CLOUD LEADERSHIP FORUM
Produced by IDC & IDG Enterprise
STRATEGIES FOR THE DYNAMIC ENTERPRISE

Welcome & Opening Remarks

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Agenda

- New Risks Require New Service Options
- Changing Sourcing Dynamics
- Identifying Winning Provider Characteristics
- Where to Go From Here

Sense and Respond

Toy Recalls

Financial Meltdown

Tainted Food

Add Social Media, Mobility and the Cloud

Customer Risk

Customer Road Map

Provider Blueprint of Business Model

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Changing Dynamics in Sourcing

	2010	Managed Transformation	2020
Knowledge and Talent	**IT-centric**	→	**Business-centric**
Integration and Orchestration	***Silo-es* of “Mass” Procurement**	→	***Supply Chain* of “Granular” Consumption**
Assurance and Insurance	**Moderate Risk**	→	**High Risk**

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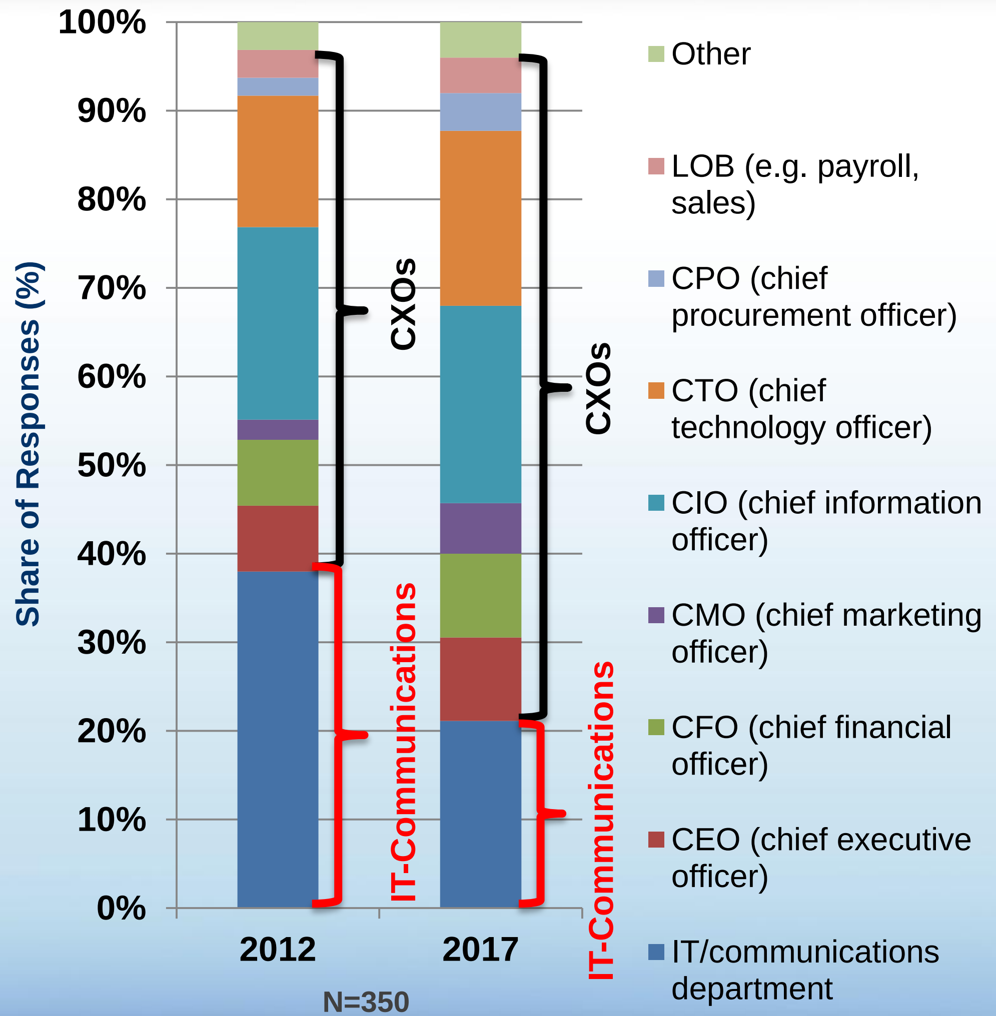
Knowledge and Talent: Buyers of Cloud-based Services



