



DATA COMPANION

# Future of Operations

SMBs' Cloud Investment Strategies Revealed





FUTURE OF OPERATIONS

# Study Overview

*The Future of Operations: Maximise Value From The Cloud With A Strategic Mindset* is a commissioned Forrester Consulting study conducted on behalf of Crayon's APAC channel organisation.

It provides a 24-month forward view of planned SMB cloud adoptions and intent to engage partner services.

This Data Digest is a companion resource. It provides insights drawn from raw survey data, which were not incorporated into the Forrester snapshot report.

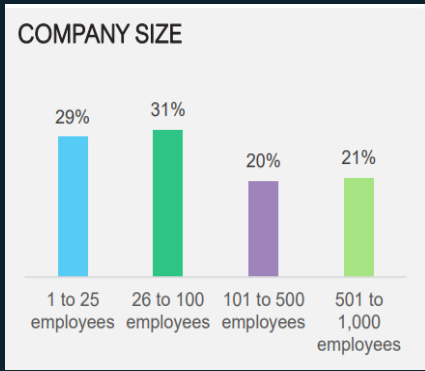
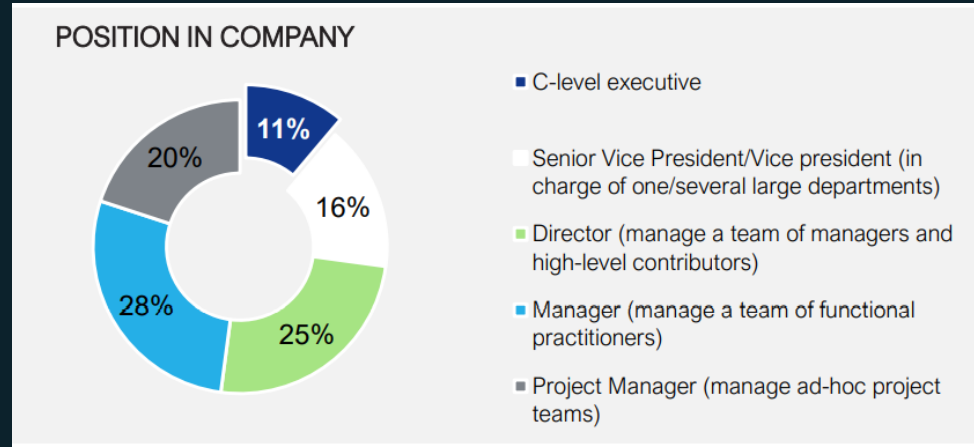
FUTURE OF OPERATIONS STUDY

# Firmographics

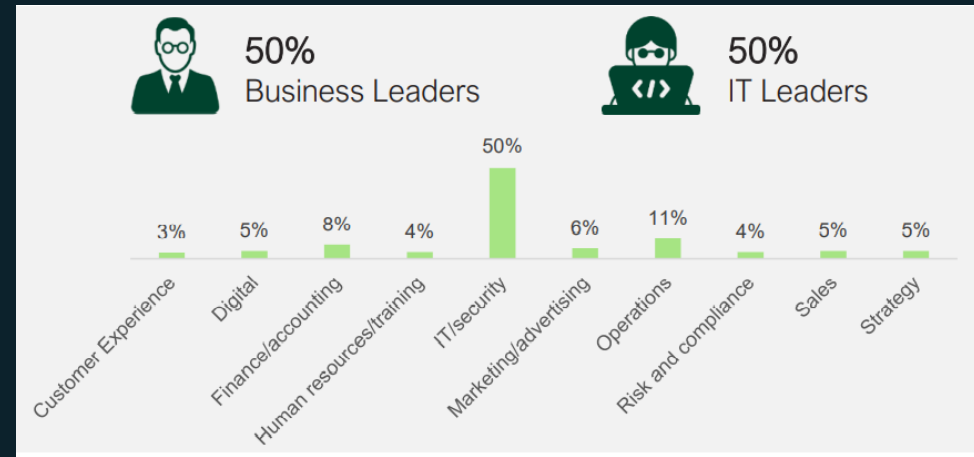
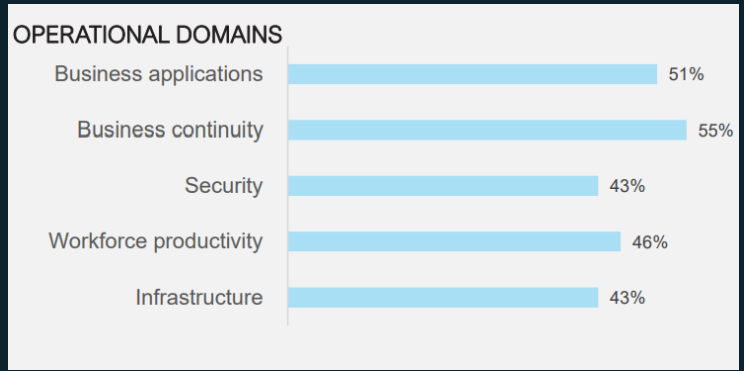
321 business from 20 industries were surveyed across eight Asia Pacific country markets (AU, NZ, Malaysia, Philippines, Singapore, Thailand, Indonesia, and South Korea).

