



Ambition Must Change - Cloud Models Stimulate New Ambitions

Cloud Computing transforms the economics of IT and sets new levels of ambition. The mind-set must now be “make my IT costs 30% of what they are now”. This requires a vision and acceptance of a new model, which delivers this ambition and improved business responsiveness. It also challenges the traditional IT Outsourcing models and can be achieved without risk, disruption and relationship management issues associated with outsourcing.

Problem statement:

Enterprise IT is too costly, unresponsive to business needs and end users are losing faith in the ability of IT departments to deliver what they need. IT Infrastructure is perceived as a necessary cost and not a business asset / enabler. The IT Infrastructure is seen as an inhibitor as changes take too long to implement, costs rise and the complexity appears to increase every year.

The current model of year on year cost savings and squeezing the IT operation for extra efficiency will just not be good enough in the future. Rather than making continuous cost saving annually, or outsourcing to realise an immediate 25% benefit businesses will have to transform to a position where their IT costs are 30% of what they are today, a major step change.

Proposed solution:

Cloud models have emerged that prove a highly virtualised, standardised and automated environment delivers cost effective agile IT. But it's still not appropriate to move everything to the public cloud. There are data security and disaster recovery concerns, along with compliance issues (SOX etc.) to be considered and legacy applications that just can't be moved.

If IT Infrastructure is to be an asset it needs to deliver the cloud characteristics. Specific activities to consider and address are:

- Define a cloud framework to meet business needs
- Define and build a new cloud (Infrastructure as a Service) for all applications new and legacy with standardised technology, builds, policy and automated tool set
- Develop a standard service catalogue incorporating internal and external service provisions
- Implement an Orchestrated Service Management (OSM) approach to automate the service management lifecycle, (provision, manage and retire) and integrate in the business
- Pilot an application of service to set and prove the new service costs
- Drive higher virtualisation by workload profiling and dynamic capacity management
- Migrate appropriate applications to the corporate cloud service
- Drive higher virtualisation by workload profiling and dynamic capacity management
- Replace or transform legacy applications to the new model



In addition drive cost from the existing legacy applications that can't move to the corporate cloud by adopting the same service management tools and automation techniques to reduce man time, whilst at the same time considering offshoring the support of these services to reduce support costs. Barriers to achieving this: Technology and tools now exist to deliver and support cloud models, but in most cases it is cultural, company governance and human resistance to change that inhibit transformation and frustrates business adoption.

The traditional approach to IT spending has created islands of technology. This may be country/geographic, business unit or function oriented. Generally it's where the budget is held, as most IT departments operate as a charge back to the business. The budget owner wants to control its spend and wants to dictate the services it develops and uses. Many of these services have evolved overtime and depend on key staff to maintain them. There are little or no common standards across the islands so each has to have support staff dedicated to them meaning costly duplicate activities and spend across the corporation. Automation becomes limited due to lack of standardisation, so benefits remain unrealised and automation activity fades away.

The owners of the islands are protective; they don't want to share as it takes control away. They fear changing their service will cause disruption and they will lose their key staff. Benefits of a corporate cloud are not uniform they may be negligible in some business units but major in others. It needs all to combine to realise the true corporate asset. Managing these key stakeholder expectations is critical to the success of creating a true Corporate Cloud Asset and culture to use it. Infrastructure Support Staff do not want to change and will put barriers in place to protect their position and use there silo and application knowledge to make themselves indispensable or scare the business into resisting the change. They perceive automation is a threat as it de-skills their jobs, placing the effort into design and not into fix and maintain. Offshoring is a threat so they make sure the service knowledge is in their head and not documented. Staff resistance to new ways of working will inhibit the take up of the corporate cloud. They will find ways to slow the automation progress. Some business units will not want to share the services as they will see it as eroding their independence and surrendering hard won budgets particularly if there is a lack of trust or confidence in the IT department.

Current initiatives:

Many organisations are implementing virtualised shared service but as industry analysts point out this does not fulfil cloud criteria. It is an extremely valid step on the journey as it starts to liberate costs immediately, but what doesn't happen is the change in working practice to standardised services and fully orchestrating the life cycle.

Public cloud services are being used, normally driven by the end user circumventing the IT department and therefore corporate governance and control making future application and data integration more challenging.

