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The right cloud mindset in travel

Being ready for the future depends on it

Every travel company has pushed the boundaries as hard as possible for months—teams have been working harder than ever. But this way of working is not sustainable for the future.

Travel CEOs understand the need for services that elevate the travel experience in an operating model that drives flexible cost structures and greater automation in the right areas. This is key to recovering the bottom line at the very least and improving revenues.

To realize this dual agenda, travel companies can't rely on existing systems that are bending under the weight of travel value chain complexity. Acting with urgency to be ready for the future tops the CEO agenda, and it requires shifting mindsets toward investing in agility and scale.
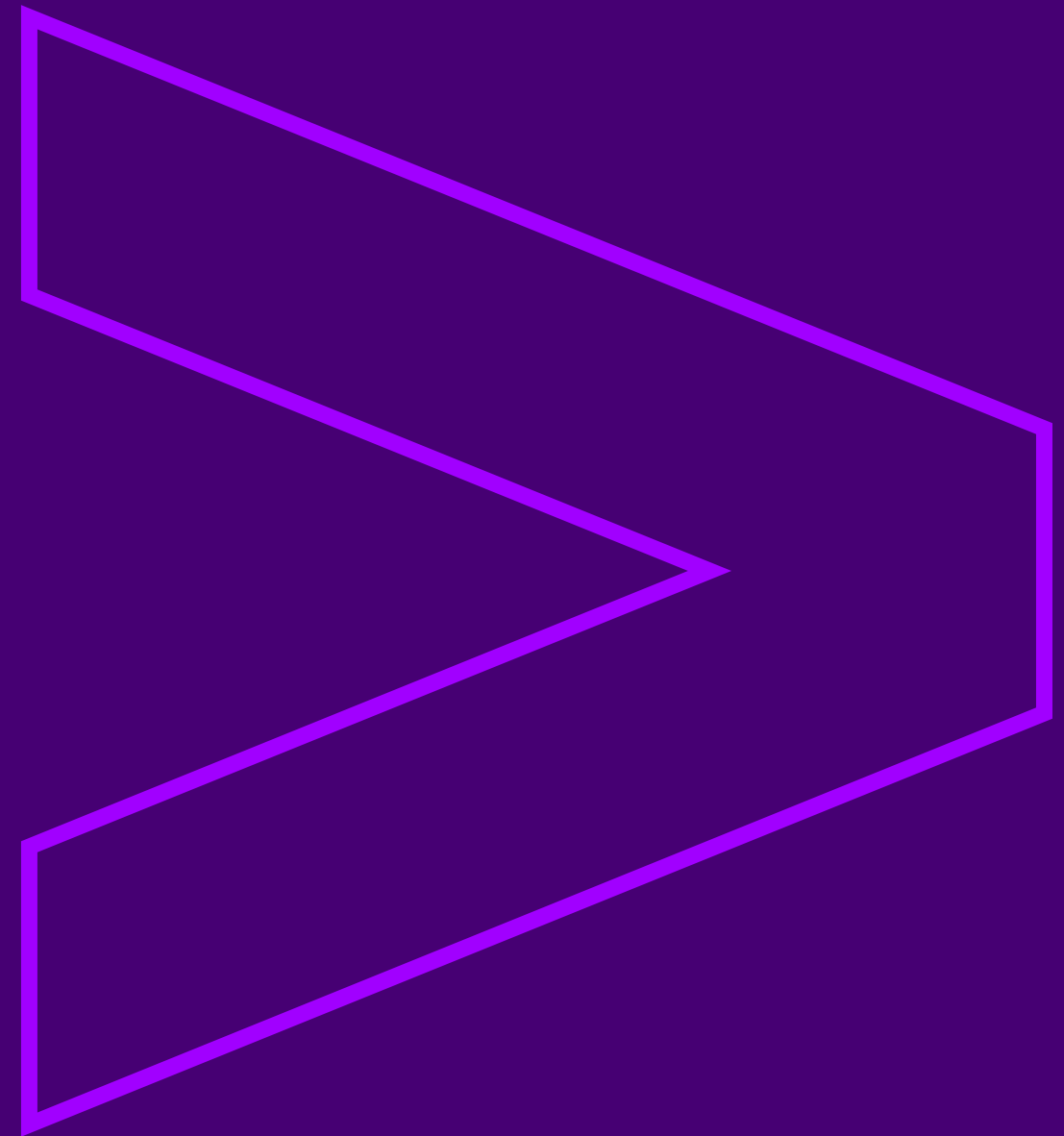
How close is travel to being ready for the future?
That depends on how close travel is to being ready for cloud.

