

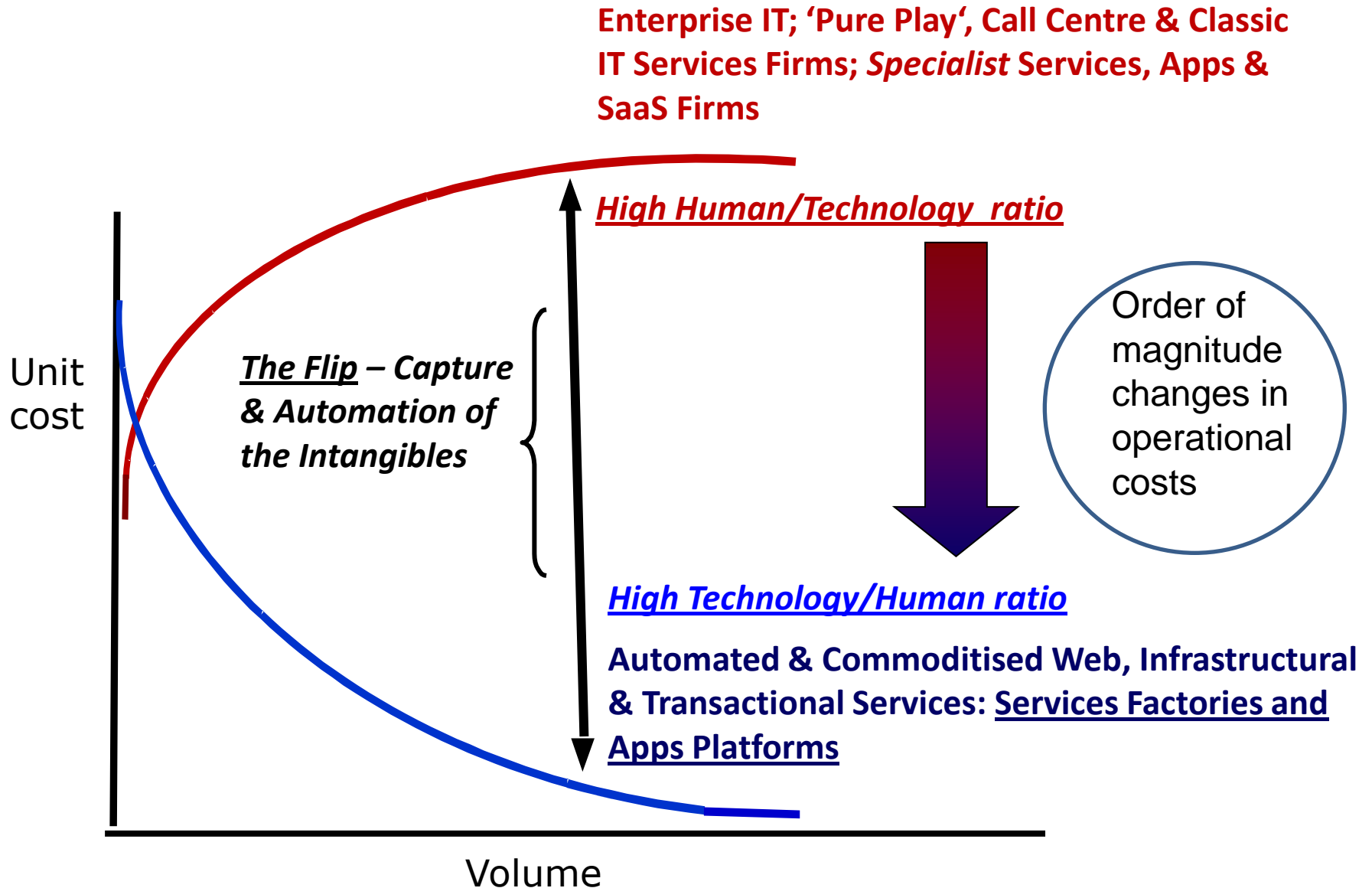
Intellect Cloud Computing Discussions 2011

