
Cloud bound

Advice from organizations in outsourcing relationships



“Fasten your seat belt. Cloud is coming. You cannot avoid it. The economics and value proposition are strong enough to go there.”

– CIO, Consumer Goods

Companies that outsource IT are eager for the benefits cloud offers – and many have already begun the journey to cloud. But when you’re “in a relationship” with one or more outsourcing providers, the transition can be a bit complicated. Advice from those who’ve traveled that road can provide important insights to organizations making this transition.

Cloud’s potential has rapidly captured the attention of companies using outsourcing providers to manage their IT environments. They’re attracted by the prospects of lower costs, new business opportunities and greater flexibility, scalability and speed. In fact, by 2017, cloud-based elements are expected to comprise more than 50 percent of typical outsourcing contracts, compared to 10 percent in 2010.¹

As organizations with outsourced applications and infrastructure undertake the journey to cloud, existing providers can certainly assist. But making this trip with a provider means they have additional factors to weigh and consider. And if a company is *moving* existing workloads, not just deploying *new* functions onto the cloud, the path can become even more complex to navigate.

So just what are the leading practices for integrating cloud into an outsourced environment? Where are the detours to avoid and the shortcuts to find? For some answers, we interviewed executives at a variety of companies who have made or are making this transition.² Their remarkably candid advice can help you avoid some of the bumps and potholes – and get you there faster.

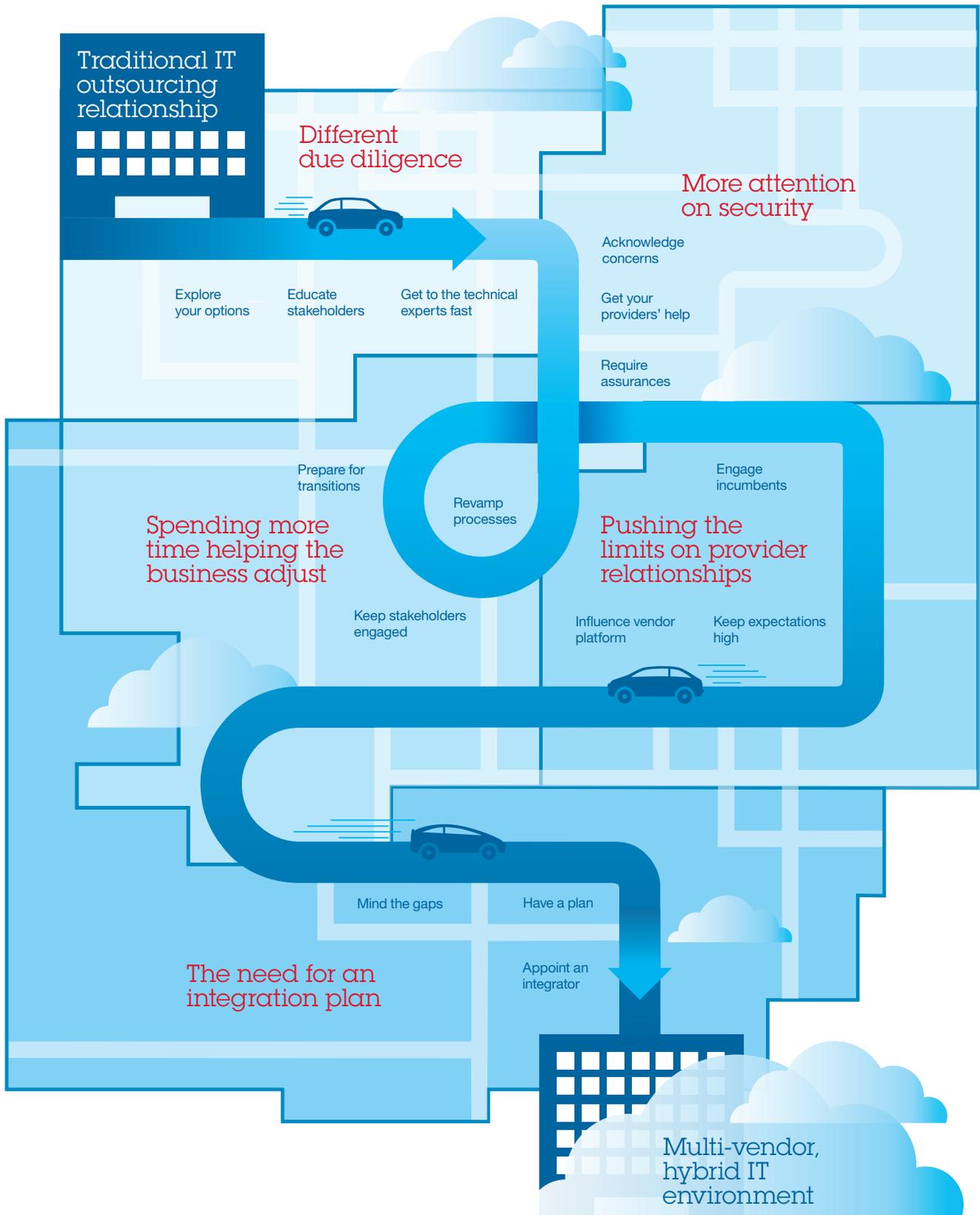
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What to expect along the way



