FORRESTER®

Unleashing Cloud-Native For New Levels Of Value Delivery

Executive Summary

Application development and delivery with cloud-native approaches has reached an opportune moment. As organizations further their cloud-native capabilities to meet the growing needs of faster and more-agile processes and services, scaling best practices to optimize cloud-native is a need of the hour. Transforming the way cloud-native application development and delivery is managed has massive untapped potential for new levels of efficiency, productivity, and business differentiation.

Infosys commissioned Forrester Consulting to conduct a custom study of 200 senior and C-suite decision-makers across business, IT, and finance functions. The study intended to deliver a clear charter on furthering leverage and impact of cloud-native application development and delivery, discovering the right approach for scaled execution, and developing recommendations for executing such an approach with cloud-first thinking.

The study has uncovered that business, IT, and finance leaders are looking to achieve more from their cloud-native investments; specifically, they want transformative outcomes for business, IT execution, and ROI. The study takes into account their considerations for maximizing the value in cloud-native, uncovering a blueprint for a platform-based approach to value realization, leveraging the cloud ecosystem and executing at scale, and evaluating adoption methods and preferences.

Key Findings

Cloud expectations and value take different shape across different stakeholders. Business, IT, and finance leaders have different needs, expectations, and priorities on what cloud-native execution must enable for them and the enterprise. Seventy-seven percent of business leaders interviewed see cloud-native applications playing a key role in enabling digital transformation and innovation, and 72% of IT decision-makers also see them as a means for simplicity and agility in application delivery.

Cloud-native needs to reach the next level of value realization.
Although businesses have accelerated their cloud-native deployment, they have yet to realize fundamental expectations of collaboration, cost optimization, and process efficiencies. Only 25% of IT leaders believe they're working collaboratively with their cloud programs, and 72% of finance leaders are not able to get the control and transparency to decipher the ROI of cloud investments. For business success, cloud-native's transition from early adoption to effective transformation needs to occur now.

Platform can align, prioritize, and accelerate this new value realization. Considering current challenges in realizing stakeholder expectations of cloud-native application delivery, a strategic platform-based approach can help leaders align, prioritize and accelerate the new value proposition. Decision-makers are keen to invest in key platform capabilities such as business-centric frameworks (55%) and central automation to improve adoption (54%) and to address key use cases for cloud. Cloud conveys an integral agenda across business units, but its long-term effectiveness will only be built around a common set of objectives, which organizational leaders currently lack. A strategic platform-based approach can help leaders align, prioritize, and accelerate the new value proposition.

Across Functions, Stakeholders Have Clear, Distinct Expectations Of Cloud Outcomes

Surveyed decision-makers highlighted a clear recognition of cloud-native technologies' impact on their near-term business priorities. In fact, 70% said that cloud-native technologies will have a significant role in their business transformation. Across business, IT, and finance, decision-makers define cloud's success by specific use cases that add better agility and control to their operations and outcomes.

- **Business leaders believe cloud-native development can lead to successful outcomes in customer experience and time-to-market.** Customer-facing functions and leaders certainly see an impact that cloud can make in differentiating and executing their value proposition. Seventy-seven percent of business decision-makers want to improve speed and time-to-market with cloud, and the same proportion see cloud as a means to provide differentiated digital experiences in their product offerings.

- **Finance leaders see cloud-native adoption enabling better control and transparency.** Finance leaders are accountable for maximizing the utilization and value of resources, and a significant 74% surveyed saw cloud as a way of gaining greater predictability of IT expenses and better control of how they source new technologies. Through these two benefits, 62% of finance decision-makers are expecting a tangible reduction in IT operational and capital expenses.

- **IT leaders expect cloud-native development and delivery to transform their ways of working.** Given the agility and flexibility of managing workloads in the cloud, 72% of IT decision-makers consider simplifying and transforming the way applications are designed and delivered to be a significant driver for their cloud investment (see Figure 1). A further 67% believe that, with these transformations, business and IT collaboration can further improve while providing more secure and faster delivery of products and services .

Figure 1

"What are your organization's key drivers for cloud adoption and expansion?"

● Significant priority   ● Critical priority

Simplify and transform the way applications, products, and
services are imagined, designed, delivered, and operated

41%	31%

Achieve economies of scale and progressively faster pace
through using cloud-based developmental economies

28%	39%

Change the way application development and
delivery is done within our IT to improve IT-business
collaboration and communication within teams

31%	36%

Accelerate development of new capabilities, and reengineer
existing capabilities through cloud core technologies and
cloud services (e.g., AI, blockchain, chatbots, etc.)