One company in each size segment (micro, small, mid market, upper midmarket) was recruited for deep dive qualitative interviews.

Respondents were balanced between business and IT influencers, buying team members and final decision makers across five operational domains.



Micro    Small    Mid    Upper Mid



# Executive Summary

SMB cloud adoption is up across Asia Pacific and is driving bottom line outcomes. Those implementing cloud platforms and solutions before and during COVID are statistically more likely to have experienced double digital revenue growth over the past two financial years than businesses yet to adopt. SMBs equate cloud adoption with improved business agility, operational resilience, workforce efficiency, cost effectiveness and market competitiveness.

As such, 83% of SMBs intend to maintain or increase investment in cloud platforms and solutions. A hybrid cloud strategy is the most pursued to support critical business objectives; improving customer experience, growing revenue, and improving the skills and capabilities of their employees.

However, the majority lack the people, process and technology maturity needed to sustain value realisation from continued investment.

This is driving demand for third party service providers, with 88% of SMBs intending to increase budget allocations for partners over the next 24 months.

Yet, the criteria for the selection of partners is changing. SMBs overwhelmingly seek partners that can provide cloud strategy development, backed with capabilities in hybrid and public cloud, and application modernisation. Cloud cost optimisation, managed cloud operations are also highly sought after, as SMBs seek help to plug internal skills deficits, control cloud costs and manage consumption.

## Top Benefits of Cloud Adoption

**Infrastructure:** lower total cost of ownership, faster time to market, ability to use at peak capacities number of mobile and remote users

**Productivity:** improved collaboration with external parties, improved collaboration internally amongst employees, improved efficiency/productivity of employees

**Security:** reduced/avoided cyber-attacks, improved IAM management, remain competitive as an organisation

**Business Continuity:** improved ability to meet compliance regulations, reduced cost of downtime, improved disaster recovery

**Business Applications:** lower overall costs, improved business agility, support a large number of mobile and remote users



