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The cloud

Unlocking new enterprise business paradigms

Abstract:
Enterprise organizations are reshaping themselves in the wake of the changing economic climate with the cloud emerging as a key enabler. The cloud helps transform business and drive revenue by integrating best-in-class enterprise technology approaches and newer business models. The author of this paper provides a prescriptive approach on how an organization needs to consider the cloud journey from a holistic perspective and evolve a value-based approach for creating a robust enterprise cloud fabric.

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We welcome your feedback on this paper. Please send your comments to the Microsoft Services Enterprise Architecture IP team at *ipfeedback@microsoft.com*.

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1 Executive Summary

The cloud is no longer an "if" and "should" topic but more a "when" and "how" topic of conversation. Most enterprises have started shifting workloads to the cloud or are in the process of doing so. As enterprises look to take advantage of the inherent value of cloud computing, it is imperative to look beyond the traditional scale, security, and public versus private approaches. Although these approaches are important aspects of understanding the "how" part of the cloud, the paradigm has to shift to business value, newer business models, and opportunistic revenue streams that are created and enabled by the cloud. It is critical for enterprises to bring the business dimension to cloud strategy and integrate business units as key stakeholders in the conversation.

Imagine a large retailer commoditizing their mature transportation heuristics and optimization in the cloud, or a distribution company integrating a supplier and partner ecosystem in the cloud to create a marketplace to barter and trade, or an oil and gas company enabling new upstream exploration operations more quickly than previously possible.

Ford Motors is integrating cloud technologies with the transportation experience as part of its connected transportation vision that was showcased in the recently concluded Mobile World Congress, which is discussed in this video clip: Ford goes hi-tech with new vehicles.[1] Pitney-Bowes uses a cloud-enabled business service to better meet the needs of small businesses by providing pbSmartPostage,[2] a cloud-based service for printing stamps and shipping labels. Boeing takes to the cloud with an innovative marketing solution that drives the user experience across multiple form factors in this web presentation: Boeing's New Airplane - Explained.[3] General Mills uses the cloud to create a new business channel for offering gluten-free products and information directly to the consumer on its new Gluten Freely[4] website.

These new capabilities are some of the newfound realities of what the cloud offers with its scale, elasticity, and agility to enable business opportunities.

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[1] www.cnn.com/video/?/video/tech/2012/02/27/boulden-ford-car-tech.cnn#/video/tech/2012/02/27/boulden-ford-car-tech.cnn

[2] www.pb.com/online-postage-stamps/

[3] www.newairplane.com/737ng/explained/#/Explore

[4] www.glutenfreely.com/

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2   CIO/IT organization

With the advent of the cloud, CIOs are now expected to play the part of a strategic executive who works toward bringing about business transformation through innovation. The CIO is also expected to aptly guide the leadership on the development and execution of a cloud strategy. In-house IT teams now need to focus more on using the cloud to quickly meet the business needs of their organizations instead of the configuration and implementation of applications on in-house hardware. The cloud provides a window of opportunity to CIOs, a unique and sustainable way to enable business value, innovate, and differentiate their organizations in the marketplace.

3   Addressing the opportunity

As you embark on the journey to realize greater business value through the cloud, it is critical to understand the drivers and challenges for such a market behavior and adopt a well thought-out approach. These drivers and challenges are shown in the following figure.

Drivers	**Business Opportunity**	**Challenges**
• Low barriers to entry • Assimilation, standardization, and management of cloud • Pent-up demand because of previously unrealized levels of business + IT integration in funding, planning, management, and operations		• Identifying opportunities • Assessing ROI / benefits • Acquiring solutions • Managing resources (including partners)

Figure 1. Cloud drivers and challenges

Microsoft has significant experience in helping clients build business roadmaps for cloud adoption. This experience, when coupled with industry insights and research, distills the Microsoft approach into seven major principles to realize greater synergy and deliver optimal business value. These principles are identified in the following table.

Table 1. Seven principles to realize greater synergy and deliver optimal business value

1	**Create a unified charter and establish a common framework** Recognize that the cloud extends beyond just a technology paradigm. Cloud strategy and planning spans multiple business functions, technology solutions, and the enterprise ecosystem. It is critical and prudent to create a unified charter with business units and drive initiatives.