38%	27%

Change the way application development and delivery
is done within our IT to improve quality, security, privacy,
and compliance

39%	26%

Base: 100 global ITDMs responsible for their organizations' cloud implementation and strategy.
Source: A commissioned study conducted by Forrester Consulting on behalf of Infosys, September 2021

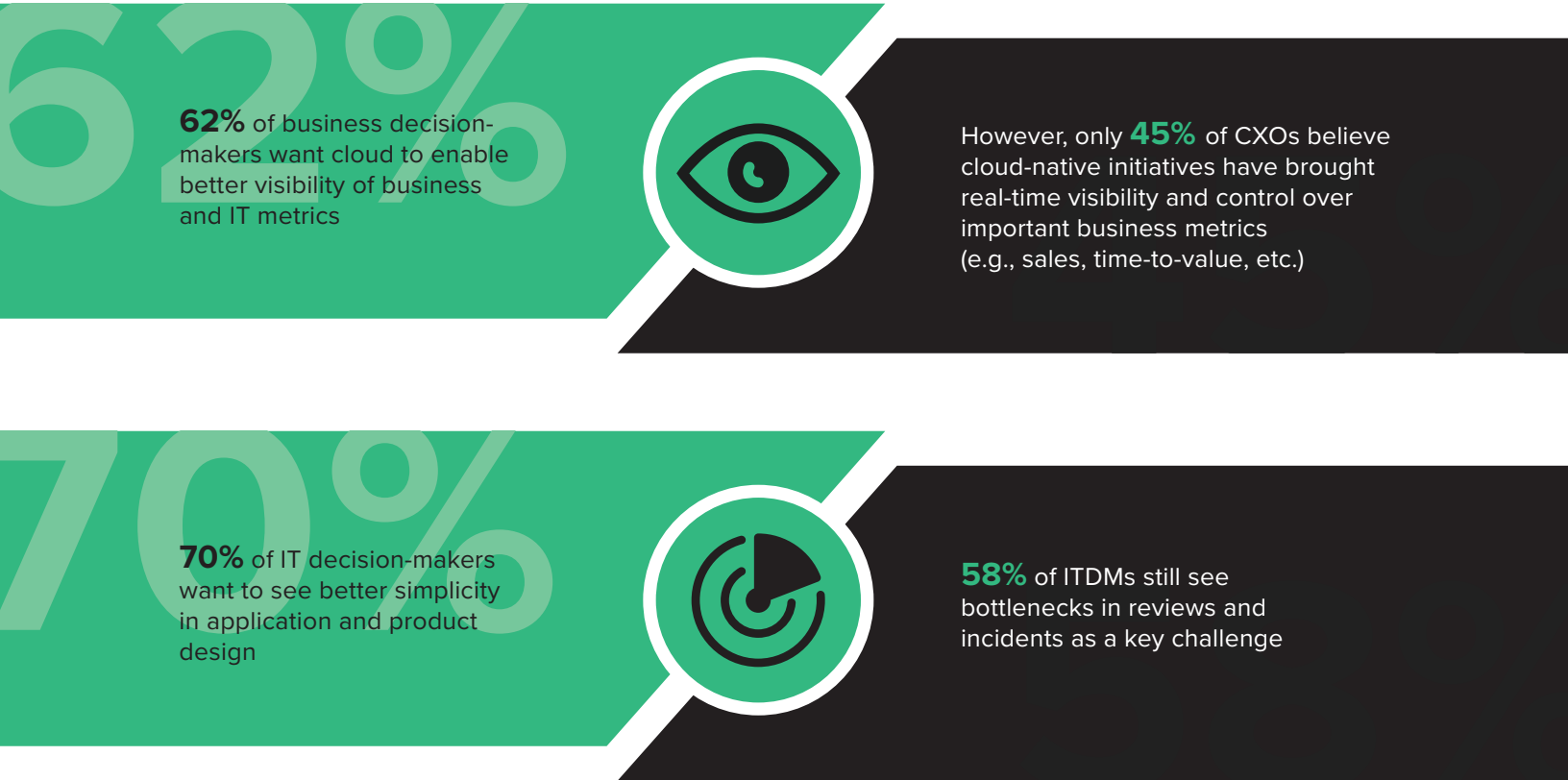# Value Realization Of Cloud-Native Projects Needs To Reach The Next Level

Decision-makers have outlined key expectations from their cloud-native initiatives, but they have a ways to go in building the maturity of their cloud-native realization practices while also recognizing tangible impact from them. Improving visibility, collaboration, and agility were key cloud priorities, yet respondents have yet to see these capabilities delivered as effectively as expected.

