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CloudSourcing – not if, but when?

How cloud computing is changing
traditional IT delivery & sourcing models

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The Charlotte Street Hotel

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The Clock



The
Chronophage
and Moore's
Law Time

Moore's Law Time Exploited



- Consumerisation
- Commoditisation
- Virtualisation
- Globalisation

Four Transformational Realities

Four Transformational Realities

Consumerisation

The practical delivery of Consumer-focused *Business Processes as Services* at very high volumes & very low unit costs, exploiting the Internet as the delivery channel

Commoditisation

High volume Consumer & Business Processes /Services created & delivered with reliability & commodity economics

Virtualisation

Breaking legacy restraints - new freedoms to create, source, assemble business processes flexibly, at lower cost/higher speed of change, upping business agility

Globalisation

Competitive access to the white-collar talent pools of the world made relatively simple for the first time, while open global networks allow global sourcing & delivery of technology-enabled business services

The *IT Services* Business Model

Business-to-business (B2B) *technology-enabled* business services that to date have been

- *people intensive* and
- based on *direct supplier/client engagement*.

The four transformational realities are radically re-writing the *IT Services* Business Model by introducing business services that are

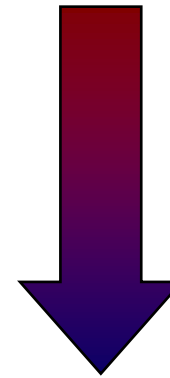
- *technology* (rather than people) *intensive* and
- *no longer based on* direct supplier/client engagement

This, in essence, is what The Cloud is about.

A Fundamental Supply-Side Restructuring

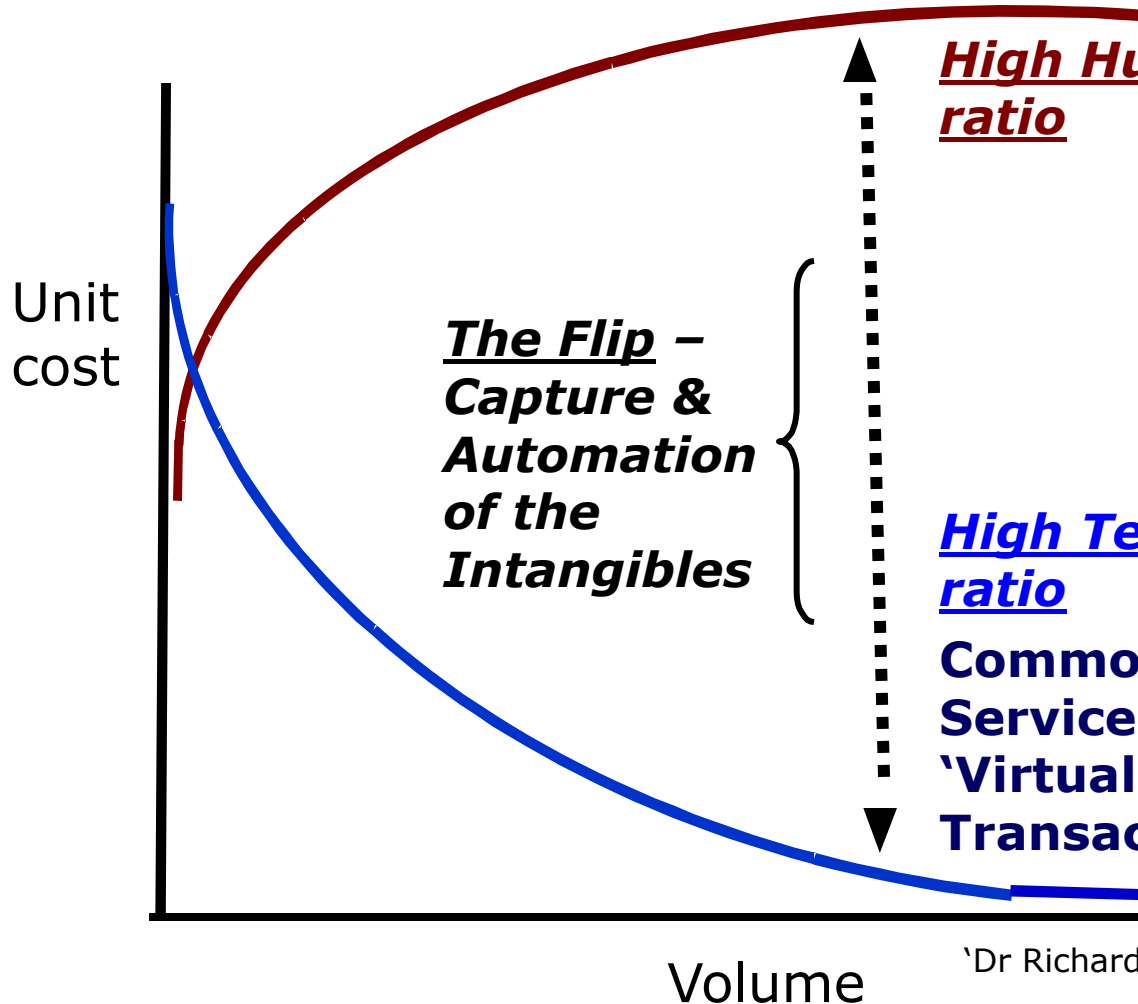
Enterprise IT, 'Pure Play' & Classic IT Services Firms, Specialist Service Ventures