Mapping the issues facing buyers and suppliers

Dr Richard Sykes

Intellect 11th May 2011

CORE: The Automation of 'Bums on Seats' Business Models



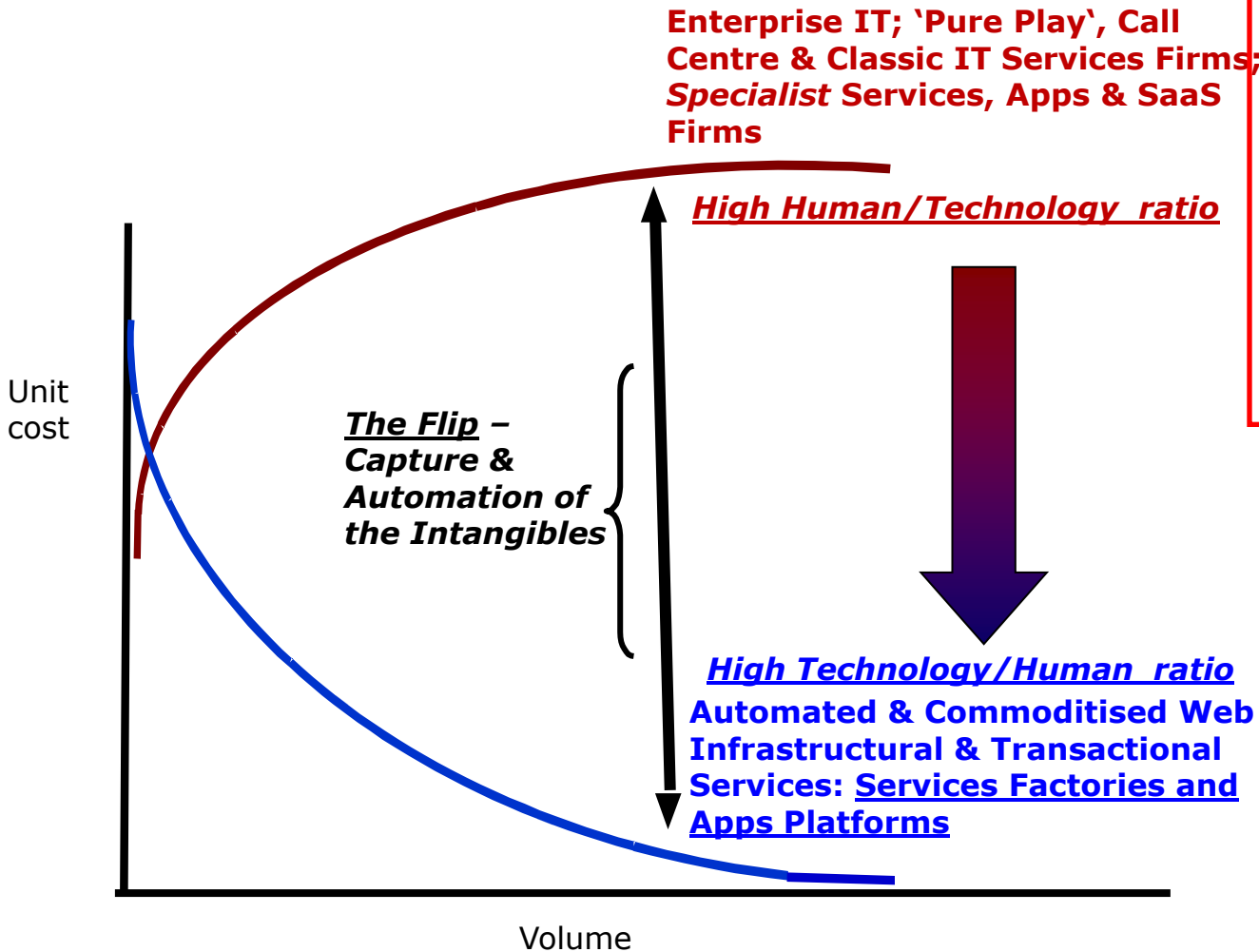
Transformation of the Delivery Landscape

- Transformed *modus operandi* of the technology: high levels of standardisation/automation, spread of service factories, acceleration of wireless networking, replacement of desktops & laptops by 'intelligent' mobile 'phones, PDAs & Pads,.... Interplay of Infrastructure as a Service, Platform as Service , SaaS.....
- Bums on seats only where bums genuinely value add!
- *Virtual service value chains* as the new operational norm.
- New (open & proprietary) standards plus new operational approaches to delivery of *business assurance* – Security, Data Management, Risk Management, Continuity, (Seamless) Service Integration, Contractual Protections, Legal & Regulatory Compliance, Reputational Risk Management, IP Protection: *plus* transparency for audit & assurance purposes.

Transformation of the Vendor Competitive & Contractual Landscape

- Facilities Management (FM) models of outsourcing replaced by Direct Sourcing of Services (DSS): Offshoring re-articulated as international trade in services.
- SI as *Service Integration* replaces SI as *Systems Integration*:
- Marketing, sales & *channels to market* reworked, innovated, automated.... Contractual 't's & c's' to be *taken as given* for commoditised services.
- The multi-year deal gives way to the commercial practice of services sourced 'on demand' for standard back office & front office *transactional* and underlying *infrastructural* services.
- Vendor investment no longer underwritten by multi-year contracts, but by market positioning & commercial judgement.

