



**INFORMATION SYSTEMS
AND INNOVATION GROUP**
Department of Management



Glimpsing The Future Through The Cloud: From Costs To Innovation

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Professor Leslie Willcocks
Department of Management,
London School of Economics
and Political Science



See www.outsourcingunit.org

The Promise of Cloud... And Outsourcing?



What's compelling is mapping developments in IT with the desires of business



It's not “what is cloud” but “why cloud”

What business wants

Cost/Rationalisation

Agility

Innovation

Simplicity

What the Cloud offers that's new

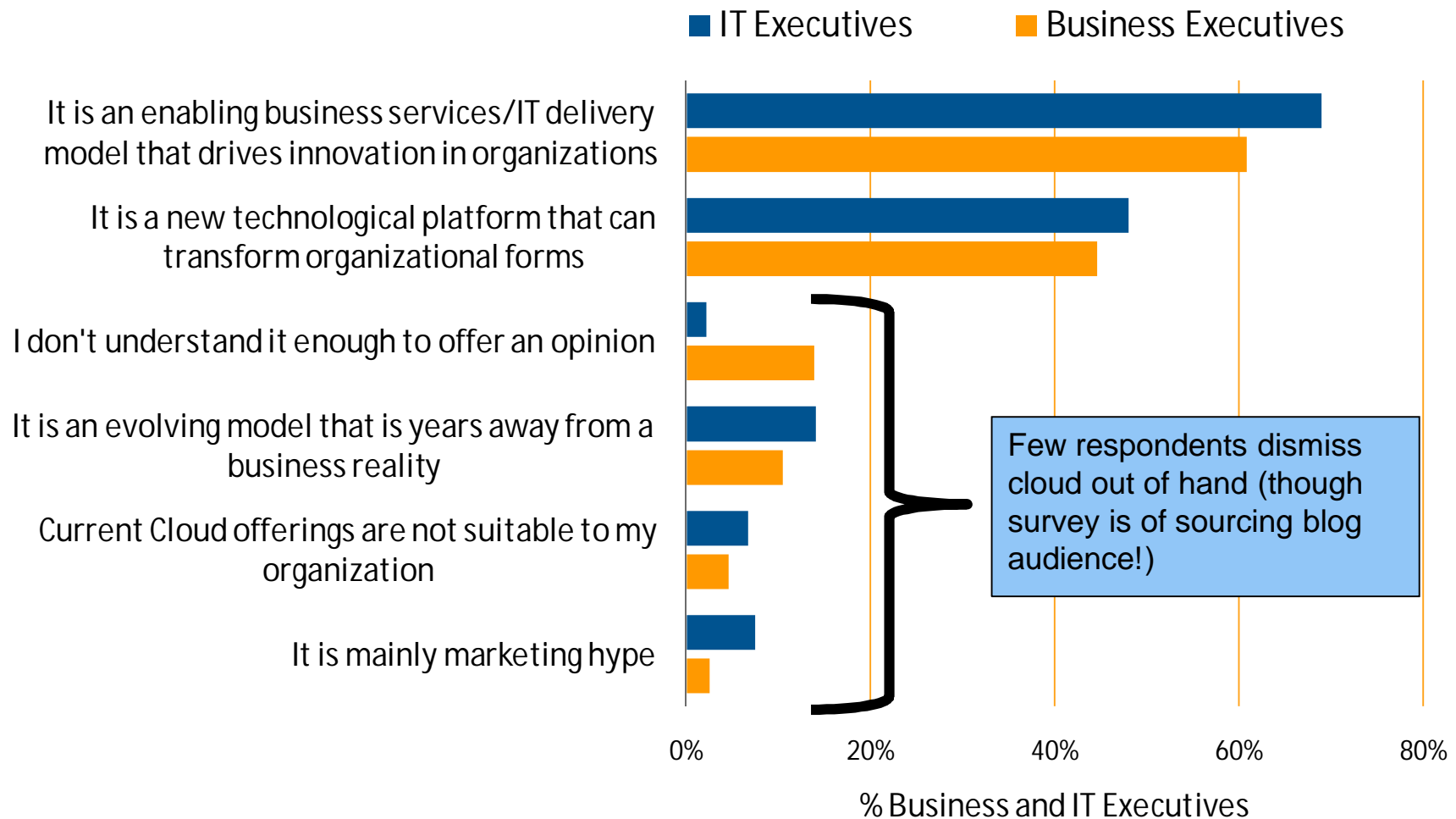
Elasticity

Consumerisation

**The focus needs to be on
Cloud Business Services**

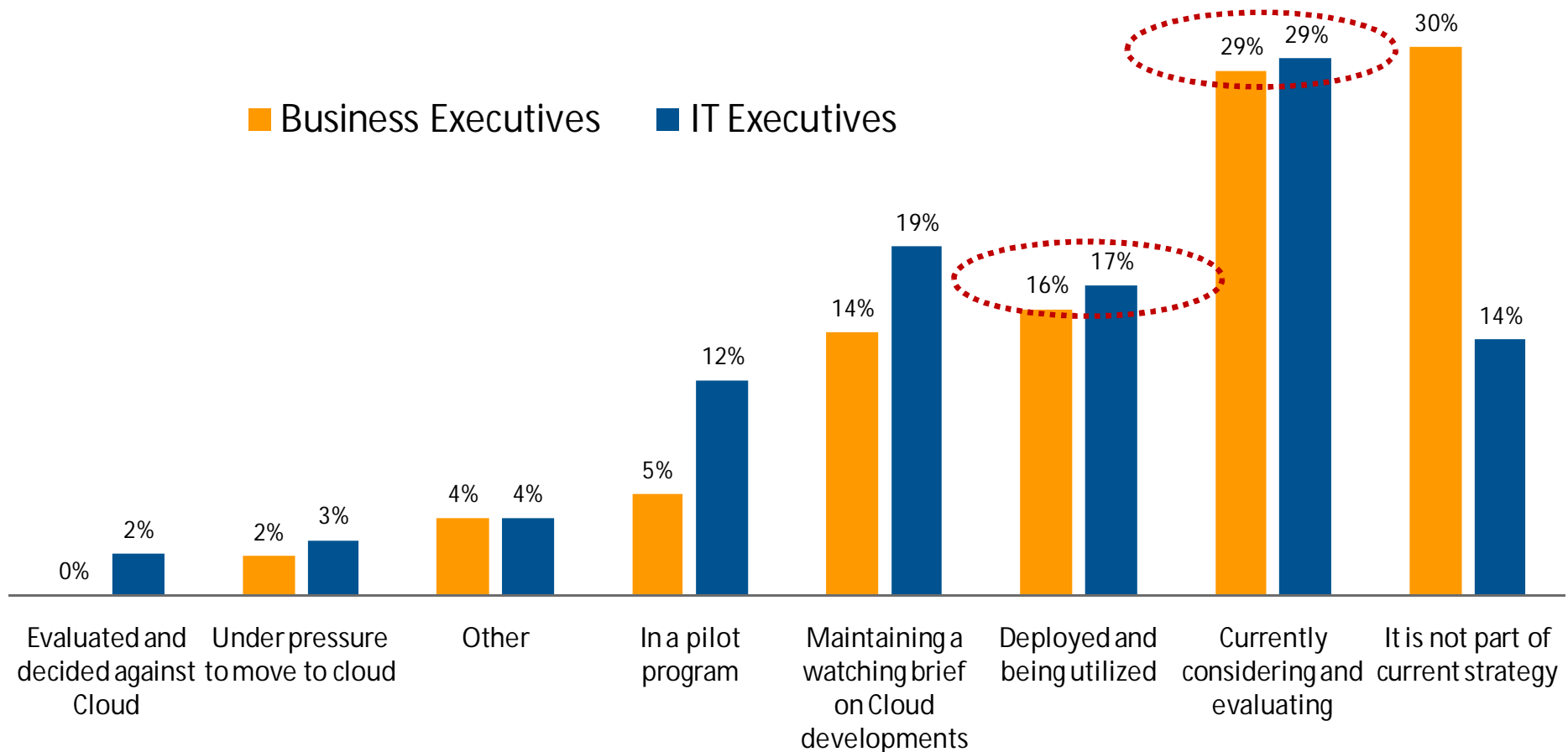
Most Business and IT executives see Cloud Business Services as useful and transformational

What is your general opinion about Cloud Business Services?



