



The race to cloud:

Reaching the inflection point
to long-sought value

The story in brief

- Over the past two years, there's been a surge in cloud commitment: More than 86% of companies report increasing the scope and volume of their cloud initiatives in that time.
- Achieving full cloud value is at a tipping point for those who are committed to the journey with heavy adopters fully achieving expected outcomes at a higher rate.
- The journey continues beyond migration, to utilizing the power of cloud, for those who remain committed. Nearly 7 in 10 companies (68%) report that their cloud efforts are ongoing.
- Some leaders may feel in "cloud transformation limbo": The low-hanging fruit has been picked, so they're moving more complex and business-critical systems to accelerate cloud value. But they're still not fully there, and stubborn barriers remain.
- The uptick in cloud investments we've seen over the past two years will continue to pay higher dividends. Five key practices can help companies overcome persistent barriers and tip the scales towards full value achievement.

A critical juncture in the cloud journey

The past two years have represented a period of dramatically compressed transformation. Commitment to the cloud surged as companies came under immense pressure to prepare their businesses to thrive amid rapid change and become more competitive for the future.

The COVID-19 pandemic was an inflection point, turning cloud from an attractive option to an urgent mandate. Buttressed by an era of economic abundance, companies embarked on their cloud missions with big ambitions. They committed to the cloud providers, signed big deals, developed more ambitious goals for how cloud would deliver immense growth, agility and efficiency for their businesses.

Today, **companies find themselves at a new inflection point.** The low-hanging fruit has been picked, and they're reaching higher. Meanwhile, companies who transformed more and faster during the pandemic are building upon that experience to drive an all new imperative: [Total Enterprise Reinvention](#). They're defining a new performance frontier, embracing continuous reinvention to achieve ongoing innovation and increased resilience in the face of any disruption.



Total Enterprise Reinvention requires a strong digital core, powered by cloud, to drive competitive advantage. Harvesting full value and building a digital core requires ongoing commitment.

Organizations must now shift the focus from simply “getting there” to “getting value” and then “operating on the [Cloud Continuum](#)” to not only realize their expected outcomes but also to unlock the next-level of reinvention.

Our latest “state of the market” research surveyed business and IT leaders across the globe to discover how far along their companies are on their cloud journeys, and how much value they report seeing from their cloud investments. This research builds upon our 2020 and 2018 inquiries into the same topic.^{1,2} The results tell a story of significant progress, with full value still waiting at the summit.

Today, nine in ten respondents report achieving some degree of their expected outcomes. Yet, despite the unprecedented surge in cloud investment, full achievement of expected outcomes has climbed to just 42%, but up from 37% in 2020. It’s not time to rest on our laurels, especially with the same stubborn barriers standing in the way: security risks, complexity, lack of skills, legacy systems and more.

The grand-scale surge in cloud investments is promising, opening the door to a much broader set of opportunities.

But this commitment to cloud exposes ground left to cover on the road to full value. Our research attempts to shed light on that journey and explore what lies ahead for companies on the path to Total Enterprise Reinvention.

Data highlights



86% of companies increased the volume and scope of their cloud initiatives over two years.



Top barriers to cloud value are “security and compliance risks” and “complexity of business and operational change,” with **41%** placing them in their top three overall. “Legacy application modernization” follows closely at **39%**.



42%, on average, report fully achieving expected cloud outcomes, up from **37%** in 2020.



While **32%** of companies see their cloud journeys as complete and are satisfied with outcomes, the remainder (**68%**) are still progressing on their cloud journeys.



Heavy adopters continue to outperform, with **47%** reporting fully achieving their outcomes.



The most respondents, **43%**, indicated that they would allocate additional funds to “enhanced data analytics and AI.”

An unprecedented commitment to cloud

Enterprise leaders, both in business and tech, have long acknowledged cloud as a key enabler of business transformation. But the pressures of these tumultuous past years—the global pandemic, changes in the way we work and operate, increased market volatility, supply chain breakdowns, etc.—have driven a surge in committing workloads to the cloud, spurred by a desire to both stay afloat and get ahead.

