

TAMING THE CLOUD BEAST TOGETHER

Elements of the Vital CEO-CIO Partnership

EXECUTIVE SUMMARY: Today's enterprises continue migrating to the cloud as part of their infrastructure modernization and digital transformation. The most successful organizations are proactive in dealing with business transformation to optimize this move to the cloud. They work to enable the transformation at all levels, and demonstrate tangible initiatives like rapid product rollouts, business process changes, and improved customer experiences. While the process is well underway, much work remains to be done. This is clearly a multifaceted process, not a single step or isolated initiative, driven by a strong C-level partnership including the CEO, CIO, and others.

Migrating to the cloud is a major step, one that involves planning, prioritization, process, and partnerships. The CIO has a more significant and profound role than ever as enterprises adopt new and emerging technologies, continue their migration to the cloud, and manage the evolution of IT infrastructure. This white paper will examine both the challenges and the opportunities CIOs face in this new cloud-based world, and recommend critical areas where they can orchestrate partnerships with CEOs for overall success.

As enterprises of all sizes and across all industry sectors continue their cloud migration, some report success while others continue to struggle. Many see it as a way to simply reduce costs, while others see it as a panacea for the persistent ills that plague legacy IT and dated business processes. The move to the cloud is rife with challenges, from prevailing disconnects between the CIO and CEO to remaining fears around security and loss of control. Organizations are trying to cope with this profound disruption of infrastructure and business processes.

Differing perceptions of the cloud migration progress are evident when asking different executives. “In the Cloud Industry Forum (CIF) research, you can see the progress of the transformation,” says Simon Ratcliffe, Principal Consultant for Ensono and chair of the Digital Skills Special Interest Group for the CIF. Ratcliffe was the lead on the CIF research project, which polled business and IT leaders about their attitudes and priorities on digital and business transformation. The report was published in January 2018.

“We spoke to CIOs and business leaders,” says Ratcliffe. “The CIOs say, ‘Yeah we’re in the cloud.’ The business leaders say, ‘No we’re not.’ The [companies] making the most progress are laser-focused on the customer experience and customer enhancement.”

That disconnect points to differing priorities between the CIO and business leaders, and a lack of mutual ownership of business and technology initiatives. This is a significant stumbling block. The CIO and CEO must be in full alignment when conceiving a cloud migration plan, the priorities, and the sequence of actions. They can’t move forward without having clarity of business objectives and agreement on practical matters like funding and desired outcomes.

TAME THE CLOUD BEAST— FOUNDATION FOR SUCCESS

Cloud migration is clearly in the early stages of maturity at most enterprises. But there is already frequent tension between the CIO and CEO due to poor setting of expectations, organizational disconnects, and incomplete or suboptimal execution.

Agreeing on strong and measurable criteria, constantly measuring those criteria, and being prepared to adapt and change can help overcome some of these issues and help enterprises tame the cloud beast more efficiently. Here are several success criteria based on research and client experience:

FOUNDATION FOR SUCCESS 1 SET SHARED GOALS TO ENHANCE COLLABORATION

The enduring promise of flexibility and cost savings continues to encourage IT and business leaders. The cloud can also be an effective platform for test-driving new business initiatives. It is no longer just to drive efficient internal operations. It translates directly into competitive business advantage.

It is critical for organizations to be clear about their objectives with the cloud before they begin their journey. CIOs responding to IDG’s 2018 edition of the annual State of the CIO survey report the following strategic priorities and initiatives:

- Security management (54%)
- Improving IT operations performance (49%)
- Cost control (37%)
- Driving business innovation (28%)
- Identifying opportunities for competitive differentiation (17%)

According to the CIF research, 70% of respondents (which included both IT and business leaders) say cost savings are the key driver for digital transformation and moving to the cloud, followed closely by increased profitability (58%) and increased productivity (59%). But it can’t be just about cost savings. “‘Digital transformation’ aimed solely at reducing costs is not enough,” the report states. “Transformation must be about business reinvention and business efficiency, and delivering a better customer experience, yet these factors rank much lower on the list of priorities.” This points to the enduring priority gap between the CEO and the CIO.

WHAT CIOs CAN DO.

- CIOs must work to be more transparent about goals and challenges. The 2018 State of the CIO report reveals progress, as the CEO and CIO do indeed share several priorities, including increasing operational efficiency and growing the business.
- IT and business leaders must continue to establish clear goals and expectations—71% of 2018 State of the CIO respondents say collaborative IT is now more frequent.
- The CIO and business leaders must communicate more thoroughly throughout the process to ensure goals, expectations, and timelines are met with success. Thankfully, 67% of 2018 State of the CIO respondents say the CIO is communicating with the board of directors more than ever.

FOUNDATION FOR SUCCESS 2 RECOGNIZE CIO AS CRITICAL TO CEO'S SUCCESS

There is progress being made where there is a CIO/CEO disconnect. CIOs continue to have a more strategic voice within the business, which maps to the significant role they have with cloud migration and digital transformation. "The emphasis [when considering the role of IT] should be on the 'I' and not the 'T,'" says Tim Beerman, CTO of Ensono.

According to the CIF report, 64% of respondents believe the success of digital transformation is primarily dependent on IT and the CIOs' leadership. More than half (56%) also state their roles and responsibilities have changed significantly as a direct result of digital transformation. But not all see those changes as positive or balanced. Business leaders report freedom to innovate while IT leaders report increasing pressure to perform.

CIOs are indeed involved in cloud migration and the corresponding business process changes, but they could increase their involvement. CIOs responding to the 2018 State of the CIO survey report:

- Identifying aspects of the business that would benefit from digital transformation (37%)
- Identifying technologies to help drive digital transformation (25%)
- Managing digital project expectations (22%)

It is incumbent upon both the CIO and CEO to fully integrate IT with business initiatives. "The CIO today needs to be more aligned with the business than ever before. Now more than ever, they are part of generating revenue," says Beerman. "They are on the front lines with technology."

