

## The HCLTech Trends and Insights podcast

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Hello, everyone, and thank you for tuning in to a special edition of the HCLTech Trends and Insights weekly podcast, where we'll be discussing the findings of recently released research from HCLTech in partnership with FT Longitude. The research, which surveyed 500 senior decision makers, is called Cloud Evolution: Make innovation a habit and explores the importance of cloud in driving the future of innovation while enabling companies to respond in an agile manner to disruptive events and rapidly shifting customer preferences.

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I'm Nick Ismail, the Head of Brand Journalism at HCLTech, and I'm delighted that joining me to discuss the research is [Siki Giunta](#), Executive Vice President and Head of CloudSmart Offerings Strategy and Industry Cloud Consulting at HCLTech, and [Alan Flower](#), Executive Vice President, CTO and Global Head of Cloud Native and AI Labs at HCLTech. Welcome both and thank you very much for joining me today.

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Nice to be here and thank you for inviting us to your podcast. Hello, Nick, it's lovely to join you today.

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And so just to kick us all, let's talk about cloud culture. So according to one report on cloud computing, the market value of the cloud migration services will grow from around 120 billion to 448 billion by 2026.

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The proliferation of cloud and the learnings captured ideas has businesses turning to what people call cloud culture. And according to our survey, 58% said that company or cloud culture held them back from innovating as well as they could have done with that cloud projects. While 32% highlighted a disconnect between business and I.T as a hurdle in unlocking the potential of cloud.

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So, first of all, what does the cloud culture look like? Siki, would you like to take us all? Oh, absolutely. Absolutely. Clark culture. He's his sets of resources, people and skills. They can move at an agile pace and have any innovative mindset and obviously an agile way of thinking has to move at the pace of the business. But in business is obviously every business is under competitive pressure.

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So, the fastest are the cloud resources and I'm talking about the human resources in this case, be agile presented a business, connect to the innovations and technology platform of cloud. The best can serve the business this at the moment as create a little bit of a generalization barrier in any ACHA organization and you have additional i.t that you didn't count away the cloud technology processes in and culture is trying to evolve and then brought new younger generations of digital bread that is left that is needed in the cloud culture all their life.

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So, this to require intense training, a different organization skills and organizational structure and obviously different interest in and an incentive for anybody to to excel. This is really the cloud culture now we need to every organization needs to breed and foster to be able to have that. Thank you. And Allan, what about you? What are your thoughts on building a cloud culture?

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Well, you know, Nic, if I think about cloud culture right, that that is the set of skills, behaviors, attitudes and practices that are really essential for me to take a cloud enabled business transformation journey. And in particular, I think now to six. His point, I think historically people have often mistakenly let at cloud is maybe just the replacement for current i.t.

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And it's taken a few years i think for people to realize that, you know, it's more than that. Of course, cloud inherently allows me to reinvent the way that I do things and clearly, you know, drive my company forwards. And I think in particular, you know, what we're seeing, of course, is, you know, when we think about cloud culture, it's about my mindset, my skills, my practices, my behaviors and and so on.

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And I think in particular, what we recognize is that companies are quite prepared to almost reinvent their business around cloud, and they're quite prepared to invest in in those behaviors and skills. But it does take time. And I think one thing that we've certainly seen in in eight Celltex Cloud Native Labs, you know, is we've been very surprised by the sheer number of large organizations that are coming to us, not so much for technology acceleration, but for cultural acceleration.

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And we've now got to this point where, you know, we recognize as an essential part of the help that we provide to our clients to enable this transformation is we've got to help them with that cultural transformation as well. So, you know, this now sees us in a position where clients are asking us to step into their organization, retrain, not just the I.T organization, but upskill and reskill the business and executive leadership of the organization.

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I think, you know, we all recognize, right, that it's it can be quite a tricky and painful journey for for organizations, but I find it very encouraging certainly in the, you know, the the cloud evolutions you know report that companies recognize this but equally are quite happy to invest in this too. And just to summarize, I think what every enterprise needs to aspire is to create an operating model that foster collaboration, flexibility and speed scale, because a lot of enterprise have scale.

