

# CIO matters, on and off the cloud

CLOUD AND THE CHANGING ROLE OF THE CIO





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## Executive summary

The role of the CIO has been changing over the last few years. And the cloud is the driving force in bringing about some of that change. The CIO has always been split between the strategic – creating value through technology – and the tactical, where the main aim is to run an efficient IT operation.

This is tough for CIOs who find themselves torn between the two. However, with the advent of cloud computing, CIOs can now rent technology, rather than own it. This helps reduce costs and means products can be launched in days rather than weeks. The CIO is then free to concentrate on high-level management issues, allocating money saved to other critical areas of the business.

The cloud also helps the CIO to discover ways in which all business units can work more efficiently. Through improved collaboration and easier information sharing the business has a clear and sustainable competitive advantage. Beyond that cloud-based computing can also lead the way towards improving processes, technologies and governance.

While it does bring great benefits, cloud is not the whole answer. How best to use cloud will depend on the organization. But as with all new technologies, if used in the right way, it will open up chances to transform IT. Redefining the traditional CIO role.

## THE CLOUD ADVANTAGE

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Every company – from the smallest start-up to the largest – needs to move quickly in today's market to respond to rapid change and increased competition. These days it's often the smaller companies who are better positioned to adapt, as the barriers to entry have decreased. Emerging companies now have access to the enterprise IT capabilities – the data streams and techniques for analyzing them – that used to be exclusive to larger organizations.

At the same time, CIOs of larger organizations now find themselves bound by their legacy systems and data as much as they are empowered by them. The costs of managing these legacy systems are getting in the way. Too much of the budget goes on maintenance and not enough is left over for new development and technologies.

The cloud model is increasingly being adopted by companies looking to lower cost and improve scalability. Many are choosing a hybrid approach between online and on-premise services as a low-risk way to test the benefits. To work, these cloud services need to be well integrated with existing legacy systems.

The cloud is also creating huge opportunities for CIOs to change the overall direction of their job. CIOs can focus on delivering strategic advantage through improved information and insight – rather than on worrying about the nuts and bolts of technology delivery.

If embraced and effectively managed with existing systems, the cloud can help CIOs free themselves from the limitations of everyday IT management.

### AMAZON LEADS THE WAY

Amazon proved to CIOs the world over that the cloud is the way forward. They opted to build their entire business process online, using a highly efficient and elastic cloud computing platform.

This allowed them to scale their infrastructure depending on user demand.

Not only that, but by opening up the solution for other businesses to use they have grown their market far beyond their initial online book store.

Doing so they have created and managed an extensive ecosystem that drives additional business for themselves – while increasing the business efficiency and profitability of others.

## Benefits of the cloud

### DELIVER INSTANT GROWTH AND INSTANT SAVINGS

The cloud means that CIOs are now able to rent services, rather than purchase them. So capital that would have been used on infrastructure can be spent on other projects. Moving capital expenditure to invest in other areas of the business can lead to greater business efficiency and growth. Ultimately, it is likely to add to the bottom line.

But the cloud has its own unique set of challenges. These include:

- Security and trust concerns that data is being handled in line with both company and regulatory policy
- Getting satisfactory SLA guarantees from cloud brokers
- Making sure that the location of data meets legal requirements
- Ensuring that cloud silos are not built within the company
- Effective integration of cloud technology with existing systems

To benefit from the cloud, these challenges need to be addressed and overcome – but if this happens, the benefits are clear:

**Increased storage capability:** Through the cloud more data can be stored than on private computer systems and it can be managed more efficiently. So the days of the full inbox can be over.

**Highly automated:** IT personnel don't have to worry about keeping software up to date, they're free to focus on strategic business objectives.

**Flexibility and scalability:** Cloud computing offers more flexibility than traditional computing methods. So organizations can quickly add additional capabilities. So the service can grow with the business, without having to spend more – and it's also possible to downsize if necessary without wasting IT investment.

**More mobility:** Users can flexibly and securely access services from any location using smart phones and laptops.

### SHOULD CIOs GO PUBLIC OR PRIVATE?

By shifting to the cloud, it's allowing software to share computers. Which in itself delivers greater economies of scale. In fact, many experts agree that by sharing capacity across servers in a public cloud it possible to boost your utilization from around 15% to as high as 80%. This can be achieved by sharing resources in the public cloud with many others, or for larger organization, achieving similar financial efficiencies within your own private cloud.

By sharing servers with similar companies, who are doing different things, at different times, it's smoothing out the peaks and troughs: reducing capital expenditure to be used elsewhere in the organization, and increasing ROI.

