



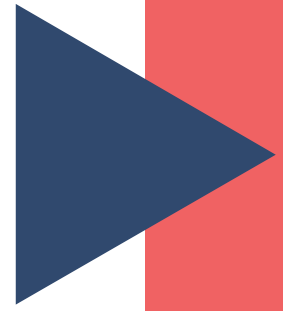
Accelerating Cloud Transformation for the Middle Market

Insights Into the State of Cloud Technology
in the Middle Market Segment





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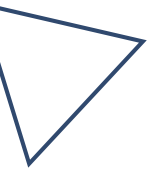
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Executive Summary

With annual revenues ranging from \$10 million to \$1 billion, U.S.-based middle market businesses account for over 60% of all jobs in the private sector. The middle market accounts for over 200,000 businesses across industry segments. Here are some more interesting statistics about middle market businesses:

- 80% of these enterprises generate annual revenues between \$10 and \$50 million – while 9% generate revenues between \$100 million and \$1 billion.
- 91% of middle market companies are privately owned companies and 37% are family-owned.
- 70% of the enterprises in 2022 reported better business performance than the previous year.

REVENUE GROWTH

12.2%

PAST 12 MONTHS

4.4%

S&P 500

10.0%

NEXT 12 MONTHS



EMPLOYMENT GROWTH

11.1%

PAST 12 MONTHS

1.6%

SMALL BUSINESS

5.1%

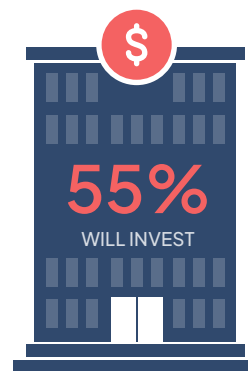
LARGE BUSINESS

10.0%

NEXT 12 MONTHS



CAPITAL INVESTMENT



CONFIDENCE

73%

GLOBAL ECONOMY



74%

NATIONAL ECONOMY



86%

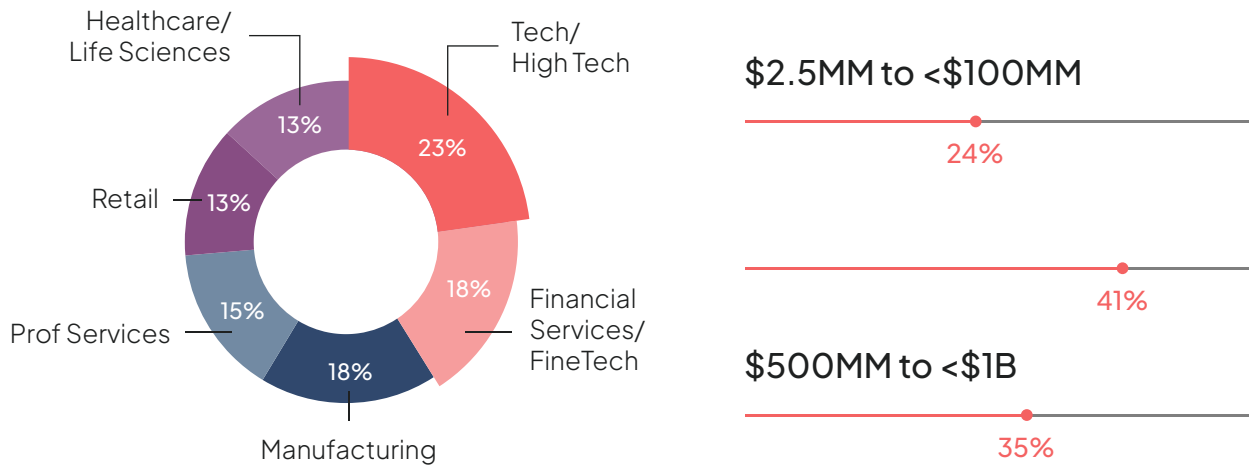
LOCAL ECONOMY



According to [Harvard Business Review](#), middle-market businesses comprise 3% of all U.S.-based businesses – but contribute to one-third of all private sector GDP and employment.