Take top Belgian insurance company, [AXA](#), for example, who wanted to further transform their claims capabilities by migrating to the cloud. In nine months, Accenture helped them migrate 14 environments, 15 claims-related applications, more than 50 batch pipelines and over 20 operational dashboards to an AWS architecture. As a result, AXA has achieved improved customer service plus new levels of agility and cost transparency. In over 90% of cases, their clients now receive coverage and insurance intervention confirmation within just four hours, and 20% of the full claims volume is now handled via straight-through processing.





Similarly, Danish brewer [Carlsberg](#) committed to and successfully migrated 100% of their global workloads to the cloud. Moving to the cloud was the critical first step to carrying out its digital transformations and achieving its goal of intelligent operations. This included a “connected bar” solution that introduced a new, sustainable, lighter-weight beer keg with IoT sensors to gauge real-time consumption and link directly with marketing campaigns. In addition, it enabled a “smart brewery” solution using IoT sensors to identify problems during the production process and automatically issue maintenance requests, minimizing service disruptions and optimizing production.

Looking at the research, a full **86% of companies we surveyed report an increase in the volume and/or scope of their cloud initiatives** since 2020. Those who already had one foot in the cloud seem to be jumping in further. Sixty-two percent of this year’s respondents report being “heavy adopters.”³ In 2020, just 11% of respondents were “heavy adopters.”

The data concerning where workloads reside reinforces this trend: On average, 50% of workloads are committed to the public cloud, compared to 35% in early 2021⁴. Private clouds are the destination for 32% of workloads on average (including both private and virtual private models).

And when it comes to getting to the cloud, **hybrid and multi-cloud are the new normal**. Almost all cloud users report using both public + private (hybrid) clouds and a large percentage are using multiple public cloud providers (multi-cloud).

Still, a substantial number of workloads remain on legacy systems. There's work to be done in terms of getting more business-critical applications migrated and unlocking the cloud's full potential.



A woman with dark hair is shown in profile, looking upwards and to the right. The background is dark with numerous out-of-focus light sources, creating a bokeh effect. The lights are primarily warm yellow and orange, with some cooler blue and white lights on the right side. The woman's face is partially illuminated by the warm light, highlighting her features as she gazes into the distance.

Full value on the horizon

Companies that made the mad dash to the cloud over the past two years were looking to drive greater resilience, efficiency and growth. They were seeking to build the agility to tackle current challenges and drive ongoing competitive advantage. The performance data shows that greater value is being achieved, but more effort is needed for the majority of companies to fully achieve their cloud aspirations and take the next steps towards reinvention.

While nine out of ten companies report achieving most or all of their expected cloud value, only 42%, on average, report fully achieving expected outcomes across five value levers (a five percentage-point increase over 2020).

Figure 1

Percent of companies reporting they have fully achieved their expected cloud outcomes across reports

	2022	2020	2018
	Fully Achieved		
Cost savings	39%	37%	34%
Speed (e.g., introduction of new products or services, etc.)	42%	40%	36%
Business enablement (innovation, data access and analytics)	45%	36%	35%
Improved service levels (e.g., provisioning)	43%	32%	34%
Resilience/Business continuity	42%	33%	n/a
Average	42%	37%	35%

The most promising data point:

Business enablement is the most realized outcome, with 45% reporting they've fully achieved the expected value. That's a nine percentage-point increase over 2020. Business enablement offers the greatest value upside: unlocking the core digital capabilities and ongoing innovation needed to drive Total Enterprise Reinvention.

Meanwhile, **cost savings remains the most elusive of the outcomes**. Only 39% reported fully achieving their expectations in that department—a mere two percentage-point increase over 2020. While this is perhaps the most frustrating finding for many, as cost

effectiveness was one of the early selling points for cloud, it may not be unexpected.

The lag can be attributed, at least in part, to the rapid investments that most have undertaken—immediate costs, but not necessarily instant savings. In order to achieve cost benefits, organizations must modernize to a more cloud-native mindset. This includes modern architectures and operating models, utilizing **FinOps** and a **Continuum Control Plane** to provide transparency and the means of managing today's complex IT environment. As complexity increases, so too can cost if these critical elements of the value equation are missing.

For example, Accenture recently worked with a **leading retail company** that had big cloud ambitions: We partnered with Oracle to move 80% of their critical applications to the cloud. In parallel, Accenture cloud advisors worked to optimize the company's operating expenses and meet their cloud goal of **27% cost reduction and payback within 16 months**.

