



Gaining and sustaining a competitive edge with cloud and as-a-service IT

Insights from Deloitte's Everything-as-a-Service (XaaS) Study, 2021 edition

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Driving outcomes: XaaS and Customer Success offerings

Deloitte has guided myriad companies through the transformation to XaaS models. We have deep knowledge of consumption-based business models and their challenges, and [we can help you think through the implications of the business decisions](#) you will need to make as you transition to a pay-per-use model. At the same time, a holistic customer success strategy enables organizations to shift to a customer-centric mindset for succeeding in the XaaS world, resulting in satisfied customers who drive long-term growth and profitability. Deloitte's approach is focused on [helping clients think through the model, capabilities, metrics, customer insights, and tools](#) required to operate a successful customer success strategy.

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Introduction

How can XaaS adopters stay ahead of the pack?

EVERYTHING-AS-A-SERVICE (XAAS)¹ IS dramatically reshaping the enterprise IT landscape. Organizations are adopting service-based IT to gain greater flexibility over what they consume and pay for and, ultimately, to boost their business agility and workforce efficiency.² Responding to that demand, technology providers have been shifting to an as-a-service model for providing products, capabilities, and tools. Notably, several major technology providers expect XaaS to fuel their future growth and have announced plans to shift the majority of their portfolios to service-based IT over the next few years.³

To better understand how companies are adopting XaaS—including their motivations, outcomes, challenges, and practices—we conducted the 2021 edition of Deloitte’s Everything-as-a-Service (XaaS) Study, based on a Q4 2020 survey of 600 IT and line-of-business (LoB) professionals responsible for XaaS at large US organizations where at least 15% of enterprise IT is consumed as-a-service (see sidebar, “Methodology”).⁴ These adopters⁵ are leveraging XaaS to access

cutting-edge features and technologies, accelerate innovation, and get products and services to market faster. The vast majority of adopters report that XaaS has helped them create new business processes, products and services, and business models—and has even changed how they sell to their customers.

However, a closer look reveals that these benefits are being realized unevenly. And while most adopters reported that as-a-service IT is giving their organization a competitive advantage, they may have to work harder to gain and keep an edge as XaaS becomes ubiquitous.

Our analysis shows that some organizations—“Frontrunners”—are achieving better outcomes and greater competitive advantage by following four XaaS practices that distinguish them from competitors: sharpening their expertise, honing their strategy, mastering execution, and building better relationships for customer success. By emulating the behaviors of the Frontrunners, other enterprises may be able to derive greater value from their XaaS adoption.

METHODOLOGY

To obtain a cross-industry view of how organizations are adopting and benefiting from as-a-service enterprise IT, Deloitte conducted the Everything-as-a-Service (XaaS) Study, 2021 edition, surveying 600 IT and LoB professionals from US-based companies in Q4 2020. All respondents were chosen from organizations that consume 15% or more of their IT as a service (XaaS adopters) and were required to have responsibility for enterprise IT and specifically for XaaS—for example, spending, strategies, deployments, and vendor selection and evaluation.

Respondents were evenly split between IT and LoB professionals. Eighty-nine percent were executives, with 63% representing the C-suite. In terms of company size, 46% had annual revenues under US\$1 billion, 34% had revenues of US\$1 billion to US\$5 billion, and 20% had revenues of US\$5 billion or more. Six industries were represented: technology, media, and telecom (25%); energy, resources, and industrials (23%); consumer, retail, and automotive (22%); financial services (16%); life sciences and health care (9%); and education (5%).

Creating competitive advantage with XaaS

ONE THING OUR study revealed is the extent to which the COVID-19 pandemic accelerated the transition from traditional IT to XaaS, as organizations looked to new kinds of collaboration tools to support professionals who were working remotely. Our respondents reported that XaaS is helping them create new solutions or business models to thrive in the new normal—and they're increasing their XaaS investment accordingly. The market for cloud—a critical as-a-service enabler—corroborates our findings: Despite a contraction of global IT spending in 2020, cloud-based services remained a top IT budget priority.⁶ Analysts have projected that global cloud services spending will grow 23% in 2021, reaching US\$332 billion.⁷

As organizations across industries shift more and more of their IT to as-a-service, XaaS adopters may have to work harder to differentiate themselves. Indeed, more than eight in 10 of our respondents say their companies already use

software-as-a-service, infrastructure-as-a-service, and/or platform-as-a-service—and adoption is expected to be nearly universal within the next two years. On its own, shifting to XaaS is unlikely to be enough to gain and sustain an edge in the future.

Adopters view XaaS as an innovation catalyst:

Eight in 10 agree that XaaS has led their organization to reinvent business processes, develop new products and services, invent a new business model, and even change how they sell to customers—and of those respondents, more than three in 10 “strongly agree.”

