THE CLOUD GROWTH STRATEGY FOR CMI.

As the industry invests in cloud faster than any other, here are its five pillars for success.

wipro **fullstride**
cloud services

> **CMI is implementing cloud across the enterprise faster and more strategically than any other industry.**
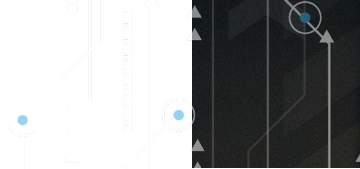
Companies worldwide are driving growth through the cloud, some more quickly and successfully than others. Early cloud leaders have found that their investments boost resilience and efficiency, and enable long-term gains. Among the most diligent early adopters are communications, media and information services (CMI) companies, who are leading the way in several key areas.

As a sector, CMI is implementing cloud across the enterprise faster and more strategically than any industry, according to Wipro FullStride Cloud Services research. For CMI, cloud is the growth strategy. Operating from a single, cloud-based platform "quickly saves costs, sharpens predictions, and allows us to innovate more," said the CEO of one Australian CMI company included in our survey.

Although they see some cloud ROI today, CMI companies are reinvesting their returns into long-term ventures to position themselves for bigger growth in the future. Compared to other sectors, CMI companies:

- Undertake more cloud initiatives and spend more than three times the average on their cloud ventures

- Have more than triple the average number of people working on cloud ventures

- Devote considerably more of their total IT budget to cloud than the average

Some have even used cloud to reduce their carbon emissions and achieve more-sustainable operations. For their efforts, companies in the CMI sector realize a 3% to 4% revenue increase from cloud-based business models, along with above-average gains in market share, according to the companies polled for this report (see the "Methodology" sidebar).

CMI companies attain these successes by taking a specific approach to cloud adoption. In addition to sinking more into cloud projects and reinvesting profits for long-term gains, these companies put CEOs in charge of budgets for cloud ventures, use classic change-management practices to foster cloud adoption, and integrate cloud with advanced technologies such as 5G, internet of things (IoT), and artificial intelligence (AI). Examining the leaders' approach can help other CMI companies and enterprises in other industries accelerate their own cloud ROI and growth.

CMI's Distinct Approach to Cloud

Communications, media, and information services companies have substantially different business models, strategies, and needs. The opportunities and challenges facing a wireless operator's CEO aren't the same as those the head of a media company experiences. But CMI businesses are inextricably linked by the cloud:

- Telecommunication companies need it to deliver on the promise of 5G networks and 5G-enabled products and services

- Media companies need it to store, host, and deliver digital content through streaming services and other online platforms

- Information services companies need it to process and analyze data faster, and to deliver services in new ways

Despite their differences, CMI companies have close ties and, in many cases, operate in the same business ecosystem. For that reason, it makes sense to treat them as a single unit when assessing their cloud adoption.

By analyzing the sector as a whole, we identified the distinct approach to cloud adoption that sets CMI companies apart from other industries and positions them for long-term ROI. Our research uncovered five common cloud pillars, how those pillars distinguish CMI from other sectors, and how CMI cloud leaders differ from cloud beginners.

Cloud Pillar 1: Actively Transform Operations to Thrive in the Cloud

The CMI sector has embraced a cloud-everywhere mindset. Companies' seriousness about becoming a cloud-first business is apparent from the volume of cloud initiatives they've launched, the functions for which they've adopted cloud, and how aggressively they plan to move in the future.

