THE FUTURE IS NOW: INNOVATE OR STAGNATE

An Executive's Field Guide to Developing an Effective Cloud Strategy

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Introduction

In today's business environment, cloud solutions are no longer a value-added option; they're a strategic necessity. In nearly every industry, cloud solutions are becoming ubiquitous, and there is a growing realization that cloud technology will underpin most future business applications.

Given the rapid growth and broadly known benefits of the cloud—including lower cost of ownership and improved efficiency, collaboration, and operational excellence—surely every organization has a comprehensive strategy for capitalizing on its potential, right? Wrong.

While the cloud has become a vehicle for the future of IT, only one-third of companies have a detailed cloud strategy—a critical tool for capitalizing on the technology's short- and long-term benefits.

According to a recent Gartner report, two-thirds of enterprises still do not have a documented cloud strategy: a detailed plan for how their organization will use cloud solutions to achieve specific short- and long-term business goals.[1]

Does your company have a cloud strategy? And if so, is it as effective and comprehensive as it should be?

Don't be so sure. While cloud technology has existed for over a decade, there is still a lot of confusion regarding the what, why, and how of cloud solutions. The technology is complex and fast changing, terms aren't consistent, and options can be overwhelming.

Further, the pervasive use of "cloudwashing," a vendor practice of wrongly using the term "cloud" to describe their co-location solution, is misleading executives. More than just a solution that partly relies on the Internet, a true cloud solution offers scalability, pay-per-use billing, user self-provisioning, a virtual infrastructure, and multi-tenant architecture.

As a result of this confusion, you may be skeptical about the cloud. Rather than surrender the control of owning physical infrastructure, you may have chosen to maintain your on-premise IT systems. You may be interested in the cloud but don't know where to start, or you may have gone down the path only to experience setbacks or uncertainty.

Until now.

A comprehensive cloud strategy gives you the opportunity to step back, examine your overall business, and craft an effective path to success. With the right advisor, the right solutions, and a fundamental shift in how you view technology, your organization's ideal state is possible—without breaking the bank. And, it all begins with creating a comprehensive cloud strategy.

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[1] Source: 2017 Gartner Cloud Strategy Leadership [Report](#)

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BREAKING DOWN BARRIERS: COMMON CLOUD MISTAKES AND MISPERCEPTIONS

Given the occasional confusion regarding cloud capabilities and technologies, combined with misleading information from some cloud and pseudo-cloud vendors, executives sometimes have inaccurate assumptions regarding cloud solutions and implementations. Following are a few of the most common misperceptions we find when working with clients across various industries.

Misperception 1: A Cloud Strategy Isn't Needed for Small, Incremental Investments

Simply selecting and implementing cloud technology rarely achieves the desired outcome—even when the changes are incremental.

A common result of this misperception is a haphazard, inefficient system with one-off applications layered on top of traditional infrastructure. It leaves your organization in a hybrid state: unoptimized cloud applications used for some functions, and a costly traditional network structure used for others. Complexity grows as more applications are adopted, applications may lack connectivity, and users have various passwords spread throughout the system.

Without a detailed cloud strategy, organizations often end up with an unwieldy, inefficient, and expensive system of one-off applications layered on top of traditional infrastructure—with no relief in sight.

Ultimately, you're left with an ineffective, expensive system that hamstrings your business performance and prevents you from realizing the full value of your technology investments.

In reality, the pitfalls of cloud implementations are usually not the technology; they're the people and processes. Thus, a thorough, well-constructed cloud strategy is critical in all circumstances, even for small, incremental investments.

Developing a comprehensive strategy includes first examining your business and existing processes and systems, then determining what optimizations and solutions are best suited for your objectives.

For example, consider security, just one of many issues that are key to your operations. When crafting your strategy, go through the process of determining what data you have that has value, as well as what would happen if that data was lost. Since a true cloud strategy entails all aspects of company IT becoming cloud based, user devices must have strong security and protection. This information will help inform your selections and associated processes.

Misperception 2: A Free Cloud Application Is Actually Free

A staggering array of cloud applications are now available to businesses. When wading through the options, many executives find themselves drawn to the growing selection of "free" applications, such as CRM and file sharing solutions, with the hope of enjoying substantial cost savings.

