



WHITEPAPER

Turn fear into opportunity

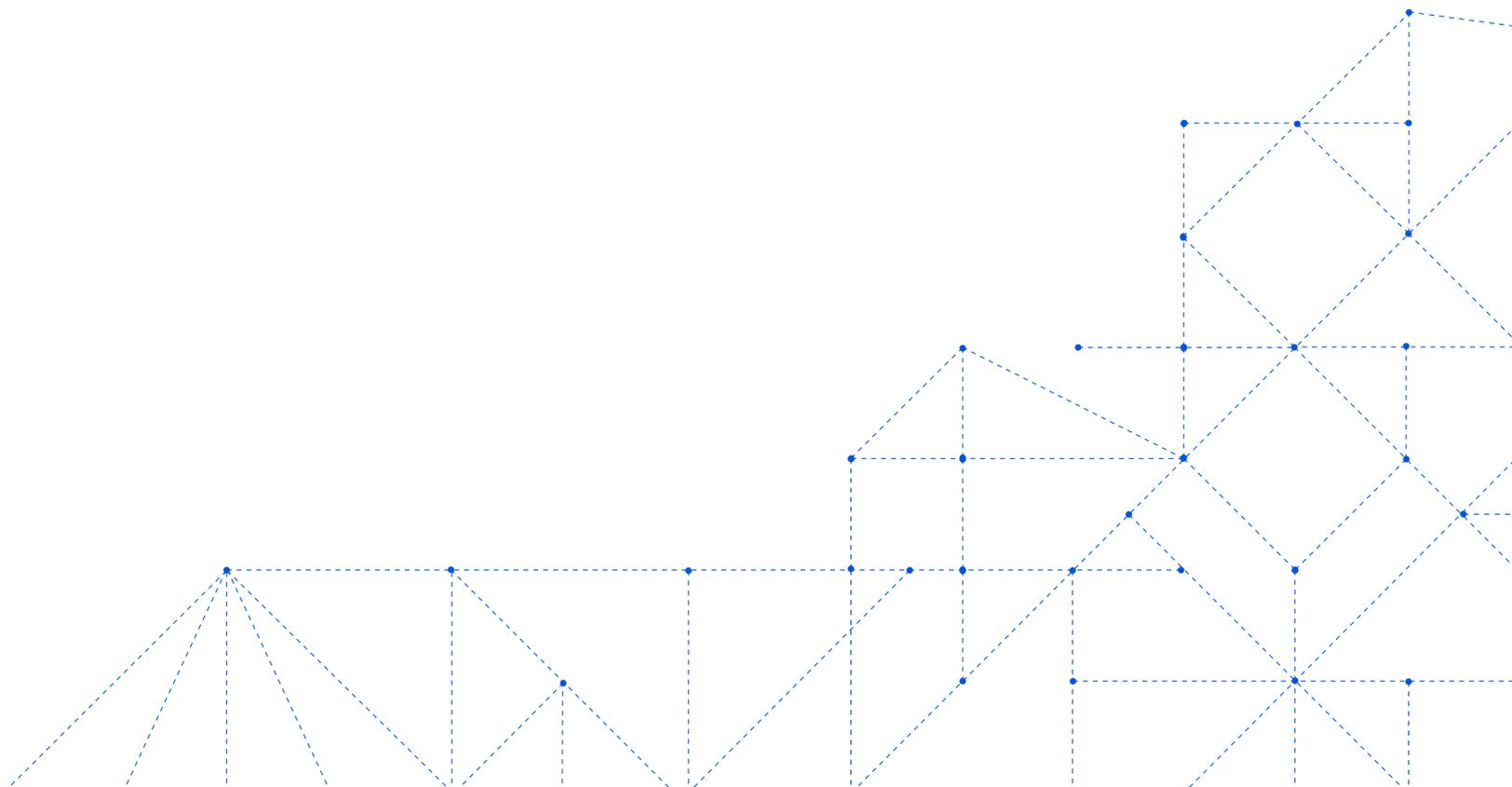
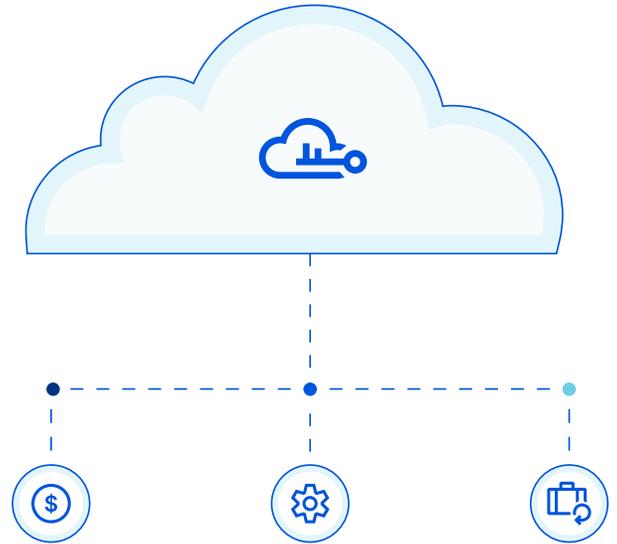
3 strategic steps to cloud transformation during economic uncertainty