Know your traveling partners well

Different due diligence.

Due diligence is key in choosing who'll be making the journey to cloud with you. Be prepared to invest more time and effort evaluating an ever-expanding roster of cloud providers and point solutions. The environment gets even more complex as internal stakeholders, including compliance officers and business leaders, get involved.

Explore your options. Find out about potential providers – their platforms, development roadmaps, contingency plans and more. Talk to current vendors and pure cloud players, as well as to their clients.

Educate internal stakeholders. Cloud providers are now courting the whole enterprise. Help business leaders evaluate the players and spot potential pitfalls, and keep them involved throughout the journey.

Get to the technical experts fast. Shift the focus from theory to practical application. Talk specifics and fully leverage your current vendors' expertise.

“Talk to cloud firms about their development process, how they source data centers, and how they manage code and do releases. Really understand these new techniques.”

- CIO, Manufacturing

“You have to break it down, explain it multiple times. The business bears appealing buzzwords. But they want assurance from IT.”

- Senior IT Director, Pharma

“You really have to get past the sales guys, to the people who are actually doing the cloud work so that your technical team can begin to understand what might be possible in your context.”

- CIO, Manufacturing

Protect your passengers

More attention on security.

The cloud is a new frontier for many. Stakeholders will need confidence that cloud vendors can help mitigate risk and address compliance needs. You can expect more internal scrutiny around data residency.

Acknowledge concerns. Initially, some stakeholders may have security concerns. Bring stakeholders into the process so they can have a say in the safeguards and see, first-hand, how their concerns can be addressed.

Get your providers' help. They have the expertise and resources to help allay fears. Engage them early in conversations with your team. Consider having them host a security workshop or similar confidence-building measures.

Require assurances. Real due diligence is never done. Require audit reports and security assessments; confirm that security protocols are in place. And leaving nothing to chance, set up ad hoc checkpoints.

“Our old-school security folks didn't want anything to go to the cloud. But we said, ‘Cloud isn't going away – so how do we make sure we're protected? Rather than putting up walls, be part of the solution.’”

- Senior IT Director, Pharma

“Once you're comfortable that a vendor has broad experience with public and private cloud, you can trust them to explain the key security architectures and parameters.”

- CIO, Healthcare

“We require formal external security audits – ones explicitly designed to test cloud delivery models. This data is so sensitive to our business that we want to be sure providers are continuously on top of it.”

- Head of Procurement,
Consumer Goods

Chart the itinerary together

Pushing the limits on provider relationships.

Moving to cloud will alter the dynamics between you and your existing outsourcing providers. Cloud contracts often allow change and flexibility. You should seek out partners ready for a relationship that includes collaboration and constant learning.

Engage incumbents. If your strategic vendors don't offer their own cloud recommendations, initiate the conversation – sooner rather than later.

Keep your expectations high. Lean on your vendors for strategic guidance. They can assist with business case development, prioritizing which workloads to shift, and how best to integrate across platforms. Demand a steady flow of innovative ideas.

Influence vendor platform. As cloud platforms and offerings evolve, help shape your vendors' strategy. Confirm that they're making the right design decisions.

“Rather than asking ‘Where do you want to go?’ we want providers to bring us turnkey solutions, show the business case, stage workshops. We’ll get the right folks in the room.”

- Senior IT Director, Pharma

“It’s important for vendors to bring innovation, not just deliver what you’ve signed up for. We require biannual meetings with the provider’s senior technical architects to brainstorm technology and platform improvements.”