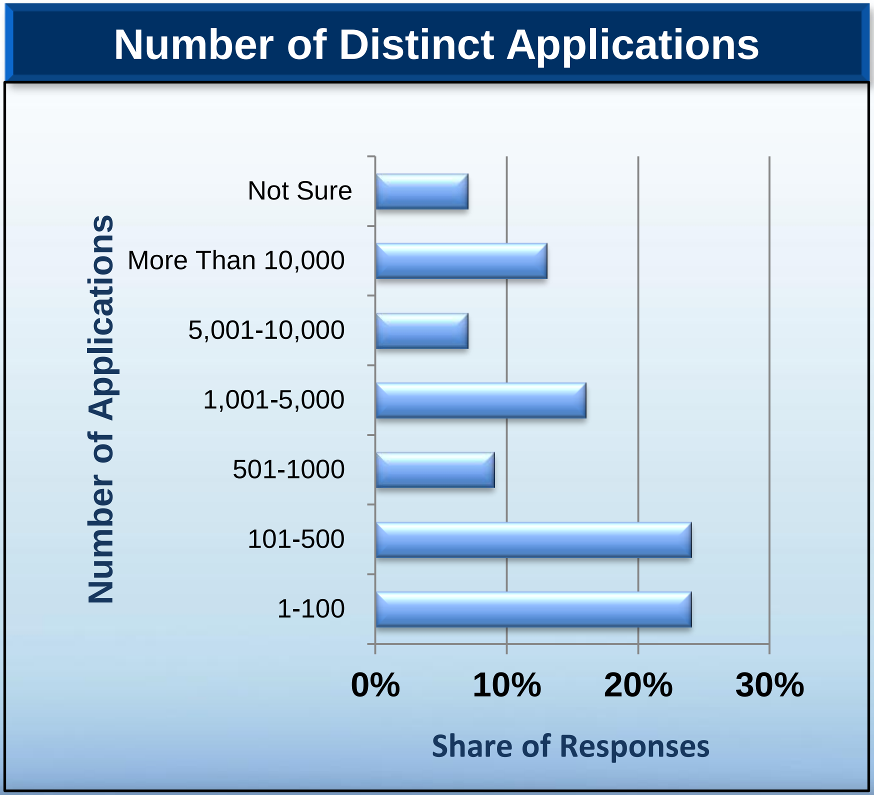
- By 2017, 71% of buyers expect CXO office to be primary buyer – up from 56% in 2012
- Decision making will involve:
  - More business-oriented and process needs
  - Predictive analytics capabilities – “sense-and-respond”

Integration and Orchestration

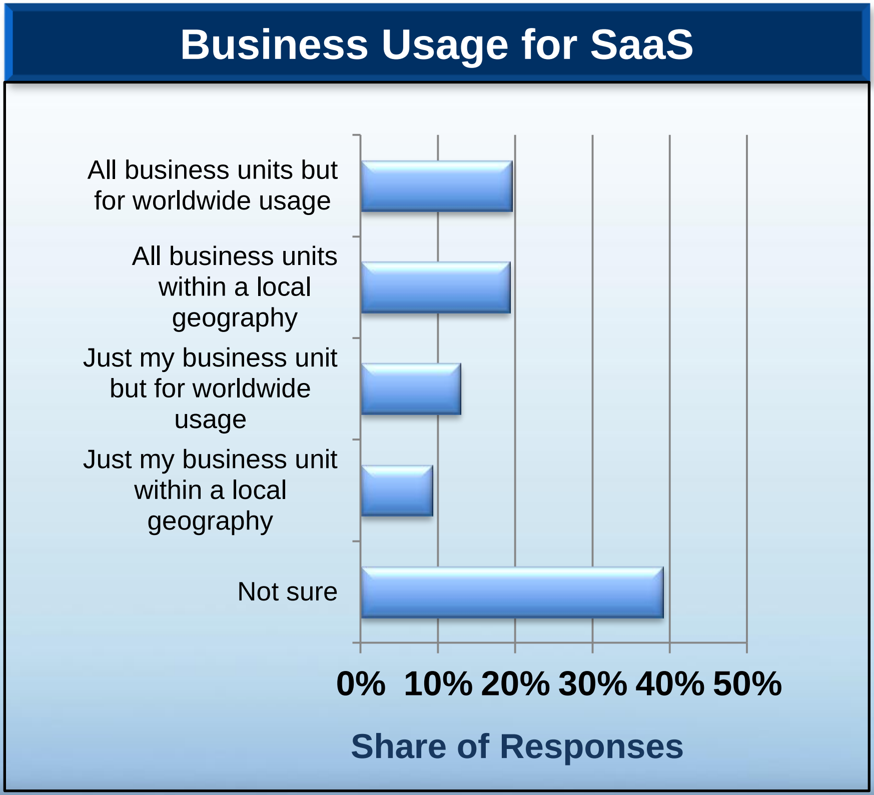
End Users	Suppliers
• Aligning user needs with corporate objectives • Providing flexible services to optimize productivity • Establishing policies to ensure appropriate use of cloud services	• Ability to seamlessly integrate across providers • Aligning needs with provider’s road map of transition to cloud services • Identifying characteristics of winners

