

# Formulate a Cloud Strategy in the Context of Your Overall Strategy

**Published:** 25 March 2019   **ID:** G00385758

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Every business requires a cloud strategy, regardless of where it is in its cloud journey. CIOs should align cloud strategy efforts within the context of overall strategic planning efforts.

## Key Findings

- The best time to formulate a cloud strategy would have been years ago. The second best time is now.
- A cloud strategy requires support and sponsorship across the organization (involving business, technology, operations, finance, legal and sourcing, for example) to succeed. An IT push alone is not sufficient enough or broad enough to succeed.
- The cloud strategy should be a concise point of view on cloud and its role in your enterprise. A cloud strategy is not the same as a data center strategy or adoption/migration/implementation plans.
- Organizations with a cross-discipline cloud strategy are more likely to find success in cloud initiatives and recognize the full benefits of cloud.

## Recommendations

CIOs formulating a cloud strategy should take these steps:

- Build a living cloud strategy document, if you haven't already, that provides a clear, concise point of view on cloud and its role in your organization. It's never too late to take this step.
- Involve a broad set of participants in formulating your cloud strategy. Form a cloud strategy council with members from different teams and disciplines across the enterprise.
- Separate your cloud strategy from your implementation plan. If you have a combined cloud strategy/adoption plan, refactor it into two documents, and ensure they are aligned. The cloud strategy should provide guidance for the implementation plan.

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## Strategic Planning Assumption

By 2022, 70% of organizations will have a formal cloud strategy. Those without a cloud strategy will flounder in their attempts to adopt cloud.

## Analysis

A cloud strategy is a concise viewpoint on the role of cloud computing in an enterprise. Looking at cloud strategy in the broader context of overall strategic planning, application strategy and business transformation can be very helpful.

Cloud strategy can be confusing due to multiple interpretations of the words “cloud” and “strategy.” The definition of cloud is well-known, even though some may continue to struggle with it (see “NIST and Gartner Cloud Approaches Are More Similar Than Different” and “Four Types of Cloud Computing Define a Spectrum of Cloud Value”). So multiple interpretations still exist. We see similar confusion when it comes to strategy. Strategy has multiple interpretations as well. And when we combine two confused terms together, the confusion multiplies.

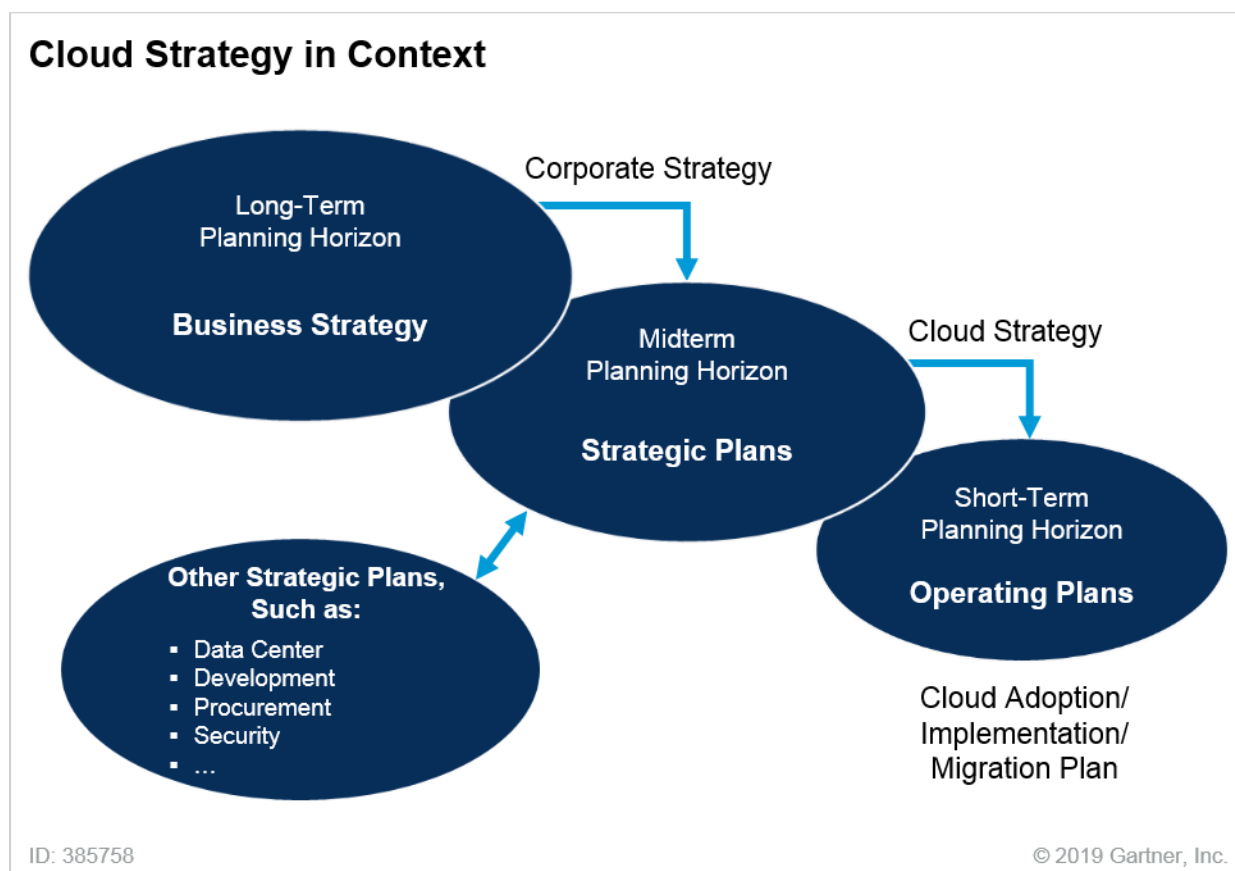
This research, in conjunction with the companion note “The Cloud Strategy Cookbook, 2019,” forms a comprehensive view of cloud strategy.

