



## **New CDW Canada report reveals that cloud adoption will define Canadian organizations' ability to meet future digital demand**

*CDW's first-ever Cloud Report highlights cloud services' crucial role in delivering Canadian organizations' digital transformation ambitions*

**Toronto, ON – January 25, 2021**

Today, [CDW Canada](#), a leading provider of technology solutions and services for Canadian organizations proudly releases the first iteration of its annual Cloud Report, [A Cloud-Based Digital Fabric Supports a Transformed Enterprise](#). The report, written with additional support and analysis from [IDC Canada](#), analyzes and forecasts the state of cloud adoption in the Canadian business landscape, identifying key trends, best practices and important perspectives throughout the full spectrum of cloud adoption journeys.

Driven by shifts in consumer demand, a need to stay ahead of competition and overcome business challenges, incorporating new technologies and pursuing a digital transformation strategy are necessities for any Canadian organization. According to the Cloud Report, over half (52 percent) of organizations have already or plan to invest in cloud-based infrastructure and applications to ensure the reliable delivery of services. This push for adoption was largely due to COVID-19, which forced many organizations to realize the shortcomings of on-site solutions and data centres.

"The onset of a global pandemic expedited the need for scalable and reliable solutions in order to sustain business operations and employee productivity," said Theo Van Wyk, head of solution development and cybersecurity, CDW Canada. "Organizations are looking to the future more than ever and understand that digital transformation is an essential component of their long-term success. Cloud can be a powerful enabler to deliver against digital transformation ambitions and help Canadian organizations become digitally determined rather than distraught, while future-proofing their businesses for the years ahead."

## **Growth of digital services and experience will strain future IT systems**

According to the Cloud Report, three-quarters (75 percent) of Canadian executive officers believe that the ability to deliver reliable digital services and experience at scale will grow in importance over the next five years. Additionally, surveyed senior line of business and IT executives anticipate nearly half (50 percent) of organizational revenue will be generated by digital products, services and experiences within the same time frame. Unsurprisingly, this concentrated interest will strain IT systems and put pressure on organizations to ensure scalability and reliability.

As a result, Canadian organizations are broadly exploring and investing in a variety of new technologies to modernize existing capabilities to meet anticipated need. Most organizations (78 percent) indicated a current or upcoming investment in data mining and analytics technologies, followed by 52 percent in AI/ML, respectively.

## **Public cloud adoption driving the pack**

The adoption of public cloud continues to accelerate in Canada. Public cloud services such as software as a service (SaaS), platform as a service (PaaS) and infrastructure as a service (IaaS) are increasingly seen as enablers of cost reduction, application management and successful digital service and product delivery. SaaS – the most traditionally accessible form of public cloud – has been adopted by nearly all Canadian organizations (92 percent), while the popularity of PaaS and IaaS (47 percent and 34 percent, respectively) lags due to existing on-premise deployments, security and skills.

Public cloud services are expected to see the biggest increase in IT budget allocation – rising from 20 percent in 2020 to 29 percent in 2022. However, given data residency, security and governance requirements, some organizations cannot deploy their services entirely on public clouds. As such, two-fifths (41 percent) of Canadian organizations indicated investments in hybrid/multicloud technologies and management solutions.

## **Medium-sized organizations slowest to adopt cloud, but see the greatest benefit after implementation**

While CDW Canada anticipates the growth of public cloud adoption to exponentially expand in coming years, adoption rate from medium-sized (100-499 employees) Canadian organizations currently rests behind their smaller (1-99 employees) and larger (500+ employees) peers – especially with PaaS and IaaS. This is primarily due to technical debt and a hesitancy to divest legacy IT systems resulting in different priorities; according the report, one-third (33 percent) of large firms see cloud as the platform for digital innovation, while only one-quarter (25 percent) of medium-sized organizations say the same. However, medium-sized firms that do adopt cloud outpace their smaller and larger peers. One-third (33 percent) of medium organizations felt that their cloud journey helped drive digital transformation – a strong validation of why firms of this size should invest in cloud services to gain competitive advantage.

### **Workload management has shifted from data centres to cloud operating models**

When looking at enterprise workloads, Canadian organizations increasingly rely on third-party cloud data centres rather than internal IT environments. This is reflected in IT budgets, as a greater proportion are being allocated for cloud services. In fact, the Cloud Report notes that half of IT budgets (50 percent) were spent on external data centres in 2020, including colocation data centres, hosted private clouds and public clouds. By 2022, Canadian organizations are expected to allocate 44 percent of IT budget to internal data centres and 56 percent of budgets to run workloads in external data centres.

More than half of Canadian organizations (60 percent) run their enterprise application workloads in hybrid IT environments, meaning they use a combination of on-premise, private cloud and public cloud deployments that provide the ability to choose the right environment for each workload. Organizations are increasingly turning to cloud operating models to position workloads across multiple platforms and extract the greatest value from their investments. Very few organizations (20 percent) are moving their workloads from the cloud straight back to a centralized on-premises data centre, whereas a similar number prefer to repatriate from public to private cloud (22 percent) and one-third (29 percent) want a shift from private to public.

## **The road to cloud**

Constrained or reduced IT budgets (44 percent) are typically the most common factor that lead Canadian organizations to consider using cloud services – an even larger driver for small (52 percent) and medium-sized (46 percent) organizations. Other drivers of cloud services are compliance requirements (43 percent), supporting digital transformation initiatives (40 percent), access to new services/functionalities (36 percent) and the ability to scale up capacity to support exponential data growth (35 percent).

Larger enterprises with more robust resources are increasingly adopting a cloud-first approach, as on-premise/private hardware and software investments reach end of life. Interestingly, just under half (48 percent) of small businesses noted that digital transformation initiatives were the top reason for exploring cloud – the highest response throughout each business size.

Once organizations start to deploy cloud, regardless of driver, the greatest benefits are realized in improved security (38 percent), business agility (34 percent), simplified/standardized infrastructure (33 percent), sourcing control (30 percent) and driving digital transformation within the business (29 percent).

Join the conversation online by following @CDWCanada on [Twitter](#) and [LinkedIn](#).

## **About the CDW 2021 Cloud Report**

This report is based on IDC's recent surveys of adoption trends in Canada. The report was written with additional support and analysis from IDC Canada.

## **About CDW Canada**

CDW Canada is a leading provider of technology solutions for business, government, education and healthcare. CDW Canada helps customers achieve their goals by delivering integrated technology solutions and services that help customers navigate an increasingly complex IT market and maximize the return on their technology investment.

Areas of focus include software, networking, unified communications, data centre and mobility solutions. CDW Canada is on the Channel Daily News Top 100 Solutions Provider list in Canada, and is a wholly owned subsidiary of Vernon Hills,

Illinois-based CDW Corporation, a Fortune 500 company. For more information, visit [www.cdw.ca](http://www.cdw.ca).

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