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Refocusing the Human Contribution: Automation in the Cloud Transforms IT Services Business Models

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Sole Partner, 'Dr Richard Sykes'.



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

Group CIO of ICI plc 1993-1999, Richard chaired outsourcing consultancy Morgan Chambers (now Equaterra) 1999-2004. He serves on the board of Intellect (the UK IT, Telecom & Electronics industries association) and on the IAOP European Advisory Board. He currently advises the outsourcing consultancy Alsbridge in Europe, and also the UK Government, in 'Cloud Sourcing'.



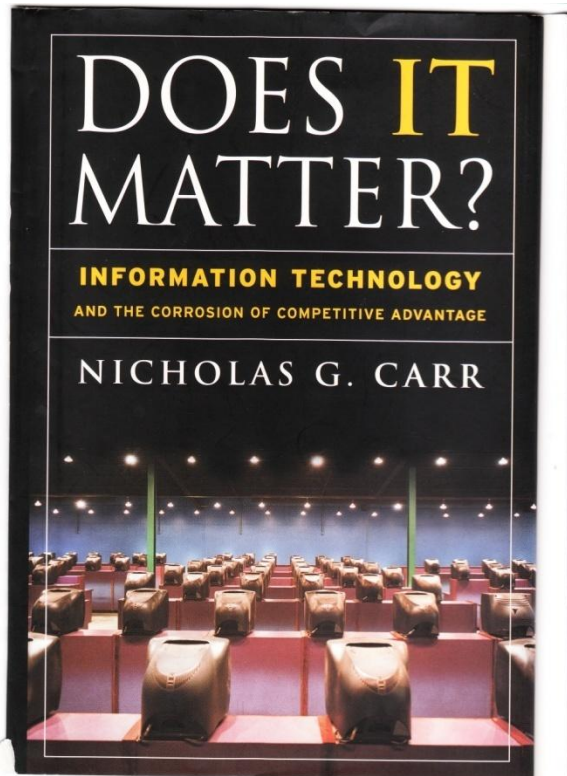
Refocusing the Human Contribution: Automation in
the Cloud Transforms IT Services Business Models

OR

‘Edge’, Nicholas Carr & the Cloud!

'Edge', Nicholas Carr & the Cloud!

'Does IT Matter? Information Technology and the Corrosion of Competitive Advantage'



Nicholas Carr
(HBS Press 2004)
expanding on his
seminal article in the
*Harvard Business
Review*, May 2003

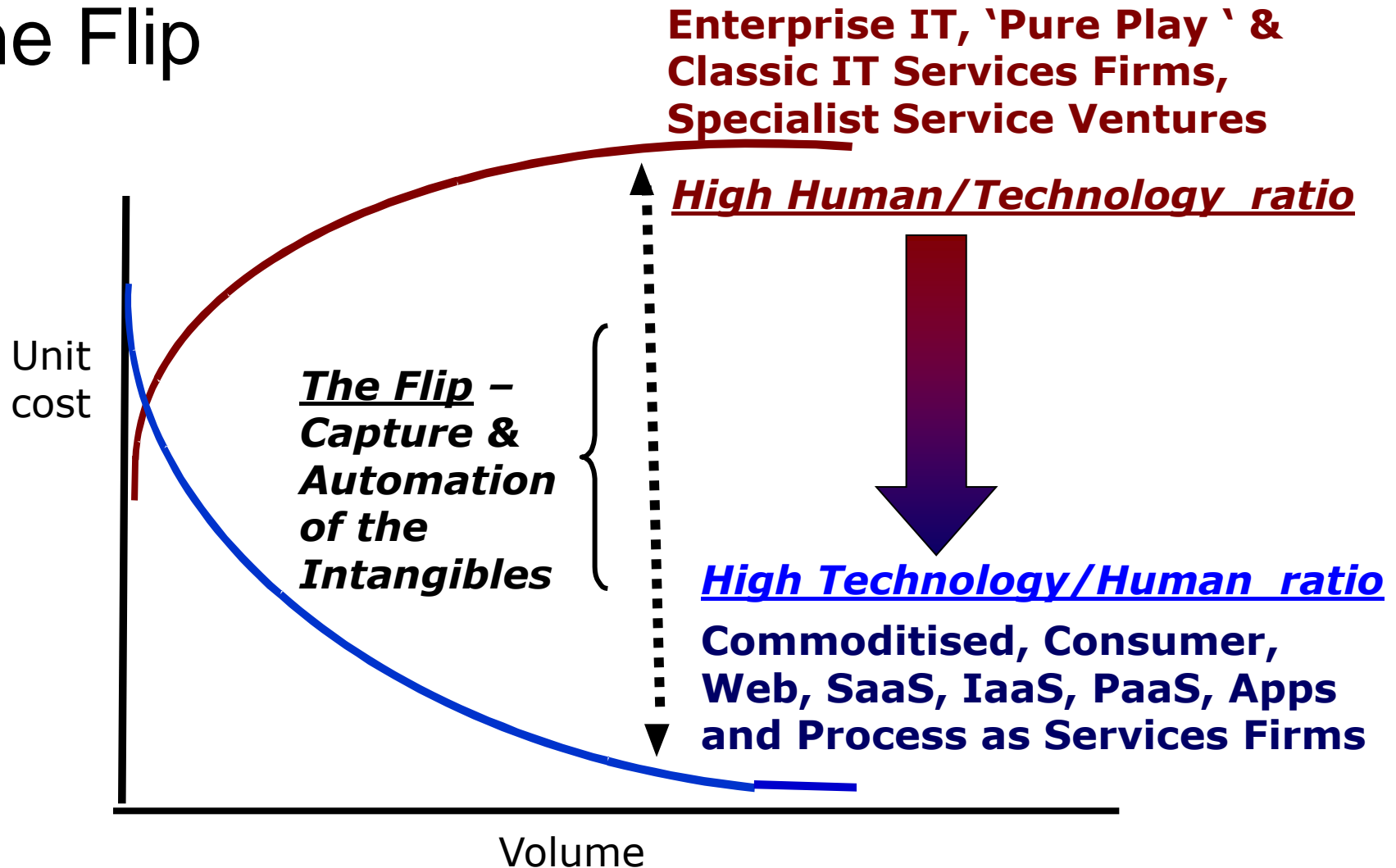
“Companies around the world have spent billions of dollars on information technology, yet in most cases the investment has failed to deliver any genuinely competitive advantage. Nicholas Carr explains why this is so ...” – Gary Hamel

The Economist December 2006



'Consumer technologies are invading corporate computing'

The Flip



Focus #1
It's The Humans, Stupid

The Human Roots of *Sustained*
Competitive 'Edge'



'Edge' and Sustained 'Edge'

- ✓ Only a business' competitive 'edge' rewards its stakeholders
- ✓ Only purpose of IT in the business mix is to (contribute to) creation & delivery of that 'edge'
- ✓ In competitive & dynamic markets, deliberate means for sustaining that 'edge' are vital
- ✓ All as true for the supplier as the client!

