BEST PRACTICE REPORT

Customize Your Cloud Strategy For Your Organization

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Summary

Cloud is now the strategic anchor for enterprise IT — even though many workloads remain on-premises. While cloud scale, innovation, and time to market are major draws, security, sovereignty, and AI-related regulations often keep workloads in private cloud or data centers. But cloud adoption is just the beginning. With the rise of AI-native platforms and rapid market shifts, no two cloud strategies look alike. Each must be tailored to the organization's goals, constraints, and capabilities — and revisited frequently to stay aligned. This report outlines the decision factors and market dynamics that will help you shape and evolve a cloud strategy that's right for your organization.

Organizational Goals Should Dictate Cloud Strategy

No two cloud strategies are the same. While leading adopters like Capital One or the US Air Force offer compelling examples, their strategies are deeply tailored to their unique goals, constraints, and capabilities. It's tempting to emulate their "what," but the real value lies in understanding their "why" and "how." As cloud technologies evolve from commodity compute to AI-native platforms, organizations must continuously reassess their mix of services. That means tuning cloud strategy to your business context and refreshing it frequently — sometimes quarterly — to keep pace with innovation, manage sprawl, and align with shifting regulatory and technical demands. Here are 10 steps to make sure your cloud strategy works for your organization (see Figure 1):

1. **Define the higher purpose.** Early cloud business case justifications were linked to modernization. Today, cloud technologies are available in both public cloud platforms and private cloud and data center offerings, and considerations such as cost, AI services, security, and sovereignty shape decisions. "Cloud first" has never been "cloud only," and today organizations are focused on cloud where it makes the most sense. Healthcare solutions provider McKesson moved SAP workloads to cloud to achieve scale and cost optimization. Cable TV provider Spectrum migrated to a cloud data and analytics solutions because of built-in cloud AI capabilities for business intelligence. For the New York Stock Exchange, cloud migration was all about its data platform with stock information. Identifying key business initiatives will create a North Star for your strategy, define a clear business case (and urgency), and help determine scope.

2. **Assess your current state.** Context is important. Consider your current assets and parallel strategies to determine where you'll require linkage and consistency across broader technology plans. Part of this will be a gut check on the advantages/disadvantages of radical change or contradictory moves. If you've just built a new data center, started a colocation contract, or refreshed your server hardware, a radical departure from these paths may be the wrong move. Still, don't use these as excuses to avoid the cloud. Instead, shape the best cloud practices to focus on current context, evolving circumstances, and potential changes. Bold adopters change strategically but avoid introducing too much change at once. Pix, a Brazilian payment services provider, uses containers and Kubernetes on-premises in a hybrid environment. DICTU, the Dutch ministry of economic affairs and climate policy, embraced cloud-native technologies on-premises as precursor

to a hybrid environment.

3. **Set priorities for the major cloud practices.** Most cloud strategies include a mix of building new apps, migrating existing apps, and modernizing custom apps. Your focus and mix are critical to all your other strategic decisions, including your technology stack, the composition of your cloud team, and financial investment. Massive new intake without optimizing existing apps accelerates portfolio bloat and spending. Likewise, completely focusing on existing apps delivers little new business innovation. Consider strategies that include both sides, even if the majority of the investment still gravitates to your initial focal point. While the Department of Defense reports in detail about its Platform One and Kessel Run activities, it has also undertaken various and even larger data center closure and cloud migration endeavors.

4. **Evaluate and catalog your existing apps.** If your strategy spans to existing apps in your organization, perform a thorough assessment and rationalization of your entire app portfolio. This step may free up budget to fund a migration or help prioritize your cloud efforts while also establishing sourcing and other definitive plans for each app/app ecosystem. The assessment should examine basic characteristics along with dependencies, impact, total cost, lifecycle, satisfaction, and cloud readiness. The next step is determining the path forward for that workload by performing a full strategic rightsourcing assessment to gauge the maturity of alternative apps or hosting models and the costs of making changes. Finally, identify the refresh date for each application and determine when to reevaluate.

5. **Determine the impact of location.** The proliferation of edge-to-cloud compute offerings from both hyperscalers and CDN/edge providers has eased the latency issues for commodity cloud services. Today, however, AI-native services create new challenges with their ultralow-latency networking requirements. Intelligent edge platforms ease this burden for inferencing at the edge, but AI requirements demand special attention, along with more familiar challenges of limited connectivity associated with cruise ships, military sites, or aid workers. Location may also matter if you operate in countries that won’t tolerate citizen data leaving its borders or that have unique data privacy laws. Companies impacted by locational demands will find that their entire cloud strategy must pivot around these limitations. Solutions may include options such as edge devices, local providers or points of presence, direct connections, or grouping of applications into ecosystems.

