

# Why Cloud Modernization Matters

## Tips for your digital transformation strategy

Continued digital transformation is critical to companies' long-term success. For trends and analysis surrounding technologies that drive the cloud, make sure to watch these leading-edge Intel® Cloud TV episodes.

▶ **DIGITAL TRANSFORMATION: MODERNIZING THE HYBRID DATA CENTER FOR BUSINESS GROWTH**

▶ **DIGITAL TRANSFORMATION: SHAPING THE FUTURE IN THE CLOUD**



## Modernization is essential for innovation

Digital transformation initiatives came into focus in the last few years.

**97%** of executives say COVID-19 accelerated their digital transformation strategy.<sup>1</sup>

By 2026, global spending on **digital transformation initiatives** is expected to reach US **\$3.4 trillion**.<sup>2</sup>

**75%** of organizations will implement a digital transformation strategy built on cloud as the underlying platform.<sup>3</sup>



According to McKinsey, **cloud utilization is one of the central components** of digital transformation.<sup>4</sup>

## HERE ARE FIVE REASONS WHY CLOUD MODERNIZATION HAS BECOME ESSENTIAL.



### 1. Technological advancement

Gone are the days of waiting for the next big refresh. The cloud makes it possible for the rapid launch of new technologies that drive customers to optimize operations, improve efficiency, and deliver smarter products and services.



### 2. Competitive advantage

Innovate—to stay ahead. By pursuing a comprehensive digital strategy, organizations can differentiate themselves from competitors, enhance customer experience, and improve overall performance. With cloud modernization, it's possible to quickly spin up and distribute new services as soon as the opportunity presents itself.



### 3. Operational efficiency

Migrating to the cloud can streamline and automate business processes, leading to increased operational efficiency. As prior generations of cloud migration have shown, the process of digital transformation can uncover resource-heavy inefficiencies that can hold back organizational performance.



### 4. Agility and innovation

Digital transformation includes adopting tools and platforms. The ability to respond to market changes and experiment with innovative business models propels businesses forward.



### 5. Data-driven decision-making

Companies have massive repositories of data, and digital transformation presents an opportunity to use that data. By investing in data analytics and machine learning, organizations can make more sound decisions, identify patterns and trends, and gain a deeper understanding of their business performance.

## Reasons to prioritize infrastructure upgrades

Organizations are modernizing their infrastructure to support business growth, and Intel® technologies can simplify the digital transformation journey. For example, upgrading to 4th Gen Intel® Xeon® Scalable processors with built-in accelerators in the data center can help with your customers' digital transformation in several ways:

**Recover upgrade investment in just four months** due to significantly lower total cost of ownership,<sup>5</sup> with results showing a **5:1 server consolidation** with **75% TCO reduction**<sup>6</sup>

Drive better performance of cloud-based applications and services, including **53% general-purpose performance gains**<sup>8</sup> and up to **10x increase in AI workload performance**<sup>9</sup>

Enable the innovation necessary to keep a **competitive advantage**

**Improve the efficiency** of running cloud-based workloads by nearly **3x**<sup>7</sup>

Enhance security features with strategies like **confidential computing and data encryption** that better protect cloud-based data and applications

## Explore cloud computing topics and insights to drive your competitive advantage

Watch the latest episodes of Intel® Cloud TV for more conversations about multicloud strategies, and learn more about the Intel® technologies powering digital transformation.

[intel.com/cloudtv](https://intel.com/cloudtv)

### Additional cloud resources

- › [Data Center Modernization Sales Resources](#)
- › [Cloud Insider Community](#)
- › [Intel® Cloud Blog](#)



#### Notices and disclaimers:

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2. Jayne Gienzo, Mark Gu, James Kaplan, and Lars Vinter, "How CIOs and CTOs can accelerate digital transformations through cloud platforms," McKinsey, [mckinsey.com/capabilities/mckinsey-digital/our-insights/how-cios-and-ctos-can-accelerate-digital-transformations-through-cloud-platforms](https://mckinsey.com/capabilities/mckinsey-digital/our-insights/how-cios-and-ctos-can-accelerate-digital-transformations-through-cloud-platforms).
3. "Gartner Forecasts Worldwide Public Cloud End-User Spending to Reach Nearly \$600 Billion in 2023," Gartner, [gartner.com/en/newsroom/press-releases/2023-04-19-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-reach-nearly-600-billion-in-2023](https://gartner.com/en/newsroom/press-releases/2023-04-19-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-reach-nearly-600-billion-in-2023).
4. Statista Research Department, "Spending on digital transformation technologies and services worldwide from 2017 to 2026 (in trillion U.S. dollars)," Statista, [statista.com/statistics/870924/worldwide-digital-transformation-market-size/](https://statista.com/statistics/870924/worldwide-digital-transformation-market-size/).
5. "Refresh and Consolidate: 1st Gen to 4th Gen Intel Xeon Processor-based Servers," Intel, [intel.com/content/www/us/en/content-details/776136/refresh-and-consolidate-1st-gen-to-4th-gen-intel-xeon-processor-based-servers.html](https://intel.com/content/www/us/en/content-details/776136/refresh-and-consolidate-1st-gen-to-4th-gen-intel-xeon-processor-based-servers.html).
6. Calculations as of March 28, 2023, based on the Intel Node TCO & Power Calculator using default cost, power, and TCO assumptions over a five-year TCO horizon comparing 50 older servers with Intel® Xeon® Silver 4110 processors with new servers using new Intel® Xeon® Gold 5420+ processors. Results may vary. Performance measurements based on published SPECrate<sup>®</sup>2017\_int\_base on spec.org as of March 28, 2023. See testing details for Intel Xeon Silver 4110 processor at [spec.org/cpu2017/results/res2020q4/cpu2017-20201015-24218.html](https://spec.org/cpu2017/results/res2020q4/cpu2017-20201015-24218.html). See testing details for Intel Xeon Gold 5420 processor at [spec.org/cpu2017/results/res2023q1/cpu2017-20230130-33925.html](https://spec.org/cpu2017/results/res2023q1/cpu2017-20230130-33925.html).
7. 2.9x average performance-per-watt efficiency improvement for targeted workloads utilizing built-in accelerators compared to the previous generation. See [E1] at [intel.com/processorclaims](https://intel.com/processorclaims): 4th Gen Intel® Xeon® Scalable processors. Results may vary.
8. 53% general-purpose performance gains over the prior generation. See [G1] at [intel.com/processorclaims](https://intel.com/processorclaims): 4th Gen Intel® Xeon® Scalable processors. Results may vary.
9. Up to 10x higher PyTorch real-time inference performance with built-in Intel® Advanced Matrix Extensions (Intel® AMX) (BF16) vs. the prior generation (FP32). See [A17] at [intel.com/processorclaims](https://intel.com/processorclaims): 4th Gen Intel® Xeon® Scalable processors. Results may vary.

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0224/AHK/CMD/PDF