Overview

Participant Details

Survey participants included: 3,014 business and IT professionals across 12 counties 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

<table>
<thead>
<tr>
<th>Country</th>
<th>Participants</th>
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<td>United States</td>
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<td>Spain</td>
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<td>United Kingdom</td>
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Industries

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<th>Participants</th>
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<td>Telecommunications</td>
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<td>Government</td>
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<td>Energy and Utilities</td>
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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+.

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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).

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
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

77% Use Hybrid Cloud Services
23% Holistically manage workloads in multiple environments

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: 32%
- Managing complex environments: 31%
- Regulatory compliance: 30%

Security is the leading barrier in:
- Manufacturing: 42%
- Consumer: 37%
- Industrial Products: 36%
- Financial Services: 39%

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Executive Summary
Lack of skills and talent is a limiting factor

71%
Of organizations are creating new positions to fulfill the need for Cloud skills

69%
Say their teams lack skills to be proficient in architecting/managing Cloud applications.

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: 39%
- Telecom: 38%
- Government: 38%
- Healthcare: 38%
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*

- Data integrity/confidentiality/governance concerns: 49%
- Potential cybersecurity risk/attack: 47%

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