Cloud CoE dynamics & anti-patterns to avoid during implementation

Cloud CoE dynamics, & anti-patterns to avoid during implementation

Most companies today are accelerating their move to the cloud to take advantage of benefits such as increased scalability, high availability, cost efficiency, agility, and innovation. Cloud platforms give access to near-limitless computing power and cutting-edge technology, from highly secure managed infrastructure to an ever-developing ecosystem of services. Choosing to go to the cloud is easy but to make this transition smooth & successful, the existing organisational structures and methodologies need to evolve.

To evangelize and drive enterprise cloud transformations, and reimagine processes in the cloud, many companies build a Cloud Centre of Excellence (CCoE). The Cloud CoE is a cross-functional entity that acts as a centralized governance function intended to provide strategic direction, align stakeholders, and help transform operations to support existing and new cloud services. CCOE in an organisation, enables and uplifts existing IT teams by ensuring enterprise-wide design coherence and sharing cloud best practices.

Cloud Transformation requires excellence

01 According to **Flexera State-of-the-Cloud 2023 report** corporate establishment of Cloud CoEs has increased year over year, this steady growth trend continues with 82% reporting that they have or plan to have a CCoE.

02 As per **Cloud Infrastructure Report 2022**, for organisations that have adopted a Cloud CoE — either an informal or formal group of experts — 95% say they benefited from this leadership. The three most common values cited are improved governance (50%), better overall operational efficiency (49%), and increased confidence in cloud security (44%).

However, we see that many organisations often fall into certain anti-patterns of Cloud CoE implementation and are unable to fully realize its benefits.

Cloud CoE implementation anti-patterns & how to avoid them

Setting up a CCoE with the focused goal of accelerating cloud adoption across business is how today's most leading organisations will outperform their competitors through the advanced use of the cloud. "Adoption," doesn't simply mean setting up the cloud capability but also making sure that it will be used and governed in the right way, that's where Cloud CoE plays a crucial role. Following is some of the major anti-patterns we've observed in Cloud CoE set-up that can derail cloud adoption efforts and prescribed ways to mitigate them for optimum cloud value realisation.

01 Missing strong executive sponsorship & stakeholder engagement

A CCOE is successful when it receives support and endorsement from strong executive sponsors. The executive leadership support will enable the CCoE to smoothly implement governance policies and help provide teams with necessary direction & education around cloud computing. The cost management decisions that the CCOE makes, will be backed by the leadership making the roll-out effective. Empowerment from leadership is a key differentiating factor.

Alignment and buy-in should expand beyond the executive C-suite and must reach other business functions, not only Information and Technology (IT). It is important to get stakeholders from all departments into the mix so that they represent their business, collaborate on decision making and aid the overall change. The idea is to engage the broader organisation so that the any team which is averse to the change in turn becomes advocate of cloud.

02 A lack of unbiased, clear, and concise information on establishing CCoE governance

As you ideate the vision for CCoE, get started by defining cloud ready roles in alignment with business needs and industry trends (i.e., the adoption of Site Reliability Engineering, DevOps). Build a cloud tribe including colleagues from teams with higher cloud maturity and SMEs (Subject Matter Experts) from CSP(Cloud Service Providers) engagement teams to speed up the transformation. Then, redefine role profiles and associated skills using learning journeys to upskill and/or attract new talent. The CCoE team should get authority from the CxO directly for effective governance. Once the capability-role mapping is done, the governance framework, IT processes and overall remit of the CCoE should be clearly communicated across the cloud organisation. This ensures clarity of scope, and everyone is aware what the CCoE does or does not do.

03 CCoE poses as a bottleneck or is just an Operations function

CCoEs must strike a balance between providing advice and guidance in some areas (e.g. tagging strategies, architectures, tools & services) and prescriptive rules in other areas (e.g. security and compliance policies). The CCoE is most effective when it drives its consultative function immaculately; it provides guidance and shares best practices where needed, but it does not dictate every decision. They should not gate keep cloud endeavours for their organisation, otherwise they may create a bottleneck for the entire company's cloud adoption efforts — the exact opposite of their goal. CCoE can function as leaders, enablers or coordinators as need be. On the contrary, many organisations establish a CCoE which ends up looking after operations rather than being an advocate for all things cloud with consultative or governing remit. Defining simple and clear governance structure, roles & responsibilities, and terms of reference for the governance forums is the key.

04 Not being flexible enough to cater to varying levels of cloud maturity within the organisation

Every organisation will have a mixed level of maturity across its development and product teams. Some business lines would already have experience on cloud whereas will be at a nascent stage in their cloud journey. The CCoE should be flexible enough to accommodate the needs of all maturities and establish governance accordingly. Although it guides teams on the effective use of guardrails & patterns, it is expected that the roles and responsibilities of the CCoE will evolve over time.