# Cloud Investment



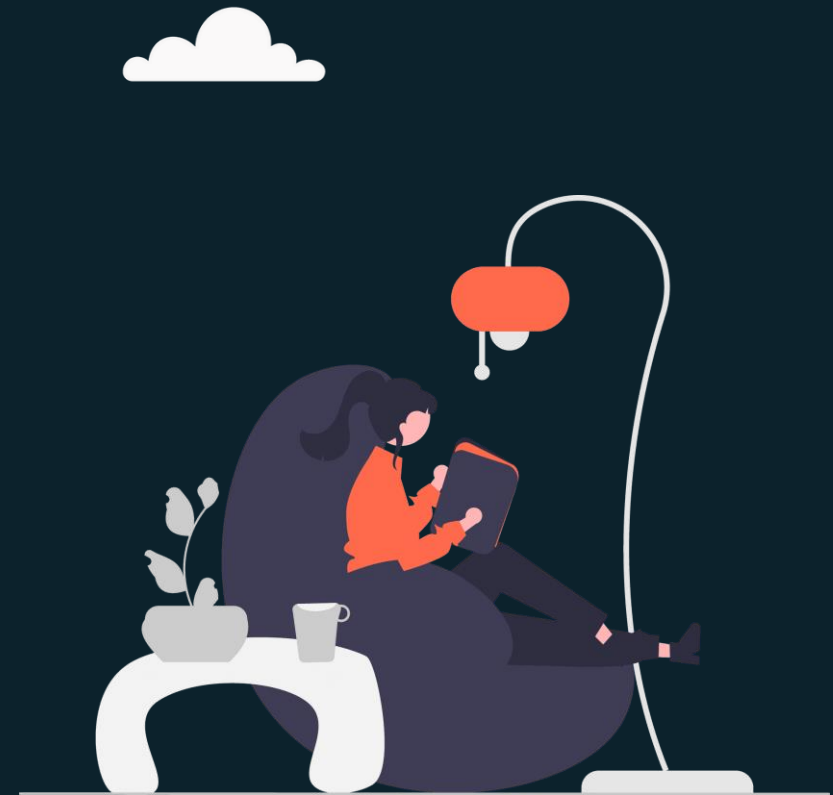
# Cloud Drives Bottom Line

Cloud is clearly driving bottom line outcomes for businesses.

The study found those implementing cloud solutions before and during the pandemic are statistically more likely to have driven double-figure revenue growth, over the past two financial years.



This value realisation will see 83% of SMBs maintain or increase investment over the next 24 months.



# Investment Changes Focus

Increased investment in cloud over the past two years was highest for Productivity (53%) and Business Applications (47%).

Over the next 24 months, SMBs project cloud solutions for Security (66%) and Business Continuity (53%) will see the highest investment growth.

Data volumes driven by productivity and applications adoption, along with increased regulation/ and/or compliance requirements could be contributing to this shift in focus.



With SMB focus for investment shifting to Security and Business Continuity, it is crucial to prepare for customer demand. Aligning the right solutions for your customers and ensuring maturity in delivering business critical security products will give you a competitive edge in the next 24 months.



# SMB Cloud Adoption: Current State





# Cloud Model

Public cloud is the most common model in use across micro, small and mid-market.

The hybrid cloud model is highest in the midmarket, indicating a focus on migration from on-prem/data center models as businesses grow.

Hosted private and internal private cloud numbers are significantly lower, but of these, use is highest in upper mid-market. This could indicate a larger legacy install base and/or stricter policies around data storage and processing compliance.



AWS is the most used public cloud platform amongst SMBs, followed by Oracle Cloud and then Microsoft Azure.

In the study, just over 44% of SMBs show intent to change their cloud platform service provider. This may correlate with a higher intent to adopt Azure over the next 24 months.

Our team can help your business to identify the best option for customers looking to change platform providers.

# Current Cloud Migration

Amongst SMBs that are already underway with their cloud transformations, an average of 47% of application portfolios are already in the cloud.

An average 38% of the remainder is planned for migration within the next 24 months.



On the surface, there appears to be a greater volume of migration planned in micro and small businesses. However, the scale and complexity of migrations in mid-to-upper mid-market is likely to represent higher value opportunity for our partners.



# Current Cloud Solutions



SMBs have adopted a range of cloud solutions in each segment.



**Conferencing Tools:**  
high across the board with all segments well above 60%. Highest in mid-market at 77.3%.



**Identity & Access Management:**  
also has high overall penetration above 55% across the board. Highest in mid-market at 78.3%.

**Backup for Cloud Migration:**  
is highest in the micro-segment, as is Cloud ERP.

# Cloud Adoption Benefits

Infra & Platforms	Productivity	Security	Business Continuity	Business Applications
Lower TCO for servers and storage (Capex savings)	Improved collab with external business partners	Reduced/avoided cyberattacks	Improved ability to meet compliance regulations	Lower overall costs
Faster development and time to market for new software	Improved collab among employees	Improved identity and access management across end points	Reduced cost of downtime	Improved business agility
Improved ability to meet compliance regulations	Increased efficiency and productivity of employees	Remain competitive as an IT organisation	Improved disaster recovery	Support a larger number of mobile and remote workers
Ability to use at peak capacity for times of high usage	Ability to better serve customers	Improved alignment of security to business strategy goals	Improved data monitoring or alerts to identify data loss or corruption	Regular automated delivery of upgrades
Ability to provide developers with fast, easy resources for test and development	Ability of employees to solve business problems for easily	Improved ability to meet compliance regulations	Improved control of data and applications	Speed of implementation and deployment

