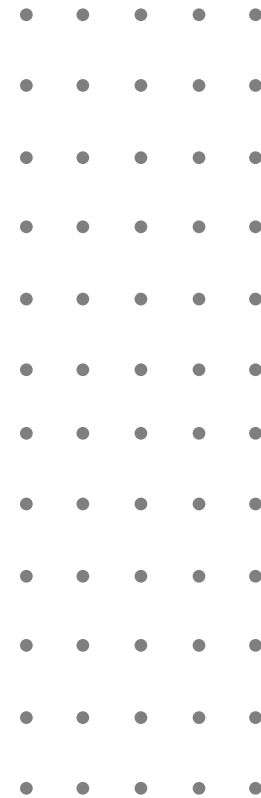




# Scaling for Success: What's Driving Technology Executives in 2022?

Survey Report, February 2022



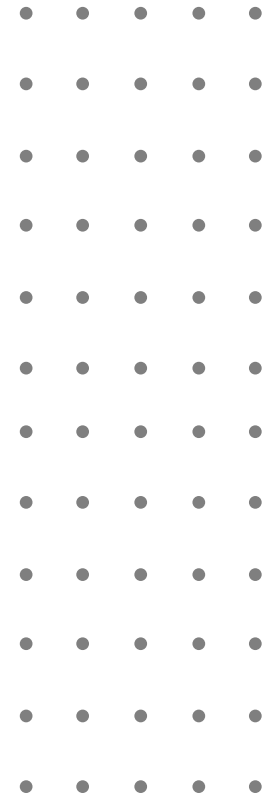
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# Introduction and Key Findings



## Introduction

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Today's CIOs and CTOs have many challenges, especially when it comes to managing a complex multi or hybrid cloud environment. At Zesty, we were looking for some insight into the nature of these challenges, but found ourselves unable to uncover research that described, in their own words, the organizational and technical challenges for CIOs and CTOs both pre and post-COVID-19.

To get the answers we were looking for, we surveyed 100 CIOs and CTOs who run one or more public clouds in their organization. These respondents were all from the United States and the United Kingdom, working in companies that spanned between 250-1000 employees. The survey was completed by independent survey company, Global Surveyz, and the responses were gathered toward the end of 2021.

The results are a true picture of the challenges facing today's C-suites. The vast majority of companies are now leveraging multi-cloud. However, barriers to success include resource optimization, prioritizing cloud spend, and justifying increases in budget. 100% of respondents see the value of FinOps, and those with increased levels of FinOps maturity are seeing this value brought into fruition with improved benefits of both automation and cost-savings. As cloud investments double over the next 12 months, one thing is clear: The time is now to make sure you have the technology and the mindset in place to truly optimize your cloud growth.



## Key findings

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### 1 The Percentage of the Budget Reserved for Cloud is Set to Jump 62% in 2022

Last year, CIOs and CTOs comment that cloud services make up 29% of the average technology budget. However, in 2022 this number will reach 47%, an increase of 62% in just one year. If this trend continues, by 2023 more than half of the technology budget will be spent on cloud, making it the single most significant spend for technology departments. With so much riding on cloud, using this investment wisely will become more essential than ever.

### 2 Organizations Struggle to Optimize Resources Effectively

Resource utilization is the top cloud challenge for today's CIOs and CTOs at 42%. Other challenges are justifying budget increases (34%) and adhering to allocated cloud budget (31%). Organizations tend to overprovision resources so that they are not left unprepared if they need to scale quickly. As a result, they fail to utilize large portions of pre-purchased resources, creating significant cloud waste. As investment is set to double in 2022, managing the sprawl is more of a challenge than ever.

### 3 It's Increasingly Difficult for CIOs and CTOs to Predict Cloud Needs

58% of respondents are challenged by finding the best cloud offering to match their workload, and call this the most difficult aspect of managing cloud costs. Workloads are constantly changing, so stakeholders need to be able to predict ahead of time which cloud offering will suit tomorrow's needs – which is almost impossible for humans to manage at scale. Respondents also called out allocating costs impactfully, and getting DevOps to shut down idle resources as top cost-related challenges.



#### 4 As FinOps Matures, so Does the Importance of Automation

At 49% of the vote, automating repetitive processes is the top activity that organizations use to support the development of new products and services. As FinOps practices mature within the company, automation becomes even more important, rising to 66% of those respondents who already have an established FinOps strategy in place. With mature FinOps in place, staff can move away from repetitive and manual tasks, and free up time for strategy and customer interaction.

#### 5 However, FinOps is Still a Work in Progress for the Majority of CIOs

The importance of FinOps isn't in question, as 100% of respondents either have a FinOps strategy in place or have a plan to adopt FinOps. However, only 29% define their strategy as mature or evolving, 62% are still growing, and 9% haven't yet begun. We also see that the more mature the FinOps arm of the business, the greater their ability to leverage the cloud for cost savings and automation – making it imperative that today's CIOs look for ways to speed up FinOps growth.

#### 6 CIOs and CTOs Most Prioritized Investment? Cloud Optimization Tools

When we consider the challenges of today's C-suite, from unpredictable product requirements, the dynamic and ever-changing nature of the cloud, managing cost allocations, cloud budgeting and more, it's not surprising that 63% of respondents have put cost-optimization technology at the top of their wish-lists. Today's technical leaders are looking for ways to make cloud optimization easier, smarter and more automated.



# 2022 State of the Cloud



## CIOs and CTOs Drivers for Using Multi-Clouds/Hybrid

The top driver for using multi-cloud or a hybrid strategy is security (59%). CIOs don't want to rely on a single vendor's security protocols, and feel their data is safer in a multi-cloud environment. Close behind as a driver for multi-cloud adoption at 56%, are the specialized technological advantages offered by a specific cloud provider such as AI. Cost efficiency came in third at 39%. However, when we cross-referenced answers according to the maturity of FinOps (figure 2), we found that survey respondents with mature and evolving FinOps practices are more likely to consider cost efficiencies a driver for multi-cloud adoption, at 52% compared to 39% on average.