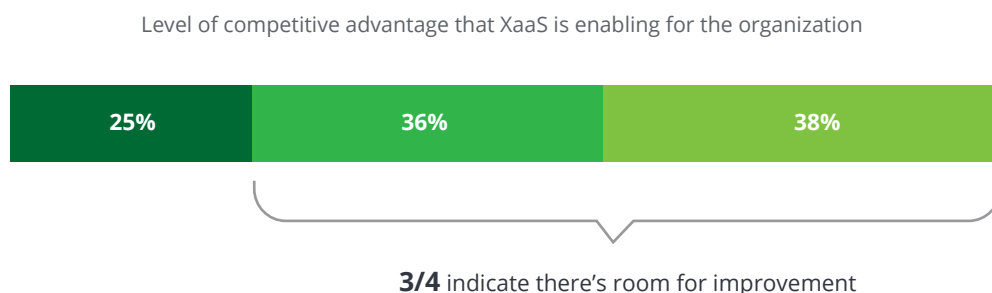
With these widespread benefits, it's not surprising that six in 10 adopters feel they're gaining some competitive edge through their use of XaaS.

However, only 25% report “significant” competitive advantage from their efforts, and the rest are catching or keeping up, or at best gaining a “slight” edge (figure 1).⁸ In other words, for three-quarters of adopters, there's still room for improvement.

FIGURE 1

While one in four adopters says XaaS gives their organization significant competitive advantage, three-quarters have room to improve

■ Establish significant lead ■ Establish slight lead ■ Close gap/keep up



Note: N = 600 US IT and LoB professionals. Not shown: less than 2% who reported “no competitive advantage.”
Source: Deloitte Everything-as-a-Service (XaaS) Study, 2021 edition.

Focusing on Frontrunners

TO GAIN GREATER competitive advantage from XaaS, many enterprises will need to improve *how* they're adopting and using it. What behaviors can lead to better as-a-service outcomes? To find out, we analyzed our survey data and identified a group of leading adopters that are getting superior value and competitive advantage from their use of cloud and XaaS. We segmented organizations based on their strategic view of XaaS and the level of competitive advantage they're achieving with it (figure 2):

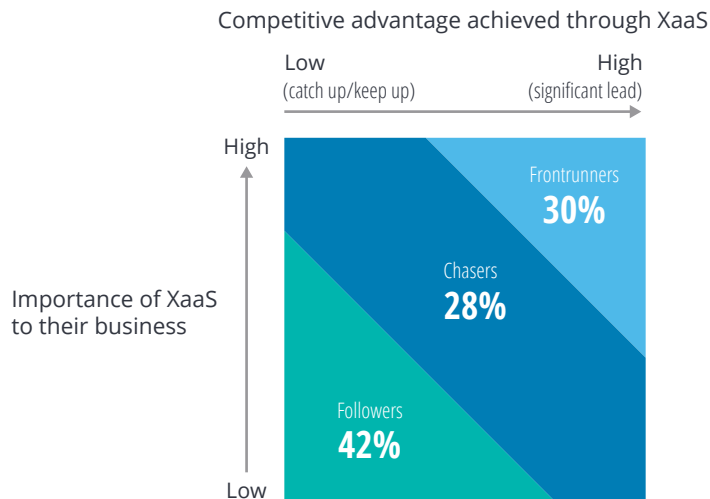
- **Frontrunners** (30%) are at the leading edge of as-a-service adoption. They see XaaS as very

important for their business success and report achieving competitive advantage to a high degree. On average, they run nearly two-thirds of their IT as-a-service and are spending US\$22.2 million on XaaS in the current fiscal year.

- **Chasers** (28%) occupy the middle ground. They generally believe XaaS is important to their business success and are achieving some competitive advantage.
- **Followers** (42%) are not yet fully convinced XaaS is important to their success, and they're behind on achieving competitive advantage.

FIGURE 2

Frontrunners view XaaS as strategically important to their business and indicate they're gaining a high level of competitive advantage



Note: N = 600 US IT and LoB professionals.

Source: Deloitte Everything-as-a-Service (XaaS) Study, 2021 edition.

What is different about the Frontrunners? They're more invested in XaaS—and demonstrating more successful outcomes. That's no accident: They've honed their expertise in a variety of XaaS-related activities and are intentionally pursuing best practices. Let's look at the details.

Two-thirds of Frontrunners believe XaaS will have critical strategic importance to their business within two years—a perspective almost matched by the Chaser group (figure 3). Remarkably, 55% of Frontrunners strongly believe XaaS is critical to their organization's digital transformation.

It may come as no surprise, then, that Frontrunners already run more of their enterprise IT as-a-service than others. Forty-three percent of Frontrunners reported their organization consumes three-quarters or more of their

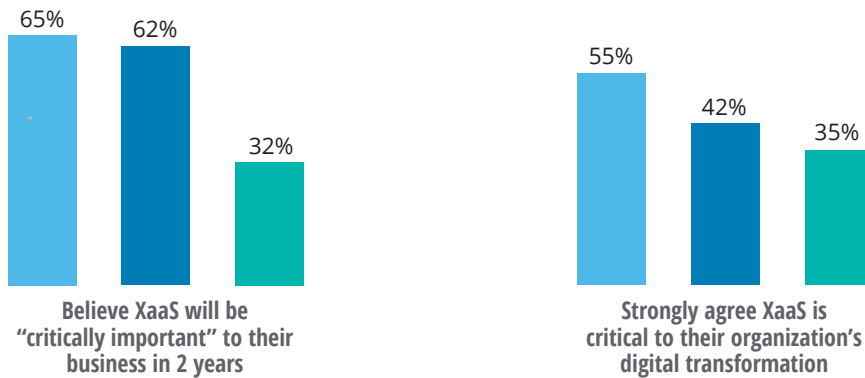
enterprise IT as as-a-service—with the remainder being traditional, nonservice-based IT (figure 4).⁹ The shift to XaaS is expected to continue, with 56% of Frontrunners (and about as many Chasers) expecting to run three-quarters or more of their IT as-a-service within five years. The Followers expect to dramatically increase their XaaS proportion over the next five years, but are still projected to be playing catch-up.

