Cloud Transformation
From a CFO’s Perspective

Chris Hennesey (he / him)
Enterprise Strategist, AWS
What **challenges** do CFO's have with the cloud?
What challenges do CFO’s have with the cloud?

Measuring the return on investment of cloud investments
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- Measuring the return on investment of cloud investments

- **Understanding how cloud investments affect capital and operating expenses**
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Taking advantage of R&D tax credits for cloud investments
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Using the cloud to fully unlock the value of technology
And yet . . .

While $80\%^1$ of CFO’s feel responsible for cloud investment decisions; Nearly a $\textit{quarter}^2$ of CFOs feel they either have no effective collaboration or only limited collaboration with the CIO when compared to their other C-suite peers.

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$^1$ PwC Cloud Business Survey


$^2$ CFO’s to Play a Critical Role in Reframing the Future of the Enterprise Beyond COVID-19

How customers have addressed these CFO concerns

1. Deepening CFO Engagement
2. Funding Transformation
3. Continuously Delivering Value
How to engage your CFO in cloud transformation
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**Include**

- Foster and build relationship
- Empathize with peer
- Seek opportunities to collaborate
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Your expertise is different than the CFO’s – teach, don’t tell and reciprocate
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Ways to **fund** your cloud transformation
Organizations need to take action to address current trends

~75% of IT budgets are dedicated to “keeping the lights on”

Technology industry is likely to see >20% attrition rate in 2022

~90% of decision-makers felt they would be at risk of lagging behind the competition if they don’t more deeply invest in technology
These are several ways to increase transformational capacity

1. Plan
   Leverage budgeting and target setting to shift capacity to IT from non-IT

2. Operationalize
   Embed operating norms into your development practices

3. Self-Fund
   Create dedicated RTE optimization focus
   Evaluate the role mix inside your IT organization

4. Seed Fund
   Invest in dedicated transformational resources
How to **deliver value** continuously through your transformation
Cloud benefits range from decreasing cost to driving faster innovation

<table>
<thead>
<tr>
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<th>Staff productivity</th>
<th>Operational resilience</th>
<th>Business agility</th>
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<td><strong>What is it?</strong> Deploying new features/applications faster and reducing errors</td>
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<td><strong>Example</strong> 50%+ reduction in TCO (GE)</td>
<td><strong>Example</strong> Over 500 hours per year of server configuration time saved (Sage)</td>
<td><strong>Example</strong> Critical workloads run in multiple AZs and Regions for robust DR (Expedia)</td>
<td><strong>Example</strong> Launch of new products 75% faster (Unilever)</td>
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**Cost impact**

**Value impact**
Where does cloud business value come from?

Non-TCO Drivers Constitute Over 90% of Business Value

Distribution of benefits from moving to AWS

- 47% Business productivity
- 32% IT staff productivity
- 13% Risk mitigation - user productivity
- 8% IT infrastructure cost reductions

AWS Cloud Value Framework

- Cost savings (TCO)
- Operational resilience
- Staff productivity
- Business agility

Source: "Fostering Business and Organizational Transformation to Generate Business Value with Amazon Web Services", IDC, Feb 2018.
The Hackett Group recently completed a business value assessment *Global 1000 Benchmark*

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* Source: Hackett Group 2021. The percentage values on this page represents the improvement in these respective KPIs since migration.
Cost savings
Global 1000 benchmarking insights

4% decrease
Total IT spend as a % of revenue

20% decrease
Total Infrastructure spend as a % of revenue

Before Migration | After Migration
---|---
Before Migration | After Migration

Migrated application cost reduction over time

Source: Global 1000 Benchmark, the Hackett Group 2021
Staff productivity
Global 1000 benchmarking insights

- **66% increase** in VMs managed per admin before migration vs. after migration.
- **17% increase** in infrastructure staff focused on strategic work before migration vs. after migration.
- **29% increase** in development staff focused on building new features before migration vs. after migration.
- **32% decrease** in average time between production releases before migration vs. after migration.

Source: Global 1000 Benchmark, the Hackett Group 2021
Operational resilience
Global 1000 benchmarking insights

- **45% decrease**
  - Security incidents

- **39% decrease**
  - Mean time to detect security incidents

- **69% decrease**
  - Unplanned downtime

- **23% increase**
  - % Infra. SLAs met

Source: Global 1000 Benchmark, the Hackett Group 2021
Business Agility
Global 1000 benchmarking insights

60% decrease
Time to actionable insight

43% decrease
Time to market for new features

34% decrease
Average time for production releases

40% increase
% of projects using agile/DevOps

Source: Global 1000 Benchmark, the Hackett Group 2021
As you leave here today, ask yourself the following questions

How would you assess the leverage you are getting from your CFO in your cloud journey?

What is one way in which you could advance your CFO’s cloud fluency?

What can AWS do to help accelerate your transformation?
Thank you!

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