ITC INFOTECH

Business-friendly Solutions

Using Cloud as a Business Strategy

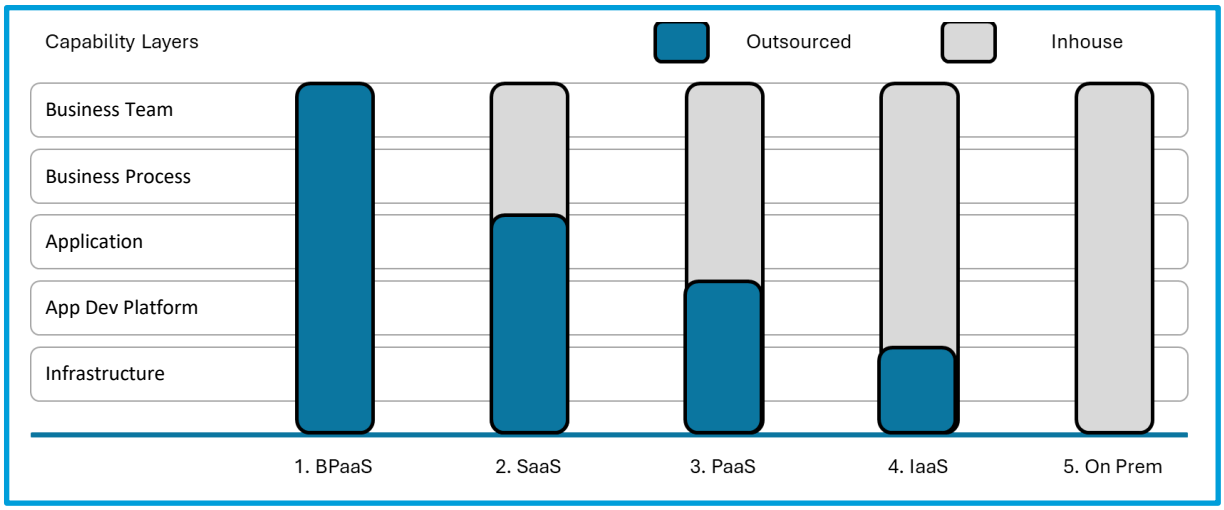
Introduction

Cloud technology has traditionally been viewed as a network of interconnected servers designed to store and manage data, run applications, and deliver content or services. From a usage perspective, cloud is primarily an IT storage and computing strategy.

Our hypothesis, which we explore in this white paper, is that cloud must first be viewed as a business strategy. Given the multiple cloud models possible, business needs should be the driver for choosing an appropriate cloud model that helps identify the right cloud solution to enable enterprise capabilities. This can have a far-reaching impact on capability, architecture, security, data management, flexibility, IT risk management, and cost over time. Cloud as a business strategy also enables Gartner's latest concept of CIO-CxO partnership patterns that better align CIOs and CxOs in co-leading, co-delivering, and co-governing capability delivery.

So, what is cloud as a business strategy?

There are several models in which capabilities can be enabled using cloud. The standard cloud models include:



BPaaS (Business Process as a Service)

The organization procures a complete technology solution, the team, and the processes to operate it. Examples include capabilities such as Razorpay's payroll service, a spend management/procurement service such as SAP Ariba, or a loans management solution like LendFusion, which lets users acquire a service with no ownership. The organization has no control over the development or management of the platform.

SaaS (Software as a Service)

The organization outsources the application/platform and the infrastructure. The operating team and process management are kept in-house. Examples include delivering products through Amazon, a platform to prepare and manage business agreements like DocuSign, or a messaging service like Slack for workplace communication. The organization has no control over the development or management of the platform.

PaaS (Platform as a Service)

The organization configures the application on a platform according to business needs. The platform vendor manages the development of the platform and infrastructure. Examples include SalesForce.com and ServiceNow. The organization typically has or procures the talent to tailor the application in-house, aligning it with business needs and processes.

IaaS (Infrastructure as a Service)

The organization gets traditional storage and support services from a cloud provider to host its platforms and applications. The organization takes ownership of the application (development, management, improvement). Examples include AWS and Azure cloud hosting, where the provider takes ownership of availability, backup, disaster recovery, and other hosting services.

On-premise (on-premise hosted infrastructure and application)

The organization hosts, owns and manages all aspects of the capability, including team, process, application, development platform, and infrastructure. On-premise is used when (any combination of) data security, privacy, compliance, accessibility/low latency, and customization are non-negotiable requirements.

Selecting a suitable cloud model amongst these, driven by business needs, is cloud as a business strategy.

What does a ‘Cloud as a business strategy’ decision feel like?