In collaboration with Google Cloud, the National Center for Middle Market (NCMM) conducted a recent survey on the state of cloud technology in the middle market. NCMM performed this survey on 406 decision-makers with cloud technology expertise. This survey was performed between September 19th to October 5th, 2022.

Survey respondent makeup by industry and size



Business leaders in middle market enterprises need to focus on accelerating their business transformation using cloud technologies. What is the current state of cloud technology in this segment? This eBook highlights them in complete detail – along with key insights gained from the NCMM research study.



Cloud Technology in the Middle Market

5 Key Insights



In the age of remote working, cloud is playing a critical role in the digital transformation of the middle market segment.

As more businesses embark on their digital transformation journey, they are looking to invest in cloud capabilities that can make their business more secure, efficient, and productive.

NCMM surveyed cloud users across industries to get answers to the following business-related questions:

- What is driving the growing usage of cloud technologies?
- What are the business benefits of cloud transformation?
- What are the major challenges to cloud adoption?

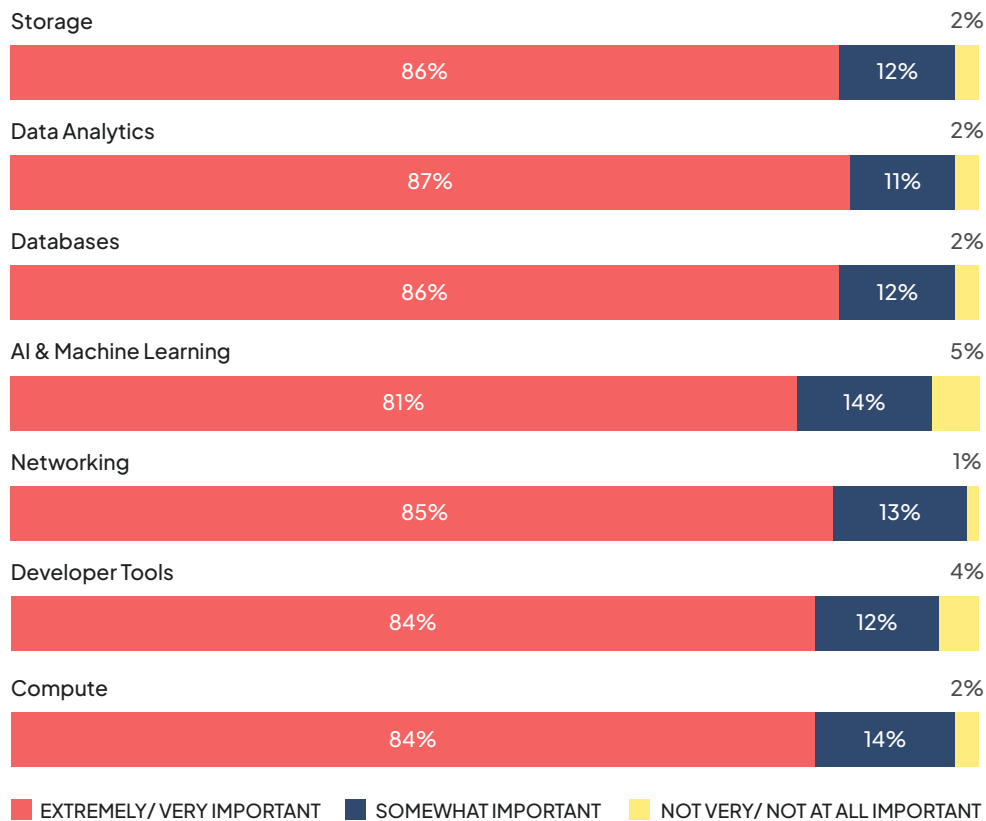
Insight #1

Cloud technology is critically important

The survey found that 87% of cloud users believe that cloud usage is more important than other business strategies. Among non-cloud users, this percentage was still high at 77%. Middle market companies do not view the cloud merely as a cost-effective solution for their data storage.