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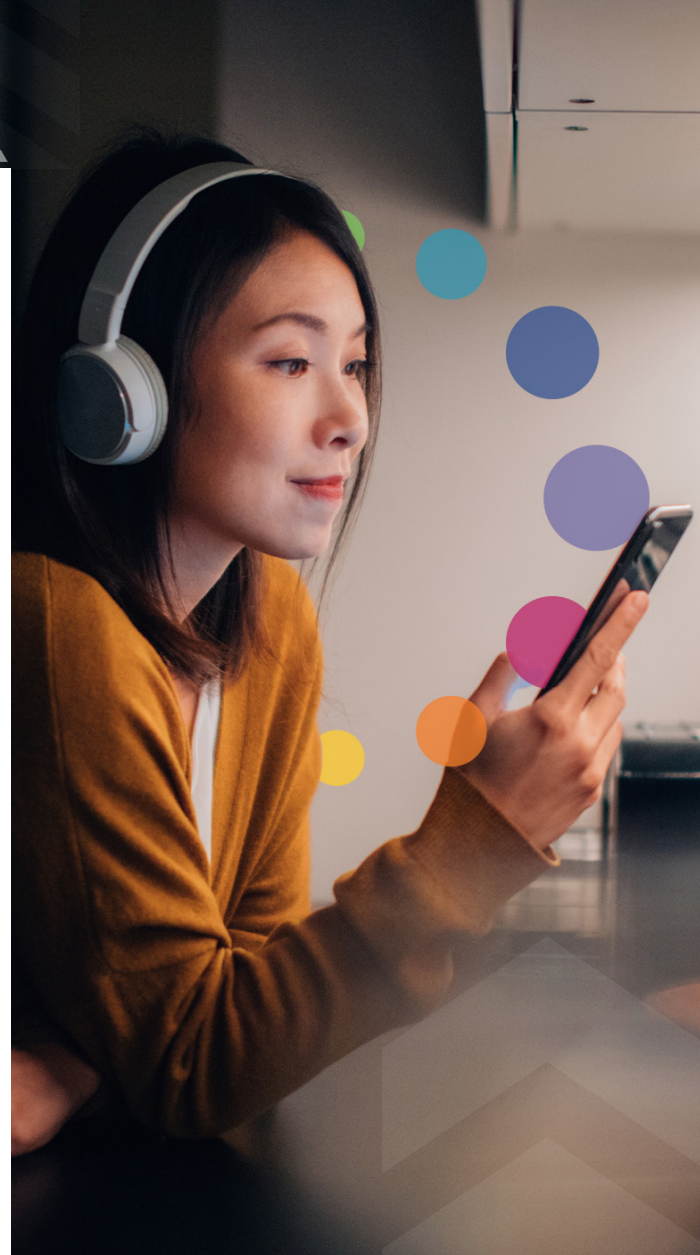
CMI companies take a distinct approach to cloud that sets them apart and positions them for long-term ROI.

> "
CMI has more combined leaders and intermediate cloud users than other industries.

CMI companies have 30% more cloud initiatives in the works than other industries – an average of 55.2 separate projects vs 38.7. As organizations integrate cloud throughout the business, it's becoming more common for business functions to implement cloud with assistance from IT rather than the other way around. CMI companies are no exception; the cloud initiatives run by business units make up 36% of all CMI cloud ventures.

The CMI sector is ahead of the pack when it comes to adopting cloud for common functions such as marketing and distribution, cybersecurity and risk management, and strategic planning and market analysis. In the next two years, CMI companies expect to make the most significant progress adopting cloud for IT management and operations, data and customer analysis, as well as cybersecurity and risk management.

Companies across all CMI sectors are making significant headway evolving their most-important digital platforms to thrive in the cloud. Media companies, for example, are making substantial progress moving to cloud-based broadcast operations and programming, while telecom operators are moving to cloud-based network resource development and service provisioning. "The cloud caters to more collaborative operations, particularly in content development," said the chief innovation officer at one US company.

Because they have ambitious cloud goals, CMI companies hold themselves to high standards, and most are intermediate-level cloud adopters based on our definition of cloud maturity. By our definition, CMI has more combined leaders and intermediate cloud users than other industries, 74% vs 68%.

CMI companies' cloud maturity varies by region. In the US, which is the center of the global CMI sector, 20% of CMI firms classify as cloud leaders, the largest portion of any country we studied. CMI firms in other countries are far less mature; for example, no CMI companies headquartered in Australia, Germany, and Switzerland meet our definition of cloud leader.

CMI cloud Initiatves vs. all industries

35.3
19.9
15.4
23.3

- Central IT
- Independent business unit
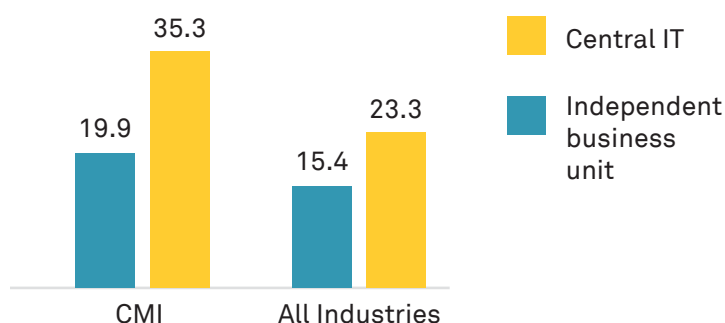
CMI   All Industries