Our survey analysis also shows that Frontrunners are investing more aggressively: They report spending US\$22.2 million on average on XaaS in the current fiscal year (versus US\$20.1 million for Chasers and US\$18.2 million for Followers). What's more, 56% of Frontrunners plan to increase their XaaS investment by 15% or more in the next fiscal year, versus just 34% of Chasers and 30% of Followers.

FIGURE 3

Most Frontrunners see XaaS as essential to their organization's future

■ Frontrunners ■ Chasers ■ Followers



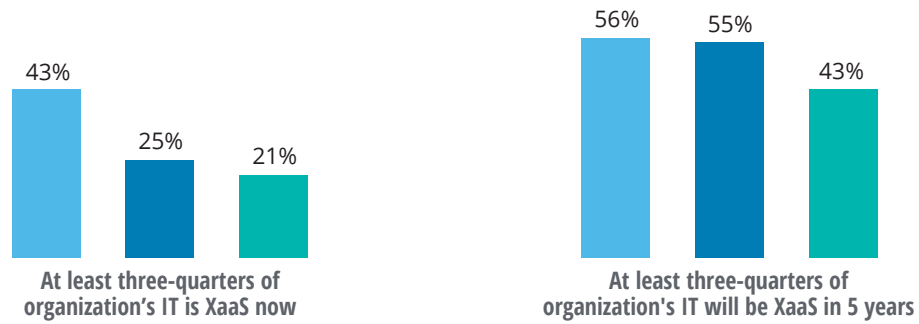
Note: N = 600 US IT and LoB professionals.

Source: Deloitte Everything-as-a-Service (XaaS) Study, 2021 edition.

FIGURE 4

Frontrunners already run more of their enterprise IT as-a-service and plan to continue the shift to XaaS

■ Frontrunners ■ Chasers ■ Followers



Note: N = 600 US IT and LoB professionals.
Source: Deloitte Everything-as-a-Service (XaaS) Study, 2021 edition.

Focusing on XaaS appears to be paying off: Frontrunners credit their as-a-service efforts for success in multiple areas, which may well explain why they indicate they're achieving greater competitive advantage (figure 5). XaaS has helped them improve decision-making and collaboration, accelerate experimentation (by allowing them to rapidly try out new solutions and evaluate

outcomes), and reinvent business processes. XaaS is also having a notable effect on how Frontrunners develop and sell their offerings: They report that XaaS has led them to develop new products and services, invent new business models, and ultimately grow their revenue. XaaS has even changed how they sell to their customers.

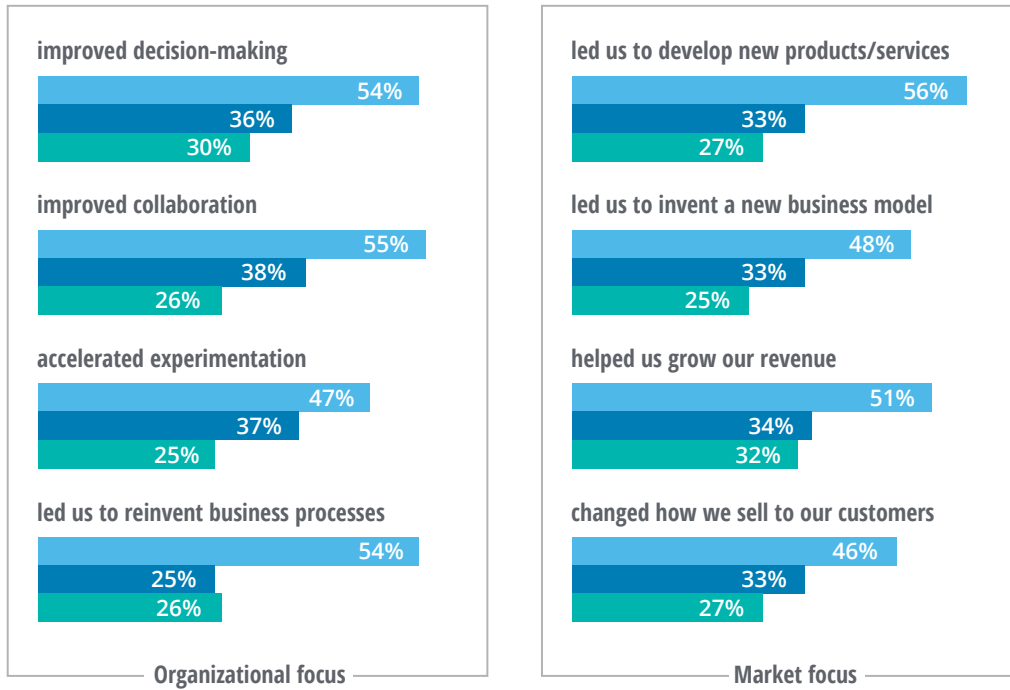


FIGURE 5

Frontrunners are achieving better outcomes with XaaS, relating to both their organizational processes and the way they develop and sell products

Strongly agree that our organization's XaaS adoption has:

■ Frontrunners ■ Chasers ■ Followers



Note: N = 600 US IT and LoB professionals.

