



The Benefits of Cloud Security Services for Retailers Competing in a Cloud-first World

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Executive Summary

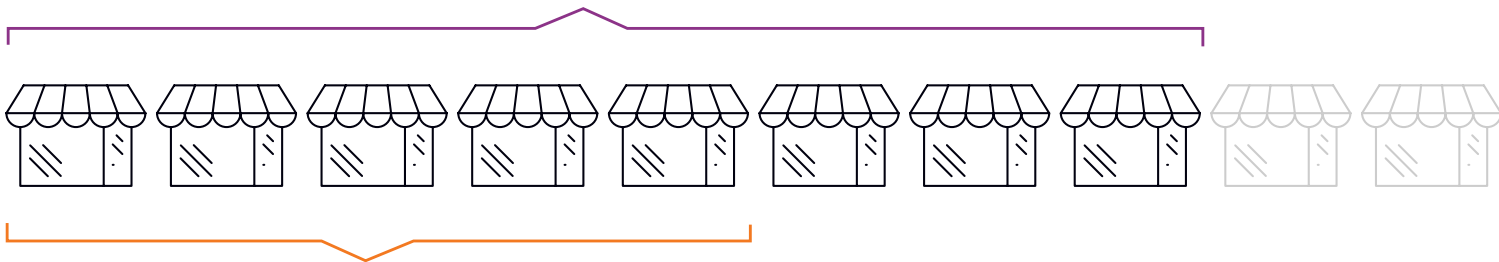
Retailers are increasingly looking to cloud solutions, from loyalty to supply chain to point of sale (POS), to improve resilience and agility needed in today's environment.

- ✓ **Ever-increasing numbers of retailers are operating with a hybrid mix of cloud and on-premise solutions**, which can lead to a more complex environment to manage from a security standpoint. At the same time, a rapidly **evolving threat landscape is pushing cloud security to the top priority for retail.**
- ✓ With this confluence of trends, it becomes **imperative for retailers to consider adopting cloud security services** to ensure secure infrastructure, networks, and applications across the omnichannel environment.
- ✓ IDC analyzed **cloud adoption trends and retail security concerns** from multiple global surveys of retail IT decision makers to unveil the current pain points specific to retail.

Retailers Are Increasingly Embracing Cloud to Effectively Compete in Today's Omnichannel Environment

Cloud uptake, including hybrid and multicloud, **is growing as retailers move more and more applications to the cloud** to achieve resiliency and agility in an omnichannel world.

Showing the ongoing shift to cloud-first in retail, **80% of retailers plan to increase spending on cloud across all types of cloud deployments over the next year.**



50%+ of retailers have already moved **these applications to the cloud:**

- ▶ Warehouse management
- ▶ Task management
- ▶ Fraud and loss prevention
- ▶ Sourcing
- ▶ Returns management
- ▶ Price optimization
- ▶ Merchandising
- ▶ Order management
- ▶ POS

Source: IDC, Industry CloudPath Survey, April 2022

Security Risks Loom Larger in Today's Retail Landscape

A variety of factors are influencing retail security risks in today's environment, from growth in retail crime to an increasingly distributed workforce and geopolitical issues.

Retailers across the world moved very quickly to implement new applications, such as:

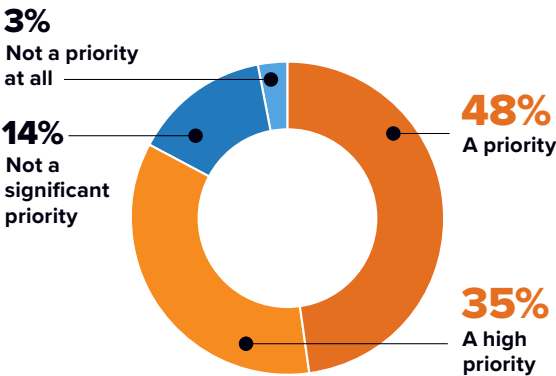
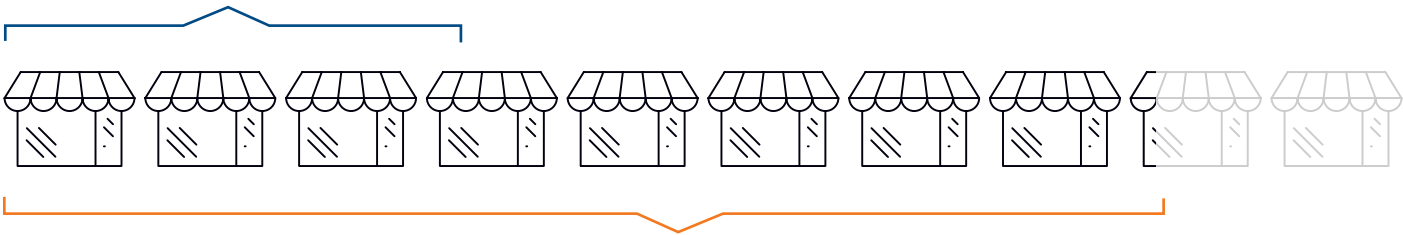


That opens new potential attack vectors for cybercriminals to exploit.



