

Australian Business Leaders Say Hybrid Cloud is Critical to Modernisation, Yet Security, Skills and Compliance Concerns Impede Success

-- New IBM Transformation Index: State of Cloud helps business leaders to assess gaps in their transformation journey --More than half of Australian respondents are currently concerned about security, while 58% believe ensuring compliance in the cloud is currently too difficult --Nearly 80% surveyed say their team lacks the skills needed to sufficiently manage cloud environments



ARMONK, N.Y., September 28, 2022 – New global market research from IBM (NYSE:[IBM](#)) revealed that 71% of Australian respondents have adopted a hybrid cloud approach which can help drive digital transformation, yet the majority of responding organisations are struggling with the complexity to make all their cloud environments work together. As organisations face skills gaps, security challenges and compliance obstacles, less than one quarter of Australian respondents manage their hybrid cloud environments holistically – which can create blind spots and put data at risk.

The [IBM Transformation Index: State of Cloud](#) commissioned by IBM and conducted by independent research firm, The Harris Poll, was created to help organisations map their cloud transformation and empower them to self-classify their progress. Built on a foundation that leverages insights from experienced cloud professionals, enterprises can use the Index to gain measurable metrics that can help quantify their progress and uncover areas of opportunity and growth. The Index consisted of more than 3,000 global business and technology decision-makers from 12 countries, including Australian decision-makers, across 15 industries including financial services, manufacturing, government, telecommunications and healthcare, to understand where

organisations are advancing, or merely emerging, on their transformation journeys.

The Index points to a strong correlation between hybrid cloud adoption and progress in digital transformation. In fact, 63% of Australian leaders surveyed think it's difficult to realise the full potential of a digital transformation without having a solid hybrid cloud strategy in place. At the same time, only 27% of those surveyed globally possess the necessary characteristics to be considered as "advanced" in their transformation. So, why the disconnect? A sampling of findings include:

- **Compliance:** Businesses believe ensuring compliance in the cloud is currently too difficult– especially as we see enforcement of regulatory and compliance requirements heat up across the globe.
- **Security:** While businesses have embraced a variety of security techniques to secure workloads in the cloud, concerns about security still remain.
- **Skills:** As organisations face the realities of a talent shortage, they are failing to implement a holistic hybrid cloud strategy – which can create gaps in security and compliance and cause risk across cloud environments.

"As we see regulatory requirements grow across the globe, compliance is top of mind for business leaders. This concern is even greater for those in highly regulated industries. Yet at the same time, they are facing a growing threat landscape – one that demands holistic management of their multicloud environments to avoid the risks of a Frankencloud – an environment that's so disconnected, it's difficult to navigate and can be nearly impossible to secure, particularly against third and fourth party risks," said Howard Boville, Head of IBM Cloud Platform. "An integration strategy to bring together these different piece parts is what we believe separate the leaders from the rest of the pack – the alternative is to pay the price of the Frankencloud."

"The key value of cloud for businesses is rapid access to innovative technologies, data sources, and applications required to navigate current disruptions and transform businesses. No individual cloud can address all of an enterprise's requirements, so they must be able to use and effectively control hybrid cloud assets across many locations. IBM with its focus on providing a holistic hybrid cloud strategy is well positioned to help organisations address the security, data management and compliance complexities that can prevent them from taking full advantage of cloud innovation," says Rick Villars, Group Vice President of Worldwide Research at IDC.

The 2022 IBM Transformation Index: State of Cloud revealed:

Lack of the right skills is inhibiting progress

When it comes to managing their cloud applications, 78% of Australian respondents say their team lacks the skills needed to be proficient. This is a major roadblock to innovation, with 30% of respondents saying skills and talent shortages are impeding their

business's cloud objectives. The effects don't stop here – these limitations are also preventing organisations from leveraging the power of partnerships. Nearly 40% of Australian respondents say a lack of technical skills is holding them back from integrating ecosystem partners into cloud environments – pointing to the need for talent.

Exposure to cyberthreats continues to lurk despite embracing security techniques

While more than 90% of responding financial services, telecommunications and government organisations across the globe have adopted security tools such as confidential computing capabilities, multifactor authentication and more, gaps remain that are preventing organisations from driving innovation. In fact, 30% of Australian respondents cite security as the top barrier for integrated workloads across environments and nearly one quarter of respondents agree security concerns present a roadblock to achieving their cloud business goals.

Security concerns can even hold organisations back from unlocking the full potential of partnerships. As potential security gaps can cause third and fourth party risks to loom, Australian respondents say data governance (51%) and cybersecurity (39%) are the top challenges to fully integrating their business ecosystem into the cloud.

Regulatory and compliance requirements remain center stage causing businesses to pause

With regulations on the rise, so too are compliance challenges. 58% of respondents believe that ensuring compliance in the cloud is currently too difficult and nearly one-third cite regulatory compliance issues as a key barrier for integrating workloads across private and public IT environments. In financial services, for example, more than a quarter of global respondents agree that meeting industry requirements is holding them back from fully achieving their cloud objectives.

Based on the Index, IBM will launch an interactive tool to serve as a continual source of feedback for organisations to measure their transformation progress. With the ability to help companies assess how they fare against others, the tool will allow them to identify areas where transformation is stalled and where it may be excelling – unlocking the ability to diagnose and act with efficiency even against the real-world of complexity of cloud transformation.

IBM will make the IBM Transformation Index: State of Cloud tool publicly available in the coming months, aiming to provide business leaders with valuable benchmarking insights that can inform their hybrid cloud strategies. The IBM Institute for Business Value also published a new report, [“A Comparative Look at Enterprise Cloud Strategy”](#) with an action guide for how leaders can use the Index to help advance their organisations' digital transformation.

Methodology:

This survey was conducted online in 12 countries (US, Canada, UK, Germany, France, India, Japan, China, Brazil, Spain, Singapore and Australia) by The Harris Poll on behalf of IBM from June 8th, 2022 to July 17th, 2022. The survey was conducted among 3,014 IT and business professionals in companies with annual revenue over \$500M who have deep knowledge of their organisation's Cloud strategy. The IBM Transformation Index: State of Cloud was developed by combining the data from 25+ question batteries of various formats across 9 Cloud-related dimensions that were informed by input from industry experts.

About IBM

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