

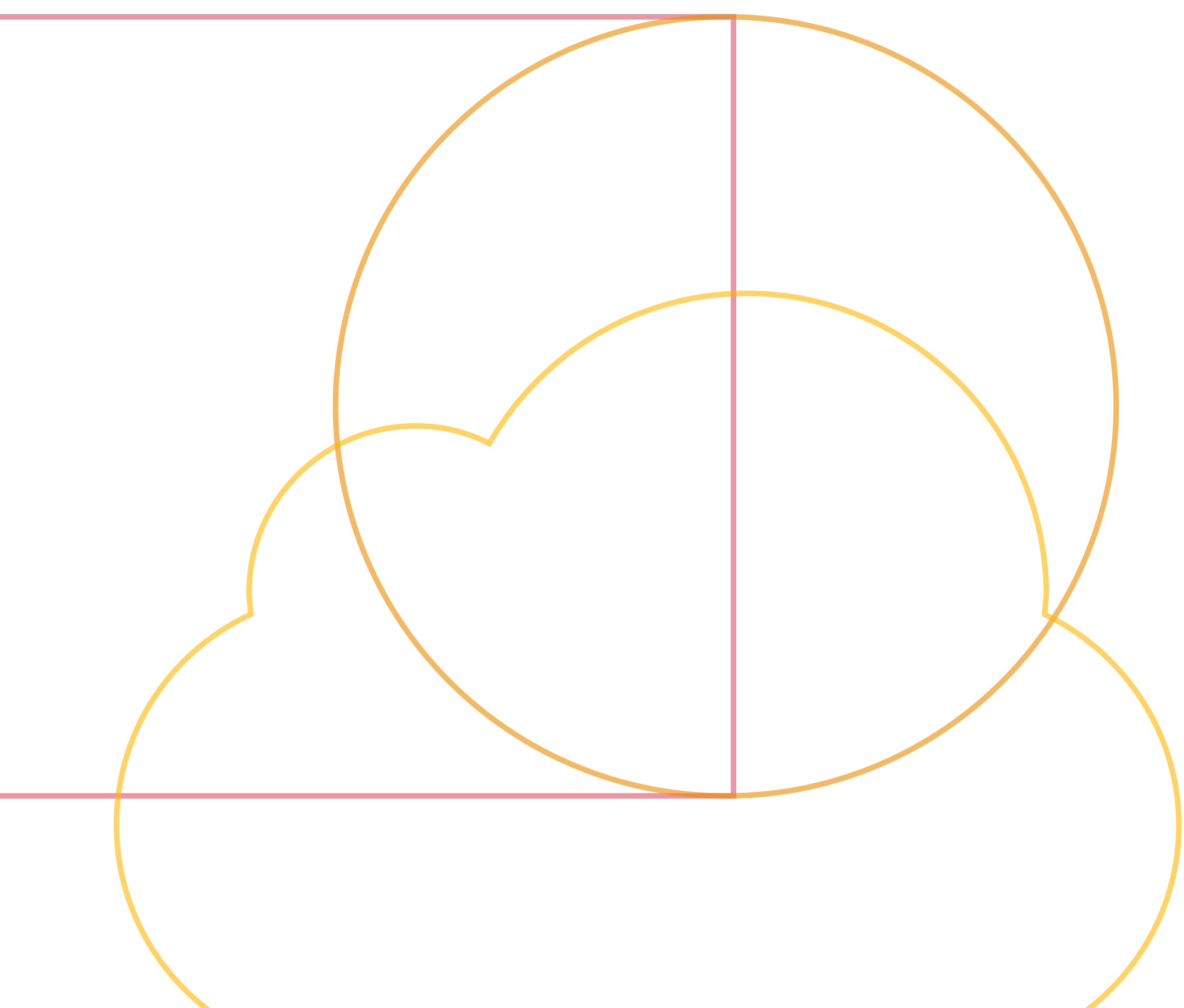
# Your digital journey

**How the cloud can help medium-sized businesses  
address their biggest business challenges**



## Contents

Executive Summary	3
Tosca’s unique digital journey	4
Top trends to consider	6
Accelerating your cloud journey	11
What does the future look like?	13





# Executive summary

Over the last few years, medium-sized companies have come to the realization that they need to accelerate their digital journeys or risk falling behind their competition.

Key macro trends have been driving shifts in the business landscape for years. Yet the global pandemic rapidly accelerated these trends, forcing medium-sized businesses – each at a different stage in their own digital journey – to grapple with how cloud-based technologies can enable their continued success in the face of these external pressures.

This report looks at how your medium-sized company can embrace cloud and become a more nimble, digital-first operation, and discusses three key challenges that most medium-sized business face:

**Empowering talent:** evolving employee needs, a highly constrained talent environment, and new ways of working expectations are pressuring companies to rethink everything, including how they hire, upskill their talent, elevate their employee experience, and build culture. Cloud can help by bringing new tools, unlocking capabilities, and enabling new experiences

