Achieving midmarket success, digital transformation, and security in the cloud era

RESEARCH SHOWS HAVING A CLOUD STRATEGY, CENTRALIZED IT MANAGEMENT, AND A FOCUS ON SECURITY ARE KEY SUCCESS FACTORS

AS CLOUD COMPUTING ADOPTION MATURES AMONG ORGANIZATIONS OF ALL SIZES, a growing number of midmarket companies are using both public and private clouds to enhance their business agility and performance.

New research by IDG reveals a key factor in hybrid-cloud success for midmarket organizations: Hybrid cloud users managing cloud and on-premises environments with a **unified tool** are significantly more likely to experience a range of critical benefits, including:

- Reductions in man hours spent on several security-related functions.
- Minimized security events and risk exposure.
- Improved operational speed.
- Decreased infrastructure costs.
- Greater profitability.
- Increased productivity.

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HYBRID CLOUD BOOSTS TRANSFORMATION

In today's fiercely competitive landscape, midmarket organizations are rapidly transforming their IT landscapes and increasingly looking to the cloud for an agility advantage. Not all clouds are the same, however, and the environment can be confusing among public, private, hybrid, and multi-cloud integrations. A hybrid cloud approach represents a mixed deployment of multiple public, private, and on-premises cloud infrastructure solutions — though often not managed holistically. A *consistent* hybrid-cloud operating model, however, unifies these components under a single, seamless management system that provides more efficient operations, maximized security, and more streamlined and simplified infrastructure overall.

In a September 2019 IDG MarketPulse global survey of IT decision-makers at midsize organizations (100 to 999 employees), 80% of respondents said they have deployed workloads in a hybrid cloud, with the remaining 20% expressing a desire to deploy workloads to hybrid clouds.

For midmarket organizations, a consistent hybrid-cloud experience that leverages a unified management solution between the cloud and on-premises environments is the true "cloud nirvana," yielding business and IT benefits that

far exceed other cloud deployments. Of the respondents of the IDG Marketpulse global survey, only 11% of midmarket organizations reported taking a unified approach to managing their cloud and on-premises environments. This small segment of cloud leaders, however, is realizing key results, as compared to other midmarket organizations who operate non-unified hybrid-cloud environments:

- 27% fewer man hours spent on security management
- 24% fewer man hours spent on lifecycle maintenance
- 22% fewer man hours spent on resolving security breaches
- 24% reduction in number of weak access control points
- 28% savings in infrastructure costs
- 25% increase in revenue

The data shows hybrid cloud is an integral step to achieve digital transformation. That commitment to the cloud by midmarket organizations is reflected in IT spending plans.

- Roughly half (49%) of MarketPulse survey respondents said they anticipate investing more in cloud-enabled infrastructure over the next 12 months, with an average projected spending increase of 22%.
- Another 40% expect to maintain current cloud infrastructure spending levels.
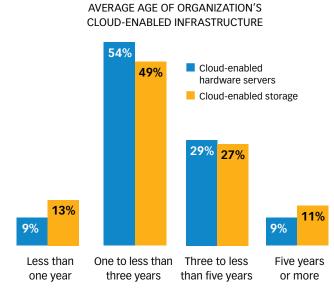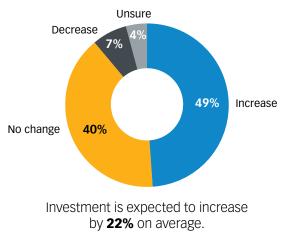
FIGURE 1. **Cloud-enabled Infrastructure**

AVERAGE AGE OF ORGANIZATION'S CLOUD-ENABLED INFRASTRUCTURE

- Cloud-enabled hardware servers
- Cloud-enabled storage

	Less than one year	One to less than three years	Three to less than five years	Five years or more
Hardware servers	9%	54%	29%	9%
Storage	13%	49%	27%	11%

EXPECTED CHANGE IN INVESTMENT IN CLOUD-ENABLED INFRASTRUCTURE — NEXT 12 MONTHS

- Increase 49%
- No change 40%
- Decrease 7%
- Unsure 4%

Investment is expected to increase by **22%** on average.