Source: Deloitte Everything-as-a-Service (XaaS) Study, 2021 edition.



The X factor

WHAT SECRET SAUCE enables the Frontrunners to achieve better outcomes from their XaaS initiatives and, ultimately, more competitive advantage? Our survey analysis reveals several distinctions. Compared with the other segments, these companies are more likely to:

- **Sharpen their expertise.** Frontrunners have developed higher levels of expertise across a wide range of XaaS-related activities, such as selecting XaaS solutions and suppliers; managing costs; measuring returns; and managing, integrating, and securing solutions.
- **Hone their strategy.** Frontrunners are more likely to have established a comprehensive, enterprisewide strategy for XaaS adoption. They're also more likely to engage in strategy-related best practices, such as setting clear executive responsibility for adoption and establishing an enterprisewide data strategy to enable interoperability.
- **Master execution.** Frontrunners are more likely to engage in best practices relating to XaaS execution, such as establishing data security policies, continually monitoring security of their XaaS solutions, and tracking utilization.
- **Build better relationships for customer success.** Frontrunners set high expectations for their XaaS providers—for example, around security and regulatory compliance—and regularly reassess their relationships. They're generally satisfied with current vendors' ability to deliver desired attributes but also quite willing to explore new solutions and vendors.

Given the large XaaS leaps that Chasers and Followers expect to make over the next five years (figure 4), they would do well to emulate Frontrunner behaviors. If they don't, they risk falling further behind in converting as-a-service adoption into competitive advantage.

Sharpening expertise

Whether they've been XaaS-first from the start or have shifted to XaaS from traditional IT solutions over time, Frontrunners now run substantial amounts of their enterprise IT as-a-service. Along the way, they've honed their capabilities across a wide range of XaaS-related activities (figure 6).

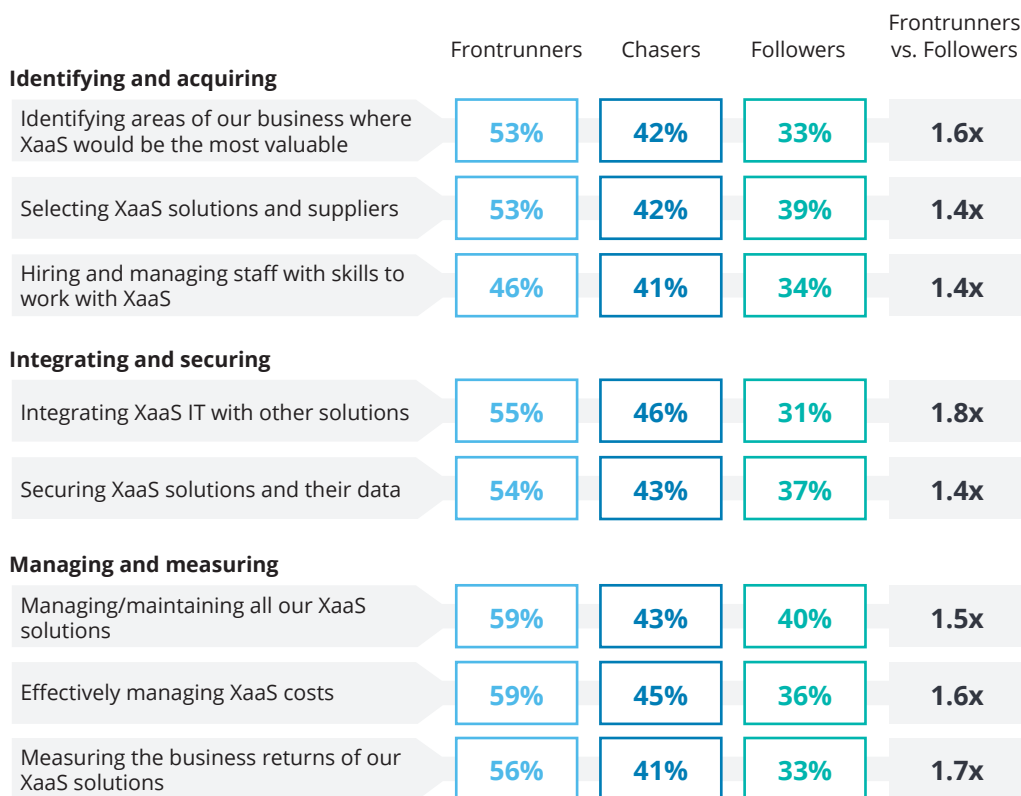
As organizations adopt XaaS, it's important for them to pinpoint areas of their business where XaaS could provide the most value. And it's also essential to identify the right solutions and providers, and to ensure they have staff with the right skills. Frontrunners have generally built up more expertise than the other groups in each of these pursuits. After they've chosen solutions, adopters turn their attention to integrating them with existing systems—for example, determining how customer and product data can flow from one system to another. Another critical element is ensuring data security. Frontrunners typically indicate greater mastery in both areas.