Unfortunately, the result is often the opposite.

The quality and capabilities of today's applications are as varied as the companies implementing them, and in many cases, "free" applications entail significant additional costs and performance drawbacks. For instance, a sampling of ways in which free applications are often "more expensive" than paid applications includes:

- Difficulty implementing the application, resulting in additional labor costs to address technology and/or process modifications

- A sub-par user experience, requiring additional labor costs to drive and sustain user adoption

- A lack of key, time-saving features, leading to reduced productivity and/or additional costs to customize the application

- Limited scalability, requiring additional fees if your needs expand

- A lack of flexibility in transferring data to and from other applications, leading to additional labor costs for manual processes and data entry

The solutions best suited for your organization are rarely free. In fact, they are often more expensive than expected. However, their total cost of ownership is almost always lower than free and lower-cost alternatives—especially when considering their long-term benefits (e.g., improved productivity and efficiency) and the problem being solved.

THE POSSIBILITIES AND POTENTIAL OF A COMPREHENSIVE CLOUD STRATEGY

Despite some vendor claims of an easy, overnight transformation from on-premise pain to cloud-based bliss, fully capitalizing on the cloud's potential is far from simple.

Consider that this past year, more than half of all large and mid-sized businesses, as well as 35 percent of small businesses, increased their investment in cloud technologies.[2] But, more than 55 percent of those cloud projects failed to meet expectations, most often because the solutions were not well aligned with the organization's business goals.[3]

Merely investing in cloud solutions is not enough.

To ensure that cloud solutions deliver the expected value, executives should develop a comprehensive cloud strategy, not just a plan for migrating to cloud services. The strategy should focus on your business, including your structure, customers, and desired outcomes—and how you're going to get there.
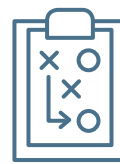
66% of companies do not have a comprehensive cloud strategy

55% of cloud technology projects are failing to meet expectations

51% of cloud technology projects are not aligned with business objectives

51% of large and mid-sized companies are increasing their use of cloud solutions

35% of small companies are increasing their use of cloud solutions

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[2] Source: 2016 TechTarget IT Priorities Survey of IT executives
[3] Source: 2016 Innotas Project and Portfolio Management Survey of IT executives

Key Cloud Strategy Elements and Combinations

When constructed, your cloud strategy will likely have a combination of two key elements: infrastructure and applications.

Infrastructure elements are the foundational components of your business, such as networks, servers, email, identify management, and information security (equipment, policies, and procedures). In addition, they include solutions for office collaboration: VoIP, video, file sharing, instant messaging, and Intranet.[4]

Meanwhile, applications solve specific business problems. They include ERP solutions (e.g., accounting, order processing, purchasing, inventory management), as well as financial systems and analytics, CRM, and business intelligence solutions. They also include business- and industry-specific applications, such as donor management, warehouse management, contract management, and point-of-sale solutions.

For example, the following graphic highlights a common business cloud structure, with an ERP solution at its core and bolt-on solutions that address key business areas: HRIS (e.g., payroll, benefits, time management, recruitment), professional services automation (e.g., time and billing, project and resource management), payments processing, and integration platform.