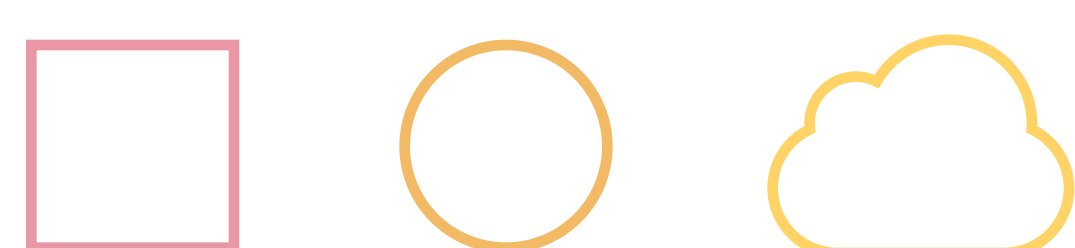
**The need for robust cybersecurity:** Cyber breaches are increasing, with medium-sized operations becoming more attractive targets for hackers. Cloud-native cyber solutions can help bring best in class and ever-evolving protection to businesses of all sizes

**Unlocking growth and innovation:** Business is becoming borderless, which means medium-sized businesses must look to attract and retain customers. Cloud solutions unlock access to new business models and outsized growth opportunities, with the ability to scale, reach global audiences, track customer journeys, and ultimately, expand market share.

Four ways to maximize your cloud journey:

- **Start small and invest in what your business needs most**
- **Focus on unlocking value, not just tech**
- **Make simplification a core principle**
- **Commit to the journey**

Wherever you are on your cloud journey, there is an opportunity to accelerate cloud adoption, rethink business processes, reimagine talent and protect your company from bad actors. We tell you how.



# Tosca's unique digital journey



In the months before the pandemic arrived, Tosca, an Atlanta-based company that specializes in reusable packaging (crates, pallets, bulk containers) for the food industry, began drawing out ambitious plans for the future. For years, the business was focused on revolutionizing how product moved through the supply chain via product innovation—but it was now thinking of ways to leverage technology to improve supply chain performance for their customers and team members.

To do that, Tosca needed to become an agile, data-driven, tech-focused organization. It also had to anticipate how the world, and the way people worked, was changing. It could see that more employees wanted flexible work arrangements, that customer sales were becoming increasingly borderless and online, that cyber risks were becoming more urgent.

Little did they know that only a few months later, all these trends would rapidly accelerate – forcing the company to make changes sooner than expected. “As a technologist, I already had team members around the world, but there was a lot of resistance to remote work,” says Mike Weinberg, Tosca’s chief information officer. “COVID-19 completely changed the culture.”

**“ COVID-19  
completely  
changed the  
culture”**

Mike Weinberg,  
Tosca

Tosca’s digital journey began in December 2019, with the first phase finishing in January 2022. It updated nearly all its old legacy systems, which were starting to impede productivity and efficiency. “We still had shared drives,” says Weinberg. It’s first step was moving all its systems and data to the cloud, which it did before the pandemic arrived. It also implemented a variety of Microsoft solutions, including Office 365, Dynamics365, collaboration software like Microsoft Teams and data visualization program Power BI.

While Tosca’s transformation was going to happen with or without the pandemic, several parts of it, including improving its cybersecurity capabilities, were accelerated. It also forced everyone to get on board with their new cloud-based operations. “It was a mixed blessing,” says Weinberg about the pandemic. “Not everyone was thrilled with the journey we were taking at first, but that changed when our CEO came to me and said, ‘I was sold on the value of this initiative for Tosca previously, but the critical nature of it became abundantly clear during the pandemic.’”

A lot of medium-sized business have found themselves in a similar position, thinking about ways to modernize their operations to set themselves up for success. While the pandemic may have spurred companies into action, change wasn’t necessarily motivated by COVID-19. Each of these businesses is at a different stage on their own digital journey, based on their unique business’ strengths and needs. For many years now, customers, investors, employees and even insurance companies have wanted the businesses they interact with to become nimbler, more secure, more productive and more responsive. The only way to accomplish that is through cloud.

However, it’s not good enough to buy technology on its own. Implementing the kinds of game-changing solutions that your business needs require deep thinking – about your objectives, the challenges your company could face in the months and years ahead, and the changes your business will need to undergo to realize the value of the cloud.

## Taking the cloud journey

Embarking on a digital journey means embracing the cloud, welcoming new ways of working, and tapping into a global talent pool to spark innovative ideas and business models. Although 70% of small to medium-sized businesses (SMB) are now using the cloud in some capacity, everyone's digital journey is different. Where you go will depend on your business needs, your people, and your long-term goals.

Whatever path your journey takes, and whatever stage you are at, moving quickly is key to success. Change is happening at an increasingly faster rate—lagging businesses will continue to get left behind. “If SMBs don’t adapt and evolve, they are at risk,” says Jose Gomez Cueto, senior director of the small- and medium-sized business (SMB) segment at Microsoft. “Digital natives will continue to disrupt.” The most successful businesses will evolve their mentality from “asset custodians” reacting to the digital landscape, to “value creators” leaning into their own personal cloud journey.

Understanding this journey to the Cloud means [driving better ROI for your business](#) and magnifying the impact of your talent to deliver better customer experiences. Explore the key trends and issues medium-sized operations are dealing with today and how to make your journey your own.

“Looking at the research that’s out there,” says Gomez Cueto, “one big theme is emerging and it’s this; we’ve already invested in digital transformation. It’s time to build on it.” Here’s how the cloud can help resolve three pressing business challenges.