Most are in the evaluation stage or earlier. Few have deployed.

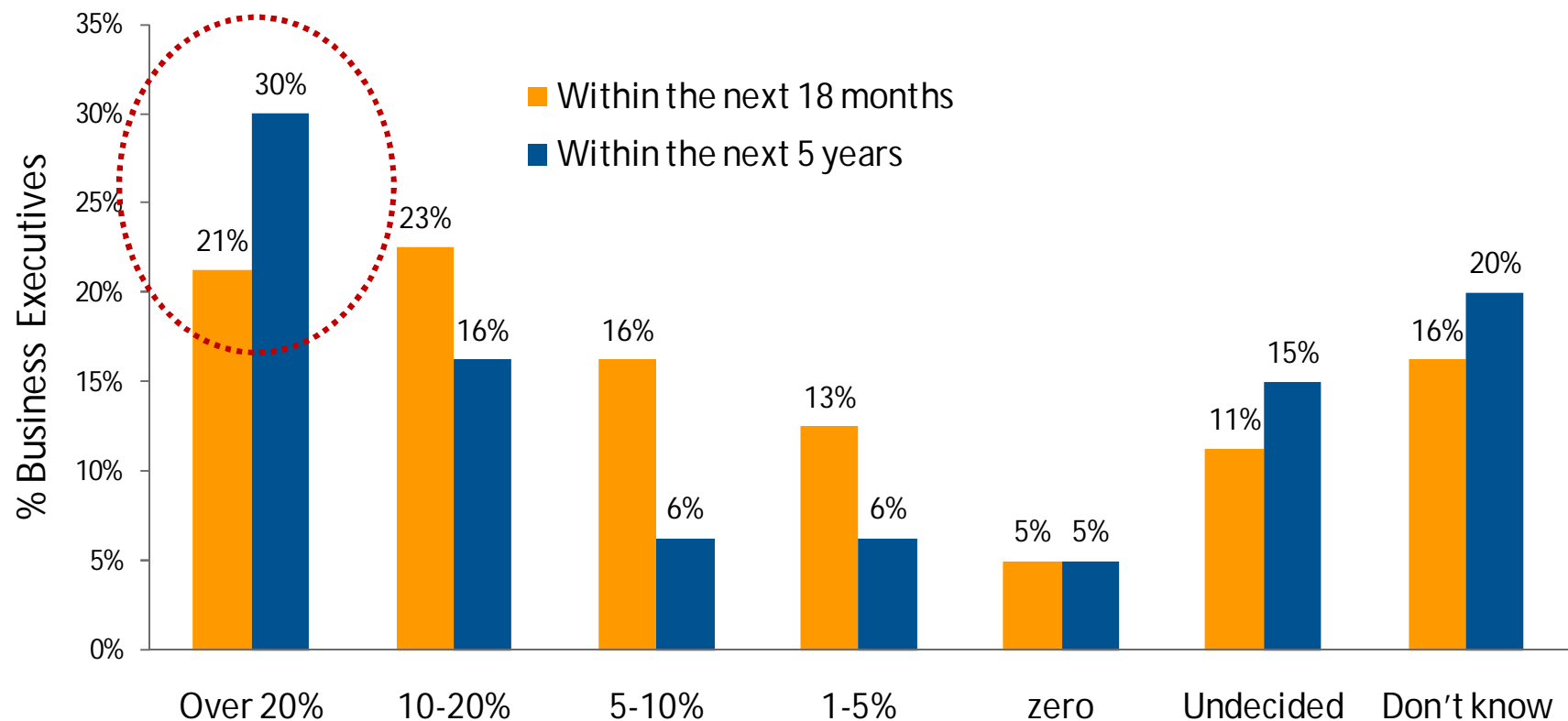
What is the current status of Cloud deliberations/evaluations across key business processes within your organization?