"Technical progress should never be the goal, only the means"
Laszlo Moholy-Nagy (1920)



Three *Measurable* Propositions

Proposition #1

‘Edge’ lies increasingly with the human contribution (*human capabilities*) to the exploitation of technical capabilities for value

Proposition #2

‘Edge’ is learnt by ‘doing it’ better than the competition – and maintained by continual innovation and fresh learning gained in fighting to keep ahead of the competition

Proposition #3

Roots of ‘edge’ lie in a broad spectrum of human capabilities, from deep *technical professionalism* to deep *application professionalism*: delivery of a specific ‘edge’ requires a specific blend of (*competencies + skills + experience*)

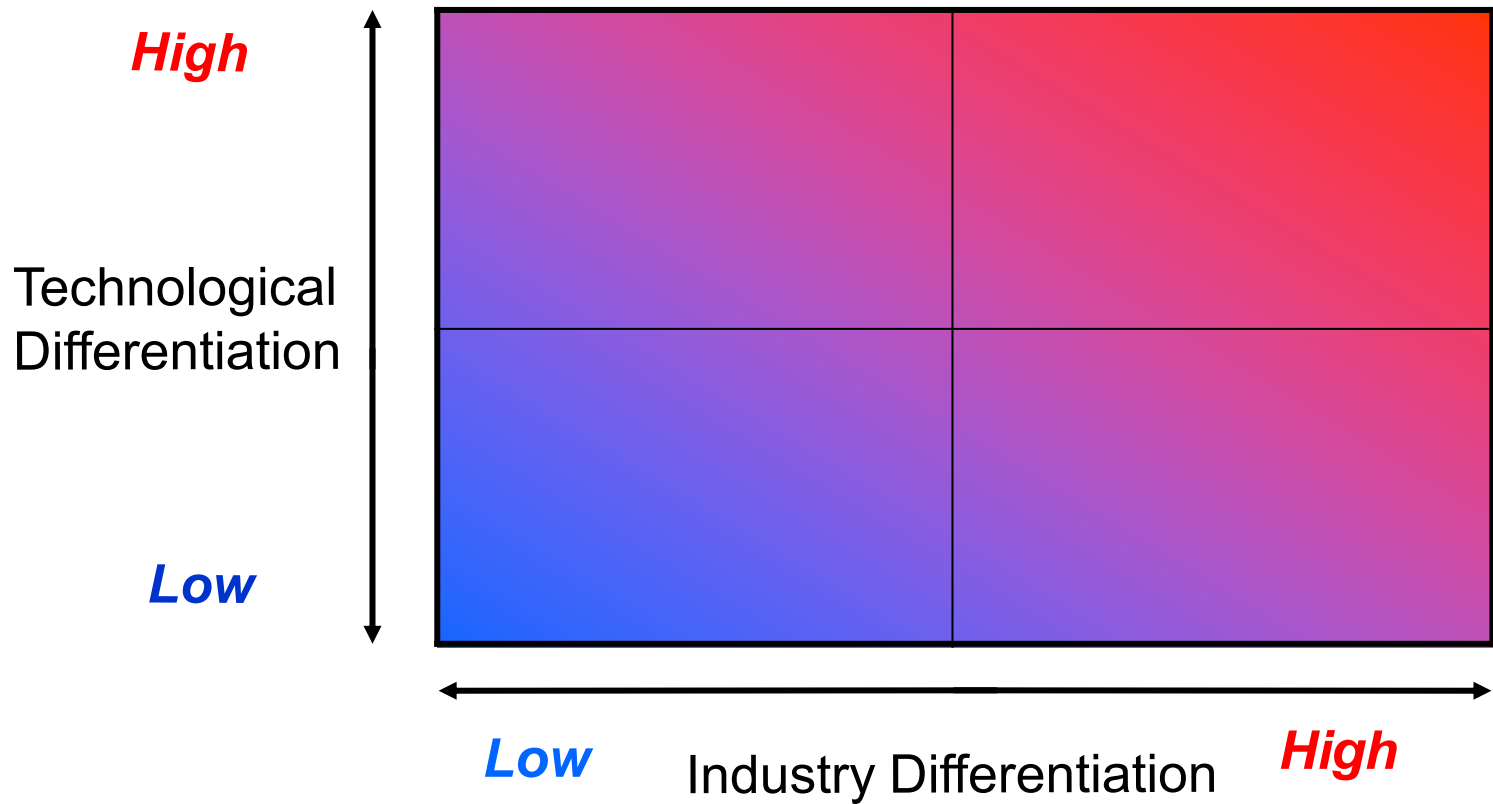
Breadth of the Human Capabilities Spectrum



