

# For Crying Out Cloud!

## Testing Your Cloud Strategy

By Winston Powe, Stefan Sokerov, and Marcus Stallworth

*With leaders under pressure to deliver cloud solutions faster, many organizations don't spend the time to create a cloud strategy that fits their needs.*

Cloud enablement has evolved from being a strategic lever for competitive advantage to a necessary means of operating a business. With industry analyst Gartner forecasting the public cloud service market to reach 331 billion by 2022,<sup>1</sup> companies are either enhancing or expanding their existing cloud footprints to take advantage of new capabilities and position themselves for future growth.

Chances are your company has embarked on its own cloud journey. However, not all cloud journeys are the same. For some companies, cloud journeys start by simply subscribing to a cloud service or platform. For others, their cloud journeys start with organizational alignment, value definition, or a comprehensive cost analysis. Most companies fall somewhere in the middle of the spectrum due to time, resources, or budget considerations.

When embarking on a cloud journey, the fundamentals of defining a cloud strategy are often an underserved luxury for many business and technology leaders. Unfortunately, the lack of or absence of a cloud strategy contributes to challenges companies face with delivery and adoption. A recent cross-industry survey from 786 technology professionals highlighted that governance, expertise, spending, security, and compliance are among the top challenges organizations face when leveraging the cloud, regardless of maturity.<sup>2</sup> More and more, business and technology leaders implementing cloud are faced with complex challenges in the absence of an established cloud strategy.

- How do I communicate the importance and value of the cloud transformation across the C-suite?
- How do I align my existing workforce to new cloud-based job roles?
- For COE's, how do I manage charge-back costs across multiple organizations and cost centers (e.g., licenses, computing, and storage utilization)?
- What controls need to be developed in order to ensure appropriate cloud security?
- How do I measure legal and regulatory compliance requirements?

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We've compiled three scenarios that represent some of the challenges companies experience during various points of their cloud journeys. See if you can identify where the application of a cloud strategy would benefit the company's business outcome.



**SCENARIO 1: IT'S ABOUT TO GO DOWN ...**

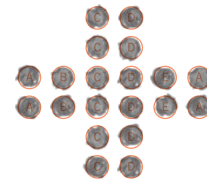
A global online retailer manages an e-commerce site that experiences unusually high traffic during key points of the calendar year. Last quarter, during the holiday season, the site went down on two separate occasions, resulting in considerable revenue loss. The VP of technology is investigating the adoption of a hybrid cloud model by moving a portion of its storage and computing resources to a public cloud provider. His tenured and trusted enterprise architect has voiced several concerns about the infrastructure approach, including integration complexities and latency. The architect believes the associated integration and application refactoring cost negates any efficiencies from introducing public cloud services. The CIO has advised the VP to make significant changes quickly, as any more site outages will not be tolerated.

**Question:**  
**What steps can this VP take to determine the appropriate approach to address the infrastructure challenges?**

- (A) Send an email to all customers telling them to shop on the site at predesignated times.

- (B) Attach rainbows and unicorns to each of the servers while singing "Don't Worry, Be Happy."
- (C) As part of a cloud strategy, determine the cloud economics case for transitioning to a hybrid-cloud model.

When considering option C, the VP must quantify the cost and saving opportunities associated with computing storage, the network, licensing, labor, and facilities when evaluating cloud providers. A cloud economics analysis identifies these costs and opportunities against various cloud providers. It also allows one to perform the necessary total cost of ownership savings calculations and break-even timing of implementation investments.



**SCENARIO 2: HELP ... MY INFRASTRUCTURE NEEDS A DOCTOR!**

A national health care service company is growing rapidly through acquisitions. The IT organization accumulated various technologies that overlap or are ill-fitted to serve the business. The fast-paced environment leaves little room for the IT organization to streamline its overall capabilities. As a result, degradation of basic IT services increases despite efforts to avoid disruption to business operations through best-effort organizational, technology, and process changes.

**Question 1:**  
**What steps can the IT organization take to leverage cloud capabilities to set itself up for success?**

# \$331

Industry analyst Gartner is forecasting the public cloud service market to reach **\$331 BILLION** by 2022.<sup>1</sup>

- A** Wait, we are drowning in the proverbial technology soup, and you want to add another layer on top of that for me to manage, migrate, and somehow still fit into my budget? No way! We like fighting in the trenches—I'm sure there is light at the end of the tunnel.
- B** Purchase more cloud services. More of our competitors are looking to be fully in the cloud in the next year, and we can't be left behind (big FOMO)!
- C** As part of a cloud strategy, evaluate the current legacy estate to understand where consolidation, enhancement, or other opportunities exist.

Clearly, cloud capabilities are as useful as the people and processes that leverage them. IT should focus on building a future-state vision that supports and enables the business. While the cloud can play a role in it, the organization should use a broader lens.