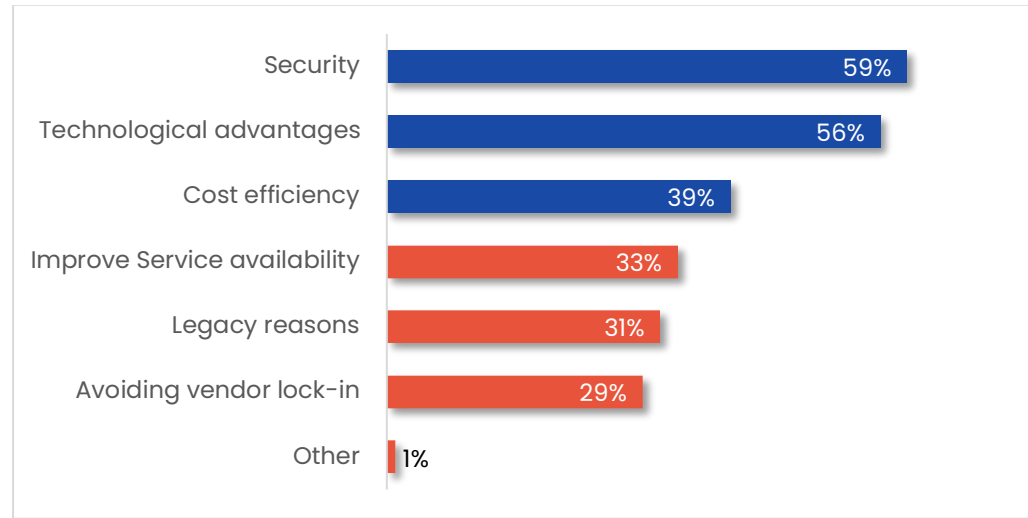


Figure 1 Drivers for Using Multi-Cloud / Hybrid

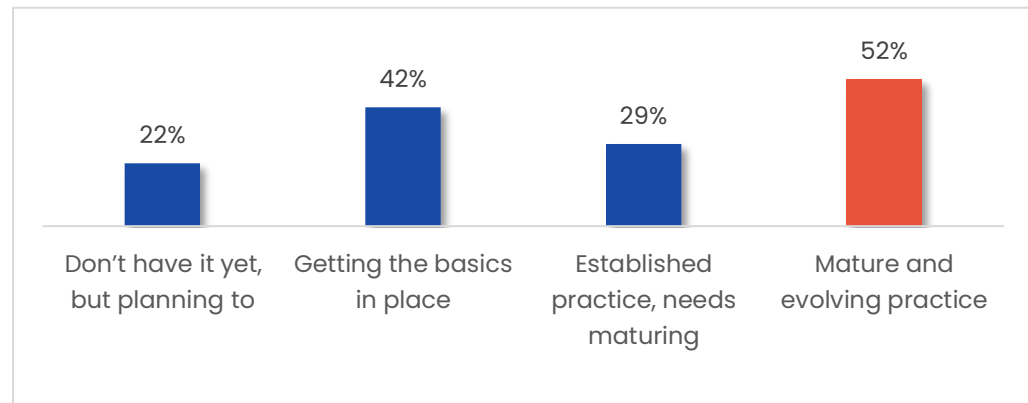


Figure 2 Cost Efficiency Driver by FinOps Maturity





## Top Activities to Support Development of New Products or Services

The top activities to support development of new products and services are automating repetitive tasks (49%), interacting directly with customers (49%) and constructing business use cases with defined costs and benefits in place. (48%).

The importance of automating repetitive tasks becomes even more pivotal as FinOps practices grow in maturity. According to CIOs and CTOs with mature FinOps, the importance of automating repetitive tasks leaps from 49% (for all survey respondents) to 66% amongst those with mature FinOps (figure 4).

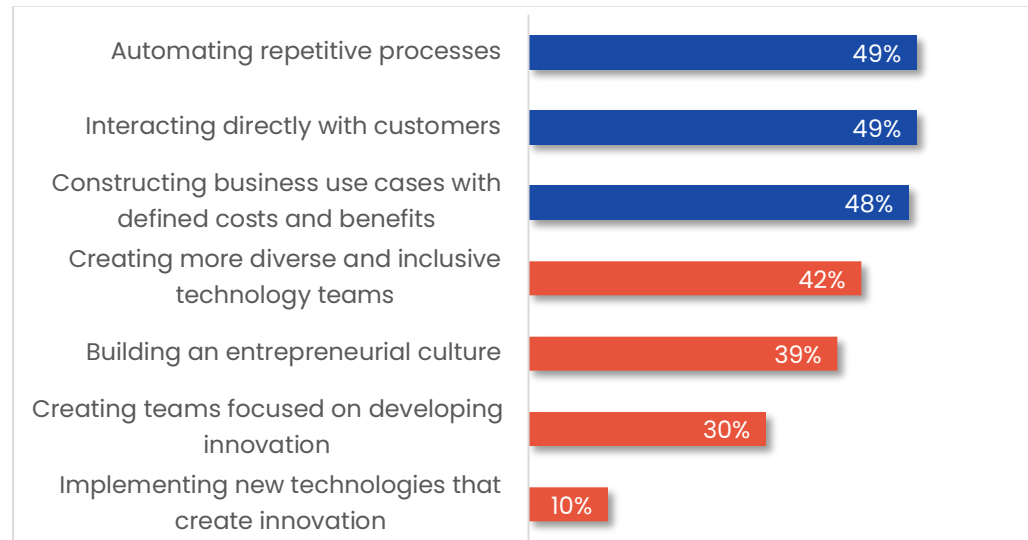


Figure 3 Top Activities to Support Development of New Products

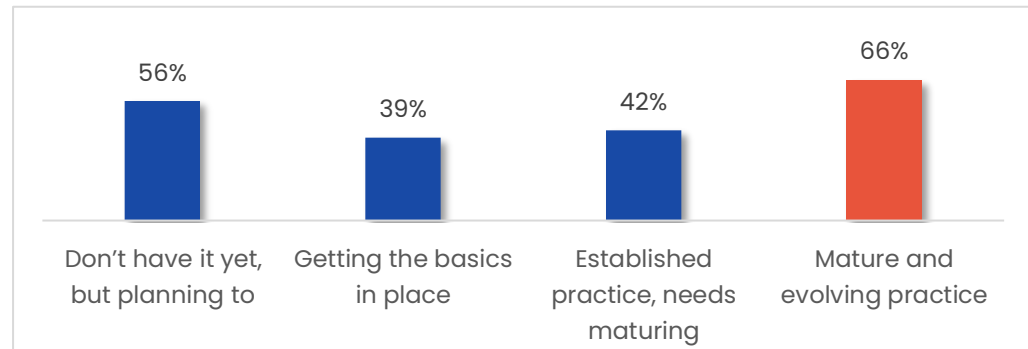


Figure 4 Top Activity 'Automating repetitive processes' by FinOps Maturity

## FinOps Maturity According to CIOs and CTOs

FinOps maturity doesn't happen overnight. 91% of CTOs and CIOs indicated their FinOps maturity is almost split equally between three groups: 31% are just getting the basics of FinOps in place, 31% have an established FinOps practice but it needs maturing, and 29% have a mature and evolving FinOps practice.

