



CXO FOCUS

COST CONTROL DOESN'T MEAN LOW INNOVATION

WITH STRONG MANAGEMENT OF THE TECHNOLOGY ESTATE,
ORGANIZATIONS CAN CONTINUE TO DIGITALLY TRANSFORM
THEIR BUSINESS PROCESSES AND CUSTOMER SERVICES

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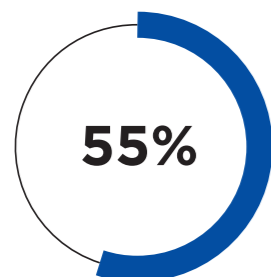
Economic stability eludes all vertical markets in all geographies. Historians will no doubt write of the 2020s as one of the most disruptive decades. For business and technology leaders, this means a need to optimize costs and resources.

This has prompted CXOs to seek ways to more efficiently use their existing technology estate and suppliers, as well as maximize opportunities for modernization and innovation.

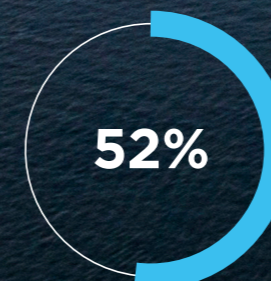
Over 80% of organizations are worried about rising cloud computing costs, respondents to the 2023 Nutanix Enterprise Cloud Index survey reported. With key software-as-a-service (SaaS)

application providers announcing price increases – 9% by Salesforce, for example – it is no wonder that CXOs are increasing their focus on IT cost optimization. About 34% of business technology leaders told the Enterprise Cloud Index report that managing cloud costs was a significant challenge.

As a result, 55% of CXOs plan to gain better visibility into cloud consumption and costs over the next 12 months, and 52% plan to implement technology and strategies to minimize cloud waste.

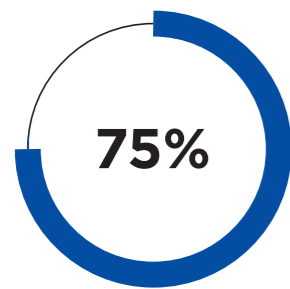


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Alongside greater visibility, organizations are moving applications onto different infrastructures, though 86% of business technology leaders state that moving applications is often complex and costly. CXOs that are moving workloads have chosen to repatriate applications to their on-premise datacenters and adopt a hybrid multicloud computing strategy as they strive to reduce cloud costs.

The challenge for business technology leaders is that their organizations and senior leadership teams continue to increase their demands for digital transformation. According to [analysts at Gartner](#), 75% of organizations will have a digital transformation in place that is “predicated on cloud as the fundamental underlying platform.” It is likely that in order to meet these demands, CXOs will rely on a mixed environment and the constant ability to monitor and move workloads according to the needs of the business.

Alignment to business demands

This complex landscape of cost control and rising digital transformation demands will increase the pressure on CXOs. They will need to align every decision, technology, and team to business outcomes.

“Drive cost optimization by monitoring utilization and capacity metrics,” [advises Gartner](#). The analysts say CXOs need to schedule and right-size allocation-based services, as well as use programmatic discounts and modernize applications to make use of provider-managed services when these are more cost-effective. However, these responsibilities are shared. Gartner reminds CXOs that “Cloud cost management is not just an operational concern.”

Cost optimization requires tight collaboration and involves strong governance, architecture, financial, product, and application management – all disciplines that require good input from the stakeholder using the application to deliver business outcomes.

“Correlating cloud costs to business KPIs allows organizations to manage spending in respect to its return on investment (ROI),” according to Gartner. “It also enables organizations to assess the business impact of cost growth and optimization. Driving costs down as a principle must not be done at the expense of being unable to fully support the business goals.”





CXOs already pursuing cost optimization are data-driven, the Enterprise Cloud Index research reveals. Infrastructure, data security and data recovery are among the top data points influencing decision-making. This is leading to 59% of organizations using more than one IT infrastructure because a single environment cannot meet the needs of the business at the budget point required.

As a result, over half of the major organizations are using a mix of private and public cloud computing, or multiple public clouds, as well as on-premise and hosted datacenter services. This complexity will only enable CXOs to optimize their costs if they have clear visibility of the estate and its consumption.



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In addition, CXOs are looking at how they use these layers of infrastructure more efficiently. "We've spent the last two and half years with a real push into the cloud, but we have only moved work into the cloud that is appropriate, and that ensures we can leverage the benefits of the cloud," says Paul Booth, head of hybrid cloud services at the United Kingdom's Department for Work and Pensions (DWP), one of the largest public sector bodies in Europe.

Booth adds that 70% of the technology estate at DWP is in the cloud, with 30% residing on-premises. "All the systems that do payment processing, that interact with citizens, process claims, and drive job market initiatives are either on the public cloud or the datacenters that make up the private cloud," Booth says.



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The Enterprise Cloud Index report suggests that DWP is no longer unique in its use of a hybrid cloud estate in order to optimize costs. The report found a notable increase in the use of mixed infrastructure, and 74% of organizations expect to see their IT estate become widely mixed in the near future.

"We are always looking to optimize the mix of cloud computing that we can use, as ultimately we are not spending our money, we are spending taxpayers' money," Booth says of the need for the public sector to always focus on cost optimization. In the disruptive economy of the 2020s, the private sector is adopting the same approach.

A further cost optimization benefit of a hybrid cloud estate, according to Booth at DWP, is that it ensures organizations are not locked into technologies.

"So one of our founding pillars in hybrid cloud services is portability," says Booth.

"We have taken a specific route of adopting open-source where we can and standardizing practices with automation and abstraction to get us to the point where we are not locked into the same level we were 10 years ago with the big system integrators."

The 2023 Enterprise Cloud Index report found that application portability was of rising importance to CXOs. Cost optimization is about more than reducing the technology budget; the keyword is optimization.

Business technology leaders like Booth at DWP demonstrate that with strong management of the technology estate, organizations can continue to digitally transform their business process and customer services while also keeping costs manageable. Inflation will continue to increase costs for suppliers and internal IT resources, but with a constant focus on optimization, organizations can use the latest disruption to drive change.



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