High Human/Technology ratio

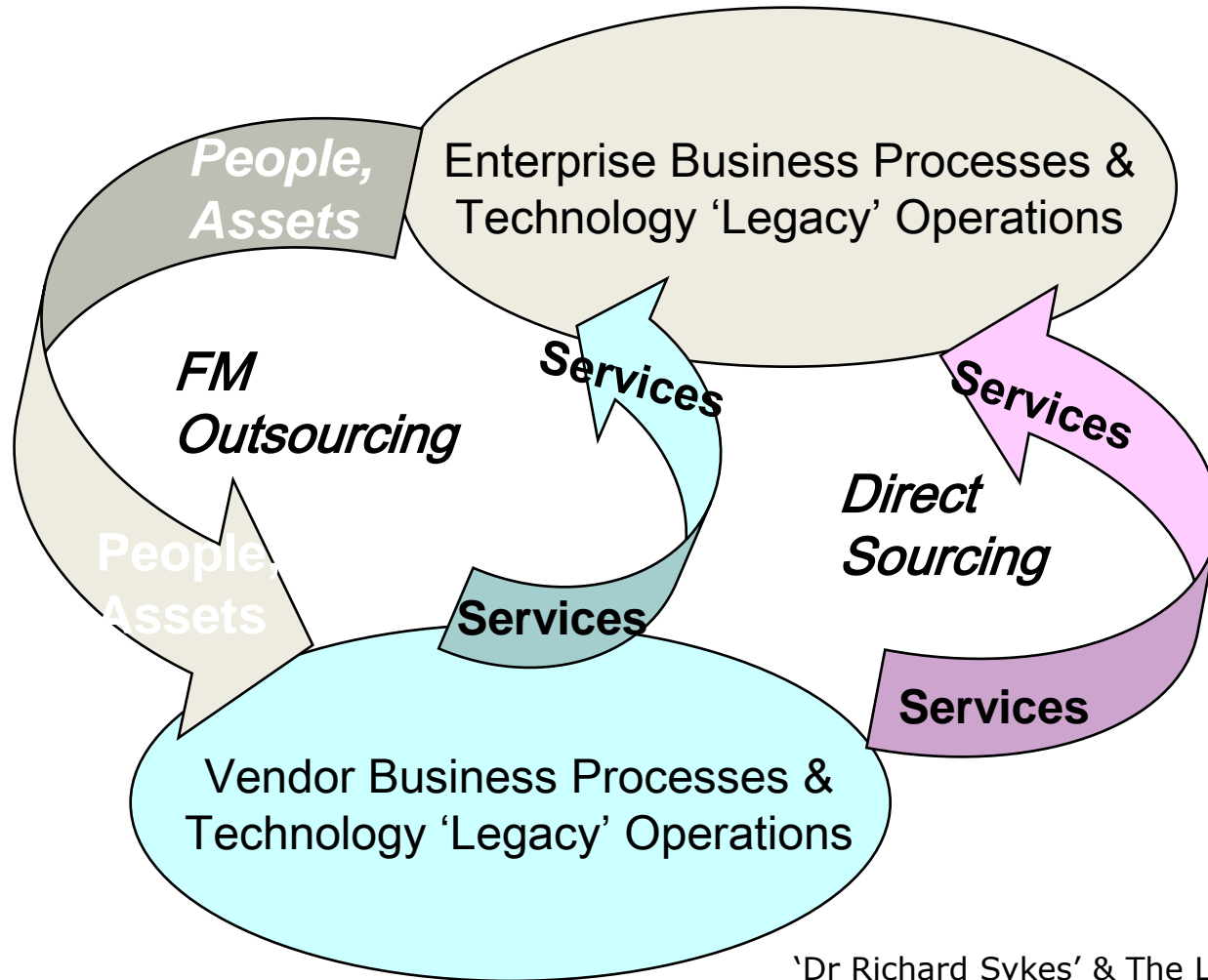


High Technology/Human ratio

Commoditised & Web Services/SaaS: Generic 'Virtual' Infrastructural & Transactional Services



