

Is there real benefit in cloud for SA businesses?

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The cloud has long been cited as a means of achieving multiple business benefits including reduced IT costs, faster speed-to-market, better service levels and cloud as an enabler of the digital business.

Despite the opportunities of the cloud, many companies are still struggling to capture the benefits for themselves.

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Kirtan Sirta, Managing Director Technology: Accenture South Africa

■ ***The potential of cloud computing is currently a hot topic. For those who don't know, what is cloud computing? How does it work and why is it skyrocketing so progressively?***

Well, “the cloud” is a metaphor for the internet. Simply put, cloud computing means storing and accessing data and programs over the internet instead of your computer's hard drive. These include servers, storage, databases, networking, software, analytics, and intelligence.

Businesses have come to understand the value cloud offers, with 77% of enterprises reporting that they have at least one application or a portion of their enterprise computing infrastructure in the cloud, while the worldwide “whole cloud” spending is predicted to reach \$565bn by 2021.

“ Cloud offers faster innovation, flexible resources, and economies of scale since you typically pay only for the cloud services you use, your overall operating costs are lower. ”

■ Could you tell me, what are the advantages and disadvantages of cloud adoption?

Some **advantages** of cloud include lower cost and greater speed. You don't need to invest too much into data centres with servers, IT experts, continuous air-conditioning and expensive hardware and software. This, in turn, leads to better productivity and performance. Most cloud computing services are self-service and on-demand allowing flexibility and less pressure on capacity planning.

Another important advantage is that cloud computing is highly reliable. It makes data backup, disaster recovery, and business continuity easier and less expensive because data can be mirrored at multiple redundant sites on the cloud provider's network. Cloud adoption resources can be scaled elastically, meaning in the right amount right where they are needed from anywhere in the world.

There are some **disadvantages** too, such as the risk of data confidentiality. Security is by far the biggest concern with cloud adoption. Public cloud especially poses a high-security risk due to its wide accessibility and makes it an almost wide-open opportunity for hackers.

The internet is also the only way to cloud computing, so if your connection is problematic, it is easy to be disconnected. Likewise, the quality of cloud computing servers needs to be on par. Lastly, if a problem occurs on the cloud, you need to call out an agent for assistance. Technical support is not always available - unless for an extra fee.



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■ What is the expected benefit versus the real benefit of adopting cloud services in South African businesses?

Cloud technology and the digital world are crucial parts of the way we do business in the new era. We are witnessing the next evolution of enterprises in which smarter businesses will have to transform the way in which they provide and differentiate value to take advantage of new or shifting business opportunities.

Technology has brought the business world to the point where almost everything is being digitised. Not only does this mean that new software and systems are constantly being introduced – it requires a paradigm shift in approach to all aspects of business.

“ At the same time, your business isn't just built on technology – it's built on your people and your culture. ”

In the new business landscape, complexity will only continue to grow, as technological capability exponentially increases. Success will thus largely depend on the ability to address the challenges posed by complexity, human resource considerations and increased demands for accountability. This requires insight into every aspect of the organisation and its operations.

■ ***Do businesses realise the full benefit that cloud promises to deliver?***

Like most new technologies, capturing the intended benefits of the cloud takes time; there is a learning curve influenced by many variables.

We conducted a survey, and most companies report having achieved some measure of their expected outcomes with 4% of those surveyed indicating they have not achieved their goal. While the vast majority of companies cite achieving some level of their desired outcomes, on average only 35% of companies report they have fully achieved their expected outcomes across the four categories of cost, speed, business enablement and service levels.

Further nuances appear as one starts to breakdown the results by degree of cloud adoption and the type of cloud model employed.

■ ***How will the cloud transform the way we do business in the future?***

Cloud computing is not merely a set of technologies. It is a new business model that affects almost every aspect of an organisation. It is an approach to aligning technology with business strategy and needs – in ways that offer unprecedented business flexibility and agility.

The cornerstones of cloud computing are inter-connectivity and collaboration between technologies and services, made possible through an overarching cloud framework that integrates everything and supplies the requisite information that all the constituent services use in our integrated cloud solutions.



Is the cloud still too pricey in SA?

