



Adapting Your IT Sourcing Strategy to the Era of Cloud Computing



**Driving Value;
Leveraging the Cloud**

*Strategic Advisors
for the Global Economy*

28 March 2012
Los Angeles



Presentation Outline

About Avasant

- **Sourcing Strategy in the Era of Cloud Computing**
 - Key Attributes & Service Delivery Models in Cloud Computing
 - Adapting the Sourcing Strategy for Cloud
 - Concluding Remarks

Avasant Background



Based in Los Angeles, California, Avasant experts have performed over 1,000 engagements since 2001 across 40+ countries within three primary disciplines: Enterprise Optimization, Sourcing Advisory and Globalization Advisory services

- ◆ **Enterprise Optimization** – Avasant assists organizations with managing critical internal IT and Operations initiatives to drive efficiency and effectiveness of service delivery, capabilities acquisition and optimal cost savings
- ◆ **Sourcing Advisory** – Avasant assists public and private sector clients with navigating the complex transaction lifecycle of securing critical IT, Operations and Analytics managed services from global Tier 1 – 3 service providers by leveraging best practice contracts, service level frameworks and financial analysis
- ◆ **Globalization Advisory** – Avasant assists the governments and the supporting provider ecosystem of emerging markets with targeted economic development solutions designed to foster job growth, education, policy optimization, infrastructure development and global market awareness



Avasant Headquarters



Avasant Offices & Client Locations

Avasant Background (cont'd)



Within Avasant's primary disciplines: Enterprise Optimization, Sourcing Advisory and Globalization Advisory; are comprehensive solutions sets which have been hailed across the industry in recent years

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Avasant Ranks as the #1 Global Sourcing Advisor for BPO and as a TOP Ranked ITO Advisor . . .

2008	2009
1. Avasant	1. Avasant
2. Hackett Group	2. neoIT
3. Nelson Hall	3. TBI
4. Everest Group	4. Equaterra
5. Gartner	5. TPI
6. PricewaterhouseCoopers	6. NelsonHall
7. TPI	7. PA Consulting
8. PA Consulting	8. PricewaterhouseCoopers
9. KPMG	9. AT Kearney
10. McKinsey	10. Global Equations

2009 Black Book of Outsourcing
#1 THE TOP BPO ADVISOR

2008 Black Book of Outsourcing
#1 TOP BPO ADVISOR



Globalization Advisory Services



Enterprise Optimization Services



Sourcing Advisory Services

IAOP World's Best - Avasant has also been the recipient of several awards for excellence in Management Consulting and Sourcing Advisory. Avasant has been designated among the "World's Best Outsourcing Advisors" by the International Association of Outsourcing Professionals (IAOP) in 2009, 2010 and for 2011.