Executive Summary

Today organizations are facing economic uncertainty, shrinking budgets and lack of clarity on how to move their business forward. In the following sections, we will define and expand on the varying factors creating these circumstances and market conditions.

From these insights, we define three steps leaders can take to align IT infrastructure strategy to the new economic environment.



Introduction

“A crisis is a terrible thing to waste,” said Stanford economist Paul Romer ([source](#)). For more than two years, IT leaders have been dealing with crisis after crisis as they plan and execute strategy.

They have had to react to a global pandemic and its second-order effects, a major conflict in Europe and now a looming recession. Choices that CIOs made in supporting their remote workforce will have long-lasting, unintended benefits in making their workplaces attractive for supporting remote work. Similarly now, as leaders face a worsening economic outlook, choices they make about security, networking, remote access, storage, development and more, will help them emerge stronger and better set up for growth on the other side of the downturn.

How we got here is a relatively well-documented story. Before March of 2020, it was commonly believed that remote work didn't work. That changed when the requirements of operating in a pandemic forced organizations everywhere to adopt remote working styles. Technology has not just infiltrated our lives, but now our everyday lives depend on it for even the most basic things - like carrying out transactions in retail stores that were no longer accepting cash. This helped drive a boom in technology share prices and venture capital investment, as evidenced by the unprecedented creation of new tech unicorns ([source](#)). This time also saw the fastest doubling of the S&P 500 in history ([source](#)).