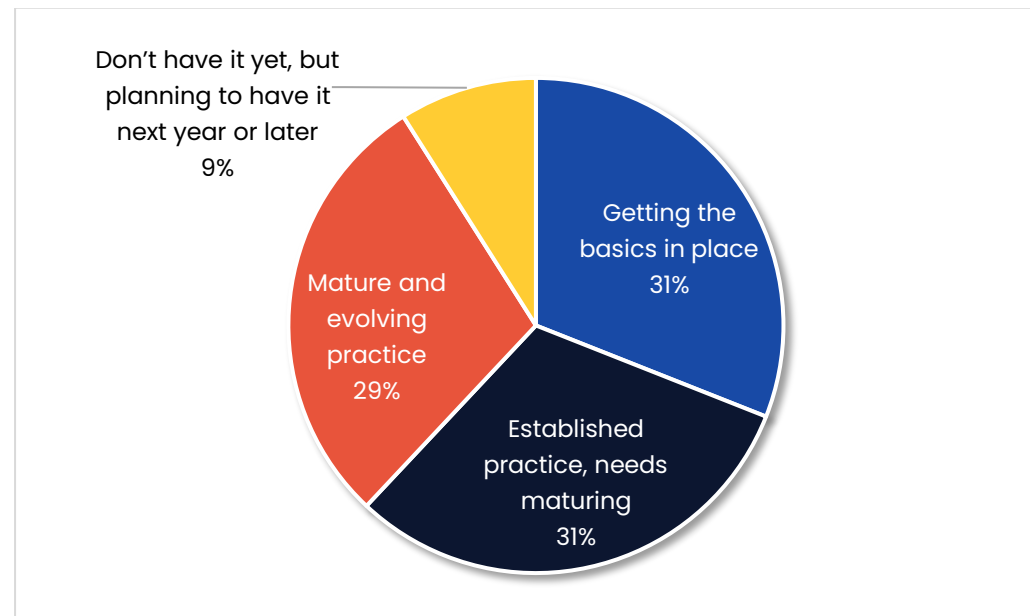


Figure 5 FinOps Maturity According to CIOs and CTOs

## State of Cloud Governance Strategy

Cloud governance is also a work-in-progress. 90% of CTOs and CIOs indicated they have a cloud governance strategy in place, but just 15% call it a mature and evolving practice. In contrast, 29% are getting the basics of cloud governance in place, and almost half (46%) have an established practice for cloud governance, but they admit that it needs maturing. Organizations have only recently realized the importance of cloud governance, and are in various stages of implementation.

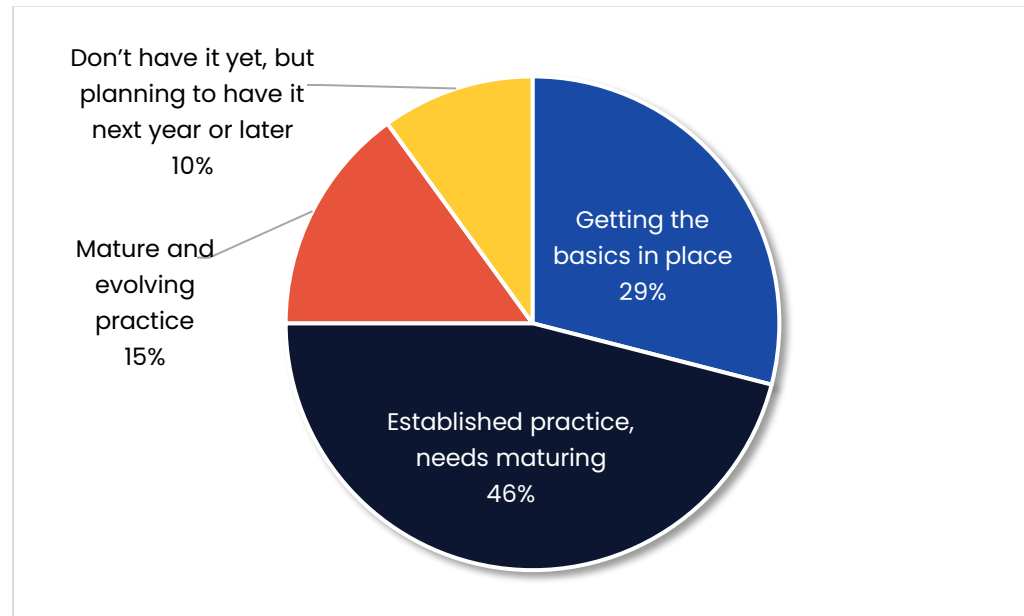


Figure 6 State of Cloud Governance Strategy

## Top Tactics to Protect Organizations Against Downtime/Outages

When asked how companies are protecting against downtime/outages, 63% of CIOs and CTOs ranked the #1 tactic as automating routine tasks. There's clearly an increased focus on allowing engineers to offload menial tasks so that they can focus on performance and service availability. Automation was followed by the use of multi cloud (50%) and backup systems (49%). A multi-cloud strategy ensures that in the case of an outage from a single provider, all data is not lost.