Source: IDG

BENEFITS UNDERSTOOD, BUT STRATEGY NEEDED

The IDG MarketPulse global survey of 700 IT decision-makers sought to explore how midmarket organizations are progressing with hybrid cloud. The survey focused specifically on the impact of cloud accelerators or best practices on the ability to improve security, business, and IT outcomes.
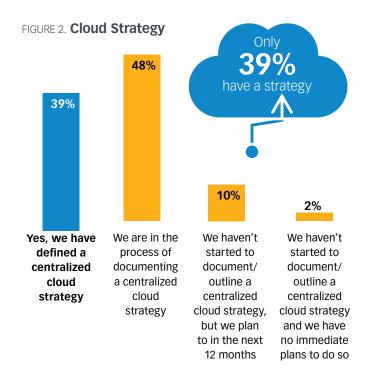
Saving money and better security are the top perceived benefits of a hybrid-cloud operating model, with 41% of respondents citing improved cost efficiencies (through optimal deployment of workloads and applications) and 35% reporting improved security. Other benefits of hybrid mentioned by respondents include:

- Improved flexibility (35%).
- Improved user experience (34%).
- Improved disaster recovery/fault tolerance (31%).
- Simplified migration of workloads (29%).
- Ability to extend on-premises security best practices to any cloud deployment (27%).

None of the perceived benefits of hybrid clouds can be realized fully, however, without a comprehensive and centralized cloud strategy, roadmap, and, most critically, the right tools. The IDG MarketPulse survey clearly shows that many midmarket enterprises are struggling in this regard. Although virtually all respondents said they are deploying (or interested in deploying) hybrid clouds, more than half are essentially winging it. Only 39% of the 700 organizations surveyed said they have a centralized cloud strategy — even though, as noted above, 80% *already* are running hybrid clouds.

THE QUESTION OF SECURITY

Security is another critical priority in deciding which workloads to deploy in the cloud. Indeed, concerns about security long have been an impediment to cloud adoption, or have caused enterprise IT leaders to rethink cloud deployments. The IDG MarketPulse survey shows that 58% of respondents have brought an average of 14 public cloud-based applications or workloads back on-premises, with 39% citing concerns about data loss or fidelity.

FIGURE 2. **Cloud Strategy**

| 39% | 48% | 10% | 2% |
| Yes, we have defined a centralized cloud strategy | We are in the process of documenting a centralized cloud strategy | We haven't started to document/outline a centralized cloud strategy, but we plan to in the next 12 months | We haven't started to document/outline a centralized cloud strategy and we have no immediate plans to do so |

Only **39%** have a strategy

PROVEN DATA SECURITY PRACTICES MISSING:

1. Encrypting sensitive data.
2. Refreshing infrastructure hardware.
3. Using servers with built-in security features.
4. Backing up data to secondary systems.

Only **44%** have been encrypting sensitive data for at least a year.

> " It allows me to quickly modernize and scale my infrastructure without causing impacts on users or putting my data at risk. Time, effort, and complexity are reduced so that we can focus more on business innovation. " — Survey respondent about the hybrid-cloud approach

Further, 91% of respondents consider security a top priority in deciding which applications or workloads to migrate to the cloud. Fifty-three percent, however, said it is highly challenging to balance cloud deployment plans with security requirements; another 39% said it was somewhat challenging.

The survey highlights eight specific challenges facing midmarket enterprises in protecting data across multiple environments. The most often cited were:

- Time and money spent on security monitoring (37%).
- The ability to back up and quickly restore all workloads (37%).
- Performing technology or network upgrades (35%).
- Security and performance visibility (32%).

Organizations compound these security challenges by failing to implement best practices. Yet, the IDG survey reveals that most respondents aren't fully implementing proven data security practices such as 1) encrypting

sensitive data; 2) refreshing infrastructure hardware; 3) using servers with built-in security features; and 4) backing up data to secondary systems.

The security measure *most* likely to be in place is data encryption, and even in that case, only 44% of respondents said they have been encrypting sensitive data for at least a year (See Fig. 3, page 3). Worse, a mere 12% of respondents said they've been using all four data security measures listed above for a year or more.

