

Organisational Resistance to the Cloud: a view from the Field

By Amos Miller

The IT industry and many IT leaders are fascinated by the opportunities to change the economics of information management afforded by cloud computing. But what practical steps can you take to get stakeholders to buy into the vision?

Executive summary

Cloud computing is the IT industry's latest obsession. It is depicted by advocates as a revolutionary to change the economics of information management. Capital expenditure on hardware and on software licences is no longer required and annual taxes for maintenance of enterprise programs goes away together with deployment cycles that take months or years. Instead, Cloud adopters stand to gain from a pay-as-you-go subscription pricing, vastly reduced procurement needs and faster time to market.

However, every revolution attracts opposition from conservatives, skeptics and others and the Cloud is no exception. Even among those companies that have gone some way towards adopting the new model, plenty of obstacles remain in place.

What are the sources of this resistance? In part there may be inertia caused by an environment that is not prepared to accommodate the shock of change, such as an overloaded helpdesk. For others the issue might be an inability to accept that the days of endless revisions to customise software can no longer be tolerated.

Whatever the cause, organizations making the transition to cloud computing must ask key questions to provide the best possible chance of a smooth change process.

Key to success will be communicating a sense of urgency, creating a steering group, establishing and communicating a vision, winning buy-in, empowering people, showing early wins, tackling hard challenges and repeating and reinforcing change.

The business case for the cloud may be strong, including may improved business agility, , reduced transaction costs and reducing capital expenditure. But it transpires is that even with a strong business case, there are forces that make the adoption of Cloud services harder than initially anticipated.

Overcoming Organisational Resistance to the Cloud

The Cloud might still be an elusive term to define for many, but it is fast becoming an imperative to doing business in almost every industry and geography. The Cloud hype may disperse over time but the fundamental economics and business opportunities behind it can't be ignored — and indeed they are not being ignored by organisations new and old, large and small.

The authors of the *Economics of the Cloud* article view cloud computing as a new paradigm, creating a transformation where customers make big cost savings and other gains, and suppliers that move quickly stand to gain market share. But the journey to the Cloud is becoming a big factor for organisations and they recognise the opportunity as one element in a long-term process rather than just a short-term way to cut costs.

However, strangely, our consultants seem to be dealing with inertia as momentum is gathered and an increasing number of businesses and industries begin the shift to Cloud.

Adoption of the Cloud may be at an infrastructure, platform, or application services level, but in whichever form it appears, it is initially seen as a back-end replacement of IT capability that reduces capital expenditure and enables control over operational costs. Indeed, the business case for the shift may be even more elaborate than that and include benefits such as business agility, productivity, reduced transaction costs and so on. But it transpires is that even with a strong business case, there are forces that make the adoption of Cloud services harder than initially anticipated.

Ripping out a major piece of the internal IT capability impacts many people and departments and we have observed situations in organisations where aggregated resistance has the potential to bring the initiative to a complete standstill.

We have seen situations where the helpdesk group is under such great pressure to keep call levels down that the disruption of a move to the Cloud is deemed to be out of the question. Other issues also might arise. For example, the sales function will not understand that the Cloud collaboration and customer relationship management (CRM) services only have limited customisation flexibility and are not willing to accept out-of-box processes. Or perhaps the team responsible for the customer experience insists on having a single sign-on experience across all online services and this is not available.

Ways to overcome such resistance can begin if this is studied through the lens of business change and the stakeholders involved. We can review the question based on the principles of change and leadership firm Kotter's 8 Steps for Leading Change. (1)

Has a sense of urgency been established?

Companies considering moving to the Cloud must ask whether lowering IT cost is viewed as crucial and whether there are strategic business pressures or opportunities, or other stimuli such as a drop in customer satisfaction ratings. Being able to trace the case for Cloud adoption is necessary to create the right context for change. If there isn't an obvious case, re-evaluate or delay the project.

Do you have a guiding coalition?


A group of influencers from the business and IT who feel the urgency of moving to the Cloud, and will work together as a team, will provide effective steering.

Has a clear and compelling vision for the change been established?