Enterprise Complexity of Application Usage

Volume of applications will require prioritizing road map of transformation



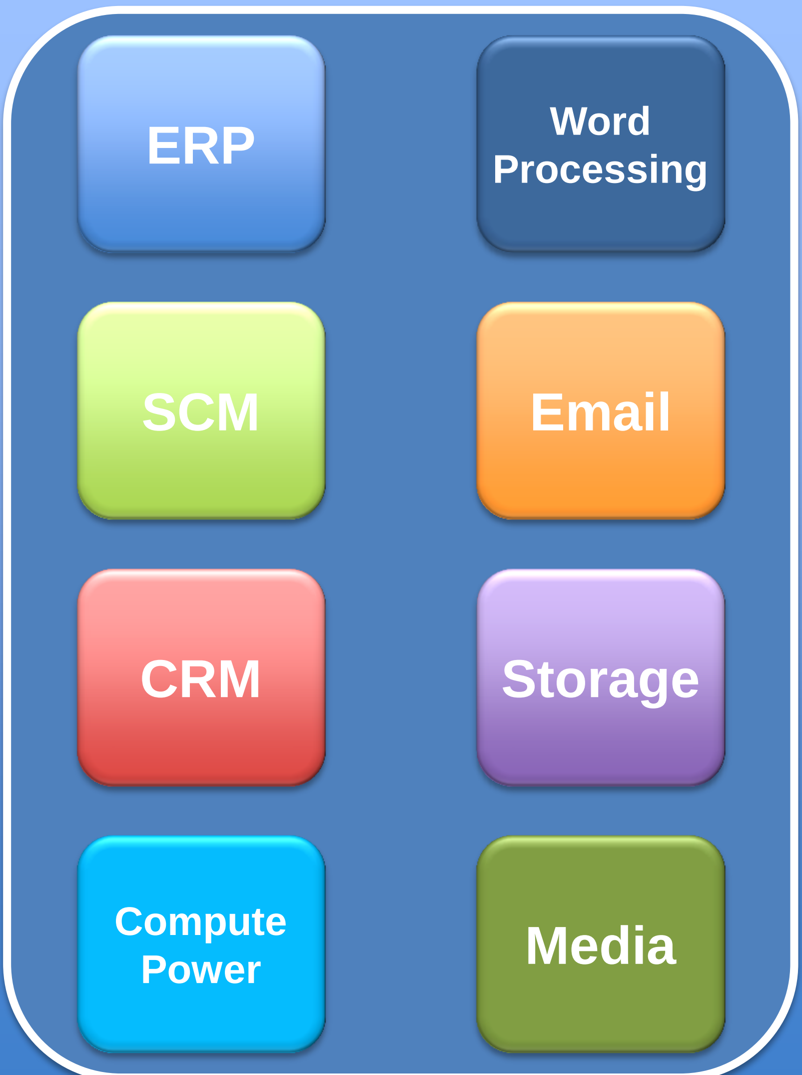
Lack of centralized usage will require greater corporate coordination



Source: Q1 2012 U.S. Outsourced Cloud Services Survey, N = 350, IDC # 234737

Q4 2010 U.S. Outsourced Cloud Services Survey, N=420, IDC #227067

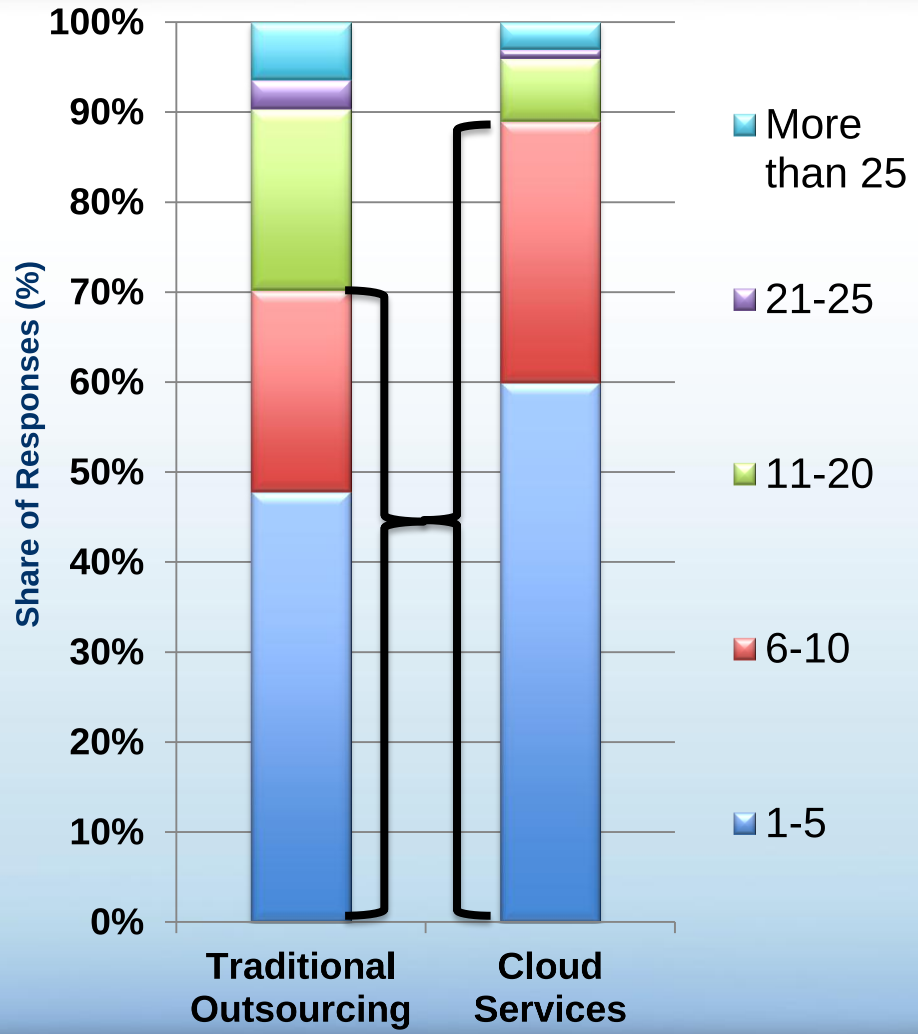
Consuming Cloud-based Services via an "*App Store*"