For SMBs that have already implemented cloud solutions, the benefits of those investments fall into three main categories:



Business agility and flexibility benefits related to market responsiveness, speed to market and competitiveness



Operational benefits related to cost and productivity



Security, governance and compliance benefits. Of note is that SMBs identify security with organisational competitiveness



# Current Cloud Adoption Challenges

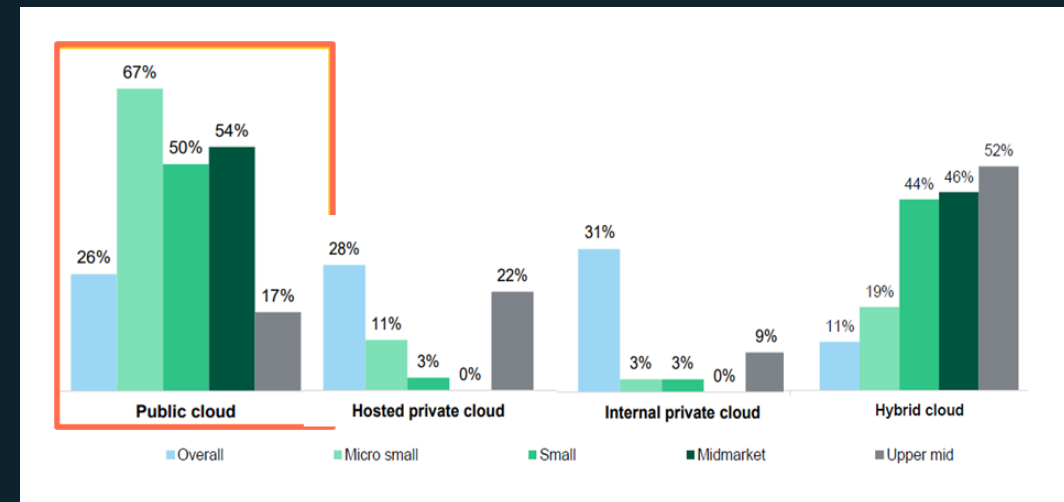


For SMBs that have already implemented cloud solutions, the challenges vary based on the use of public or private cloud, whether internal or hosted.