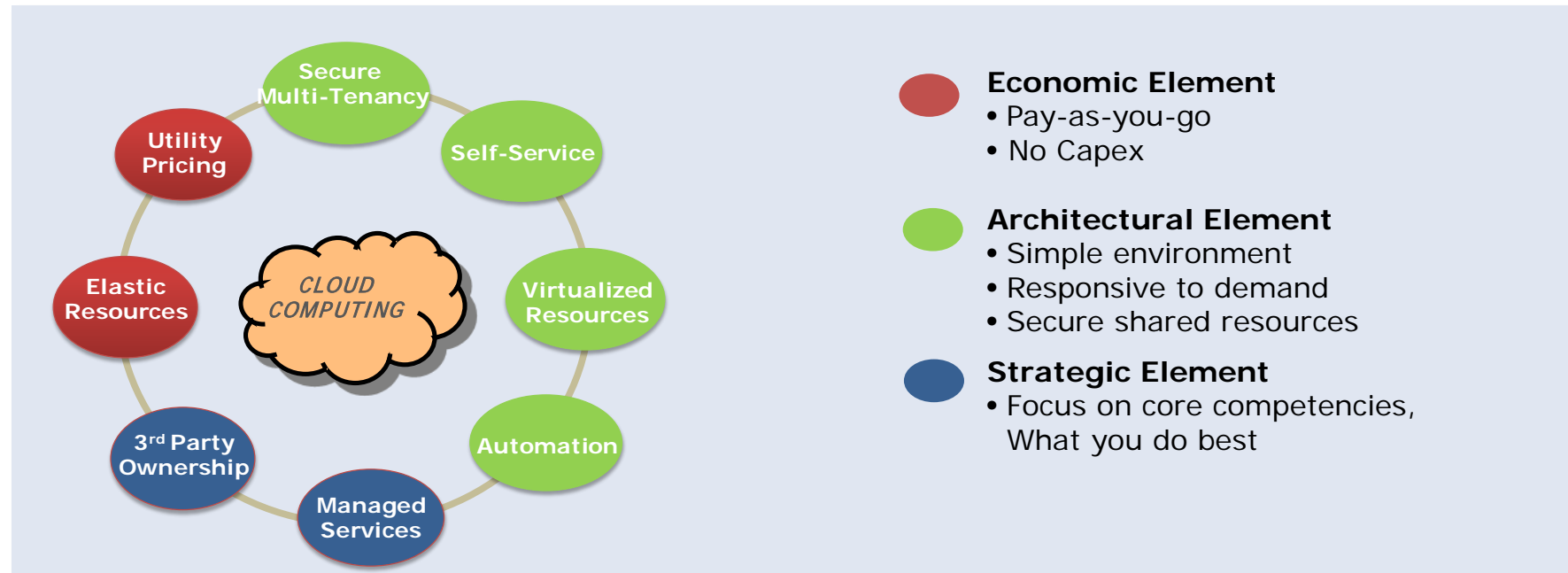


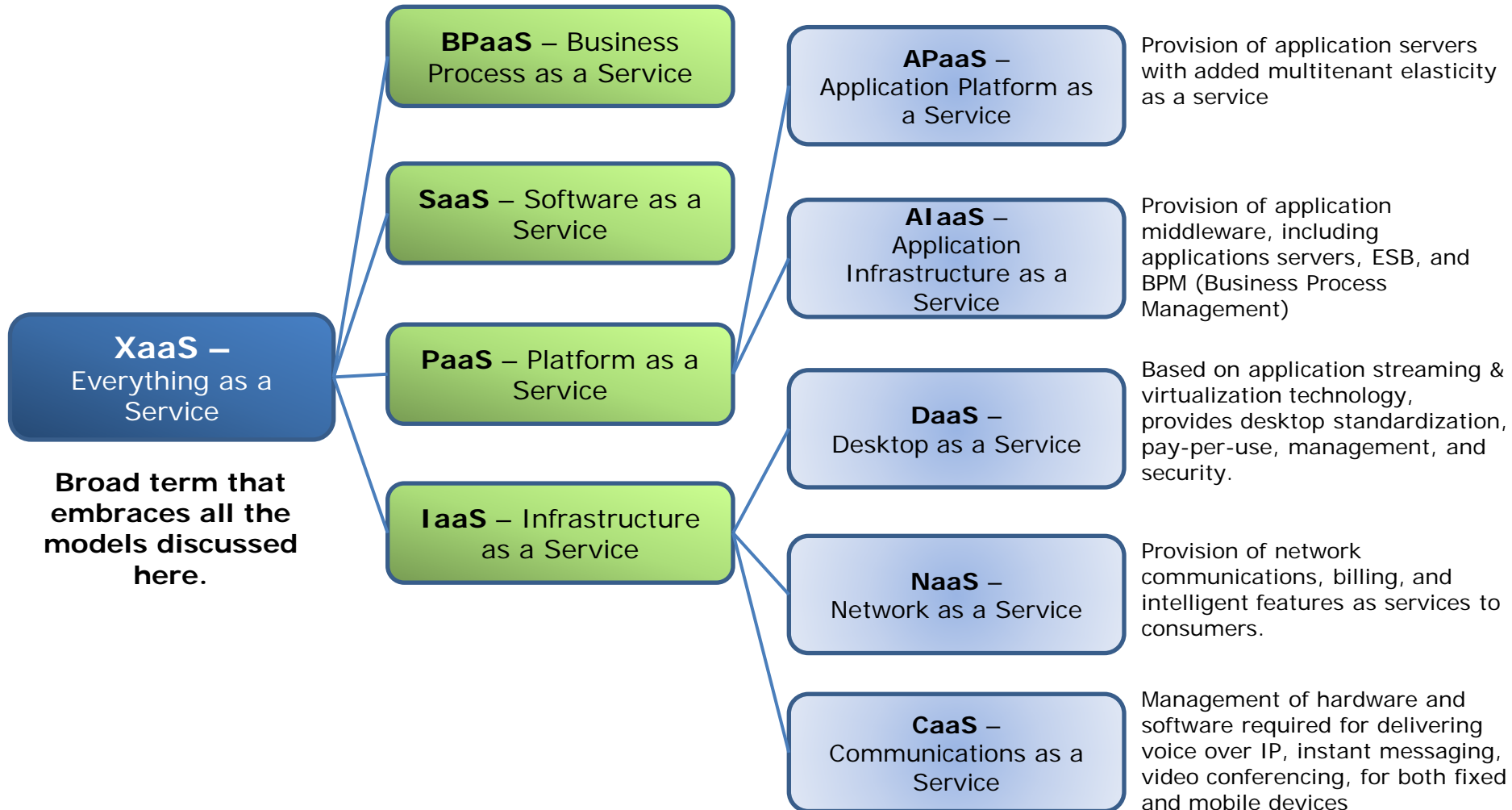
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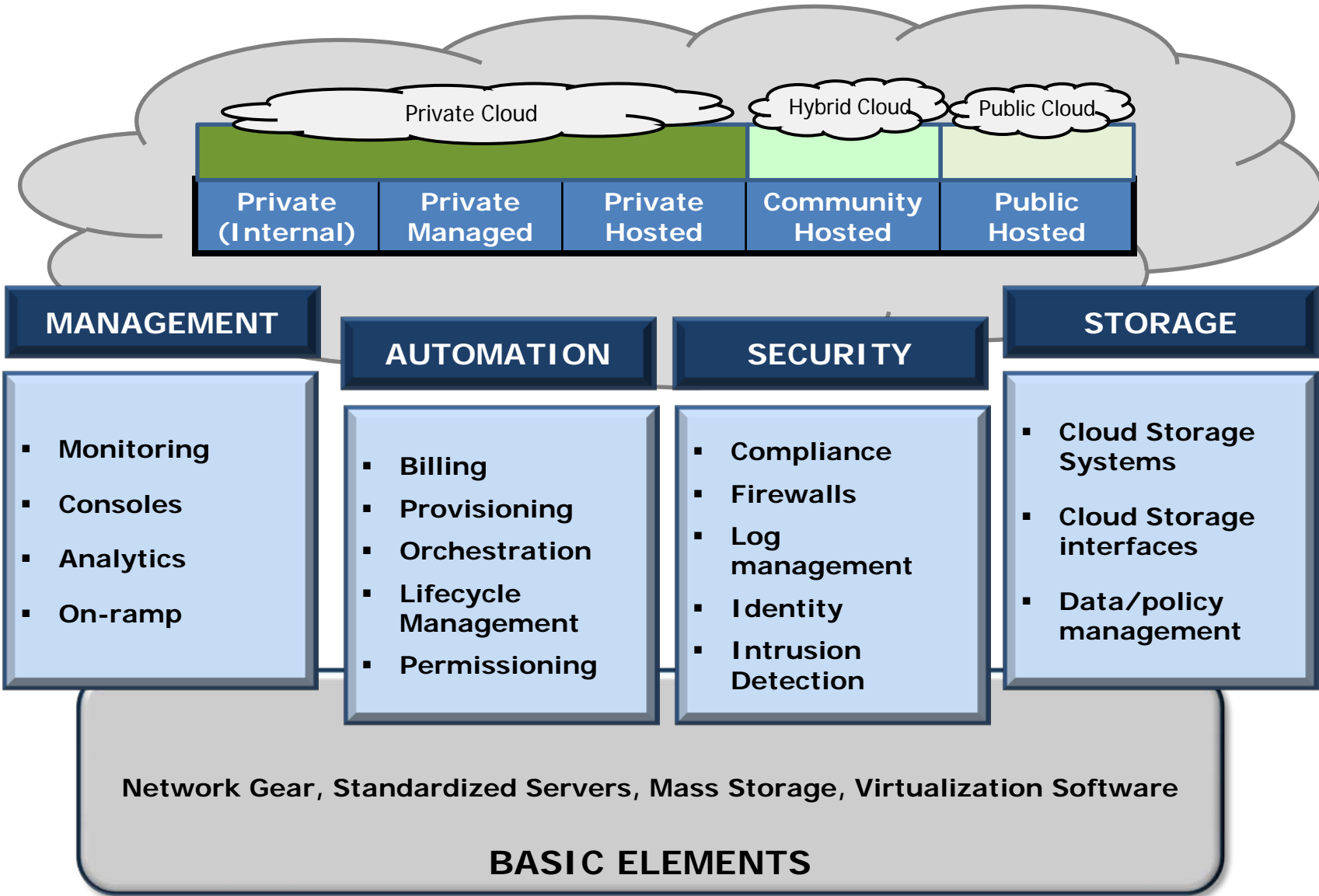
Key Attributes : Cloud computing is the provision of dynamically scalable and often virtualized resources that is delivered as a service

