view on data security/sovereignty being less of a concern to limit adoption.

This view runs counter to a popular perception that data security is a key barrier for public organisations. We think successful government cloud projects may have helped foster a more favourable climate for cloud within the public sector.



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Uncovering the most suitable technologies for cloud investment

Cloud is an all-encompassing term that covers various applications and use cases, so we wanted our survey to uncover which technologies are most important to organisations' cloud transformation strategies.

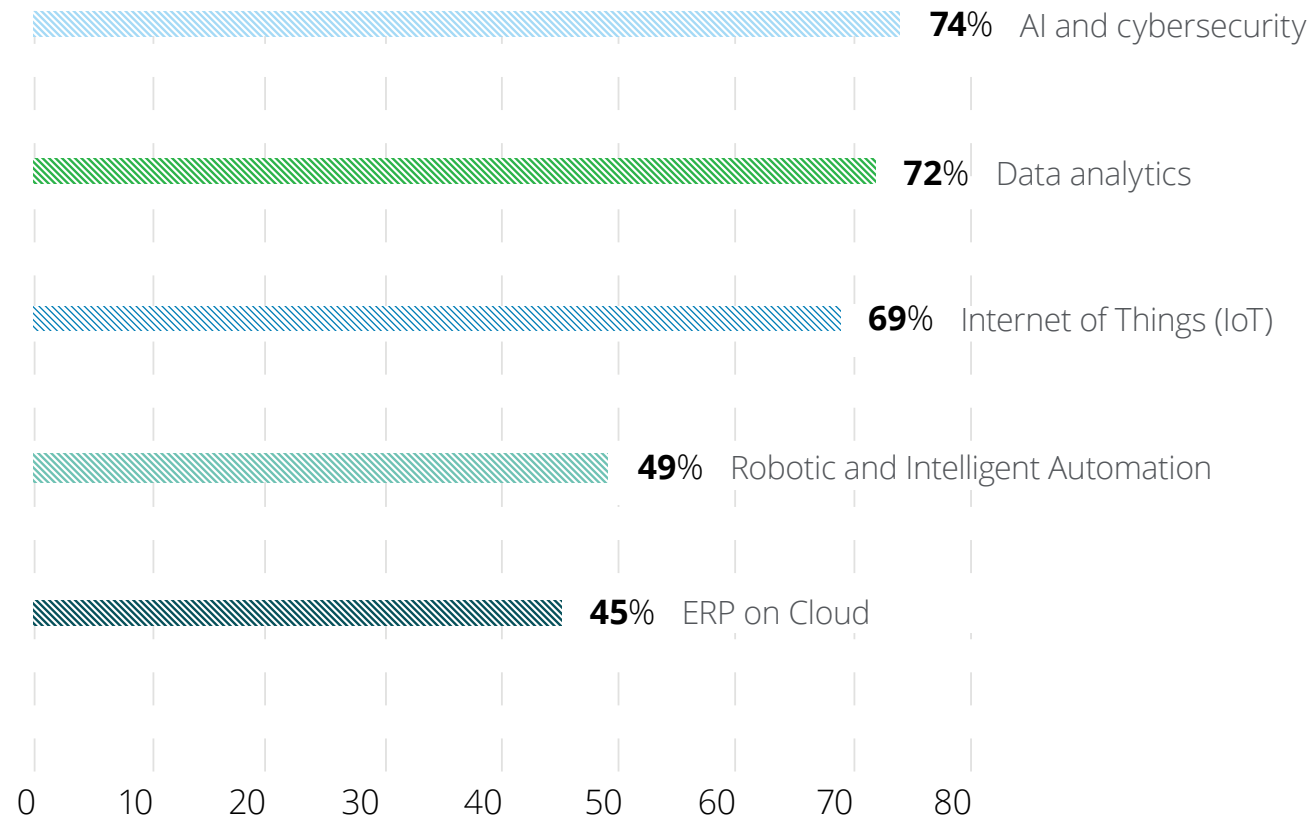
The data tells us that application and finance transformation is at the forefront of organisations' minds. Our respondents' three most critical priorities were: artificial intelligence (AI), cybersecurity, and data analytics.

In private sector organisations, data analytics was 'critical, a strategic priority' for 77.63%, but this number was more than 20% lower in the public sector.

Almost all of our survey group indicated that Enterprise Resource Planning - ERP - on cloud is relevant to their transformation strategy.