- **Business and IT leaders' expectations on better visibility across the ecosystem with cloud exceed reality.** Sixty-two percent of business decision-makers wanted better visibility across IT and business metrics through cloud applications that can provide a single source of truth. However, only 45% of business respondents were able to realize real-time visibility and control through their current cloud-native capabilities. Business leaders still need actionable visibility on the progress and impact of cloud projects against business KPIs and customer experience.

- **Cloud-native adopters were expecting simplicity, and yet inefficiency and complex processes still emerge.** One of the key priorities for 70% of IT leaders interviewed was building simplicity in application and product design. However, 58% of IT leaders see bottlenecks in reviews and incidents as a key challenge in their application delivery.

- **Determining ROI with cloud is still a work in progress for finance leaders.** Better visibility of resource utilization to validate ROI, as well as enabling the transparency for more cost-efficient IT budgets, was a key need for 62% of CFOs. Nonetheless, 72% of finance decision-makers surveyed find it difficult to identify unutilized cloud resources or minimize unnecessary spend.

- **Business and IT leaders want to see better collaboration among teams, but this has yet to come to fruition.** The visibility and simplicity that cloud provides was a key driver for 62% of business leaders, who were expecting to see better alignment in ways of working with IT (see Figure 2). However, a majority (51%) of business leaders believe they are yet to work as one team to track and drive outcomes.

This perception is even worse among IT leaders; only 25% believe collaborative work with their business counterparts is underway. In fact, 59% of ITDMs believe that bringing cohesion and collaboration in complex application delivery efforts and communication across business and IT teams has been very challenging in their cloud execution journey so far. Within development teams, IT requires ways to reduce the cognitive burden and build more effective collaboration within teams.

Figure 2

IT and business decision-makers are looking for visibility and simplicity from their cloud-native deployment.

62% of business decision-makers want cloud to enable better visibility of business and IT metrics

However, only **45%** of CXOs believe cloud-native initiatives have brought real-time visibility and control over important business metrics (e.g., sales, time-to-value, etc.)

70% of IT decision-makers want to see better simplicity in application and product design

58% of ITDMs still see bottlenecks in reviews and incidents as a key challenge

Base: 200 global business and ITDMs responsible for their organizations' cloud implementation and strategy.
Source: A commissioned study conducted by Forrester Consulting on behalf of Infosys, September 2021

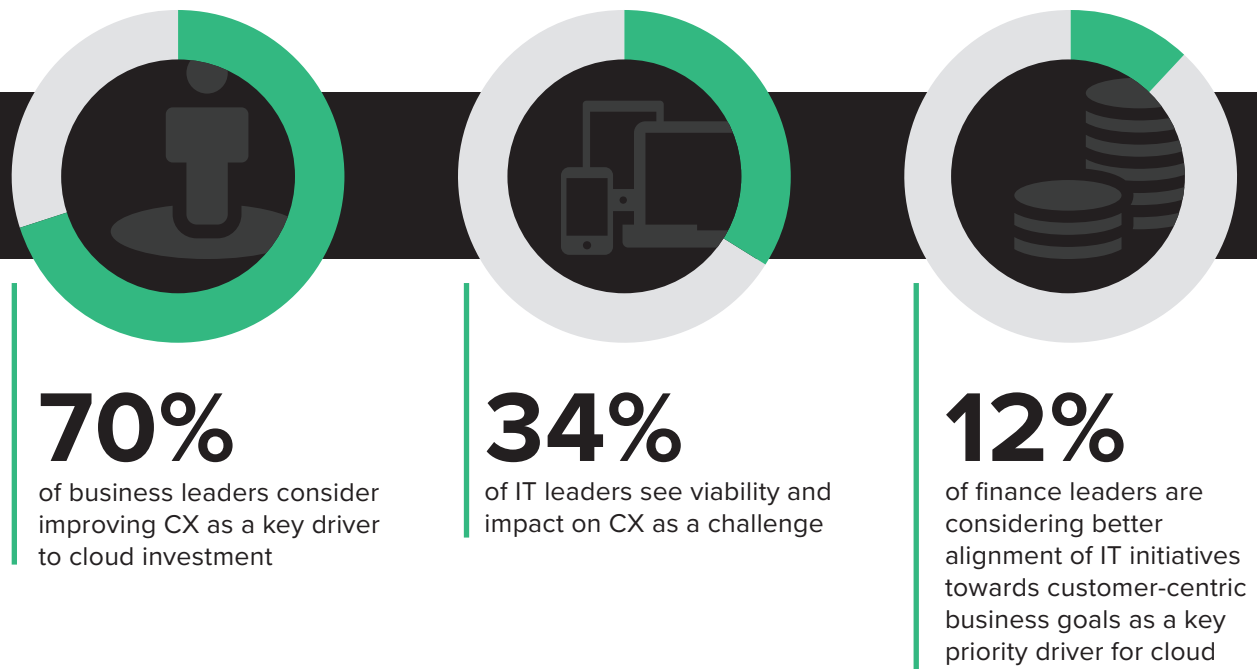## Fundamental Roadblocks Need Addressing To Resolve Key Challenges

