CEO GUIDE

LEVERAGING OPPORTUNITIES IN THE CLOUD

A guide for senior mid-market business executives

WHY THE "CLOUD?"

While it may have seemed impossible 10 years ago, today the cloud enables transformation across all layers of your business. The cloud is critical to efficiency, agility, and growth for mid-market companies – from sales and marketing to customer support to workforce management and operations.

Perhaps you or your IT team have hesitated because you're concerned about costs, integration, reliability and security. To address those concerns, here are six best practices that will empower you to lead your IT team in an effective cloud-based strategy.

1. Create a Realistic Time Frame

Adopt the point of view that not all of your systems will go to the cloud – at least not anytime soon. If your company is like most of its mid-market peers, this rings true. Embracing, and sharing, this point of view will engage your IT leadership in a realistic dialogue. You'll find that the question changes from "When will we have everything moved to the cloud?" to "What should we move to the cloud first?" This is a very big, and important, step to building another level of respect with your IT team.

2. Focus on Migrating Productivity Apps First

Start the cloud-migration discussion with IT leaders by focusing on productivity applications like e-mail or instant messaging. These are commodity functions that are never tightly integrated with other systems, so they're easiest to transfer to the cloud, which your IT staff will appreciate. As leading cloud computing analyst David Linthicum noted in the March 2016 issue of InfoWorld, it is better to "filter applications [that are candidates for the cloud] by those where the data is largely decoupled from the core application, so you don't break things and gain the flexibility to place the data in its own domain or platform."

IMPLEMENTING A CLOUD-FIRST STRATEGY

Implementing a cloud-first strategy will help every mid-market organization stay

63% of companies operating in the cloud can develop an app in

ALMOST
90% of mid-market leaders believe

56% of mid-market executives say their organization is already using some form of cloud-

82% of companies have saved on costs by utilizing cloud

59% of small and medium-size businesses using cloud services report significant

Source: forbes.com; Deloitte

3. **Evaluate Sunk Costs Carefully**

A common argument for not migrating to the cloud is that you've already made significant hardware investments. Although these investments and their amortization cannot be ignored, it is important to understand and evaluate the future variable costs that are dragged along with those sunk costs.

Much of the expertise that you must keep on staff or on contract in order to monitor, patch, maintain and upgrade the storage and application servers is significant but can be reduced or eliminated with a move to the cloud.

In circumstances where these capital investments really do swing the equation, start the discussion early regarding the hardware refresh cycle and capacity planning. Hardware refreshes typically happen every three to four years. Increased capacity requirements may result in additional hardware (and more sunk costs) to be purchased in the meantime. Introducing the idea of cloud migrations — integrated with the refresh cycle or capacity-planning process — can increase the chances that you break that sunk cost cycle and reduce or eliminate significant maintenance costs.

4. **Acknowledge Your IT Leaders' Fears**

Large portions of your IT team have devoted their entire careers to building and maintaining the infrastructure that will be replaced with cloud solutions. This is a very personal issue for your technology team and you'll need to handle with care.

As InformationWeek columnist and CIO Jonathan Feldman recently noted,

> **IT PROS TEND TO FALL INTO TWO DIFFERENT CAMPS. THERE ARE THOSE THAT SEE THE VALUE OF PUBLIC CLOUD – THINK OF DEVELOPERS WHO DON'T HAVE TO WAIT FOR WEEKS TO CREATE A NEW APP, OR THOSE THAT DON'T HAVE TO WAIT FOR WEEKS TO SCALE THEIR APPS. AND THEN THERE ARE THOSE WHO FEAR THAT DEATH HAS ARRIVED, AND THAT HE RIDES A PALE AND CLOUDY HORSE."**

Finding ways to acknowledge this fear and help your IT leaders envision a post-cloud career path will deliver immense value by fostering a sense of excitement about the cloud-centered future, instead of a sense of doom. In addition, it will help harness the creative efforts of your tech pros toward an effective, cloud-based environment.

5. **Engage with Your IT Team in Cloud-Based Activities**

Act now to get your IT team out of the worried phase, prevent any naysayers from sabotaging cloud initiatives and actually transform fear into excitement about your company's inevitable cloud-based future. Here's how to engage them:

- Create internal challenges and award prizes. Have developers divide into teams and build applications in both the cloud and virtual environments. Cloud environments will certainly win and your teams will see the value.

- Invite cloud experts to come and speak to your team in a casual environment. "Lunch and Learns" from third-party experts are a great way to educate the skeptical. Free pizza doesn't hurt, either.

- Conduct a pilot program with a low-risk cloud application such as instant messaging. Test the waters and see how it performs and put your most skeptical people on the team. Assign a trusted third party to evaluate the design of the pilot and overall success or failure of the program. When the cloud application is successful (and it will be), your most skeptical IT staff will now be much closer to being fans of the future.

6. **Set Goals for Cloud Migration**

Once you've got your IT staff on board with cloud computing, it's important to create a plan for what aspects of your business you plan to move to the cloud (and why). Setting a goal of what you hope to accomplish in three, five, or even ten years' time will help you see the bigger picture more clearly — so your organization stays on top of its target dates.

WHY CLOUD?

- Avoid significant up-front capital investment

- Instant access to the latest applications and updates

- Greater security and availability

- Allows your IT team to focus on other initiatives

- Forward-thinking mid-market executives are adopting a cloud-first strategy to consider which workloads should be migrated to the cloud, and when.

- You should challenge yourself and your IT leaders to identify the reduced cost, increased revenue or reduced risk related to every possible cloud migration. Chances are, you'll see significant cost savings for many of the cloud initiatives you undertake.

- When jumping into cloud computing, start small with productivity applications like e-mail and instant messaging. Analyze, assess and report the return on investment and apply that knowledge to your next initiative.

- Finally, don't forget that most members of your tech team have devoted their entire careers doing things the old way and that cloud computing might be seen as a threat to their livelihood. Getting them on board and on your side once they see the true benefits of cloud computing is paramount to your success as a business leader.

Why not the cloud?

[1]InfoWorld Moving to the Cloud? First choose the right apps. March 2016.

[2]InformationWeek IT Staff Fearful of Cloud? Try Cloud Whispering. May 2015.

SUMMARY: