FORRESTER®

The Key To Enterprise Hybrid Cloud: An Annual Forrester Consulting Study Commissioned By IBM

A COMMISSIONED STUDY CONDUCTED BY FORRESTER CONSULTING ON BEHALF OF IBM, NOVEMBER 2020

Executive Summary

On-premises infrastructure is critical to any holistic hybrid cloud strategy. It continues to house sensitive data and custom applications that are integral to an organization's security and health, even as IT teams increasingly embrace cloud environments. Given the impacts of the global COVID-19 pandemic, firms now face two monumental tasks: 1) quickly adapting to this change in the market; and 2) continuing the pace of their delivery to offset any potential market or revenue loss. Amid uncertainty and changing business needs, organizations that are able to best leverage a future-ready hybrid cloud infrastructure strategy will be better-positioned to capitalize on their agility and resiliency.

In October 2020, IBM commissioned Forrester Consulting to refresh 2019 research evaluating how organizations develop and implement their IT infrastructure strategies for both cloud and on-premises deployments. For the 2020 research, Forrester conducted an online survey with 384 enterprise IT decision-makers (ITDMs) across industries to explore this topic. We found that organizations are investing in a hybrid cloud strategy and ITDMs find on-premises infrastructure to be foundational to this strategy as their organizations enter the 2020s.

Accelerated Infrastructure Investments For Uncertain Times

In the face of uncertainty, IT organizations are focused on innovation that keeps their technology agile and resilient.

Base: 384 global decision-makers for strategy and execution of IT infrastructure environments

Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, November 2020

To keep up with growing demands and uncertainty, firms must speed up the pace of delivery and leverage existing IT infrastructure.

	PRIORITY	2020 RANK	2019 RANK*
▲2	Deliver IT projects more quickly (60%)	1	3
	Provide for growing demands on existing IT infrastructure (54%)	2	1
	Align IT performance metrics to business outcomes (47%)	3	2
	Better manage external partners and suppliers (42%)	4	4
	Drive continuous improvements in business operations (38%)	5	5

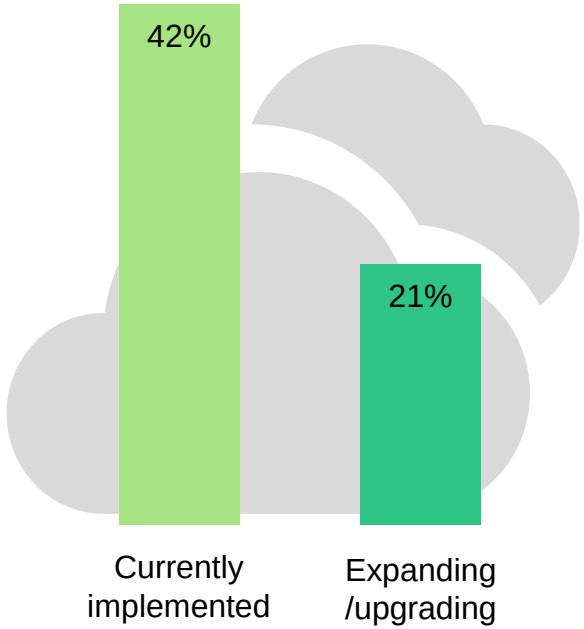
60%

Of ITDMs prioritize delivering IT projects more quickly over the next year.

Base: 384 global decision-makers for strategy and execution of IT infrastructure environments
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, November 2020
*Base: 350 global decision-makers for IT infrastructure environments
*Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, September 2019

As firms continue to push to public cloud, investments in on-premises infrastructure have not wavered.

Plans to adopt public cloud in the next 12 months



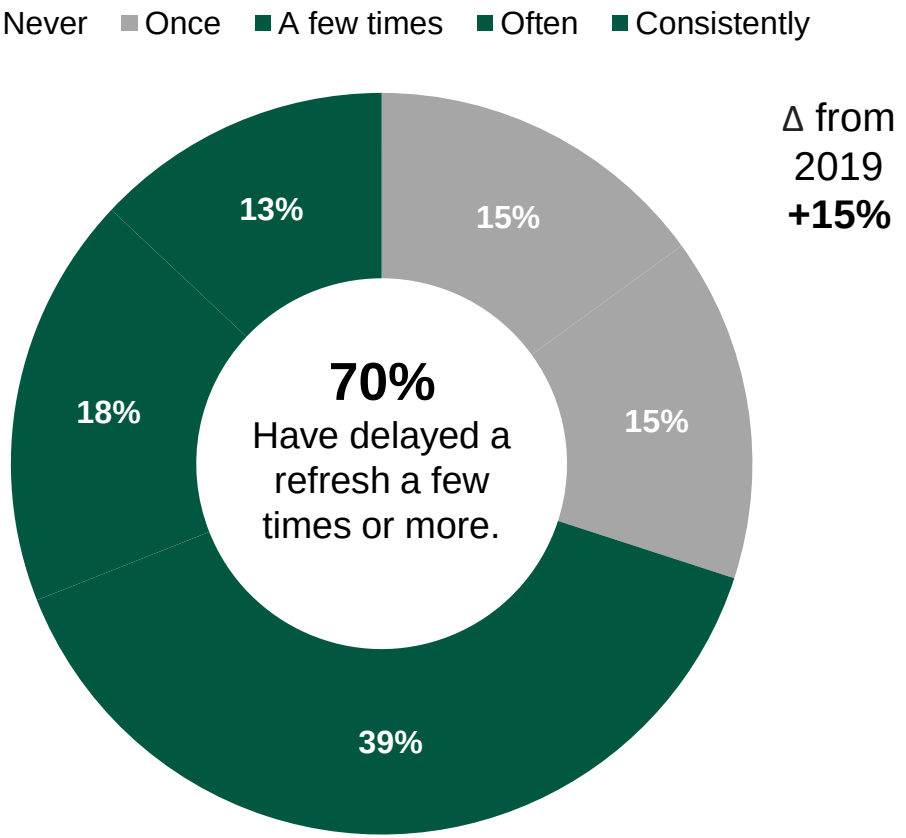
Expected increase in investment over the next two years

Base: 384 global decision-makers for strategy and execution of IT infrastructure environments

Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, November 2020

However, firms are also increasingly delaying infrastructure refreshes.

Perhaps due to pandemic impacts (e.g., competing priorities, shrinking budgets, resource constraints), many decision-makers feel pressured to continue using their firm's existing infrastructure without any updates or upgrades.



Δ from 2019 **+15%**

54%

Of ITDMs will prioritize providing for growing demands on existing infrastructure in the next year.

Base: 379 global decision-makers for strategy and execution of IT infrastructure environments
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, November 2020

While organizations are focused on taking advantage of their existing stacks to meet growing demands, doing so while delaying refreshes comes with costly consequences.

Top Risks Of Delaying Infrastructure Refreshes

(Showing top 10, ranked 1 to 5)

Security vulnerabilities	47%
Higher costs	38%
Restrictions for compatible apps, software, services, integration	36%
Loss of competitive edge as an IT organization	32%
Inability to meet increasing expectations of customers	32%
Loss of faith in IT organizations	31%
Diminished performance	28%
Regulatory violations	27%
Inefficient power usage	27%
Brand damage	25%

Base: 384 global decision-makers for strategy and execution of IT infrastructure environments

Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, November 2020

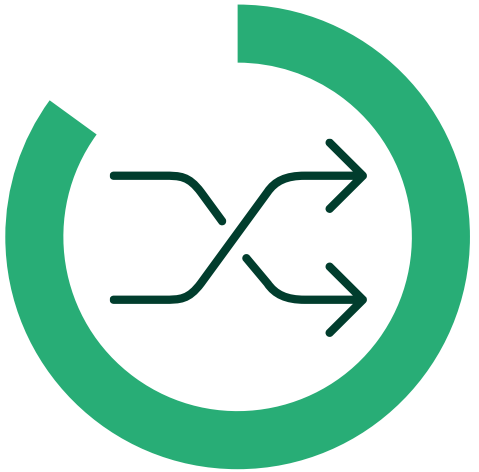
A lack of reinvestment leaves organizations vulnerable.

50% of ITDMs say their firm experienced security vulnerabilities following a delayed refresh.

Security vulnerabilities and higher costs have jumped on the list of top risks from 2019 to 2020 (by four and five percentage points, respectively).

On-premises infrastructure is a key player in your holistic security strategy.