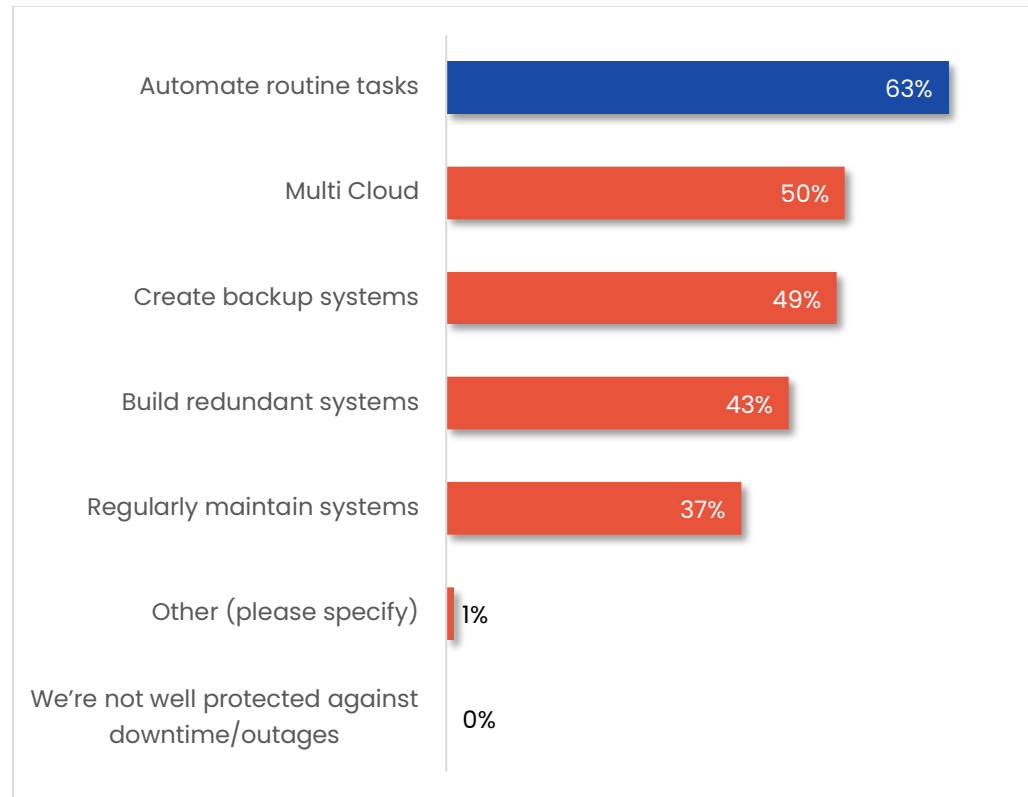
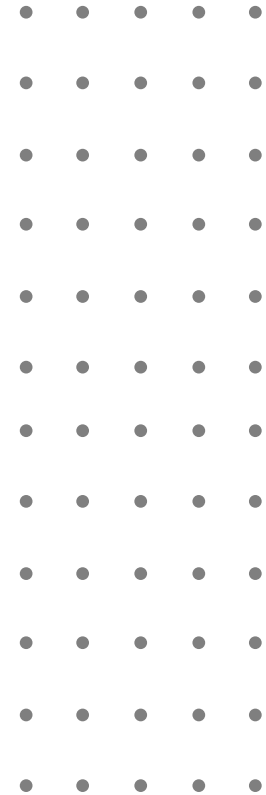


Figure 7 Top Tactics to Protect Organizations Against Downtime/Outages



# Budget, Challenges and Priorities



## Top Cloud Challenges Faced by CIOs and CTOs

Optimizing resource utilization is the top cloud challenge at 42%. This is extremely hard for many organizations as they tend to over-provision to allow for future scale. The other top challenges are security (40%) (which makes sense when you consider that the servers are intended for public mass market usage) and justifying budget increases (34%).

Cost & resource related challenges accounted for 4/10 top challenges. It's almost impossible to accurately gauge the costs of deploying new tools, the needed headcount or the necessary features ahead of time. This dynamic reality means that cloud budgets are often inaccurate.

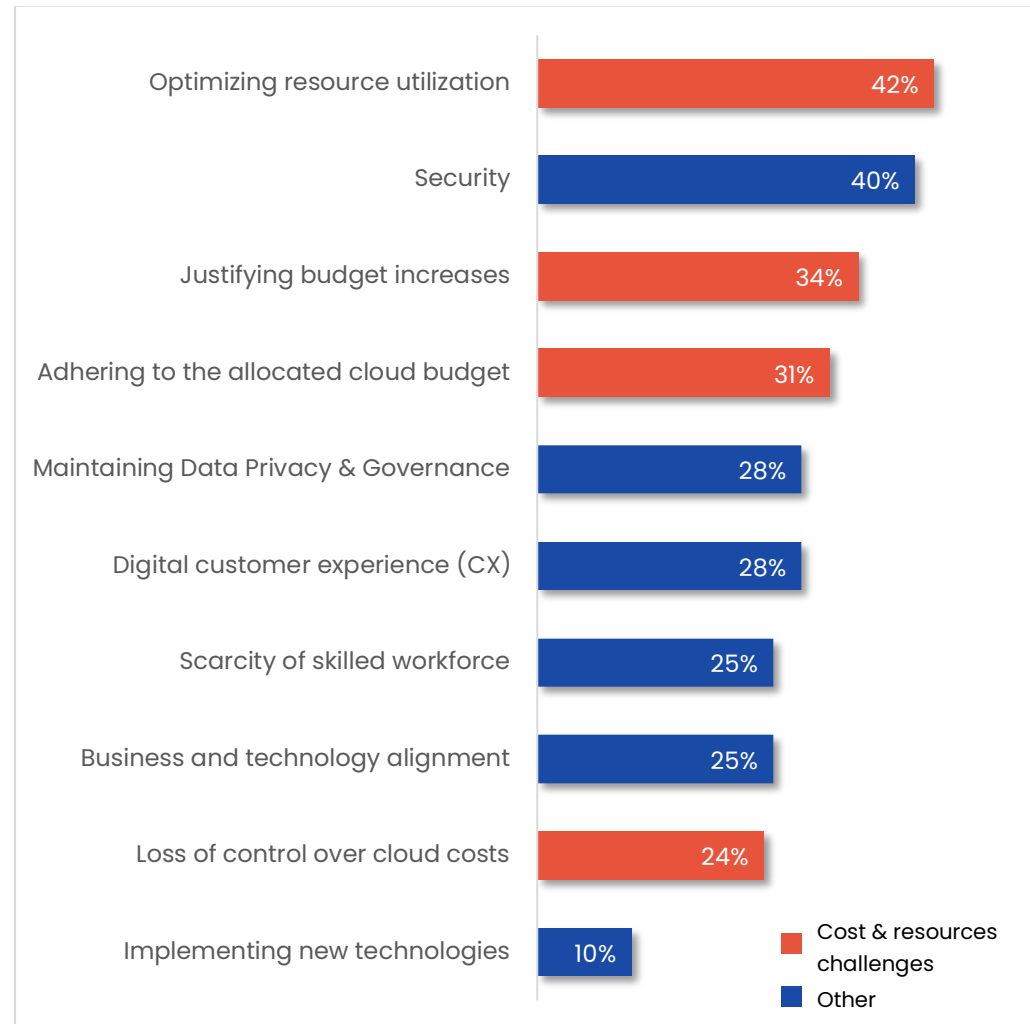


Figure 8 Top Cloud Challenges Faced by CIOs and CTOs



## Average Cost of Public Cloud Services per Month in 2022 (USD)

Between 2021 and 2022, the average cost of public cloud services per month is expected to double from \$1.08 million (USD) to \$2.17 million. Organizations are increasing their cloud investments, making it harder for them to control cloud costs as they scale.

