



REACHING FOR THE CLOUD

Many companies have migrated basic IT functions to the cloud and are now looking to tap its higher-value potential.

It's been just over a decade since third-party cloud computing services became widely available, but the uptake by corporate users in that relatively short period of time has been substantial. A new survey of middle-market finance executives by CFO Research, conducted in collaboration with RSM, finds that more than half of their organizations—53 percent—are now using cloud-based services for fundamental applications such as data storage and network hosting. Forty-one percent are using cloud-based productivity software such as Microsoft's Office 365 or Google's

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G Suite, and more than a third—37 percent—are using cloud-based financial systems, including ERP systems such as NetSuite and Microsoft’s Dynamics 365.

Relatively few companies, however, have migrated higher-value activities to the cloud. Just 16 percent are using it for data analytics, for example, and only 10 percent for marketing automation. If, as English poet Robert Browning said, “a man’s reach should exceed his grasp,” corporations need to do more to realize the cloud’s full potential.

It appears they will. Asked where their companies see clear value in implementing new technologies, 69 percent of survey respondents cited mobile applications and 45 percent ticked big data and predictive analytics. Next were social enterprise and Internet of Things, each cited by 24 percent of respondents. (See Figure 1.)

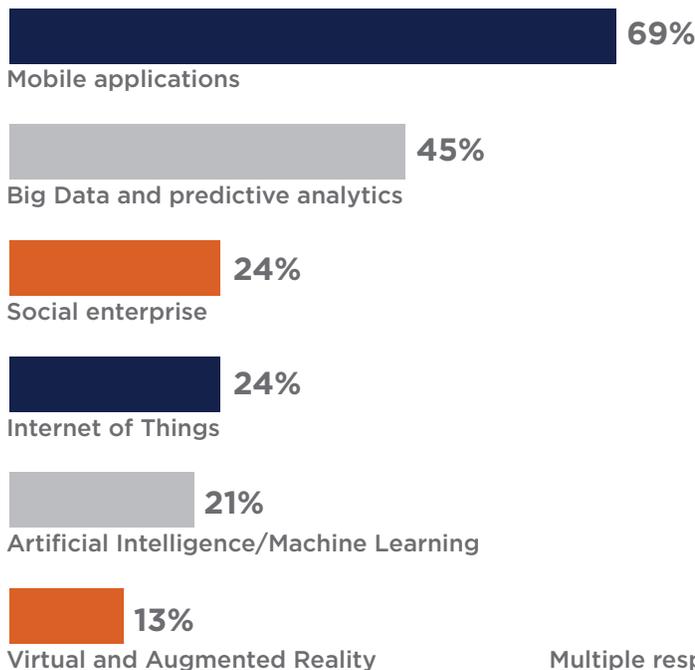
Many of these technological innovations are most useful



only where companies are using cloud services and can take advantage of the scalability, agility, and cost-savings associated with them. This suggests that the traditional, tactical cloud services that companies have embraced most widely to date—storage, hosting, productivity software—eventually will be supplemented by the higher-order services, such as predictive analytics, that companies covet. After all, the ultimate goal of most corporate technology strategies is not simply to replace current functionalities but to enable future functionalities.

What’s holding companies back for the moment? Where their organizations haven’t yet embraced cloud services, finance executives say their biggest concerns by far are data security, cited by 69 percent of the survey respondents, and privacy issues, cited by 53 percent. Nearly four in 10 respondents—39 percent—also

FIGURE 1
New technologies that your company sees clear value in implementing



Multiple responses allowed.

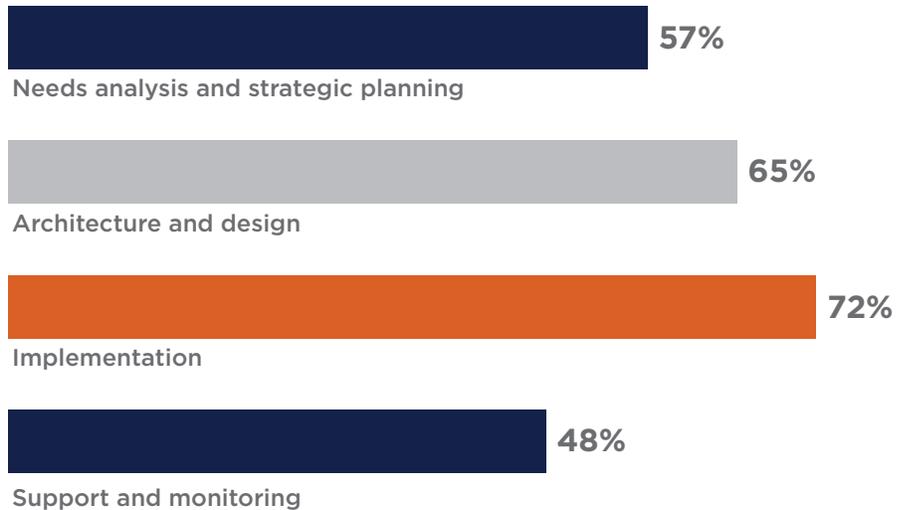
say they are concerned about the costs associated with cloud services.

Given how widely these concerns are shared, it's not surprising that a clear majority of finance executives say it's important to use the services of a third-party expert in nearly all phases of a cloud strategy, including needs analysis and strategic planning (cited by 57 percent of respondents), architecture and design (65 percent) and implementation (72 percent). Nearly half—48 percent—of the survey respondents also say a third-party expert is needed for ongoing support and monitoring of any cloud initiative. (See Figure 2.)

All this suggests that while cloud providers have work to do on building trust in their security and privacy protocols, the migration to cloud services that has gained so much momentum over the past decade is unlikely to reverse direction. Already, much of the new software being created is designed expressly to fit into a cloud environment. Meanwhile, as the business value of moving to the cloud becomes clearer—half the survey respondents say cloud computing can provide access to world-class capabilities, and more than half

FIGURE 2

When implementing a Cloud strategy, the stages where it is important to use the services of a third-party expert



Multiple responses allowed.

say it frees internal resources for other purposes—those benefits, combined with a better awareness of available security tools, should offset any perceived risk for many potential users. Just last year, Jeffrey Mann, a research vice president at the information technology research and advisory firm Gartner Inc., predicted that by 2020, corporate “no cloud” policies will be as rare as “no Internet” policies today.

Demographics will likely drive further migration to the cloud as well. As millennials steeped in technology from a young

age become an ever-larger percentage of the workforce, and grow more and more comfortable using the cloud for sophisticated applications, we can expect that companies will increasingly see that a cloud-based infrastructure can yield a competitive advantage, one that allows them to adapt quickly to fast-shifting marketplace demands. Today, it seems, having your head in the cloud is viewed as a good thing, and that's likely to become only more true tomorrow.

ABOUT RSM

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