% Making significant progress, common functions, CMI vs. all industries

	All Now	CMI now	CMI 2 years
IT management and operations	49%	55%	67%
Data and customer analysis	47%	51%	59%
Cybersecurity and risk manamement	31%	40%	64%
Strategic planning and market analysis	27%	35%	44%
Procurement and supply chain	24%	33%	43%
Marketing and distribution	22%	33%	45%
Customer management and experience	33%	30%	37%
Product development, R&D, and innovation	22%	28%	39%
Sales and business development	24%	22%	37%
Financial management, reporting and auditing	27%	20%	38%
Human resources and employee experiences	16%	17%	29%
Middle-and back-office processes	15%	14%	27%

Cloud Pillar 2: Put Top Leaders in Charge and Apply Proper Resources to Cloud Projects

Cloud is central to how CMI companies do business now and how they want to in the future. That's apparent not just in the breadth and depth of their cloud initiatives, but who oversees cloud budgets, and the human resources they apply to the projects.
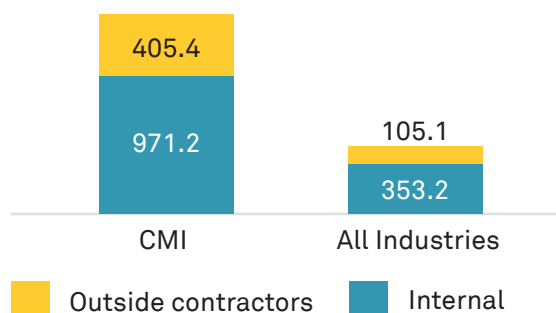
It's not uncommon for C-suite leaders to run cloud initiatives. But CEOs manage budgets for cloud endeavors at more CMI companies than in other industries, 45% vs an average of 32% for all other industries. CMI companies are also likelier to have a dedicated cloud leader; 100% of CMI companies with cloud-migration initiatives have a specific chief cloud officer position, compared with just 2% of companies in other fields.

Another indicator of cloud growth is personnel. CMI companies devote more employees and contractors to cloud projects than other industries: their average cloud staff of approximately 1,377 is three times larger than the cross-industry average of 458.

Budget holder for cloud migration		
	CMI	ALL
CIO/CTO	50%	48%
CFO	31%	45%
COO	26%	34%
CEO	45%	33%
Business units	14%	12%
Chief Product Officer	9%	5%
Chief Cloud Officer	20%	3%

Number of cloud staff

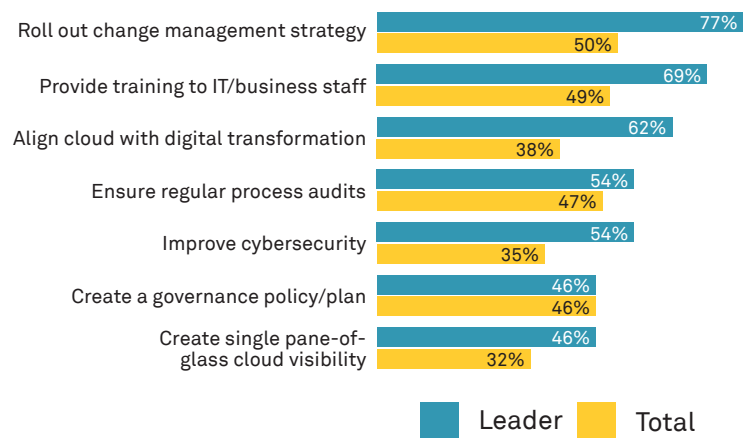|	CMI	All Industries
Outside contractors	405.4	105.1
Internal	971.2	353.2

Outside contractors · Internal

Cloud Pillar 3: Use Change Management to Foster Cloud Adoption

Adopting cloud means changing how business is done, from the way that a company designs, markets, and delivers its products and services to how teams work together – and even where they work. Implementing the changes that accompany enterprise-scale cloud adoption can be complex, time-consuming, and ultimately overwhelming. In fact, overlooking the human side of cloud transformation is many such efforts stumble or fail.