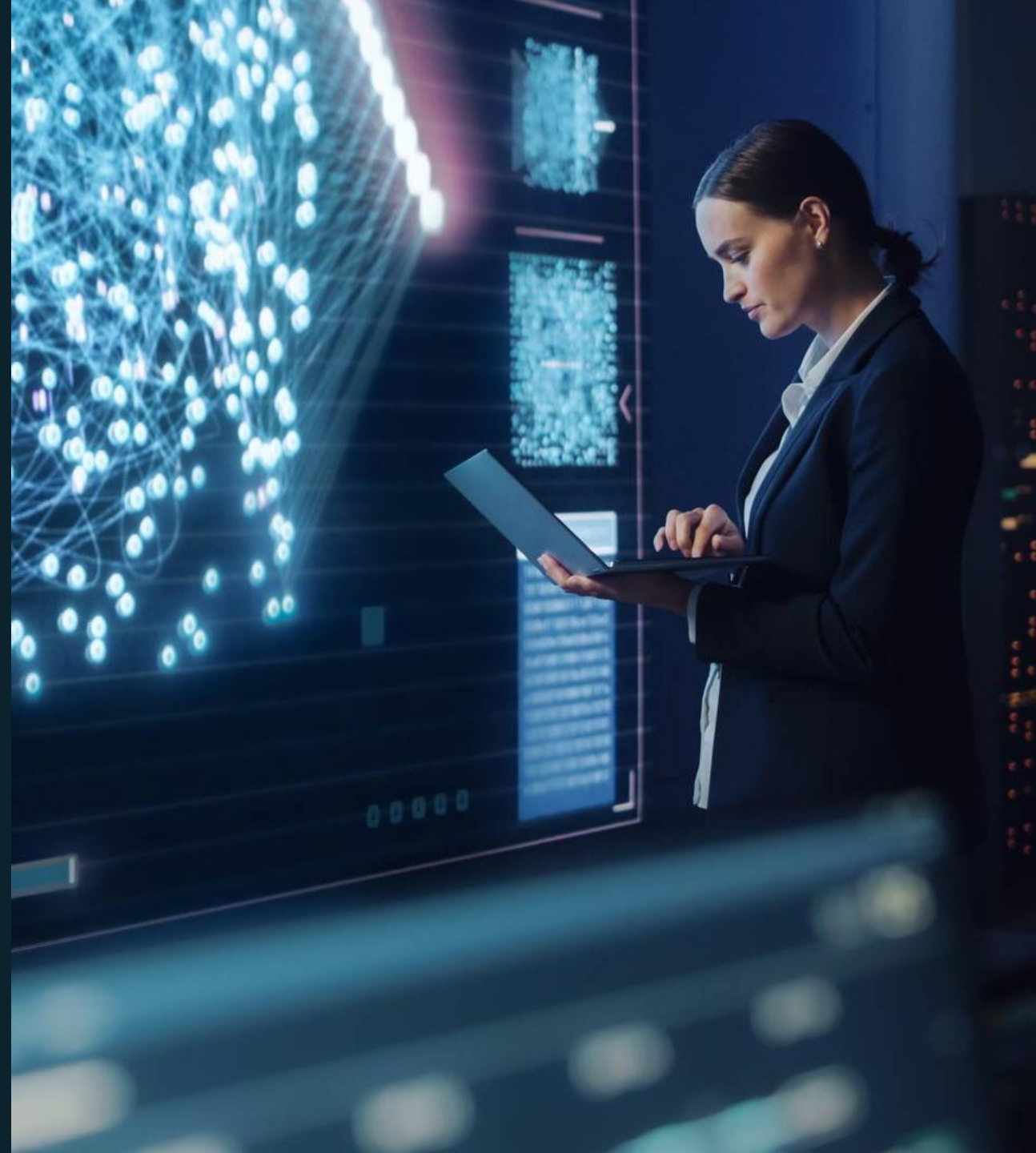
Public cloud challenges were topped by platform configuration for cybersecurity risk mitigation. Cost and consumption were the other two most referenced issues overall.

Complex licensing and management were primary concerns for internal private cloud, as was a lack of internal resource and expertise. Security and privacy concerns related to data protection and disaster recovery were high on the list of challenges.

Headaches with licensing was even higher for those with hosted private cloud. Other top issues were governance and performance, although over 40% of SMBs with hosted private cloud also referenced ‘too complex to manage’ and difficulty with tracking spending as a challenge.



# The Path to 2025: Business and IT Objectives



# Current Cloud Migration

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# Cloud Adoption Readiness

SMBs are 'ready to be ready' when it comes to planned or expanded cloud adoption.

74%

agree that they have executive approval and finance in place.

62%

agree architectural details of applications in their portfolio have been documented

79%

agree that their network infrastructure has been upgraded to provide capacity and capability to adopt new technologies

76%

have launched a digital transformation program

70%

have deployed or plan to deploy a cloud-based marketing solution, such as CRM or email automation.

However, the majority lack sufficient maturity across people, process and technologies to ensure their plans and investment deliver successful outcomes.



# Cloud Solutions 2023-2025



The top ranked solution adoptions intended for adoption in the next 24 months are shown.

The following slides will go deeper into the solution adoption intent for each category.



## Infrastructure

- Multicloud networking (50%)
- Platform software (47%)
- App performance Monitoring (47%)



## Workforce productivity

- Unified endpoint management (48%)
- Unified communications as a service (48%)
- Office suites/productivity solutions (47%)



## Security

- Encryptions/Folder Level Encryption (48%)
- Extended detection and response (47%)
- Zero Trust network access (45%)



## Business continuity

- Hybrid Cloud Storage (49%)
- Cloud Database Management Systems (48%)
- Endpoint backup (47%)



## Business applications

- Citizen integration/data science tools (53%)
- Low-Code/No-Code Platforms (52%)
- Business Analytics PaaS (50%)

# Adoption Intent 2023-2025



## Cloud Infrastructure

SMBs indicate the highest intent to adopt multi-cloud networking, platform software, app performance management and edge computing within the next 24 months.

