Making the Leap: Exploring the Push for Cloud Adoption

A Candid Survey of Government & Industry Leaders

September 2017

Underwritten by salesforce
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Overview

Purpose

For a growing number of public and private sector organisations, cloud is the future — a game-changer for mitigating risk, enhancing effectiveness, and initiating new capabilities. To learn more about ongoing progress and challenges associated with cloud adoption, Government Business Council and Salesforce launched an in-depth research study in May 2017.

Methodology

Government Business Council and Salesforce released a survey on May 25, 2017 to a random sample of federal, state, local, and industry leaders. 465 respondents completed the survey; 57% oversee at least one direct report, 42% of federal respondents are GS/GM 13 and above, and 50% of industry respondents hold C-suite/executive or VP/senior level positions. Federal respondents include representatives from at least 28 federal and defense agencies.
“By leveraging shared infrastructure and economies of scale, cloud computing presents Federal leadership with a compelling business model.... Users pay for what they consume, can increase or decrease their usage, and leverage the shared underlying resources. With a cloud computing approach, a cloud customer can spend less time managing complex IT resources and more time investing in core mission work.

U.S. Federal Cloud Computing Strategy
Executive Summary

Many organisations have yet to prioritise IT modernisation

According to survey-takers, many organisations invest primarily in maintaining legacy systems rather than implementing state-of-the-art technologies. Perhaps as a result, a substantial number of respondents are dissatisfied with the extent to which their organisation’s IT tools and systems are able to advance mission objectives; furthermore, 30% lack confidence in the ability of IT infrastructure to adapt/scale to evolving needs. Senior leaders appear to be even more cognisant of these gaps — federal respondents ranked GS/GM 13 and above, for instance, generally reveal themselves to be less satisfied in their organisation’s IT than their rank-and-file counterparts.

Cloud adoption is hampered by a range of barriers

A plurality of survey-takers report that their organisation either currently leverages or plans on leveraging cloud in the coming year. However, in spite of this growing thirst for innovation, cloud investment is impeded by a range of bureaucratic and IT challenges, most notably budget constraints, security concerns, difficulties migrating legacy capabilities to the cloud, and lack of in-house IT expertise. Moreover, nearly half of respondents note that their organisation has yet to implement a comprehensive cloud strategy for evaluating and implementing solutions.

Respondents are largely satisfied with cloud solutions

Organisations looking to move to the cloud expect a range of benefits such as enhanced data sharing/collaboration, greater scalability/flexibility, expanded backup/recovery capabilities, and data management/storage optimisation. In general, it seems that cloud has delivered on these promises: most respondents feel that their organisation’s cloud solutions have fulfilled or exceeded expectations. Even so, 30% feel that the cloud has delivered below expectations, and respondents still identify a multitude of workforce and IT improvements — including efficiency/productivity, IT training/development, employee morale, and investment in state-of-the-art technologies — that they would like their organisation to prioritise in the next two years.
Current State of IT

Over a third feel that their organisation prioritises legacy systems over new technologies

To the best of our knowledge, which of the following does your organisation more heavily invest in?

- Implementing new technologies: 49%
- Sustaining legacy systems: 51%

51% of those feel qualified to respond say that their organisation invests more heavily in sustaining legacy systems.

Many organisations have yet to prioritise modernisation: while 49% of respondents say that their organisation invests more heavily in implementing new technologies, 51% say that their organisation primarily focuses on sustaining legacy systems.

Percentage of respondents, n=321
Note: Responses may not add up to 100% due to rounding
"Don't know" not included
**IT tools and systems still have room for improvement**

*Overall, how satisfied are you with the ability of your organisation’s IT tools/systems to advance mission objectives?*

<table>
<thead>
<tr>
<th></th>
<th>Very dissatisfied</th>
<th>Dissatisfied</th>
<th>Neutral</th>
<th>Satisfied</th>
<th>Very satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All</strong></td>
<td>8%</td>
<td>21%</td>
<td>30%</td>
<td>34%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>GS/GM 13 &amp; above</strong></td>
<td>18%</td>
<td>25%</td>
<td>25%</td>
<td>31%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>GS/GM 12 &amp; below</strong></td>
<td>5%</td>
<td>21%</td>
<td>31%</td>
<td>38%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Percentage of respondents, n=407 (all respondents)
Note: Percentages may not add up to 100% due to rounding

While a plurality (41%) of all respondents are satisfied or very satisfied with the ability of their organisation’s IT tools/systems to advance mission objectives, 29% report being dissatisfied or very dissatisfied. In addition, federal leaders ranked GS/GM 13 and above are more likely to be dissatisfied or very dissatisfied with organisation IT (43%) than respondents ranked GS/GM 12 and below (26%).