With so much at stake, effective change management is critical. CMI companies get that. But the status of CMI companies' cloud efforts dictates the change-management activities they prioritize. According to our analysis, CMI-sector cloud leaders adopt more advanced change-management strategies, starting with putting a cloud strategy in place. Leaders are significantly more likely than CMI companies overall to provide cloud-related training to IT staff, align their cloud strategy with the organization's broader digital transformation initiatives, and improve cybersecurity as part of their cloud efforts.

By contrast, CMI companies that are earlier in their cloud journey are more likely than others in the sector to concentrate change-management activities on foundational activities. These actions include creating an overarching policy and plans, appointing a sole head of cloud activity, setting up roles and responsibilities for cloud initiatives, and determining the teams and skills needed to protect cloud operations from cybersecurity threats.

Top steps taken by CMI leaders vs. all CMI firms

Step	Leader	Total
Roll out change management strategy	77%	50%
Provide training to IT/business staff	69%	49%
Align cloud with digital transformation	62%	38%
Ensure regular process audits	54%	47%
Improve cybersecurity	54%	35%
Create a governance policy/plan	46%	46%
Create single pane-of-glass cloud visibility	46%	32%

Leader   Total

Top steps taken by CMI beginners more than leaders

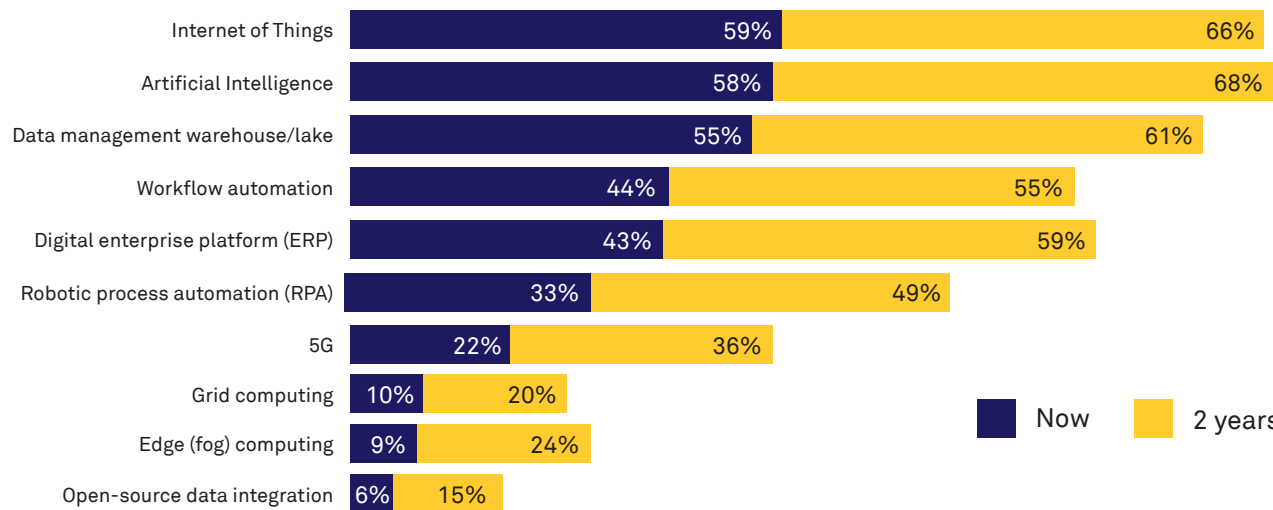| Step	Value
Create a governance policy/plan	50%
Appoint exec with sole cloud responsibility	50%
Set clear cloud roles and responsibilites	46%
Develop teams and skills to drive cloud cybersecurity	46%
Secure strong senior management/board involvement	38%
Create procedures to manage cloud costs/chargebacks	35%
Calculate and monitor ROI on cloud invesments	19%
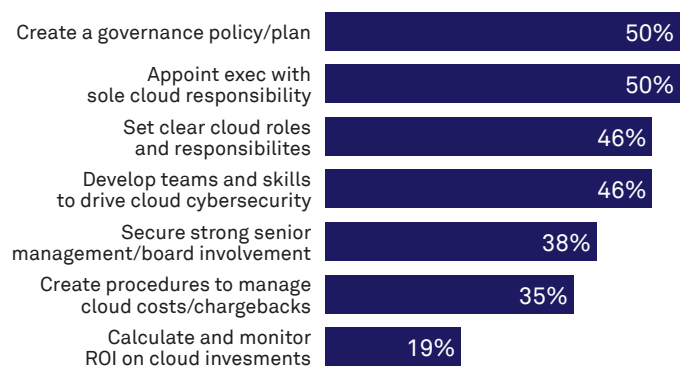
Cloud Pillar 4: Combine Cloud with Complementary Technologies