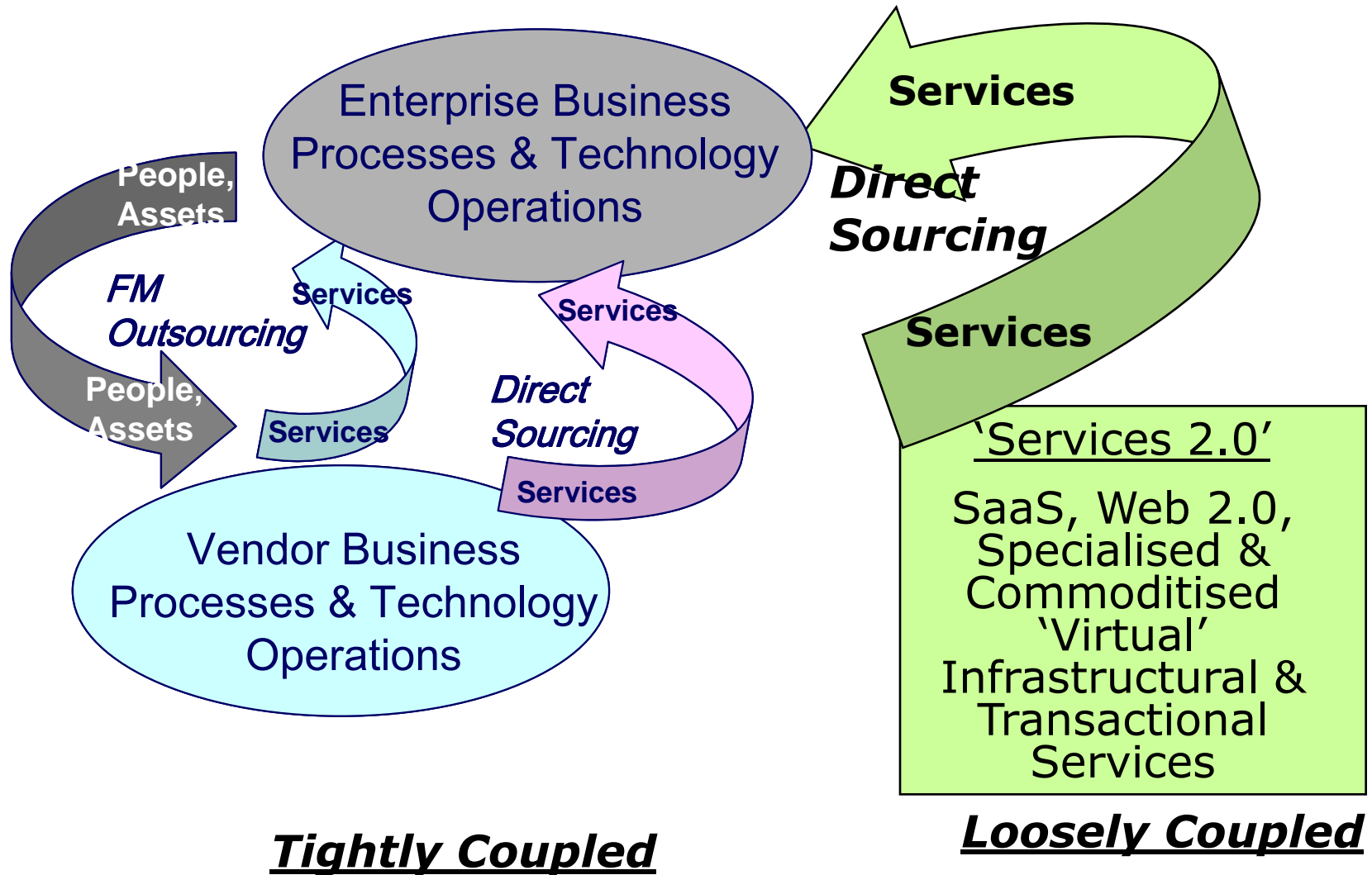
The Consequent Restructuring of the Classic FM Sourcing Model