In short, as cloud environments become more complex, the ability to control spending becomes more critical. As does shifting the conversation from cloud **cost** to cloud **value**.

Who is achieving more?

Cloud gains may be slow—but they are significant. Companies are gradually unlocking full value. Not surprisingly, those achieving greater outcomes are the ones further along in the cloud.

Heavy adopters continue to fully achieve their outcomes more frequently, 47% on average, than moderate (36%) or low adopters (21%). Yet, even among the heavy adopters, the increase in fully achieved outcomes isn't progressing as quickly as desired, indicative of greater challenges associated with greater ambitions.

Figure 2

Percent of companies who report fully achieving expected cloud outcomes by adoption level

	Heavy Adopters	Moderate Adopters	Low Adopters
Outcome	Fully Achieved		
Cost savings	43%	30%	38%
Speed (e.g., introduction of new products or services, etc.)	46%	36%	24%
Business enablement (innovation, data access and analytics)	50%	38%	10%
Improved service levels (e.g., provisioning)	48%	37%	24%
Resilience/Business continuity	46%	38%	10%
Average	47%	36%	21%

While heavy adoption does correlate to higher outcomes across every value lever, the time may have come to move away from adoption as the primary measure of success. As will be discussed, the complexity associated with extracting value from migrating more business-critical workloads can be challenging, thus simply “getting to cloud” doesn’t guarantee the value expected.

One bright spot the data uncovered is that you don’t always have to make the journey on your own. **Higher achievement levels also correlate with greater use of third-party managed services:** Almost half (45%) of companies fully achieving their outcomes are using managed services to a great degree.

That’s because using managed services can quickly unblock avenues to value. Case in point: [Municipal Securities Rulemaking Board \(MSRB\)](#) found that employing managed services after a major cloud migration allowed their own engineers to shift their focus to more mission-critical and value-adding functions.



Embracing the Cloud Continuum

Today, cloud is much more than a mandate for operating in a digital world—it's where breakthrough innovation and reinvention take place. It has evolved into a dynamic continuum of powerful capabilities, from public to edge and everything in between. Today's companies must ask themselves not only what business problems can be solved using cloud, but what new possibilities cloud can open up for their businesses.

Getting full value from the cloud requires a **commitment to continuous reinvention**, supported by [advanced Cloud Continuum practices](#). This means learning new skills, embracing new technologies, becoming savvier in cloud strategies. A Continuum mindset is needed to stay ahead of competitors and take advantage of ever evolving opportunities.

To gauge how companies today are approaching cloud, we asked them to describe the current state of their cloud journeys. About a third of respondents (32%) **see their cloud journeys as complete** and are satisfied with their abilities to meet current business goals. Still more (41%) **acknowledge their cloud journeys are ongoing** and continue to evolve to meet changing business needs.

Business and IT leaders vary substantially in their views on the state of their companies' cloud journeys: 44% of business leaders consider their journeys complete vs. 27% of IT leaders. Meanwhile, 45% of IT leaders consider their cloud journeys evolving vs. 34% of business leaders.