Service Based	Consumer concerns are abstracted from provider concerns through service interfaces.
Scalable and Elastic	Services scale automatically & dynamically to add or remove resources as needed.
Shared	Services share a pool of resources to build economies of scale.
Metered By Use	Services are tracked with usage metrics to enable multiple payment models.
Internet Technologies	Services are delivered through use of Internet identifiers, formats and protocols.





Four pillars of cloud computing



The Vendor Landscape

The Marketplace



Migrating the vendor maze....a multitude of vendors provide a wide variety of cloud services...understanding the mix can be a challenge as it continues to change



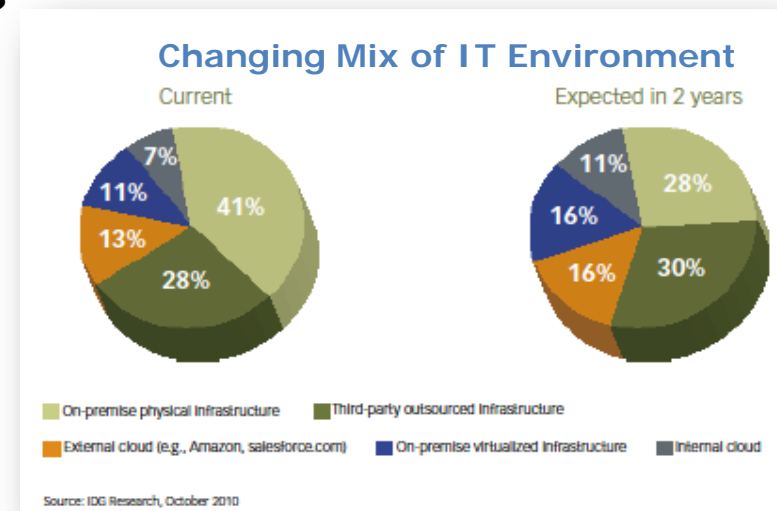
Who should implement cloud services?

● Why should IT provide managed cloud services?

- IT organizations need to be proactive regarding enterprise services and standards
- The enterprise requires a defined service offering with performance and service level guarantees
- Manage vendors and avoid vendor lock-in
- Enterprise clients require IT support to ensure technical and service problems are isolated and resolved
- Standardized services will improve efficiencies and lower costs
- Lowers risk and ensures security and compliance are not violated

● Why does the organization need cloud services?