One key, clear correlation for diligent use of effective security measures was use of a single tool for hybrid cloud management. Seventy-two percent of survey respondents whose organizations use a single tool to manage their hybrid clouds said they have been encrypting sensitive data for more than a year, versus enterprises with hybrid clouds without unified management (30%) and enterprises without hybrid clouds (40%). The disparity was similar across other security measures (see Chart 1).

FIGURE 3. **Status of Security Measures Across Cloud and On-premises Environments**
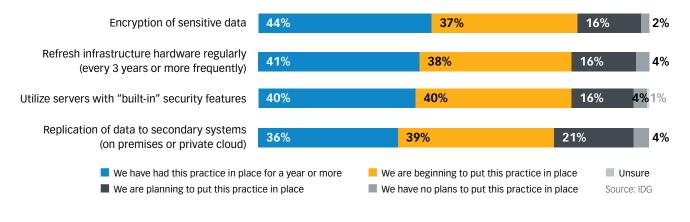
Encryption of sensitive data	44%	37%	16%	2%
Refresh infrastructure hardware regularly (every 3 years or more frequently)	41%	38%	16%	4%
Utilize servers with "built-in" security features	40%	40%	16%	4% 1%
Replication of data to secondary systems (on premises or private cloud)	36%	39%	21%	4%

■ We have had this practice in place for a year or more   ■ We are beginning to put this practice in place   ■ Unsure
■ We are planning to put this practice in place   ■ We have no plans to put this practice in place   Source: IDG

CHART 1. **Security correlations: One tool to rule them all Percent with security measures in place for one year or more**

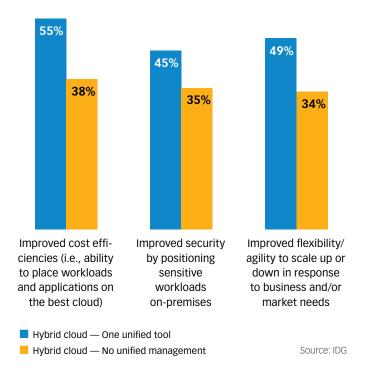| SECURITY MEASURE IN PLACE > 1 YEAR	HYBRID CLOUD — ONE UNIFIED TOOL	HYBRID CLOUD — NO UNIFIED MANAGEMENT	NO HYBRID CLOUD
Encryption of sensitive data	**72%**	30%	40%
Refresh infrastructure hardware regularly (every 3 years or more frequently)	**64%**	31%	36%
Utilize servers with built-in security features	**72%**	23%	33%
Replication of data to secondary systems (on premises or private cloud)	**57%**	25%	31%

THE CRITICALITY AND TRUE BENEFITS OF UNIFIED MANAGEMENT: THE CONSISTENT HYBRID CLOUD

Given the inherent complexities of managing hybrid computing and network environments with multiple tools, it's no surprise that few enterprises are fully committed to hybrid-cloud security measures. Many lack in-house IT experts who are able to use the myriad tools required to manage their data, applications, and workloads across their complex IT landscapes. For busy and resource-constrained midmarket IT departments, a unified tool that enables a consistent hybrid-cloud experience provides a wide range of benefits.

MarketPulse respondents who reported using a single cloud and on-premises management tool cited these as the top perceived business or IT advantages of hybrid cloud for their organizations:

- Improved cost efficiencies.
- Improved security through the positioning of sensitive workloads on-premises.
- Greater flexibility to scale workloads up or down as needed.

FIGURE 4. **Perceived business and IT advantages of hybrid cloud**

Legend:
- Hybrid cloud — One unified tool
- Hybrid cloud — No unified management

- Improved cost efficiencies (i.e., ability to place workloads and applications on the best cloud): 55% / 38%
- Improved security by positioning sensitive workloads on-premises: 45% / 35%
- Improved flexibility/agility to scale up or down in response to business and/or market needs: 49% / 34%

Source: IDG

CHART 2. **Expectations — Double-digit good news**

BENEFITS	EXPECTATION	REALITY
Save money	45%	**59%**
Faster, easier data backup	36%	**50%**
Improved response time	27%	**41%**
Better scalability	28%	**41%**

Hybrid cloud users managing cloud and on-premises environments with a unified tool were significantly more likely to experience reductions in man hours spent on several security-related functions over the past year. More than half of the IDG survey respondents using a single hybrid-cloud management tool reported fewer man hours spent on managing security (55%); resolving breaches/attacks (53%); and managing security-sensitive workloads (51%). In contrast, respondents without a unified tool have been notably less successful in reducing man hours spent on those activities (27%, 42%, and 25%, respectively).