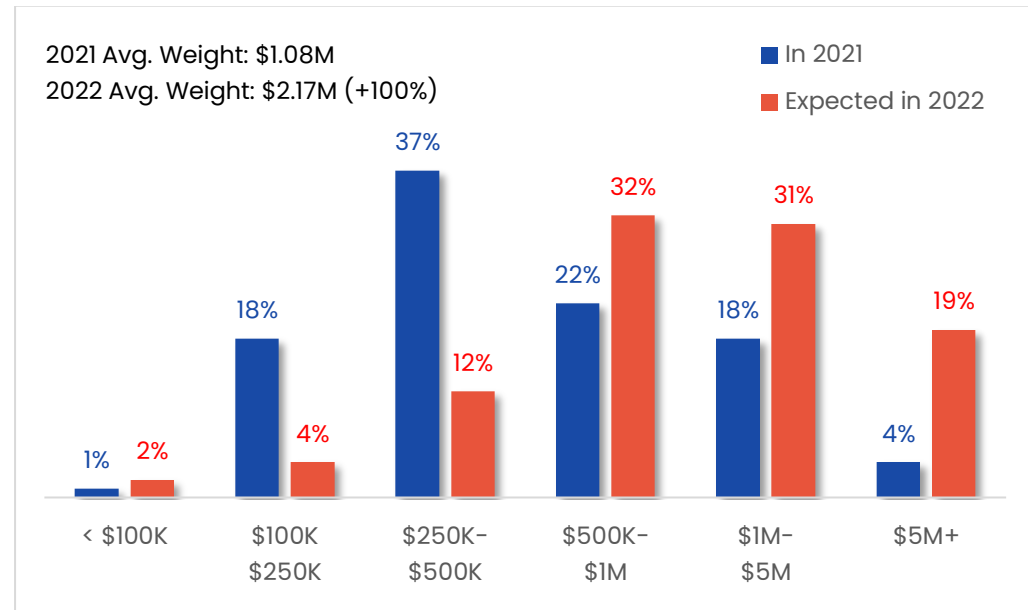


Figure 9 Average Cost of Public Cloud Services per Month in 2022 (USD)



## Cloud Services Budget as Percentage of Overall Tech Budget

In 2021, cloud services accounted for 29% of the overall technology budget. However, this is expected to grow to 47% in 2022, a 62% increase. Watch this space.

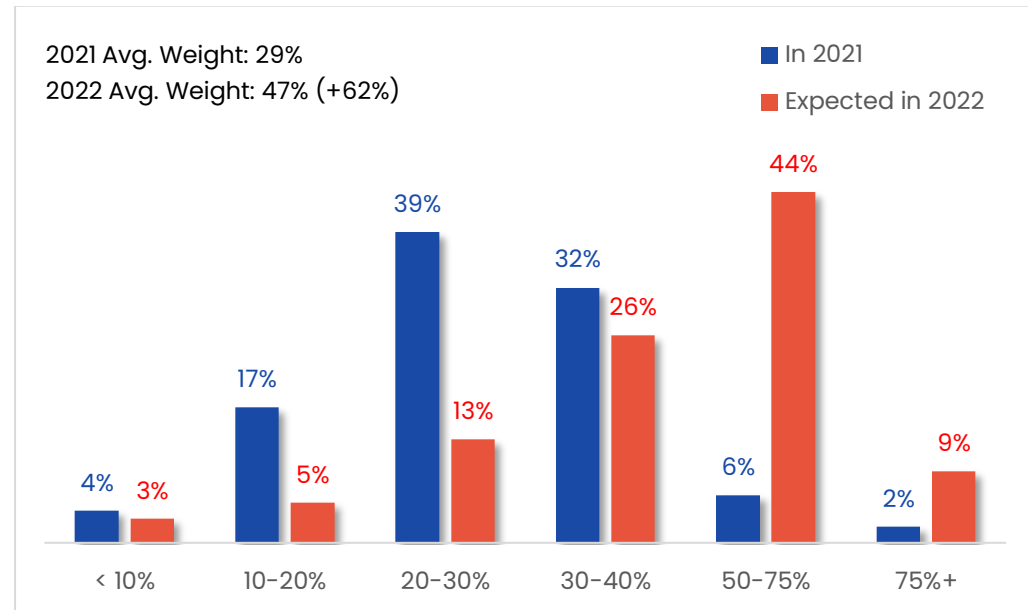


Figure 10 Cloud Services Budget as Percentage of Overall Tech Budget





## Top Challenges for Managing Cloud Costs

At 58%, the top challenge of managing cloud costs is finding the best cloud offering to match the workload, something that needs serious predictive intelligence to get right. This is followed by incentivizing engineering teams to optimize and shut down unused workloads (46%) when they have many competing (and often more interesting) tasks which need their attention, and then cost allocation (46%) which can also be tough when there are multiple departments using various cloud resources.

