



5 Myths About the Public Cloud You Don't Have to Believe Anymore

ASUG



There is a lot to say about the cloud these days. In SAP technology circles, phrases like “digital transformation” and “data migration” are tossed around regularly and are often used synonymously with the journey from on-premise systems to the cloud. While moving to the cloud may only be part of a company’s digital transformation, it is an important one. There is a difference between knowing what a digital transformation is and how to make it happen. To tackle the latter, you must properly understand the cloud environment and be able to discern fact from fiction.

Enter the Myth Busters

In 2017, ASUG conducted a research study on cloud technology leading to a white paper that helped debunk a few myths about the cloud. Among the myths we discovered were:

1. Everyone knows what the cloud is or is supposed to be.
2. The cloud is more hype than a real strategy companies are adopting.

As the complexity of what cloud services could look like increases (think of newer offerings like container-as-a-service that are hitting the market almost as fast as we can blink), it’s important to understand the basics. While some want to pride themselves on having the latest and greatest solutions, many are content to continue their normal operations with the same or better functionality by introducing the cloud into their processes.

One of the earliest decisions about cloud technology can also be foggy (pun intended): The decision about what type of cloud is best for running your company’s workloads. Is a public cloud better suited for your needs, or a private cloud? Many biases and preconceptions already exist related to this question. To continue on our myth-busting path, ASUG conducted research sponsored by Microsoft in 2018 to examine some potential concerns specifically related to the public cloud. Which beliefs are true, and which ones might be under- or over-estimated? The data we discovered busts five myths.

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1 Myth #1 – Journeys should begin on a private cloud.

From a list of nine possible concerns nonusers might have about the public cloud, respondents on average identified two to three top fears. Not surprisingly, the number one fear for public cloud nonusers is security, with a whopping 87 percent citing this as a concern. This uncertainty may be rooted in the belief that “public” equates to more access, and therefore more vulnerability. As a result, some may feel the safer play is to begin with the private cloud.

Figure 1: Type of Cloud Provider—by Length of Time in the Cloud

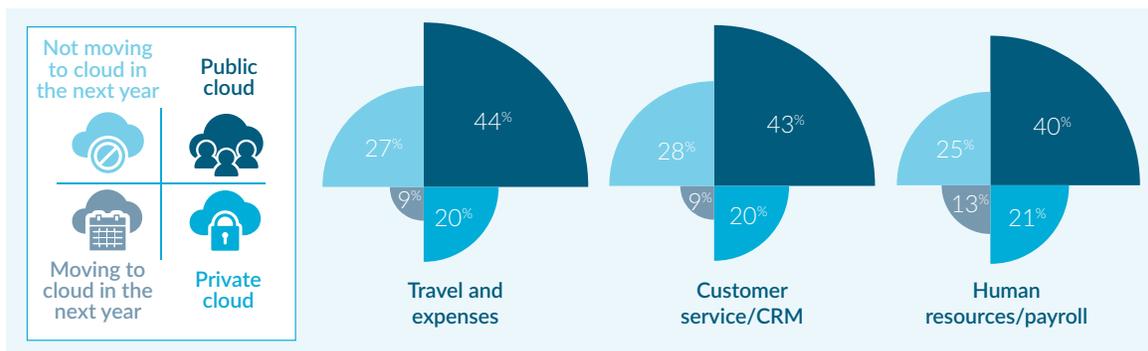
	TOTAL	Less than 1 year	1-2 years	3-5 years	More than 5 years
Public cloud	22%	40%	23%	21%	16%
Private cloud	25%	20%	33%	17%	26%
Both public and private cloud	53%	40%	44%	62%	58%

Yet what is happening within the market is the exact opposite. When we asked cloud users with various experience levels what type of cloud technology they are running for their business, those with less than a year of experience—who are just starting their cloud journey—are more likely to choose the public cloud over the private cloud. Forty percent of these new users are exclusively using the public cloud, while another 40 percent began by adopting a hybrid (both public and private cloud) approach. Only 20 percent strictly chose a private cloud first. This appears to signal a shift in the industry. Confidence in the public cloud has increased, and a majority of new users are starting their cloud journey on these public platforms.

Why would this be the case? The data shows that the workloads most likely to be added to the cloud initially are travel and expenses (T&E), human resources (HR)/payroll, and customer relationship management (CRM). This is consistent with the findings in ASUG’s 2017 cloud research.

Our new research shows that these workloads are twice as likely to be loaded onto a public cloud than onto a private cloud. These workloads are based on the software as a service (SaaS) model, so they should require less internal support and cost less to deploy.