Many business executives with *significant influence* over Cloud investments are expecting to allocate 11-30% of their IT budgets to Cloud services in the next 18 months

What percentage (as a rough estimate) of your present departmental IT budget do you expect to see allocated to the cloud?

n = 84 business executives with significant influence over Cloud investment



% Departmental IT Budget devoted to Cloud Business Services



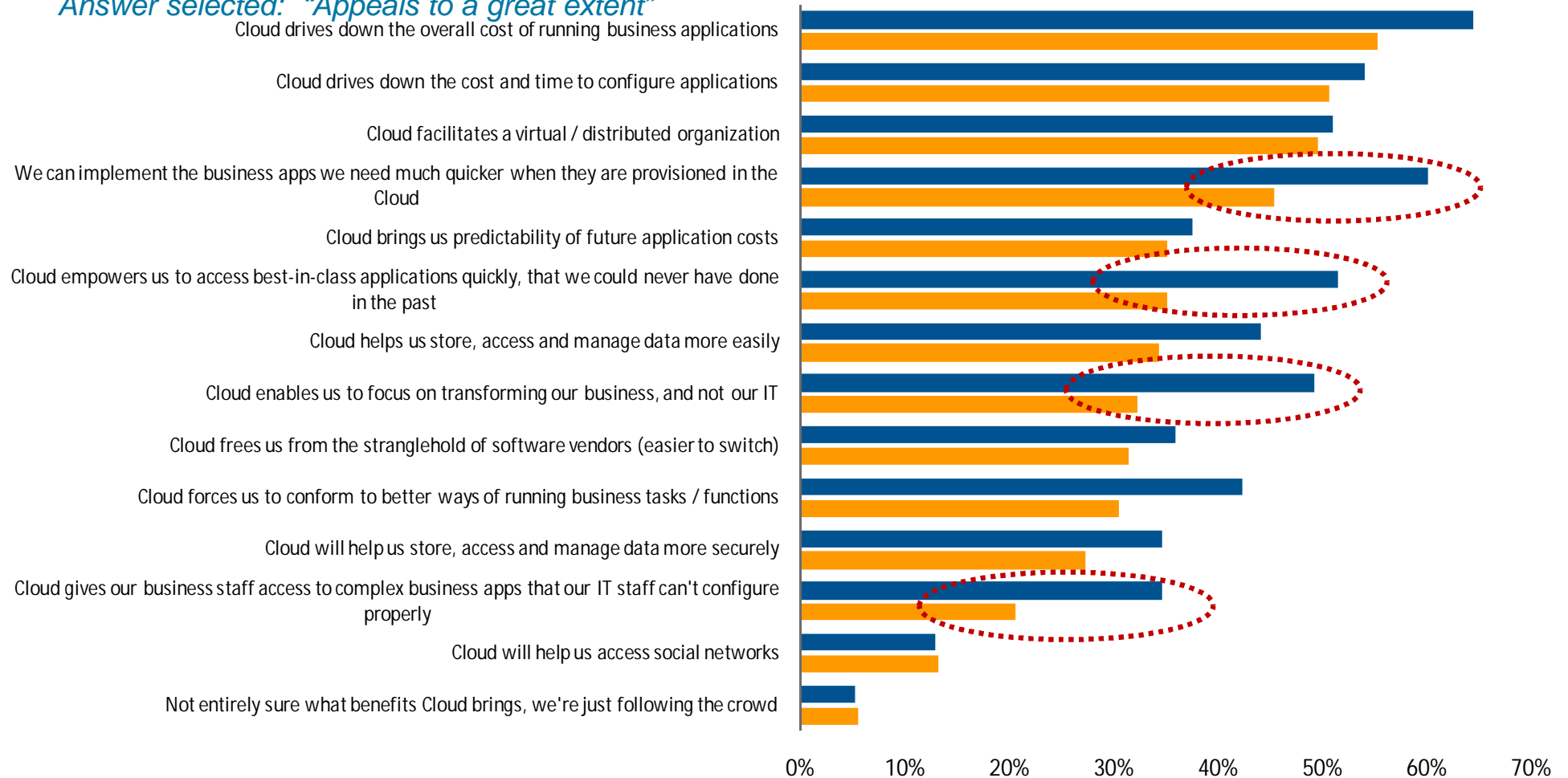
Source: Hfs Research and The Outsourcing Unit at the London School of Economics, November, 2010
Sample: 84 Enterprises

Business execs enthusiastic with the potential of Cloud's business impact, however the appeal to the IT community is also strong

To what extent do the following aspects of the "Cloud" value proposition appeal, as it pertains to your job?