Transformational/strategic priorities

In order of highest to lowest, the technologies that are critical and a strategic priority to their organisation's cloud transformation strategy are:

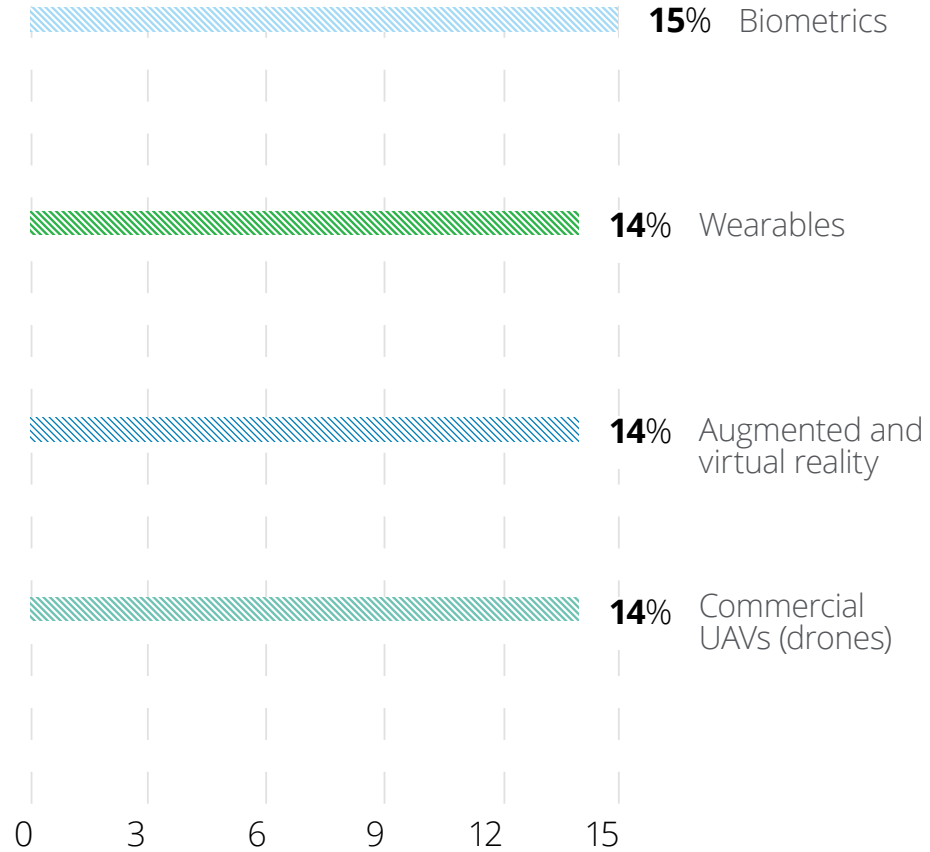




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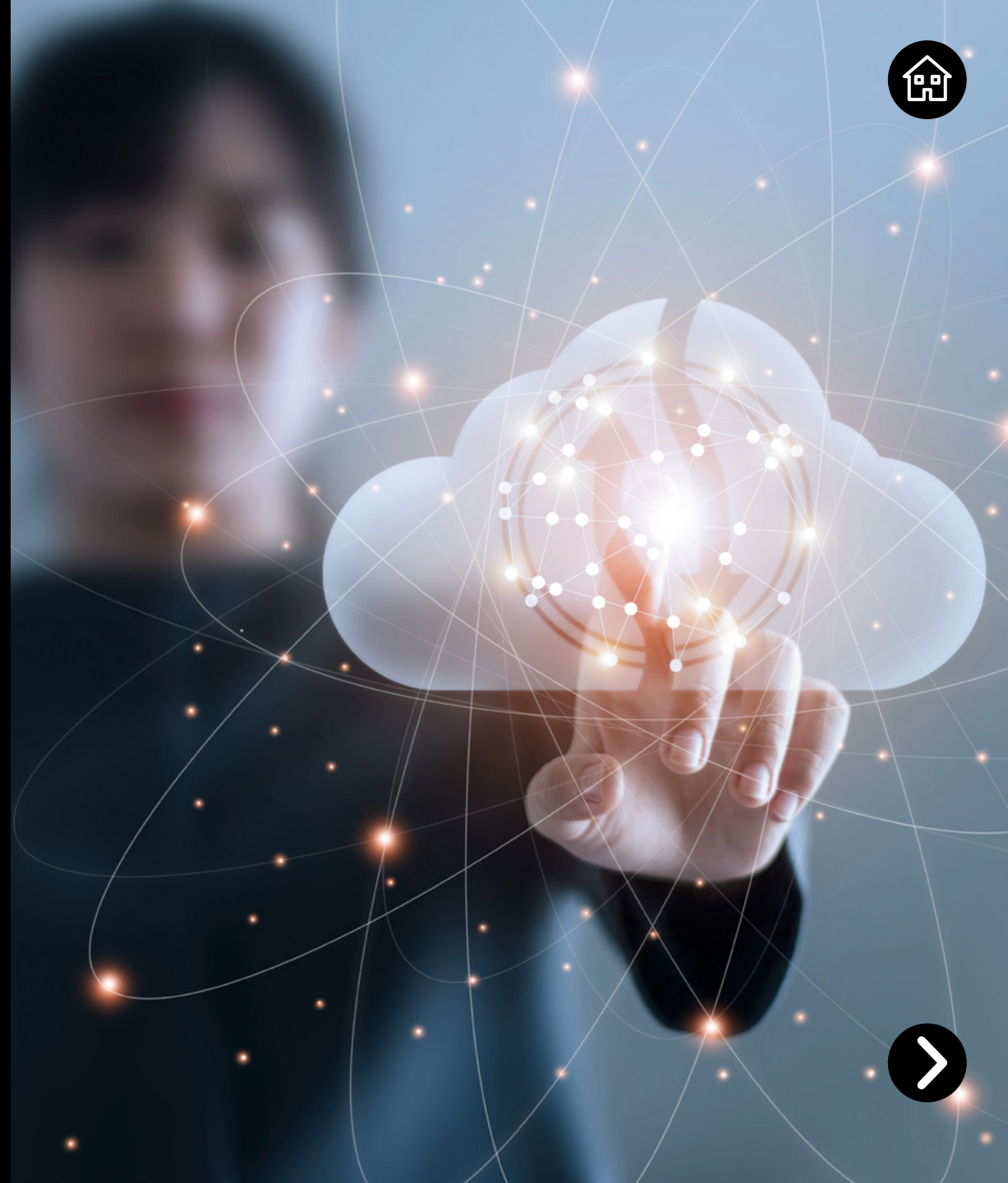
Ones to watch

The technologies respondents are most likely to deem relevant but not a strategic priority are:



What's next?

The future of cloud in Ireland is up to you





What's next? The future of cloud in Ireland is up to you

The survey data positions cloud as a business enabler now and in the future. It tells us that investment is growing, and organisations see the benefits of cloud. On average, C-level respondents say 34% of their organisation's technology budget will be invested in cloud-related infrastructure or applications in the next 12 months, which is encouraging.

But the data also tells us that there is more value to be derived from cloud, which Irish organisations are not yet realising. For the organisations already using cloud, now is the time to double down on those investments and

build on the progress to date by unlocking cloud's ability to change how they deliver value to the business.