Advanced technologies such as AI and IoT are integral to the CMI industry's cloud transformation. CMI companies need advanced technologies for the new products and services they're rolling out now and expect to offer in the future. That includes telecoms' 5G networks, the IoT-enabled devices at the heart of the sector's connected future, and AI – without which it would be impossible to analyze the mountains of data generated by connected devices and always-on customers.

More than half of all CMI companies we surveyed already use cloud in conjunction with IoT, AI, and data management warehouses or lakes. Close to two-thirds or more expect to combine cloud with those technologies within the next two years. CMI leaders are even more apt to see advanced technologies' value. Today, 85% combine cloud with IoT, and 77% use it with AI, compared with 38% and 50% of cloud beginners, respectively. AI is essential to other CMI applications such as content creation, customer analytics, recommendation engines, and targeted advertising. "With the aid of data science and data analytics, the cloud allows us to operate and get important insights from data," the chief innovation officer of a UK CMI company said.

Technologies used in conjunction with the cloud now and in 2 years

Technology	Now	2 years
Internet of Things	59%	66%
Artificial Intelligence	58%	68%
Data management warehouse/lake	55%	61%
Workflow automation	44%	55%
Digital enterprise platform (ERP)	43%	59%
Robotic process automation (RPA)	33%	49%
5G	22%	36%
Grid computing	10%	20%
Edge (fog) computing	9%	24%
Open-source data integration	6%	15%

Now   2 years

Cloud Pillar 5: Reinvest Today's Returns to Accelerate Tomorrow's Growth

Other industries' returns on their cloud investments appear to outdistance those of CMI companies. However, a deeper analysis shows that the disparity could be the result of the CMI sector spending significantly more than other industries on cloud, and strategically reinvesting its profits back into cloud ventures, both of which can affect short-term gains. Moreover, CMI companies may not use all the possible measures of success when calculating the ROI of their cloud investments, so their returns could be better than reported.

CMI companies have gone all-in on cloud. They allocate 15% of their total IT spending to cloud initiatives, more than twice the 6% cross-industry average. CMI companies also spend more on cloud than the average for all the industries we surveyed. Within the sector, leaders spend at least 10 times more than beginners on their cloud initiatives, a sign of just how serious they are about transforming to become cloud-first businesses.

Overall, CMI companies average 10% annualized ROI on cloud investments, lower than other industries. But the average doesn't tell the whole story. Because CMI cloud beginners are just getting started, their spending outstrips what they gain from initial cloud initiatives. By contrast, CMI cloud leaders and intermediate-level cloud adopters achieve returns on their investments of 15% or more.

But the CMI sector's ROI on cloud ventures could potentially be even higher. That's because when they measure ROI, the companies we polled take more cloud-related costs into consideration than benefits. To determine the return they're getting, CMI companies look at direct costs such as staffing, monthly service fees, hardware costs, and data storage fees, and indirect costs such as running parallel environments and establishing governance standards. CMI cloud leaders are more apt than others to factor into ROI such costs as monitoring cloud usage. On the benefits side, the majority of companies look at expanded market share, improved planning and decision making, and increased revenue and profitability.

Top elements considered when calculating ROI	
Element	**% citing**
Costs	
Training existing staff	**71%**
Monthly cloud service fees	**66%**
Hardware costs	**62%**
Data storage fees	**57%**
Running parallel environments	**55%**
Hiring and recruiting cloud staff	**55%**
Defining and establishing governance standards	**54%**
Benefits	
Greater market share/expanded client base	**59%**
Improved planning and decision-making	**59%**
Increased revenue	**53%**
Improved profitability	**51%**
Greater teamwork/stronger corporate culture	**49%**
Decreased IT costs	**47%**
Greater shareholder value	**45%**

CMI's Approach Gets Results

Where cloud is concerned, the CMI sector is playing the long game. Companies have launched initiatives throughout their organizations, devoted money and human resources to their efforts, integrated cloud with advanced technologies to get more out of their investments, and deferred short-term gains for long-term prospects. All of that is reflected in the sector's results to date, and the additional success they expect to achieve in the near future.

