Greater than the sum of their parts

How hybrid cloud and AI work together

In collaboration with:

IBM®

Executive summary report

Cloud and AI adoption have seen significant growth over the past year as executives increasingly focus on strategic imperatives such as automating business processes, modernizing applications, and streamlining development. When implemented in concert—and supported by a strong data strategy—cloud and AI provide value that is greater than the sum of their parts.

Companies that lead the way in cloud adoption tend to outperform their competitors against a variety of important business metrics. Adding artificial intelligence to cloud as part of a coherent digital strategy can lead to even better results in key areas, including a more agile response to the challenges of the coronavirus pandemic.

Oxford Economics and IBM surveyed 6,000 CIOs, CTOs, and senior IT leaders from organizations that are using cloud services in some capacity and at least experimenting with AI. Our analysis of the survey data, which covered six industries and 26 countries, shows that data strategies, AI and cloud—especially hybrid cloud— are increasingly effective and intertwined.

Cloud has become the essential environment for business applications, and AI (which is becoming more critical for automation, advanced analytics, and customer interactions) is best developed and deployed in the cloud, according to our survey results.

At the start of 2020, successfully adopting cloud and AI was a priority. Today it can be a survival-level challenge, as the global pandemic and resulting economic uncertainty accelerate change and foster disruption. In fact, the top-performing organizations in our survey— split into two groups we call **Cloud Strategists** and **Cloud and AI Unifiers**—are doubling down on their cloud and AI strategies.

About the survey

Sample: 6,000 CIOs, CTOs, VPs of IT, and equivalent titles

Sectors covered: Retail, manufacturing, financial services, telecommunications, and healthcare providers and payers

Countries covered: Argentina, Australia, Brazil, Canada, Chile, China, Colombia, Costa Rica, France, Germany, India, Italy, Japan, Mexico, New Zealand, Panama, Peru, Puerto Rico, Saudi Arabia, Singapore, South Africa, South Korea, Spain, United Arab Emirates, United Kingdom, and United States

Date fielded: May through August, 2020

Key findings

- **Cloud and AI are already delivering value.** Many respondents report value from their combined cloud and AI projects, with ROI coming most often in business operations, IT operations, and customer service.

- **Organizations that are further along in cloud and AI adoption outperform their peers.** Our leader segments are distancing themselves from the pack in important ways, including stronger reported effectiveness across a range of technology and business areas. Those furthest along in their use of AI and cloud—who also are somewhat more likely to be in a hybrid cloud environment—are more likely than others to see cloud as an accelerant of their ROI.

- **Cloud is becoming a foundational technology for the emerging AI era.** Modernizing the business, automating decisions and workflows, and improving customer experiences are top motivators for AI adoption. The joint development of cloud and AI-enabled applications is a priority for executives, who are focused on how these technologies support strategy, tactics, and performance. Nearly three-quarters (74%) agree that cloud is critical to the successful development of AI applications. Hybrid cloud users are more likely than others to say the effective use of AI will be critical to their organization's long-term success (80%, vs. 67% of those in all-public or all-private environments).

- **AI depends on data and that data is increasingly complex.** For 77% of respondents, a unified platform for cloud, data, and AI is seen as critical to long-term success, and a similar number say cloud is a critical foundation for data management and AI.

Respondents further along in adopting cloud and AI are more likely than others to see cloud as critical for data management and AI, along with other advanced technologies.

- **Complex business needs demand a tailored approach to cloud.** Executives are increasingly focused on building diverse cloud portfolios by using multiple types of hosting environments to support different needs and opportunities. This momentum is expected to accelerate in the next two years, and many are shifting to hybrid multicloud environments.

The research reveals key insights into the relationship between hybrid cloud and AI relevant to both senior technology and business executives. The full white paper will consider some of the strategies that underpin the success of organizations around the world—including how they make decisions about cloud, progress toward implementation of AI applications, and the people, process and platform strategies of the organizations furthest along in this transformation journey.

Register for the full white paper. For other white papers about how hybrid cloud and AI can help your IT architecture and create business value, visit the IBM website.
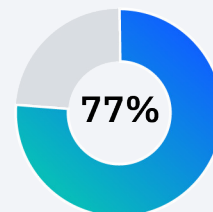
77% of IT leaders say a unified platform for cloud, data and AI is critical to their organization's success in the long term

About Oxford Economics

Oxford Economics is a leader in global forecasting, quantitative analysis, and thought leadership. Our worldwide client base comprises more than 1,500 international corporations, financial institutions, government organizations, and universities. Headquartered in Oxford, with offices around the world, we employ 400 staff, including 250 economists and analysts. Our best-in-class global economic and industry models and analytical tools give us an unmatched ability to forecast external market trends and assess their economic, social, and business impact.

About IBM

IBM is a leading cloud and AI solutions company, and the largest technology and consulting employer in the world. Trusted by thousands of enterprises across 20 industries, IBM Cloud, with Red Hat, brings together market-leading security, enterprise scalability, and open innovation for increased agility and continuity. With IBM Watson, the AI platform for business, powered by data, we are building industry-based solutions to real-world problems. For more than seven decades, IBM Research has defined the future of information technology with more than 3,000 researchers in 12 labs located across six continents.