43% of senior federal leaders express dissatisfaction with agency IT.
Many lack confidence in the ability of organisation IT to adapt/scale to evolving needs

How confident are you in the ability of your organisation’s IT infrastructure to ________?

<table>
<thead>
<tr>
<th>Capability</th>
<th>All</th>
<th>GS/GM 13 &amp; above</th>
<th>GS/GM 12 &amp; below</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support internal operations</td>
<td>56%</td>
<td>51%</td>
<td>55%</td>
</tr>
<tr>
<td>Support customer service</td>
<td>56%</td>
<td>49%</td>
<td>55%</td>
</tr>
<tr>
<td>Adapt/scale to evolving needs</td>
<td>42%</td>
<td>39%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Percentage of respondents, n varies, 380-382 (all respondents)
Percentages reflect respondents who selected “confident” or “very confident”

A majority of all respondents are confident or very confident in the ability of their organisation’s IT infrastructure to support internal operations and customer service. However, this could very well change in the near future: fewer respondents express confidence in the ability of organisation IT to adapt/scale to evolving needs. Furthermore, federal respondents ranked GS/GM 13 and above consistently report being less confident with regard to all three capabilities than their rank-and-file counterparts.
IT effectiveness is hampered by a range of challenges

Survey-takers most frequently cite outdated tools/systems (14%), slow speed/load time (13%), and lack of in-house technical expertise (10%) as the most challenging aspects of their organisation’s IT infrastructure.

In addition, one respondent emphasises challenges conveying organisation priorities to service providers:

“Providers don’t address our specific needs; they tailor their activities to the system rather than tailoring the system to the mission. IT is supposed to support front-line customer service, but that is simply not happening.”

Survey Respondent

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Which of the following would you identify as the most challenging aspects of your organisation’s IT infrastructure?

- Outdated tools/systems: 14%
- Slow speed/load time: 13%
- Lack of in-house technical expertise: 10%
- Not tailored to organisation needs: 9%
- Integration with legacy systems: 9%
- Siloed data/systems: 7%
- Not user-friendly: 7%
- Frequent bugs/glitches: 7%
- Frequent service outages: 5%
- Lack of essential features: 4%
- Insufficient security: 3%
- Other: 5%
- None of the above: 6%

Percentage of respondents, n=407
Respondents were asked to select their top 3 choices
Many organisations are slow to adapt to new technologies

To what extent do you agree with the following statement: "My organisation generally adapts quickly to new technologies."

A plurality (42%) disagree or strongly disagree that their organisation "generally adapts quickly to new technologies." 31% agree or strongly agree with the statement, while 26% are neutral. In addition, senior federal respondents are less confident in their technologies' adaptability — half of federal respondents ranked GS/GM 13 disagree, versus 35% of those ranked GS/GM 12 and below.

42% feel that their organisation is slow to adapt to new technologies.
Cloud Adoption Progress

Cloud adoption is becoming more widespread

To the best of your knowledge, what describes your organisation’s cloud adoption progress?

- Currently leveraging cloud: 46%
- Plans to begin leveraging cloud in the next 12 months: 29%
- Does not plan to leverage cloud in the foreseeable future: 14%

75% of those who feel qualified to respond report that their organisation either currently leverages or plans on leveraging cloud technologies in the next year.

However, some organisations might lack the internal structure necessary for adoption of cloud services. As one respondent notes:

“Before considering cloud solutions, we need efficient IT services in general — this includes functioning hardware and software, adequate training for new systems, and regular updates to keep pace with changing technologies and customer expectations. We operate as if we’re still in the year 2005; accomplishing work across teams and time zones is difficult.”

Survey Respondent

Percentage of respondents, n=226
Note: Percentages may not add up to 100% due to rounding. "Don’t know" not included.
Cloud investment is hampered by various obstacles

In your opinion, what are the chief barriers your organisation faces with regard to investing in cloud technologies?

- **Budget constraints**: 17%
- **Security concerns**: 14%
- **Difficulties migrating legacy capabilities to the cloud**: 10%
- **Lack of in-house IT personnel**: 9%
- **Lack of leadership/cloud strategy**: 8%
- **Unclear ROI**: 8%
- **Difficulties complying with government security mandates**: 8%
- **Cultural resistance**: 6%
- **Difficulties navigating change management process**: 6%
- **Unclear ROI**: 4%
- **Difficulties navigating procurement processes/SLAs**: 4%
- **Concerns with vendors’ incident response capabilities**: 2%
- **Other**: 1%
- **None of the above**: 2%
- **Don’t know**: 10%

Survey-takers most frequently cite budget constraints (17%) and security concerns (14%) as the chief barriers their organisation faces with regard to cloud adoption.

One respondent elaborates on agency security concerns:

“
Our personally identifiable information (PII) policy is so strict that we cannot use most cloud services, and those we can use are limited to certain individuals within the organisation. Consequently, we cannot employ even federally-approved services for things like event registration, surveys, and file transfer — and our own home-built solutions are mediocre.