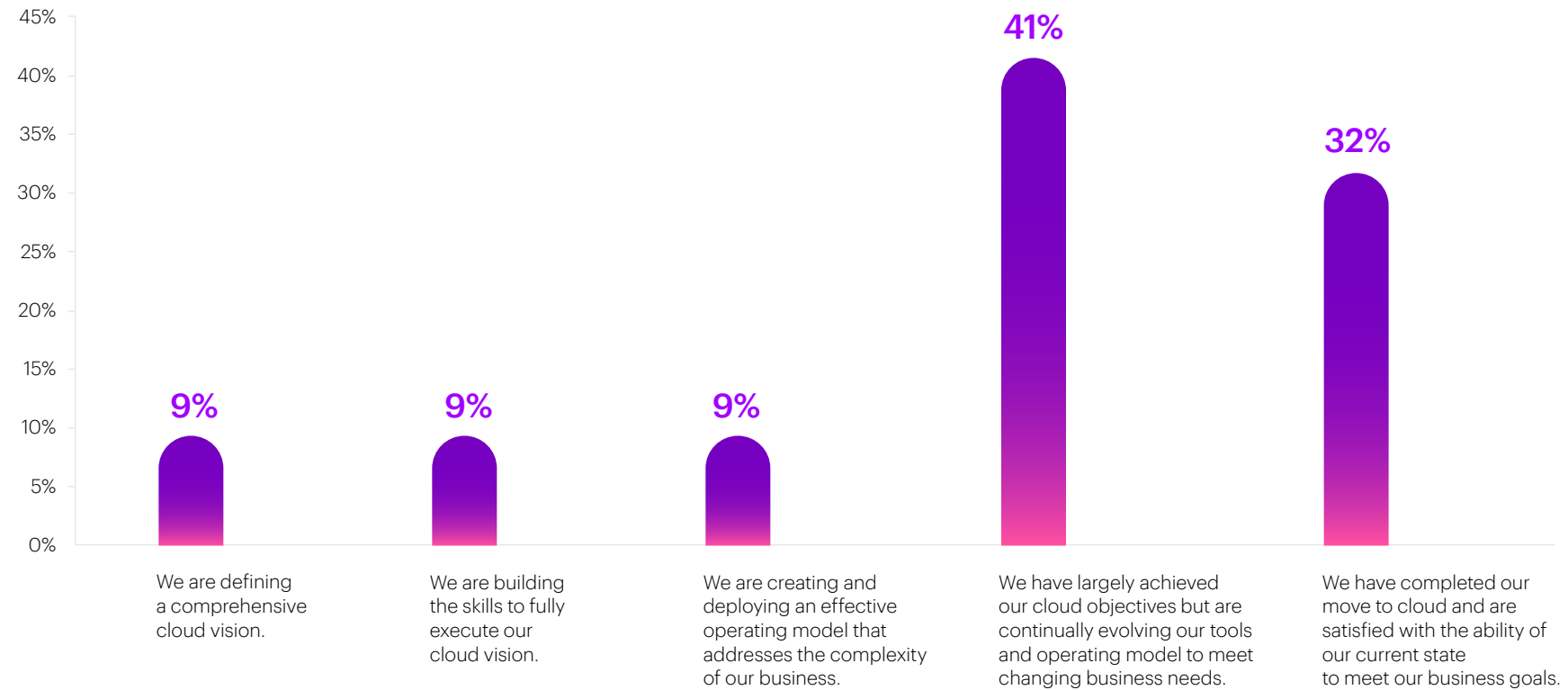
Of all those who call their journeys "complete," 79% report being heavy adopters and 49% report fully achieving their expected outcomes on average. The most realized outcome was business enablement (54%).

Of all those who continue to evolve to meet business needs, 60% report being heavy adopters and 42% report fully achieving their expected outcomes on average. The most realized outcomes were business enablement and improved service levels (tied at 45%).



Figure 3

How companies best describe the current stage of their cloud journeys





At a glance, it looks like those who consider their cloud journeys complete are outperforming those who continue to evolve—and the data does support that. However, we believe that companies are missing out on larger value opportunities by declaring their cloud journeys at a close. The rapid pace of technological innovation is redefining the landscape of what’s possible. And in fact, the “completed” group reports spending less IT resources on innovation and business reinvention than the “continually evolving” set: 40% vs. 44%.

Companies with enterprise reinvention in their sights are growing, adapting, learning, changing as opportunities and risks arise. By considering their journeys complete, many companies are leaving value on the table ... and putting themselves at risk. In a dynamic market environment, those that stand still get left behind.

Wherever companies believe they are today, the cloud journey is almost certainly not over. **Organizations must get clear on their end goals in order to accelerate value. They need to focus on specific cloud use cases to drive their business goals and adapt operations as needed.**



Navigating a collection of stubborn barriers

Companies that have responded to the cloud imperative are closer to full value than ever, but much still lies just outside of their grasp. With so many companies dialing up their cloud efforts, why is value not rising at pace?

Perhaps the explanation is simple: With greater complexity come greater challenges.