At its inception, the CCoE typically focuses on setting up the building blocks of a migration, defining the approach and standards around landing zones and controls; whilst also supporting and educating other teams. However, going forward its role should evolve into more of an enablement function, rather than doing everything themselves. As teams mature and start becoming independent, the CCOE will gradually become a sounding board for their innovation ideas and its capabilities will blend into various functions.

05 Shifting focus away from enabling capability scale-out & Innovation
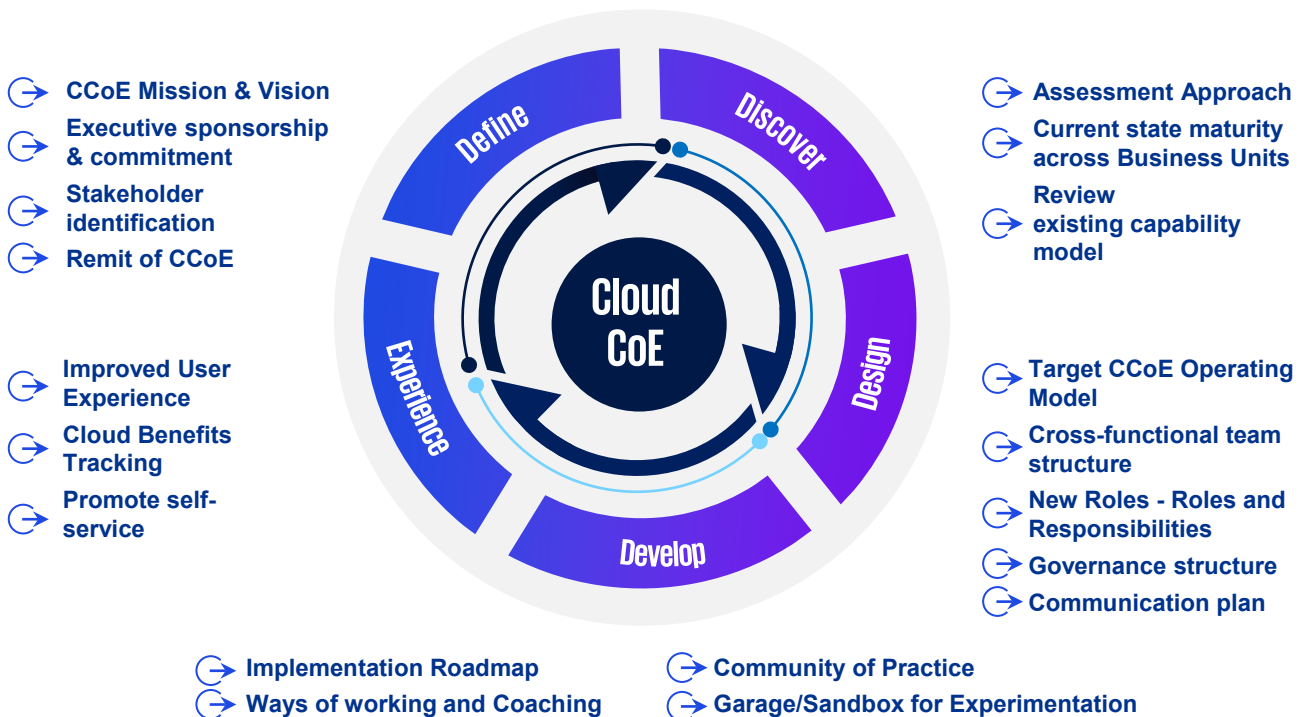
A CCOE should have a holistic remit and its scope should be transformative in nature so that new cloud capabilities can be built into the operating model after testing and piloting. Eventually these capabilities should be scaled out to the wider team. The CCOE should not only define the guidelines & patterns, but also help other teams to be self-sufficient in building on these newer capabilities and deliver in a co-creation approach. This approach also helps to remove silos and shadow IT. The teams can then build and execute their own roadmaps and focus on innovation as their capabilities & cloud knowledge matures.

06 Continuing with legacy ways of working

Tackling the organisational change aspect as the CCoE and cloud operating model evolves is very critical. We need to establish new cloud enabling processes and educate the teams on the newer ways of working. Agile & DevOps become key as cloud adoption picks up pace. Organisations should move away from building new technology to fit a legacy process that was designed to manage risk in a very different technological landscape. Rather, they should be looking at modernizing, optimization, and create new processes that maximize value from the cloud technology.