The outsourcing companies have already started to transform themselves. Their traditional model of taking on IT and reducing cost by sharing expertise, offshoring or leveraging supplier economies is no longer delivering the margins they need. Cloud services suppliers are a threat to them. They are now adopting a model of shared services, single global organisational structures and more cloud deliveries to improve their margins (but are they passing it on?).

The way forward:

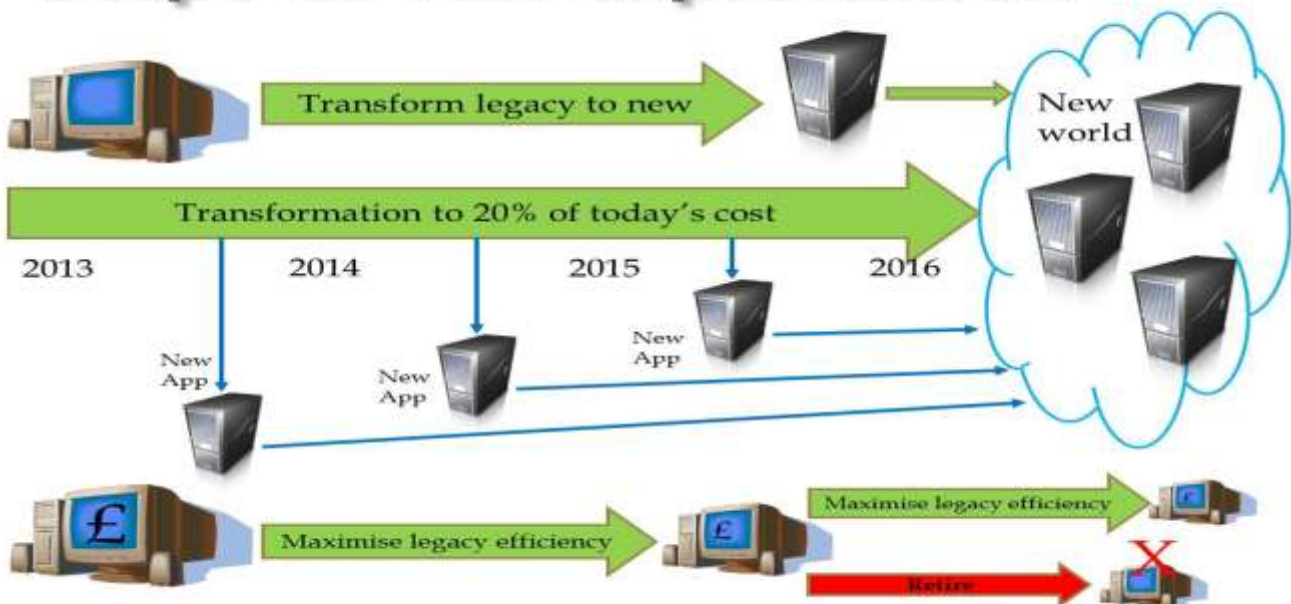
Outsourcing is still an option but given the transformational state of the industry, why increase the profits and share price of the supplier, who themselves are still in stage of transformation. Develop a vision, Target Operating Model (TOM) and roadmap specific to your organisation and embark upon a business transformation where all benefits

remain within the corporation.

How?

We will work with you to create a roadmap to deliver a new model and provide transformational leadership throughout the end to end lifecycle.

Steps to full exploitation



In collaboration and partnership with your teams we:

- Understand and agree the business imperative focusing on the future business model, profit improvement and agility
- Define a Target Operating Model (architecture, organisation structure, services, and cost base) to meet business expectations
- Drive Business Plan completion and ROI modelling
- Define and drive the strategy to achieve adoption and Roadmap implementation of the TOM
- Identify key programmes and priorities to achieve business benefit, identify quick wins in order to ensure business buy in
- Establish PMO principles and governance to manage achievement of milestones and benefits
- Drive Stakeholder Management and Engagement (Board, Business Units, employees) to ensure the required adoption, business change and culture change take place



CIO Plus Limited

· Interlock business change with technology programmes We bring the expertise and leadership to you to realise the true benefits of transformation where all benefits are retained in house.