

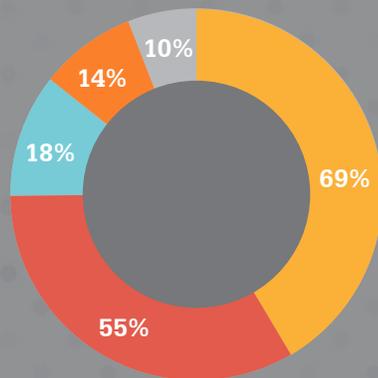
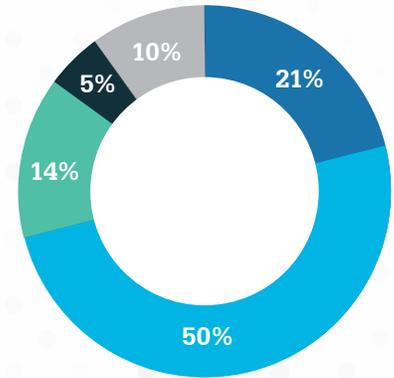
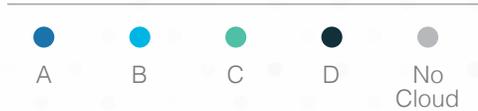


MARKET RESEARCH

Recently, 2nd Watch partnered with an outside research agency to understand the key drivers impacting enterprises today. Focused on large enterprises, we surveyed 150 companies with revenue between \$200M to \$10B exploring a variety of question focused on their cloud adoption priorities, top initiatives, and recruiting challenges to better understand what drives IT today. The following represents the results of that survey.

Cloud Strategy Rating

We asked enterprises where they would rate their Cloud Strategy as if it was a grade in college. It's encouraging to see that over 70% of enterprises rate their cloud strategy as an A or a B. Concerning though is the 29% who don't rank their cloud strategy as prepared for today's business. Digital transformation requires not only a cloud strategy, but a cloud native approach to modern applications and data.



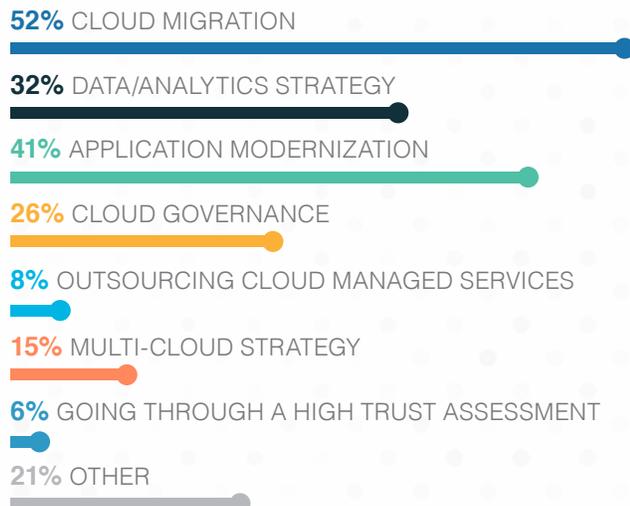
Cloud Service Providers

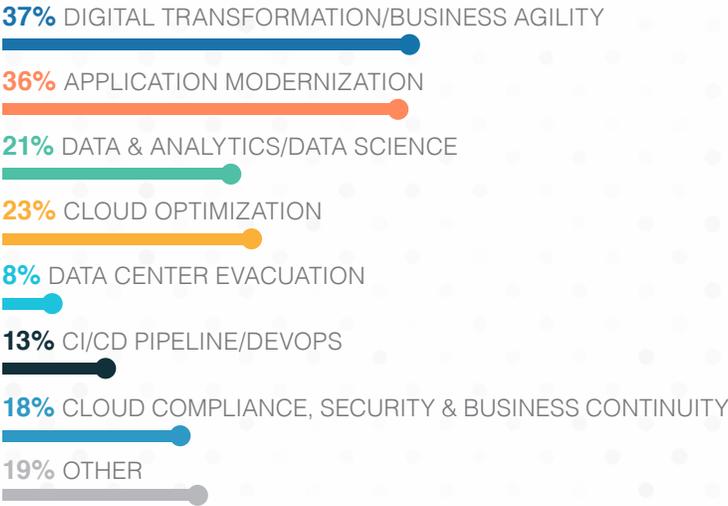
When examining what cloud services providers enterprises consume, a majority of those surveyed indicated Microsoft Azure as their cloud platform with Amazon Web Services a close second. At first glance, we're surprised that some enterprises stated "No cloud" however 2nd Watch still finds enterprises that have yet to move applications to the cloud.



Top IT Initiatives

No surprise to 2nd Watch that cloud migration and application modernization represent the leading enterprise initiatives. Data and analytics placed third on the priority list with cloud governance (read security) showing increasing interest for 26% of enterprises.



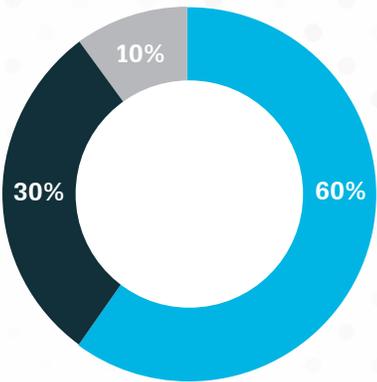


Common Challenges Impact IT

Digital transformation was stated as the top concern for IT organizations as they implement the necessary changes to take advantage of an evolving competitive landscape. No surprise that application modernization ranked as one of the primary challenges impacting IT followed closely by data and analytics. At 2nd Watch, we're seeing significant interest in cloud optimization from clients and the 23% acknowledges that it's a challenge for enterprises.

IT Recruiting Challenges

We asked IT specifically what challenges they are facing when it comes to recruiting. The number one item mentioned was skillset at reasonable prices followed by turnover. These two items have been echoed by our clients, especially in the Midwest states where an experienced remote work force knowledgeable in cloud have been highly recruited away from their current employers. When you look at the lack of true cloud expertise and the impact that highly mobile work force has on large enterprises, this trend grows more difficult for IT organizations.



Cloud Center of Excellence

2nd Watch wanted to understand the adoption of a Cloud Center of Excellence (CCOE) for large enterprises. Not surprisingly, 30% of organizations have implemented a CCOE. At 2nd Watch, we have successfully stood up CCOE environments within a number of client organizations ensuring the availability of the strategic resources necessary to differentiate in a highly competitive marketplace.



Digital transformation, digital-first, cloud native, and application modernization are all terms being bantered about in conference rooms across the country. For business, it's ultimately about creating competitive differentiation. IT has significant challenges to enable key business initiatives and cloud adoption plays a leading role in ensuring enterprises continuity. In today's world, you're dependent on IT's ability to deliver technology and solutions that provide differentiation in the market. Survive and thrive by implementing cloud native technology.