KPMG Approach

Define
- CCoE Mission & Vision
- Executive sponsorship & commitment
- Stakeholder identification
- Remit of CCoE

Experience
- Improved User Experience
- Cloud Benefits Tracking
- Promote self-service

Discover
- Assessment Approach
- Current state maturity across Business Units
- Review existing capability model

Design
- Target CCoE Operating Model
- Cross-functional team structure
- New Roles - Roles and Responsibilities
- Governance structure
- Communication plan

Cloud CoE

Develop
- Implementation Roadmap
- Ways of working and Coaching
- Community of Practice
- Garage/Sandbox for Experimentation

Key Benefits of the approach

This framework helps bring in transparency and clear communication around the organisational cloud vision and strategy. All teams can then work towards the same objective.

It defines the governance based on consistent cloud processes that allows for an integrated operating model set-up & enhanced way of working.

Provides a well-rounded approach to cloud transformation using the best practices and standards. Alleviates the issue of shadow ITs as teams move away from working in silos.

Clear & effective implementation roadmap is created by managing conflicting priorities. Decisions are made effectively, and skilled resources are brought in to enable transformation keeping customer centricity as a focus.

Dynamics of CCoE and Gradual Organisational Maturity

Google Cloud Point of View

There are 3 stages of the evolution and alignment of Cloud CoE which captures the activities and outcomes in terms of timeframe i.e.

- Short-Term Cloud Team: A cross-functional team of representatives from across the organisation who advise and collaborate with IT on cloud computing strategy, policy, needs and impacts

- Mid-Term - Cloud Advocates: Over the time the team evolve into a core cloud practicing group of the organisation implementing and driving the change

- Long-term - Cloud Innovation: Over time, as the IT organisation transforms, the CCoE may become part of the broader Cloud Service Broker role within the organization

AWS Point of view

The CCoE structure will evolve and change as the organisation changes. Customers frequently begin with the prescriptive approach and move to an advising approach as the adoption of cloud scales across an enterprise:

- Prescriptive Approach: Directly oversees or implements all cloud projects. usually temporary (1 to 3 years) and provides a residence for cloud expertise until wider adoption is reached.

- Advising Approach: CoE team members serve as internal SMEs for cloud projects and performs an advising function, advising on architecture, services available, and best practices.
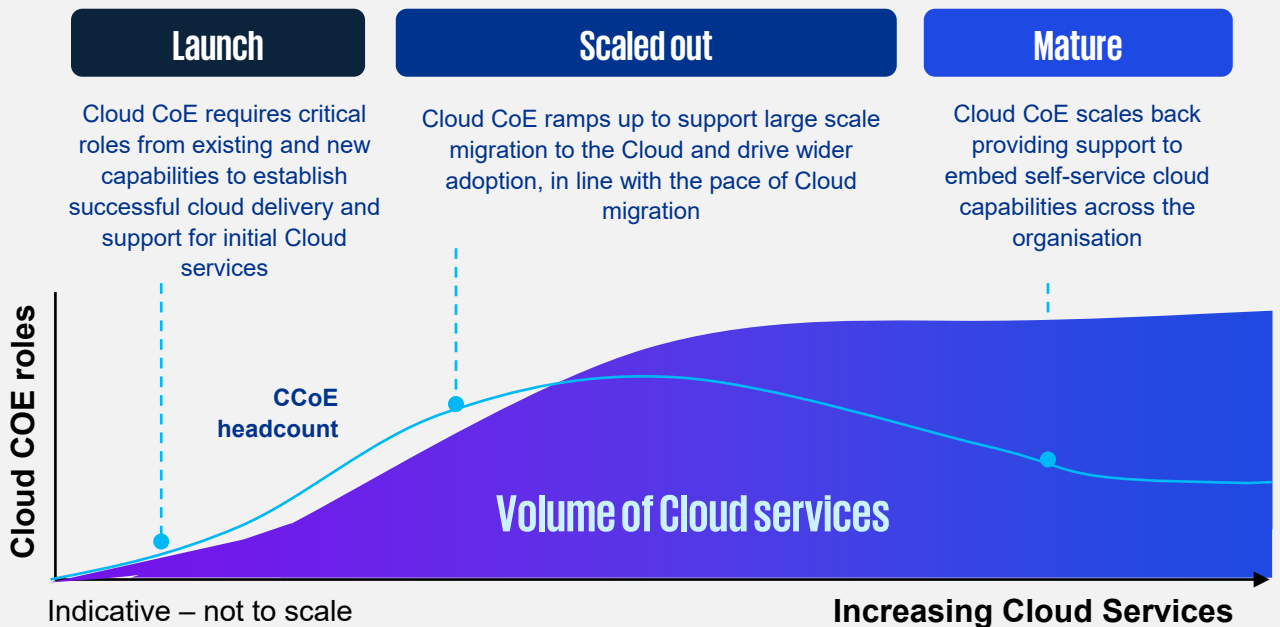
Azure Cloud Point of view

