

Cloud explained

August 2014



Agenda

- **Cutting through Cloud and demystifying the Hype**
- **Financial Implications of moving to the Cloud**
- **How to effectively partner with your IT Department on your journey to the Cloud**
- **Security considerations when moving to the Cloud**
- **Using Cloud to become more agile and compete in today's hyper competitive global economy**

Trends in IT, leading to Cloud

- **Poor IT performance and a general lack of trust**
- **80% IT projects fail in some way**
- **Expensive under utilized assets**
- **IT costs going up and no one in IT seems to care**
- **Leading to a general unsatisfactory attitude towards IT, since Y2K**

- **This led to a different generation of technologies that opened the door to sharing under utilised hardware assets to reduce costs – VM Ware**
 - **Is has also led to demise of the IT team and CIO and strategic leader in the business**
 - **The emergence of the time share CIO**
 - **CFO as the new CIO etc...**
 - **The emergence of SaaS (ASP)**

- **Commoditisation, less service, you get what you get**
 - **You could halve your costs if you remove flexibility**

Different types of Clouds (IaaS)



PUBLIC

Credit Card Access
Shared Infrastructure
Off-Premises
Multiple customers



VIRTUAL PRIVATE

Secure Access
Shared Infrastructure
Off-Premises
Multiple customers



DEDICATED PRIVATE

Secure Access
Dedicated Infrastructure
On-Premises
Single customer



HYBRID

Public/Private
Mixed Infrastructure
On/Off Premises
Multiple customers



Different types of Software (SaaS)



PUBLIC

Credit Card Access
Shared Infrastructure
Off-Premises
Multiple customers



MYOB



OUTSOURCED SHARED

Secure Access
Shared Infrastructure
Off-Premises
Multiple customers



OUTSOURCED

Secure Access
Dedicated Infrastructure
On-Premises
Single customer



IN HOUSE

Public/Private
Mixed Infrastructure
On/Off Premises
Multiple customers



CHEAPER ←

→ TREND

Myths

- **My infrastructure is more secure in house**
- **My infrastructure is more reliable in house**
- **Cloud is still not mature**
- **Cloud will change the role of retained IT**
- **My data is not secure in the cloud**
- **Its more expensive than doing it yourself**

Facts

- **80% of companies in the US have some type of cloud services**
- **30% of applications bought are SaaS and they by-pass the IT team, 50% within a few years**
- **All IaaS and SaaS are trending to the left fast**
- **This is driven by speed, costs and general trend to bypass internal IT police**

Financial aspects of moving to the cloud

- **No capital, flatter cash flow**
- **Unit driven (no. of units X unit cost)**
 - **No electricity, no floor space, no redundancy costs, no people issues**
 - **Just a bill every month**
 - **SaaS, add modules as you need**
- **It is cheaper if all ‘true’ costs are taken into account over three years**
 - **But never outsource what is broken, fix it first (IaaS)**

How do you partner with IT

- There are two types of technology leaders
 - True CIOs, look for opportunities by themselves, 5%
 - IT Managers, need some help to adopt
- Conscious or not, the business is more positive about cloud than the IT Manager community
 - Cloud means a smaller retained IT function
 - Give IT no server room and no capital to drive a cultural change
 - Partners
- Ironically the pressure is on IT to be more relevant to the business, cloud supports this

Risks

- **Security:**
 - Where is my data?
 - Can it be hacked? SONY, LINKEDIN, etc.. Can anyone be hacked
- **Suppliers**
 - Picking the right suppliers is hard: low over head companies will win
 - Local example: NextGen
 - Suppliers will rationalize (IaaS), SaaS suppliers will grow significantly
- **IT staff:**
 - Will they support or obstruct?
 - Will they survive this transformation as IT or are they simply procurement?
- **Transition:**
 - 90% of your risks are here

Business flexibility

- **Cloud offers financial certainty, commercial flexibility and speed to add or remove services**
 - **No capital and flatter cash flow**
 - **You can grow or shrink your requirements on a user by user basis**
 - **You can access SaaS in minutes with sacrifices**
 - **You can access IaaS in hours (I need a new server)**
 - **In some cases contracts have no term (but is practice)**
- **But inherently cloud is technically inflexible, but that no longer matters**

Recommendations

- You need to be part of this new technology and you can try it out with ‘testing’, ‘software development’, ‘email’ or ‘DRP’
- Get a strategy written to support your vision for IT (CFO is the new CIO)
 - You need to own and control
- You need to change your businesses approach to generic not configured
 - ERP example..