We can view cloud strategy in context by utilizing earlier Gartner research on overall IT strategic planning. See “How to Create an Information and Technology Strategic Plan,” which identifies three levels:

- Long-term business strategy
- Midterm strategic plans
- Short-term operating plans

See Figure 1.

Figure 1. Cloud Strategy in Context



Source: Gartner (March 2019)

We start with a long-term (five years or longer) planning horizon. This is what usually originates from the CEO or the board of directors and is best described as a business strategy. It is expressed in

terms of business goals, business transformation and business outcomes. These lead to the next level down: strategic plans.

Strategic plans are midterm (two to five years) in nature. This is where cloud strategy fits. It's also where several other strategies fit, if they exist at all, such as a data center strategy, security strategy and procurement strategy.

Following that are short-term (one to two years) efforts. These are known as operating plans. In the case of cloud, this is where much of the confusion lies. This part is confused with strategy because many people are keen to be aggressive and start a migration and an implementation (without doing the strategic planning). So they start with an implementation plan, and to make things even more confusing, they often label it using the word "strategy." The resulting plan is often called a "cloud adoption strategy" or a "cloud migration strategy."

These adoption plans are often lengthy and full of important details, but they are usually light on addressing the strategic issues. While documenting cloud adoption is a good thing, it is more than just semantics to insist that this does not constitute a proper cloud strategy. A cloud strategy (at the strategic planning level) needs to connect the high-level business strategy and direction from senior levels of your company to the people actually doing the work and making the decisions around how to implement cloud. You need something that enables you to talk to businesspeople and give guidance to those who are doing the implementation.

## Cloud Strategy — What It Is

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A cloud strategy should be a clear, concise point of view on cloud and its role in your organization. It is not a plan to migrate everything to cloud. In fact, if you make this strategy a plan to migrate everything to cloud, your people may avoid it because they may not want to go to cloud. It should be a short document, a living document — something that works in conjunction with other strategic plans, like a data center strategy and procurement strategy. Your cloud strategy is not an attempt to solve everything. Rather, it should be focused on identifying other activities that need to be done to implement and operationalize the strategy.

There are many common mistakes that CIOs make around cloud strategy. The first mistake is thinking that it's too late. While it would have been great in an ideal world to do a real strategy upfront, even if you haven't done it, you can begin one anytime. CIOs are also often reluctant to formulate a strategy, believing that it is a huge ordeal and will take forever. They may believe that it will require redoing everything in their IT plan because cloud touches everything.

