

Journey to the Cloud

What Should
You Consider?

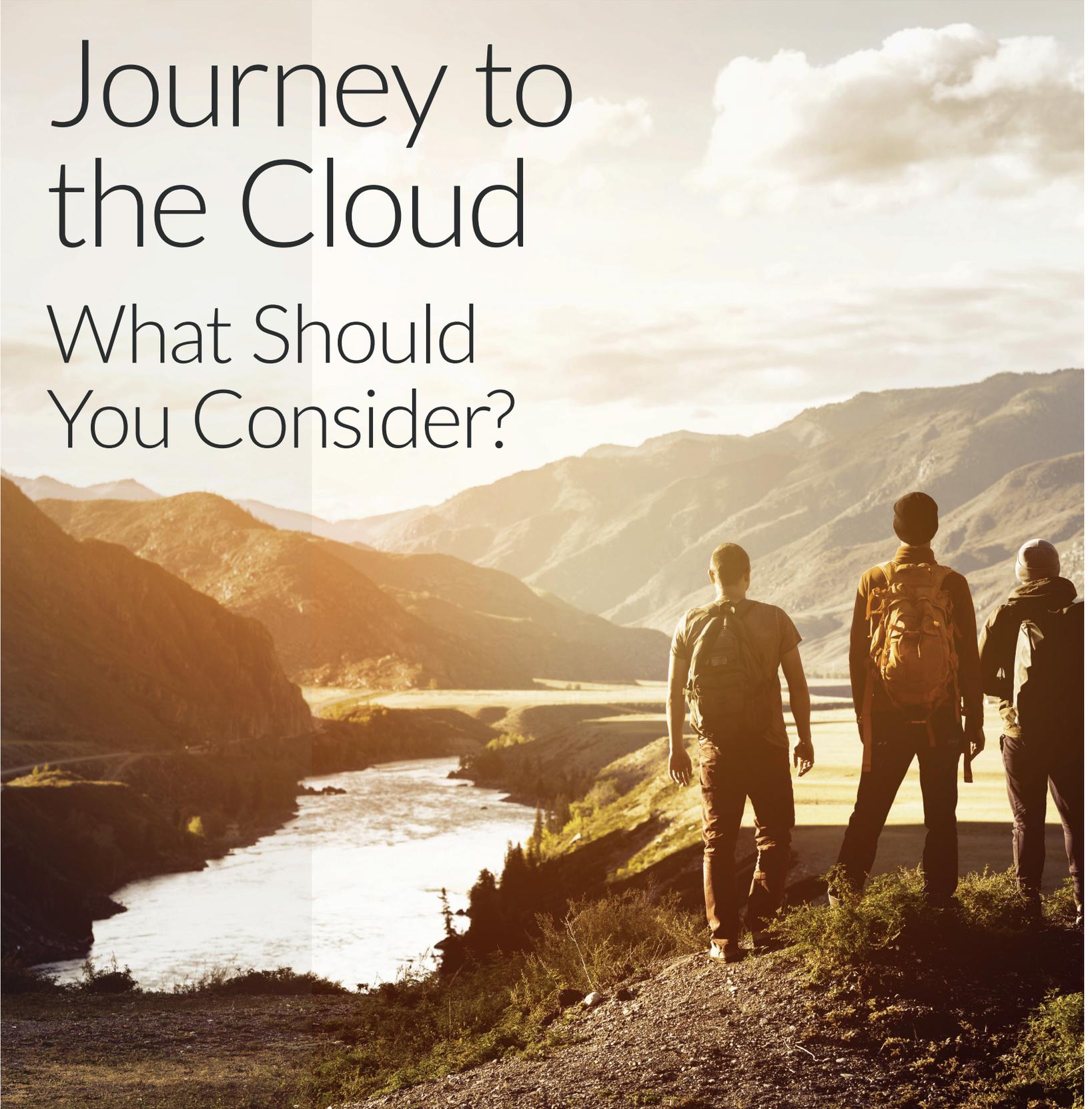


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Introduction

Cloud computing is receiving a lot of attention, and for good reason. Cloud is the foundation for digital business, and many organizations are either in the process of moving to the cloud or strongly considering starting down that path. Whether you have decided to move to the cloud already or you are just evaluating your options, there is a lot to think about when choosing a direction.