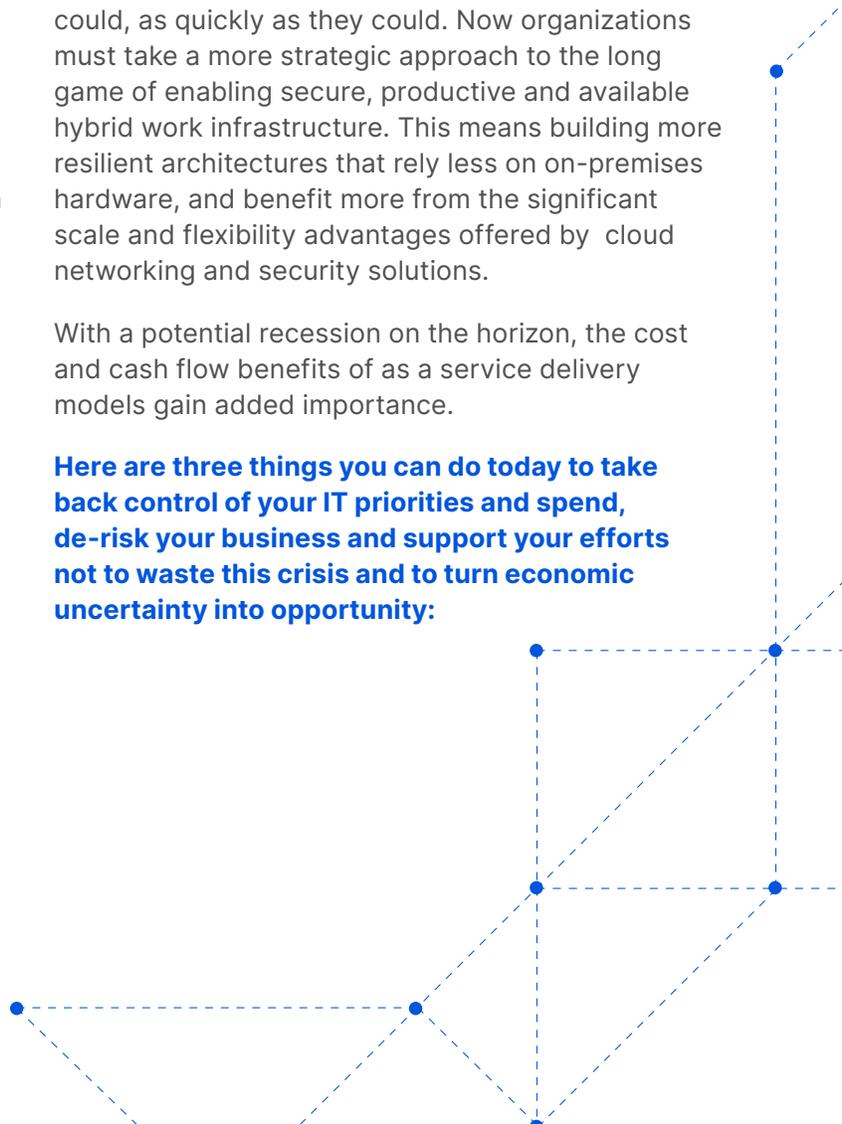
The rise of remote work also saw a boom in ransomware and sophisticated cyber threats that established new benchmarks for revenue impact, scale and sophistication ([source](#)). The evaporation of what remained of the network perimeter, coupled with historic increases in employee turnover, led to gaps in security, and delays in strategic IT projects. This forced organizations to re-think not only their approach to hiring and retention, but also their approach to controlling access to their systems and machines.

Remote work accelerated this shift towards a better framework for granting access to systems, often referred to as Zero Trust. For example, in May of 2021, this framework became part of an executive order designed to improve the United State's national cybersecurity posture ([source](#)). Though the concept of Zero Trust is not new, and many network administrators prefer the more accurate term “least-privilege access controls”, Zero Trust has become one of the most promising paths towards a more secure digital future. Though the pandemic gave rise to a dramatic increase in eCrime ([source](#)), it also opened the eyes of organizations and their boards to the urgent necessity of effective cybersecurity.

The immediate impact of the pandemic was to force organizations to support remote work however they could, as quickly as they could. Now organizations must take a more strategic approach to the long game of enabling secure, productive and available hybrid work infrastructure. This means building more resilient architectures that rely less on on-premises hardware, and benefit more from the significant scale and flexibility advantages offered by cloud networking and security solutions.

With a potential recession on the horizon, the cost and cash flow benefits of as a service delivery models gain added importance.

Here are three things you can do today to take back control of your IT priorities and spend, de-risk your business and support your efforts not to waste this crisis and to turn economic uncertainty into opportunity:



💰 1. Get control of spending and consolidate solutions

Organizations have a lot to gain by consolidating their security vendors. The average enterprise relies on 46 cybersecurity tools which can actually make them less secure ([source](#)). Supporting multiple vendors means your employees are spending valuable time on procurement, implementation, management, troubleshooting, and supporting a large number of disconnected systems – instead of securing your infrastructure and data. Not to mention procurement teams negotiating contracts, tracking licenses and ensuring entitlements are used. If you were to eliminate even just a handful of those tools, you could improve security while saving valuable employee time. By shifting investments from CapEx to OpEx, you can also make immediate improvements to short-term cash flow and avoid getting locked into multi-year capital investments that impede business agility. When facing uncertainty, strategic simplification and consolidation can help you achieve long-term success.