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Outsourcing – The Facilities Management (FM) Model

The Consequent Restructuring of the Classic FM Sourcing Model




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Outsourcing - Directly Sourced Services (DSS) Model

The Cloud

(at its most fundamental)

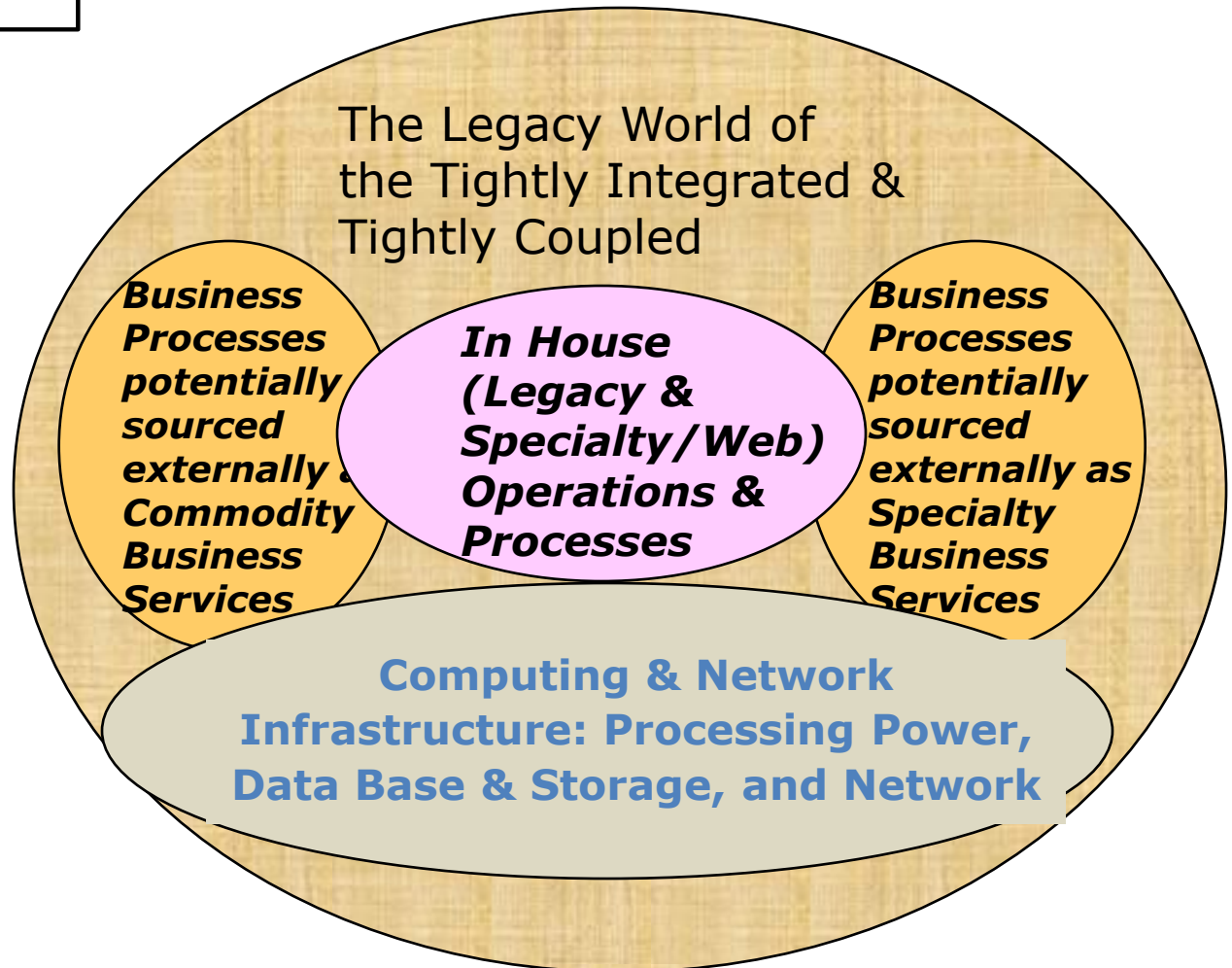


A Cloud of (Technology-
Enabled) Business &
Consumer Services

*The Legacy World:
Tightly Integrated (Coupled)
Technical Architectures*

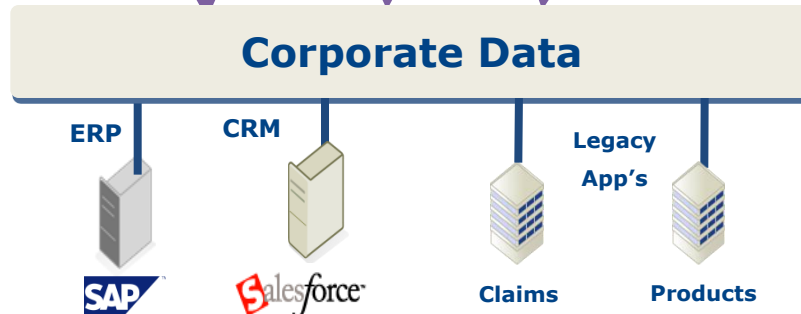