A move to the cloud can lead to significant gains in agility and efficiency as well as cost savings, but if not done properly, it can also result in marginal success or high costs. What you do and how you do it is critical to the overall success of the migration. In this white paper, we discuss the need to understand the business uses of the cloud, key considerations when planning a move, and critical success factors.

Understanding the Cloud

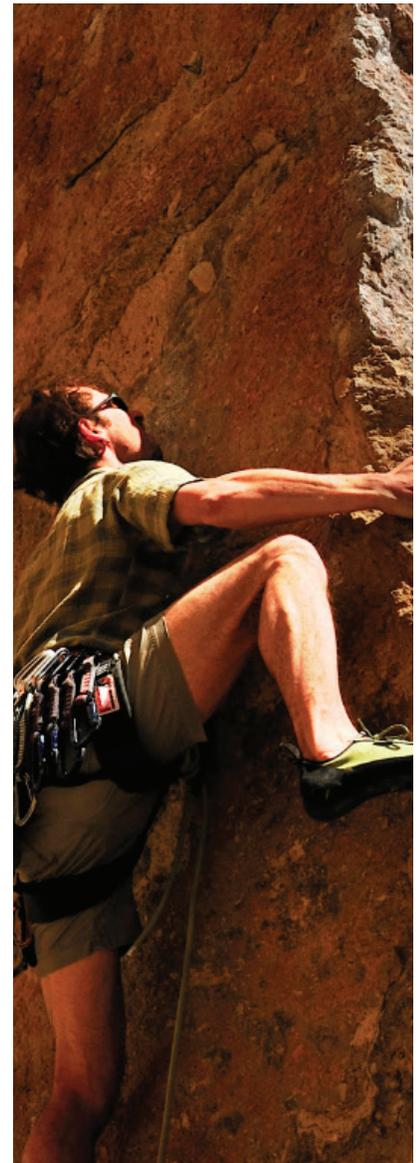
There are many reasons that we are increasingly relying on technology to run our businesses. Traditional technologies have a number of constraints, including the need for capacity planning, over-provisioning of resources to meet peak demand, and large capital expenditures.

Leveraging cloud-native services overcomes these limitations, supporting a more flexible business with the freedom to apply more resources in the quest for innovation.

One typical misconception is thinking about the cloud as just a virtual data center.

The cloud offers critical advantages when it comes to infrastructure. It enables infrastructure-as-code, which eliminates the need to focus resources on infrastructure setup. Using the cloud also enables organizations to dynamically right-size their infrastructure while improving resiliency, thus significantly lowering operating costs and reducing capital expenditure waste. As a result, organizations can reallocate these savings to innovation that will grow their business.

The most significant value of moving to the cloud, however, is that it enables you to fundamentally change how you operate. It allows you to optimize your business processes, more effectively allocate organizational resources, and shift your focus from labor-intensive IT operations to meeting customer needs and growing your business.



The Decision Is Made - Where Do I Start?

Figuring out where to start and what to do is the single biggest barrier when it comes to moving to the cloud. Having worked with many large, successful companies that have navigated this move and successfully migrated to the cloud, we've learned that it is a journey that involves careful and detailed planning and execution from both a business and a technical perspective. From this experience, we have created and refined the Candid Partners Journey to the Cloud methodology.

JOURNEY TO THE CLOUD



STRATEGY

Many organizations try to migrate to the cloud without a clear purpose or a sense of the key outcomes they are trying to accomplish beyond reducing costs. Some of the most important benefits of cloud migration, however, can be significantly greater than simple cost savings. Determining these target outcomes is critical in selecting the right strategy to drive effective decision-making. You need to ask yourself some important questions: Why should we move to the cloud? Are we trying to cut costs? Gain more flexibility? Increase the speed of innovation? Improve resiliency?

There are several additional factors to consider when defining your strategy:

- **The size of your organization:** Smaller organizations are typically more nimble and can take a broader “all-in” approach, while full-scale migrations carry a higher risk for larger, more complex companies. For such companies, it may be more appropriate to select a few use cases, build a foundation, and then adopt an iterative approach.
- **Your current organizational maturity:** If you already have a good set of IT skills, established Agile and DevOps processes, and a set of modern tools, then a broader approach carries a lower risk and could be a good option. If the opposite is true, it may be less risky to start smaller, build your organizational capabilities, and then scale up based on initial successes.
- **Critical business needs:** One important first step in defining your cloud adoption strategy is identifying critical capability gaps and business needs. This will provide a clear direction and help your organization understand the “why?” With this information, you can understand the importance of the cloud initiative and prioritize accordingly.