One way to simplify is to reduce dependence on traditional hardware. Shifting from legacy boxes to as-a-Service solutions can help to ensure that your highest priority initiatives remain funded, even if budgets decline. Buying into the as-a-Service model also means that you benefit from the inherently faster innovation cycles of software over hardware, while freeing your people to focus on activities that truly differentiate your business.



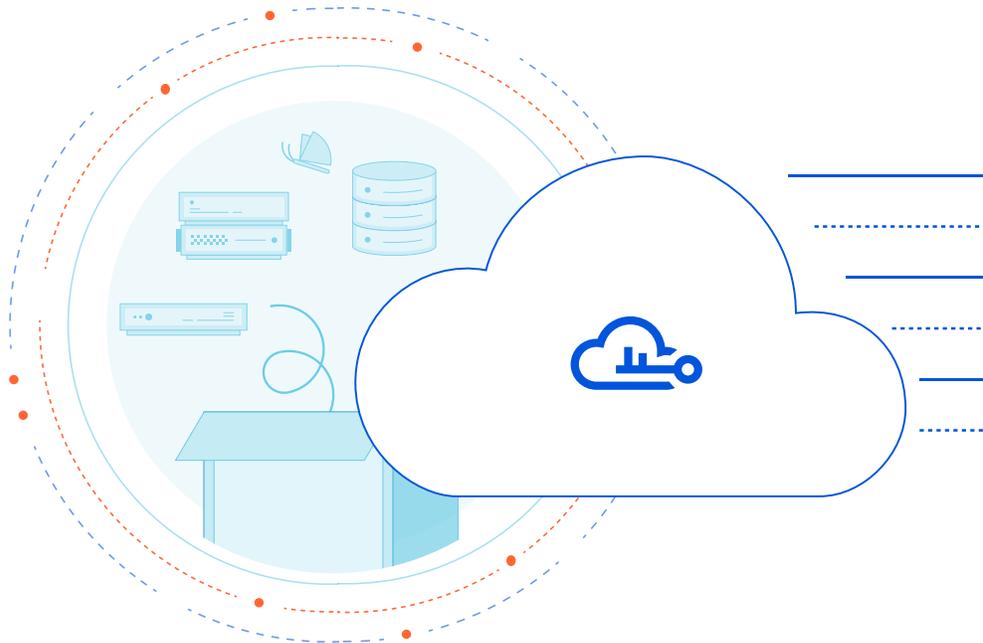
2. Shrink your exposure to supply chain risks

Chip shortages, precious metals shortages, and inflation are impacting the availability of traditional IT hardware, leading to additional unpredictability around IT projects. Lead times of 9-12 months for traditional hardware are not uncommon. This poses scalability and continuity risks to your business while jeopardizing your relationships with the customers who rely on you.

The current state of supply chains is forcing organizations to make premature CapEx commitments today just to secure inventory many months from now ([source](#)). This puts more pressure on cash flows while locking organizations into decisions that may prove to be critically flawed in the future. Instead of locking yourself into the limitations of hardware, consider shifting to as-a-Service solutions and insulating your business from upstream hardware supply disruptions and price fluctuations.

WHITEPAPER:

The Death of Network Hardware Appliances — Why the time to break free from network hardware is now