Supply -Side Differentiation



Focus: delivering high application specificity: Specialty end-application-aligned services

Tuned to specific end-market requirements. Strong partnership orientation & commercial capabilities

MARKET & CUSTOMER FOCUS INTIMACY TEST

Focus: making technology 'sweat the assets' (high utilisation, reliability, security & flexibility):

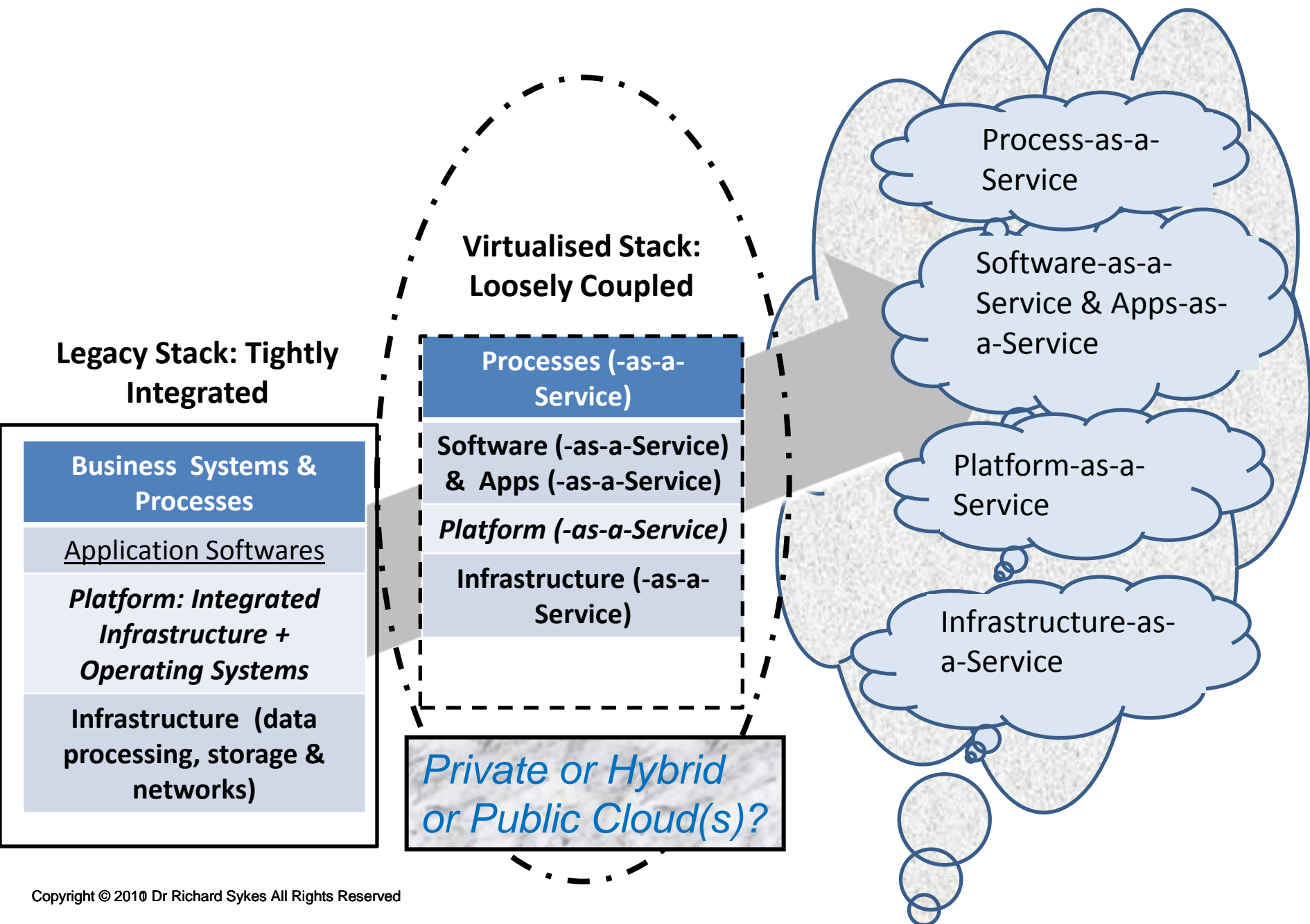
Commodity manufacturing skills plus service orientation & capabilities