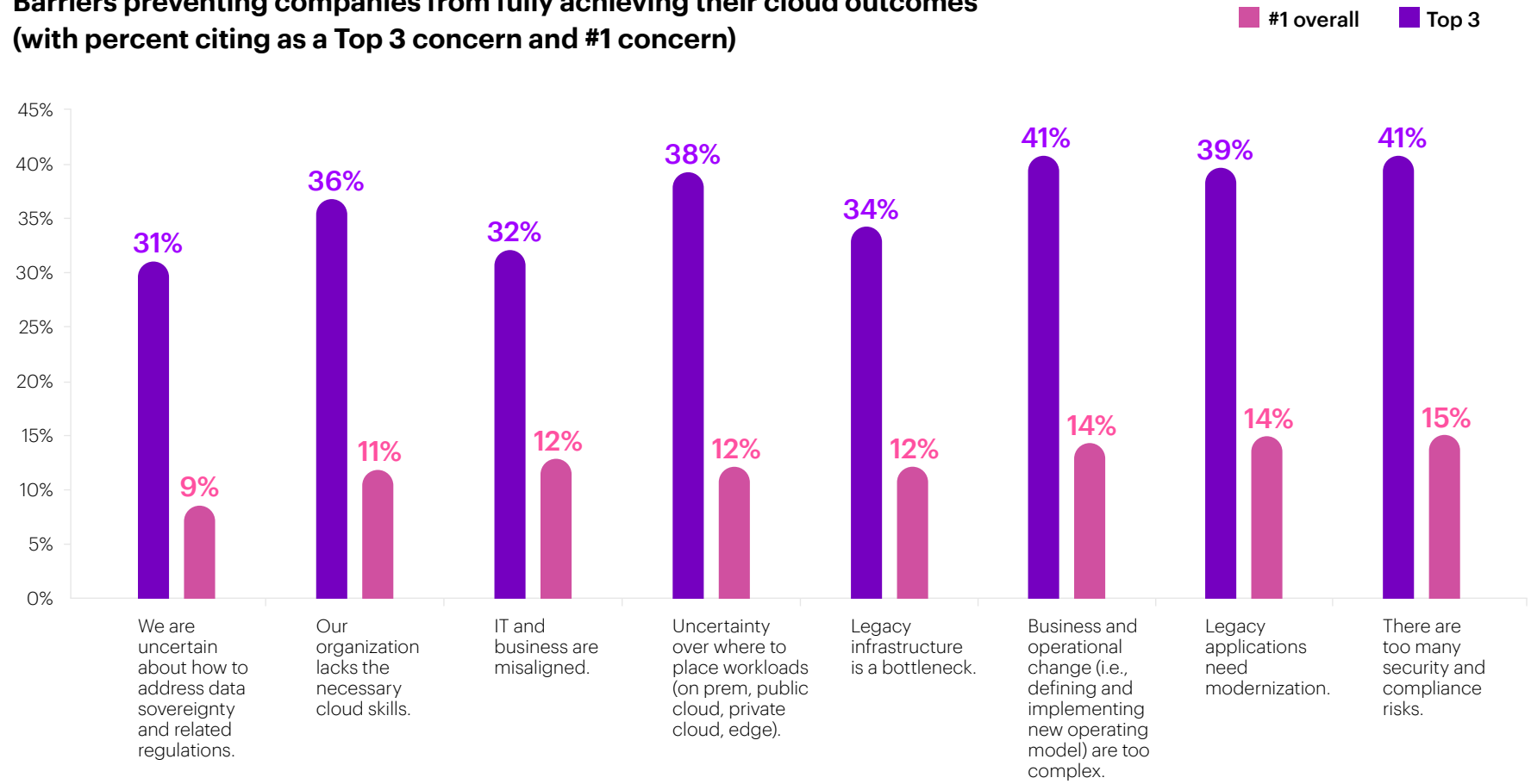
In the early stages of cloud, companies tend to move smaller, less critical workloads that are easier to manage. Now that companies are further along on their adoption journeys, they are moving and modernizing more critical applications at the very core of their businesses. Migrating the business-critical workloads—and knowing where to place them to deliver the most value—is often the most challenging, not to mention time and resource intensive.

This points to another persistent challenge: acquiring and retaining the skills needed to migrate, manage and operate within the cloud. To sustain value from their cloud efforts, companies must be prepared to transform their people and processes in tandem.

One thing is clear, there's no single barrier holding companies back—all of the challenges companies have been struggling with for the past several years persist.

Figure 4

**Barriers preventing companies from fully achieving their cloud outcomes
(with percent citing as a Top 3 concern and #1 concern)**



“Security and compliance risks” and “complexity of business and operational change” are cited as the top barriers this year, with 41% placing them in their top three overall. “Legacy application modernization” follows closely with 39% listing it in their top three barriers.