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Success in the modern-day organisation requires understanding and addressing the challenges of the dynamic and fast-changing business landscape. It demands the development of new business strategies that take these trends into account, and transform businesses to enable them to take advantage of them. Organisations need to respond quickly, relevantly and accurately. They also need to manage the risk and uncertainty that comes with this and adjust accordingly.

The strategy also needs to be executed successfully. To achieve this a business needs to go through a transformation process. Technology has to support tactical and strategic decision making as well as day-to-day operations, ensuring continuous alignment and allowing the organisation to bridge the gap between strategy and execution.

■ ***As the topic of cloud services becomes part of our daily dialogue. How would a business get started in the cloud?***

Every cloud project is different. After assessing your goals, you'll need to define the right cloud solution for your business needs with a holistic approach that addresses people and processes as well as technology.

■ ***Many South African companies are still struggling to capture the benefits for themselves. What advice do you have?***

One option available to companies in addressing the barriers to achieve the promise of the cloud is to leverage a qualified third-party to manage their cloud services.

We asked our IT leaders to indicate the extent to which they would consider using such services. Overall, 87% of those surveyed indicated they would moderately or greatly consider the use of such services. Accenture offers solutions for managed cloud services for companies who are willing to seek out advice and help with cloud adoption. These are typically larger companies and they are statistically more inclined toward the use of managed services.

For those in the early phases of cloud adoption, we have published numerous studies to assist in their decision-making, which are all available on our Accenture Cloud [blog](#).

■ ***Would you encourage businesses to take their business to the cloud?***

Absolutely yes! If they can effectively manage or overcome the barriers to adoption, then there is no reason not to move to the cloud.

The two most cited barriers across all phases of adoption were consistent with “security and risk compliance” the top concern, and “complexity of business and organisational change” second.



The cloud - a key enabler of business innovation

7 Feb 2020



The world is operating under 4IR now and any business that lags in its IT infrastructure risks becoming vulnerable to losing their spot in the market. The cloud allows for better operational efficiency, scaling, reliability and productivity.

■ ***Accenture recently conducted a survey on the outcomes of cloud – expectations vs. reality. What are some of the key findings from the survey?***

Accenture surveyed 200 senior IT executives (chief information officers, vice presidents/directors of IT, vice presidents/directors of Cloud) from companies around the world, to discover to what extent those leveraging cloud have achieved the expected benefits and their level of satisfaction with these achievements.

Four dimensions of cloud outcomes were considered - cost savings, speed to market, business enablement, and improved service levels.

Accenture then asked IT leaders to identify the greatest barriers in their organisations to fully exploit the promise of cloud. The blind survey was conducted with 200 companies having revenues in excess of \$1bn per annum, across 10 industries in eight countries.

PERSPECTIVES ON CLOUD OUTCOMES: **EXPECTATION VS. REALITY**



**A Global Survey of
IT Executives**

While 96% of the survey respondents report achieving some degree of their expected cloud outcomes, less than half are “very satisfied” with the results. Most companies surveyed had achieved some measure of success in attaining their desired cloud outcomes.

With this in mind, the study looked at the level of satisfaction the surveyed executives had with their reported results. In general, respondents indicated satisfaction with cloud results achieved, despite not fully realising the anticipated benefits.

On average, 93% of executives were satisfied (49%) or very satisfied (44%) with the outcomes delivered, indicating that for the most part, cloud-driven improvements of any degree were sufficient to clear the bar of minimum expectations.

Cost savings proved to be the area where the most dissatisfaction was raised, with 11% acknowledging expectations have not been met.

Dissatisfaction with expected outcomes for business enablement and speed to market came in at 8% and 7% respectively, with only 4% indicating being dissatisfied with progress on service level improvements.

Top concerns were largely dependent on company size. Large companies (>\$10bn), not surprisingly, identified “complexity of business and organisational change” as the top concern (67%), with “security and compliance risk” ranked second (61%) and “legacy infrastructure and/or application sprawl” ranked third (47%).

Small and moderately sized companies (\$1bn-\$5bn and \$5-10bn) ranked security and compliance risk as their top concern (61%) but next viewed lack of cloud skills and complexity of change equally concerning at (53%).

Download the [Accenture's Perspectives on Cloud Outcomes: Expectation vs. Reality - A Global Survey of IT Executives](#) report (PDF File: 455KB)

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