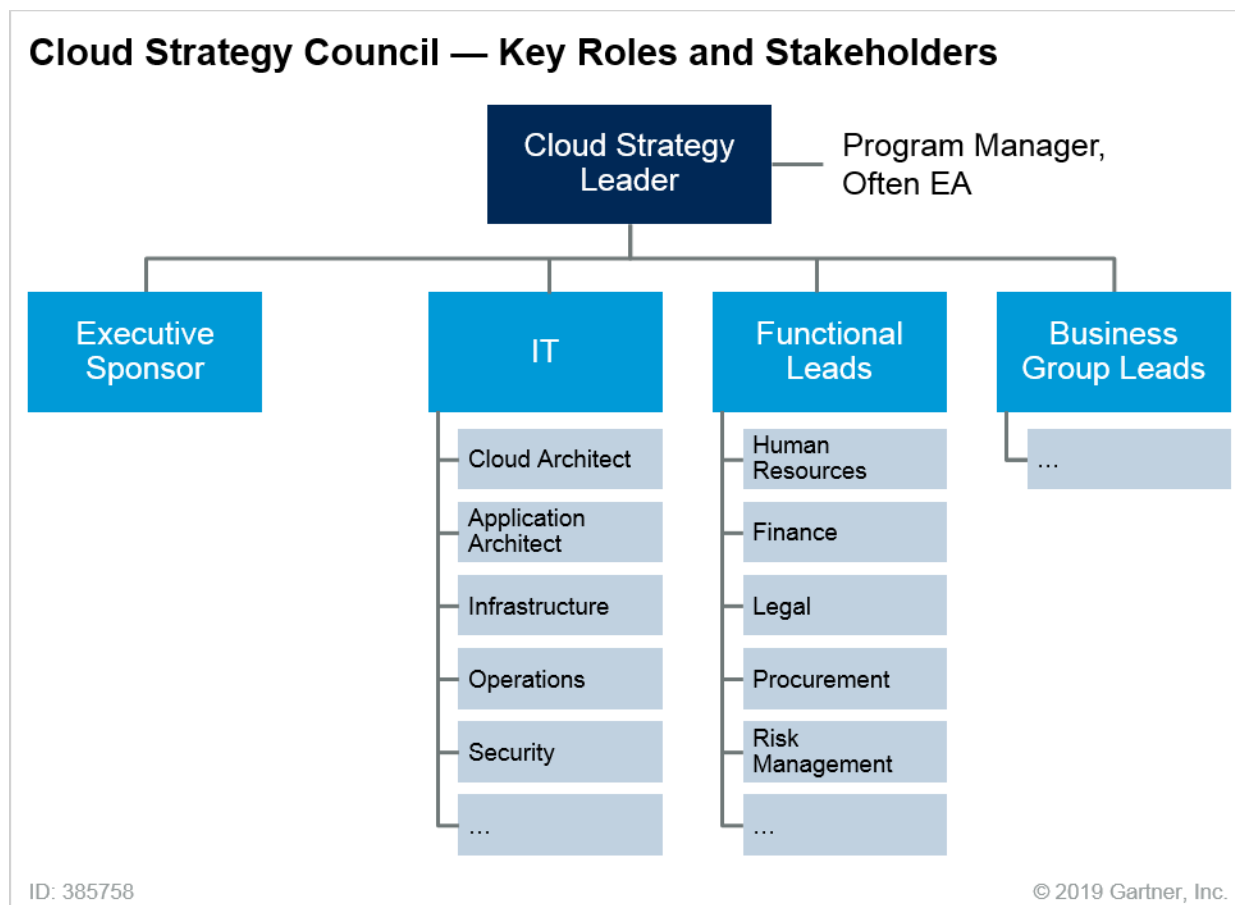
## Any Cloud Strategy Must Be a Group Effort

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The first step in formulating a cloud strategy is to form a cloud strategy council (see Figure 2). CIOs often delegate drafting a cloud strategy to an enterprise architect (EA), so this council is often created and led by an EA. The CIO (or the equivalent) is often the executive sponsor. Most organizations usually reach out and involve a variety of IT roles (e.g., security, operations and development). However, most efforts do not sufficiently involve other parts of the organization, such as functional leads (e.g., HR and procurement) or business unit leads. Business unit involvement should include any business unit IT, but it should also include business and other organizational

leaders. Across other business functions, support is required from procurement, legal and risk management to assess any cloud transition and its implications. Human resources can help sell the transition to the workforce, while finance support will be required to assess and approve the savings and efficiencies.