Once solutions are running and integrated, adopters shift their focus to managing and maintaining them, effectively keeping XaaS costs in check, and measuring business returns. Again, the Frontrunners lead the pack in their command of these activities. However, it's worth noting that, for each activity, fewer than six in 10 Frontrunners report "high expertise." And when it comes to

FIGURE 6

Frontrunners have developed higher levels of expertise in many activities ranging across the XaaS adoption life cycle

Percent reporting their organization has “high capability/expertise” in each of these XaaS activities



Note: N = 600 US IT and LoB professionals.

Source: Deloitte Everything-as-a-Service (XaaS) Study, 2021 edition.

hiring and managing the right employees, fewer than half of Frontrunners profess to be experts. Even among the leaders, there’s still room to improve.

Honing strategy

When it comes to strategies for their XaaS adoption, organizations employ a variety of approaches. Some handle XaaS adoption at the departmental level—on an ad hoc, case-by-case basis or through departmental strategies. Others

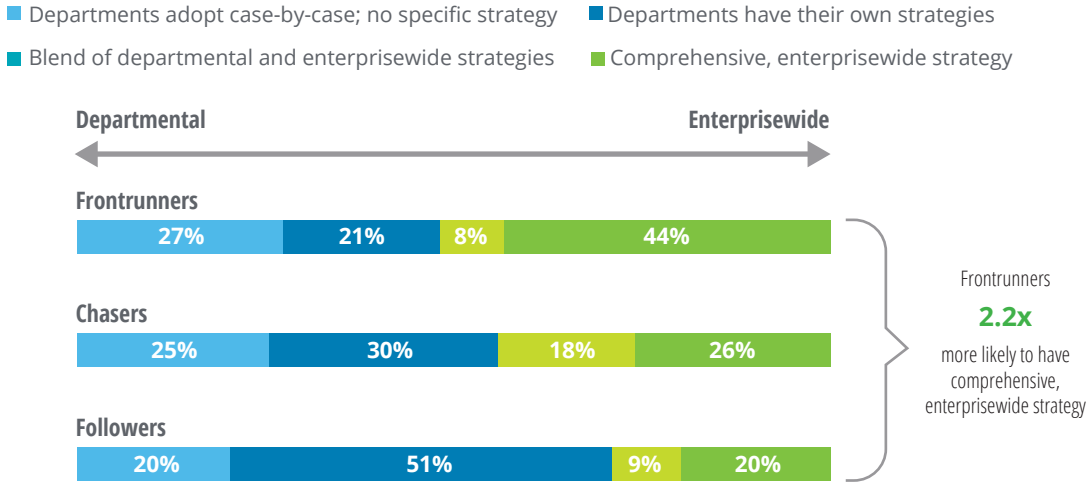
have developed an enterprisewide strategy or have a blend of departmental and enterprisewide strategies. Frontrunners are more likely than other groups to have established a comprehensive, enterprisewide strategy for their XaaS adoption—or to be headed in that direction—while Chasers and Followers still indicate a greater departmental focus (figure 7).

There are multiple advantages to approaching an organization’s XaaS and cloud solutions holistically: Treating solutions as part of a broader strategic platform opens up the possibility of

FIGURE 7

Frontrunners are more than twice as likely as Followers to have a comprehensive, enterprisewide strategy in place for their XaaS adoption

Organization’s strategic approach to adopting XaaS



Note: N = 600 US IT and LoB professionals.
Source: Deloitte Everything-as-a-Service (XaaS) Study, 2021 edition.

managing them through a “single pane of glass,” creating a comprehensive security system that is centrally managed, and establishing a governance system that covers all solutions and can communicate effectively with security and ops.¹⁰

Frontrunners’ more mature approach is also frequently evident in the strategy-related activities they practice. They’re more likely than other groups to establish clear executive responsibility for XaaS adoption (whether in business units or companywide), develop a road map for migrating to XaaS from traditional IT, and commit to an XaaS-first IT strategy (figure 8). They’re also more likely to adopt an organizationwide data strategy

(for example, to help enable data sharing among solutions) and even create a center of excellence for XaaS. On many of these strategy-related activities, Chasers tend to behave much like the Followers, suggesting that they both have their work cut out.

It’s worth noting that slightly fewer than half of Frontrunners say they involve business units in the selection of IT solutions that best meet their needs. While Frontrunners outpace the other groups, *all* adopters likely need to make this a regular practice. Disconnects between the business and IT can breed “shadow IT,” which not only raises the risks of data breaches and regulatory noncompliance but can lead to difficulties managing costs.¹¹

FIGURE 8

Frontrunners take the lead on strategy-related best practices

Percent reporting their organization is undertaking each strategy-related practice

	Frontrunners	Chasers	Followers	Frontrunners vs. Followers
Establish clear executive responsibility for XaaS adoption	66%	55%	50%	1.3x
Establish road map for migrating to XaaS from traditional IT	57%	46%	46%	1.2x
Adopt an organizationwide data strategy—e.g., to enable interoperability	55%	51%	45%	1.2x
Commit to an XaaS-first IT strategy	54%	41%	41%	1.3x
Create a center of excellence for XaaS adoption	54%	36%	38%	1.4x
Involve business units to find, select, and use the best IT for their needs	48%	44%	39%	1.2x

Note: N = 600 US IT and LoB professionals.

Source: Deloitte Everything-as-a-Service (XaaS) Study, 2021 edition.