- Business department driven demand
- Operational cost reduction
- Improved agility – Reduced time to market
- Reduction of Capex funds
- Allow people to focus on value applications
- Growth & competitive initiatives





Presentation Outline

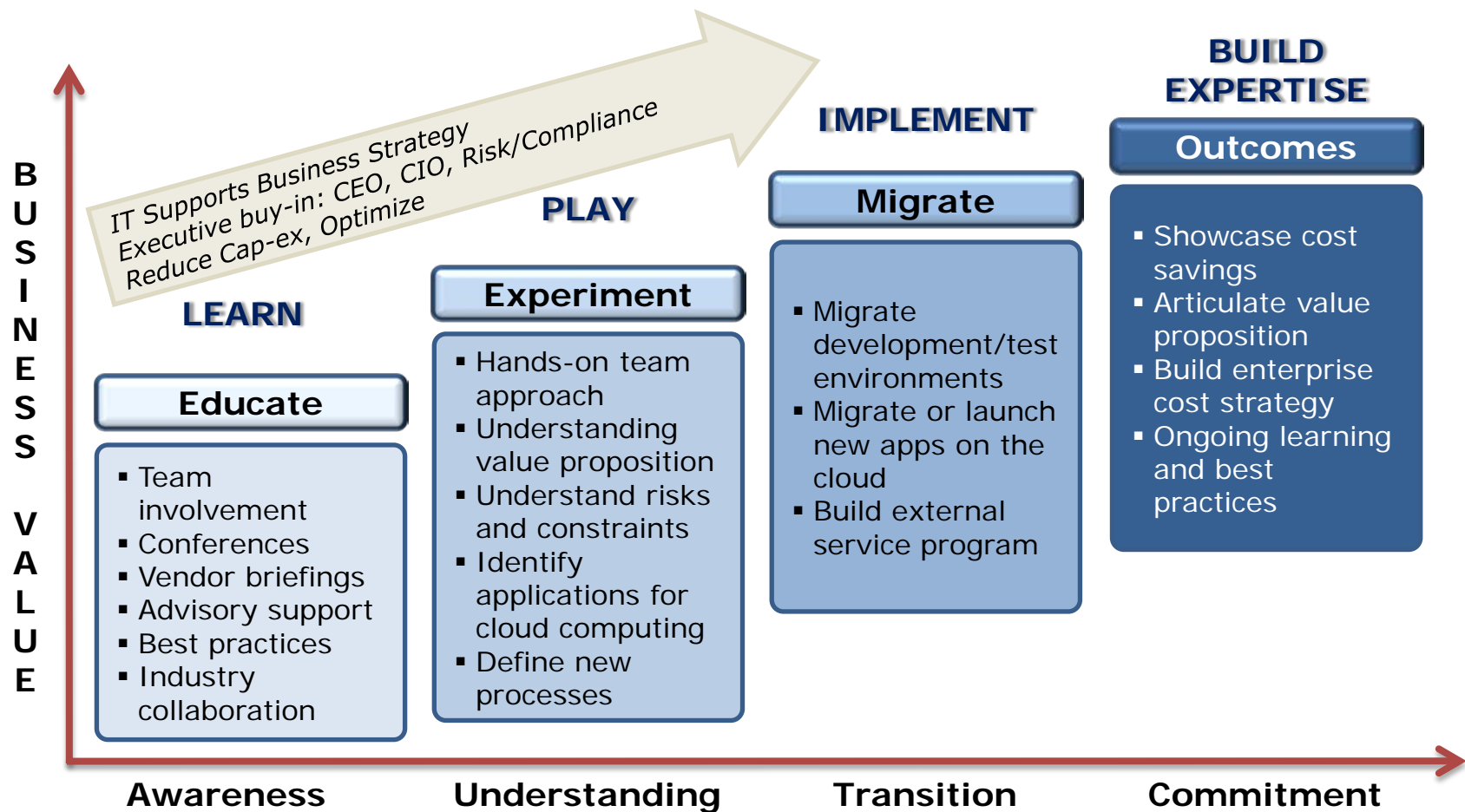
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Adapting the Sourcing Strategy

Decision to move to cloud requires meticulous planning for change management..