In context with the move to hybrid and public cloud, 40% of SMBs also plan to adopt cloud migration and management tools, cloud app discovery, data science and ML platforms.

# Adoption Intent 2023-2025



## Productivity

The 47% intent to adopt office suites and the 55% of on-prem productivity workloads suggests the penetration of M365 into SMBs still has a way to go.

Uptake of virtual assistants, eSignatures and digital workflow solutions indicate the foundations of workplace process automation are accelerating

# Adoption Intent 2023-2025



## Security

IAM adoption in SMBs is maturing, with 63% penetration amongst surveyed businesses and most others intending to adopt.

SaaS delivered IAM also shows high intent. Combined, this data may suggest lower hanging fruit for partners.



# Adoption Intent 2023-2025



## Business Continuity

High intent is shown in enterprise application management, hybrid/cloud storage, automated storage tiering etc.

High penetration of backup for cloud migration and intent to adopt suggests low hanging fruit.

Enterprise Application Backup is showing increased penetration and intent, in line with the adoption of applications since 2021.

# Challenges and what SMBs need from partners



# Addressing the Stumbling Blocks

Strategy.

Security.

Skills.



These are the three biggest hurdles for SMBs. SMBs are signaling a concern that internal deficits in these areas impact their ability to

- realise value from existing investment and/or
- set an agreed and approved plan for new technology adoptions
- secure approvals and funding to move forward with planned investment.

Transformation vision is not the hurdle. SMBs are wrestling to get the right technology strategy in place that will take vision into action. Further, results from the study indicate SMBs are aware they lack the knowledge and internal skill sets to turn technical action into measurable business outcomes.

**A pivot to strategy presents opportunities for partners.** SMBs are less interested in whether they have the latest technology, and more motivated to ensure do better things with the cloud investments made and planned. There is less emphasis on project to project, and more value placed on long term engagements with partners beyond hosting infrastructure and ensuring uptime.

# Partner Engagement

Overall, partner engagement contracted between 2021 and 2023. Less than half of the SMBs surveyed had third party service providers in place.

This contraction may be due to a natural end to service agreements entered at the start of the pandemic, continued cost cutting in some of the hardest hit industries and existing IT/cloud projects wrapping up during 2023.

**However, the intent to engage over 2024-2025 is high.**

87% of all SMBs intend to increase budget allocations for third party service providers.

Of these, 48% anticipate spending with partners to increase by 11% to over 20%.

In the next 24 months, how would you see your organization's overall spending on third-party service providers changes? (Select one)