SERVICE FACTORY MANUFACTURING TEST

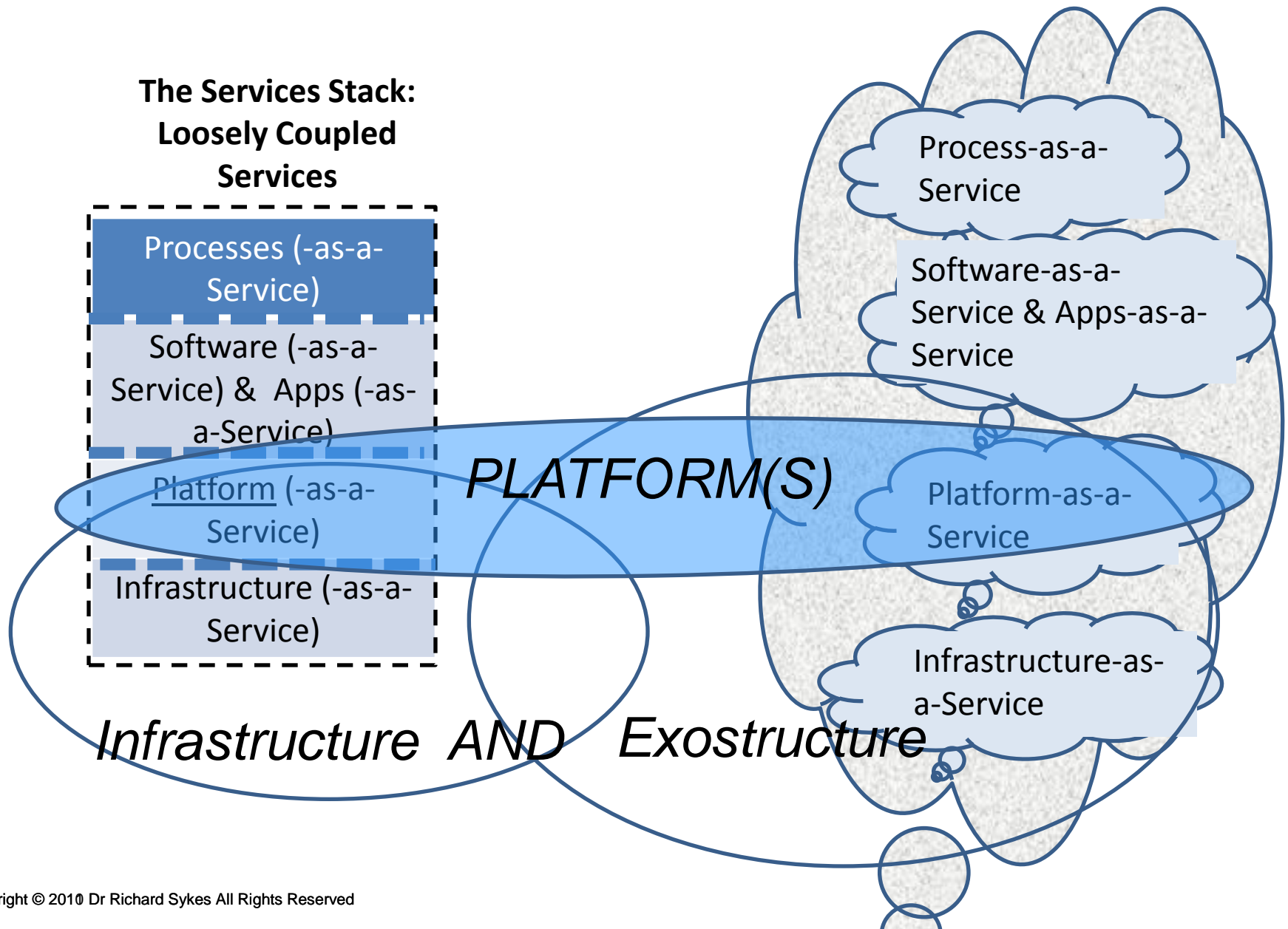
Transformation of the User/Client Operational, Systems & Contractual Landscape

- Restructuring around *directly sourced* standard back office & front office *transactional* and underlying *infrastructural* services that can be procured on a straight arms length basis ;
- Transformation of legacy sprawl is the chief restraint – but potentially liberates in-house resource to focus on front line client-close & market-deep operations;
- Opportunity to radically rework the fabric of established contractual relationships. Identification of potential vendor partners with deep expertise in the client's markets – the intimacy test.