Our conversations with 300 hospitality and airline senior executives reveal that 40% of their organizations have a strategy to move legacy applications to cloud at an enterprise level. This is promising because it paves the way for greater acceleration—two-thirds of the business workload is expected to be in the cloud in the next five years. But in reality, strategy and scale are not always the same thing. Without scale—and the right mindset—travel companies can't use cloud to power the new ways of innovating and operating that they desperately need right now.

Only 30% of travel companies today are implementing cloud at scale. These **cloud scalers** are balancing cost efficiency, innovation and speed to market to develop new services and capabilities as travel re-emerges. They have also recovered faster and balanced their strategic priorities better than competitors. With another 35% of travel players in the process of transforming, cloud scalers should continue to accelerate and scale to protect their position.

30% Scale
We have implemented cloud across the enterprise and continually update

35% Embrace
We have implemented cloud in some units of the organization and for specific purposes

27% Assess
We are trying to partner with firms and evaluate potential deployment

8% Strategy
We are at the planning/blueprint stage

Not surprisingly, cloud scalers are among the largest travel corporations we interviewed. Despite their size, scalers' success is not just a story about throwing endless resources at an initiative. No travel company has the luxury of doing this today. Not even the global players.

Instead, cloud scalers have created a solid foundation for change. They have the practices needed to properly operate and innovate in the cloud. They understand how cloud can further business outcomes, have aligned their people to succeed in a cloud-first organization, and have successfully navigated data security and privacy concerns that are often mistakenly perceived as deal breakers for cloud migration. Where others fear change, cloud scalers have been fearless about change.

