# THE CLOUD MULTIPLIES ANALYTICS ROI BY 2.3

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## THE BOTTOM LINE

**Customers deploying analytics solutions in the cloud experience 2.3 times more ROI than those that are deploying on-premise.** In analyzing case study data, Nucleus found that the cloud offers shorter implementation periods, lower costs for personnel and software, plus the ability to increase benefits over time. As customers are evaluating new analytics purchases, they should be prioritizing cloud deployments as an investment that will be able to support new innovations and will grow in the long-term, thus driving a higher ROI.

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## OVERVIEW

Nucleus wanted to identify the value that cloud deployments offer to customers and analyzed 37 analytics ROI case studies over the last 5 years to find that, on average, cloud analytics solutions deliver 2.3 times more ROI than on-premise solutions. While this is largely due to the lower total cost of ownership (TCO), we also found that cloud solutions offer increasing benefits over time. This is because cloud solutions can adopt a faster release cadence, helping users to stay abreast of the most recent analytics innovations. In addition, the greater flexibility provided by the cloud allows users to make changes without the added cost and downtime that would be required to make changes with a traditional on-premise deployment.

The landscape of the analytics market continues to evolve rapidly. With the addition of the cloud, there is a lower barrier to entry, which also makes the market very crowded with young and ambitious startups. These new cloud solutions are generally known for having a high level of usability with a lightweight and modern

user interface. However, more recently, these cloud vendors have matured to offer advanced functionality and are being seen in more deals with big-name competitors.

# LOWER TOTAL COST OF OWNERSHIP

Cloud customers should expect a lower total cost of ownership because the maintenance and upkeep of hardware is outsourced to the vendor. Beyond avoiding investment in hardware, there are a number of benefits associated with cloud analytics solutions including:

- Lower initial and ongoing software costs. Cloud users are charged on a subscription basis and, on average, Nucleus found that these fees are lower than the maintenance costs for on-premise deployments. As a result, it is less expensive for customers to outsource support for their systems as opposed to investing in long-term hardware use and maintenance.

- Lower initial consulting costs. Nucleus found that, on average, cloud deployments require 40 percent less consulting spend. This is partly because a cloud implementation period is significantly shorter than an on-premise implementation. It is also because cloud solutions require less custom code since they generally have more prebuilt functionality as well as prebuilt connectors for external data sources. Customers have reported that building their own connectors to data sources is one of the top five most tedious aspects of data preparation. As a result, a selection of prebuilt connectors has a significant impact on productivity enhancements for users.

## On average, cloud deployments require 40 percent less consulting spend than on-premise deployments.

- Lower ongoing personnel costs. Cloud solutions are maintained by the software vendor and as a result, the customer does not spend as much on personnel to upkeep the hardware. This allows personnel time to be reallocated to higher level roles and removes them from time-consuming manual tasks. Since cloud vendors have massive capabilities with multiple backup servers, customers do not experience downtime.

# ROI GROWTH OVER TIME

In addition to the benefits immediately apparent from a lower TCO, Nucleus found that cloud analytics customers experienced significant advantages from upgrades and from easier integration capabilities.

## EASIER INTEGRATION

Analytics and big data projects often involve a number of different products from different vendors. In particular, analytics solutions have to accommodate disparate data sets that are increasing in volume and complexity across all organizations. Cloud vendors are conscientious of the challenges presented by custom integrations and Nucleus finds that many are heavily investing in integration tools such as prebuilt connectors. Customers report that these connectors are able to deliver higher ROI because they do not have to spend as much time on tedious integration tasks.

## Customers report that self-service data source connectors are key to successful analytics use.

In speaking with customers, Nucleus has found that over 70 percent of IT teams are resource constrained and are challenged to effectively maintain analytics and big data projects. Building and maintaining solutions are two of the most time-consuming duties of IT personnel and it is not cost effective for them to act as perpetual custodians for points of integration. With prebuilt connectors, end users are removed from mundane integration maintenance and can dedicate their time to delivering greater value to their organizations.

## GREATER FLEXIBILITY

Cloud analytics users are able to continuously upgrade their solutions with little, if any, disruption. Since this is much easier than upgrading on-premise deployments, cloud solutions are able to adopt a faster release cadence, allowing customers to benefit from ongoing software advancements. Traditionally, users have had to invest significant time and effort into upgrades in order to recode and retest integration points and customizations. By delegating platform management to the vendor, updates are prepared and are made available to customers with minimal time spent from the customer. The cloud analytics space is an exceptionally fast-paced market, even in comparison to other software spaces, and customers need to be able to quickly access the latest innovations in order to hold a competitive edge.

## APPLICATION VALUE CURVE

Customers can also experience greater flexibility with the cloud because they are able to more easily add on new users. This is an effective strategy for organizations that are looking to provide multiple departments with analytics capabilities, which is becoming more and more popular with the rise of the citizen data scientist. Ramping up one department with analytics capabilities at a time allows for a more manageable roll-out that is focused on the needs of individual roles. As a result, an organization can expand its user base as it identifies new opportunities for analytics use, allowing users to increase their ROI over time.

## LOOKING AHEAD

While security concerns may have been reasons to look away from cloud solutions in the past, Nucleus has found that CIOs are increasingly recognizing that vendors can meet or surpass their internal security measures. Also, analytics customers have historically assumed that on-premise solutions have more extensive functionality than cloud solutions. With the maturation of the cloud analytics market this is no longer the case. For customers that desire to remain on top of the latest innovations and advances, the cloud offers a springboard with both a lower TCO and additional benefits that enable increasing ROI over time. On the other hand, if a customer plans to never change, upgrade, or expand their analytics use, then an on-premise solution may be the best option for them.