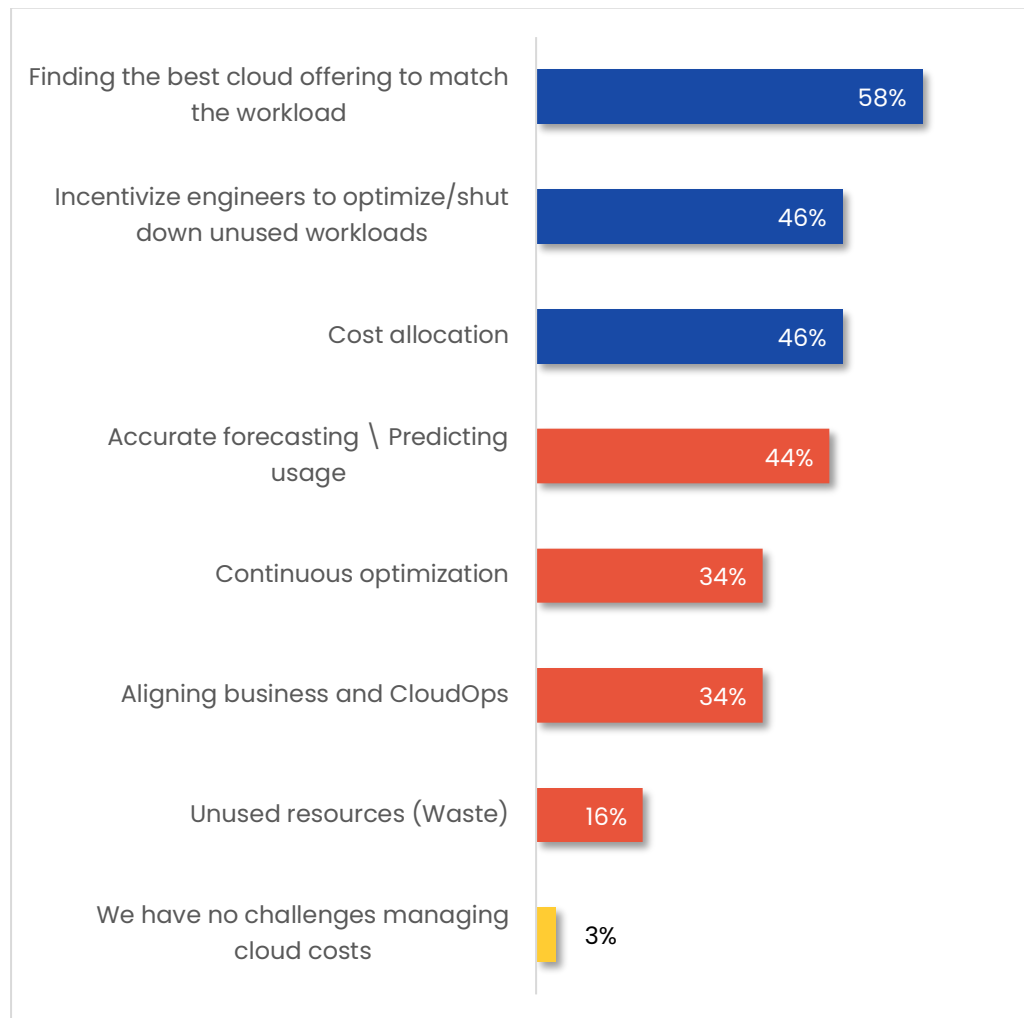


Figure 11 Top Challenges for Managing Cloud Costs



## Top Cloud Priorities Pre-Pandemic and for Next 12 Months

We asked CIOs and CTOs what their top 3 cloud priorities were pre-pandemic and the current priorities they have for the next 12 months.

According to 42% of respondents, the #1 priority pre-pandemic was security investments, but with the financial hit that many organizations took due to COVID-19, this has since dropped to 4<sup>th</sup> place (18%) for the next 12 months.

It has been replaced by revenue-related goals such as aligning speed of IT delivery with speed of business (25%), ensuring compliance needs are met (22%) and increasing direct revenues (20%).