Adopting Cloud requires significant Change Management. The following diagram highlights typical approach followed for cloud services managed by the internal IT department

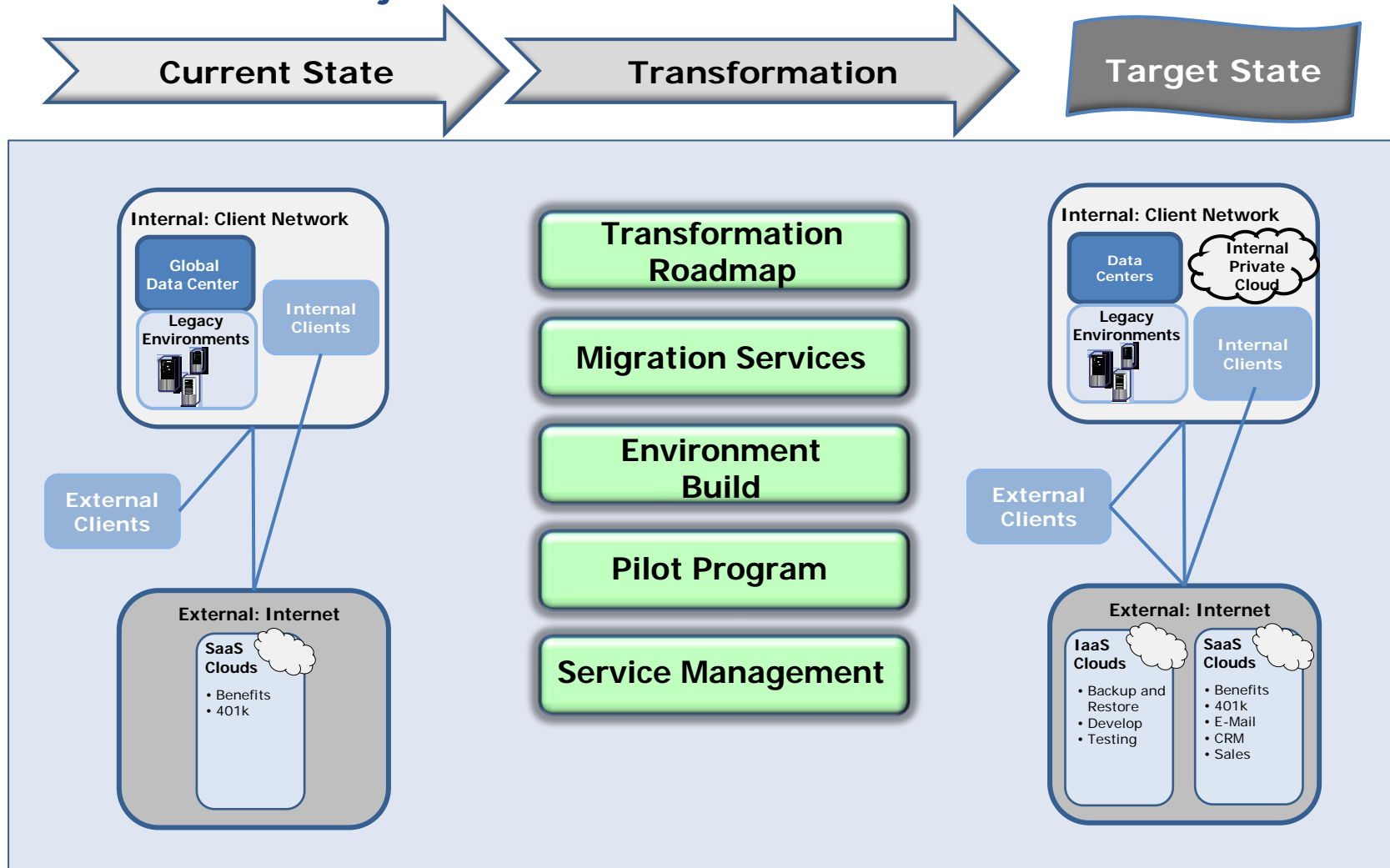


Adapting the Sourcing Strategy

It is important to understand the business objectives..