The "App" Store

- Supports needs as defined by end users
- Accessibility via portals will require corporate controls and oversight
- Must align with overall portfolio of application capabilities including all internal as well as outsourced services – traditional and cloud

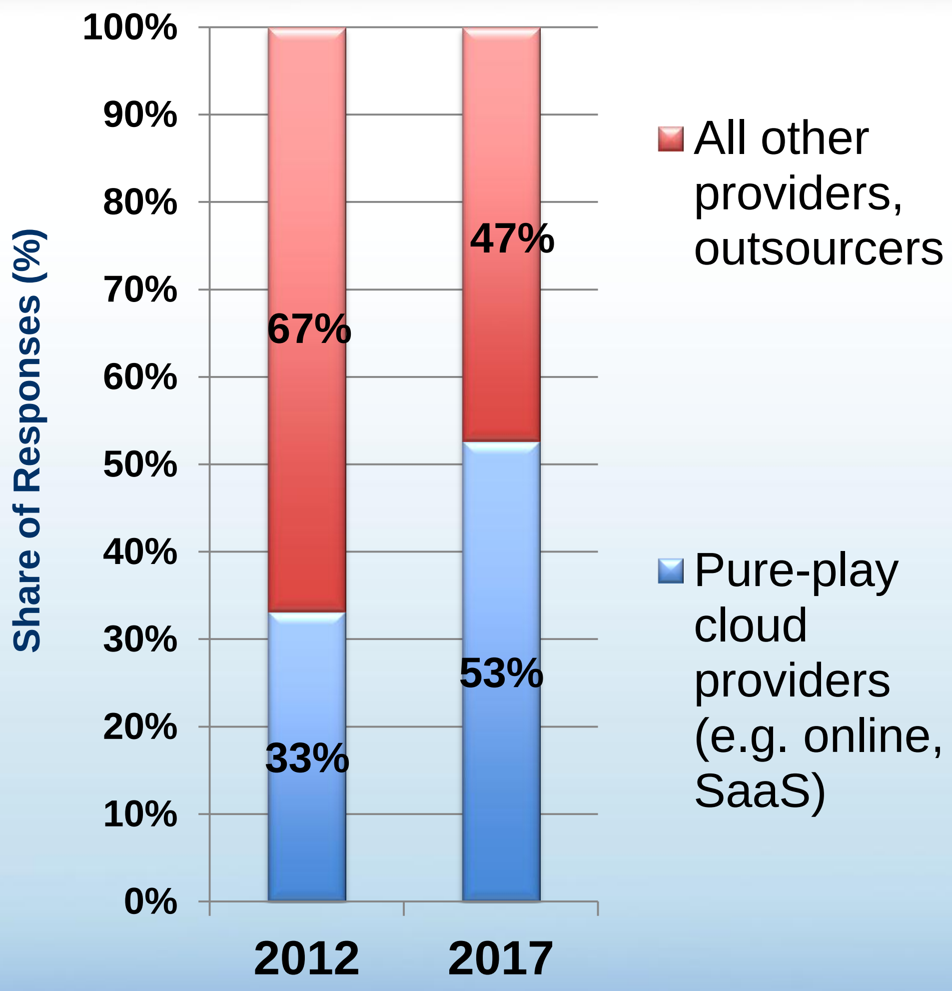
Traditional Outsourcing versus Cloud Services: Optimal Number of Providers



- 89% of buyers indicate ***optimal number*** of ***cloud providers (worldwide)*** no more than 10, up from 66% for traditional outsourcers
- Increased concentration of cloud providers will result in fewer, very large service providers that offer a "Wal-mart-like" set of services

Source: Q4 2009, U.S. Deal Making Survey, N = 305 – IDC #221497;
Q1 2012 U.S. Outsourced Cloud Services Survey, N = 350, IDC #234737

Provider Preferences: Traditional versus Pure-play Cloud



- By 2017, 53% of buyers indicate using pure-play cloud providers, up from 33% in 2012
- Traditional outsourcers need to change their business models to mimic that of pure-play cloud providers

Source: Q1 2012 U.S. Outsourced Cloud Services Survey, N = 350, IDC #234737

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Assurance and Insurance

	Key Factors	Traditional Services	Cloud Services	Provider Requirements
ASSURANCE	SLAs	"In-process" SLAs	Outcome-based SLAs	Align with business results
	Flexibility and Speed	Longer time frames	Rapid resource changes	Enable predictive analytics
INSURANCE	Contracting	Complex negotiations	As simple as a credit card swipe	Support policy management
	Predictability	Fixed-fee contracts	Variable payments	Ensure cost controls
	Liabilities	Moderate	Significant	Provide insurance policy