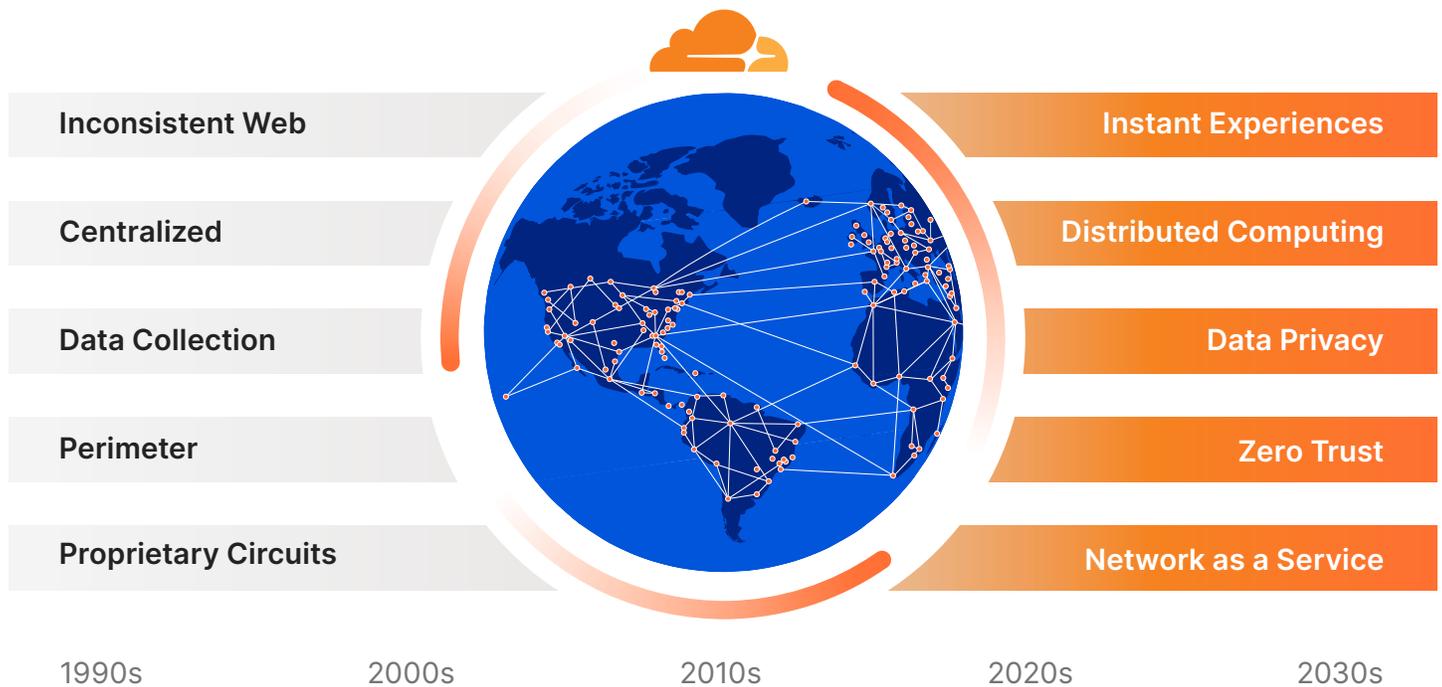
3. Navigate a changing business landscape with greater flexibility

In times of uncertainty, businesses have to remain agile and responsive to changing market conditions. Now is the time to accelerate long-term, strategic cloud transformation initiatives. Consolidating networking and security services and shifting to or augmenting with an as-a-service model allows your organization to deploy, expand and resize on demand.

As-a-service models will create strategic competitive advantages for organizations who adopt them and will allow them to grow, scale and accelerate without sinking more costs into short-lived hardware solutions. When cashflow is a concern, the ability to minimize costs or eliminate them altogether is a strategic advantage that can mean the difference between barely surviving and thriving – regardless of market conditions.



How Cloudflare can help



Cloudflare enables the transitions needed for digital transformation

Cloudflare launched in 2010, during the aftermath of the 2008 economic crisis, to lead the transformation from on-premise infrastructure to the cloud. We engineered Cloudflare’s platform with an audacious goal: to help build a better Internet. Cloudflare’s suite of products protect and accelerate anything connected to the Internet without adding hardware, installing software, or changing a line of code.

Internet properties powered by Cloudflare have all web traffic routed through our intelligent global network, which gets smarter with every request. We help our customers work smarter, build better, run faster and grow securely. Today, Cloudflare protects and accelerates millions of Internet properties.

✔ Control

Gain the power of an integrated global network that delivers comprehensive connectivity, security and compute while leaving you in control of policies.