The rush of pivoting quickly as business circumstances dictated also may have left some **potential security issues overlooked**.

33% of retailers say **ensuring security of corporate resources across all locations** is a top challenge when implementing a hybrid cloud work model.



83% of retailers say boosting investments in security, privacy and compliance tech is either a **priority or high priority for 2022 and 2023** as a result of uncertainties from geopolitical tensions, inflation, supply chain disruptions and the ongoing pandemic.

Source: Future Enterprise Resiliency & Spending Survey - Wave 5, IDC, June, 2022, retail n = 93

Retailers Are Well Aware of the High Cost of Cyberattacks on Business and Brand/Customer Trust

Retailers recognize the real risks from cyberattacks:



Brand-damaging data breaches can ruin customer trust



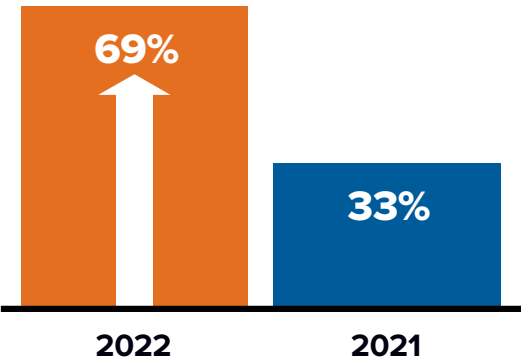
Costly ransomware incidents that are expensive and time-consuming to repair



Losses from payment fraud incidents that are becoming more common

Retail ransomware attacks skyrocketed in 2022

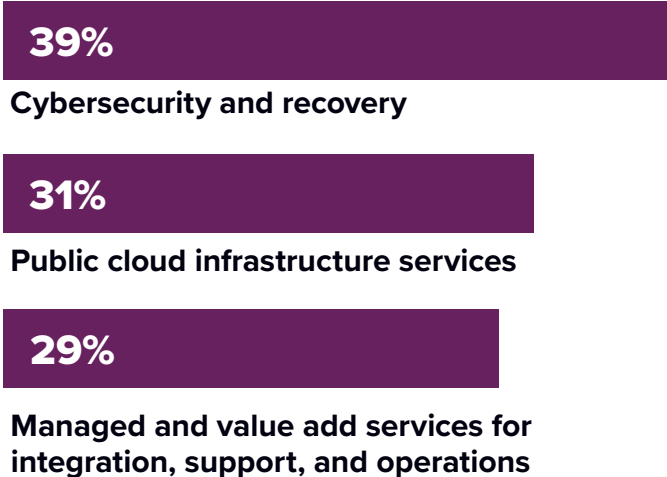
Experienced ransomware attack in the past 12 months



Average ransom retailers paid in 2022

\$160,000+

Retailers cited cybersecurity and recovery as the #1 digital infrastructure investment that will provide the greatest strategic advantage in 2022