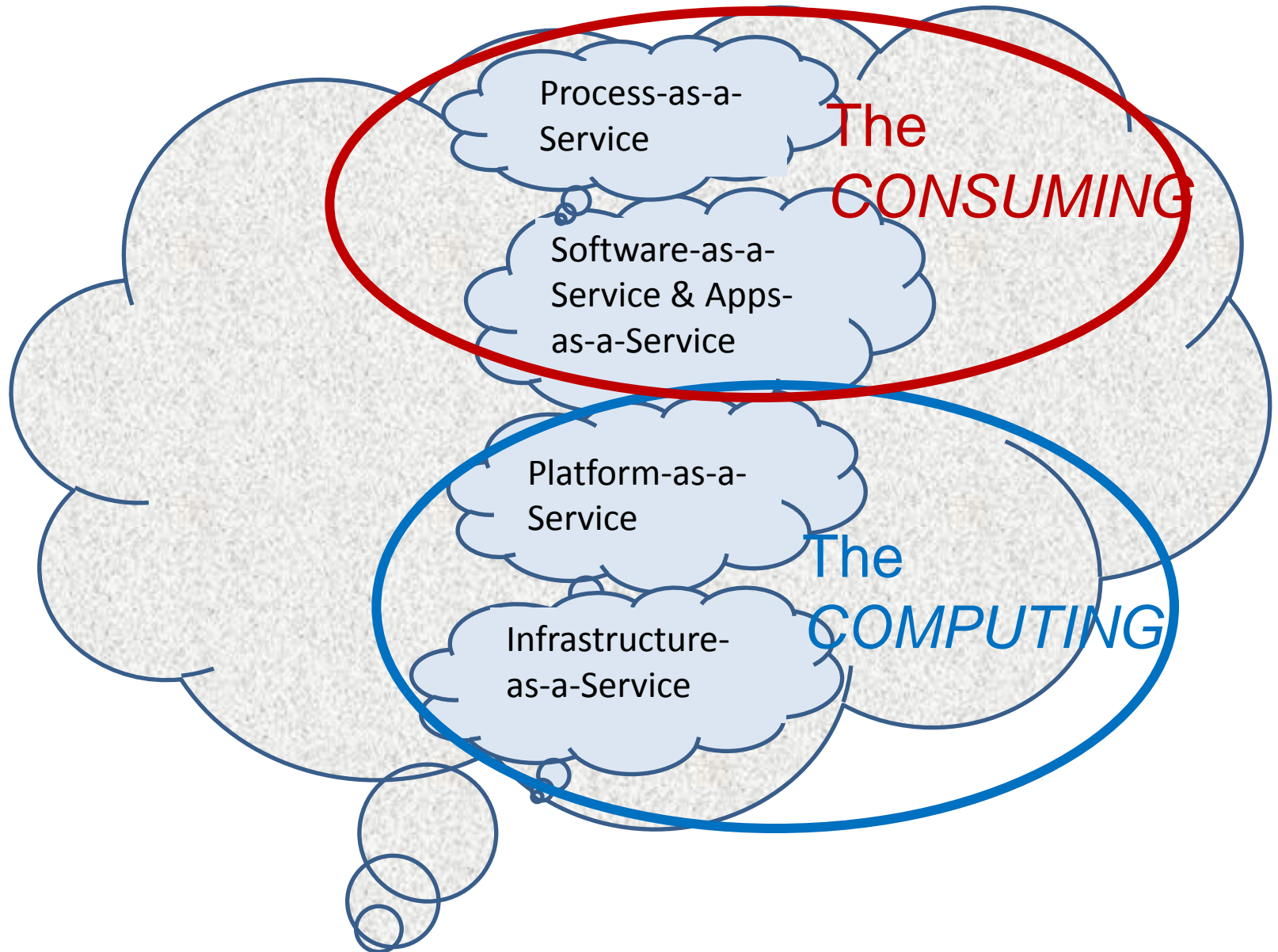
CloudSourcing: SOA, Service Factories & the Market Place



Framework for a Key Strategic Decision on Infrastructure



A Core Divide in the New Commerce



Procurement in the Era of the Cloud – A Manifesto!

End the era of Deal Making: ‘the market is now about the business of directly sourcing services, not the business of deal making’.

Platforms Rule OK!

Segregate financial engineering *from* the transformational *from* the ongoing supply of services: stand alone contractual structures with separate specialist suppliers for each key operation.

The vendor community *has to* transform into the new services business models to remain competitive – the big boys have deep pockets – the heavyweight client will drive vendors in that direction.

Informed clients will look to the industry to deliver *Business Assurance* fit for the new world of virtual services and virtual service value chains.

These developments create the environment for the success of Outcome-Based Agreements.

Thank You!

Dr Richard Sykes FRSA

A strategic advisor in the transformation *as business services* of technology and business process sourcing, outsourcing and offshoring business models, including through the agency of 'the Cloud'.

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