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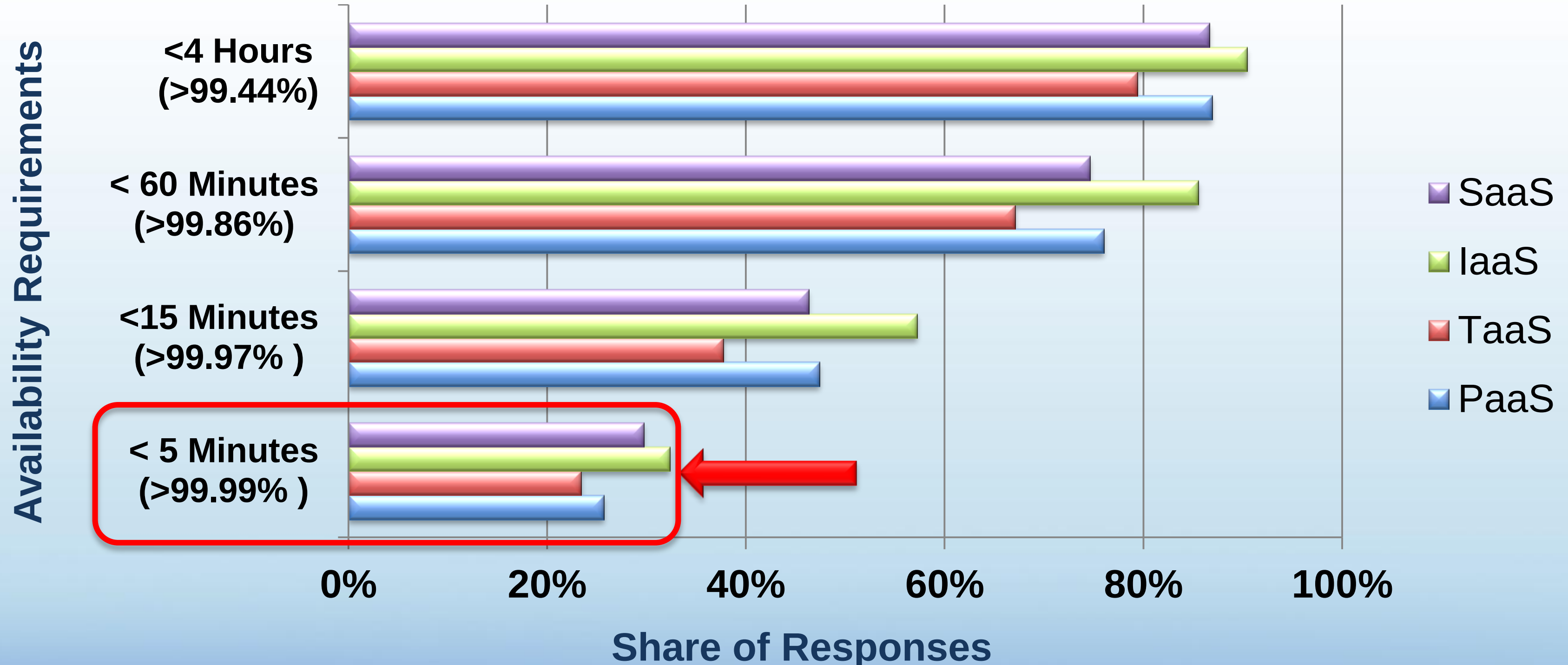
Buyer Expectations of Availability for Cloud Services

- Availability of cloud services is critical, with greater level of service for IaaS and SaaS
- Need for providers to offer "commercial" grade SLAs (service level agreements)



Note: Availability based on monthly requirement

Source: Q1 2012 U.S. Outsourced Cloud Services Survey, N = 350, IDC #234839

Buyer Expectations of Provisioning Time for Cloud Services

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- Highlights
  - 7% of U.S. firms expect provisioning of application in 1 day or less
  - 15% in telecommunications, retail
- Key Messages
  - Providers needs to build:
    - "***Cloud factory***" integrates full range of cloud services (PaaS, TaaS, IaaS, SaaS, BPaaS)
    - "***Digital services supply chain***" links ecosystem of suppliers (e.g. technology, content) with customers

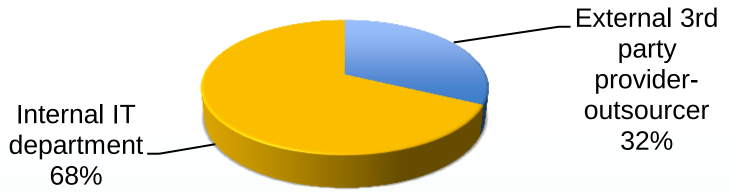
Managed Transformation

- Identify key inflection points
- Understand provider's roadmap of transformation to cloud services
- Don't get ahead of provider's ability to deliver on promise of cloud