What cloud scalers do differently

- Align cloud strategy with business goals

- Clearly communicate the cloud value proposition and benefits

- Develop a roadmap to migrate legacy systems to cloud

- Implement cloud frameworks to accelerate and scale
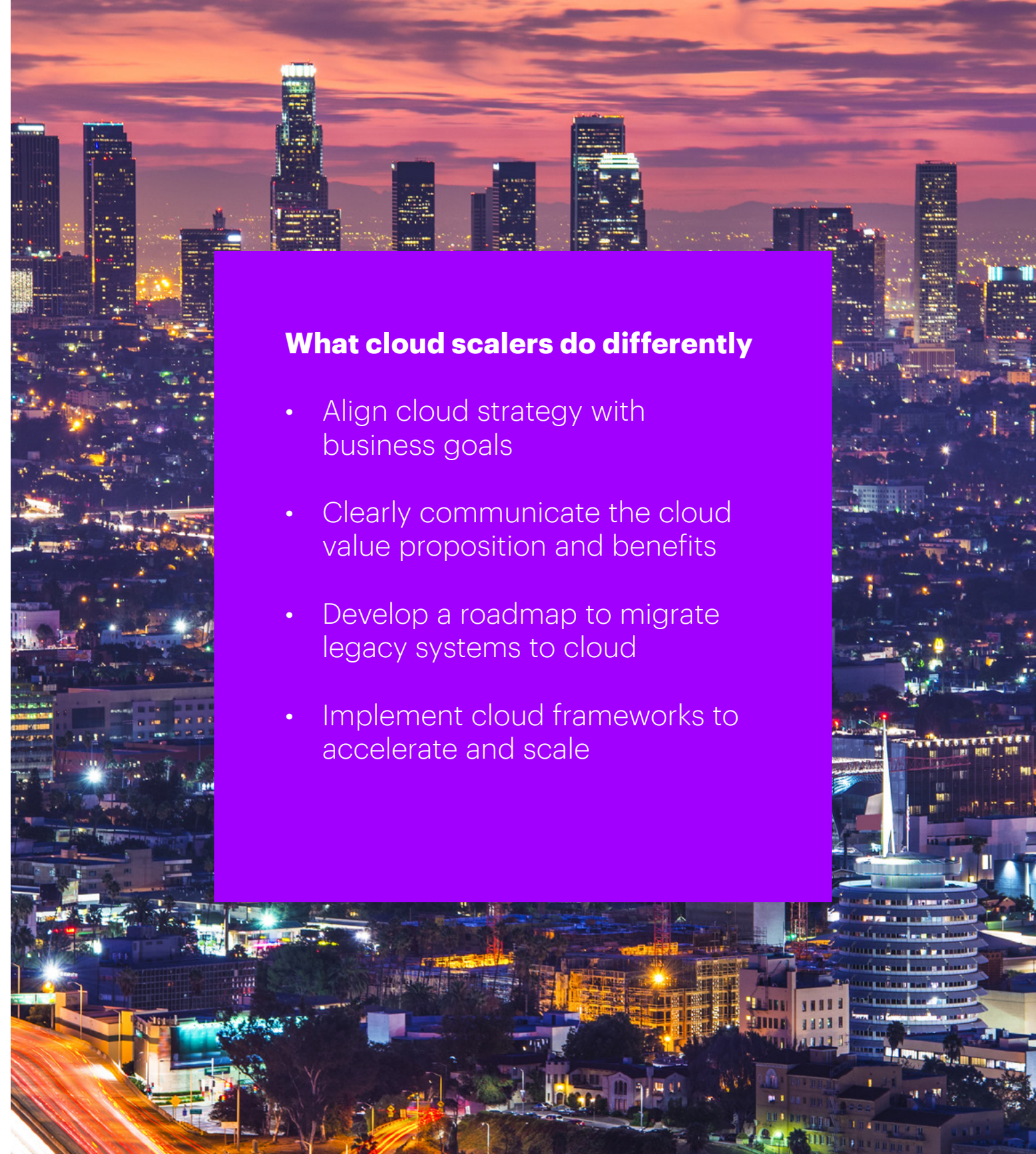
> **Cloud technology is typically not the featured word in leadership meetings because they are so in tune with business as usual. Existing systems are like giants that know business and operations inside out.**

Mobility and Personalization Director
Fortune 500 Hospitality Company

The thinking drives the doing

As travel re-emerges, industry players should do things differently—and do different things—when it comes to their cloud investments. But for actions to change, perceptions have to change first.

Unlike the cloud scalers, many travel leaders driving the cloud agenda have very entrenched mindsets. Their strategic and tactical decisions signal that they view cloud primarily in terms of its cost reduction potential. This is valid, and understandable, given the industry's cost pressures.

Yet the value of cloud runs much deeper. It is a dynamic platform for new growth and competitiveness that is ideal for this moment in travel. Cloud at scale makes managing complexity possible. It is essential to achieving the interconnectedness necessary to deliver secure and seamless travel experiences faster.

The journey to cloud at scale

Getting to scale is a three-part journey. It begins with **migrating** workloads to the cloud securely with the right infrastructure selection, whether public, private, hybrid or multi-cloud. The next phase is **accelerating** organizational speed and agility by restructuring architectures, applications and data for cloud. Then travel companies can begin to truly leverage cloud to **grow and innovate** at scale and speed, developing new services and revenue streams by taking full advantage of cloud-based technologies.

01 Migrate

Get your **workloads to the cloud rapidly, securely and with confidence** by selecting the right infrastructure for your business needs, whether that's public, private, hybrid or multi-cloud.

Retire, Retain, Rehost or Replatform current applications
(Journey to the Cloud)

02 Accelerate

Ramp up your organizational speed and agility by **re-structuring architectures, applications and data for cloud.** Your workforce, operating model and culture must also evolve for cloud.

Replace, Refactor into modern cloud-native systems
(Journey Through Cloud)

03 Grow & Innovate

Use cloud at scale as a digital transformation lever to create greater differentiation and competitveness in your industry, laying a strong foundation for rapid experimentation to reimagine products, services, experiences and business functions.

Reimagine your business processes in the cloud
(Connected travel)

What does it take to up your cloud game?