**“ If SMBs don’t adapt and evolve, they are at risk”**

Jose Gomez Cueto,  
Microsoft US



**“ Looking at the research that’s out there, one big theme is emerging and it’s this; we’ve already invested in digital transformation. It’s time to build on it.”**

Jose Gomez Cueto, Microsoft US

# Top trends to consider



## Empower your talent

Acquiring and retaining talent may be one of the highest priorities for businesses today, as companies grapple with major shifts in employee expectations, the talent market, and their own capability needs. Addressing these talent challenges means rethinking how you hire, the kind of company culture you're building, and the employee experience you want to provide. For many companies, their future depends on a revitalized talent strategy. Now more than ever, a digital first approach is paramount to staying competitive in the talent landscape. Here are three key talent-related challenges and opportunities you need to understand.

### 1 Employee technology expectations

Before Tosca transitioned to the cloud, it was common for younger employees to complain about having to use old software that bore no resemblance to how they interacted with technology in their personal lives. They're using their phones to hail cabs and order groceries and wondered why they couldn't do their day-to-day work from their mobiles, too. Some got so fed up with the out-of-date tech that they quit. "We had people leave and say, 'I'm not going to work with that technology,'" says Weinberg.

Today, Tosca no longer has technology-based talent attrition problems. With all its programs now in the cloud, staff can access any solution from anywhere using their company-issued laptop. "It's got your security credentials, they're linked up to a cloud-based HR system, they can easily collaborate and share files," says Weinberg. "Moving to the cloud has really helped our talent because they like working on newer systems."

Cloud technologies can help attract and retain talent looking for best in class tools for their work. "These tools should be considered as a strategic asset for retaining the best talent," says Sharon Schoenborn, Vice-President of Microsoft's U.S. Small, Medium, and Corporate segment. "People aren't going to stick around where they're wasting their time doing busy work."

**" These tools should be considered as a strategic asset for retaining the best talent, People aren't going to stick around where they're wasting their time doing busy work"**

Sharon Schoenborn,  
Microsoft US



## 2 War for talent

Changing employee technology expectations are just the starting point for the pain employers are feeling today when it comes to talent. A historically tight labor market is driving a war for talent that is forcing companies to step up their efforts to attract new hires while battling high attrition within their own organizations. Findings in a recent [PwC survey](#) highlighted the risks companies face: quit rates are at historic highs (and rising) in some sectors, 88% of executives say their company is experiencing higher turnover than normal, and 64% of employees are actively looking for a new job, up from 36% in May of 2021. Companies are responding by rapidly raising wages to battle for talent, from [Wall Street banks](#) to [fast food chains](#), and everything in between. Small and medium-sized businesses have been hit especially hard by these trends, with less ability to absorb rising costs and staff shortages than larger organizations.

In this job market, upskilling your existing talent can help address talent shortages and improve the satisfaction of current employees at the same time. Additionally, cloud technologies and low code and no code tools can help fill the gap for many companies struggling to hire the right capabilities. These technologies are designed to enable coder-like capabilities without requiring the users to actually know how to code – bringing deep technological capabilities to the fingertips of non-technical employees. “It’s like coding for non-coders. Anyone could get a lesson and in three hours be building new business process flows. Every single medium-sized business now has these capabilities at their fingertips.” says Schoenborn.

### How a medium-sized business might unlock their talent by leveraging Microsoft cloud solutions:

Enable employees to collaborate, manage meetings, and chat all over a securely connected Cloud intranet with tools such as Teams, SharePoint, and the Office Suite.



#### Microsoft 365

M365 allows employees to work remotely with confidence with familiar, trusted industry leading products, with built-in security (EMS) and authentication

#### Teams Essential

Microsoft Teams is the one app that can help your small business meet, chat, and collaborate from anywhere



Teams enables chats and files shared before, during, and after meetings are always available, so people can refer to them at any time. Schedule online meetings with high quality audio and video ahead of time or start one instantly. People inside and outside of your company can join from anywhere.

As your company grows, no/low code solutions will be key driver in supercharging both technical and non-technical employees. Connect data and visualize, automate processes, and build custom apps to accelerate your workforce.



#### Power Platform

No/low code solutions including Power Apps, Power Automate, Power Virtual Agent, & Power BI give everyone in your SMB the ability to unlock potential in their teams and simplify internal and external processes

#### Microsoft Dataverse

[Dataverse](#) is a smart, secure, and scalable low-code data platform that spans across your business tech stack & links your Azure & Power Platform solutions.



Dataverse is designed to fundamentally shift your app development and data management to no/low code, unlock new data management capabilities, and make your data work smarter.

Access high-quality vision, speech, language, and decision-making AI models through simple API calls, and create your own machine learning models.



#### Azure AI

With Azure [AI Platform – Artificial Intelligence Service](#) | [Microsoft Azure](#) take advantage of the decades of breakthrough research, responsible AI practices, and flexibility that Azure AI offers to build and deploy your own AI solutions.