In IDG's State of Digital Business Transformation 2018 survey, business leaders report they focus more on data- and culture-driven steps—for example, determining metrics for success, workforce strategy, and change management. The study showed the CIO and CEO are equally involved in determining success metrics (both 42%).

While the CIO may be more involved, technology itself is not necessarily the driving force. "I don't think it needs to be driven by IT. It needs to be driven by the business. Empower them to start thinking about how we will become a new digital business," says Ratcliffe. "How do we create a new business on the side? How do we build a whole new world of digital transformation and disruption? Disruption is often more successful."

WHAT CIOs CAN DO.

- CIOs must think of themselves as pioneers for change in order for rest of the organization to do so as well. A key takeaway from the 2018 State of the CIO report is that CIOs are striving to become corporate officers.
- CIOs must prioritize business initiatives, as well as the technological infrastructure that supports them. In the 2018 Digital Business survey, 32% of respondents report successful digital business leads to revenue growth.
- CIOs must involve business leaders in major technology decisions. In the 2018 State of the CIO report, only 54% report working with business units to develop consensus around IT projects.
- The CIO must truly act as an ambassador, bringing together business and IT leadership.

FOUNDATION FOR SUCCESS 3 BUILD RICH PARTNERSHIPS TO ACCELERATE INNOVATION

The role of IT leaders continues to evolve to suit this increasingly cloud and digital services-focused world. According to the 2018 State of the CIO report, 88% of CIOs say they are more involved with digital initiatives, yet 83% of CIOs find maintaining balance between innovation and operations challenging. This presents a strong business case for partnering with an expert managed cloud services provider. As companies engage in these partnerships, CIOs are not just setting things in motion; they are active participants.

"Part of it is understanding the breadth of services they provide. If you're an enterprise looking at how to manage capabilities while going through a digital transformation, you need to bring along the apps that have made [your business] successful," says Beerman. "Select a provider that can help optimize those costs, reduce risks, has a talent pool in legacy systems, and skills across wide breadth of technologies."

Preparing for a world that will continue to evolve is also critical. "What your environment looks like today is certainly not what it will look like down the road. You need to be able to move from one platform to the other, and your provider must allow you to do that," he says. "The world is moving too fast to lock into a contract. You need someone who can provide the flexibility and expertise to help you move."

WHAT CIOs CAN DO.

- Carefully select a managed service provider partner. A key takeaway from the 2018 State of the CIO report is to outsource non-strategic initiatives to cloud provider partners.
- Learn about all services a managed service provider offers, and ensure they can provide the capability and flexibility to evolve the partnership as business needs evolve. In the 2018 Digital Business survey, 36% of respondents say an insufficient internal skill set is a barrier.
- Establish clear goals, expectations, and timelines, and ensure continued communication between the CIO and CEO. Another key takeaway from the 2018 State of the CIO report: communication is king.

FOUNDATION FOR SUCCESS 4 BUILD A CLEAR ROADMAP FOR IMPLEMENTATION

Looking at the successes and struggles organizations have experienced thus far, there are several factors that clearly lead to a successful migration. Involving not just the CIO but also business leaders in the cloud migration planning process is critical. As is investing in the planning process, while being ready to change.

“Take inventory of what you have today. Not just your infrastructure, [but also] your app inventory,” says Beerman. “How do your apps work together? What elements are they talking to? What are they processing? Use that to start your migration. Start from your infrastructure and how your apps ride across infrastructure.”

From an architecture perspective, many organizations find multi-cloud, multi-tenancy environments to be the most flexible and scalable option. Partnering with a capable managed cloud services provider that has proven go-live methodologies can help ensure success. The groundwork is critical, as is the right partner to help the enterprise get where it needs to go.

“With a cloud migration today, you really have to think about what you’re trying to achieve. How do you architect your cloud environment? How do you design your business apps? It’s getting away from lift and shift to reimagining app design,” says Beerman. “It’s a comprehensive process to think about infrastructure, app design, frameworks, and achieving the right capability, which is the right cloud platform. It’s a much more holistic approach.”

Ratcliffe adds, “You have to rethink technology and automation. The challenge isn’t migrating to the cloud, it’s migrating within the cloud. Getting there is not a problem. But can you take a map of all your apps and all your connections for a complete synoptic picture of your environment and how it would look within AWS or Azure within six weeks?”

WHAT CIOs CAN DO.

- Take full inventory of technology assets and their value to the business; and not just a numbered list, but a living document that represents interactions and business value.
- The CIO and CEO must plan but be ready to change and evolve. In the 2018 Digital Business survey, 89% report having adopted or planning to adopt a digital-first business strategy.
- Engage a managed service partner that will get involved with your business, understand your imperatives, and drive change on your behalf. A key takeaway from the 2018 Digital Business survey is develop digital business objectives with people and process in mind.

CRITICAL TAKEAWAYS

Moving to the cloud is clearly still a work in progress, but some organizations are enjoying success: 16% of the enterprises responding the CIF research report completing their digital transformation. Realistically though, digital transformation and cloud migration will be an ongoing process. And the process itself will continue to evolve.

Successful organizations have developed clear strategies involving the CIO and business leaders, selected the right cloud provider partner, and planned and executed a reasonable and ordered process. “The best prepared [companies] are really going through the proper process of evaluating and going back to the roots of what the business is all about,” says Ratcliffe. “This is about setting a north star and pointing the business to it at all levels.”

For more information on planning a successful cloud journey, go to www.ensono.com