Mastering execution

Despite enthusiastically embracing the XaaS model, nine in 10 adopters report challenges scaling up their XaaS efforts. Chief among them are concerns around data security and privacy, inadequate IT skills to deploy and manage XaaS, unpredictable costs, and difficulty integrating with other systems.¹²

Frontrunners appear to be making headway in surmounting these challenges: As noted earlier, they report greater expertise in integrating and securing XaaS solutions, hiring the right staff, managing XaaS solutions, and tracking costs and

returns. Their greater execution proficiency likely stems from best practices they implement more than other adopters (figure 9). Two-thirds of Frontrunners say their organization continually monitors the security of XaaS applications and data, and six in 10 say they view and manage their XaaS portfolio in a comprehensive dashboard. The same number say they have established processes and policies to address both data security and regulatory compliance. On all these practices, the Frontrunners resoundingly outpace the other groups. Frontrunners also tend to lead on tracking XaaS utilization (for instance, to optimize costs and avoid cost leakage) and forecasting utilization costs, as well as on training staff to use XaaS solutions.

FIGURE 9

Frontrunners take the lead on execution-related best practices

Percent reporting their organization is undertaking each execution-related practice

	Frontrunners	Chasers	Followers	Frontrunners vs. Followers
Continually monitor security of XaaS applications and data	67%	55%	45%	1.5x
View and manage our XaaS portfolio in a comprehensive dashboard	60%	44%	42%	1.4x
Establish adequate processes/policies for data security	59%	41%	28%	2.1x
Establish adequate processes/policies for regulatory compliance	57%	38%	34%	1.7x
Track XaaS utilization	57%	47%	48%	1.2x
Train staff to use XaaS solutions	57%	45%	46%	1.2x
Forecast XaaS utilization costs	51%	41%	41%	1.3x

Note: N = 600 US IT and LoB professionals.

Source: Deloitte Everything-as-a-Service (XaaS) Study, 2021 edition.

Building better relationships for customer success

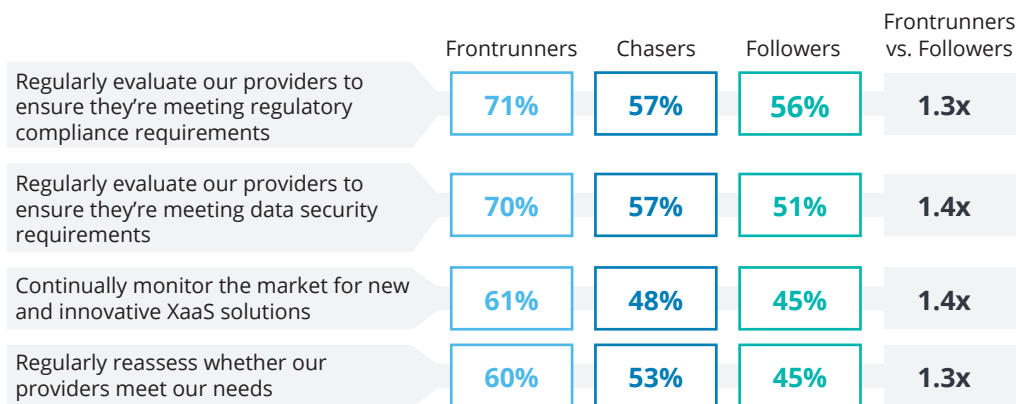
Many Frontrunners are heavily invested in XaaS and want to ensure they’re getting the best value from their solutions. They tend to be every bit as savvy about their solution choices and vendor relationships as they are about XaaS strategy and execution. A majority (53%) consider their organization to be expert at selecting XaaS

providers and solutions (figure 6). And at least six in 10 regularly¹³ reassess their choices, evaluating their vendors on data security and regulatory compliance, reviewing providers’ success in meeting their needs, and monitoring the market for new solutions (figure 10). For an example of an enterprise that exhibited best practices relating to strategy, execution, and vendor relationships as it migrated to XaaS, see the sidebar, “A media firm’s digital transformation journey: Migration to the cloud.”

FIGURE 10

Frontrunners are more likely to continually assess their providers and the broader XaaS market

Percent reporting their organization is undertaking each vendor-related practice



Note: N = 600 US IT and LoB professionals.

Source: Deloitte Everything-as-a-Service (XaaS) Study, 2021 edition.

What do XaaS adopters want most from their vendors? They're looking for providers that can guarantee reliability and performance (for example, uptime and responsiveness), offer integration with other XaaS solutions, help them optimize utilization, and provide strong data security and privacy safeguards.¹⁴ They'd also like providers to offer easy-to-access innovation services.

Frontrunners report greater satisfaction than other groups with their current vendors' ability to provide these attributes (figure 11). A majority (55%) of Frontrunners *strongly* agree XaaS has improved their customer experience, while only about a third of Chasers and Followers say the same.

A MEDIA FIRM'S DIGITAL TRANSFORMATION JOURNEY: MIGRATION TO THE CLOUD

As a global media company executed its digital transformation strategy, leaders undertook a migration of the data center (and 50 services comprising their website) from on-premise to the cloud.¹⁵ Along the way, the company demonstrated several characteristics that we associate with Frontrunners. For example, leaders selected a cloud provider only after undertaking proofs of concept with several vendors to determine which platform would best meet the organization's needs. They carefully mapped out a migration road map and structured the company's cloud projects to be secure and easy to manage. A chief focus was to establish the right policies for data security in the cloud—for example, appropriately locking down access to applications. Along the way, the company invested in retraining its ops team on new technologies and practices.