The gaps in value realization show significant potential for an uplift in approach and execution of cloud-native deployment. To address these gaps, organizations need to tackle fundamental roadblocks in their mindset, leadership prioritization, and processes to see real change in their cloud-native success.

- **There is a disconnect in customer-centric priorities on cloud outcomes.** While 70% of business leaders consider cloud through the lens of improving customer experience and digital offerings, only 12% of finance leaders consider better alignment of IT initiatives toward customer-centric business goals as a key priority driver for cloud. Similarly, only 34% of IT leaders see the viability and impact of cloud on CX as an important challenge to address. The disparity in strategic focal points of cloud outcomes will further limit the alignment, measurement, and proactive effectiveness of cloud's impact on businesses.

- **Communicating the strategic value of cloud to C-suite leadership proves difficult.** Despite cloud being a strategic initiative for enterprises, 63% of business leaders still consider getting C-suite leaders to see how cloud-native initiatives address strategic needs as a significant challenge. Further tracking of cloud-based initiatives against business outcomes will help not only to align business and IT teams but also justify value to senior leadership.

- **Managing process challenges as complexity increases requires attention.** A majority (54%) of IT leaders consider it extremely challenging to establish firmwide practices and standards with the use of multiple or hybrid cloud environments. Building consistency across the project lifecycle is also one of the top three process challenges for 58% of finance decision-makers, highlighting the need for better capabilities for standardization and tracking.

Figure 3

Disconnect in developing customer-centric cloud priorities

70%
of business leaders consider improving CX as a key driver to cloud investment

34%
of IT leaders see viability and impact on CX as a challenge

12%
of finance leaders are considering better alignment of IT initiatives towards customer-centric business goals as a key priority driver for cloud

Base: 200 global business and ITDMs responsible for their organizations' cloud implementation and strategy.
 Source: A commissioned study conducted by Forrester Consulting on behalf of Infosys, September 2021

Platforms That Align, Prioritize, And Accelerate This New Value Realization Are Essential For Success

The challenge in realizing further value in cloud-native deployments is developing a case for platform-based capabilities that enable outcome-based execution, as well as consistency and tracking as cloud scales.

- **For IT leaders to standardize processes for acceleration, they need capabilities that bring simplicity and scale.** When asked what attributes would help accelerate cloud adoption in their enterprises, 59% of IT respondents said such capabilities as abstraction frameworks would help in the near and long term to simplify and standardize processes. From an investment standpoint, 54% of finance decision-makers are willing to invest in central automation initiatives within the next six to 12 months to simplify the adoption of technology.

- **Governance and visibility are key features that business and IT leaders seek for better alignment.** Fifty-five percent of business leaders are looking for clear, business-centric status reporting across the cloud delivery journey, with the granularity of feature completion throughout the cloud initiative. Similarly, 43% would like to see the ability for product owners to monitor key business indicators, product performance, and usage trends in the near term, highlighting the need for visibility and alignment across IT development and business outcomes.

- **Composability and rapid app development are key components that IT leaders look for to accelerate cloud efforts.** Reusable and standardized DevOps scaffolds and pipelines that quickly automate delivery of cloud-native applications are an important need that 57% of IT decision-makers look to invest in. Reusable dashboards and templates to quickly generate operational insights are also a critical component for 56% of IT respondents.

