

# Cloud Computing

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## A silver lining exists for organizations taking a considered approach to adopting the cloud

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### Today's Environment

If you believe the marketing hype, everyone is already in-the-cloud and your organization is lagging behind. In reality, while still budding in enterprise computing, cloud adoption is still in its nascent stages, and astute IT shops are studying and embracing it where it presents a strategic or competitive advantage.

### Point B's Perspective

A robust suite of cloud services exists, and during the next five years, the use of cloud capabilities will become commonplace. However, abandoning traditional IT and perfunctorily moving everything to the cloud is not the answer. A limited number of businesses can use cloud offerings to support the majority of their technology requirements. The more likely scenario is that companies will increasingly move discrete commodity functions to the cloud and retain the core competencies that support their unique market advantage.

Before you reach for the clouds, here are seven recommendations for finding the silver lining.

#### **Define the cloud.**

The cloud is not one "thing," but the provisioning of technology-related capabilities on a commodity, standardized, and often on-demand basis, usually by service providers that are specialists. Given the mass-market use of the term cloud, it is important to ask vendors to "define what you mean by cloud."

Establishing a true understanding of the service being provided, and not the way it is being provided, exposes alignments or misalignments between the offering and the business need.

#### **Don't define a "cloud strategy."**

Executives asking "What's our cloud strategy?" should instead be asking "How are we including the cloud in our IT strategy?" The latter recognizes the value of the cloud as a resource, from which capabilities can be systematically selected and incorporated into the overall IT strategy and methodically deployed to address the needs of the business.

#### **Examine IT's core competencies.**

Cloud services, especially colocation and Infrastructure-as-a-Service (IaaS) are forcing IT organizations to re-evaluate their core competencies. Traditionally a competitive advantage, these services are now being delivered by cloud providers at-scale and more efficiently and effectively than maintaining data center facilities, infrastructure, and operational staff internally. Do your server engineers spend more time designing new, innovative ways to serve your customers or maintaining existing capabilities? Moving non-core functionality to the cloud and focusing IT on the core competencies most important to the business can magnify the strategic role of IT, shifting IT's responsibility from building and operating infrastructure

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and applications, to architecting and managing enterprise solutions.

### **Enterprise needs require enterprise-grade solutions.**

Cloud providers address a wide variety of customer requirements from consumer-focused products (generic, easily adopted, low cost, and have impersonal provider interaction) to enterprise-focused managed services designed to meet the complex service and availability requirements of businesses at-scale. When selecting a provider, match their abilities to your requirements and the associated risk to the benefits. Limitless, cheap, and readily-available consumer-grade test environments may be appealing, but do they meet the compliance standards for protection of your intellectual property and customer data?

### **Manage to a partnership, not to a contract.**

Companies often manage vendors by comparing the service levels to contracted metrics and negotiating penalties for non-compliance. This incents the wrong behavior – meeting a static contract instead of the dynamic business needs. Instead, establish a working partnership, treat your provider as part of the IT team, and engage them to identify solutions to business problems. Recognize the net contributions and failures, and reward them for contributions to your success above-and-beyond the contract. A close partnership focused on meeting business needs and not the letter of the contract will result in far greater satisfaction than a refund for penalties at the end of the month.

### **Address security and compliance risks up front.**

The decision to adopt a cloud technology often hinges on the provider's ability to prove compliance (a measure of preparedness against a set of industry or regulatory standards) and security (the implementation of technology and controls to protect assets). Assuming that a provider will adopt your present practices as standard or that they will insure you against all business risk is unrealistic. Your security and compliance requirements can be met by a variety of solutions and provider contracts typically limit their liabilities.

To address these concerns, adopt a strategy of risk identification and management as part of your due diligence. First, determine how the provider will meet the required compliance standards and security controls. Next, measure the solution against your business requirements, not against your present practices. Security controls in cloud technologies are typically stronger, being integrally architected into their multi-tenancy offering, as opposed to enterprise security which often focusses on the boundaries. Finally, determine the gaps, measure their risk, set mitigating controls, and accept or insure against the remaining risk.

An emerging concept in cloud computing is that of “community clouds,” whereby tenancy is limited to companies sharing similar requirements, such as regulatory compliance and security controls. The provider is able to share the cost of the additional controls across the community and maintain the benefits of scale.

### **Prepare for cultural and organizational impacts.**

Respect that adoption of cloud services is often viewed as a threat to the job security of the people that are going to help you get there. Communicate early and often. Set expectations about employment. Publicize the benefits, such as eliminating the drudgery of day-to-day maintenance and being able to focus on tasks that are higher value to the business. Finally, respect that some employees will be nervous no matter how you handle the situation.

## **The Bottom Line**

Avoid the hype and seek the reality in the cloud by assessing your strategies and requirements, focusing on the services provided instead of the technology, and seeking productive partnerships. Organizations that take a well-considered, metered approach to cloud technology adoption will find more and more opportunities to redefine IT's core competencies, shedding low value work for high value contributions.