*Survey Respondent*
Relatively few organisations have formulated a comprehensive cloud strategy

What best describes your organisation’s cloud strategy?

- Refers to a comprehensive strategy for evaluating, investing in, and implementing cloud technologies: 29%
- Developing a strategy but has yet to address specifics: 20%
- Takes a piecemeal approach to cloud investment and has yet to develop an overarching strategy: 29%
- Don’t know: 22%

Percentage of respondents, n=394
Note: Percentages may not add up to 100% due to rounding

Nearly half of respondents note that their organisation has yet to develop a concrete strategy for evaluating, investing in, and implementing cloud technologies.

“We need to develop a strategic plan to build and maintain capabilities and systems aligned with the agency’s overall plan.”

Survey Respondent
Organisations expect cloud adoption to yield a range of benefits

Respondents most frequently point to enhanced data sharing/collaboration (13%) and greater scalability/flexibility (12%) as the primary benefits their organisation expects from cloud adoption.

“Our recent transition to a cloud-based financial management system has brought opportunities and challenges. It does not necessarily provide time and resource savings; however, it combined two legacy systems into one streamlined process and allows for better report generation and accounting transparency.”

Survey Respondent
Most respondents are satisfied with their organisation’s cloud solutions

In your opinion, to what extent have your organisation’s cloud solutions delivered on initial expectations?

- **Below expectations**: 30%
- **Fulfilled expectations**: 60%
- **Exceeded expectations**: 10%

<table>
<thead>
<tr>
<th>Category</th>
<th>Below expectations</th>
<th>Fulfilled expectations</th>
<th>Exceeded expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>30%</td>
<td>60%</td>
<td>10%</td>
</tr>
<tr>
<td>GS/GM 13 &amp; above</td>
<td>42%</td>
<td>48%</td>
<td>9%</td>
</tr>
<tr>
<td>GS/GM 12 &amp; below</td>
<td>33%</td>
<td>67%</td>
<td>0%</td>
</tr>
</tbody>
</table>

While a majority are satisfied with the performance of their organisation’s cloud solutions, 30% feel that the cloud has delivered below expectations. In addition, senior federal leaders are slightly more critical — 42% of those ranked GS/GM 13 and above feel that cloud technologies have delivered below expectations, versus 33% of those ranked GS/GM 12 and below.

70% of all respondents feel that the cloud has fulfilled or exceeded expectations.
Respondents want organisations to prioritise various workforce and IT-related elements

When asked what they would most like their organisation to prioritise in the next two years, respondents most frequently identify employee efficiency/productivity (15%), IT training/development (12%), employee morale (12%), and investment in state-of-the-art technologies (12%).

"IT personnel are overwhelmed with their workload, preventing realistic customer service time frames."

Survey Respondent
Final Considerations

Looking ahead, public and private sector organisations should...

Continue to modernise IT infrastructure

Legacy systems, as per their name, have an expiration date — and respondents observe that outdated IT infrastructure is becoming increasingly unsustainable in the face of evolving needs and mission objectives. Survey-takers identify various potential benefits of implementing cloud solutions and other technologies, including improved data collaboration and management, greater flexibility, and long-term cost savings. However, organisations must tackle a range of technical and bureaucratic obstacles — including resource constraints, lack of in-house IT expertise, and ineffective change management processes — before they can fully take advantage of state-of-the-art services.

Establish a mission-aligned cloud strategy

While a growing number of organisations are considering the cloud, survey-takers point out that many have yet to craft and refer to a comprehensive strategy for evaluating, investing in, and implementing solutions. The best of intentions can be derailed without a robust supporting framework — as one respondent puts it, “bad requirements equal bad results.” Even more than investing in new technologies, respondents want their organisation to prioritise workforce-related elements such as employee efficiency, training, and morale. Addressing these articulated gaps should form the backbone of organisations’ IT modernisation strategy: cloud capabilities can only be successfully harnessed if senior leadership places employee and customer needs at the forefront of their considerations.
Respondent Profile

Survey respondents are largely senior federal leaders

**Employment situation**

- **Active duty military**: 3%
- **Federal civilian (non-DoD)**: 43%
- **DoD civilian**: 14%
- **State/local government**: 25%
- **Industry/private sector**: 6%
- **Other**: 11%

*Note: Percentages may not add up to 100% due to rounding*

60% of respondents rank are federal employees.

**Job grade**

- **SES**: 3%
- **GS/GM-15**: 8%
- **GS/GM-14**: 13%
- **GS/GM-13**: 18%
- **GS/GM-12**: 21%
- **GS/GM-11**: 12%
- **GS/GM-10 or below**: 12%
- **Other**: 13%

*Note: Percentages may not add up to 100% due to rounding*

42% of federal respondents rank GS/GM-12 or above, including members of the Senior Executive Service (SES).

"Other" includes those employed under other pay scales or ranking systems (e.g., Military, Foreign Service, Federal Wage System, Executive Schedule, etc.)
Respondents represent a wide range of federal agencies and job functions

<table>
<thead>
<tr>
<th>Job function</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program/project management</td>
<td>15%</td>
</tr>
<tr>
<td>Administrative/office services</td>
<td>11%</td>
</tr>
<tr>
<td>Agency leadership</td>
<td>9%</td>
</tr>
<tr>
<td>Technical/scientific</td>
<td>8%</td>
</tr>
<tr>
<td>Information technology</td>
<td>7%</td>
</tr>
<tr>
<td>Finance</td>
<td>6%</td>
</tr>
<tr>
<td>Acquisition/procurement</td>
<td>5%</td>
</tr>
<tr>
<td>Human resources</td>
<td>5%</td>
</tr>
<tr>
<td>Healthcare professions</td>
<td>4%</td>
</tr>
<tr>
<td>Law enforcement/public safety</td>
<td>4%</td>
</tr>
<tr>
<td>Audit/inspectors general</td>
<td>3%</td>
</tr>
<tr>
<td>Policy research/analysis</td>
<td>3%</td>
</tr>
<tr>
<td>Communications/public relations</td>
<td>2%</td>
</tr>
<tr>
<td>Legal</td>
<td>2%</td>
</tr>
<tr>
<td>Facilities, fleet, and real estate</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>13%</td>
</tr>
</tbody>
</table>

Respondents were asked to choose which single response best describes their primary job function.

Departments and agencies represented

- Veterans Affairs
- Marine Corps
- Interior
- Justice
- Homeland Security
- Education
- Agriculture
- Social Security Administration
- Army
- Energy
- Office of the Secretary of Defense
- Congress/Legislative Branch
- Treasury
- Combatant Commands
- Air Force
- Joint Chiefs of Staff
- Navy
- Central Intelligence Agency
- Health and Human Services
- Agency for International Development
- Transportation
- National Aeronautics and Space Administration
- State
- Executive Office of the President
- General Services Administration
- Other independent agencies
- Commerce
- Housing and Urban Development
- Other independent agencies

Note: Percentages may not add up to 100% due to rounding.
Respondents represent a wide range of federal agencies and job functions.

**State or local employment situation**

- **State government**: 26%
- **County or county equivalent government**: 27%
- **Municipal government**: 33%
- **Township government**: 3%
- **Independent special district government**: 5%
- **Other**: 6%

Note: Percentages may not add up to 100% due to rounding.

68% of state or local government respondents hold positions in local government positions, whether at the county, municipal, township, or independent district levels.

**Organisation role**

- **C-suite/executive level**: 21%
- **VP/senior level**: 29%
- **Mid-level**: 45%
- **Entry/junior level**: 5%

Note: Percentages may not add up to 100% due to rounding.

50% of industry respondents hold C-suite/executive or VP/senior level positions.
Respondents represent a wide range of federal agencies and job functions.

**Role in procurement decision-making process**
- Final decision-maker: 9%
- Involved in decision-making process: 22%
- Perform work that assists in decision-making process: 25%
- Not involved in decision-making process: 41%
- Other: 2%

56% of respondents are involved in their organisation’s procurement decision-making process.

**Reports/oversees**
- 1 to 5 employees: 24%
- 6 to 20 employees: 16%
- 21 to 50 employees: 7%
- 51 to 200 employees: 5%
- Over 200 employees: 5%
- None: 43%

57% of respondents are supervisors who oversee at least one employee, either directly or through direct reports.
About

Government Business Council

As Government Executive Media Group’s research division, Government Business Council (GBC) is dedicated to advancing the business of government through analysis, insight, and analytical independence. An extension of Government Executive’s 40 years of exemplary editorial standards and commitment to the highest ethical values, GBC studies influential decision makers from across government to produce intelligence-based research and analysis.

Report Author: Rina Li

Salesforce

Salesforce transforms the way departments, agencies, and its community of contractors meet the unique demands of today’s mission. Salesforce Government Cloud — the world’s #1 enterprise cloud, built for government — gives leadership, management, and employees the mobile self-service tools they need to connect data, process, citizens, and partners across the mission. With thousands of customer stories and an ecosystem that includes over 2.5 million developers as well as hundreds of certified partners, Salesforce demonstrates how trusted, agile, proven cloud applications on a user-friendly development platform deliver better government services and empower modern missions.

Contact

Nickolas McClusky
Director, Research & Strategic Insights
Government Executive Media Group
Tel: 202.266.7841
Email: nmclusky@govexec.com

govexec.com/insights
@GovExecInsights

Contact

Call us for free on:
1800 667 638 (AU)

or visit us on:
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