Organizations invest in on-premises infrastructure to avoid costly risks and to face disruption head-on. A commitment to on-premises infrastructure is foundational to a hybrid cloud strategy.



85%

Agree/strongly agree that on-premises infrastructure is a critical part of their firm's hybrid cloud strategies.

77%

Say their organization meets significant pushback when advocating for strategies outside of cloud environments.

Base: 384 global decision-makers for strategy and execution of IT infrastructure environments
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, November 2020

A hybrid cloud infrastructure is seen as a secure and flexible strategy for today and tomorrow.

Firms are continuing to diversify their infrastructures with nonpublic cloud platforms, including on-premises. In today's uncertain business environment, leveraging a hybrid cloud strategy is best suited for organizations.

88%

Agree that a hybrid cloud infrastructure that integrates on-premises solutions with public and private cloud is **best-suited** for their organization.

87%

Say their organization sees a hybrid cloud infrastructure strategy as a **permanent solution**, as opposed to a stepping-stone toward a complete move to the cloud.

Base: 384 global decision-makers for strategy and execution of IT infrastructure environments

Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, November 2020

Unlock the value of a holistic hybrid cloud strategy.

On-premises infrastructure combined with holistic hybrid cloud strategy delivers on:

1 Openness and flexibility needed for today and tomorrow

89%

Agree that a hybrid cloud environment is able to easily and securely store and move data and workloads.

2 Greater performance and resiliency

47%

Leverage on-premises infrastructure for improved applications or infrastructure performance for their data-sensitive and mission-critical workloads.

3 Solutions for data residency and security challenges

56%

Say data residency challenges are a reason why they maintain infrastructure outside of a public cloud platform.

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Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, November 2020

Key Recommendations

Make yours a hybrid cloud infrastructure strategy. About three-fifths of the respondents we surveyed say their firm already uses each aspect of a hybrid cloud strategy. These firms have already implemented or are expanding/upgrading their implementations of the four aspects of public cloud, internal private cloud, hosted private cloud, and/or on-premises hardware.

Keep on-premises as part of the strategy for the foreseeable future. On-premises infrastructure should remain an active part of your hybrid cloud strategy. This continuation of commitment to traditional compute doesn't represent a failure to move forward. To the contrary, 85% of respondents list on-premises as a critical part of their hybrid cloud strategy, recognizing that the modern, cloud-based infrastructure has yet to accommodate all workloads and performance environments. Look to on-premises to address specific needs around data residency, regulatory requirements, security, and specific infrastructure performance requirements.

Manage the mix of public cloud, private cloud, and on-premises as a whole. There are many good reasons for each of the different infrastructure aspects of a hybrid cloud strategy, so manage your infrastructure needs as a portfolio of options — not as a single compute environment. It would be an unusual company that meets all of its workload and performance needs through a single infrastructure architecture, so don't try to force your firm into that rare state.

Keep up with on-premises infrastructure refreshes. Too many decision-makers assume that moving everything to the cloud is the best strategy, which makes ongoing refreshes of on-premises infrastructure something to be avoided. To the contrary, 83% of our survey respondents say delaying on-premises/non-cloud or private cloud infrastructure upgrades in the past five years with significant negative repercussions. These negative impacts include security vulnerabilities, higher costs, restrictions for compatible apps, and diminished performance.

Methodology

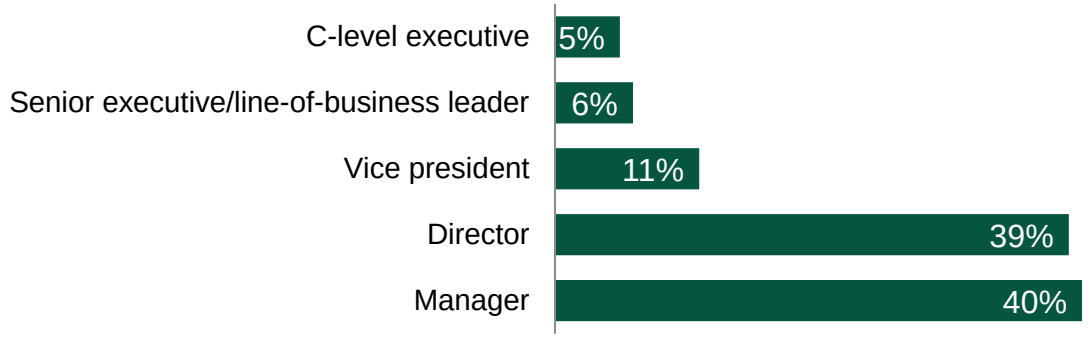
In this study, Forrester conducted an online survey of 384 global decision-makers for IT infrastructure environments to evaluate how organizations develop and implement their infrastructure strategies. Survey participants included IT decision-makers in infrastructure and operations, application management or maintenance, and/or software development. Questions provided to the participants asked about environments used for different workloads and infrastructure investments. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began in October 2020 and was completed in November 2020.