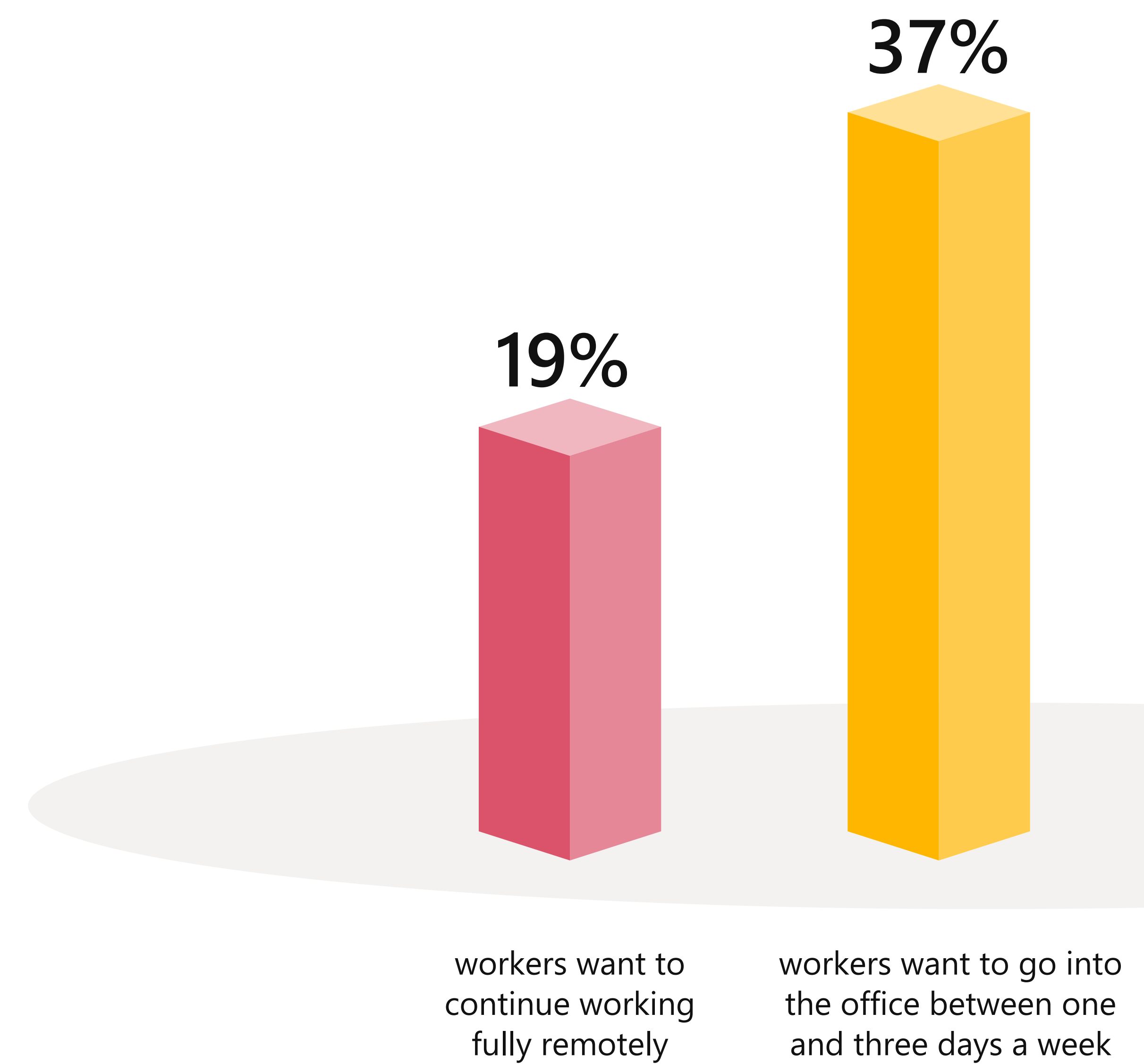
**88%**  
executives say their company is experiencing higher turnover than normal

**64%**  
of employees are actively looking for a new job, up from 36% in May of 2021

### 3 New ways of working

While employees were asking for better digital experiences and ways of working before the pandemic, lockdowns forced people to do nearly everything remotely. PwC's [survey](#) found that 19% of workers want to continue working fully remotely, while 37% want to go into the office between one and three days a week. Per Microsoft's 2022 Work Trends Index, hybrid work is up seven points year-over-year (to 38%), and 52% of people are considering going remote or hybrid in the year ahead. With remote and hybrid work here to stay, providing an optimal technology experience is essential to attracting and retaining talent.

Empowering a remote workforce, investing in flexibility, and enabling hybrid work environments across in-person and virtual team members requires the technology necessary to create those connections. Tools like Microsoft Teams and Azure can allow employees to collaborate from anywhere and unlock global hires for companies to tap in their search for talent.