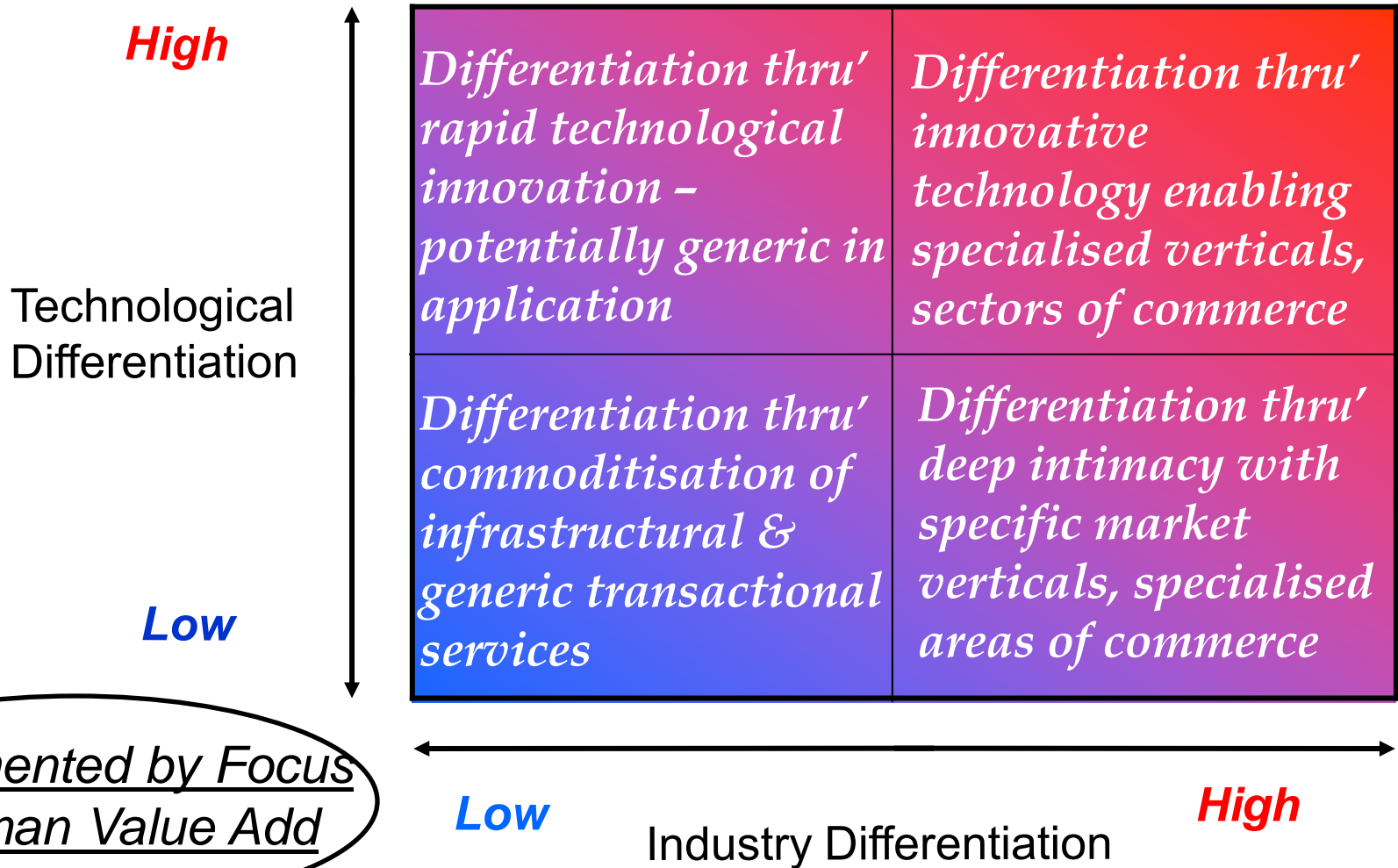


Segmenting by *Human Value Add*

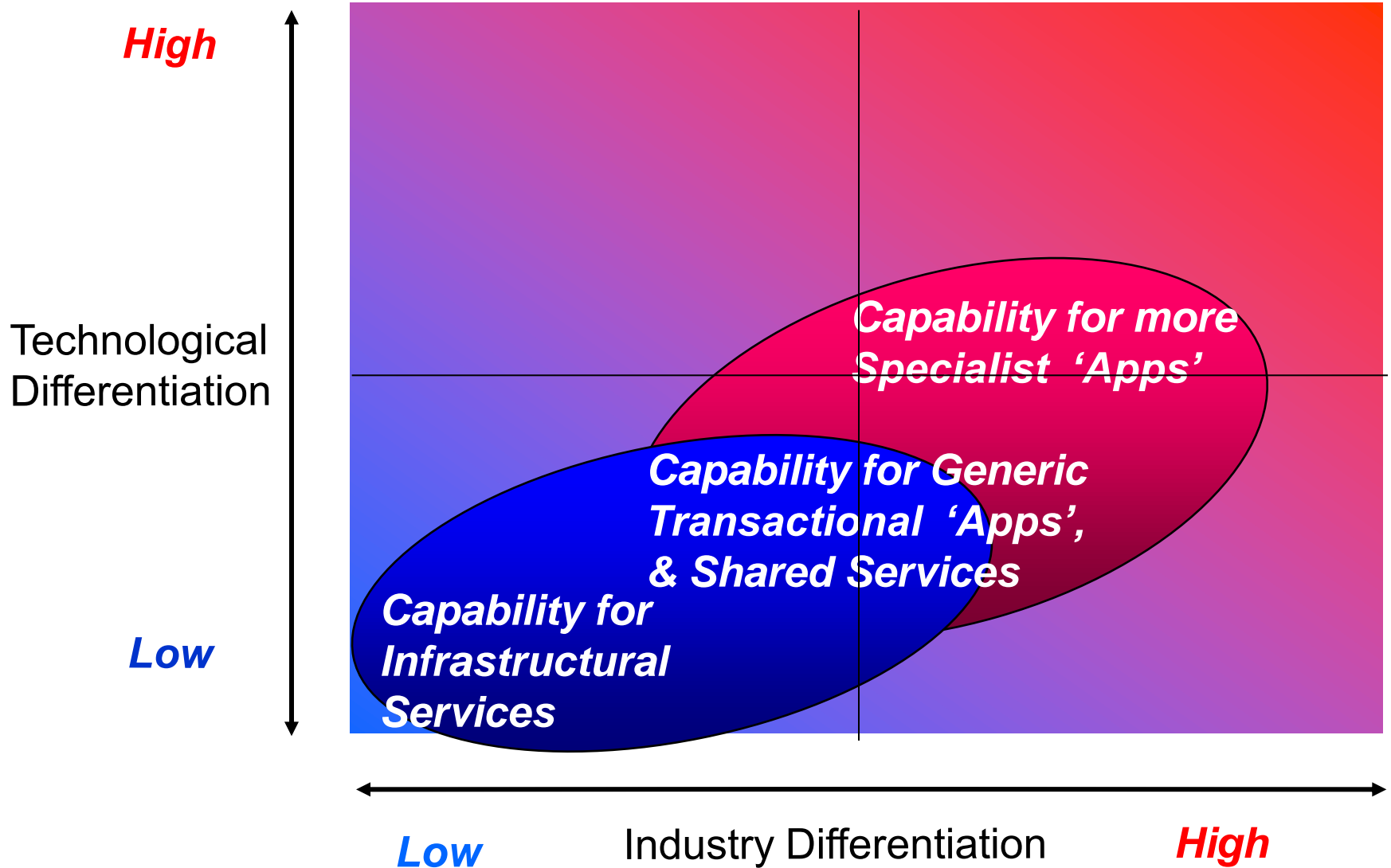
Differentiating *Technical vs. Application* Professionalism