Figure 2. Cloud Strategy Council



Source: Gartner (March 2019)

Cloud is not just an IT issue — a cloud strategy must look across the organization for support. If done in a vacuum, it will fail. Getting participation of functional leads and business leads can be facilitated by limiting the scope of the effort of a cloud strategy (which is part of keeping the adoption/migration/implementation details in separate documents). An important outcome of involving functional and business leads in the cloud strategy occurs when participants begin to envision the possibilities enabled by the use of cloud services.

By focusing a cloud strategy at the level we're advocating (at the strategy, not implementation, level), you will get interest from functional leads and business group leads. In contrast, if you focus primarily on speeds and feeds and Gantt charts, it will be difficult to get the head of a business unit or the head of HR to pay attention.

Not expanding beyond IT can lead to one of the worst things that can happen when you formulate a cloud strategy. Luckily, it's not that common, but it can happen. We see people come back and say, "Well, we've done the cloud strategy. How do we sell it to the business? How do we get them to buy in?" This can be a big issue, especially since one thing that is often part of a cloud strategy is governance and policy. So, if you have effected staff involved upfront, this won't be an issue. If you haven't involved them upfront, you can still involve them if you have a living document.

This cloud strategy council is different from a cloud center of excellence (CCOE). The latter is usually more focused on adoption/migration/implementation, is usually led by the cloud architect and is often a more permanent formal organization. The cloud strategy council is often a less formal group that is not focused on implementation. While its initial effort may be time-consuming, longer term, the council is often more of a part-time group that meets regularly.

### Creating a Cloud Cookbook

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Anyone creating a cloud strategy can benefit from a cookbook approach. Figure 3 is an example outline for such a cookbook and is described in detail in "The Cloud Strategy Cookbook, 2019."

Figure 3. Outline for a Cloud Strategy Cookbook

**The Cloud Strategy Cookbook (Main Sections)**

<b>Company Name</b>	
<b>Cloud Strategy</b>	
Date	
Author	
.....	
<b>Table of Contents</b>	
Executive Summary .....	4
Cloud Computing Baseline .....	4
Definitions, Models... ..	4
Business Baseline .....	5
Outcomes, Benefits, Risks, Goals .....	5
Service Strategy .....	8
When to Consume, Build, Broker .....	8
Financial Models .....	6
Pricing, ... ..	7
Principles .....	6
“Cloud First”... ..	6
Assessment of Where You Are Today .....	7
Inventory .....	7
Security ... ..	
Governance, Compliance.....	9
Supporting Elements .....	9
Architecture, Staffing .....	9
Exit Strategy .....	10
Contracts, Lock-In, Etc. ....	10

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Source: Gartner (March 2019)

### Beyond the Strategy, Implementation Is the Next Step

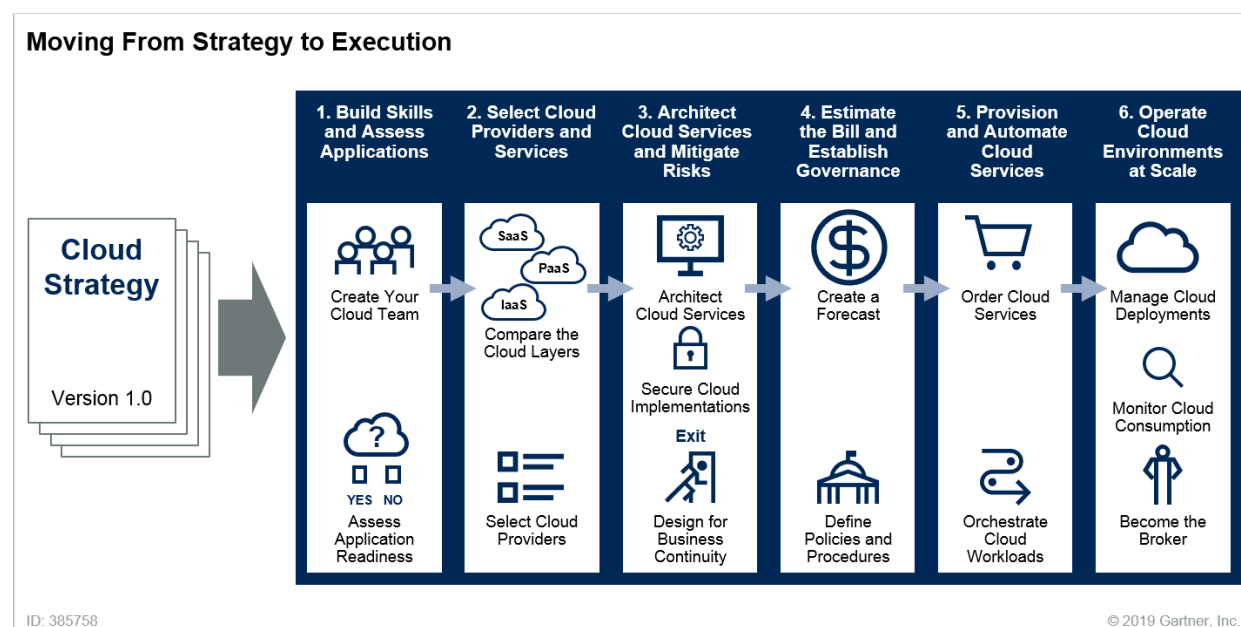
A cloud strategy is just the beginning. Beyond the cloud strategy is implementation (also referred to as adoption or migration). Figure 4 is a great diagram used often in Gartner research. This is a cloud *adoption framework*, not a *strategy* (although sometimes it is referred to as such). It deals with issues such as building skills, selecting providers, architecting, estimating, provisioning, automating and operating at scale. These are all very important, but this is what you should do after you have a strategy.