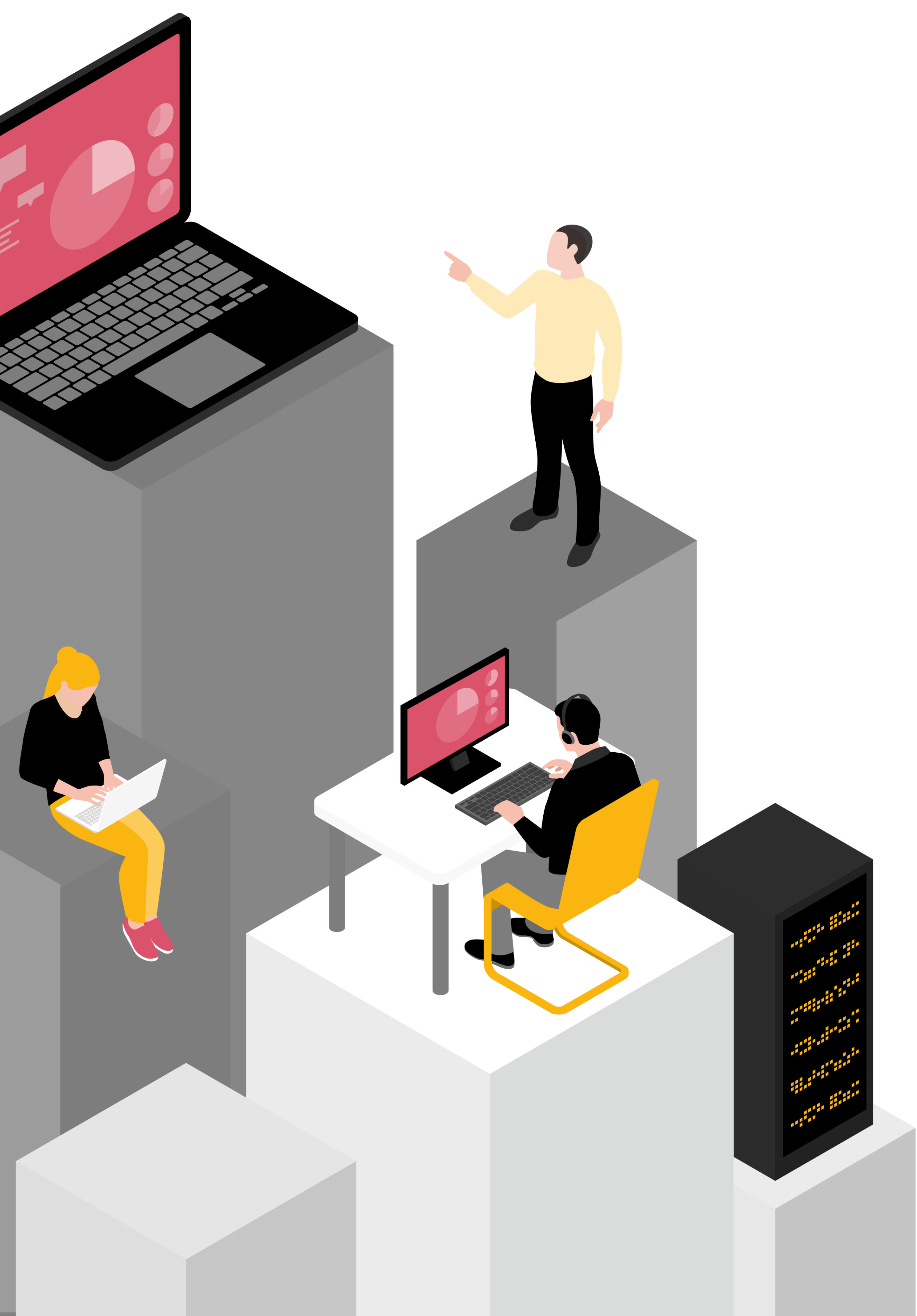


**Tools like Microsoft Teams and Azure can allow employees to collaborate from anywhere and unlock global hires for companies to tap in their search for talent.**

### The need for robust cybersecurity

Cybersecurity is another area that has become a core business issue. With everyone working from home, companies have become far more vulnerable to attack than ever before. According to [Verizon](#), SMBs accounted for 46% of all digital attacks in 2020. PwC's Incident Response Team also [reported](#) that 86% of all cyber-related incidents it had to deal with in 2020 could be attributed to cyber criminals, up from 71% before the pandemic. [IDC Predicts](#) by 2024, 33% of SMBs will experience security breaches quarterly causing business disruptions of at least one week per quarter.

At the same time, more businesses now want to do security audits on the companies they work with to ensure they have cyber systems in place. Tosca, for instance, had to accelerate its security plans to replace outdated security infrastructure because a client it was pursuing required a digital security audit. Within two months, Tosca implemented Microsoft's platform as a service security solution – a cloud model where security responsibly is shared between the cloud provider and the company itself.

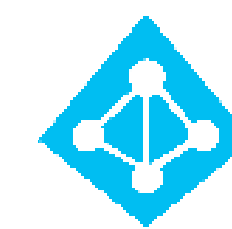


Unfortunately, not all companies can move as quickly as Tosca. When many medium-sized businesses started, they were more concerned about getting the right product and service into market than protecting against a cyber-attack, and as a result may not have prioritized cybersecurity. This may ring true for your business. You may have bought cybersecurity software as your company has grown, but it may not have evolved along with the threats.

According to PwC's 2022 Digital Trust Insights Survey, 69% percent of organizations predict a rise in cyber spending in 2022 compared to 55% last year. Over the last few years, numerous cloud-based security solutions have come to market. Because they operate in the cloud, they can detect threats and protect your people and data from anywhere. Many of these tools are more proactive – they identify and stop threats before they happen, instead of alerting you to a break-in after it happens. With automatic updates and credentialing, cloud applications are trustworthy and dependable, with clear performance monitoring to ensure that your tech is doing its job.

### How a medium-sized business might secure their business against cyber attacks by leveraging Microsoft cloud solutions:

Simplify universal identification, safeguard user credentials, and use real-time machine learning to reduce noise and find threats efficiently across your business.



#### Azure Active Directory

Synchronize on-premises directories and enable single sign-on with conditional & multi-factor authentication (Included in O365 & M365)

#### Microsoft 365

M365 allows employees to work remotely with confidence with familiar, trusted industry leading products, with built-in security (EMS) and authentication



Enable employees to collaborate, manage meetings, and chat all over a securely connected Cloud intranet with tools such as Teams, SharePoint, and the Office Suite.