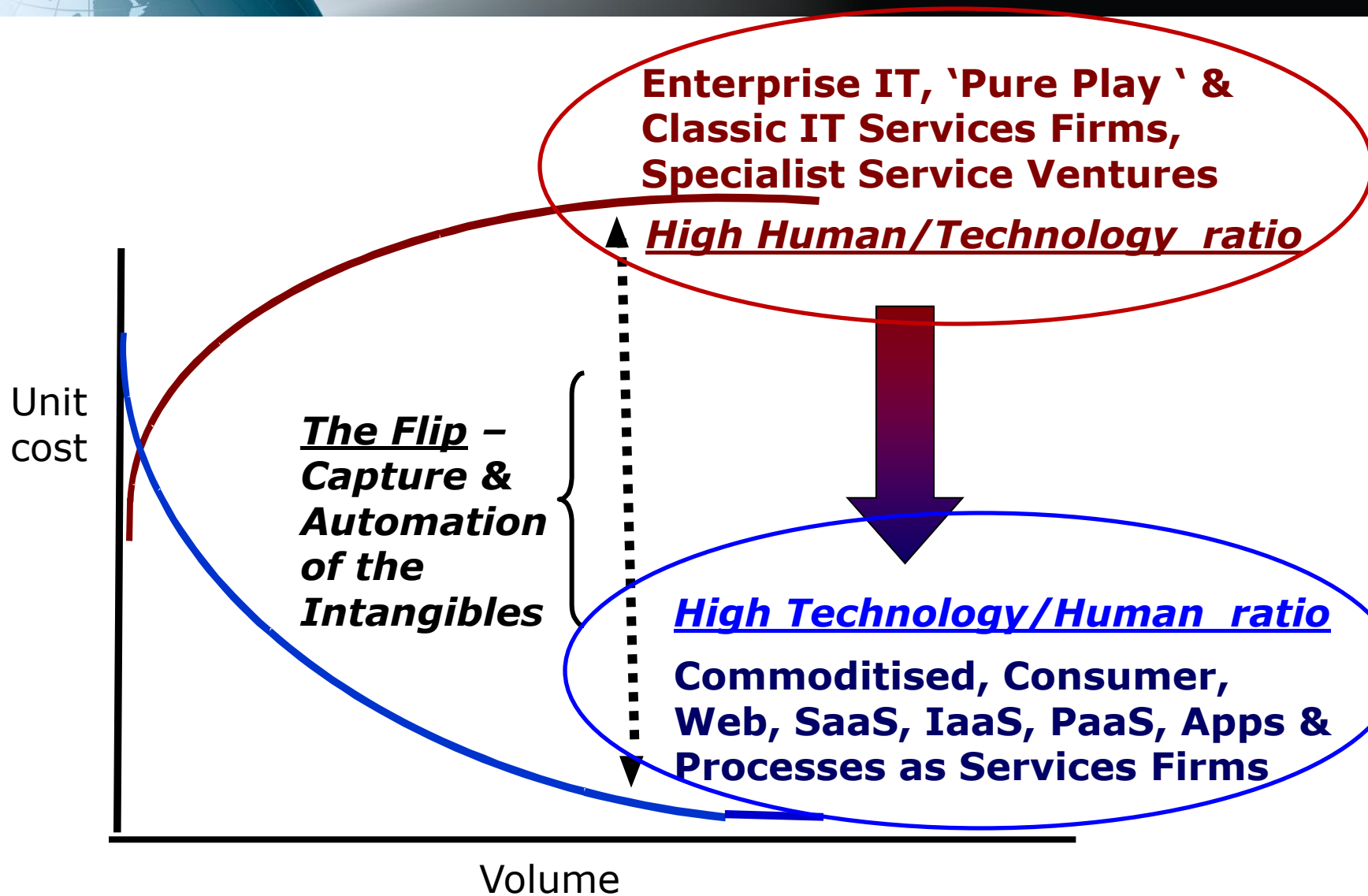
Roots of Business Model Differentiation*