Figure 2: Workloads Within the Public Cloud



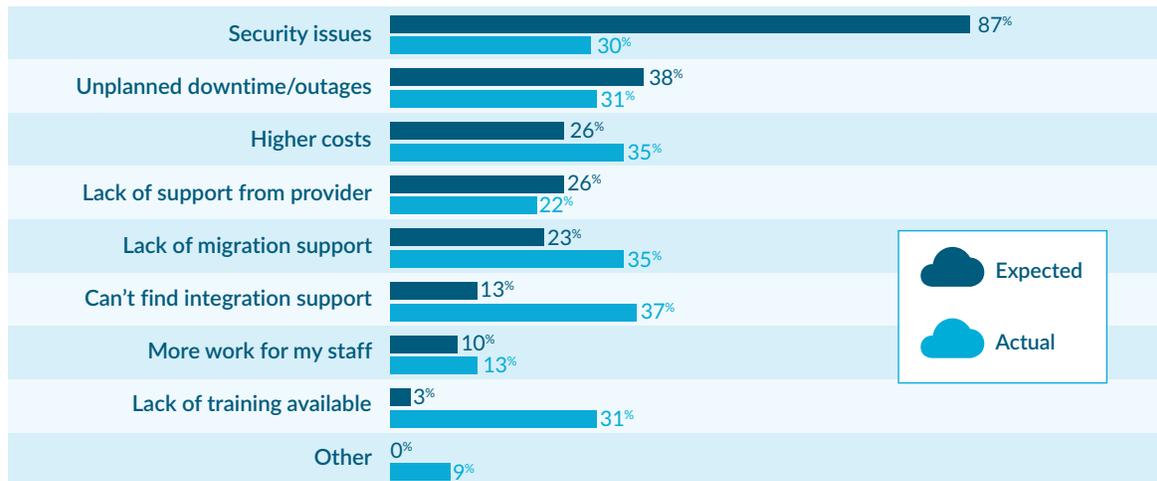
To optimally run these systems on the cloud, it makes sense to put them on an affordable platform where security issues are not a barrier. And as you'll learn from the next two myths, the public cloud is positioned well to address both challenges.

2 Myth #2 – Security is a big challenge for the public cloud.

As mentioned earlier, this line of thinking is significant among SAP users who are not already in the cloud. To put this in perspective, 87 percent of public cloud nonusers believe security is a big concern for the public cloud. The second-biggest reported concern—at 38 percent—is unplanned downtime or outages. In fact, security is almost as big of a concern as the next three biggest challenges (downtime, cost, lack of support) combined. Clearly this is at the top of customers' minds when they're considering the public cloud. But is this fear based on reality or perception?

Our research suggests that it is more perception than reality. Even though nearly all nonusers are worried about security, only 30 percent of actual public cloud users report security as a challenge they face. In fact, it ranks sixth out of eight possible challenges reported by respondents, placing it behind other factors such as integration support, cost, lack of migration support, unplanned downtime, and lack of training. Clearly the security fears don't match the reality.

Figure 3: Concerns About the Public Cloud



In fact, public cloud users actually see security improve. When asked about benefits they receive from their public cloud service, 29 percent report “greater data security.” While deploying data-sensitive applications like ERP can be a security challenge within the public cloud, with the proper resources and a keen understanding of the environment, cloud customers can turn security from a threat into an opportunity.

Public cloud security is...

30%

A Challenge

29%

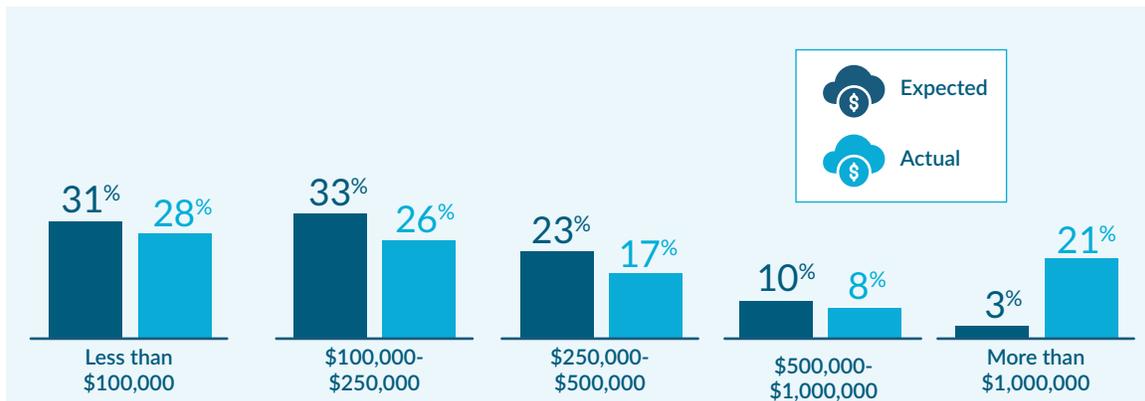
A Benefit



3 Myth #3 – Costs are prohibitive to adopting the public cloud.

While security can certainly be a public cloud benefit, public cloud users can also save money. While 87 percent of those not using the public cloud expect to spend \$500,000 or less annually to run multiple workloads, nearly a third of ASUG members living on public cloud platforms are spending above this threshold.

