



2022

Cloud Transformation Benchmark Report

Public Sector Spotlight

Presidio survey of 1,000+ IT decision makers, including 200 in state and local government, reveals the top opportunities and challenges with cloud technologies.



Over the past few years, global events have forced organizations across every industry to accelerate their digital transformation plans to keep pace with changing demands. Within the public sector, the scope and challenges for digital identity are quickly expanding as governments look to improve security, reduce technical debt and streamline operations for efficiency and cost reduction.

Presidio commissioned an independent survey of 1,000+ US-based IT decision makers across several industries, including the public sector, to better understand organizations' cloud opportunities and challenges.

What's Driving Public Sector Organizations to the Cloud

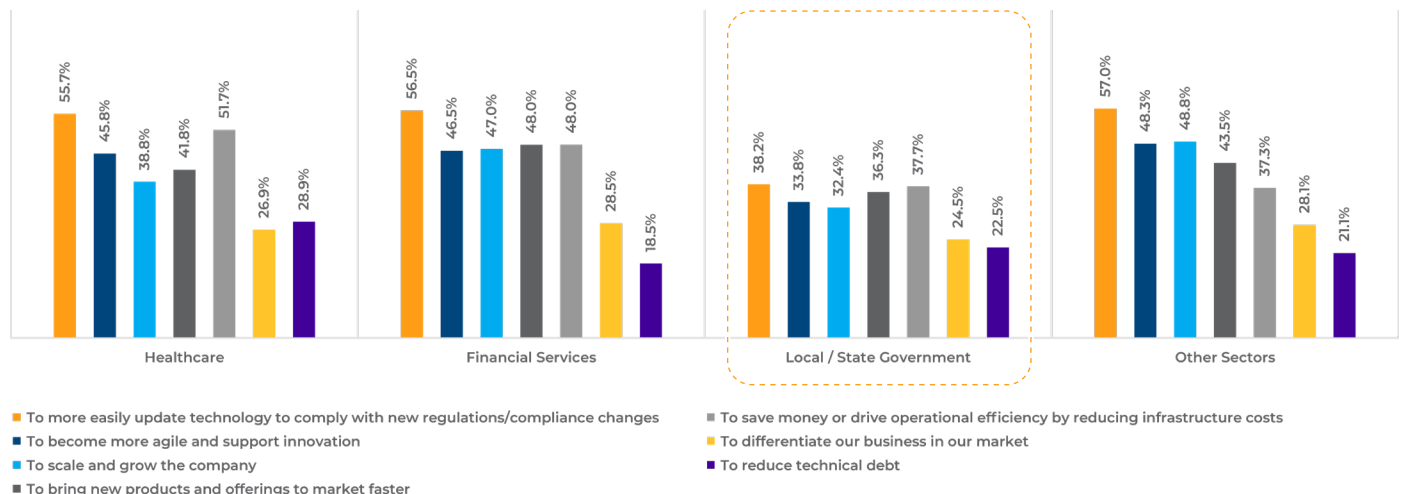
In the past, highly regulated industries, such as the public sector, were more hesitant to move sensitive workloads to the cloud. Today, however, the cloud has become a critical component in achieving and maintaining compliance thanks to standards like ISO 27001, SAS 70, and guidance from organizations such as the Cloud Security Alliance (CSA), the Cybersecurity and Infrastructure Security Agency (CISA) and National Institute of Standards and Technology (NIST).

The main drivers for respondents in local and state government for adopting the cloud were "to easily update technology to comply with new regulations/compliance changes" (38%), followed by "saving money or driving operational efficiency by reducing infrastructure costs" (38%) and "to bring new products and offerings to market faster," for 36% of respondents.

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01 What have been your main drivers for adopting the cloud? (select up to 3)

Over half of respondents in the healthcare (56%) and financial services (57%) sectors said one of the main drivers for cloud adoption has been to update technology to comply with new regulations/compliance changes. However, fewer than 2 in 5 (38%) respondents in local state/government sector said the same.



Funding

Unlike other markets, public sector IT initiatives funding is tied closely to election cycles and politics. Not surprisingly, the survey found that “budget and funding” was the top challenge (33%) in this industry, ranking higher than security concerns (32%) and skills gaps (32%).

Data Source Challenges

The ability to fully tap into the power of data is a game-changer that is currently a missed opportunity for many across all industries. For example, 67% of respondents reported challenges with too many disparate data sources, and 60% find having actionable data and dashboards accessible to the right users challenging. Additional challenges include having real-time access to data (61%), finding meaningful insights from data (59%), and supporting machine learning (61%).

The Growing IT Skills Gap

Nearly 65% of respondents say their organization is very skilled at building cloud-native applications, yet only 10% say their teams are proficient with cloud operating models. This contrast is further highlighted by the fact that less than 7% of IT decision makers say their team is currently proficient with DevOps and automation.

Additionally, just 4% say they are proficient in AI/ML. Despite this, 45% of respondents expect their teams to be proficient with these technologies within the following year.