Besides storage, cloud services like data analytics, cloud databases, and AI & machine learning are ranked as "extremely important" services. Here's a breakdown:

Storage, data analytics, and database are viewed as the most important cloud services

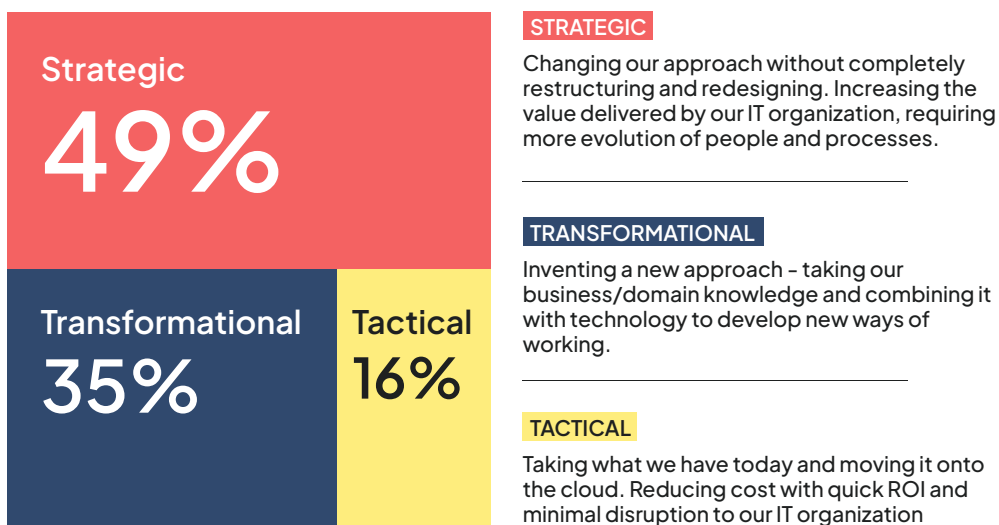


Nearly 50% of the surveyed companies were "cloud native" meaning they always used the cloud right from inception. While 43% have always used the cloud, 8% have used the cloud for 5 years (or more) and 33% used the cloud between 2 to 5 years.

Insight #2

The middle market is serious about cloud transformation

According to the survey, 49% of middle market businesses believe cloud adoption to be strategic – while 35% consider the cloud to be transformational. Only 16% view it as simply tactical. This means that few companies are looking to simply migrate their processes and applications to the cloud. They are serious about the business benefits of cloud adoption.



50% of cloud users in the middle market segment consider the cloud to be a necessity, while 42% regard the cloud as a game-changer for improving business performance and achieving business goals.



Insight #3

Data security is a critical factor

Middle market companies have a mixed perception of data security on cloud platforms. The survey found that 52% viewed data security among the "pros" of cloud usage – while 25% viewed the cloud as a barrier to data security. 49% of the respondents see data security as the benefit of cloud adoption.

When choosing the right cloud service provider, 50% of the companies regarded security as the most critical factor. Comparatively, selection criteria like ease of implementation and cloud features ranked at lower priority.

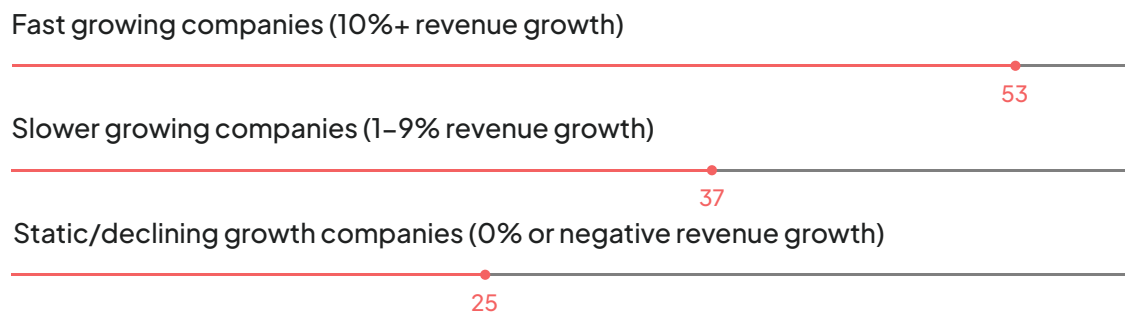


Insight #4

Fast-growing companies invest more in the cloud

The fastest-growing middle market companies were found to be the heaviest users of the cloud platform. Nearly 50% of their IT budget is allocated to cloud tools – while the average spending was around 39%.