■ Business Executives ■ IT Executives

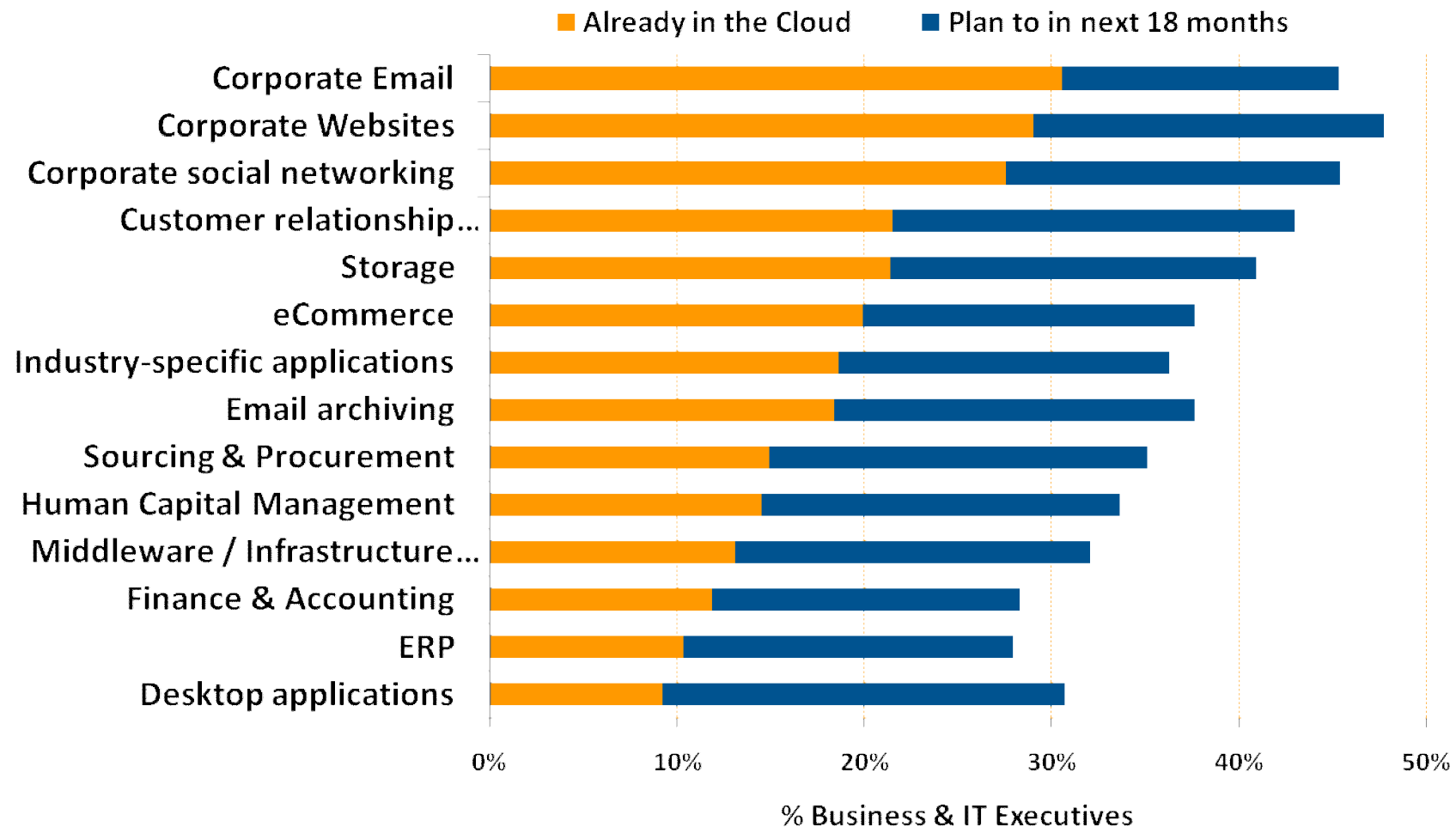
Answer selected: "Appeals to a great extent"



Source: HFS Research and The Outsourcing Unit at the London School of Economics, November 2010
 Sample: 628 Enterprises

