7 reasons enterprises are delaying their digital transformation.

A bare metal virtual data center can be the solution for moving forward.

White Paper by

OVHcloud®

Over the past decade, we've seen different cloud computing trends come and go. In the beginning, there was the initial enthusiastic rush to the cloud. Later came a period of doubts and reconsideration. Today, with mature cloud computing services, many companies have already defined their cloud strategies, and the hybrid and multicloud approaches are leading the way. Nonetheless, some industries are still delaying their digital transformation.

To stay competitive in the marketplace, many companies need to change their business models to meet the expectations of tech-savvy customers. Transforming their legacy systems and incorporating disruptive technologies such as big data and artificial intelligence are necessary steps for digital transformation.

So, what has been holding back those businesses in their journey to the cloud?

1. Complexity

Digital transformation is a process that requires a lot of effort. Shifting legacy systems to the cloud is a business-critical operation and requires careful planning and in-depth evaluation of the status quo. In some cases, organizations failed in their efforts when they tried to tackle the entire transition as one initiative.

The bigger the migration effort, the more that can go wrong. The complexity of legacy systems, any customizations implemented over the years, and the intricacy of migration planning make organizations cautious about the prospect of transition.

2. Compliance and Data Residency

Regulatory constraints often limit companies when it comes to their digitalization. For example, data sensitivity is critical in the financial and healthcare sectors. So many of those companies do not plan to move all of their workloads off-premises in the foreseeable future. An on-premises infrastructure grants them greater control over security measures, but it still doesn't make achieving compliance any simpler.

Data residency is another important point, and not just for these industries. With the introduction of the GDPR and the CLOUD Act, companies across all industries remain unsure whether the data they process in the cloud may or may not be accessed by U.S. law enforcement agencies. Therefore, they are more willing to trust local providers or host data internally than move to an unknown location in the cloud.

3. Security Concerns

Frequent reports of attacks, security breaches and vulnerabilities lead many organizations to believe their data is safest in-house in their custom-built on-prem environment. However, as most of these threats originate from the public network, any system or application facing the internet is potentially vulnerable.

This also means that anti-DDoS protection is no longer a nice-to-have feature for companies. It's a core security system that every organization should implement. On the other hand, businesses with local data centers hardly stand a chance of mitigating high-volume attacks.

4. Retaining Visibility

IT departments that manage well-established, in-house infrastructures will know them by heart, as they've designed, deployed, monitored and maintained them for years. Although any software update or upgrade may have a critical impact, on-site IT professionals know how to handle and mitigate the risks.

A cloud environment rarely delivers the same level of visibility, and companies often need to rely on monitoring tools delivered by a provider. For IT engineers accustomed to having a full overview of their resources, network and environments, this may not be sufficient and may lead to some reluctance regarding cloud adoption.

5. Performance Expectations

With limited visibility, there comes a threat of unstable or insufficient performance. In a dynamic cloud environment, it's difficult to predict how changes at the infrastructure level will affect application performance. To keep close control over the price/performance ratio, companies need to make sure they have the right insights and data from all systems and infrastructure components.

What's more, an internally hosted infrastructure often offers significant potential for hardware customization. A dedicated, bespoke environment can more efficiently support resource-intensive workloads and deliver the necessary compute power and storage capacity. Moving those workloads to the cloud would often mean that companies need to compromise between performance and agility.

6. Lack of Skills

Replicating an existing operating environment in the cloud offers little advantage over an on-prem infrastructure. All the same bottlenecks and failures currently experienced will still be present. And when being billed according to resource usage, configuration mistakes are likely to be costly.

It requires a significant level of expertise to re-engineer systems to benefit from the latest technologies, like serverless services or containerized operational models. Without access to the required skills, the transition to the cloud is unlikely to bring the full range of benefits and instead may increase the monthly costs, among other issues.

7. Vendor Lock-in

Once migrated to the cloud, moving away from a particular service could be extremely expensive. Despite the significant cost of data transfer, companies must also take into account the need to modify applications when moving them to another hosting solution. APIs, PaaS (Platform as a Service) and serverless services all make a developer's life easier, but companies still need to look further and prepare a sound, future-proof cloud strategy.

Not yet cloud-ready?
Move forward with a virtual data center.

The lag in the finance and healthcare sectors' digital transformation appears to stem from worries about security, compliance and the lack of cloud management skills. Instead of pushing blindly into the cloud, those companies can take an alternative path – a virtual data center (VDC).

VDCs allow companies to outsource some of their data center operations, gaining additional capacity and flexibility of IT resources. For those not yet cloud-ready, a virtual data center brings control over infrastructure and slowly but steadily allows them to move into the cloud environment. Serving as an expansion of on-prem data centers or refreshing a server park for a particular project, a VDC makes it easier to outsource parts of the IT environment to a trusted provider.

Built on bare metal servers with storage and networking components, a VDC can be integrated into an organization's existing IT infrastructure. Even a relatively small company can afford dedicated resources in the form of a virtual data center without a huge capital outlay. Additionally, thanks to reduced virtualization overhead costs, bare metal servers for VDCs can offer unbeatable performance for the best price.

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