Hint: It's not only about the technology

Travel companies that think—then act—like cloud scalers can benefit from all of cloud's potential. They can use cloud as a foundation to build a new operating model to support strategic priorities for years to come.

Success is not about plugging in a cloud-based solution and getting the desired results. Travel leaders must get the organizational changes right that work together with the technology. To make this happen, the first thing that must change is not what leaders do. It is what they think. Given the need for mindset shifts in travel, industry players can learn from successes in other industries.

Three mindset shifts to scale cloud

01 Think technology to grow business

**Old mindset:
The CIO drives IT**

**New mindset:
The CIO drives
recovery and
future growth**

While cloud is a CEO priority, the CIO has a critical role in travel's cloud future. Yet in many travel companies, the CIO focuses on driving cost savings and "keeping the lights on." Technology teams execute projects as and when asked, and business teams focus on recovery and growth. IT largely has a back-end role, with limited integration into solutions that are overseen by functional owners.

How significant is the disconnect between business and IT in travel? Consider that while 73% of C-suite executives believe there is a significant or critical dependence

on IT to support their business outcomes, 70% don't view IT and functions establishing business priorities jointly at an enterprise scale. And only 35% of travel companies have aligned their cloud strategy with their business strategy.

To operate like cloud scalers, travel companies need to change how they think about the CIO—and travel CIOs need to shift their own mindsets. Instead of being implementers, they can be heroes. This means doubling down on business value delivery rather than on discrete projects. It takes emphasizing business growth

"**There is a big disconnect between IT strategy and functions. IT should have a seat at the table, and in turn, help package relevant solutions for various functions.**

Infrastructure Technology Executive North America Fortune 500 Hospitality Company

priorities and key performance indicators (KPIs in addition to service level agreements (SLAs).

This shift is about the CIO taking a seat at the table so that the recovery and growth strategy is unified across business and technology, and CIOs take part in the governance and portfolio management of solutions across functions.

That's what happened when brewer **Carlsberg** embarked on its digital business transformation, which involved a move to cloud. The CIO had a key role not just in shepherding the technology changes, but in understanding how they would enable the business. Reflecting on the shift to cloud, she explains, "All this means our people get to focus their brainpower on those things that make a

difference for our customers and consumers. And that is closing the gap between our technology and our business."[2]

Del Monte Foods, Inc. made it a priority to align business and technology interests when it transitioned its IT infrastructure to public cloud. The company gained the flexibility to scale its IT operations up and down to support new growth initiatives and also meet the changes to demand across its yearly business cycle.[3]

Start the shift

1. Review the business strategy through the lens of what outcomes technology helps to drive.

2. Assess the readiness of the IT landscape for future business and growth priorities.

3. Realign the technology strategy for direct business impact or enablement.

02 Think new ways of working

**Old mindset:
It is working
well today**

**New mindset:
Future agility is
non-negotiable**

There is a common perception among travel companies that the business is running well on current systems. Case in point: 82% of senior executives think that they can fulfill their business outcomes through current technology and infrastructure set up.

The pandemic has demonstrated that current systems lack the flexibility to respond to massive disruption, and most travel companies suffered greatly from the fixed cost of their IT systems. Cloud would enable them to dial-up or dial-down IT as required by the current state of the business environment. This lack of flexibility is a liability considering the rapid pace of technology advancement across cloud, internet of things, 5G,

biometrics and more. The opportunity loss is significant, and it's a mindset that is holding the industry back. Consider that only 26% of travel executives say that their company is very effective at fueling innovation, and 43% say their company is very effective at developing new capabilities at scale.

Thanks to leading technologies, the connectedness of the travel environment is morphing at speed. It's the nimble, digital-powered start-ups that are taking full advantage of it. They are encroaching on the periphery of ancillary services markets in airlines and hospitality, developing innovative ways to connect hotels and airlines and

> **Leveraging the combinatorial power of technology is imperative for tomorrow's differentiation.**
>
> Infrastructure Technology Executive North America Fortune 500 Hospitality Company

create disruptive services based on hotels knowing guests' airline itineraries.