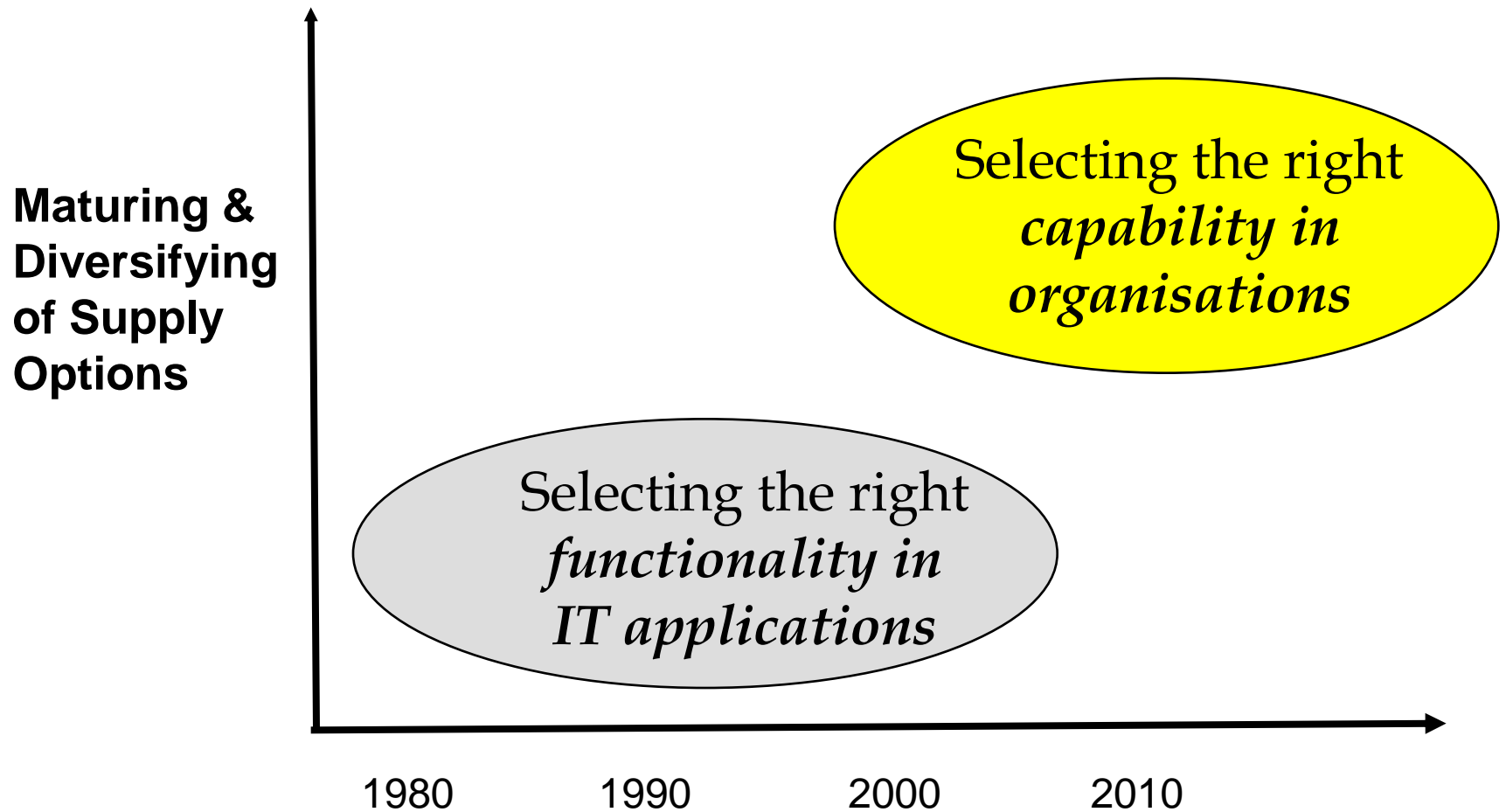
Resourcing the Enterprise IT Team



Resourcing the Supply Side Team



From a Focus on Functionality to a Focus on Capability



Focus #2

We are all in the Business of *Business Services Now*

The Move to the Services Model,
The Cloud, and Its Consequences

Evolution into Cloud Sourcing

From **S**ystem **I**ntegration.....

The Legacy Stack:
Tightly Integrated

Business Systems &
Processes

Application Softwares

**Platform: Integrated
Infrastructure +
Operating Systems**

Infrastructure (data
processing, storage &
networks)

The Virtualised
Stack: Loosely
Coupled

Processes-as-a-
Service

Software-as-a-Service
& Apps-as-a-Service

**Platform-as-a-
Service**

Infrastructure-as-a-
Service


.....To **S**ervice
Integration.