# Cloud Partners Take Share

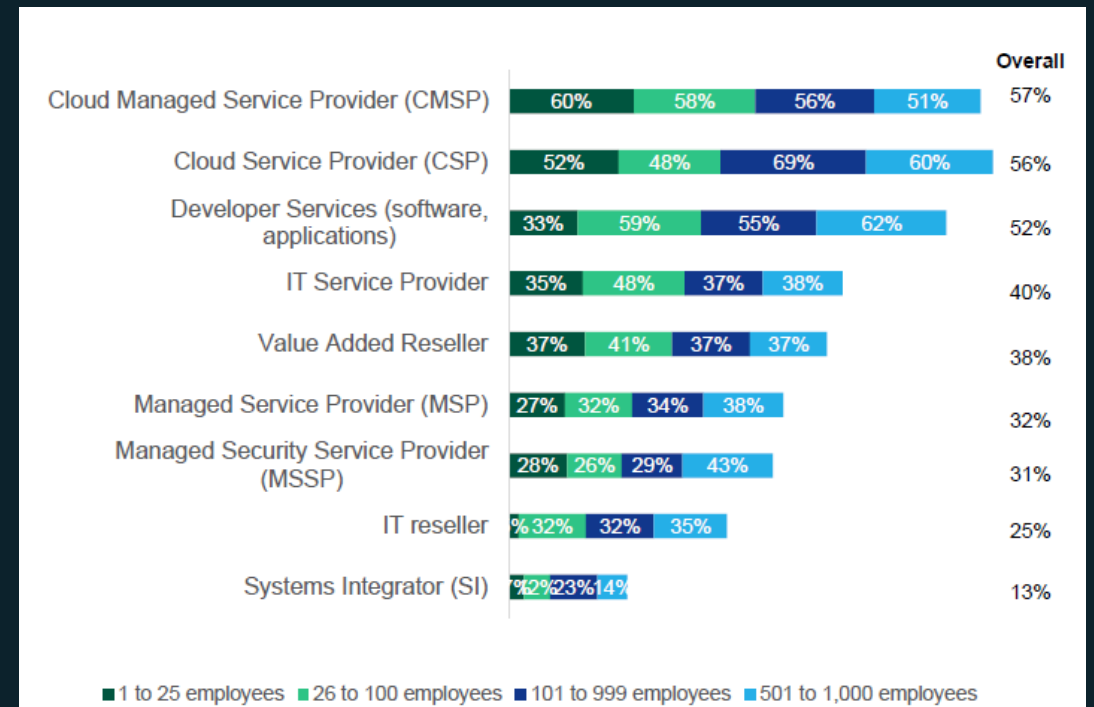
Cloud capabilities are a clear competitive advantage when it comes to securing SMB engagement.

There is increased use of developers, which bodes well for partners that have started on a convergent capabilities track using Low Code platforms to gain a foothold into development services.

Managed Security Service Providers rank lower on the scale, but this is a newer category with fewer partners competing for share. Deep specialisation takes time to develop in this field. The deep skills shortage in cybersecurity allows MSSPs to command a premium for services. The upper-mid market shows the highest level of engagement with MSSPs, which suggests some smaller SMBs are priced out of the market.

The high level of security need but lower level of specialised servicing opens the door for partners that can offer security assessments for commonly used platforms in SMBs. Partners are encouraged to look for services provided by distribution partners that can be added to service catalogues, but do not require practice build and investment.

Which type of third-party services does your organisation use to support your cloud strategy and management needs?



# Partner Selection Drivers

The reasons behind a decision to engage a partner fall into four main categories: cost, time, expertise and access. The two most highly ranked responses across all drivers shows that expertise is the most important to SMBs, followed equally by time and access. Cost is not the primary influencing factor.

Q32. What are the primary drivers behind your organisation’s engagement of third-party service providers in your cloud enabled transformation journey? (Select and rank top 5)

Costs		Time/Speed	Expertise (inc skills, knowledge)	Access
Don't have budget to do work in-house		Take advantage of pre-built software or project accelerators	Providers have better knowledge of tech options	Can access tech partners of our providers
		Do not have time to build up skills we need on our own	Don't have required skills and methods inhouse	Outside perspectives to think about our business and tech in innovative ways
		More effective at coordinating and organising business and tech stakeholders	Have trouble keeping up with emerging tech	Use best practices of our providers
		Help us to complete work faster	Do not have ability to change on our own	Gain credibility of an outside group
			Help us to define a clear strategy for cloud adoption and migration efforts	Take advantage of third party's content or data sets
Combined % of Rank 1 + 2 responses	28%	50%	67%	50%

# Partner Capability Demand

The top two areas of demand for partner capability and expertise are cloud strategy development and managed cloud operations services.

Application modernisation and native app development are an equal third, overall.

Managed cloud operations services includes optimisation, governance, platform, systems and applications management.

Optimisation is always going to be a benefit. To realise internal value from cloud investment, and to generate new external value for the business as a result of those investments, SMBs seek partners able to help them strategically plan each phase of their cloud adoption.

Thinking about cloud adoption for the following operational domains for the next 24 months, please indicate the initiatives for which your organisation is like to engage a third-party service provider to support. (Select all that applies per column)



Consider the #1 demand in your practice category and how it fits into your sales and service conversations with customers.



The Future of Operations:  
**Maximise Value From  
The Cloud With A  
Strategic Mindset**

If you haven't read it yet, download your copy of the study.

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