Project Director:
Cynthia Hicks, Market Impact Consultant

Contributing Research:
Forrester's Infrastructure & Operations research group

Sample firmographics

Respondent level



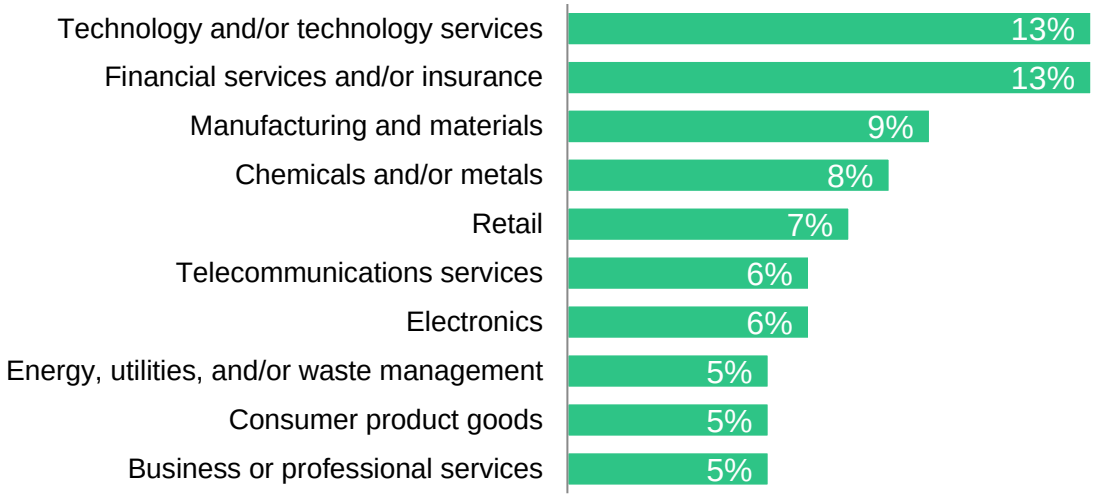
Region

33% North America (United States and Canada)

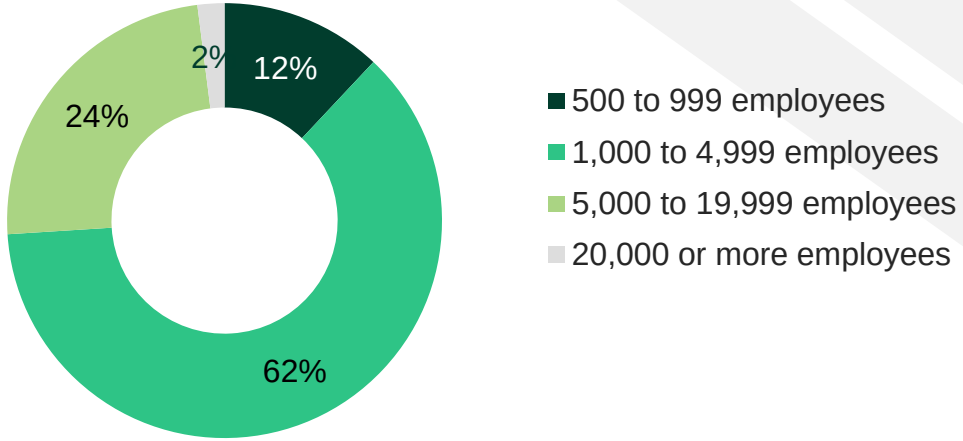
41% EMEA (United Kingdom, France, and Germany)

28% APAC (China and India)

Industry (Top 10 shown)



Company size



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