Percent of overall cloud integration



The best-performing middle market businesses were also found to integrate the cloud across business functions as follows:

- Administration (46%)
- Finance (49%)
- Operations (51%)
- Computing (56%)
- Data analytics (58%)

Similarly, the fastest-growing companies allocated 35% of their cloud budget to developing or investing in cloud solutions – while 32% of the budget was invested in data migration and refactoring.

Insight #5

Cloud investments exceed expectations

Among the important insights, only 2% of middle market businesses say that their cloud investment fell short of their expectations. Over three-fourths of the cloud users term their cloud experience as “better than expected.” In fact, 90% of cloud users are highly satisfied with the services from cloud providers like Google Cloud, Amazon, and Microsoft.

Companies also cited the benefits of cloud usage as follows:

- Improved data recovery (50%)
- Higher productivity (49%)
- Improved data security (49%)
- Overall efficiencies (42%)

On the flip side, companies also cited a few drawbacks of cloud usage – like cost escalation (30%), frequent upgrades (29%), and lack of skilled employees (25%).

Percent of companies citing various drawbacks of cloud usage



Cloud Transformation Strategies for Middle Market Businesses



There is little doubt about the important role of cloud technologies in the digital transformation of middle market businesses across industry segments. However, they must also develop effective strategies on how to create and optimize the cloud for future benefits.

Here are 3 key considerations for middle market businesses that are looking to get more out of the cloud:

1. Define your transformational approach.

Start your cloud journey by listing the reasons to move to the cloud instead of taking a tactical approach, devise a transformational approach that can deliver more business value. According to most cloud service providers, companies that adopt a “lift and shift” approach to cloud migration experience more downside in their cloud implementation.

A comprehensive or transformational strategy works more efficiently for the business – and is worth the additional investment and resources.



2. Consider security in detail.

The NCMM survey found data security and cloud expenses to be the leading concerns for middle market enterprises. 49% of the respondents had a positive view of data security on the cloud – while only 22% had a negative outlook about security. Similarly, 40% of middle market enterprises believe cloud usage improved their cost savings – while 30% had a negative outlook of the same.

As is evident, data security is an enabler and deterrent to cloud adoption. For instance, Google Cloud counters the deterrence factor through its **zero-trust approach**. With this approach, Google protects cloud workloads by using multiple mechanisms and verifications to establish trust in the cloud users and resources.

Besides that, consider factors like how data will be stored and secured in the cloud. Here are some questions to address:

- How do you maintain control over data locations and operations on the cloud platform?
- How can you address online threats in the form of ransomware and phishing?
- What is the role and responsibility of the cloud service provider in data security?

3. Leverage cloud resources with optimum efficiency.

In the middle market, most companies leverage both internal and external cloud resources. 54% of middle market companies rely on internal IT teams for support – while 47% partner with external cloud consultants. Leveraging both internal and external resources can ensure a smoother transition.