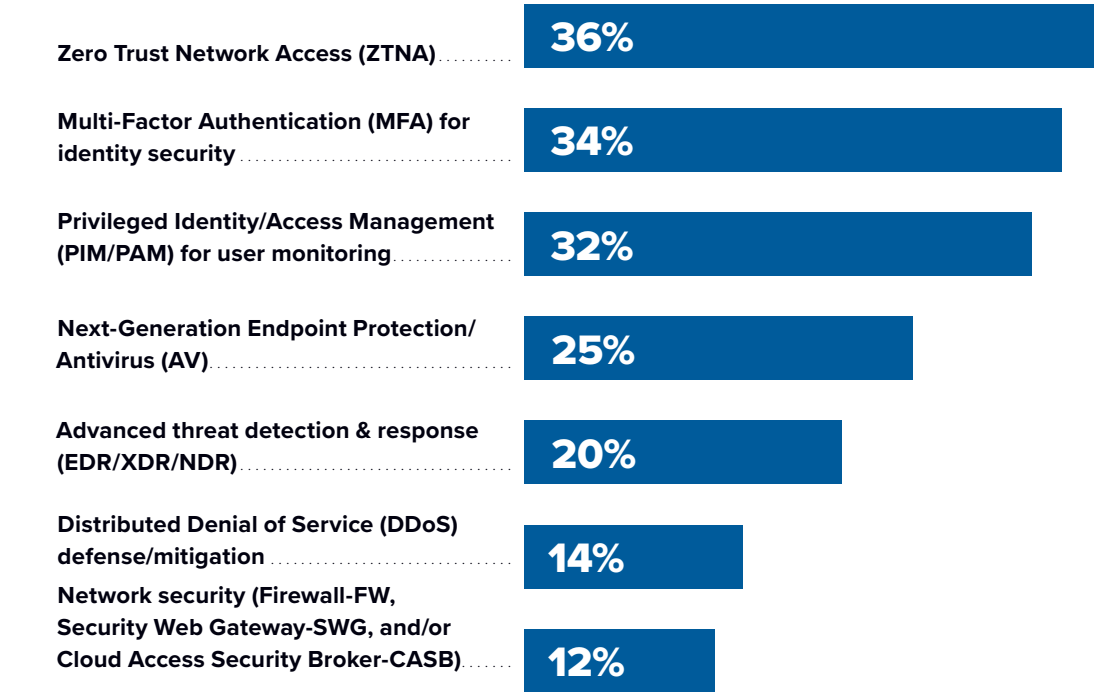


Sources: Future Enterprise Resiliency & Spending Survey - Wave 7, IDC, August, 2022 n = 100; Future Enterprise Resiliency & Spending Survey - Wave 11, IDC, December, 2021 n = 100; Future Enterprise Resiliency & Spending Survey - Wave 10, IDC, October, 2021, retail n=78

Security Tops Retailer Investment Priorities

Retailers are cognizant of the evolving threat landscape and understand the need to mitigate risk and maintain data privacy and security compliance, and they are investing accordingly.

Q. In modifying your cyber readiness and defenses, which security products received or will receive the greatest funding increase?



Q. How important are the following criteria when evaluating a cloud services provider?



74%
Data security



67%
Trusted brand



67%
Innovative provider

Source: Future Enterprise Resiliency & Spending Survey - Wave 4, IDC, May, 2022
Source: IDC, Industry CloudPath Survey, April 2022

Cloud Security Services Decrease Risk While Increasing Retail Agility and Resilience

With ensured cloud security in place, retailers can better compete in today's retail environment.

Developers can innovate in an agile way and make quick pivots to new operational models, such as delivery or curbside pickup, **without increasing risk.**



Business intelligence will be protected in an omnichannel, distributed retail environment.

Organizations can better protect sensitive business data to provide real-time predictive pricing, inventory management, and personalization for improved customer experience.

Enabling the Seamless, Secure, Omnichannel Applications That Shoppers Expect

Omnichannel applications quickly implemented during the pandemic, such as buy online, pick up in store (BOPIS) and contactless payments, are now expected by shoppers.

Retailers are already cloud-first for many applications and are continuing to move more customer-facing applications to the cloud to achieve a seamless, yet secure customer experience across channels.



16% of retailers plan to move their POS to the cloud within the next 12 months.

51% are already on cloud for POS.



19% of retailers plan to move BOPIS and curbside pickup to the cloud within the next 12 months.

42% are already on the cloud for these applications.



22% of retailers plan to move mobile customer engagement to the cloud in the next 12 months.

Source: IDC, Industry CloudPath Survey, April 2022; retail n = 100

Essential Guidance

The benefits of top-notch cloud security:



Defend the entire digital landscape

along the entire journey, including supply chain, POS, BOPIS, loyalty, and personalization.



Prevent potential brand-damaging data breaches.



Protect the distributed operations and applications of omnichannel retail.



Provide a runway to foster greater innovation.



Deliver personalized customer experience.

About the Analyst

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Margot Juros is a Research Manager for IDC Retail Insights responsible for the Retail Technology Strategies research program. Margot's core research focuses on best practices, trends, market conditions, business concerns, and vendor offerings to provide authoritative advice on investment, life-cycle management and the use of technologies for modern IT infrastructure. Margot's research will cover key technologies in retail transformation, including IT modernization, cloud/edge/5G, security, payments, mobile platforms, and network management.

[More about Margot Juros](#)

Message from the Sponsor

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