While “lack of cloud skills” is not the highest barrier to value, over one-third of companies (36%) rate it a top three concern—no change since 2020. A lack of cloud-savvy talent will certainly keep companies from completing higher-value activities.

Relative to prior reports, security and complexity continue to be among the most frequently cited barriers. And, like our 2020 report, all barriers are reported in a relatively narrow band of 10% from top to bottom. Further comparison shows the biggest movement among top three barriers to be “misalignment between business and IT” and “data sovereignty concerns,” each dropping eight percentage-points from their 2020 values. Yet each is still named by nearly one in three companies as a top barrier.

While some challenges have dropped incrementally, none have fallen below 30%. Nor have any risen to definitive front-runner status.

The slight movement among these common barriers, and the fact that there's such a small delta between them, suggests that companies are dealing with a cadre of challenges. This is typical of any major transformation: When dealing with multiple obstacles at once, solving for anything less than all of them can result in diminished returns. The fact that companies continue to make steady progress against such a formidable collection of barriers shines a favorable light on the data.





Getting “unstuck”

With cloud maturity growing and technology skills and resources evolving, how is it that common hurdles remain such a challenge to overcome? Pressure to migrate and the lure of cloud’s potential may accelerate movement—but that doesn’t mean the barriers duck out of the way.

There has been much greater demand on companies to evolve into cloud-first organizations while simultaneously expanding the scope and scale of their initiatives. And most are still spending more on keeping the lights on than on innovating in the cloud.

In fact, the IT executives we surveyed report that 57% of all IT resources are spent on maintenance of existing systems and processes, and 43% on business reinvention and innovation.

That doesn't mean they're on the wrong track. They just need to get more strategic about how to move forward.

The path to business resilience is through Total Enterprise

Reinvention. Cloud provides the foundation for that reinvention. Companies that replatform at scale and embrace cloud as a new operating model will outpace their competitors and gain business-critical flexibility and agility to continuously adapt to business needs and an ever-changing market.

But pressure to move to the cloud quickly is resulting in deferred value. Companies are taking on more complexity, perhaps without a clear understanding of their end goals and what it takes to address a portfolio of challenges.

In order to tip the scales towards innovation and reinvention, companies need a more holistic and orchestrated approach to prioritizing and overcoming the manifold roadblocks to realized value.

Looking Ahead: Aspirations for business reinvention

It's clear that companies are seeing the value that lies beyond the inflection point: When asked where they would spend additional funds for business reinvention, most respondents, 43%, indicated that they would allocate additional funds to "enhanced data analytics and AI." These companies seem to recognize that the ability to leverage data to drive value is the new frontier for building competitive advantage.

Take global pharmaceutical company, [Novartis](#), for example, who focused their recent cloud efforts on upgrading their data capabilities. Their new cloud-powered analytics platform, supported by ML and AI, has enabled the creation of innovative use cases and data models. Use case development time has also plummeted from 10 days to just three.