Process-as-a-
Service

Software-as-a-
Service & Apps-as-
a-Service

Platform-as-a-
Service

Infrastructure-
as-a-Service

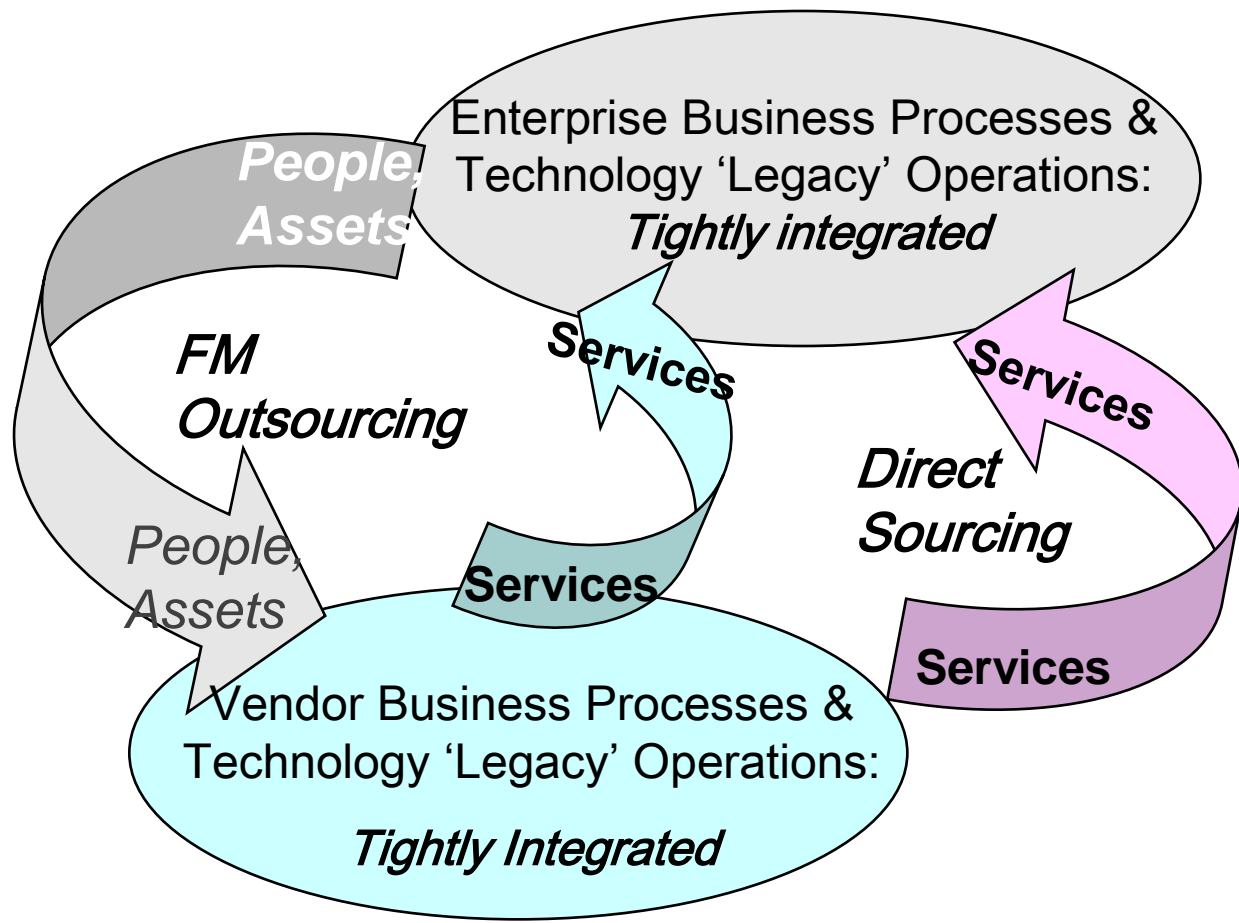


The Cloud (at its most fundamental)

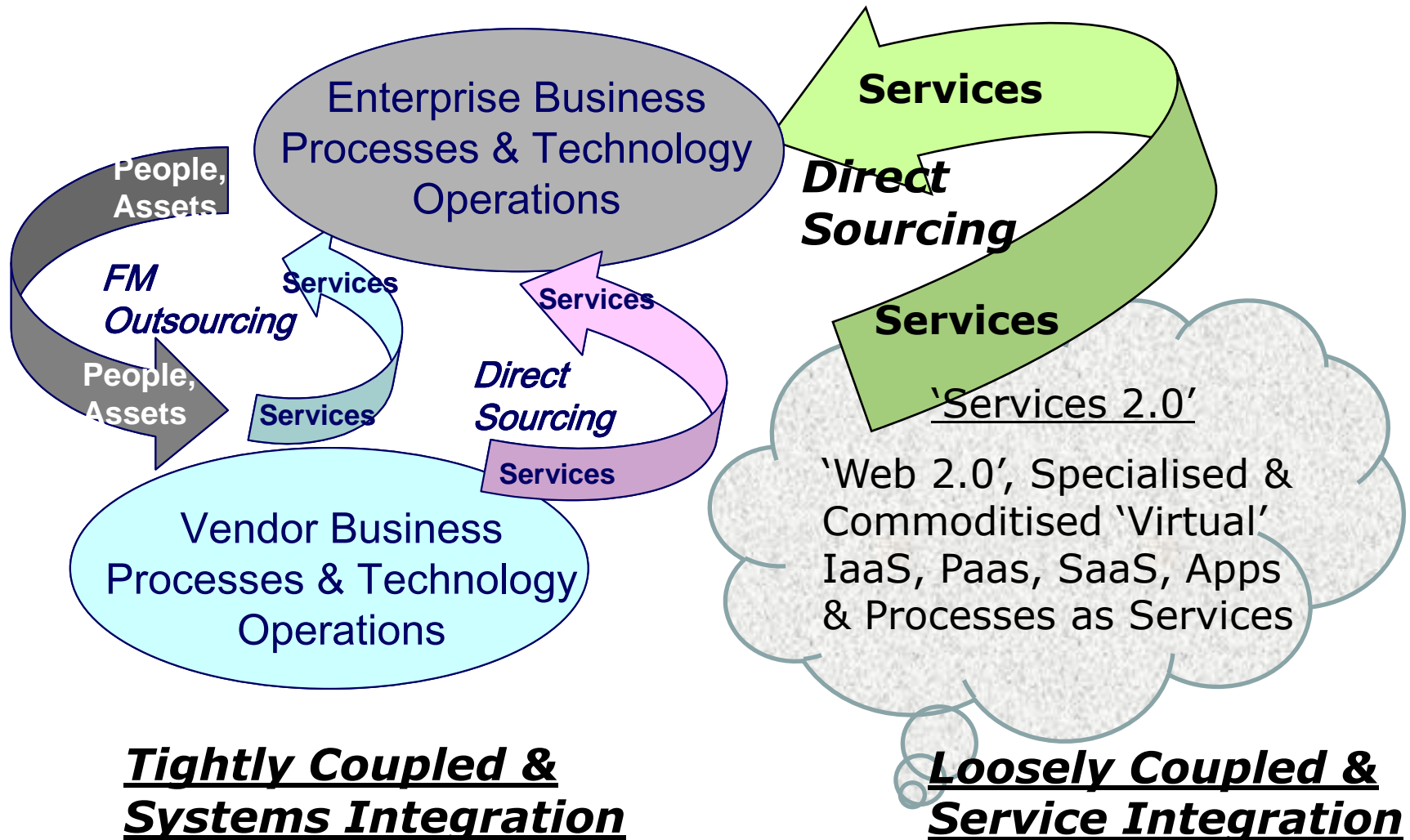


A Global Market Place of
Discrete & Directly
Sourceable (Technology-
Enabled) Business &
Consumer Services

The Facilities Management (FM) Outsourcing Model



The Direct Sourcing of Services (DSS) Model





The Direct Sourcing of Services (DSS) Model

B2B IT Services have developed business models that are:

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

Cloud Sourcing business models are in contrast:

- *technology* (rather than people) *intensive* and
- based on *on-line & automated* supplier/client engagement.

Seen from the user/client side, to gain the benefits & to control the risks of this new supply-side business model requires fresh approaches to outsourcing, procurement, and business assurance.



And - Why Cloud Sourcing?

Cloud Sourcing potentially will allow a business to sharply reduce its operating costs while gaining new degrees of operational flexibility & agility and simultaneously reducing its demand for capital.

To effectively benefit from the new DSS model & Cloud Sourcing requires significant systems transformation and a major shift in procurement processes for most clients.

The DSS model and Cloud Sourcing will also require most suppliers to (re-)position and transform their business models if they are to remain competitive.