Based on the above considerations, here are a few strategies to consider, beginning with the least risky.

Proof-of-concept strategy: This strategy involves identifying one resource that is meaningful to the organization and transitioning it to the cloud first. This strategy typically leads to the best people working on the transition, and if the initial effort is successful, a larger-scale project is likely to be adopted. It also demonstrates executive commitment and leadership.

Cloud first strategy: With this strategy, anything new that needs to be developed is developed in the cloud. This allows an organization to have some successes and proves the value of cloud-based solutions while simultaneously developing and maturing its cloud capabilities and processes. From there, it is easier to gain buy-in and evolve towards an “all-in” approach to host existing applications.



All in strategy: This strategy encompasses a full transition of the entire IT ecosystem (infrastructure and applications) to the cloud. It is typically a route that smaller, nimble, technology-savvy organizations choose because allows them to take full advantage of cloud computing more quickly.

Once the initial strategic considerations are set, conduct a cost and benefit analysis that assesses risks to decide on the right strategy. The goal of this analysis is to understand the impact of the cloud on your business including the return on investment, when it will be realized, how to manage the risks, and mitigation strategies.

One of the challenges organizations often face with this exercise is getting the detailed data necessary to conduct the analysis and then accurately forecasting the costs. Large enterprises often track costs in bulk, and spread them across multiple assets. This practice makes detailed, application-level analysis and determination of benefits difficult. To gain an accurate view, the costs that were spread across multiple assets now must be broken out individually. This approach leads to improved financial transparency and a better understanding of the cost and benefit drivers.

CASE STUDY:

A large national bank wanted to realize the benefits offered by cloud computing including:



- Reduce costs



- Process large data sets faster



- Respond more quickly to changing conditions

Our client was not fully utilizing its on-premise data center capacity that cost a significant amount to maintain and manage. To determine the best strategy, we helped our client assess their inventory of existing applications to develop a more detailed migration plan for each. We filtered the applications to cloud-candidate applications and built a detailed, application level business case for each. These detailed business cases allowed our client to make investment decisions at the application level.

Our analysis enabled our client to make informed decisions for each cloud-ready application including: migration timing, application-level net profit/ (loss), cost avoidance, free cash flow, net present value, and payback period. Our collaboration with the client's working team ensured goal alignment and client leadership support, not only for the analysis undertaken, but also for the path forward.

SET THE RIGHT STRUCTURE

A move to the cloud should be treated as a business transformation, not as an initiative that is limited to IT. Therefore, it is essential to include any overall business decisions as part of the migration process. This helps build the right organizational structure, establish strong program management, gain executive commitment, develop an organizational change management approach, and create an executable roadmap. Because specific skill sets are also required to operate in the cloud, investments in training and knowledge management are necessary components of the cloud transition program. The larger the planned migration, the more comprehensive the approach must be to successfully manage it.

When you move to the cloud, you significantly reduce the amount of IT operational overhead. Therefore, it is important to think about changes to your organizational structure, the impact on how you deliver products and services, change management across business units, and compliance and audit processes. All of these considerations need to be accounted for as you plan the move to the cloud.

ESTABLISH THE RIGHT ARCHITECTURE

After strategic decisions are made, invest time in developing the foundational architecture necessary for the move. Taking this step will eliminate costly re-working and allow you to realize maximum value. Enabling automation wherever possible should be a key component, both during the migration and once the move has been made.

When making architectural choices, first focus on critical capabilities and then select appropriate supporting tools. Too often we see our clients get attached to a specific tool only to lose sight of the key capabilities that are actually needed. In addition, consider how the interim state architecture impacts networking, security, and latency.



What is Essential for Success?

A move to the cloud is a journey. While the benefits of the cloud are significant, this move takes time and impacts people, processes, and technologies. Now that you have a well thought out strategy, below are a few key factors that will help to ensure your success.