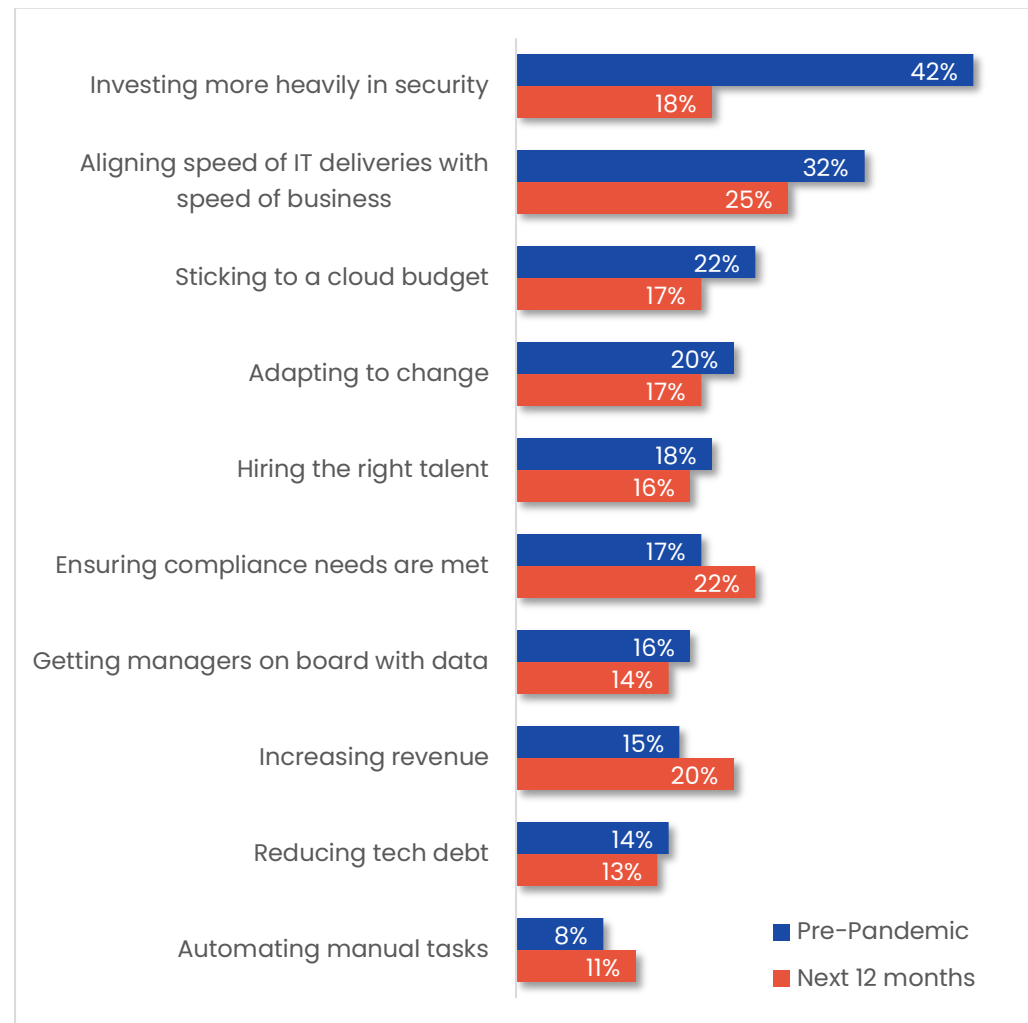


Figure 12 Top Cloud Priorities Pre-Pandemic and for Next 12 Months



## Priority of Automating Manual Tasks by FinOps Maturity

Automating manual tasks ranked last when looking at top cloud priorities (page 18). However, this changes when we consider priorities for the next 12 months by FinOps maturity levels. Here, we see that only those who are just getting the basics of FinOps in place give this a low priority (25%). The majority of those with established or mature FinOps practices are ranking this as a priority for the next 12 months. As FinOps matures, organizations recognize how cost-savings can be driven by eliminating manual and repetitive tasks.

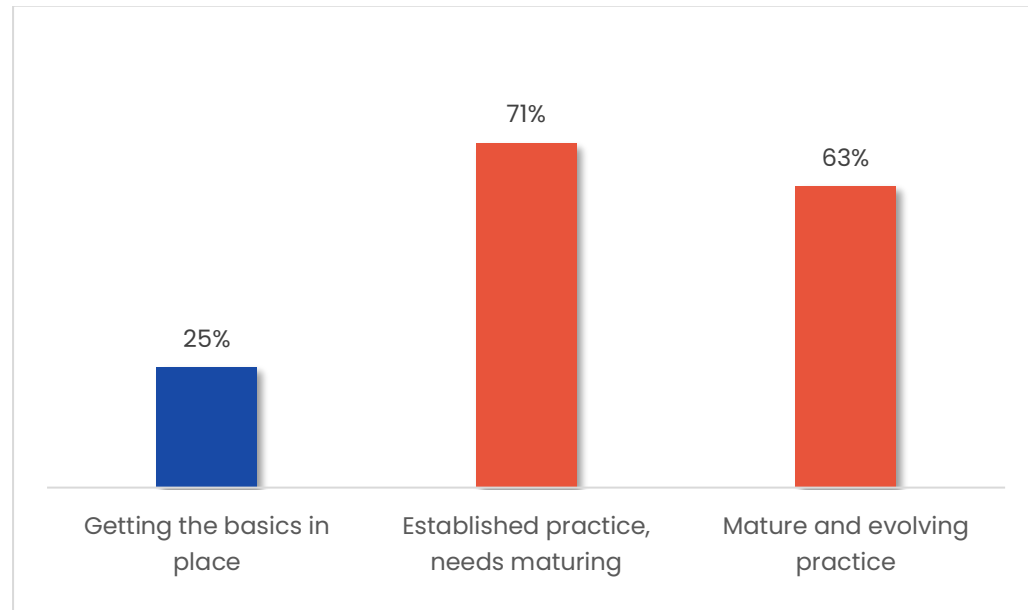


Figure 13 Priority of Automating Manual Tasks by FinOps Maturity

## Technical Investment with Most Impact on Company's Business

According to CIOs and CTOs, the #1 technical investment which is having the most impact on the company's business is security and risk management (35%). This was followed by cloud-based enterprise applications (29%) and CX technologies (14%).

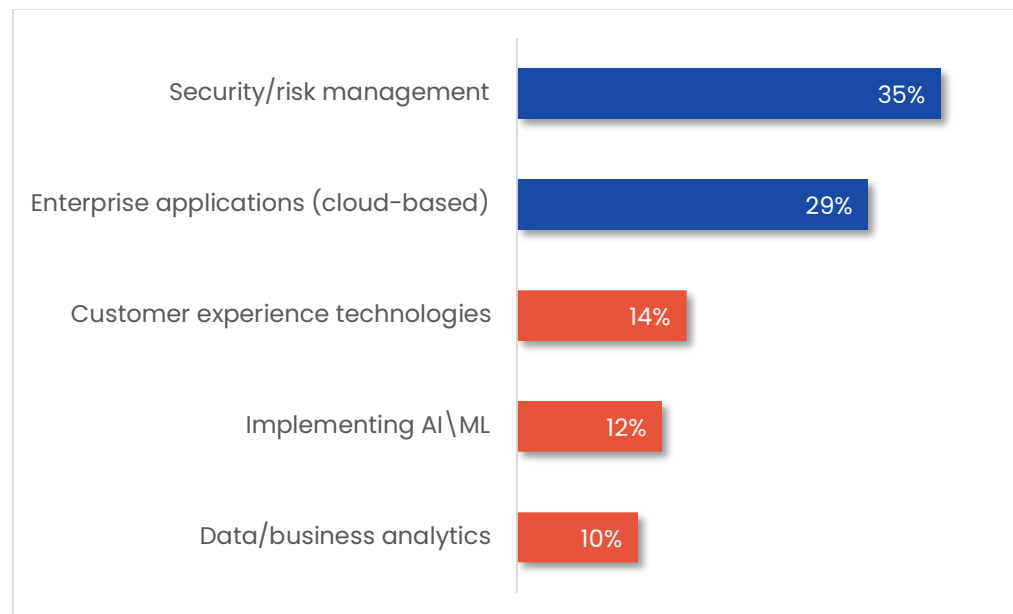


Figure 14 Technical Investment with Most Impact on Company's Business

## CIO and CTO Technology Investment Priorities, 2022

The #1 investment priority for CIOs and CTOs is cloud optimization tools (63%). This is followed by DevSecOps tools (45%) and AI/ML (34%). With the challenges that are facing today's technical leaders, it should come as no surprise that leveraging cost-optimization tools as part of a maturing FinOps strategy is the #1 item on the operational and technical agenda.