Microsoft Defender is built to scale with your business. Configure security, manage compliance, and enable threat protection across Azure, AWS, Google Cloud, and on-prem.



#### Microsoft Defender for Business

Enterprise-grade endpoint protection that is cost-effective and easy to use – designed especially for businesses with up to 300 employees

#### Microsoft Sentinel

A [security analytics platform](#) that provides a birds-eye view to see and stop threats – across your entire company – before they cause harm



Microsoft Sentinel gives you visibility over your entire business to create a source-of-truth for all your security analysis needs.

One of the first needs for any company with growing data is back up recovery and continuity. These solutions can be integrated with on-premises data protection solutions to avoid costly business disruptions.

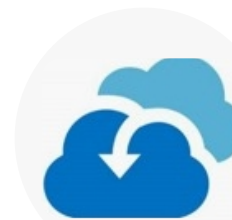


#### Azure Backup

A centralized cloud backup solution to help protect against ransomware

#### Azure Site Recovery

Inexpensively keep your [medium business](#) running with a disaster recovery service that is cloud native and built-in, or leverage a partner solution like Double-Take DR



## Unlock growth and innovation

Tosca's move to the cloud has had a dramatic impact on its growth. Having the ability to deploy the same systems across multiple lines of business, means it can rapidly incorporate any acquired companies. In December 2019, just as it started its cloud journey, it bought an Israeli company, one of its largest competitors, and then purchased a Belgium-based business in September 2020. With these two purchases, the company doubled in size.

"Being in the cloud has allowed us to more easily integrate these companies," says Weinberg. "We could also start collaborating a lot more with people around the world in real time, rather than email something around with no one knowing what version they were working on."



It's likely you're eager to expand, too. While businesses have become progressively borderless over the past several years, the pandemic has shown just how easy it is to have a global reach. Today, attracting new customers and retaining existing ones isn't easy. It requires quickly scaling up with demand, creating stellar user experiences and rapidly adapting to evolving consumer trends.

Attracting and retaining customers also means embracing new business models. Retailers know this best. Many have had to stand up e-commerce stores, offer curbside pickup options, launch subscription-based, direct-mail delivered boxes— all new revenue streams that some wouldn't have had two years ago. Plenty of other industries have had to shift their business models, too, whether it's a utility allowing clients to manage their energy usage via a mobile app or financial firms selling products through mobile instead of at a branch.

Whatever you decide to do next, the cloud can be a key lever to help you accelerate. There are now tools that can help you identify, track, convert and measure customers along their entire journey, while virtual servers make it easy to increase bandwidth and storage space as you onboard more clients or see an influx of visitors to your e-commerce site.

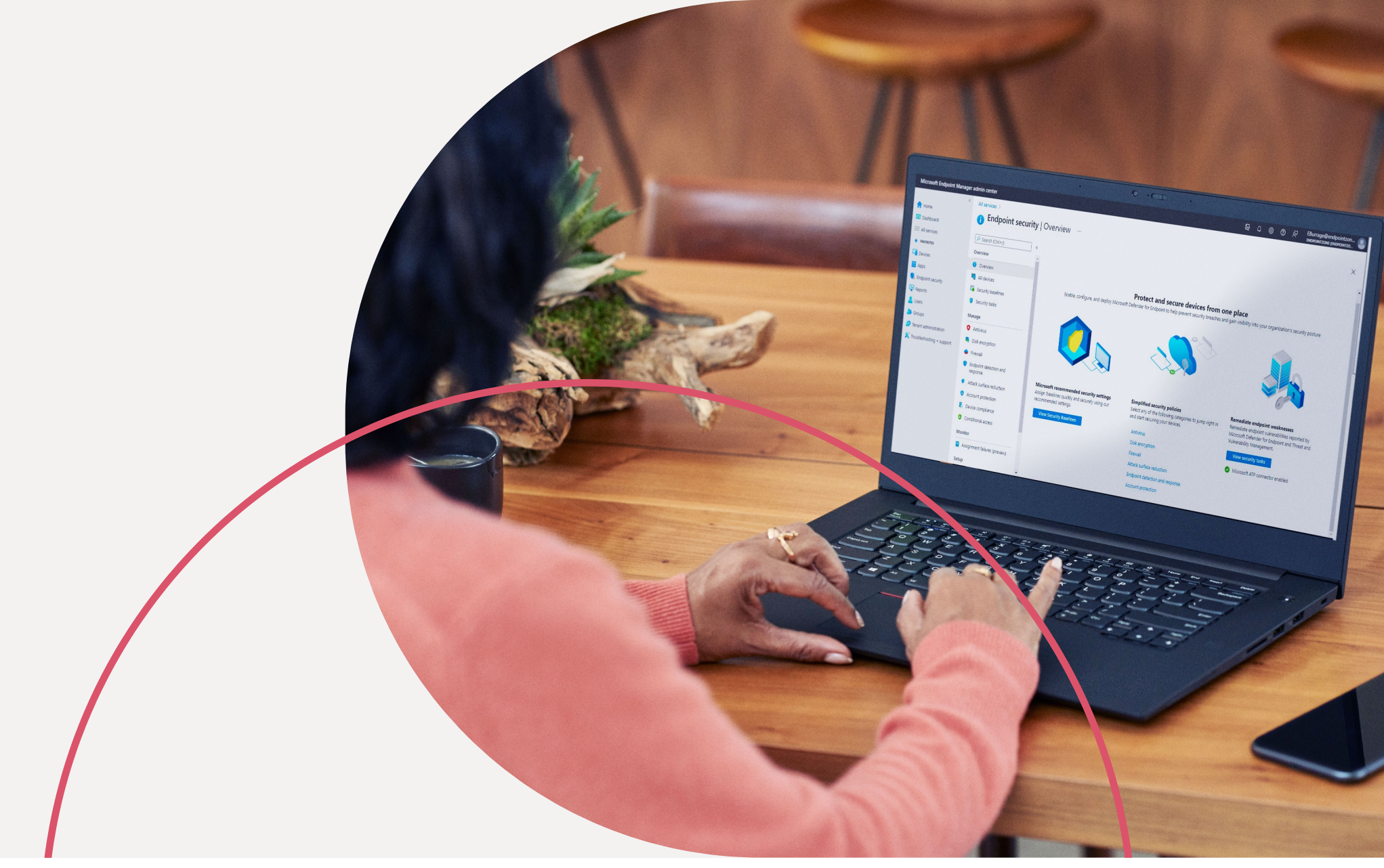
The cloud also allows medium-sized businesses to access capabilities that were previously only available to the largest operations. With these solutions, you can now test ideas without needing big investments, make existing processes more efficient and do more with the same number of people. "What it means is that at the fingertips of every single medium-sized business, you have these capabilities that have traditionally only been available to the largest enterprises," says Tyson Cornell, U.S. Private Consulting Leader at PwC.