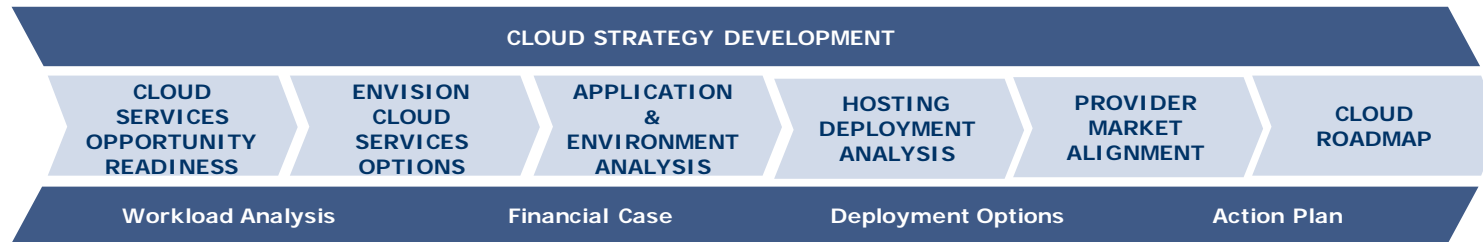


It is important to identify the right reason for adopting the Cloud (E.g. reduce cost, increase scalability, renew infrastructure etc.) and align the Cloud philosophy on the basis of business objectives



Adapting the Sourcing Strategy

A comprehensive “Cloud Strategy” needs to be developed...



● Key objectives of creating an enterprise Cloud Roadmap

- Define the cloud opportunity, establish direction, assess the application of cloud technology within the enterprise context, assess the deployment options, frame the service provider market, and plan the roadmap for cloud services.
- What is the value that cloud computing can drive to the enterprise
- Understand how cloud-based services fit within the context of existing technology plans and sourcing strategies.
- Evaluate internal skills and capabilities as well as provider service offerings and capabilities
- Assess the relative cost, architecture, and skills impacted by applying cloud technologies to core business applications.
- Frame the risk and an organization's readiness for the adoption of cloud technology.
- Understand the management framework needed for the enterprise to manage Cloud Services



Adapting the Sourcing Strategy

Success Factors needs to be evaluated..

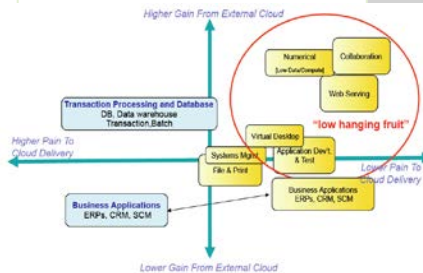
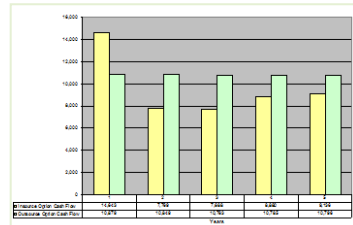
A detailed and thorough analysis across multiple factors needs to be conducted in selecting apps/services for the cloud

Cost / Benefit Analysis (TCO modeling)