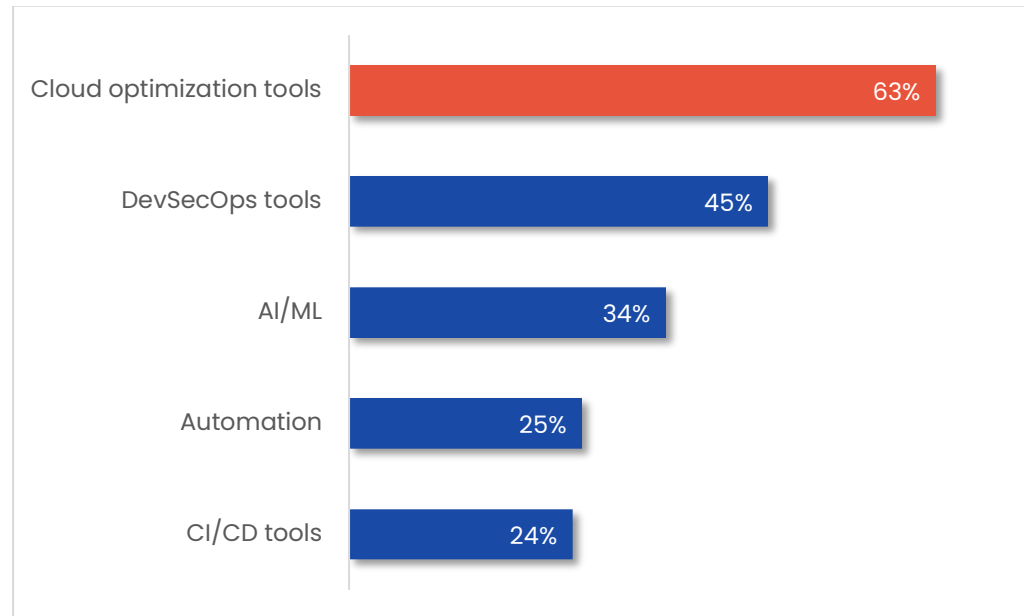
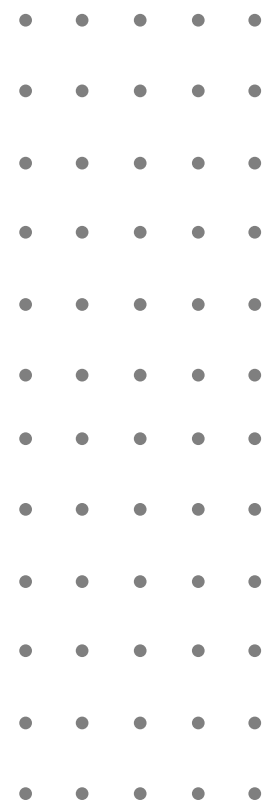


Figure 15 CIOs and CTOs Technologies Investment Priorities, 2022



# Demographics



## Country of Residence



Figure 16 Country of Residence

## Job Role, Company Size and Number of Different Clouds in Use

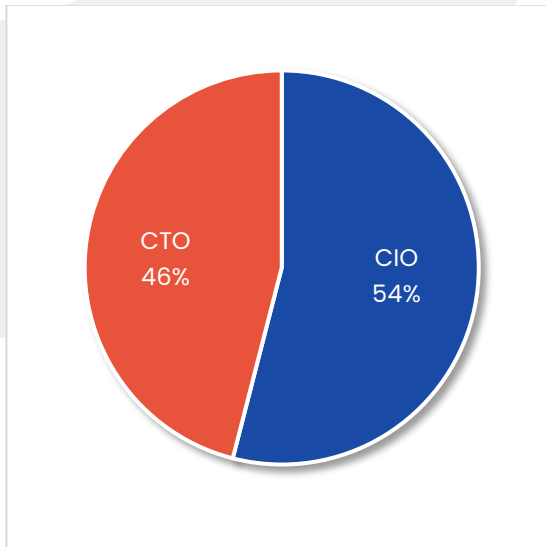


Figure 17 Job Role

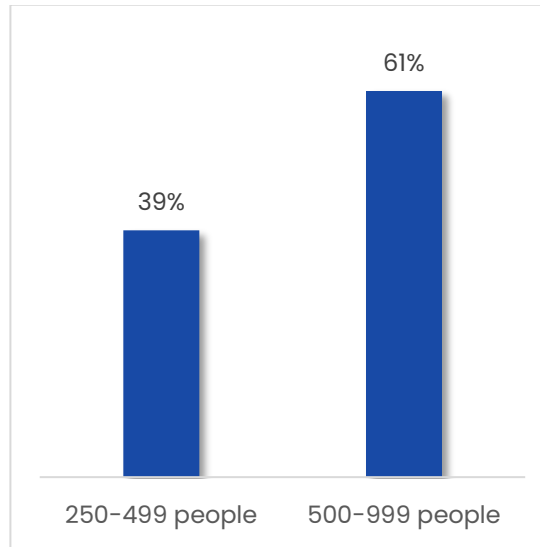


Figure 18 Company Size

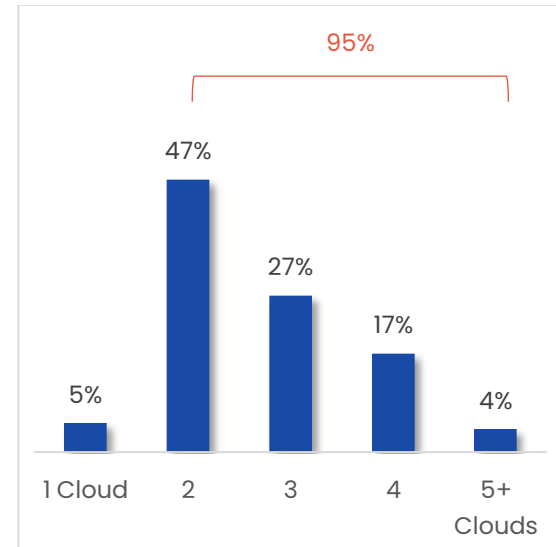


Figure 19 Number of Different Cloud Providers used by Companies



## About Zesty

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Zesty is the world's first AI-driven cloud management technology that auto-scales cloud resources to fit real-time application needs. As today's cloud environments become increasingly dynamic, Zesty automates cloud efficiency, improves DevOps productivity, and reduces cloud costs with zero human input. As a result, DevOps engineers no longer need to spend time on repetitive, and mundane infrastructure management tasks and can enjoy the cloud's flexibility and scalability without worrying about cost or maintenance concerns

Request a Demo

For more information, please visit us:



Email: [info@zesty.co](mailto:info@zesty.co)