Leaders cite significant benefits from this migration, including the ability to scale IT up or down as the company's needs change, launch new environments on the fly, create and review prototypes faster, and ultimately get new features to market more quickly. They also mention one cautionary tale of inadvertently incurring skyrocketing costs, which led them to set up granular cost tracking.

FIGURE 11

Frontrunners are more satisfied with their vendors' ability to provide the attributes they value for establishing long-term relationships

Percent reporting they're "extremely satisfied" with current vendors' ability to provide each attribute

	Frontrunners	Chasers	Followers	Frontrunners vs. Followers
Guarantee reliability and performance	50%	39%	32%	1.6x
Offer integration with other XaaS solutions	55%	39%	34%	1.6x
Help us optimize our utilization	51%	39%	36%	1.4x
Provide strong data security/privacy safeguards	56%	37%	33%	1.7x
Provide easy-to-access innovation services	52%	35%	35%	1.5x
Provide highly specialized or industry-specific solutions	51%	35%	34%	1.5x
Demonstrate how their solution can address our business needs	39%	37%	29%	1.3x
Training workforce in how to use their solution	40%	34%	31%	1.3x
Provide an assigned customer success representative/team	50%	33%	31%	1.6x
Help us accurately forecast our spend	47%	33%	29%	1.6x
Guarantee industry-specific regulatory compliance	50%	31%	38%	1.3x

Note: N = 600 US IT and LoB professionals. Attributes are listed in order of importance for long-term relationships, according to XaaS adopters.

Source: Deloitte Everything-as-a-Service (XaaS) Study, 2021 edition.

Despite the higher levels of satisfaction, Frontrunners have very high vendor expectations. Indeed, nine in 10 Frontrunners agree their organization could achieve better outcomes if XaaS providers behaved more as consultative partners (45% strongly agree). Frontrunners are keeping their options open: About seven in 10 indicate they're at least *somewhat* willing to explore new vendor relationships—and nearly four in 10 say they're *definitely* willing (versus three in 10 Followers).

XaaS providers clearly have their work cut out to keep these discerning customers satisfied. We asked organizations what percentage of the capabilities of their purchased XaaS solutions they typically use. Remarkably, 36% of Frontrunners

report they typically use *less than half* of the capabilities of a “purchased package” (41% of Chasers and 52% of Followers say the same). Yet only 44% of Frontrunners strongly agree that their XaaS providers regularly advise them on how to improve the use of their services. Providers have an opportunity to proactively demonstrate how customers can get more value from their solutions. Alternatively, adopters may be paying for capabilities they will never need, and providers could tailor solution packages and costs more appropriately. The increased scrutiny by Frontrunners may have a silver lining: Regular evaluations may mean more opportunities for providers to have touchpoints with clients and improve the customer experience.



Considerations for XaaS adopters and providers

AS ENTERPRISES CONTINUE to shift from traditional IT to as-a-service, XaaS adopters may have to work harder to gain and sustain a competitive edge. At the same time, with more technology companies offering XaaS solutions, providers may need to up their game to keep their customers' high expectations satisfied.

Adopter considerations

The XaaS future looks bright for the Frontrunners, but what if your organization behaves more like a Chaser or Follower? What can you do to achieve better outcomes from your XaaS adoption and even establish a competitive edge? Emulating best practices of the Frontrunners may increase your chances for success.

- **Strengthen your XaaS strategy.** Has your organization developed a comprehensive, enterprisewide strategy for XaaS adoption? Have you established clear executive responsibility for adoption (whether in business units or companywide), a road map for migrating to XaaS from traditional IT, and a data strategy to ensure solution interoperability?
- **Shore up your XaaS expertise.** How would you rate your organization's expertise in each of the XaaS activities shown in figure 6 (identifying where to deploy XaaS in the organization; selecting XaaS solutions and providers; acquiring the right skills; integrating, securing, and managing XaaS solutions; managing costs; measuring returns)? Determine whether to address your shortcomings through hiring, training, or partnering with your XaaS providers.
- **Master execution.** Has your organization set up policies and processes to ensure data security and regulatory compliance? Are you continually monitoring the security of XaaS applications? Are you able to track XaaS utilization and forecast spending?
- **Partner with providers.** Many adopters are still grappling with challenges, and most feel they could achieve better outcomes if their XaaS providers acted more as consultative partners. Indeed, strong vendor relationships are key to success with XaaS. Are you setting clear expectations for your providers and regularly re-evaluating whether your needs are being met?

Provider considerations

Our Frontrunner analysis also suggests ways XaaS providers may be able to boost their chances for success. With XaaS, customers can switch vendors if they feel they're not getting optimal value. Therefore, it's essential for technology companies to foster deeper engagement and help their customers achieve the best outcomes.

- **Excel at the most-valued attributes.** The list of vendor attributes in figure 11 indicates what XaaS adopters value the most for establishing long-term relationships—and gives providers a blueprint for building greater satisfaction, even among Frontrunners. Providers that can guarantee reliability and performance, assist with integration, help customers understand and optimize their utilization, and provide strong data security and privacy safeguards will likely stand out. Providers might also consider offering industry-specific solutions and regulatory compliance, supplying training, and helping forecast spend.