Enterprise Business Processes &
Technology 'Legacy' Operations

Enterprise Systems 'Stuff': Pregnant for Transformation



The Platform

SOA & 'BPM 2.0'-enabled liberation of (*tightly coupled*) Enterprise systems architectures into the world of the *loosely coupled* systems architectures



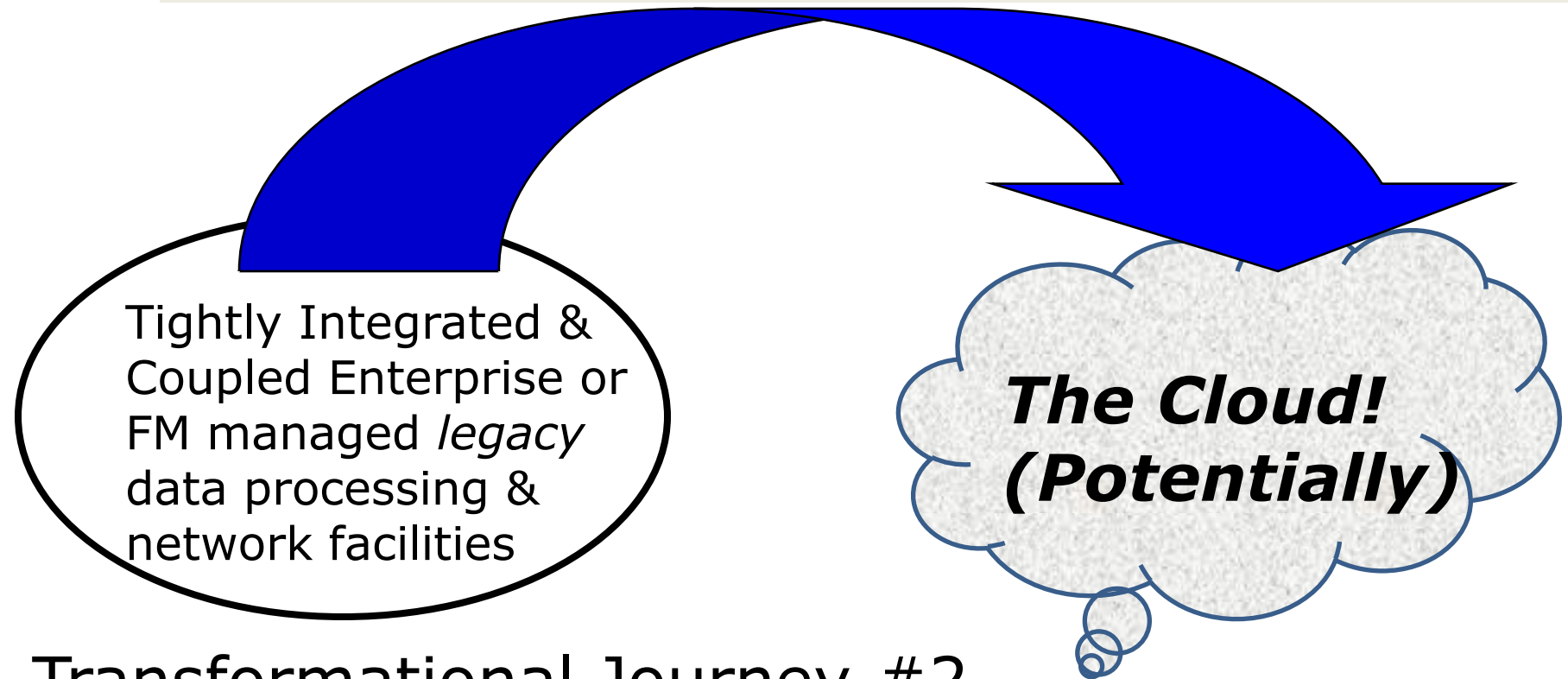
Transformational Journey #1

The 'Virtual' Infrastructure as a Service

Integrated Processing Power, Data Base & Storage, and Network Services *Sourced/Delivered as Business Services*

