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Finding business relevance in IT. Our Expertise.

The CIO Eureka **C**loud **V**alue **P**roposition – Playbook©

In the age of the customer,

cloud is no longer an option…

it's **uncomfortable** & **inevitable**![i]

However, the business value of cloud strategies differs extensively and often get ignored by the IT practitioners. The primary benefit of cloud services is business innovation (i.e. speed to market, agility, flexibility). The need to identify customer (articulated or not) needs, adapt and change direction quickly is a core principle of successful businesses.   When the business confronts a VUCA environment, the underlying IT enabling capabilities must be just as flexible, responsive and frugal.

Specific drivers, industries, risk adversity, and preparation dictate the pace, scope, and technologies for your cloud journey.   Importantly, if someone can't describe the "**C**loud **V**alue **P**roposition" (CVP) and they likely don't know what they are doing…

CVP has become increasingly important as enterprises look for ways to drive returns for their Cloud strategy. Value creation is a concept we have all talked about and heard about for years.


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When I started working in the industry, it was a buzzword, but when you look at most IT teams — even 5 or 3 years ago — they didn't really have a CVP.

As part of our CIO Eureka executive services we have developed a more "institutionalized" **C**loud **V**alue **P**roposition Playbook based on our accumulated hands-on expertise and extensive research of best practices.

The biggest issue for organizations moving to the cloud is fear of the unknown. CIOs understand the potential benefits, yet there are real-world hurdles to overcome – not the least of which involve fear of losing control. Some of the most common questions include:

- How should instances be sized when migrating applications to the cloud?
- What steps are required to deploy to the cloud?
- How will performance and availability be measured and monitored?
- Will the shift save money or ultimately cost more?
- How can we make sure the deployment is right-sized over time?
- What are techniques to drive costs out of the system?
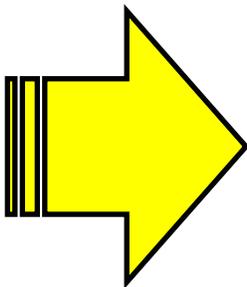
✓ The **great thing** about a playbook is that once you develop one, you can use it over and over again, simply modifying it as the environment or requirements change.

✓ The **bad thing** about a playbook is that it takes a lot of time, effort and experience to develop one.

✓ The **best way** to make sure your playbook works is to measure the outcomes it facilitates.

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The Playbook for a CVP Success

The complexity of migrating applications to the cloud can vary greatly. What we are seeing today is more emphasis on the value creation framework. This is how it works:

> 1) You need to start with the Business Needs (**BusN**) of your enterprise, what is important for your business.
>
> 2) Then you need to define what is the approach (**A**) you want to implement.   What is the process of assessing the infrastructure, mapping to the appropriate cloud instances, ensuring effective ongoing monitoring and keeping the new deployment right-sized.
>
> 3) The bottom line is you need to optimize business benefits (**B**)
>
> 4) While minimizing costs (**$**)
>
> 5) And maximize performance (**P**) over your competition.

Expressed in a mathematical term your **C**loud **V**alue **P**roposition looks like this:

$$CVP = BusN + A + B\ /\ \$ + P$$

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The following five step process focus on how to execute you Cloud Value Proposition playbook:

1. **Assess:** Act on the Right People, Process/Technology Issues for Cloud. Finding the key business relevance of Cloud for your enterprise is key. It is important to have a solid assessment and insights about IT current performance and capabilities (people, process, technology and business value) to develop your Cloud Migration Value Proposition.

2. **Envision**: A key step in the cloud migration process is to define growth scenarios and success measures. This step starts from a good understanding of current systems in use1. You need to work on the variability of growth scenarios, advice on leading enterprise planning and apply business metrics to your cloud value portfolio.

3. **Plan**: This step is often a process in and of itself. Migrating to the cloud is not an innate skill, but I've seen organizations treat it like that. You need to build a plan for quick scale and impact. It is important to identify and use business differentiators to drive rapid implementation in the market place. Migrating services to the cloud is not an innate skill, but I've seen organizations treat it like that. Most firms today offer complete migration services from simple lift and shift to full blown re-architecting of applications to take advantage of next generation cloud architectures.

4. **Execute**: Vision and success criteria are met and/or exceeded. With your applications migrated to the cloud, the next step is to set up the appropriate monitors, alerts and dashboards to ensure everything is performing up to expectations. Gaining deeper visibility into servers, sites and applications allows you to create personalized read-only views for individual customers so they can always check the health of their deployment.

5. **Optimize**: Optimize your Cloud foundation to provide superior customer experiences. The process doesn't stop once customers are up and running. As demands on applications increase, as the cloud provider enhances their offerings, and as environments continue to evolve, it is critical to right-size deployments. You'll want to track and validate that the right instance types are in use, and the cost delta between on-demand and reserved instances. With that information in hand, deployments can be right-sized, and the changes easily communicated back to the customer.

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[i] *"Since 2006, AWS has been a leader in cloud services. We believe that cloud computing is transformational—helping customers achieve business results by providing innovative services, a vibrant ecosystem, and competitive prices. AWS continues to grow and scale, allowing us to provide new services that help more than 1 million customers around the world. As of 2014, AWS has 5 times more capacity than the other 12 leading cloud providers combined."* **The Business Value of AWS – June 2015**