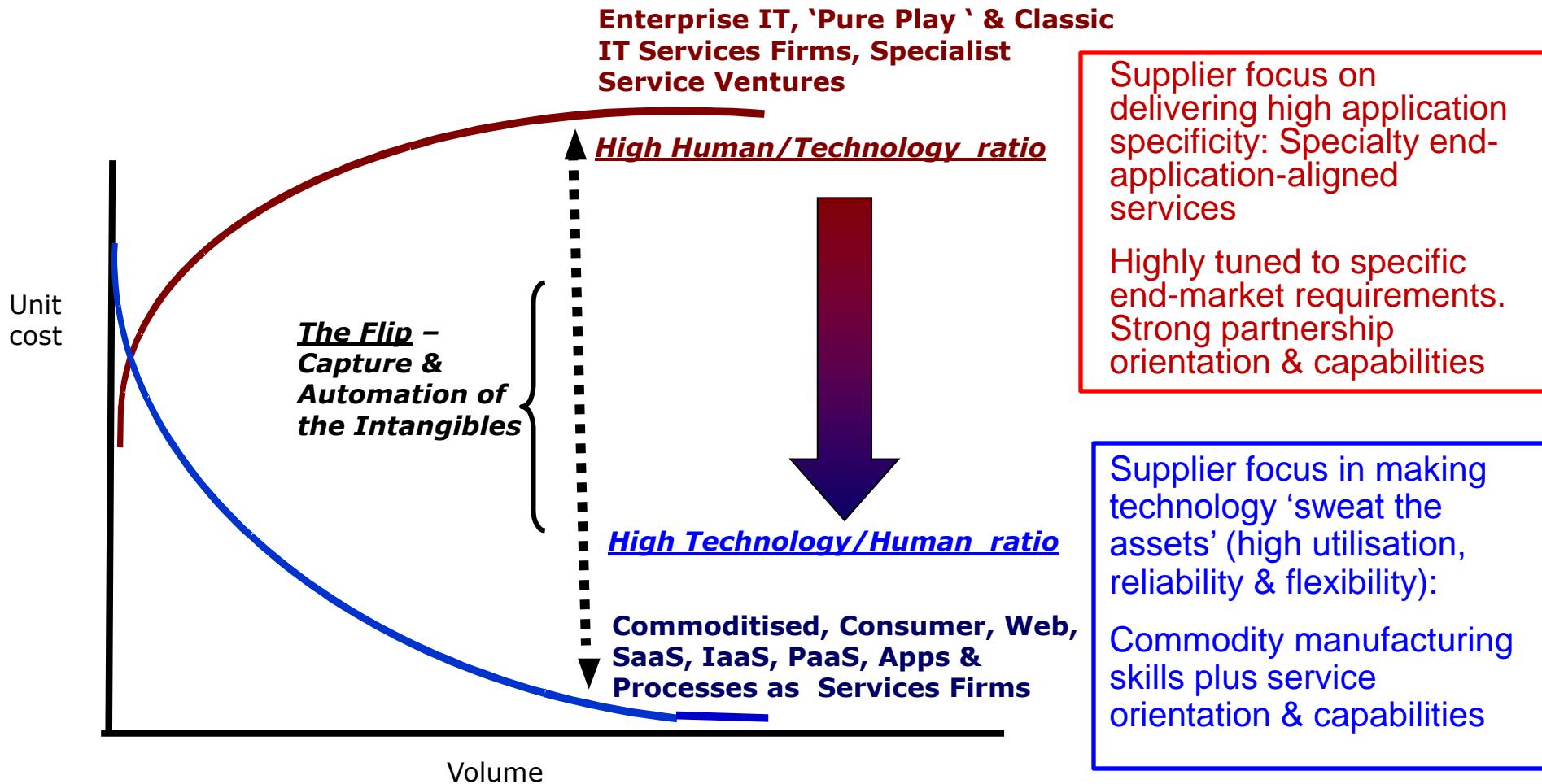
Focus #3

It is still the People, Stupid!

Cloud Sourcing Is About
Transformation – Both Client
and Vendor/Supplier

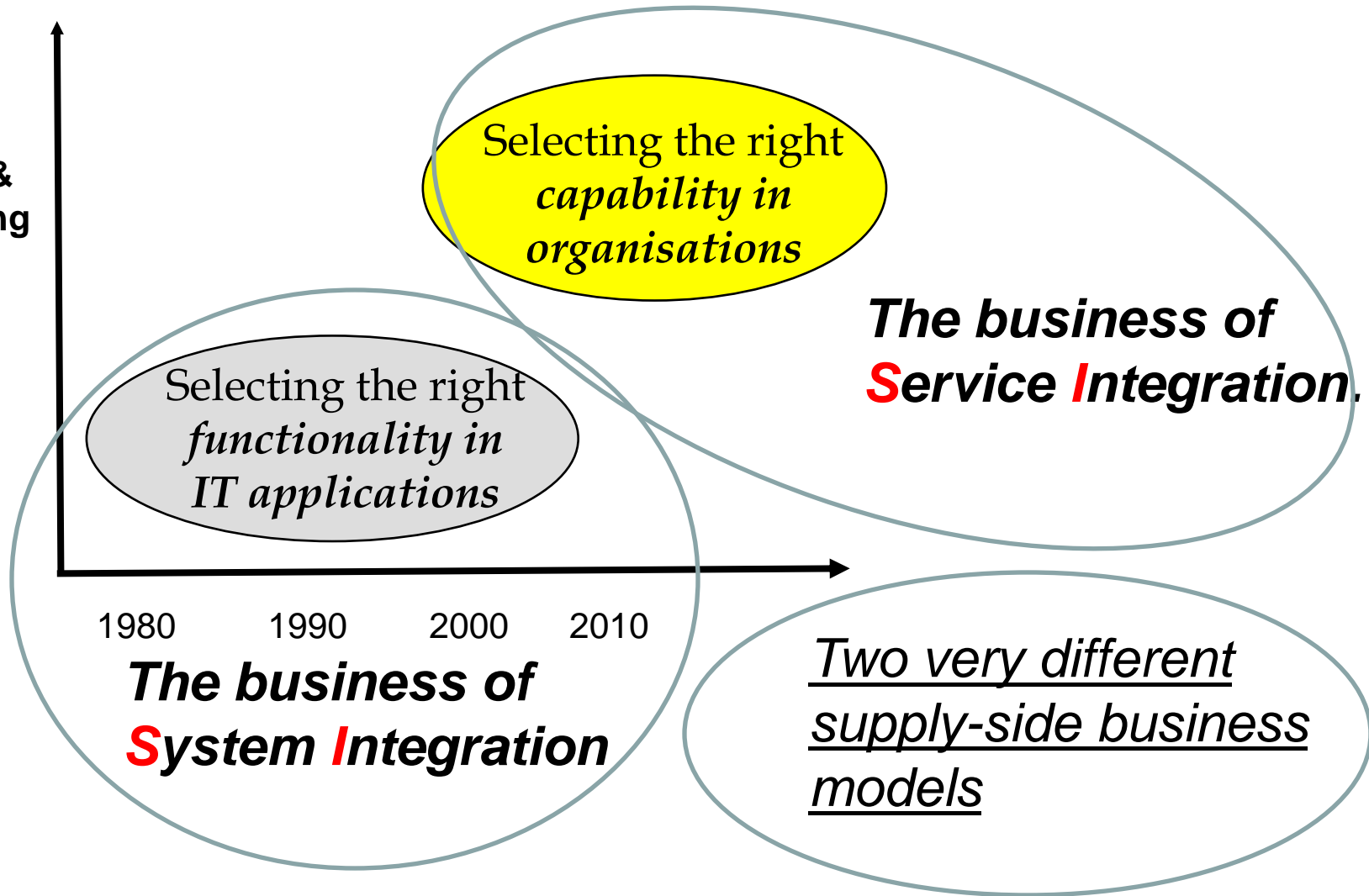
Very Different Kinds of 'Bums on Seats'!