✔ Flexibility

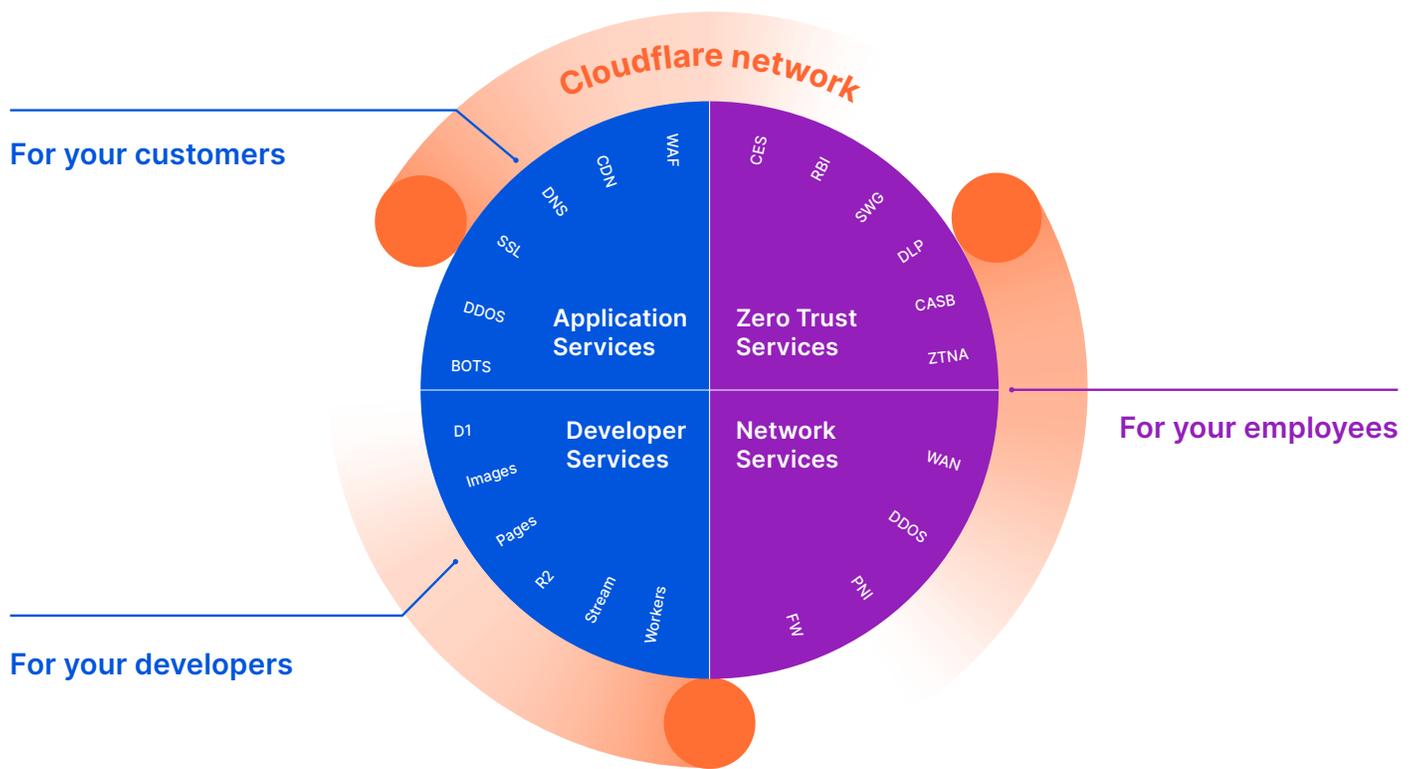
Cloud-native services mean no up-front CapEx investment is required. Easily increase or decrease usage to align with business fluctuations.

✔ Predictability

Predictable billing – with no unexpected costs such as unbounded egress fees. No need to spend CapEx now for hardware delivered next year.

The Cloudflare global network makes everything you connect to the Internet secure, private, fast, and reliable

- Secure your websites, APIs, and Internet applications.
- Protect corporate networks, employees, and devices.
- Write and deploy code that runs on the network edge.



Our platform

Conclusion

While a recession is not a certainty, it seems likely that we are transitioning from an era of consistent rapid growth to an environment of greater unpredictability. Now is the time to begin to make strategic, long-term architecture decisions that will enable your teams to break free from legacy approaches and adopt better ways of building, securing and scaling your digital infrastructures.

Cloudflare is here to help you design your path forward.

To get started, visit www.cloudflare.com and sign up for an account, or contact us to schedule a demo.





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