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But this ability of black seeing your scalability at a sort of the speed to match the market is still, in my opinion, I'm not that present in the majority of the enterprise. And that's a process re-engineering exercise that everybody has to undertake.

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Obviously, a big part of what you're talking about, realizing the cultural transformation and driving the I.T operating model transformation relies on breaking down silos.

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Which brings us to the next topic. During the interviews for the research business leaders from most of the industry segments reported that decisions about cloud projects were made in I.T. with little to no involvement from the business. The research seems to suggest tension between the business and I.T. When it comes to defining a cloud strategy and the related spend.

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So, my question is what experiences have you had with businesses that are planning a new project targeted for the cloud? So at the heart of the cost marks strategy and its outlook is exactly this dimension is to guide the business and i.t to epic three or north star where you want to utilize cloud for the transformative aspect of your business and as well to understand through the smart way, for example, how you're going to take your existing system to the cloud and are you going to build brand in your system and how much impact and transformation you have to put in your operating model.

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I think there is a and I think this exercise still in evolution very much on evolution. If you see clients that they take their smart way to cloud, meaning bring into application to the cloud more money, their operating model and their goal is faster exit, reduce cost and needs in I.T led kind of conversations. Okay. So that's and Bari agreed that if we're talking to building rebuilding our cloud native how capability nor money in this business led conversations especially innovation centric.

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And so in a kind of way this by way of joining the cloud does create and natural silos and separation of the business. There's been more you know there have been large organizations that actually have created and more and bonding exercise. You know, we work on a large, as you know, biotech and science organization where they are going when the team work together in an agile type of working together.

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And you can see the business wanting brand new technology and brand new innovative systems. And to me, the lever for them. I think that we the new technology like Gen AI and everything, this divide will get even bigger data. That is the new workload of cloud as recreate a little bit individually because data is owned by the business and now the business as the scale, the engine, the agility and the vision to deliver our system on that data.

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And if I t doesn't catch up with being in sync with their business needs, we're going to go back to an entire set of shadow i.t. Built by the business that is data driven, and I think I would just build on that. So that really, Nick, I mean it was, it was interesting looking at the, the, the cloud evolutions report.

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There was some pretty interesting data, you know, in there that kind of really applied to this kind of notion that there is this conflict, right, between I.T and the business. And clearly, I think it's quite obvious that in many organizations, you know, the business and IT strategy are not necessarily pulling in the same direction. All right. So that's clearly, I think, a source of a lot of this.

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And, you know, business leaders sometimes tell us that, you know, they think it doesn't understand what they're trying to achieve. I think CEO made a good point there around data. But also, I and Jenny, I and

it's really interesting that as the world accelerates yet again through the application of AI across the business estate and of course across I.T as well that the business has an ambition that I think maybe I just haven't quite understood yet.

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And it's really clear that business leaders, when they look at AI and the relationship between AI data and the cloud, they can see enormous opportunity to transform their business. And I think there is a risk here that it might miss that and may struggle to keep up with the speed in which the business wishes to transform. That's great.

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Thank you. And we will come to A.I. and its transformative impacts a bit later on. But just now, leading on from that topic of breaking down silos and the challenges within that, what are progressive companies on that business and I.T teams doing to promote the value of the cloud and its transformative effects? Again, I think it's so and leadership if you know dimension that can install a as sense of transformation because really what cloud technologies has been used in the last 20 year is to transform i.t for the speed of the business using innovate in technology and automation on online banking transformation on retail stores and things like that.

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So that leadership at the top infusing innovation is directly correlated to the implementation of cloud technologies. Okay. And at the beginning of cloud, the board did not know what cloud was. Now I think there is a little bit of reverse. Oh, most of the world knows the impact, the what technology because they use it in their own life every single day.

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And then they come to work and say, why can't we give you the same stability, the same usable energy, same user experience, So our own clients and and so there is a push and pull. I think when in retail store start having real time inventory as a great impact of the business. So I think what we see is company really trying to, you know traditionally are present probably size they are on digital transformation through cloud and that makes all the business to want to implement cloud technology for their trust digital transformation or innovative products or their own member.