Performance and Architectural Fit

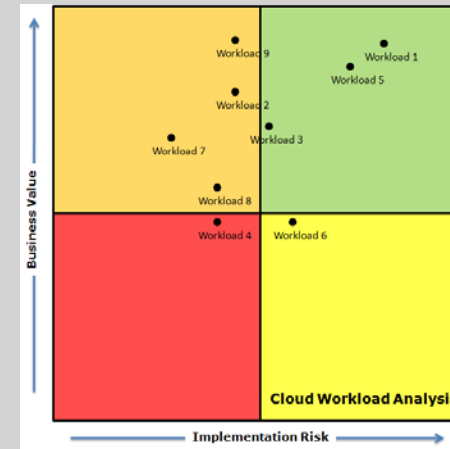
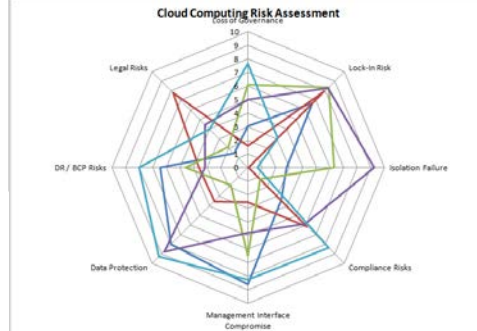
Control and Governance

Security and Risk Management



IT Services	Total Cost Individual Services	Indiv % of Total
Technology/Infrastructure Engineering & Operations		
Communications	\$	
Directory Services & Email (including LCO)	\$	
Phone/Phone System/Vocalmail	\$	
Conf Room Equip & Support	\$	
Web/Voice/Video Conf (Btc)	\$	
Telecommunications Services	\$	
Wireless - (MAN, LAN & Internet) Transport	\$	
Wireless Telecomm Services	\$	
Remote Access Enablement (Cbra)	\$	
Telecommunications Services	\$	
Infrastructure Risk Mgmt/DR/DOX	\$	
End User Computing	\$	
Desktop Computing HW, SW, Engineering	\$	
Personal Printers/Shared Printers/CoPIers	\$	
End User Computing	\$	
Service Desk & User Support	\$	
Service Desk Operations	\$	
Service Support (Btc Mps, ADA)	\$	
Site Support	\$	
Service Desk & User Support	\$	
Enterprise Collaboration Svcs	\$	
Cloud Services - (SaaS/IDaaS & Content Mgmt)	\$	

Workload Name	Workload Type	HW, SW, Facilities Maturity	Virtualization Maturity	Utilization Improvement Opportunities	IT Automation Maturity	Workload Standardization Opportunities	Data Constraints	Business and IT Process Improvement Opportunities	Business Priority
Workload 1	Description	High	Low	Medium	High	Medium	High	Medium	Low
Workload 2	Description	Medium	High	Low	Medium	High	Medium	High	Low
Workload 3	Description	Medium	Medium	High	Medium	Medium	Medium	Medium	High
Workload 4	Description	Low	High	High	Medium	Medium	Medium	Low	Medium
Workload 5	Description	High	Medium	High	Medium	Medium	High	Low	High
Workload 6	Description	High	High	Low	High	Low	Low	Medium	Low
Workload 7	Description	Low	Low	Low	Medium	Low	Low	High	High



Cloud Enabled Applications & Services

Concluding Remarks

Where does the Cloud take the Sourcing Industry



Cloud Computing is changing the outsourcing ecosystem and pronounced effects will be seen in the next 2-5 years. Some of the major impacts on the ITO and BPO industry are highlighted below:

Impact on ITO

- Enables IT Service Providers to deliver end to end services regardless of the various platforms, applications and technologies involved
- Traditional IT outsourcing services has always been tangible - servers, data centers, networks, applications etc. Cloud Services is changing all that with flexible, asset free IT services available on an as-needed basis
- Increasing variability and elasticity in ITO managed services pricing
- Organizations will further reduce development / acquisition of applications for non-core/non differentiable processes as these will all be accessible in the cloud

Impact on BPO

- BPaaS provides the complete end-to-end business process management platform for the management of unique business process
- Most commonly outsourced business process will move to a BPaaS platform. This will mainly include Payroll, HR, and AR/AP/GL.
- Client will pay for service on a subscription model that can be modified easily based upon volume and usage requirement
- Cloud Services will make business processes more standardized and process centric



Thank You

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