Cloud innovation needs a unified investment approach

According to a study sponsored by Oracle, while many European companies are embracing the move to the cloud, nearly half are struggling, wrestling with increases in cloud integration costs and data silos. A key reason: more than 60% of a company's overall IT spend is being driven by individual business units versus traditional IT departments, making it difficult for companies to fully benefit from the cloud services they are subscribing to.

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Another significant part of the problem is that most organisations continue to fund their IT investments without aligning to revenue potential and innovative projects. Two in three business decision makers said IT funding is too traditional and is stifling innovation, while one in three IT decision makers admit their organisations' IT funding models are hindering them from IT innovation, according to Oracle's *Putting Cultural Transformation at the Heart of Cloud Success* report. For the research, Oracle partnered with Coleman Parkes to survey 600 senior IT and line of business decision makers across Europe and the Middle East.

Time to change funding models

The findings reveal businesses must rethink their IT funding models and undergo a cultural transformation in order to fully exploit the benefits of cloud computing. One third (33%) of respondents say an inappropriate IT funding model is inhibiting their business. One third (33%) also believe their company's IT culture is unfit for the cloud computing age.

Tellingly, 72% of respondents say a new cloud funding model will allow IT departments to deliver more cloud services to the business, and 70% expect it will help the company to reduce costs.

Shedding light on shadow IT

The Oracle study also found that increased IT spend outside the IT team (also known as Shadow IT) is standing in the business' way. More than one third (35%) of technology respondents believe Shadow IT practices are inhibiting the ability of IT to deliver on business goals. Indeed, 46% said the approach they've taken to cloud so far has increased integration costs, with the same percentage saying it has led to the creation of data siloes.

Additionally, the vast majority of respondents (95%) believe shadow IT is a major cause of complexity. Roughly one third say leaving lines of business to manage their IT spend independently results in increased security concerns, making funding more difficult to manage, and diluting the company's control of its IT.

Johan Doruiter, senior vice president of Systems, Oracle EMEA, said: "The issues companies face with their cloud resources are less to do with the technology itself and more to do with a lack of synchronisation across lines of business. Decision-makers in each department are increasingly making cloud purchasing decisions without involving the CIO due to the ease of procurement. However, without one IT point-person to unify their cloud investment strategy companies will continue to struggle with individual departments tugging time and resource in opposing directions."

CIO as cloud navigator

Oracle's research reveals that in many companies there is no single person with a view across all technology investments. This makes it difficult for organisations to develop and follow a unified cloud strategy. The CIO cannot continue to be side-tracked and must be an integral player in leading the business as it transitions to an enterprise cloud model. With integration and data management still critical to organisations, alarmingly, CIOs control less than half the IT budget in 66% of businesses.

Doruiter added: "Companies are having their expectations met by the cloud in many respects, but their approach to IT investment remains stuck in the past. The cloud is about seamlessly joining up data and workloads across the organisation and yet we continue to see individual lines of business implement IT systems in siloes. This breeds added complexity and leads to integration issues that could easily be avoided with a more integrated approach.

"CIOs must work more closely with line of business leaders to ensure IT is supporting innovation. They must serve as 'cloud navigator', collaborating with each department to manage cloud procurement issues, cost and risk and ensuring that all lines of business are working towards a common cloud strategy. The CIO should also be the voice of change in the boardroom, calling on the CEO and CFO to mandate a unified approach to cloud across the business."