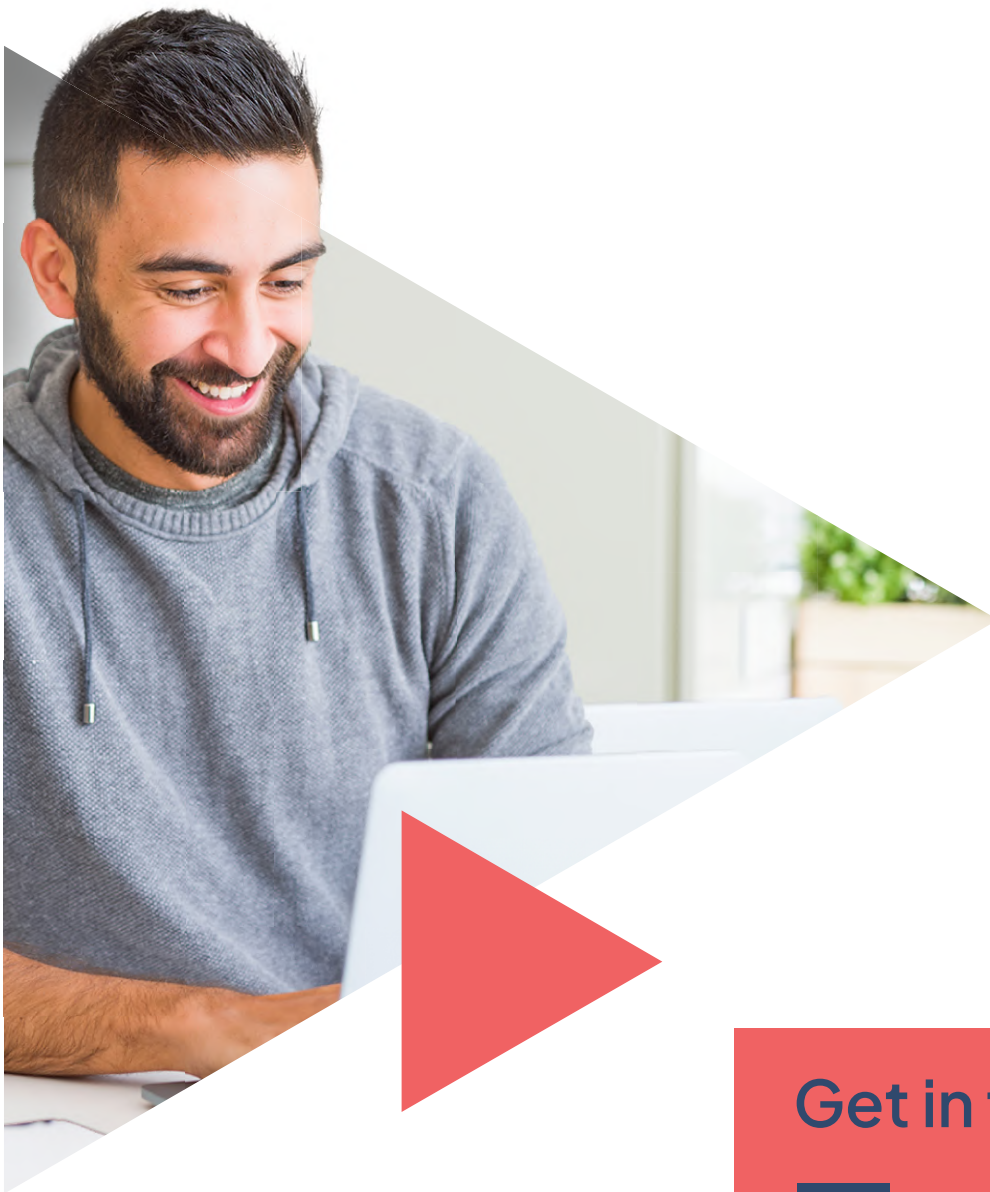
If you are an existing cloud user, then you can improve the cloud experience by:

- Optimizing your IT budget to take advantage of the cloud capabilities your business needs most
- Integrating the cloud across all business functions
- Taking advantage of real-time data analytics to make smarter business decisions
- Modernizing your business applications to provide a better end-user experience

How Onix can help

For over 30 years, **Onix** has been a trusted cloud partner for enterprises across industries. Our customized cloud solutions cater to unique customer needs – and create more business value for our global customers.

If you are looking for the right cloud partner to optimize your cloud strategy, Onix has the expertise and industry experience to support you at all stages of your cloud journey. **Get started today.**



Get in touch



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