Security and Compliance Challenges

A growing workforce skills gap is further challenging cybersecurity initiatives. The U.S. Commerce Department estimates there are about 464,000 U.S. cyber job openings, but not enough new, qualified workers to fill them. Moreover, with cyber-attacks increasing significantly, the need for qualified cybersecurity staff continues to grow. This aligns with another finding: when asked about top challenges, finding the right partner with the right experience was the second highest (32%), surpassed only by budgets and funding (33%).

Public Sector IT Leaders' Business Influence Varies Widely

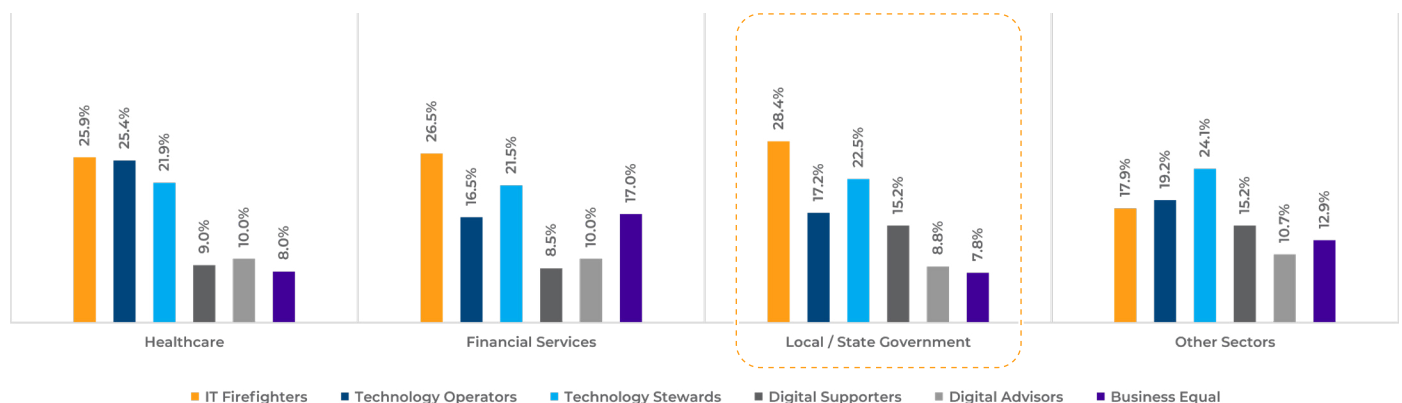
A key element of successful cloud transformation starts with IT's relationship with their organization. To look at this, respondents were asked to select which of the following best describes their relationship:

1. **IT firefighter**—technology is viewed as a reactive cost center
2. **Technology operator**—limited technology maturity and executive sponsorship
3. **Technology steward**—technology-focused with little business interaction
4. **Digital supporter**—technology as a business advocate
5. **Digital advisor**—technology as a priority influencer and consult
6. **Business equal**—technology and business as equal partners

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Which of the following best describes the relationship IT has with your organization and where would you like it to be? (Where it currently is)



Respondents who self-identified as “IT firefighters” were the most likely to cite budgets and funding as a cloud adoption challenge (41%). In an IT firefighter organization, technology is viewed as a reactive cost center as opposed to digital business environments, where IT and business teams are viewed as equal partners. IT firefighter was the top persona listed in the public sector (28%) and the highest across all industries. Conversely this sector ranked lowest in the “digital advisors” (9%) and “business equals” (8%) categories.

How the Right Partner Ensures a Better Cloud Experience

To overcome challenges with cloud adoption, many public sector organizations are looking for trusted partners to integrate modern security policies from the start and build a contingent workforce to address skills gaps. In fact, this sector is the most likely to outsource building cloud-native applications—18%—compared with 14% of healthcare, 13% of financial services, and 10% of other respondents.

Many organizations (77%) report that it's important to work with a partner with experience in legacy systems and the cloud. Additionally, 76% said it was essential to have a partner that could provide full lifecycle services, from strategy and engineering services to managed services.

For a smoother, more effective digital transformation, public sector organizations can work with a partner with broad expertise to help bridge the IT skills gap. Additionally, the right partner can provide a neutral third-party perspective, break down silos and help IT leaders drive business strategies that stimulate innovation and growth.

Closing Thoughts

Most public sector organizations are moving data, apps, and other critical and strategic IT workloads to the cloud as part of their digital transformation initiatives, but not without challenges. The biggest challenges uncovered in this survey include:

1. An IT skills shortage among existing employees coupled with difficulty finding and hiring additional talent
2. A divide between business and IT leaders regarding IT's role as a cost center as opposed to a business driver
3. A perception problem among IT leaders regarding their current level of cloud competency and maturity

However, the fact that public sector organizations put such a high emphasis on finding the right technology partners with the right skills shows that they're aware of these challenges and taking the proper steps to solve them.

To learn more, be sure to read the full [Cloud Transformation Benchmark Report](#)