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Large enterprise still has had a vast amount of our legacy systems that some really cost friendly to run part of that business. And so again, it comes down to having a clear business case and and that

implementing it with the return on investment he was designed for. I think what I see as well, you know from the perspective that the of the labs of course is you know, it's really clear, you know, the i.t has has gone to great lengths in recent years to kind of reinvent itself, right.

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To kind of strengthen that relationship, you know, with the business. But and again, it came out in the survey quite strongly, right, that, you know, business is fundamentally, you know, there are three things they expect it to enable it to speed its agility and its innovation. And I do see really strong signs, right, looking at it organizations that they are of structurally in a change in the way that they deliver their capabilities to align with those kind of overarching, you know, requirements from the business, particularly around speed and innovation, of course.

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And I think we see good examples where, you know, it has adopted cloud in a certain way to improve that relationship. I mean, it's sort of encouraging, of course, that, you know, all of the cloud providers now have a very rich, evolved set of high value services that they make available in many of these services. You know, they do appeal directly to the needs of the business.

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So, in many cases I think I.T has simply needed to educate, you know, the business on the availability of some of these capabilities. But then in addition we do see i.t adopting new practices that just generally improve their responsiveness and agility in the eyes of the business. And this is why, you know, we see with the successful kind of transformation journey based on cloud, it's not really just about the technology, but it's the practices that come with it.

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We see great adoption of advanced practices like site reliability, engineering, for example, sorry, which really gives the IT department that kind of opportunity to display ultimate reliability, but also responsiveness to the business too. And I think some of these practices have gone a long way to improve in the relationship between business and I.T.

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Thanks, Allen. And just to talk about agility a bit further, more than 80% of the participants in senior executive roles in the research reported having to pivot their business strategies at least twice in the past three years. Perhaps because of all the unprecedented events going on. But they also believed that they could not have made these big moves without cloud.

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So, are you surprised by these statistics or is this simply a sign of the power of the cloud in face of in the face of uncertainty? Well, you know, firstly, Nick, no, I'm not surprised by the statistics that reveals how frequently businesses need to transform and pivot. I think that that's quite clear that we all live in an age of complete and consistent disruption.

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Right. So, it's a constant sort of translational, you know, journey. Clearly, you know, cloud gives me pretty much unlimited flexibility and elasticity. It's no longer the case of my i.t. Infrastructure slowing me down in a well-run cloud based i.t organization. I can do that technology pivot pretty much immediately. But it's interesting, of course, you know, I think the survey did highlight this very strongly indeed.

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One of the big challenges around why some of these pivots fail because clearly not all of them are successful. It comes back again to this point around culture and skills. Of course, if you work in an organization which needs to reinvent itself, quite frankly, and change direction so frequently, you need that inherent culture that will make that kind of agility a little bit less painful.

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And clearly you want people to be equipped with the right skills to enable that pivot to take place so seamlessly. And that's why, of course, we see successful to organizations, invest heavily in things like automation to just make that pivot process a lot less painful. And I think IT and technology in general and I think cloud's a benefit that from a compelling advantage like run them where everybody had to go virtual, everybody had to use technology.

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So even communicate. So, the supply chain was disrupted in them. And I think in that kind of way has raised the bar of the expectation of the business will survive pandemic thanks to Cloud. What can we do more mundane things, outdoor business to be more flexible and agile. And I think pandemic proves the point that can be done.

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Now, again, we have systems, for example, ACP, where a sapphire as a piece pushing that clients to go to the cloud with big threats and not maintaining system and and do they just because they know that a

system like ACP is at the heart of any business, But if you don't move it to the cloud, the flexibility and agility that that type of architecture will bring to the business on a system like ACP and especially adopting new technology is so clear and evident.

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And at one point even that flexibility now is on the hybrid. Then the business world should often and go and buy a brand-new SAS system that provide that flexibility and agility. But again, I think we are in our middle journey of cloud adoption. The other thing that the agility and speed of cloud technology and innovation, you think the corporate order they release, I mean they Astron is hundreds and hundreds of new features in their fabric every year.