Travel players cannot compete with cloud native players like these. They should become more agile, which requires more than conducting Agile releases every two weeks. It demands interoperability across functions and with ecosystem partners. Cloud-based systems enable this because they are boundaryless. They are highly configurable and adaptable. Partners don't have to spend endless time and money integrating systems, which speeds time to market for new products and services. Travel companies cannot underestimate the importance of training and reskilling to ensure their employees fully benefit from new tools and improve performance.

Financial services players face a similar pressure to innovate quickly to fend off industry disruptions. For **Banco Santander** SA, a Madrid-based multinational financial services firm, replatforming in cloud—consolidating all of its digital services into a single global unit—was a game changer. Not only did it dismantle internal silos and shadow IT systems, it also became much more seamless for the company to extend digital capabilities across markets and applications. With more systems strength in the cloud, the company launched a customer-facing virtual banking agent.[4]

For **Vodafone**, the U.K.-based multinational telecom company, investing in cloud-based tools to improve productivity and drive business growth meant empowering employees to use the tools.

With a relentless focus on digital training, Vodafone is seeding its future agility by expanding its own pipeline of digital talent.[5]

Start the shift

1. Conduct an application portfolio assessment to understand the long-term horizon of current technology tools.

2. Explore opportunities for better business (and system) collaboration, which can drive significantly higher levels of intelligent automation.

3. Make digital skills development a priority so that the workforce can take full advantage of cloud-based tools to improve performance and workforce satisfaction.

03 Think success beyond the change

Old mindset: Fear around too much risk

New mindset: Confidence in multi-fold rewards

Many travel executives think that cloud is risky. So much so that many plan to migrate only their non-critical processes to cloud. Many are so focused on the risks they think exist that they don't educate themselves on the realities, pursue risk mitigation strategies or weigh the potential rewards of cloud migration.

Perceptions of risk and fear of change include concerns around how a complex transformation could disrupt the business as well as the need to reskill the workforce. The biggest technical barrier for executives relates to security—72% rank data privacy and security as the top challenge. Over 70% are skeptical about

"who controls the data" and "how data can be migrated without loss," particularly considering new privacy requirements. They are also concerned about cyber-attacks considering the momentum behind biometric passport data.

As one airline executive explains, "Our government is extremely sensitive about data breach and security; particularly, about the data stored on cloud servers that can be traced. There's a real fear that we can be hacked, which can compromise our data. Hence, we prefer to store most of our data on systems that are within our enterprise, and more importantly, within our control."

> **The financial benefits definitely needs to be marketed more, with focus on change management and security (and short-term and long-term benefits around cost and scalability).**
>
> Business-Operations VP, Leading European Legacy Carrier

To shift their mindsets and operate like cloud scalers, travel leaders should understand that migrating to and scaling cloud is not a one-size-fits-all proposition or a big-bang change decision that must happen all at once or not at all. Take the example of a UK bank. While the bank had already defined a cloud strategy, leadership recognized that a strategy is only as successful as the execution.

This is why the bank focused next on creating a transformation plan not only as a blueprint for the way forward, but as a risk reduction tool. The plan identified the best applications to be migrated first to the new cloud platform and codified KPIs to track success. This approach made the migration more efficient and faster in the end.[6]

While travel companies that pursue cloud at scale are in the best position, migrations don't have to be made in haste. These are often phased, leveraging early migrations to generate cost savings that can then be used to fund the next phase of more business critical applications and data. Leaders should take the time to learn from others—to understand how they evolved their own mindsets and navigated risk with controls and tools.

Start the shift

1. Start somewhere—start small. But start, or the competition will get first-mover advantage, if they haven't already.

2. Train the workforce. They may be eager to learn, and reskilling could drive retention.

3. Talk to leaders outside of the travel industry to learn about their experiences—there are plenty of exemplars out there.

Where the future of travel begins

Over the next two years, travel leaders want to increase revenue, reduce costs and become more tech powered. These goals are synonymous with investing in cloud at scale.

Travel companies that become cloud scalers will be the best prepared to serve the new traveler, interact with the ecosystem in exciting new ways and compete in tomorrow's dynamic travel landscape. It won't be because they migrate to cloud. It will be because they migrate to cloud and continually build on its capabilities to evolve with the market—and create a new future for travel. **It all starts with the right cloud mindset.**

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6   Accenture client experience

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