Figure 4: Actual Spend vs. Expected Spend



Does this mean that cost is a bigger problem than anticipated? A deeper look at the data shows that this is not the case. Those spending more than \$500k annually on cloud services are running an average of six major workloads on a public cloud. For comparison, customers spending \$500k or less are running an average of three major workloads on a public cloud. The cost of public cloud services may instead be an accelerator, not a prohibitor, to cloud adoption. Public cloud costs could be so affordable that companies are seeing greater flexibility and can fit more workloads onto the public cloud while staying within their budget.

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Want more supporting data? Roughly a third of ASUG members (35 percent) who are public cloud customers responded that higher costs are a challenge for them. As a benefit? More than half (58 percent) state that they have benefitted from cost savings due to using the public cloud.

So how do these experiences align? One hypothesis could be that low initial costs for public cloud adoption lead to more workloads being adopted early. Once companies (specifically company executives) see the positive results from their public cloud adoption, they are eager to add more workloads onto these platforms, which naturally increases the cost (leading to higher cost challenges for some). Still, these costs could be a fraction of what companies might pay (or are already paying) to run them on-premise or in a private cloud, leading some to recognize these as cost savings. Putting it all together, it appears that cost is not the barrier to public cloud use that some believe it to be.

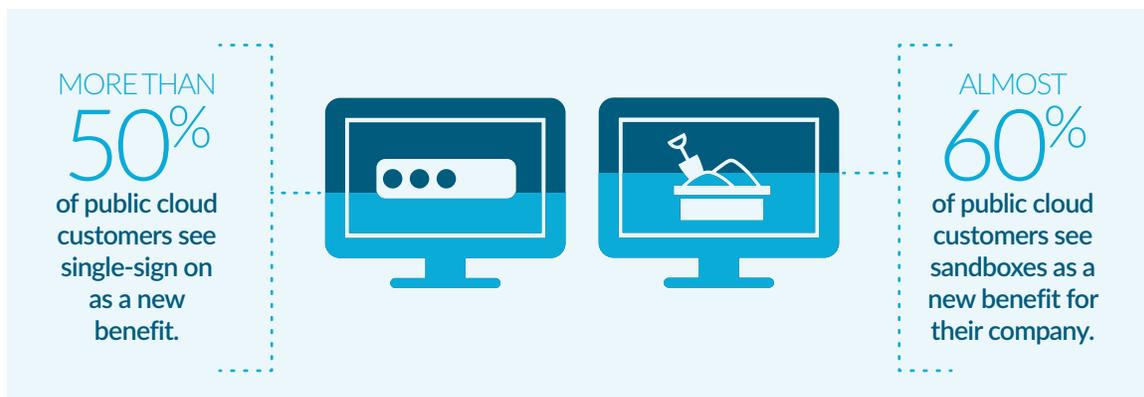
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Myth #4 – The most effective use of the cloud is to split your workloads.

Admittedly, this myth may be perpetuated as often by cloud service providers as by cloud customers. These providers are operating under the premise of “If I’m not your preferred provider, at least run something on my platform.” Diversifying your cloud portfolio by splitting up workloads can help reduce the potential for system overloads. And certain providers may have better optimization and support for one type of workload but not necessarily across the board. Taking a pick-and-choose approach may help each individual system run at its best. But is it the best approach across systems?

Users are wasting time every day by logging into multiple systems and setting up each one, especially if each workload is running on its own private cloud. With new options from public cloud providers like single-sign on (SSO), the logon process for cloud users can be simplified greatly. In fact, 52 percent of ASUG members using the public cloud see SSO as a benefit they either didn’t know about or they knew about it but are taking advantage of for the first time. Those SAP users who are using multiple systems daily would most benefit from SSO capabilities.