Note: The cloud strategy comes first, and it then guides the implementation activities. These are two separate and distinct elements in a cloud adoption plan.

Many Gartner research documents can assist you in the implementation phase, including:

- “A High-Level Framework for Planning Your Migration to Public Cloud Services”
- “How to Begin Using Public Cloud Infrastructure as a Service”
- “2019 Planning Guide for Cloud Computing”
- “Moving Enterprise Workloads to Public Cloud, Hosting or Colocation — How to Prioritize and Execute”

Figure 4. The Cloud Strategy Provides a Foundation for the Cloud Adoption/Migration/Implementation Plan



Source: Gartner (March 2019)

## Separating the Cloud Strategy From the Implementation and Data Center Strategy

Separate the cloud strategy from an implementation plan or data center strategy. If you have a document that is best described as an implementation plan, an adoption plan or a migration plan, chances are you also have some elements of strategy in there (whether you have labeled it “strategy” or not). The best thing to do is to refactor that into two separate documents: one that is focused on implementation, and one that is focused on strategy.

It’s really about keeping the cloud strategy pure. Implementation plans, assessments, cost models, architecture, roadmap and so forth should all be done outside the cloud strategy. Use the cloud strategy as the foundation for implementation plans.



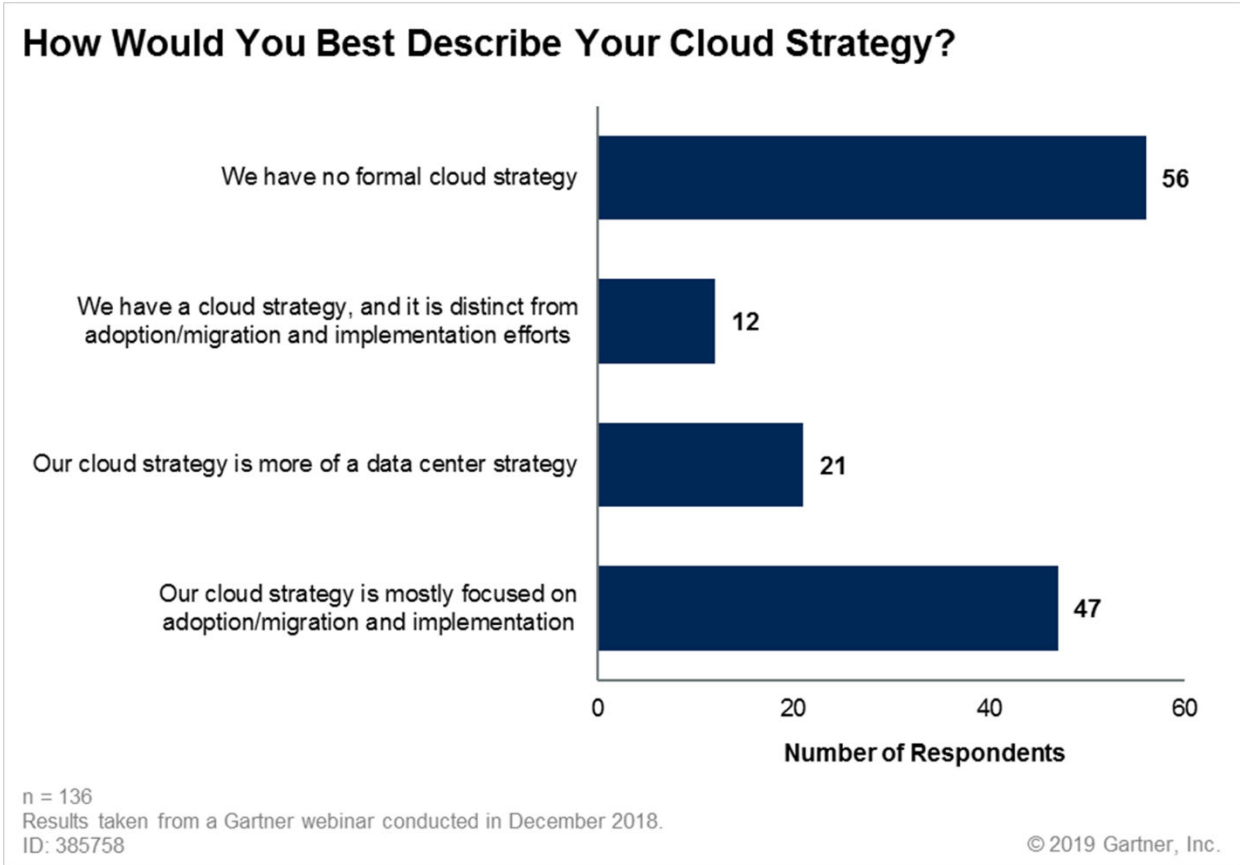
A cloud strategy needs to be applied workload by workload. In many ways, it is an evolution of an application strategy. Stating “we’re all in” is not a strategy. Likewise, a plan to shut down the data center is not a cloud strategy. There may be a data center strategy, and it may be to shut down the data center. But that is not a cloud strategy. However, the cloud strategy needs to align with, and factor in, any data center strategy and any other strategic plan that impacts the role that cloud will play in the enterprise.