2	**Segment business functions and technology assets**
	Along with business stakeholders, complete a review of the business and technology portfolio. Focus should be on segmenting your business functions and associated technology assets into:
	• **Core IP**. Critical for the enterprise and therefore may not be an ideal candidate to commoditize as a service to external world.
	• **Peripheral best practices**. Best practices that differentiate your organization in the marketplace and provide a competitive edge. These practices are ideal differentiators that are best adopted as business solutions to be monetized through the cloud fabric.
	• **Standard business processes**. These processes are common practices of the business function and therefore need to be bundled with solutions to monetize best practice solutions.
3	**Align cloud approach and workloads to business**
	Size the cloud needs in terms of compute, storage, and network relative to the business functions/use cases. Segment business functions that can be monetized in terms of public, private, and hybrid cloud units. Such a segmentation approach needs to be tailored for each enterprise based on their core beliefs, commercialization aspirations, and the monetization process. A typical approach might be:
	• **Public cloud**. Standard workloads such as collaboration and productivity apps would be ideal for adoption in a public cloud scenario.
	• **Private cloud**. Differentiating business solutions or heuristics which are intellectual property could be adopted in a private cloud scenario.
	Timely review and continuous improvement of scenarios and approaches are critical and should be aligned to business and technology change cycles. Another important consideration is the integration of the public, private and hybrid cloud ecosystem for greater elasticity.
4	**Rethink customization**
	Customization should be approached differently with the cloud. Point solutions defer integration costs and scale concerns. Back away from "best-of-everything" approaches; take advantage of cloud-simple functionality wherever possible. The intent should be to find appropriate solutions and to work with providers to provision features that can be switched on and off.
5	**New dimensions of risk**
	As enterprises look to the cloud for services that have been traditionally managed internally, they must also deal with new dimensions of risk from new providers, ways of doing business, compliance, payment, and more. The balance between risk and reward tips in favor of reward in well-managed projects that exploit cloud opportunities. Strike a balance between opportunity and risk. Integrate mitigation approaches including partnering on service level agreements (SLAs), underwriting risk, and creating models to integrate business level agreements (BLAs) with maturity.

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6	**Optimization of non-organic assets**
	The cloud offers you the luxury of being able to quickly provision resources to meet demands of the marketplace, such as realizing new revenue channels enabled by a mergers and acquisition integration, alliance, or partnership. Similarly, non-core assets can be de-provisioned quickly with the elasticity of the cloud. Rationalization of such core and non-core assets and the ability to integrate in a service-oriented model is critical to realize such opportunistic synergies.
7	**Roadmap to realize**
	Finally, create a roadmap to realize opportunities. Identify and intersperse quick wins for better rainmaking. An incremental approach is a natural phenomenon. Plan the roadmap and integrate for scale. Modularize and take advantage of the ecosystem of suppliers and partners.

4   Other considerations

As you continue the journey to the cloud, there are other paradigms or technology evolutions that come into consideration. Some of these paradigms include:

- Mobility and use of game design techniques are real, because of mass appeal and proliferation. Look to integrate complementary approaches as part of the journey.
- Social computing brings the people quotient of realizing newer business paradigms and complements the cloud well. Acknowledging enterprise social networking approaches as relevant and integrating them will augment the value realization immensely.
- Making meaningful sense of data for business value is critical in this age of information explosion and proliferation because of machine-to-machine (M2M), people-to-machine (P2M) and people-to-people (P2P) paradigms. Interfaces to predictive modeling and business intelligence solutions will provide the necessary insights for driving business decisions better.
- Services and service-oriented architecture (SOA) approaches will help integrate distributed enterprises effectively. As you work to segment workloads, optimization of integration approaches will be a key.
- "Pay-by-the-drink" models enable better penetration and usage without setting aside big budgets for consumers/clients.
- Establish trustworthy security and privacy models and practices. They are critical for every organization and heightened with cloud adoption.

5   How Microsoft helps

Connected is the way forward, and Microsoft is pioneering the wave of change. Microsoft is the only provider that offers cloud solutions across the entire cloud fabric. Microsoft cloud solutions can be adopted in any flavor (public or private) according to the needs of your enterprise. Hybrid models are seamless with integration technologies available through Microsoft solutions.

The Microsoft Enterprise Strategy program provides the right consultative approach to enable your journey to the cloud. We help you seize business opportunities and approaches that can't be realized with traditional technical approaches.

- Microsoft delivers the cloud on your terms with flexibility to build the right solution through a consultative approach
- Enterprise-proven solutions with financially backed SLAs
- Rich enterprise experience with complementing solution sets that include enterprise content management (ECM), business intelligence (BI), enterprise social networking, unified communications, and productivity platforms
- Unparalleled productivity experience across multiple form factors, including PC, smartphone, and browser
- Trustworthy security and privacy

6   Conclusion

The emergence of the cloud along with evolution in complementary technologies increases the opportunity to create disruptive business models that will transform the ways that enterprises do business. Global pressures continue to demand more flexibility, greater agility, and better quality across the entire enterprise value chain.

The cloud provides the right platform to enable and realize such opportunities. It is imperative to look at the cloud journey holistically and evolve a value-based approach for creating a robust enterprise fabric. Creating a unified charter, aligning workloads to business functions, and adopting an incremental approach as part of the roadmap will optimally drive value realization.

For more information about Consulting and Support solutions from Microsoft, contact your Microsoft Services representative or visit www.microsoft.com/services.

7   References

- Ford goes hi-tech with new vehicles, a video that discusses how Ford Motors is integrating cloud technologies with the transportation experience.

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- Pitney-Bowes pbSmartPostage, a cloud-based service for printing stamps and shipping labels.

    o   www.pb.com/online-postage-stamps

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    o   www.newairplane.com/737ng/explained/#/Explore

- Gluten Freely, a new business channel by General Mills that offers gluten-free products and information directly to the consumer.

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