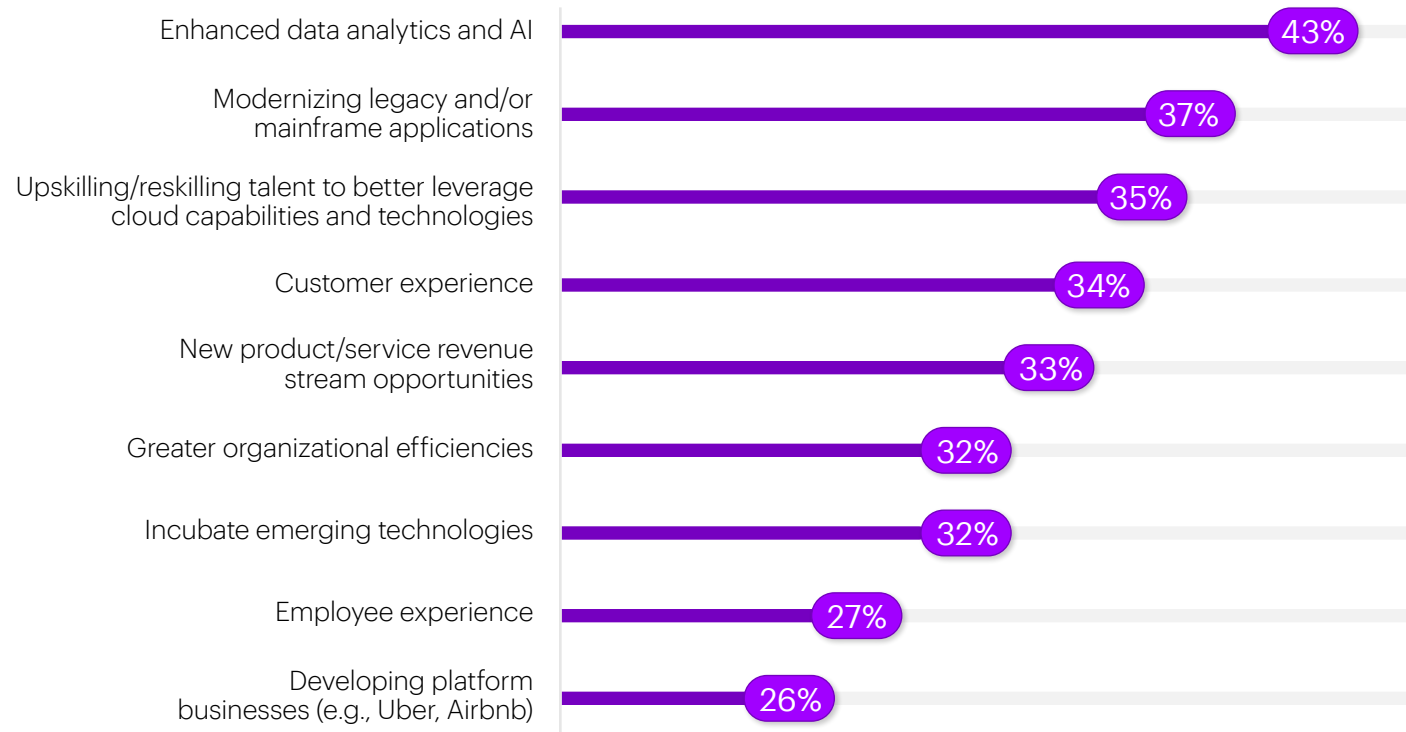


Next on the list of reinvention priorities are "modernizing legacy applications" (37%) and "upskilling talent for the cloud" (35%). This is telling, as both are prerequisites for taking advantage of more complex opportunities in the cloud.

Regardless of where companies are on their cloud journeys, there are many roads that will lead to greater value. Organizations are looking towards advanced use cases for cloud, while simultaneously trying to enhance their cloud capabilities and update existing systems.

Figure 5

**Where companies would spend additional investments for business reinvention
(percent reporting as a Top 3 priority)**





The race to cloud: Reaching the inflection point to long sought value

Cracking the value code

The timing was right for companies who did the work of committing significant resources and effort to the cloud over the past two years. Today, we're exiting the era of economic abundance and entering one of greater uncertainty. Thus, every dollar spent—cloud or otherwise—must go through rigorous qualification.

It is increasingly important that companies “crack the code” to cloud value and identify specific use cases on which to focus their efforts. Cloud leaders must look beyond using cloud to simply drive cost savings—they must think strategically about cloud as a force for change and growth. That requires balancing the immediate business needs that cloud can solve for with recognizing new possibilities that cloud offers. The cloud enables companies to do things they weren't able to; it creates new avenues to value and ongoing reinvention that might not have been considered.

Yesterday, technology was the disruptor. Today it is the enabler—a certainty in turbulent times. Driving real businesses agility, efficiency and growth in the cloud requires strong commitment and adopting reinvention as a strategy. **There are five key practices companies should embrace in order to achieve peak value and unlock future opportunities.**

Five practices for maximizing cloud value

Pursue business and industry advantage

by utilizing the full power of cloud as a force for change. Prioritize use cases according to time-to-value and align investments with emerging business strategies.

Reimagine your operating model and people.

Technology alone will not sustain cloud value. Companies must transform their people and processes in tandem—from ways of working to organizational cultures—in order to thrive in the Cloud Continuum.

Design and orchestrate in the Cloud Continuum,

embracing cloud as an operating model and a strategic enabler. Success hinges on an organization's ability to adopt the right mix of capabilities and services across the Cloud Continuum.

Master cloud economics.