Enterprise Talent versus Delivery Capabilities

Customers indicate they have the talent to run a cloud **BUT**……

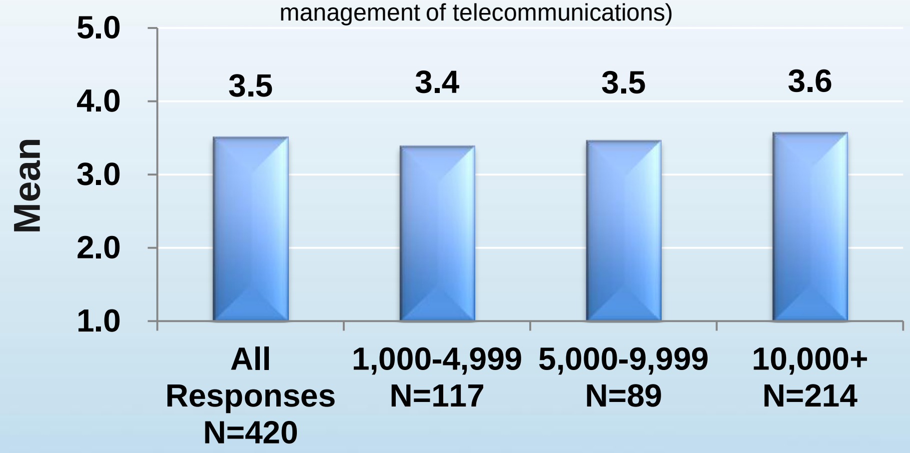
Organization Better Suited to Run a Cloud (99.999% uptime)



They don't have the resources to support a cloud environment

Customer Delivery Capabilities to Run Clouds

(e.g. redundant data centers, operations centers, management of telecommunications)



Source: Q4 2010 U.S. Outsourced Cloud Services Survey, N=420; IDC #227067. Note on Ratings: 1 = Do not believe our organization has the resources (e.g. financial, human, physical) to meet the level of investment needed to support "always on" services; 5 = Have all the resources to make the required investments to deliver services at this level of service (e.g. always-on)]