COMMITMENT FROM THE TOP DOWN

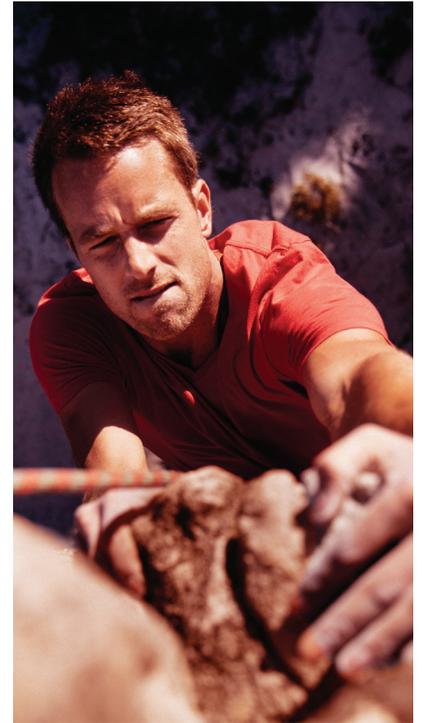
Setting direction at the top is key to the success of cloud initiatives. It becomes a mechanism for including a broader team and leads to a higher success rate with cloud initiatives. When broad strategic vision and goals are clear, the roles are well defined, and risk-taking is encouraged then initiatives move forward faster and with greater success. Emphasizing that the cloud is a differentiator and a source of competitive advantage also helps in attracting new talent.

CHOOSING THE RIGHT PARTNER

Selecting a partner with deep cloud capabilities and business management expertise will guide you in advancing your move to the cloud and maturing your organization. Talent that is skilled in cloud technology, as well as the latest methodologies, is hard to find and expensive. For those reasons, consider finding a partner that already has the specialized talent, a proven migration framework, and a set of tools that help to automate the transition. The right partner can play a major role in accelerating your journey and helping your employees learn new skills.

BUSINESS STAKEHOLDER ENGAGEMENT

Business stakeholders need to be involved early and often for the cloud initiative to be successful. It is critical for the business to support IT, share the business vision and learn about the cloud. Not only will greater involvement lead to higher overall success of the initiative; it will also help to break down any barriers of resistance to the cloud. It may even help to repair a strained relationship between business and IT. It is also crucial that the business be involved early in the cloud business-case development to drive the value proposition from their business perspective



ORGANIZATIONAL CHANGE MANAGEMENT

Working with the cloud is fundamentally different from on-premises architecture and requires significant organizational change as well as a different operating model. Implementing the cloud is a major transformation for the organization and should be treated as such. It also typically involves a switch to an agile and DevOps methodology as well as the adoption of modern tools. However, the result is an opportunity for organizations to operate more effectively, better leverage their talent, grow their business, and focus more resources on customers.

Employees need to know how they fit into the new organization and what their role will be going forward. If these questions are not addressed up front and consistently enforced, a cloud implementation can result in real collateral damage to an organization.

Resistance to change is very common. People and processes are the most common challenges with a move to the cloud. To maximize operational efficiency, it is essential to develop a culture that embraces change and invests in updating tools, skill sets, and processes. This ultimately allows organizations to get the maximum value from the move to the cloud. It is also critical to treat human capital and skill sets as the highest priority and invest time in training personnel.

SECURITY AND REGULATORY COMPLIANCE

From the outset of a cloud initiative, it is important to address security and regulatory compliance. Security in the cloud can be much stronger than on-premise, and future changes to regulatory rules can be updated by code automation. You can also automate compliance with software tools—both pre-deployment and through an automatic ongoing process after deployment.

The cloud requires a change from managing compliance through rules and policy documents to an iterative automation process in which rules are managed through a backlog of security requirements.

Conclusion

Without leveraging the cloud, true business transformation will not be realized. But, how a company moves from the data center to the cloud can determine whether it leaps forward or stalls. Implementing a migration strategy offers great benefits in terms of reducing infrastructure costs. Indeed, the real business value of the cloud is the opportunity it provides to fundamentally improve the way your organization operates. Taking advantage of cloud-native technologies, advanced tools, and more efficient processes can enhance your business. It will also help you to build a competitive advantage while providing the agility needed to fuel the world-class customer experience you want to deliver. Starting with a defined, meaningful strategy and establishing the right approach to transformation will allow your organization to receive the maximum value from the move to the cloud.

Contact Candid Partners to find out how we can put advice into action for you.

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