The ability to describe how life for the business will be better as a result of adopting a Cloud strategy will help convince staff of the wisdom of the policy. A telco offering small businesses Microsoft Cloud productivity services bundled with its communications offerings could have a vision "to bring our customers enterprise-grade services at a price that works for them" in order to combat declining revenues from telephony services, for example. Most importantly, the vision is a business vision. An expectation that "the business should not notice the change to Cloud" misses the point completely. The business should absolutely notice the change —or else don't do it.

Has the vision been adequately communicated and has buy-in really been gained?

All stakeholders involved must have a deep appreciation of the vision and know why they are making the switch. People involved in major change programmes will often slide in and out and the vision and purpose can quickly be lost amid programme politics and technical and operational issues. The vision needs to be communicated even after the effort has started in order to remind people of the reasons and



to help them overcome obstacles. The guiding coalition needs to lead by example and drive sometimes unpopular decisions that help progress towards the vision with the Cloud.

Have people been empowered for broad action?

Things need to change when you rip out a part of your business and put it in the Cloud so there must be plans to remove systems, structures and other obstacles to change that undermine the vision. The move to the Cloud means the IT department taking a governance and business engagement role rather than merely operating a service. It will necessitate the depreciation of existing systems and processes and creation of new ones. People must be empowered to flex their existing roles and make changes to enable new systems to work well. Sometimes you will need to actively encourage risk-taking and non-traditional ideas and activity.

Have you got early wins?

Unlike traditional IT programmes which can take months or years to deploy, the core Cloud service is already available to deploy. Therefore, it's possible to show a few usage scenarios that can demonstrate your vision to everyone. Give yourself 30 days maximum to get something up and running, and three months at most to embed a service into a team or department. Most importantly, recognise and reward employees involved in the improvements based on the value they have delivered. It's important not to wait for a panacea. It is the nature of Cloud services to evolve all the time.


Is it hard?

Don't give up. Change systems, structures and policies that don't fit the new vision. Invest time in re-establishing the role of IT in the business. Hire, promote, and develop employees who can implement the vision and who thrive in the new environment.

Can you make the change stick?

Reinforce and articulate the connections between the new capability, the new behaviour and measure and communicate success. Look at business performance systems, scorecards and other metrics and adjust them to reinforce the new role for the teams and individuals.

Clearly there are situations where the adoption of a Cloud service is predominantly a technical activity, particularly in early experimentation. However, adopting the Cloud is a journey for organisations. It's a journey that needs phenomenal energy, excitement and a capacity for reinvention, and one that can involve some pain in large, complex organisations. However, a change management framework combined with an approach for business value realisation from technology investment helps organisations to succeed in the Cloud and accelerate time to benefit.



About the author

Amos Miller is a consultant, guiding executives on investments for value creation with technology. Amos holds an MBA from London Business School and has extensive leadership experience as well as a hands-on technical background in software development in startup, consulting and corporate environments. His experience includes helping healthcare providers to use cloud services to leverage digital media and social networks to improve care for the elderly with reduced hospital admissions and associated costs.

Next Steps

The journey to the Cloud is more than a technological story or short-term tactical discussion. More and more, it involves both IT and business stakeholders in decisions that affect the provision of capabilities to meet current and business needs in a flexible, transparent service that contributes to achieving business goals. Achieving buy-in and overcoming internal resistance will be crucial.

To help you establish strategic alignment and business case options for your journey to the Cloud, the Microsoft Enterprise Strategy practice can provide an engagement based on Microsoft's experience of working with customers and providing online services.

Such an engagement can review and deliver strategic realisation and high-level architectural plans as may be required and a financial business case designed to accelerate and support effective decision making and alignment of stakeholder requirements.

The engagement can be structured to meet your needs and is aimed at reducing both risk and timelines for your journey to the Cloud and delivery of change and value, by also linking to other aligned services such as architectural and migration proven practice and guidance to maintain your journey to the Cloud.

For further information, visit

www.microsoft.com/services/strategy

References:

- (1) www.kotterinternational.com/KotterPrinciples/ChangeSteps.aspx