In a CCoE approach, IT serves as a broker, partner, or representative to the business. During the evolution of CCoE, IT's approach and focus will evolve as:

→ Without CCoE - Enforce / Control: IT focus is on providing Controlled and Central Responsibility

→ With CCoE successful - Enable / Support: IT focus shifts to freedom and delegated responsibility

Organisations should design the Cloud CoE as an adaptive structure that evolves with the needs of the organisation. The Cloud CoE will move through a series of transition states as the maturity and scale of cloud services grows. Hence, it becomes important to ensure Cloud CoE objectives and model remains aligned with wider IT operating model.

Based on our experience across various industries, for most of the organisations Cloud Centre of Excellence team gradually move to roles within the BAU (Business As Usual) organisation, bringing the Target Operating Model to life and drive innovation-based outcomes across the estate.

CCOE organisational maturity stage

Launch	Scaled out	Mature
Cloud CoE requires critical roles from existing and new capabilities to establish successful cloud delivery and support for initial Cloud services	Cloud CoE ramps up to support large scale migration to the Cloud and drive wider adoption, in line with the pace of Cloud migration	Cloud CoE scales back providing support to embed self-service cloud capabilities across the organisation

Cloud COE roles

CCoE headcount

Volume of Cloud services

Indicative – not to scale

Increasing Cloud Services

Once cloud becomes widely adopted, CCoE will ramp down as cloud model and ways of working are embedded across the organisation. CCOE staffing will plateau as it becomes part of BAU. CCoE helps accelerate the transition of cloud operating model and productivity gains will be realised by enabling automation driven culture, bringing operational efficiencies, implementing DevOps / SRE practice within the team.

Conclusion

A well-constructed CCOE is a corner stone to a larger organisational transformation. Organisations that successfully establish a cloud Centre of excellence (CCOE) cause a significant cultural shift in IT, since it is a benchmarked and best-practice approach to driving cloud adoption. To get more information how to effectively implement a CCoE and transform your Cloud journey, please get in touch. We'll help you to build a holistic and well-tailored CCOE aligned to your cloud strategy and business objectives, whilst leveraging existing cloud/IT capabilities.

KPMG Contacts

Chhavi Saluja
Associate Director

✉ chhavisaluja@kpmg.com

in [chhavisaluja](#)

Chhavi is an Associate Director in KPMG's Cloud Transformation team. Though Leader and strategist known for innovative and disruptive approach in driving cloud transformations, digital transformations, operating model alignment and developing scalable practices for cloud. She is best in applying complex technologies to business strategies and continue to be a creative thinker with high energy and enthusiasm.

Samriddhi Kar
Assistant Manager – Cloud Transformation

✉ Samriddhikar@kpmg.com

in [samriddhi-kar](#)

Samriddhi comes with 8+ years of experience in IT services & Cloud Technology Consulting and is a part of KPMG's Cloud Transformation team. She is passionate about helping organisations transform their operating model to leverage true value of cloud. She specialises in business & technology alignment with experience in defining the cloud transformation strategy, cloud operating model and managing cloud transformation programmes.

Rachit Gupta
Associate Consultant

✉ rachitgupta7@kpmg.com

in Rachit-Gupta

Rachit is an Associate Consultant in KPMG's Cloud Transformation team. He has a 3+ years of experience in strategy consulting. He has an analytical mindset and has great problem-solving skills. His areas of expertise include strategy consulting, business analysis, product management and stakeholder management. He is best at applying new technologies to provide solutions to complex client's requirements.

KPMG Contacts

Dixit Taneja
Manager

✉ dixittaneja@kpmg.com

in Dixit-taneja

Dixit is a Manager in KPMG's Cloud Transformation team. Leading business development team in KGS known for innovative and disruptive solutioning in driving cloud strategy and transformation proposals (RFx) working closely with CxOs. He has lead opportunities (RFx) across end-to-end IT Infrastructure Services and also, worked in Tech strategy consulting specially around Cloud CoE and Cloud Operating Model.

Summary – A well-constructed Cloud CoE is a corner stone to a larger organisational transformation and accelerates cloud adoption. In this point of view, KPMG team explores how to avoid certain pitfalls and achieve the full potential of Cloud CoE. It outlines several key best practices for establishing and running a successful CCoE highlighting the importance of collaboration, continuous learning and provides valuable insights for organizations looking to optimize their cloud operations.

kpmg.com/uk

CREATE: CRT143124A