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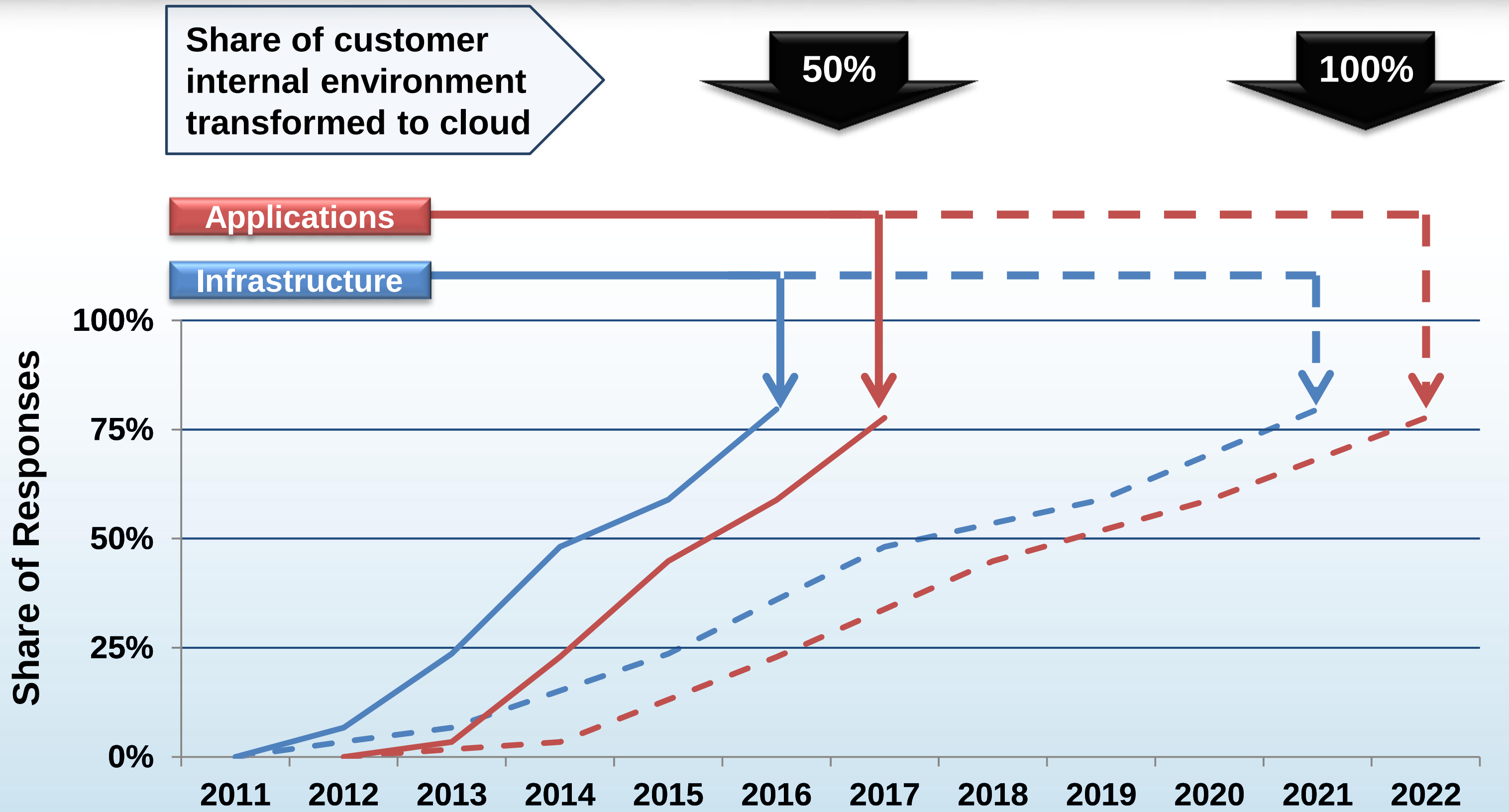
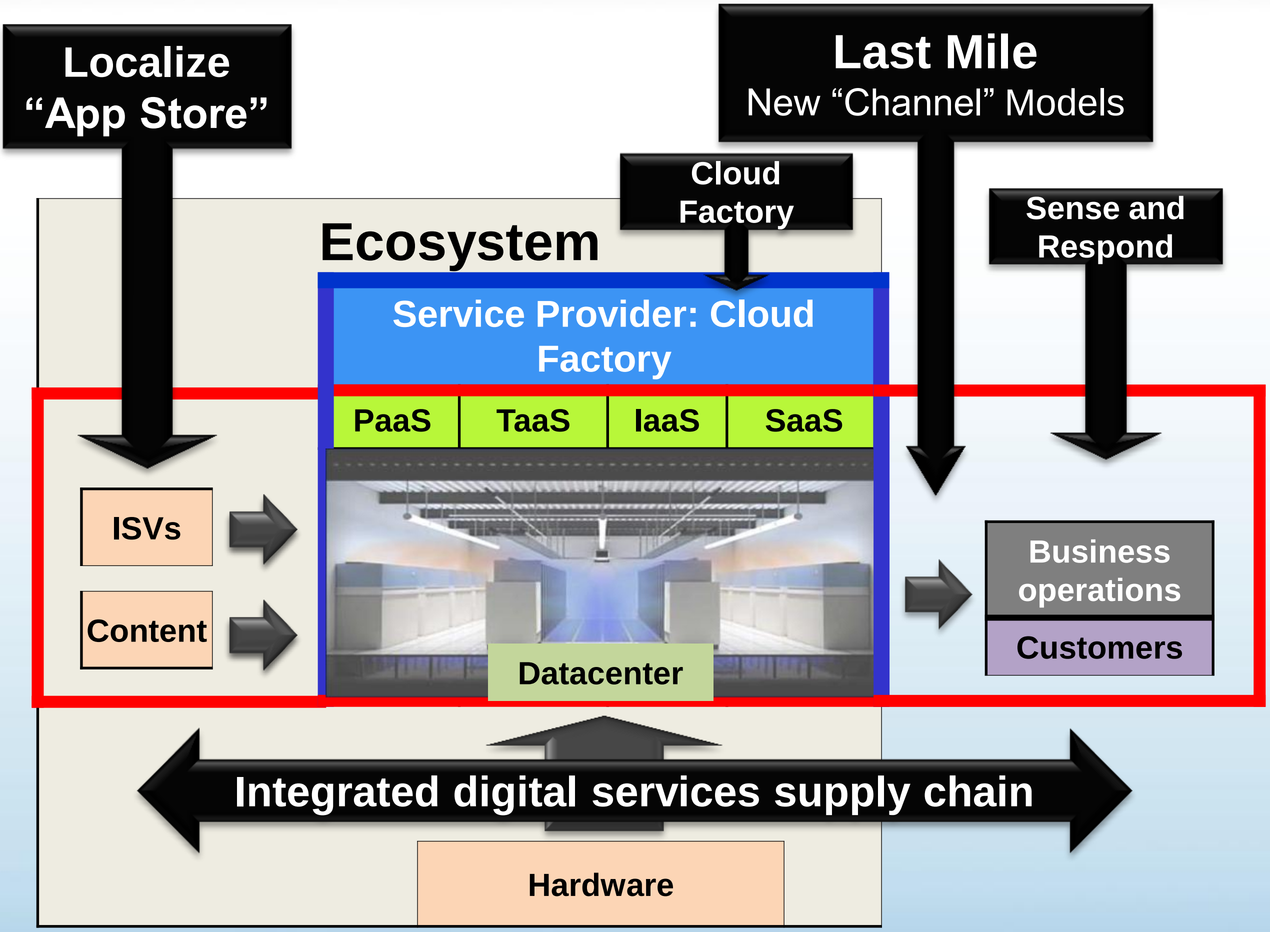
Aligning Rate of Customer Transformation with Provider Capabilities



Aligning pace of outsourcing with maturity of providers

Sources: Q4 2010 U.S. Outsourced Cloud Services Survey; N=420, IDC #227067;
Q1 2012 U.S. Outsourced Cloud Services Survey, N = 350, IDC #234839