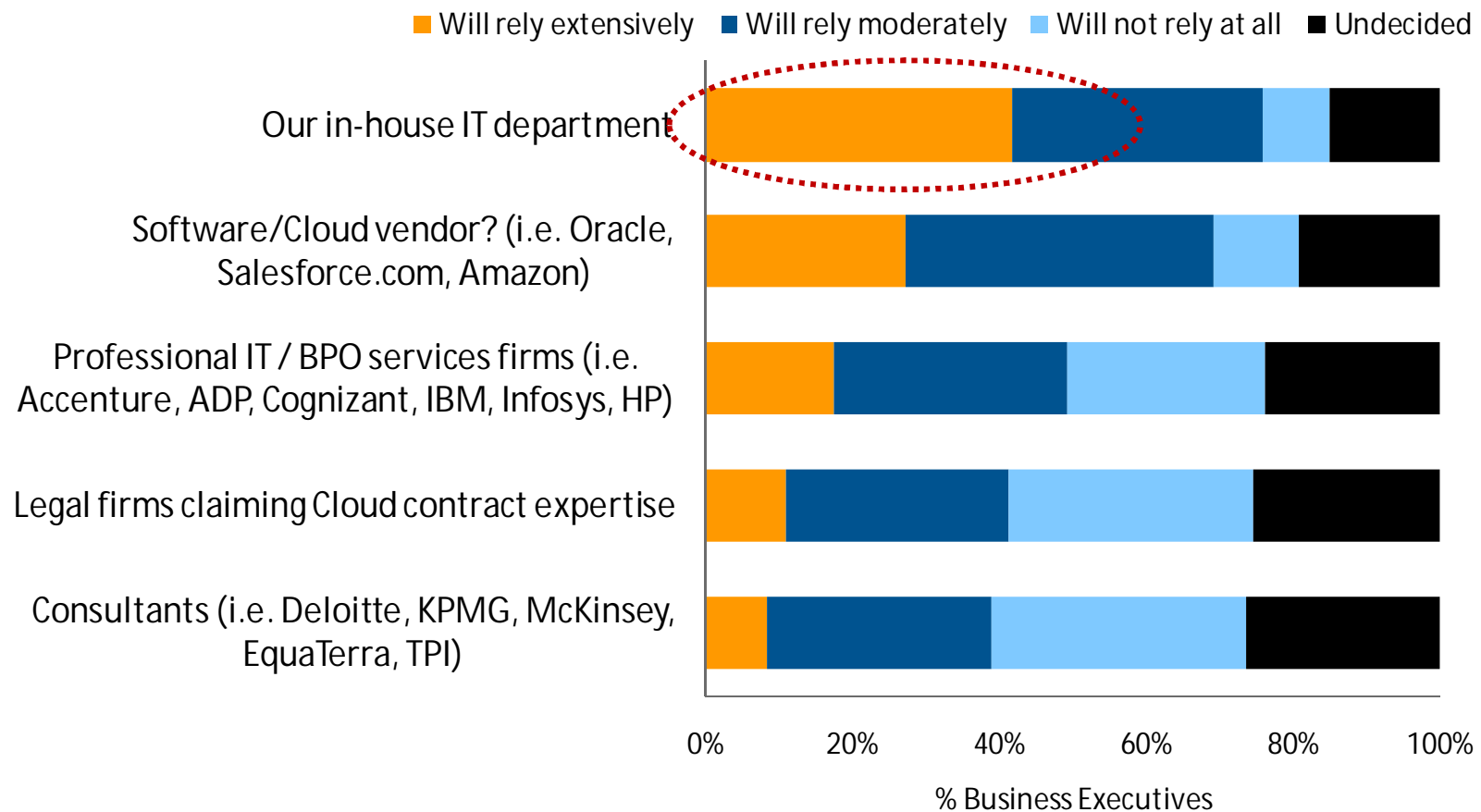
Mainstream corporate apps will double in 18 months...

Please rate your company's current plans to use a Cloud delivery model for the following business functions/application types



Expectations to deliver on Cloud on In-house IT staff are *high* from the business function

To what extent will your organization seek to rely on the capabilities of the following firms to help implement your move to the Cloud?