HRIS

Professional Services Automation

ERP

Payments Processing Solution

Integration Platform

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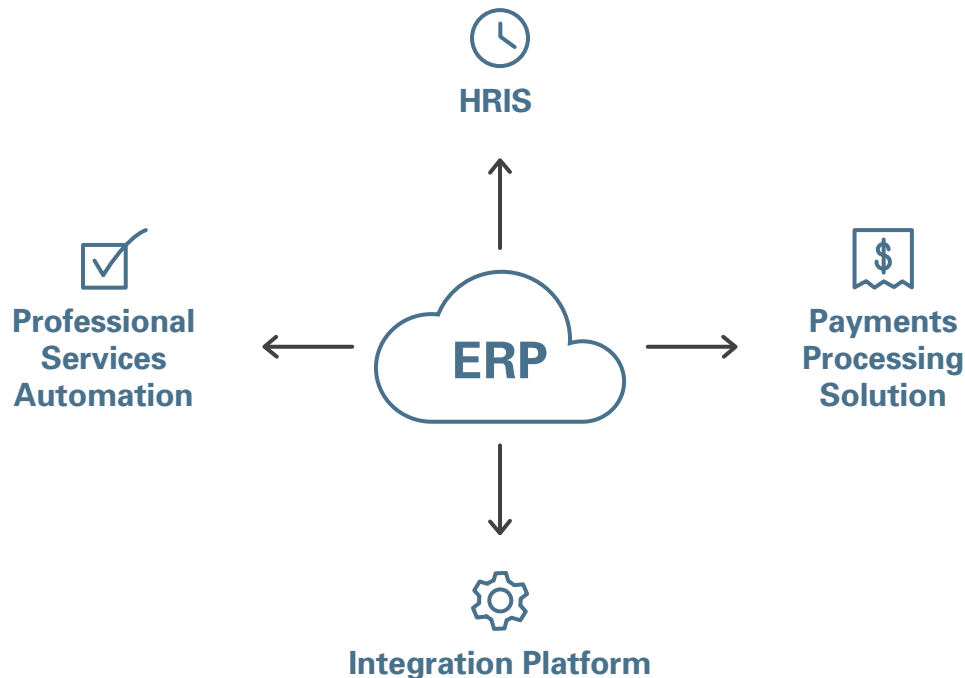
[4] Some components traditionally viewed as infrastructure, including VoIP, video, file sharing, email, and Internet, may become applications as part of your cloud strategy.

The Benefits of a Comprehensive Cloud Strategy

With a comprehensive cloud strategy that aligns elements with your business objectives, you can capitalize on the wide range of benefits that cloud solutions offer, from enhanced collaboration to greater flexibility, security, scalability, dependability, and cost savings.

ENHANCED COLLABORATION

With cloud technology, data is no longer confined to infrastructure and physical devices. Instead, employees can more efficiently communicate and share real-time information with colleagues and customers. Customers can gain immediate answers to questions, account information, and purchasing capabilities.

GREATER FLEXIBILITY

Since the cloud allows for processes and technologies to be firmly integrated across functions, it also enables employees and customers to access information from any location, at any time, and from any Internet-enabled device. As many businesses have discovered, the ability of employees to work from home or the field—without sacrificing data access or communication—can drive efficiency and performance.

SECURITY

Though cloud solutions have long been assumed as less secure than on-premise systems, this is not the case. When done correctly, cloud security strengthens overall security. With a cloud strategy, networks are far simpler, and the focus is on connecting secure applications with secure devices. Unlike legacy systems, applications provide a physical separation from data, as well as continual security monitoring and regular auditing. Further, device security has strengthened with measures such as encryption and multi-factor authentication.

SCALABILITY

Among the most significant long-term benefits of cloud technology—and a reason why it's becoming a vehicle for the future of technology—is scalability. Unlike on-premise solutions, which require an organization to guess at its future needs, cloud solutions can scale as your organization grows, new trends emerge, and markets change.

In addition, the scalability of cloud solutions gives organizations access to applications they couldn't otherwise afford. As a result, small and mid-sized businesses are gaining powerful tools for competing against larger organizations.

🛡️ COST SAVINGS

With the scalability and flexibility of cloud solutions, businesses no longer need to purchase and maintain expensive infrastructure, such as servers. Savings can be particularly significant for organizations with multiple offices, as employees only require Internet access to perform their job functions.

Costs are also more predictable, allowing for easier budgeting and less unforeseen expenditures. And, with more employees capable of telecommuting, costs are further reduced in areas such as energy consumption, furniture, and real estate.

With the right cloud strategy, businesses can enjoy the flexibility and scalability of quickly adapting to new industry trends, company growth, and market swings.

🔗 DEPENDABILITY

Finally, today's cloud solutions typically provide a more dependable and less burdensome experience than on-premise solutions.

For instance, with the cloud, your internal IT resources aren't occupied with labor-intensive software updates, security patches, or network disruptions. Data is also not stored on vulnerable in-house devices. Instead, the burden is on cloud providers, which usually have uptime guarantees, mature disaster recovery services, and timely security procedures.

In addition, data integrity is more dependable, as files are centrally stored. So, rather than having several copies of a file at different locations and with different employees, only one true version is maintained.