Service Providers and Outsourcers: New Business Models and Ecosystems



- Predictive capabilities
- Localize and personalize
- Speed and responsiveness
- Availability and scalability
- Price

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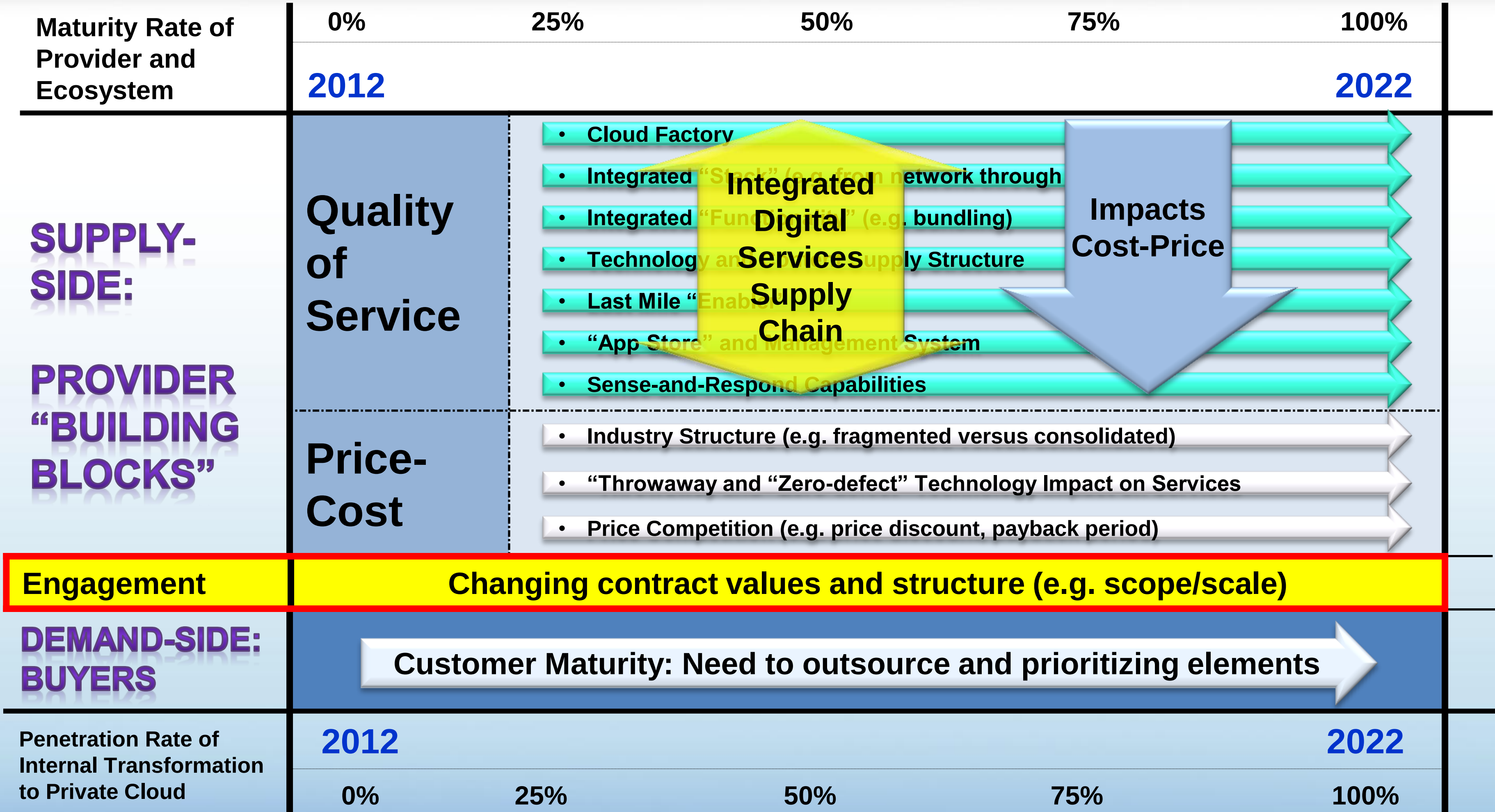
Aligning Buyer and Supplier Inflection Points



Customer Environment: From "Legacy" to "Cloud" Delivery

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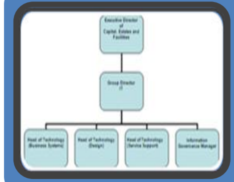
Essential Guidance

Customers

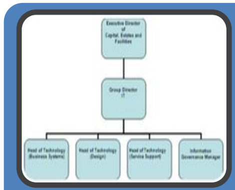

Create “sense-and-respond” governance organization incorporating predictive analytics


Develop corporate policies for procuring services


Identify key inflection points to ensure seamless transition to cloud-based sourcing


Identify winning characteristics of providers based on long-term strategies

Providers


Build distinct cloud business unit to drive brand and transformation


Understand optimal position within ecosystem


Target new markets for new revenues and to offset cannibalization


Develop blueprint of “end state” and structure of provider business model

Questions?

Please email me at:

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