### Most Organizations Do Not Have a Real Cloud Strategy

Most organizations really don’t have a real cloud strategy, even if they say they do. But the good news is that it is never too late to start a cloud strategy. Most of what are labeled as “cloud strategies” are really best described as adoption, migration or implementation plans. It is very common to combine cloud strategy with cloud adoption.

In a recent Gartner webinar,<sup>1</sup> we asked attendees how they would best describe their cloud strategy (see Figure 5). The most popular answer was “We have no formal cloud strategy,” followed closely by “Our cloud strategy is mostly focused on adoption/migration and implementation.”

Figure 5. How Would You Best Describe Your Cloud Strategy?



Source: Gartner (March 2019)

A cloud strategy is critical for every organization, regardless of where it is in its cloud journey. The strategy varies and is influenced and focused differently at different times in that journey. Moving to cloud without a cloud strategy results in ad hoc adoption patterns, resulting in higher costs, disjointed management, security vulnerabilities and overall dissatisfaction with cloud outcomes.

An important outcome of involving functional and business leads in the cloud strategy occurs when participants begin to envision the possibilities enabled by the use of cloud services. A good cloud strategy will spark the imagination of what is possible for the organization, beyond the technical benefits, because of the use of cloud.

## Gartner Recommended Reading

*Some documents may not be available as part of your current Gartner subscription.*

“A CIO’s Guide to Strategy Development”

“2019 Planning Guide for Cloud Computing”

“Your Cloud Strategy Needs to Be Bimodal”

“The Cloud Strategy Cookbook, 2019”

“NIST and Gartner Cloud Approaches Are More Similar Than Different”

“Four Types of Cloud Computing Define a Spectrum of Cloud Value”

“Cloud Computing Primer for 2019”

“A High-Level Framework for Planning Your Migration to Public Cloud Services”

“How to Begin Using Public Cloud Infrastructure as a Service”

“Moving Enterprise Workloads to Public Cloud, Hosting or Colocation — How to Prioritize and Execute”

### Evidence

<sup>1</sup> [“The Cloud Strategy Cookbook,”](#) Gartner.

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