- Head of Procurement,
Consumer Goods

“We found things the vendor’s platform couldn’t do that you would have thought obvious. For instance, you could expand capacity but couldn’t back it down. But they’ve been pretty good at working with us and shaping their roadmap.”

- Services Delivery Director,
Healthcare

Keep everyone on course

Spending more time helping the business adjust.

Cloud services require everyone to be in sync, on solution selection and implementation. Procurement, contracting and governance processes will need modification. Managing expectations is key to avoiding bumps and maintaining progress.

Revamp processes. Adapt governance processes to increase business leader involvement. Corral shadow IT investments. And make IT expertise part of every cloud decision.

Keep stakeholders engaged. Get business buy-in on implementation and migration. Keep stakeholders closely involved and expectations realistic.

Prepare for transitions. Keep business leaders and others informed of outages – timing, impacts, duration. Enlist their help during migrations.

“The way we consume IT services has changed. Procurement and legal organizations must understand that. You need to retool, or lose the advantages of cloud because related processes will be too slow.”

- CIO, Manufacturing

“We won’t do anything without close interaction with our senior clinical officers. They have to know and support the effort. A CIO housed on his or her lone branch is doomed to failure. We have regular meetings to update the President and senior LOBs on where we are.”

- CIO, Healthcare

“We’re working with the business to negotiate outages. We keep reminding them that once we migrate to the cloud, their service costs will drop.”

- Head of Procurement,
Consumer Goods

Plan for arrival

The need for an integration plan.

Cloud invites a “best of breed” approach that often results in an expanded, more diverse vendor base and a hybrid IT environment. Ultimately, the success of the journey to the cloud rests on a carefully crafted integration plan.

Mind the gaps. Devote enough time and resources to address potential integration issues, such as data-sharing and process inconsistency among multiple data centers.

Have a plan. Determine how you’ll manage a multi-vendor, hybrid environment. Set the stage for well-orchestrated and productive interactions within your network of providers.

Appoint an integrator. Consider naming one focal point for integrating cloud services, whether an internal resource or a trusted vendor.

“We’ve noticed some integration barriers that still exist, especially in integrating not only data flows but also users coming in from remote sites.”

- CIO, Healthcare

“In the future, we’re not going to see one gigantic cloud player. We’re not going to put everything in a single basket somewhere in the cloud. I honestly believe it will be a combination, a portfolio of partners.”

- CIO, Consumer Goods

“I want my current service desk to be the first port of call for cloud options being considered. The key benefit is that I end up with a single, integrated model. I don’t have multiple integration points and multiple places to go.”

- CIO, Engineering and Business Services

Cloud bound

How one manufacturer brought cloud into its IT outsourcing mix

Taking measured steps into the cloud, aiming for rapid transformation



“I own two big data centers, and I am putting together a roadmap to see how fast I can get that down to one, then zero.”

SITUATION:



Manufacturer renegotiated two outsourcing contracts



FIRST STEPS INTO THE CLOUD

NEXT STEPS:

- Create a roadmap to move aggressively into the cloud
- Evaluate other providers for future cloud solutions
- Address privacy and security concerns methodically

CRITICAL SUCCESS FACTORS:

Started with low risk areas

Looked for ways to leapfrog

Got the key stakeholders involved early

Aligned with the business

Positioned cloud strategically

Navigating your journey

As you move forward with your cloud initiatives, be sure your plans address these key questions.

How will you progress your cloud road map with your provider? And where do you jump in today?

What will it take to get your security and compliance teams comfortable with cloud?

How will you collaborate with your provider on innovative solutions?

What is the best way to keep key stakeholders and business leaders informed and part of the cloud decision process?

Who will be responsible for integrating your multi-vendor, hybrid IT environment?

“To get the speed we need to stay competitive, I would like every discretionary dollar spent to move me toward the future, not anchor me deeper in the past. And cloud is clearly a big piece of that future.”

– CIO, Manufacturing



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Notes and sources

¹ Martorelli, Bill. "Forrester: The impact of cloud on outsourcing contracts." *Computer Weekly*. <http://www.computerweekly.com/opinion/Forrester-The-impact-of-cloud-on-outsourcing-contracts>

² Double-blind interviews conducted with executives from 10 companies located in three countries (U.S., Canada, U.K.) and covering six industries (Pharmaceuticals, Insurance, Healthcare, Consumer Goods, Manufacturing and Energy).

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