Specialist Infrastructure Services Platforms

Commodity Infrastructure Services Platforms




Transformational Journey #2

And so to 'CloudSourcing'

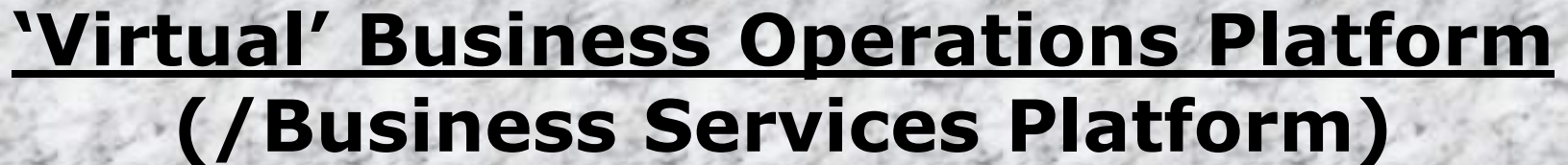
The motivation of increased flexibility, lower operating costs and lower costs of change:
but transformational journeys to be made [RISK] and news ways of working developed.



Services/Apps Cloud



'In House' Enterprise
Processes/Services



'Virtual' Business Operations Platform
(/Business Services Platform)



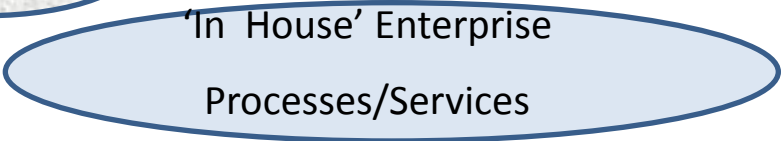
Infrastructural Services Cloud

The Vendor Rubicon Decision!

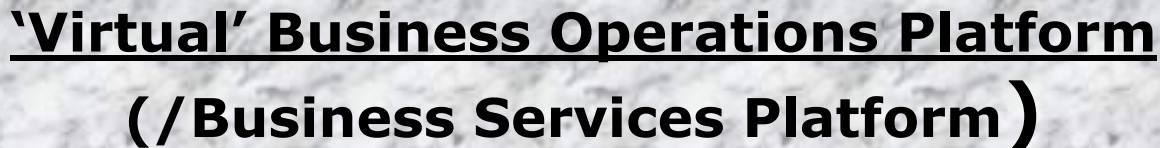
How will vendors develop their business models? As suppliers of competitive commodity business services or as suppliers of people-intensive speciality business services?



Services/Apps Cloud



'In House' Enterprise
Processes/Services



'Virtual' Business Operations Platform
(/Business Services Platform)



Infrastructural Services Cloud

And how will procurement models develop in this new environment?

SO: 'CloudSourcing – not if, but when?'

1. The commercial logic of The Cloud is of major transformational journeys that must simultaneously engage both the Enterprise-side and the IT Services Supply-side (the Vendor community)
2. For the Enterprise, high motivation to speed the transformation in the current recession – low costs of change with high benefits in terms of reduced operational costs & improved process flexibility
3. For established IT Services Vendors, high motivation to resist/slow the transformation - long established margins at risk, and the creation of defensible new profit centres 'in the virtual' a major challenge

SO: 'CloudSourcing – not if, but when?'

4. The 'new world' of The Cloud & the 'loosely coupled' requires new behaviours in the management of Risk and of Data Security & Protection: in the assurance of Business Continuity and of Regulatory & Legal Compliance: and in Licensing and IP protection.

How will Business Assurance be delivered both during these transformational journeys & then 'in the Cloud'?

5. For both Enterprise and Vendor operations, new *ways of working* need to be shaped in the delivery of sustained competitive innovation.

How to maintain business competitive edge in these increasingly virtual environments?

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Thank You

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