Figure 5: Top New Benefits of Working With a Public Cloud Provider



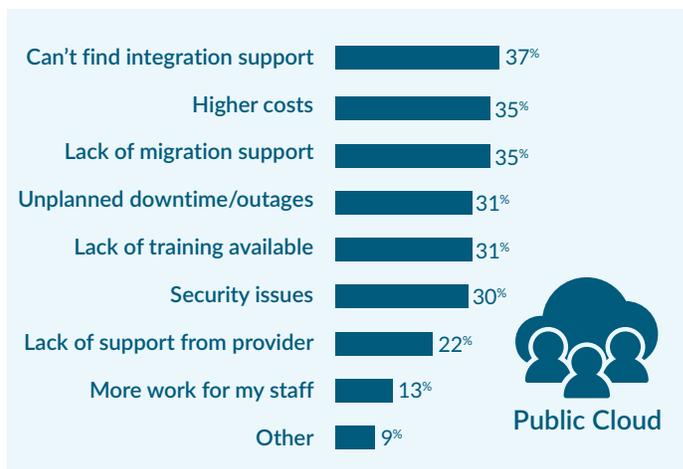
Or what about sandbox environments for testing new workloads you want to introduce to the cloud? Almost 60 percent of public cloud customers see sandboxes as a new benefit for their company. Yet running sandbox environments across multiple platforms does not allow you to control for the nuances of the platform and understand how the workload will truly perform. Sandboxing various workloads on the same platform (perhaps using a cloud-based container service like Kubernetes or Docker) will allow you to understand the details of each workload’s cloud performance without having to account for another variable. The fact of the matter is, splitting up workloads may be effective, but it’s not necessarily efficient.

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5 Myth #5 – Integration support is an issue for the future, not the present.

As many companies prepare to make the jump to SAP S/4HANA (and we know roughly 60 percent plan to do so completely or partially on the cloud), third-party integration support for data migration is something they must prepare for. Still, many of these companies are leveraging their existing SAP ECC investments or waiting for legacy contracts to expire before renegotiating with SAP and making this move. Many of these customers may be planning their transition closer to the expected 2025 cutoff date of SAP ECC support. So, is finding an integration partner an issue that must be dealt with now? Or can companies wait a few years to see how their investment will shake out before planning this strategy?

Figure 6: Challenges with the Public Cloud



Most nonusers of the public cloud believe this is an issue for the future and not now. Only 13 percent of them believe they will have a challenge finding integration support while getting set up on the public cloud. Many of these nonusers may mistakenly believe it is the responsibility of the cloud service provider to assist them with this change. While a cloud provider can help you get your individual system set up on the cloud, integration with workloads remaining on-premise or running on other cloud solutions is definitely outside of their scope. Third-party solution providers are the bridge to close that gap.

And these integration support companies are not as prevalent as you may think, evident in how hard it is for customers to find them. Among public cloud customers, lack of integration support is the number one challenge reported by ASUG members. More than a third (37 percent) of our respondents are dealing with this issue. If your company is not conducting a full-scale migration of all workloads to the cloud, additional integration support will be necessary, but scarce.

Cloud service providers can help themselves by helping their customers. These providers ought to form relationships with integration partners that are ready to help customers connect cloud-based systems with on-premise systems or even systems that are running on different platforms. Customers looking to select a cloud provider to use for their workloads should seek providers that already have best-in-class support companies on their preferred vendor lists. As a user, however, don't make the mistake of thinking this is an issue you can deal with in the future. Plan your strategy and line up your support now, and your company will thank you later.

What's Your Next Move?

Maybe you're just starting your cloud journey. Perhaps you have been reluctant to try the public cloud because you've heard from an industry peer about rising costs and didn't get the full story. Or maybe you've been using the private cloud and have heard some worrisome things about the public cloud. Whatever your situation, we hope we've busted enough myths to assure you that public cloud technology is a safer and wiser investment than many SAP users realize.

If you're using the public cloud already, then you are likely already experiencing many of the benefits we've discussed in this paper and moving additional workloads to the public cloud at an accelerated pace. You can share your experience to help your colleagues feel more confident in this approach.

So, what's next? Explore the public cloud provider options to find one that meets your ideal balance of security and cost. Hopefully this provider is also prepared to help you find the integration support you'll need both in the short- and long-term. We're confident that after reading this paper and doing a little digging on your own, you'll be able to find the solution that works best for you.

ABOUT ASUG

Founded in 1991 by four pioneers who understood the potential of SAP software, Americas' SAP Users' Group (ASUG) today is the world's largest independent SAP user group with 2,400-plus corporate members. ASUG's mission is to help our members maximize the value of their SAP investments. So no matter where you are on your SAP journey, ASUG is here to help you navigate every step of the way. Find membership information at <https://www.asug.com/join>

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