BEST PRACTICES FOR CAPITALIZING ON THE CLOUD'S POTENTIAL

Implementing a comprehensive cloud strategy will benefit your customers, employees, and profits. Following are critical elements of a strategy that fully capitalizes on the cloud's potential.

Assume Your Competition is in the Cloud (or Trying to Get There)

A holistic, forward-looking, business-driven focus is key to developing a cloud strategy that drives innovation, collaboration, and new processes.

It's true. In a short time, all your competitors will be in the cloud, or at least on the way there.

Adopting this mindset will ensure that you develop your cloud strategy with a forward-looking, holistic focus on your organization's pain points and business goals—not a siloed focus on your IT systems. After all, today's cloud technology is not just about cost savings. It is about driving business innovation and empowering new processes and abilities.

Examine How the Cloud Can Be Used Proactively to Propel Your Business Forward

Developing a comprehensive cloud strategy is an opportunity to do much more than react to your business needs. It is a chance to think bigger—to step back, examine your business processes, tactics, and objectives, and determine how technology can be used to propel your business forward.

Therefore, instead of implementing applications that simply address inefficiencies or operational challenges, consider how cloud technology can revolutionize your operations, service/product delivery, and competitiveness. Use these aspirations to guide your strategy, then examine the marketplace to determine which solutions are the best fit to help you achieve them.

Pay Particular Attention to Integration and Sequencing

When identifying potential best-fit solutions, a key quality to consider is whether the applications will seamlessly integrate and communicate with each other. This is especially vital with your infrastructure solutions, as they must be scalable, secure, and able to support environments from numerous vendors. Difficulties in integrating cloud applications have lessened in recent years, but they are still common.

In addition, it is important that your strategy prioritizes cloud projects in a logical manner, sequencing them in a way that minimizes operational disruptions while generating value as quickly as possible. For reference, small cloud projects average 3–6 months, while enterprise-level cloud efforts can take 12–18 months.

Assemble and Gain Buy-In from Key Stakeholders

Cloud projects affect all corners of your organization. Therefore, the process of developing a comprehensive cloud strategy, including each of the actions discussed above, should never be conducted in a vacuum.

From the beginning, stakeholders—including executives, business managers, IT personnel, end users, and third-party advisors—should be involved in all discussions. This will ensure that the strategy adequately addresses stakeholder issues, and objections are overcome early in the process. In addition, stakeholder involvement will drive greater companywide support for the strategy, as well as an understanding of how it aligns with key business objectives.

Determine if Internal Resources Can Develop and Implement Your Cloud Strategy

The quality of your cloud strategy can make the difference between unrealized potential and steady, long-term improvements in productivity, performance, and growth. So, before moving forward with strategy development and implementation, it is important to determine whether your internal resources alone are sufficient for these tasks.

For instance, while executives, stakeholders, and IT department personnel certainly can develop and execute a comprehensive cloud strategy, many organizations benefit from partnering with a specialized, vendor-agnostic technology advisor.

An external technology advisor can provide an independent, insightful perspective on your goals, people, processes, and technology. With this perspective—combined with deep business acumen and technology expertise—the right advisor can help you more effectively identify the best cloud solutions for your business.

An advisor's business and technology insights are particularly valuable given that there is no one-size-fits all solution with the cloud. Sometimes the most popular application in an area is the best fit for your organization. Sometimes it isn't. Sometimes vendors promote their application as cloud based when it isn't, leading to a wasted investment and issues connecting with other applications. The right advisor can help you navigate these and other issues in the cloud marketplace.

Ultimately, by engaging a highly qualified, unbiased advisor, you will gain a powerful partner in today's competitive market. Together, you can develop a detailed, business-driven cloud strategy that establishes a highly available, scalable, and secure plan for long-term success.

About SC&H Group

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CONTACT US

To learn more about how a comprehensive cloud strategy can help your organization reach its true potential—through applications that enable collaboration, flexibility, and productivity—click here to contact SC&H Group's Technology Advisory Services team.

Jeff Bathurst
Director

- 410-785-8835
- jbathurst@schgroup.com

Chris Rossi
Principal

- 410-785-8587
- crossi@schgroup.com

Greg Tselikis
Principal

- 410-988-1389
- gtselikis@schgroup.com