During a discussion with a CEO to set up a loyalty capability, several options were debated. The business, which was part of a larger conglomerate, faced typical challenges such as low margins, competitors providing similar products/services at lower price points, stagnant growth, and the need for rapid transformation:

The following solution options were considered:

Solution Option	Pros	Cons
1. Use a third-party loyalty program such as PayPal (BPaaS)	✓ Integrate customer data with the loyalty platform and leverage its live loyalty program ✓ Loyalty program can be running in 2-3 weeks	× No customer insights × No control over offers and promotions
2. Integrate with the parent’s loyalty program (SaaS)	✓ Takes up to 3-4 months to integrate and rollout ✓ Loyalty benefits remain within the group ✓ No effort needed to manage and maintain the platform	× No control over offers and promotions × No control over customer insights
3. Build an independent loyalty program for the product (On-Prem)	✓ Complete control over customer data and insight ✓ Complete control over offers and promotions	× Takes up to 1-year to conceptualize and build

Which option would you select?

The case study shows that cloud as a business strategy has real-world implications in terms of time to capability, cost, business impact, and implementation complexity.

How do you implement ‘Cloud as a Business Strategy’?

The first step in implementing cloud as a business strategy is to create a decision-making framework across the various solution options. These would include the business considerations and risks involved in each option. A sample decision-making framework would look like this:

Options	Business Decision Criteria	Risks Involved
1. BPaaS	✓ Context capabilities not key to business ✓ Specialized capabilities ✓ Compliance capabilities like audits ✓ Capabilities that need to ensure confidentiality, like employee surveys	× No control over process or policy × No way to ensure cultural alignment × Dealing with 3rd parties for reporting, status, and issue resolution
2. SaaS	✓ Capabilities that need control over the process and policies ✓ Capabilities where functionality is standard ✓ Capabilities needing specialized technical skills difficult to build inhouse ✓ Capabilities that change rapidly and often.	× Information fragmentation and reporting impact × Time to functionality × Counterparty risk
3. PaaS	✓ Capabilities where control of functionality and configuration is needed, such as customization for the business	× Need to build platform skills inhouse
4. IaaS	✓ Hosting services needed for COTS products ✓ Full hosting services needed, including storage, backup, and recovery ✓ Highly scaled storage services needed	× Actively manage storage consumption to avoid cost escalation
5. On-Prem	✓ Top secret content critical to business, such as strategy plans ✓ Low criticality applications that don't require BCP/ DR.	× Need to manage the full stack inhouse

Note that the above criteria are focused on business considerations and do not cover security, people, or other technical considerations.

The next step would be identifying the most appropriate cloud as a business strategy approach to enable each business capability. A sample view (for a selection of HR capabilities) would be as follows:

Organization Development	Organisational Development	Designation Management	Profile Management	Career Management
	Internship Management	Org Chart Management		
Query and Escalation	Query and Escalation	Whistleblower Management	Appeals Management	Dispute Management
Competency Management	Competency Management	Skills Management	Learning Management	Performance Management
Employee Service	Employee Service	Manager Service		
HR Management	Strategy Management	Program Management	Project Management	Workflow Management
	Payment Management			
Collaboration & communication	Collaboration Management	Communication Management	Content Management	Document Management
Information Management	Candidate Information	Employee Information		
Reports and Analytics	KPI Management	Reports & Dashboards	Prescriptive Analysis	Predictive Analysis

Legend	BPaaS	SaaS
PaaS	IaaS	OnPrem

The final step would be to review whether the solution is architecturally feasible and move it to the implementation stage.

Conclusion: Implications of 'Cloud as a Business Strategy'

Cloud, when used first and foremost as a business strategy, has several implications for the usage of IT solutions by businesses:

IT shifts from providing applications to enabling capabilities

The IT organization's role shifts from providing applications to enabling the optimal solution model for capabilities needed to meet business needs. This drives shared responsibility in decision-making between IT and business divisions, leading to better-aligned CIO-CXO partnership models. As an organization, IT needs a wider range of skills and a different operating model to play this role effectively.

Address the problem of shadow IT

Since the IT organization is working with the business to enable business capabilities, the need for the business to work independently of IT diminishes. Also, IT becomes a critical stakeholder in business outcomes and gets involved earlier in decision-making, thus strengthening the business partnership.

Solution options for product and service providers

Product providers, service providers, and system integrators need to evolve their thinking about their products, services, and solutions to meet business needs better. This may involve multiple deployment options, commercial models, engagement models, and staffing models for the same product or service.

Author Information

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The author has over 24 years of experience in the IT industry, with 15+ years in IT Strategy consulting. He also has extensive experience in Knowledge Management.
He has worked with several CIOs and other CXOs across geographies and domains, solving complex IT problems, with specific focus on Business IT alignment, Enterprise Architecture, and IT Governance. He also has experience managing large programs and projects.

At ITC Infotech, he is leading the IT Strategy practice working with CIOs to resolve IT problems. He is currently working as an Enterprise Architect for a key customer. He is also working on developing industry leading viewpoints for Enterprise Service Management and end-to-end IT governance assessments.

The author has a passionate focus on improving the value realization from technology usage for businesses, improving IT operating processes and bringing in an architecture first thinking to drive design longevity.

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