Source: HFS Research and The Outsourcing Unit at the London School of Economics, November, 2010
Sample: 414 Enterprises

IT execs find current finance, industry-specific ERP apps least suitable for Cloud-enablement

Please rate the suitability of the Cloud for the migration of the following functions/application types



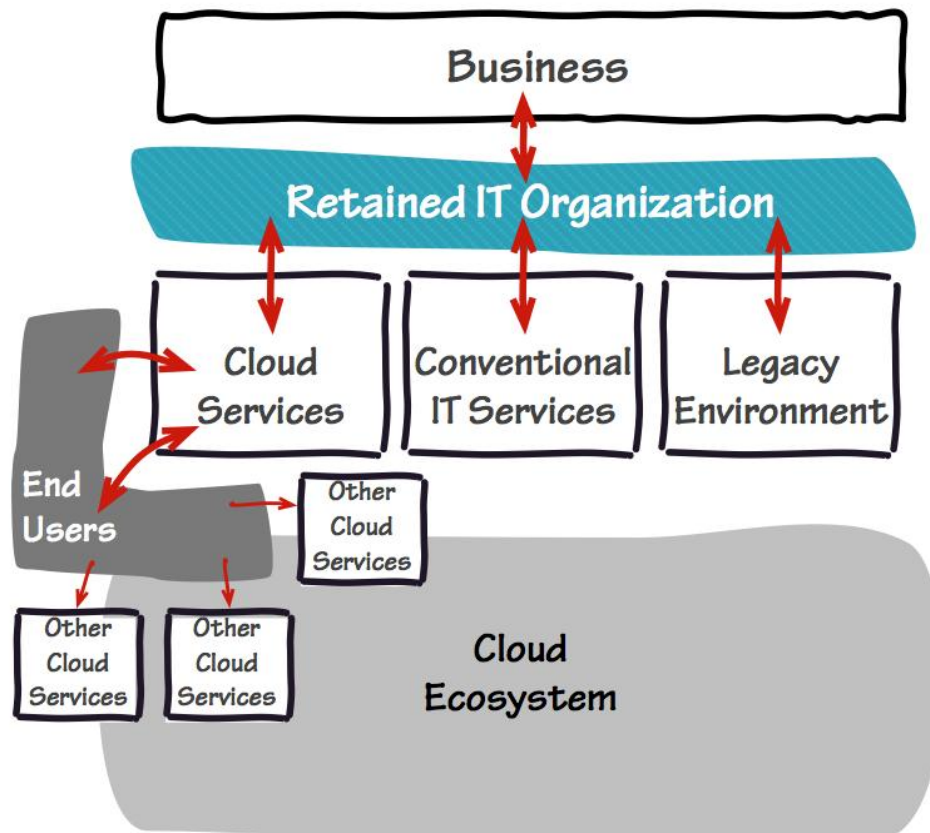
Suitability for Cloud enablement (7 = Very Suitable, 1 = Not Suitable at all)

Source: HfS Research and The Outsourcing Unit at the London School of Economics, November, 2010
 Sample: 639 Buy-side Enterprises & Sell-side orgs

Key Concerns and Challenges

- Business and IT executives need reassurance over Cloud's potential negative impact on data privacy/security and being housed offshore. IT executives also voice concerns over provider lock-in, loss of competitive advantage and developing an exit strategy, as well as legal issues – compliance, regulation,, SLAs- supplier failure/performance, customised contracts.
- IT EXECES MUCH MORE WORRIED ON ALL ISSUES THAN BUSINESS EXECUTIVES
- Expectations to deliver on Cloud on In-house IT staff are *high* from the business function – can IT deliver?
- IT executives in interviews are concerned also about issues of integration.....

.....Critical Path For Cloud - Innovations will take years to work through not least because the integration challenge is large.....



- If governance was a challenge in the past Cloud introduces new and more rapid risk
- Potential to let technology overwhelm IT strategy – losing sight or alignment to the business
- Service integration becomes more critical to achieving the true benefit of cloud
- Governance and interoperability in the cloud ecosystem become key
- **Integration can be the major obstacle in gaining the most benefit from cloud**

'Cloud and The Future Of Business: From Costs to Innovation'

Authors:

Leslie Willcocks, Will Venters and Edgar Whitley

London School of Economics and Political Science

Paper 1 – Promise April 2011

Paper 2 – Challenges May 2011

Paper 3 – Impacts June 2011

Paper 4 – Innovation July 2011

Paper 5 – Management September 2011



Available from www.outsourcingunit.org