- Finance leaders are keen on FinOps-related capabilities to maintain cloud investment costs. A significant 76% of survey respondents value FinOps-based capabilities that can track real-time and estimated consumption costs data and what-if analysis and help teams maintain costs in an optimal manner. IT leaders also are aligned on the need for FinOps, as 68% consider it helpful in near- and long-term acceleration of cloud (see Figure 4).

Figure 4

Looking forward, which of the attributes described below would help your teams accelerate your adoption of cloud native technologies?

● Would slow efforts   ● Would not accelerate our efforts   ● Would provide some near-term acceleration of our efforts   ● Would provide both near and long term acceleration of our efforts

Standardized dev-ops scaffolds and pipelines that quickly automate delivery of new cloud native applications and services

| 3% | 6% | 31% | 57% |

Team collaboration tools that improve how teams work together

| 4% | 9% | 20% | 64% |

Real time and estimated consumption costs data and financial what-if analysis that helps teams assess the financial impact of architectural decisions (e.g. FinOps)

| 2% | 12% | 15% | 69% |

Standardized tools and frameworks that allow developers to define and create APIs, build or reengineer applications, build integrations and construct composite applications

| 3% | 18% | 36% | 39% |

Reusable solutions packaged as templates and a repository to manage them

| 6% | 19% | 37% | 37% |

Base: 100 global ITDMs responsible for their organizations' cloud implementation and strategy.
Source: A commissioned study conducted by Forrester Consulting on behalf of Infosys, September 2021

Key Recommendations

The growth and demands of cloud-native deployment have evolved, requiring organizations to develop practices and capabilities that bring visibility and scale to projects. Platform-based capabilities address several attributes required for cloud-native success but require a defined scope and alignment across teams for effective deployment.

Forrester's in-depth survey yielded several important recommendations:

Platform building needs to be democratized.

With the right degree of governance, this will allow innovation, scaling, alignment, and relevance. Platform building is a specialized activity, and enterprises should look to build an ecosystem of tools and skills providers as well as leverage platform specialist consultants.

Reconciling business value and IT value can create common alignment amongst decision-makers.

Business decision-makers seek greater innovation, while IT leaders seek greater agility, yet both are needed to truly deliver value to business and customer. Recognizing this will guide future investments in platforms and their capabilities that can drive both outcomes.

There is no one-size-fits-all approach to building and addressing cloud needs.

Decision-makers must understand and define their unique requirements across the business to determine the tools, skills, and capabilities that need to be built. Leveraging providers and platform specialists to determine the roadmap of platform building will be useful to avoid rebuilding and costs.

Leverage platform capabilities to unify priorities and needs across stakeholders.

This survey highlighted the divergence of expectations on cloud-native projects across IT, business, and finance stakeholders. Enable better visibility, transparency, and collaboration from your platforms to help in the alignment of organizational objectives and outcomes. The variety of technology capabilities also requires platform building to be agile, flexible, and collaborative for future success.

Prioritize capabilities that offer tracking and proactive management of cloud-based deployment.

Because of the difficulties in measuring the impact or ROI of cloud-native, platforms must be able to objectively track, report, and react to customized business outcomes. Enabling capabilities, especially for finance leads like FinOps and scenario-based reporting, can go a long way in guiding current and future projects for the growth and impact organizations are looking for.

Ready yourselves for multichannel complexity by embracing capabilities that simplify developer experiences.

Making platform capabilities that are simple for developers to consume with automation tools, standardized frameworks, and low-code capabilities will help build effective cloud acceleration efforts. Ensure that your platform leverages experiences that your developers are already comfortable with to enable platform adoption and effectiveness.

Appendix A: Methodology

SUMMARY OF RESULTS FROM THE INFOSYS-COMMISSIONED THOUGHT LEADERSHIP STUDY, "UNLEASHING CLOUD-NATIVE FOR NEW LEVELS OF VALUE DELIVERY."

Infosys commissioned this study to understand the state and needs of cloud-native deployment among organizations today.
To achieve these objectives, Forrester conducted an online survey with 200 IT, business, and finance decision-makers across the UK, US and Asia Pacific.

To read the full results of this study, please refer to the Thought Leadership Paper commissioned by Infosys titled, "Unleashing Cloud-Native For New Levels Of Value Delivery."

Project Director: Sruti Pegatraju, Senior Consultant

Contributing Research: Forrester's Application Development & Delivery research group research group

ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.