Consider C. When evaluating your strategic cloud approach, the starting point typically involves understanding the balance between building new capabilities and leveraging existing legacy applications or infrastructure. A thorough analysis of the existing legacy estate can provide significant detail on opportunity areas and promote better system alignment and integration prior to cloud migration or enablement.

## Question 2:

**The current data center footprint is quickly reaching full capacity. Meanwhile, the company announced it is looking to complete its biggest acquisition to date in the next six to nine months. How should IT proceed?**

- A** We are going to the cloud! It would bring the latest technologies to the organization and address the issue of capacity.
- B** No cloud. We should just leverage the acquired company's data center footprint, rationalize all the technologies, and then decide on what we really need.
- C** No cloud ... yet. We should build a new data center to help modernize our stack, increase capacity, and provide a "landing zone" for any technologies coming with the new company.

In this case, the IT organization developed a thorough business case, involving all major stakeholders, to provide the solution that best fit the organization's short- and long-term needs. It ruled out leveraging a public cloud provider because:

- As the health care industry tends to stay a few technology generations behind, migrating technologies from the acquired company (and any future ones) may prove too value-prohibitive (too complex / time-consuming).

- A full cloud solution becomes rather costly because dedicated infrastructure is needed to address certain regulatory requirements (e.g., HIPPA).
- The OPEX-heavy financial model disrupts the CFO's expense strategy.
- The current organization had little to no experience migrating and managing cloud technologies.

While a private cloud was also considered, the IT leadership demonstrated that they could leverage a private data center as a near-term solution (three- to five-year horizon) that is cost-effective, is compliant, and provides the right capabilities for helping to stabilize the infrastructure and enable the upcoming acquisition.



## SCENARIO 3: DID YOU LOCK THE BACK DOOR?

A B2C services and support company has a strong national and even stronger statewide brand, leading to most of its customer acquisition coming through word of mouth and familiarity with the brand. However, during a strategic planning retreat, the COO raised his suspicion about the

number of leads per quarter versus the growth in revenue. The director of innovative solutions investigates the COO's suspicion and validates that the company is only retaining 2 percent of its leads beyond one month of engagement. The report throws the sales team and department heads into a frenzy, and after a few weeks of finger-pointing, the director of innovative solutions proposes what he believes to be the central problem and solution: We have a data backdoor due to unintegrated data capture points that aren't flowing back into our CRM, and the solution is to move our entire architecture into the cloud to leverage prebuilt integrations to enable better engagement and marketing to our captured leads.

In a follow-up conversation, the director claims that by moving to an all-cloud-based architecture, the organization will:

- Eliminate data gaps with out-of-the-box automations between systems.
- Reduce technical debt by leveraging cloud solutions improved at the speed of innovation and at the demand of the crowd.
- Build resilience against staff transitions and technology shifts by using popular, widely known, and leveraged technologies.
- Increase the speed of work and efficiency by providing staff with highly accessible, cloud-based systems and tools to do their jobs.
- Save costs through automations now made possible through the cloud architecture.

The COO knows there is some truth to the director's points but is unsure that an all-cloud-based architecture is the actual solution. He wonders about security, performance, and other implications of this approach.

#### Question:

**If it is true that the organization has a data backdoor, what should be the COO's next step?**

- Ⓐ Commission a project to identify, itemize, prioritize, and fix all of the data-flow gaps.
- Ⓑ Give the director of innovative solutions the green light to redesign and transition the organization into a completely cloud-based architecture.
- Ⓒ As part of a cloud strategy, conduct a current-state assessment of the enterprise architecture that assesses the processes, people, technology, and information associated with the problem and the overall goals.

The director isn't wrong. A cloud architecture may provide those benefits as it has done for many other companies. However, as you know, every organization is different, and therefore the steps to get to that efficient future state are different.

Understanding just your information and technology gaps may put you in a position where you have the right data flows and tools, but inefficient processes or undertrained people to capitalize on this wealth of information won't get you anywhere.

A holistic approach to moving to (or deeper into) a cloud architecture illuminates what's needed to enable your business of the future, instead of just solving the pain points of right now. In a similar case, although there were indeed data gaps, the company was able to improve its retention rates by loosening and evolving its marketing automation campaigns to address all segmentations of customers, not just its best customers. This was only found through understanding what each process was doing to support the business, which comes through thorough examination of your people, processes, technology, and information and their many critical interdependencies.

#### CONCLUSION

Business and technology leaders are under increased pressure to deliver cloud solution value faster with less time, fewer resources, and increased flexibility. With this pressure, a cloud strategy often gets overlooked or discarded, which ultimately leads to project challenges and overruns. There is an industry misconception that says cloud strategies can only be created at the beginning of a cloud journey. The fact is that as companies mature, a cloud strategy can be introduced at any point of a cloud journey and tailored to fit the company's business needs. It is ultimately up to the company to determine how much risk it wants to assume by not having a cloud strategy in place. 📌

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#### Sources:

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