In an environment of increasing cloud complexity, companies must master and optimize their cloud spend. This requires not only transparency and oversight, but also shifting the conversation from cloud cost to cloud value.

Unleash new value from data and AI.

This was the number one initiative that our respondents said they would spend additional investments on, and for a reason: Data excellence is the new frontier of industry competitiveness. Generating the right insights across the enterprise will help companies compete and grow sustainably.

Also, don't underestimate the critical role that leadership has to play in stewarding cloud-first business reinvention. This requires not only embracing best practices and aligning on cloud goals, but demonstrating unrelenting commitment to following through. By doing so, **C-suite leaders can usher in a new era of accelerated value for their businesses.**

Conclusion

Commitment to the cloud has soared in just two years and achieving full value is within closer reach. Grasping it requires a mindset shift, a focus on the journey rather than the destination.

Cloud is a muscle that you keep on building. There is a heavy lift involved in transforming existing technology to the cloud—but countless opportunities once you're there. The momentum gained from transforming in the cloud will put you on the fast path to Total Enterprise Reinvention. The trick is identifying the right opportunities and having the fortitude to keep going when the going seems tough—or slow.

A cloud-first organization is one that thinks not only about how cloud can fundamentally reinvent their business, but also how their business needs to be reinvented for cloud. In other words, organization must think about cloud—first. In doing so, they will see not only the opportunities available today, but those that cloud, and new technologies, are yet to uncover. Today's cloud-minded companies are looking at more complex opportunities to advance value: expanding

their hybrid/multi-cloud footprint, evolving mission-critical applications and data capabilities, creating new cloud-native business platforms, unlocking the power of emerging technologies. Opportunities lie in wait across the Cloud Continuum to deliver not just greater efficiency, but better experiences and real business growth. In order to outpace competitors in their fields, companies need to adopt cloud as the operating model of the enterprise and embrace reinvention as a business strategy.

We have arrived at an inflection point on the journey. **Migrating to cloud is a necessary but insufficient step in cultivating full value and driving ongoing reinvention.** The challenge now will be in defining the right use cases centered on a much broader definition of value, and using cloud as an operating system to bring together data, AI, applications, infrastructure and security to optimize operations and accelerate growth. Cloud is a journey, along which companies will continue to cultivate new capabilities and skills—and hopefully enjoyment in all new value-discoveries.

References

- 1 Sky high hopes: Navigating the barriers to maximizing cloud value (2020)
- 2 Perspectives on Cloud Outcomes: Expectation vs. Reality (2018)
- 3 "Heavy adopters" report more than 75% workloads committed to the cloud (including public and private). "Moderate adopters" report 30-75% workloads committed to the cloud. "Low adopters" report less than 30% workloads committed to the cloud.
- 4 Ever-ready for every opportunity: Cloud Continuum Research 2020

About Accenture

Accenture is a global professional services company with leading capabilities in digital, cloud and security. Combining unmatched experience and specialized skills across more than 40 industries, we offer Strategy and Consulting, Technology and Operations services and Accenture Song — all powered by the world’s largest network of Advanced Technology and Intelligent Operations centers. Our 721,000 people deliver on the promise of technology and human ingenuity every day, serving clients in more than 120 countries. We embrace the power of change to create value and shared success for our clients, people, shareholders, partners and communities.

Visit us at www.accenture.com

Copyright © 2023 Accenture.
All rights reserved.

Accenture, its logo, and New Applied Now are trademarks of Accenture.

About the Accenture Research

Accenture Research creates thought leadership about the most pressing business issues organizations face. Combining innovative research techniques, such as data science led analysis, with a deep understanding of industry and technology, our team of 300 researchers in 20 countries publish hundreds of reports, articles and points of view every year.

Our thought-provoking research developed with world leading organizations helps our clients embrace change, create value and deliver on the power of technology and human ingenuity.

For more information, visit www.accenture.com/research

Disclaimer

This document is intended for general informational purposes only and does not consider the reader’s specific circumstances and may not reflect the most current developments. Accenture disclaims, to the fullest extent permitted by applicable law, any and all liability for the accuracy and completeness of the information in this document and for any acts or omissions made based on such information. Accenture does not provide legal, regulatory, audit, or tax advice. Readers are responsible for obtaining such advice from their own legal counsel or other licensed professionals.