Sustainability is an underappreciated benefit of cloud, as our survey makes clear. Now is the time to better understand where cloud can contribute to your organisation's sustainability strategy. Make the energy efficiency gains of cloud a bigger pillar of the business case to help accelerate adoption. Perceived security concerns such as data sovereignty and security are solvable. Organisations need to see cloud as an enabler to improved security, not a barrier.

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The three questions C-suites should engage with are:

1. Are you amplifying the value of cloud to transform your organisation?
2. Are you unlocking the sustainability benefits of cloud adoption?
3. Are you letting security concerns hold back your cloud adoption?

Looking ahead, it will be interesting to explore how organisations overcome the various barriers they face through a combination of increased budgets and more implementation experience. We believe the real challenge to address in amplifying the value from cloud will be in applying leadership and talent. When there is vision and an understanding of cloud's value, there is a real opportunity to transform operations for the better: to enhance performance, adapt rapidly to change, respond quickly to emerging opportunities, and be ready for whatever the future holds.



Meet the team



Ruairi Allen
Partner - Consulting
ruallen@deloitte.ie
+353 1 417 2593



Richard Nunan
Partner - Consulting
rnunan@deloitte.ie
+353 87 207 2283



Aoife Connaughton
Director - Climate and Sustainability
aconnaughton@deloitte.ie

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