The Supplier Transformation



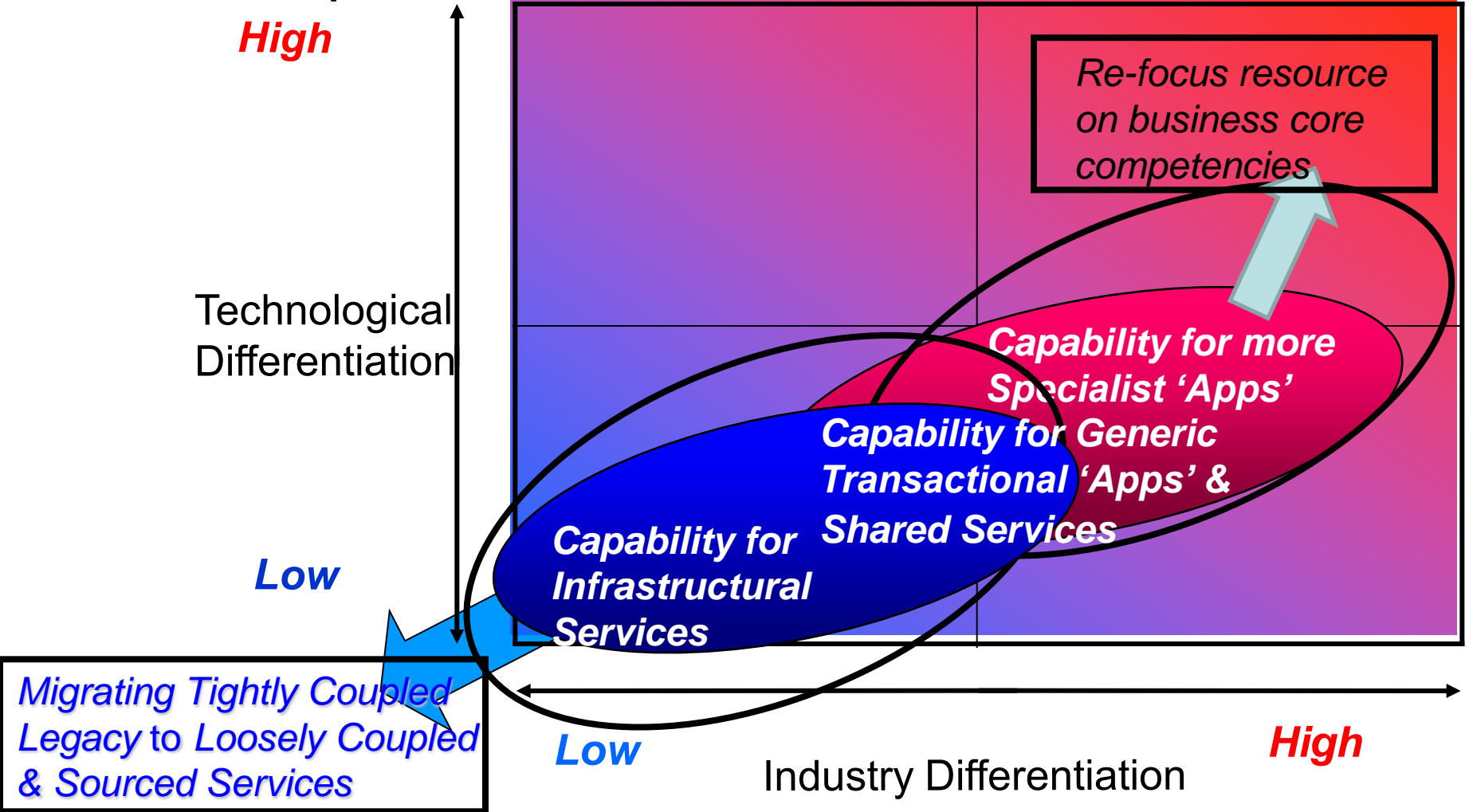
Very Different Kinds of 'Bums on Seats'!

Maturing &
Diversifying
of Supply
Options



Very Different Kinds of 'Bums on Seats'!

The Enterprise IT Transformation





Transformational Sourcing Agendas 2010 onwards

The classic IT industry message 1980's onward has been that '*we, your suppliers, are here to help you, our clients, transform your business models*'.

The message for the new decade has now to be that '*we, the suppliers, need your help as our clients to transform our business models*'.

The opportunity is for *co-transformational partnerships* , based on the need for both supplier and client to substantially refocus and adjust their resource commitments.

The better strategic business alignment of industry resource enabled by DSS and Cloud Sourcing opens the door to the maturing of the industry into an era of ***Outcome Based Agreements & Partnerships****.

* www.IntellectUK.Org/OBA



Thank You!

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