**“ What it means is that at the fingertips of every single medium-sized business, you have these capabilities that have traditionally only been available to the largest enterprises”**

Tyson Cornell, PwC US

# How to maximize your cloud journey



Accelerating your cloud journey takes careful planning, a deep understanding of your business and a willingness to continually try new things. Regardless of where you are on your cloud journey, here are a few ideas to maximize your efforts:

## Start small and invest in what your business needs most

One of the biggest mistakes a company can make is to implement a new technology because it's the thing to do. If your transformation isn't tied into your business objectives, and if staff don't understand the solutions they're using, then they'll get frustrated and revert to doing things the old way. To start, you'll need to develop a cloud strategy and roadmap that takes your current and future goals into account.

However, don't forget that the cloud is a giant technology stack that can evolve along with your company. That's why it's often a good idea to start small, with one or two programs, and then build from there. It could be as simple as transitioning your company to Microsoft Teams, which comes with collaboration tools and secure video chatting, or adopting Microsoft Dynamics Business Central ERP to connect and manage disparate teams and their data – cloud solutions make it easy for your business to evolve, test, and adapt to market opportunities or challenges.

## Focus on unlocking value, not just savings

A lot of people come to the cloud because they think new tech will save them money. While solutions such as Microsoft Azure can result in a [24%](#) reduction in environment operating costs over a three-year period, the true long tail of cloud is the increased efficiency and productivity across your business. Not having to maintain on-premises servers, and having the ability to easily scale storage, bandwidth, and users up and down is core differentiator to legacy landlocked solutions. Cloud is a transformative technology that, if done, correctly, will unlock considerable value for years to come. According to an [IDC Business Value White Paper](#), sponsored by Microsoft, study participants implementing Azure tools, resources, and programs saw their IT teams become 55% more efficient and developers 26% more productive. Primarily, it will enable you to boost revenues and profits, which means the total cost benefit goes beyond any savings.

**“ What happens a lot is that companies put in this new tool or platform, and they think everything's going to change, but the worst thing that can happen is they literally get a new platform and do the same exact behaviors as before”**

Tyson Cornell, PwC US



To get more value from the cloud you must also pay attention three things, says PwC's Cornell: people, processes, and culture. "What happens a lot is that companies put in this new tool or platform, and they think everything's going to change," he explains. "But the worst thing that can happen is they literally get a new platform and do the same exact behaviors as before. Your foundation may be more technologically sound, but if you're not changing your behaviors to match the opportunity, you're not getting value out of it."

### Making simplification a core principle

According to [PwC's 2022 Digital Trusts Insights](#) survey, 75% of executives report too much complexity in their organizations, leading to 'concerning' cyber and privacy risks. If you're still using legacy software systems, you're likely dealing with a complicated technology stack. You've no doubt added more and more tools over time, many of which don't speak to each other and only satisfy one need. These kinds of stacks are hard to manage and costly to maintain. Fortunately, the cloud can dramatically simplify things. Not only are these cloud-native solutions which are optimized for a cloud environment, but they also communicate with one another, seamlessly share data, and together enhance the other's capabilities.

**75%**

**of executives report too much complexity in their organizations, leading to 'concerning' cyber and privacy risks**

### Commit to the journey

It's important to remember that cloud transformations don't happen overnight. In fact, 53% of companies are yet to realize the true value of the cloud as measured by the [PwC Cloud Business Survey](#). No one arrives at the cloud and moves on – it's an evolution. As your company grows, you may want other solutions that you don't have today. You need to stay relevant in an always changing world, and cloud makes that easy to do.

Fortunately, you don't need to do it alone. Consider working with an implementation partner – a company that knows how cloud works and can help you figure out which systems will work best with your objectives. Many of these companies are medium-sized operations themselves and have made their own transitions to cloud. They can also help you choose which cloud provider to align your business with. Microsoft has the largest partner network in the world, which makes it much easier for medium-sized operations to find the expertise they need to properly implement cloud.