- **Commit to customer success.** The winning providers are likely to be those that act consultatively, helping their customers overcome challenges, advising them how to get maximum value out of the solutions they use, and bringing innovative or improved services to market. Establishing customer success programs can be another key element in becoming trusted partners that are committed to customer success.¹⁶

Over the next few years, adopters will likely continue to shift their IT to XaaS to increase both business agility and efficiency. And in a quest for growth, technology providers have pledged to offer more service-based solutions. In light of XaaS's expanding popularity, both adopters and providers will need to find ways to stand out from their competition. Following the lessons learned from the Frontrunners can serve as a good starting point.

Endnotes

1. XaaS—*everything-as-a-service* or *anything-as-a-service*—refers to products, tools, and capabilities that are delivered to users as services. For purposes of this article, we're considering only enterprise IT as-a-service, such as infrastructure-as-a-service, platform-as-a-service, software-as-a-service, and advanced innovation capabilities provided as-a-service. Unlike traditional IT, which requires upfront purchase or licensing, the XaaS or flexible-consumption model allows customers to consume and pay for IT services based on what they need and use, typically through a subscription or pay-per-use. Delivery mechanisms may be on-premise (managed in one's own data center—e.g., private cloud or on-premise subscriptions), third-party-hosted (a vendor hosts the service), or public cloud (provided by a “public cloud” company). And there are some instances of XaaS that run as “hybrid cloud,” in which some aspects of the service run on-premise and others are delivered via the cloud.
2. Sharon Lewis, “The XaaS phenomenon in the tech marketplace,” *Jumpstart*, May 27, 2020; NetApp, “What is XaaS (anything as a service)?,” accessed July 8, 2021; Gillian Crossan et al., *Accelerating agility with everything-as-a-service: IT providers are shifting from traditional models to XaaS flexible consumption models*, Deloitte Insights, September 17, 2018.
3. Yevgeniy Sverdlik, “HPE CEO pledges to sell ‘Everything as a Service’ by 2022,” *Data Center Knowledge*, June 19, 2019; Gina Narcisi, “Cisco CEO Chuck Robbins: COVID-19 forcing as-a-service transition,” *CRN*, August 12, 2020; Mark Haranas, “Dell to make ‘all offerings’ as-a-service, says Michael Dell,” *CRN*, September 14, 2020.
4. Susanne Hupfer et al., *Enterprise IT: Thriving in disruptive times with cloud and as-a-service: Deloitte Everything-as-a-Service (XaaS) Study, 2021 edition*, Deloitte Insights, February 22, 2021.
5. Please note that the insights in this article do not address all enterprises but, rather, are specifically about “XaaS adopters”—organizations that already consume at least 15% of their enterprise IT as-a-service.
6. Melanie Wachsmann, “Research: How COVID-19 will affect 2021 IT budgets,” *ZDNet*, September 1, 2020; Louis Columbus, “COVID-19’s impact on the future of IT budgets,” *Forbes*, August 9, 2020.
7. Angus Loten, “CIOs accelerate pre-pandemic cloud push,” *Wall Street Journal*, April 26, 2021.
8. The portion achieving significant competitive advantage has grown since 2018: Our prior XaaS study indicated that only 6% of adopters felt XaaS was allowing them to establish a significant lead.
9. We asked the following of survey respondents: “Regarding your organization’s current enterprise IT products/services, estimate what proportion is being purchased and consumed as as-a-service IT vs. traditional IT.” Respondents reporting their organization consumes less than 15% of their enterprise IT as-a-service were screened out of the survey. Respondents were given these definitions: Traditional IT: purchasing model for enterprise IT that allows continued use of a noncloud-based product/service, with or without a predetermined expiration date. Payment structure is typically one-time and upfront (e.g., traditional licensed software, contract-based hardware), and deployment is usually on-premises. As-a-service IT/XaaS (“everything-as-a-service”) IT: purchasing model for enterprise IT that allows consuming and paying for products/services based on actual needs/usage (e.g., software-as-a-service, platform-as-a-service, and other cloud-based services). Variations include subscription-based (access for a predefined time and/or predefined amount of usage) and pay-per-use (consume and pay based on need and usage, generally with no minimum commitment). Sometimes called “consumption-based IT” or “flexible consumption.” Delivery models can vary—e.g., cloud, on-premise, or hosted.
10. David Linthicum, “What ‘cross-cloud’ architects need to know,” *InfoWorld*, May 25, 2021.

11. Muhammad Raza and Joe Hertvik, "Shadow IT explained: Risks & opportunities," BMC Blogs, September 22, 2020.
12. Hupfer et al., *Enterprise IT: Thriving in disruptive times with cloud and as-a-service*.
13. Our survey defined "regularly" as "annually or more frequently."
14. Hupfer et al., *Enterprise IT: Thriving in disruptive times with cloud and as-a-service*. Vendors that "help optimize utilization" may assist customers to understand the full solution and avoid underusing services, and may also suggest additional or alternate services.
15. Vadim Supitskiy, "Forbes' road to the cloud—why, challenges and timeline," *Forbes*, September 27, 2019; Supitskiy, "Forbes' road to the cloud—architecture, security and the refactor," *Forbes*, September 11, 2020; Supitskiy, "Road to the cloud—learnings, benefits and the future," *Forbes*, September 11, 2020.
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