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That's a little bit of a daunting element for certain enterprise that they're used to and rigor and control. And it's a long time to delivery 100% quality assurance and things like that. So until the corporations move to a more agile cloud itself and these agility might look like and daunting elements to adoption, thank Siki. And so now we're moving into this period of innovating in the cloud and powering next gen technologies, which brings us on to our final topic, which is talking about AI and, you know, specifically generative AI, assessing all the new cycles right now.

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And our research indicates that I.T. And business leaders recognize the positive impact that I might have on that business. But 85% of them revealed that generative AI strategy must be aligned with the right cloud strategy. So what are you hearing from customers about this obvious trends and what other transformational technologies rely on the cloud adoption strategy? So let me clarify one thing.

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There is no AI strategy with no cloud. I mean, you could run and try to run it on a supercomputer or on I don't know if you you could run it on on your main drone, but still a AI and general AI is built on the flexibility, the aggregation, the speed and per pervasiveness of technology, not people that wants it to think.

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Then the two things are separate. I think there are clearly not technical knowledge of how China AI services are built. So that's what I say to too many of my client is. First of all, do you have a great data all cloud strategy when data is there is available is she would advise secure is is localized and everything



then you have no limits on what you can do on your strategy and what you can take advantage with technology like Jedi.

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You be surprised a lot Still people doesn't understand the one second on the other. And it's very surprising. I mean, they moved on to another technology. Yeah, but you haven't done the basic to be able to implement. You don't have the team, you don't have the studio, don't have the data provider in the right cloud environment and connect it to be able to do it.

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I would also say, you know, on this topic of AI in general, in particular, the research that we conducted actually is really illuminating. Actually, I would say many aspects of the research are heavily correlated and a good example is when we all star, you know, organizations about the key challenges and problems. You know, repeatedly people were talking about the struggle to respond to changing customer preferences, this kind of desire to get products and services out to market far more quicker than before.

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This kind of constant requirement to be a lot more agile in the in the marketplace in particular. And then if you kind of consider why have we seen this explosion in interest in generative AI in particular is because Gen Z allows me to address and accelerate all of those other key data points. So if I've got clients who are dissatisfied with the experience that they're receiving, Gen AI tackles that perfectly.

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If I want to get products and services to markets more quick, market more quickly than Gen, I has a tremendous impact on on our product, on our productivity. And what we see is a lot of very senior business leaders of quickly and clearly identified that this is a significant inflection point. They can see where this is technology that's going to bring real enhancement to their organization now.

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Well, they've also realized, of course, in security at this point, too, is to do AI. Well, you need data, you need lots of data, you need lots of good data. And then clearly, I need agility. I need those flexible platforms that give me access to innovative AI services. And not surprisingly, we see that the cloud providers do an exceptionally good job in in that realm as well.

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And I think in the eyes of many business leaders. Nick Right. They, they see it's obvious there must be something here that's going to bring real impact, not to limited parts of my business but across my entire business. How do I access that innovation most quickly? And if I can bring my AI capabilities alongside my data in a cloud environment, then that seems to be the kind of magical mix of ingredients that is enabling our clients to to make early progress and see real, you know, proof of value from AI.

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Even at this early stage in the journey, our research really highlighted another important element that some in disruptive technology there is always a piece of risk and disrupting and having a good cloud security, maturity and practice will make the disruption less risky and having processes that allow you to use innovative technology without creating risk for the business is is very important.

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I just sometimes say to my clients that they want to rush to the new shiny object while let's do the discipline of strong cyber and the discipline of automation, have the discipline of data location as sovereignty so that we don't break that beast. That is, you know, with new technology. And that's a little bit a summary of the conversation we had.

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We had a good club culture based on good processes and resources in connection to the business with the maturity of their operating model adopting new technology like Jamie, I will be easy and very productive. The rest it will be just a disruptive technology.

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I think you summed up the conversation quite well, Siki, and we certainly covered a lot during this discussion.

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So, I'd just like to thank you both so much for your time and your great insights.

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Thank you.

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Yeah, thank you, Nick. It's been a pleasure.

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And thank you to the audience for tuning in as well. We covered a lot today, but there's much more to uncover in the research. If you'd like to explore the report, Cloud Evolution: Make Innovation a habit, click the link below.

<https://www.hcltech.com/cloud-research/>

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Goodbye.

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Goodbye.