## What does the future look like?



Jon Thomsen, CEO of Portland, Oregon-based Atmosera, knows all about cloud implementations. He spends much of his day speaking to entrepreneurs and executives about their business problems and how to use technology and the cloud to better position their organizations for growth, improve cybersecurity, or address productivity issues. At the same time, Thomsen is leading his own medium-sized business, which also underwent a shift to cloud almost eight years ago.

Atmosera was trying to get in front of many of the same trends that COVID-19 has accelerated. It needed to improve efficiency, productivity, and reliability, while ensuring Atmosera had the economic flexibility to support innovation and accelerate growth. Thomsen did that by moving Atmosera's systems into the cloud. "A lot of friends that were steeped in tech were saying that all workloads were going to move to the public cloud," he says. "Just looking at the economics of it, it made a lot of sense."

It took some time, but today Atmosera is now fully in the public cloud. It mostly uses Microsoft products, such as Azure for core infrastructure, Office 365 for collaboration and productivity, Dynamics 365 to manage its finance functions and Power BI to help automate rote tasks. Being in the cloud is a big reason why it increased sales during the pandemic but it's also why it's gone from operating only in the Northwest to working with clients around the world. "We're scaling and operating on a whole different level," says Thomsen. "It's been transformative for us, and it's worked out incredibly well."

Atmosera and Tosca may be farther along in their cloud journeys than others, but all businesses will recognize the challenges and the need to adapt. Competition for customers is fierce, consumers are savvier than ever and employees want more influence over business outcomes – an early choice to embrace digitization can reap rewards.

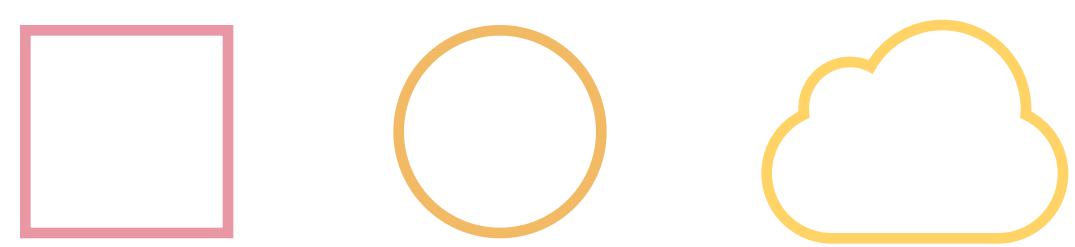
**"We're scaling and operating on a whole different level"**

Jon Thomsen, Atmosera

Over the next few years, companies like yours will not only be in the cloud, but they'll be pushing the envelope with what's possible. They'll use artificial intelligence to generate more and better business insights; machine learning to make their systems smarter and more effective; create more automations; adopt more advanced cloud solutions and more. All of this will allow them to reach new customers, hire and retain the best talent, cut costs, boost revenues and, ultimately, optimize their business.

The good news is that cloud is making it much easier for medium-sized businesses to compete with larger ones. It's helping create a new world order, where smaller operations will be the ones driving the next decade of economic growth.

The question to be asking yourself isn't whether you should go to the cloud, it's how far along the journey are you already and how fast can you accelerate? The businesses that can invest earlier will realize the benefits sooner. If you don't move, you can be sure your peers will. It could be them reaching untapped markets and acquiring new customers instead of you.



## Authors



### Sharon Schoenborn

Vice-President  
U.S. Small, Medium, and Corporate  
Microsoft  
[LinkedIn](#)



### Jose Gomez Cueto

Sr. Director  
Small, Medium Business Segment Leader  
Microsoft  
[LinkedIn](#)

## Learn more

[Customer Management: Dynamics, Power Platform, and Business Central](#)

[Productivity & Security: Microsoft 365, Teams, Security](#)

[Microsoft Azure Cloud and AI](#)

## References

1. "Total Cost of Ownership (TCO) Calculator" *Microsoft Azure*, Microsoft Corporation
2. Koehler, Jenny, et al. "PwC Pulse Survey: Next in Work." *PwC Pulse Survey*, PwC, 2021
3. McCaffrey, Orla. "Goldman Sachs Is Giving Entry-Level Bankers a Nearly 30% Raise." *The Wall Street Journal*, Dow Jones & Company, 2 Aug. 2021
4. Creswell, Julie. "McDonald's to Increase Wages as Job Market Tightens." *The New York Times*, The New York Times, 13 May 2021
5. "Great Expectations: Making Hybrid Work Work." *Microsoft Work Trend Index 2022*, Microsoft Corporation, 16 Mar. 2022
6. "2021 SMB Data Breach Statistics." *Verizon Business*, Verizon Business, 2021
7. "Cyber Threats 2020: A Year in Retrospect." *PwC*, PwC UK, 3 Feb. 2021
8. "IDC Futurescape Webcast: Worldwide SMB 2022 Predictions.", Doc. #US48396921, Nov. 2021
9. "2022 Global Digital Trust Insights Survey: Simplifying Cyber." *PwC Cybersecurity, Risk & Regulatory*, PwC, 2022
10. *IDC Business Value White Paper, sponsored by Microsoft*, The Business Value of Microsoft Azure Customer Enablement Tools, Resources, and Programs, Doc. #US47520921, March 2021
11. Koehler, Jenny, et al. "PwC US Cloud Business Survey." *PwC Tech Effect*, PwC, 2021