The survey shows that midmarket enterprises operating a single hybrid cloud management tool also save more labor time on lifecycle maintenance, resolution of service disruptions and outages, and resolution of unauthorized data leaks. Respondents who use a unified hybrid cloud tool reported achieving the largest time savings over the past 12 months in resolving data leaks (down 29%) and security management (down 27%).

PERFORMANCE BENEFITS

Although effective hybrid-cloud security is critical, make no mistake: The growing adoption of hybrid clouds by midmarket organizations is *fueled* by the competitive need for better performance. Survey respondents using a unified management tool reported improved operational speed (72%) over the past year, along with decreased infrastructure costs (55%), better profitability (53%), and increased productivity (52%).

Said one survey respondent about the hybrid-cloud approach, "It allows me to quickly modernize and scale my infrastructure without causing impacts on users or putting my data at risk. Time, effort, and complexity are reduced so that we can focus more on business innovation."

The performance categories with the largest average improvements in the past year were:

■ Infrastructure cost reduction (down 28%).
■ Operational speed (up 27%).
■ Number of outages (down 27%).
■ Employee productivity (up 26%).

Organizations that use a unified tool for hybrid cloud management said that, although they anticipated deriving numerous benefits, some of these benefits far exceeded their expectations. Whereas 46% of these respondents expected to save money using a unified management tool, a much higher percentage (59%) said they actually experienced cost savings. This held true for other areas (see Chart 2).

Overall, respondents whose organizations are using a single tool to manage their IT landscapes across hybrid cloud and on-premises environments are more likely to perceive greater cost efficiencies (55%), improved flexibility (49%), and tighter security (49%) as the top advantages of hybrid clouds.

SUMMARY

The results of IDG's MarketPulse survey clearly indicate that midmarket organizations are going all in on hybrid cloud deployments. Respondents' in-house IT teams are managing an average of four to five cloud deployments, and nearly nine in 10 respondents (89%) expect to maintain or increase spending on cloud-enabled infrastructure over the next year.

The impetus behind midmarket hybrid-cloud adoption is improving IT and business performance, yet many organizations fail to leverage their hybrid clouds fully because they lack centralized cloud strategies, are burdened with too many tools for managing cloud and on-premise environments, or both.

Similarly, most midmarket organizations still haven't fully implemented recognized data security practices, despite MarketPulse survey respondents overwhelmingly rating security a high priority in determining where to place workloads and applications. Many — particularly companies and institutions that use multiple management tools — also face budget and manpower limitations as they try to monitor security and back up data across hybrid-cloud environments.

Fewer than one in five (18%) of survey respondents use one unified tool to manage cloud and on-premises environments, and only 11% use both a centralized cloud strategy and a single management tool for hybrid environments. The latter subgroup also is more likely to have established security practices in place.

Not surprisingly, midmarket organizations that use one unified tool to manage their hybrid clouds report benefits in several areas that are exceeding expectations, such as:

Cost savings

Improved risk mitigation and response time

Faster backups

Greater scalability

Most report they have been able to reduce the amount of time IT employees spend on security management, breach resolution, and management of security-sensitive workloads.

A consistent hybrid cloud approach provides midmarket businesses with flexibility, agility, and adaptability essential to success in the digital economy. A unified management tool and a centralized cloud strategy are the truly powerful, critical accelerators providing security across cloud and on-premises platforms.

Dell Technologies Cloud, built on industry-leading hardware — including VxRail hyperconverged platform integrated with VMware Cloud Foundation cloud stack — provides a nondisruptive path to adoption of multiple cloud platforms to provide a consistent operating experience. Consistent hybrid-cloud platforms eliminate obstacles to multiple-cloud deployment and management, including complex workload migrations, operational silos, disparate management and security tools, and skills/process gaps. Dell Technologies Cloud simplifies deployment and management of hybrid clouds, allowing IT pros to help drive innovation and achieve digital transformation. **Click here for more information.**