CMI companies have seen some immediate gains from their cloud efforts, specifically a 3% to 4% increase in revenue. Yet the sector's cloud leaders look even more toward the future, investing in cloud to, among other things, accelerate their time to market, develop new business models, hang onto existing customers and penetrate new customer segments. CMI companies overall outperformed other industries in using cloud to grow revenue through improved market positioning, and creating new products and services.

Revenue growth isn't the only marker of CMI's cloud success. Thirty percent of CMI companies say a direct benefit of implementing cloud is better use of capital, compared with the cross-industry average of 9%. Telco companies in particular are gaining financially from switching to treating software as a variable cost rather than a fixed one. "Cloud lowered our capital expenditures while equally helping in revenue growth," said the chief cloud officer at a French firm.

CMI companies also are substantially more likely than companies in other industries to see benefits today from cloud implementation in the form of greater market share, new business models, greater shareholder value, and reduced carbon footprint (see sidebar).

Many companies expect cloud's current benefits to multiply in the near future, reflecting the sectors' strong belief in the cloud being a long-term play. A full 65% of CMI companies believe it will lead to additional market share growth and cost savings within the next two years. More than half say within that time frame it will lead to additional revenue, better teamwork and corporate culture, and better customer retention.

CMI, Cloud and Sustainability

CMI companies are the driving force behind the fiber networks, data centers, streaming platforms, and other digital services that connect our business and personal lives. That dependence has bolstered the sector's fortunes, but it has also risked increasing CMI's carbon footprint.

CMI companies are embracing cloud-based operations as a way to curb their carbon emissions and advance their larger sustainability goals. Today, 14% of CMI companies say implementing cloud has helped reduced their carbon footprint. Although the number seems small, it's almost three times greater than the cross-industry average. And during the next two years, the portion of CMI companies that expect cloud adoption to lead to reduced carbon emissions could increase to 35%.

Top ways CMI leaders are growing revenue*	
Revenue sources	Leader
Speed up time to market	63%
Develop new business models	63%
Increase customer retention and upselling	50%
Penetrate new client segments	50%
Create new products and services	50%
Improved market positioning and branding	38%

Asked only of firms citing revenue growth as a benefit.

% Seeing benefits from cloud implementation	
Benefit	CMI now
Greater market share	57%
Increased customer satisfaction and retention	43%
Greater innovation/new business models	43%
Better use of capital	30%
Greater shareholder value	26%
Reduced carbon footprint	14%

CONCLUSION

CMI companies are transforming their businesses through the cloud, banking on the gains that cloud offers to expand their revenue, market share, and growth. To make it happen, they are investing aggressively across the enterprise, as evidenced by the number of cloud initiatives they've begun, the size of their cloud budgets and staff, and the top leaders overseeing their cloud projects. The sector to date has yielded modest short-term gains, but their cloud investment strategies and early results point to substantial long-term gains. That's something to which cloud beginners in the industry, and companies in other industries, can aspire.

Methodology.

Insights shared in this report are based on surveys conducted for Wipro between June and July and from September to October 2021 by ThoughtLab Group to analyze current and future patterns of enterprise-level cloud adoption. Respondents included 1,400 executives at organizations ranging in size from less than $5 billion to more than $20 billion, with the largest share in the mid-sized category. The survey sample included 100 companies from the communications, media, and information-services industries, with respondents split fairly evenly among the three subsectors. Companies are located in six countries (Australia, France, Germany, Switzerland, UK and US), but because the geographic distribution of CMI firms is heavily weighted toward the US, more than half are based in the US, more than twice the percentage of other industries. All respondents are responsible for or play a key role in their organization's cloud computing strategy and implementation. Additional insights come from responses to open-ended questions.

To calculate cloud maturity, we analyzed each company to determine the cloud progress they are making, the percentage of their applications they operate in the cloud, and the number of advanced technologies they use in conjunction with the cloud. Based on those criteria, we classified the top 13% of CMI respondents as cloud "leaders," the middle 61% as "intermediate users," and the other 26% as "beginners."

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