6. **Be ruthlessly honest about institutional behaviors.** Culture is hard to change. Your long-time employees are valuable; they have intimate knowledge of your

history, former innovators, and the complexity of the business. Sparking an appetite to change — and convincing them that it's really happening this time — will be half the battle. Determine if you'll need significant investment. The good news: Cloud providers offer an array of free self-service training across their technology portfolios. Companies can leverage these with incentives to take courses, obtain certification, and demonstrate proficiency through internal forums such as lunch-and-learn sessions. To kick-start change, companies often hire external leadership, invest in immersion training outside of the current workspace, and create buzz using simple motivators (e.g., pizza, T-shirts, and recognition). For U.S. Bank, this honesty drove the heart of its cloud strategy and DevOps revolution via a major cloud skills program.

7. **Evaluate your talent pool.** The technical skills gap is getting wider with the rise of generative and agentic AI alongside cloud. Top tech providers have no problem attracting talent from top employers and universities due to their high salaries, brand reputation for innovation, and leading-edge practices. As you build your cloud strategy, assess the current skills in your organization for basic competencies (e.g., Linux or coding) and cloud-specific skills (i.e., cloud-native technologies). Identify curious individuals who enjoy solving technical challenges in a collaborative and automated manner. Getting this sense of current state will help outline how you might get started, your scale, and the additional budget you might require to train current staff or attract and retain key leaders or skills. Some companies also use managed cloud services or invest in constant skill development through standard training programs.

8. **Determine your company ethos.** Cloud can be more than just a technology — it can be a platform to empower innovation and continuous learning within an organization. Consider whether cloud represents a larger change that can have more far-reaching advantages. And no, it's not just the unicorns or tech-savvy companies that can make cultural gains from cloud. Local and state governments are automating services to both satisfy citizens and cut costs of operations. Tractors can now collect field analytics to inform plowing decisions. Car dealerships use analytics engines to present the best options for their site visitors. Although the scale in effort or development group will vary by industry and company, each has embodied innovation in its field to improve the experience of its customers or efficiency of its business. It's OK if that isn't in your future, but at least consider whether this is bigger than the technology.

9. **Identify your technology requirements.** A key step in building a cloud strategy is determining the technology you require and creating an initial budget for it. In this stage, there are two common missteps. The first is failing to identify the business

scenarios, requirements, and/or preferences for your early usage; the second is overcomplicating the technology stack, leading to significant delay and poor satisfaction. Talk to your cloud users about their initial scenarios to determine if your ideas are in line with theirs. For example, companies may spend months evaluating private cloud options, only to find that their business wants to focus on various heterogeneous high-performance computing scenarios that dictate a need for public cloud, not private. Similarly, cloud teams may delay results by years in an effort to deliver a platform that abstracts away and brokers across multiple public clouds rather than focusing on just one and leveraging the solid developer interface of the major cloud platforms. More advanced companies should seek a balance between flexibility for a good cause and rigid standardization in the name of the greater good.

10. **Know your company's financial realities.** Cloud rarely eliminates cost for your organization. Its value is acting as an innovation engine by offloading mundane tasks and enabling the organization to focus on developing its core differentiation. However, it may provide financial benefits by enabling a new financial model, a new use case, or faster time to delivery by adding in huge efficiencies. Most importantly, if you implement your cloud strategy well, revenue gains are possible with added cloud services for the customer. Still, all these benefits first require monetary investments. Although your company may want to be more aggressive, you may face financial limitations that force a more conservative or time-intensive approach to your cloud strategy. These limitations may include overall budget, capex/opex investments, restrictions placed on new spending, and risky mitigation when it comes to autoscaling. Financial discussions can quickly lead to unproductive comparisons between public and private cloud. In reality, these conversations should focus on limitations, scale, and minimizing waste.

Figure 1

The 10 Decision Factors That Must Influence Your Cloud Strategy

1	Define the higher purpose.
2	Assess your current state.
3	Set priorities for the major cloud practices.
4	Evaluate and catalog your existing apps.
5	Determine the impact of location.
6	Be ruthlessly honest about institutional behaviors.
7	Evaluate your talent pool.
8	Determine your company ethos.
9	Identify your technology requirements.
10	Know your company's financial realities.

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