## DEFINING THE NEXT GENERATION WORKPLACE

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So what happens when the cloud environment is in place? The cloud, when delivered and managed in the right way, opens up collaboration and gives flexibility to CIOs to build a next generation workplace. Generation Y's natural habitat is the social networking and collaborative world of the cloud, and they will bring it to the workplace, if it's not provided for them.

Not only that, but organizations also need to consider whether or not staff are able to link in their personal iPhones and laptops through cloud solutions? This could be particularly useful for businesses that depend on a significant temporary workforce. It's equally important for any organizations with a large number of employees who work remotely.

In addition, with the cloud model the most up-to-date versions of collaboration tools can be delivered to employees, consumers or citizens who need them, without businesses having to worry about upgrades.

Now it's all taken care of. As a result leading new technologies and ways of working will be introduced to key individuals in the business. It helps keep both them and their teams operating at their peak. Now organizations can innovate and pioneer, supported by a cloud partner's expertise.

Meanwhile, people within the business are empowered to make high quality decisions.



### IS SECURITY HOLDING YOU BACK?

Early adoption by large organizations has been slow, but Gartner predicts that the cloud will be a \$150 billion industry by 2013<sup>1</sup>.

Why? Well it's no secret that security has been one of the biggest concerns. The '2010 State of Enterprise Security Survey – Global Data'<sup>2</sup> report shows that around one-third of IT and security managers believe virtualization and cloud computing make security somewhat or significantly harder. However, with the appropriate levels of security, compliance and governance, addressing the users, data, transactions, network and service being introduced, enterprises are adopting cloud computing at an increasing pace.

In many cases, data at companies is more at risk in their own environment than in a well-managed cloud. As with any kind of outsourcing, it's about choosing the right partners with the experience, processes, technology approach, robust delivery and focus you trust.

So organizations are safe in the knowledge that their customers' and corporate information is being protected against potential threats.

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1 Gartner, Forecast: Sizing the Cloud; Understanding the Opportunities in Cloud Services, March 2009

2 Symantec, 2010 State of Enterprise Security Survey - Global Data, February 2010

## MAKE INFORMATION TRULY POWERFUL

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Information has become a disruptive tool. Defining the information architecture while assuring near real-time access to an ever-expanding world of data is the yardstick. It's against this that successful and competitive businesses and more specifically CIOs are measured.

The most successful CIOs will be the ones who embrace the cloud at the right time in the right way. Doing so they can switch their focus from simply controlling the allocation of resources, to leveraging the exciting and innovative new services that are available.

That may involve deploying technologies like Microsoft BPOS, Google Apps and Salesforce.com, which are easy for individual departments to put in place and use. This opens up IT to the whole organization and demands a wholly different management model. But it has to be integrated effectively with existing systems.

In integrating cloud computing CIOs have to be keenly aware of avoiding cloud silos being built independently in every part of the business. This would negate the purpose of breaking down silos elsewhere and heading toward a more unified business where the right people, get the right information on the device of choice.

With greater information sharing comes real employee empowerment. If they can perform their jobs quicker and more efficiently, companies can produce better products, or provide a better service, quicker than anyone else. This provides a strong competitive advantage, improved business growth and the chance to reduce expenditure, while still increasing profitability.

## MANAGING THE REGULATORY ISSUES

On the one hand the cloud model enables organizations to deliver SLA-based, pre-agreed levels of security and archiving. On the other hand it is forcing organizations to manage new issues that have emerged. For example, is data in a secure location and being handled in a way that meets the relevant regulatory requirements? And, is the business critical information that is relied on to make crucial decisions solid, reliable, reputable and above all, legal?

Like it or not, the CIO will always be responsible for the reputation and integrity of the company. Managing that risk will come down to a bespoke cloud solution, which works for organizations as much as it will come down to having good relationships with partners and suppliers.



## UNDERGOING A METAMORPHOSIS

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Cloud computing is a huge catalyst in forcing and supporting that change and defining what the CIO role will look like in ten years' time.

Will day-to-day activities become simply micro-managing charges and budgets? Will the CIO become less able to concentrate on their primary purpose of ensuring that information dissemination around the organization is both rapid and effective? Even more searching, will the CIO still be around in 10 years? We think it will, but the CIO's real value will only be realized when they can help the business to compete through using information more intelligently and ensuring that internal information is kept secure.

## WASTE NOT, WANT NOT

More and more, the nuts and bolts of IT delivery will be siphoned off to trusted and expert third parties. The concept of wasted IT resources will be no more acceptable than wasted man-hours or energy. It will be a utility-based model with businesses receiving exactly what it needs, the way it needs it.

Only the most protected and sensitive public sector and financial sector organizations will see value in running IT in-house.

Meanwhile the CIO takes their place at the heart of the organization, empowering competitive direction and strategic differentiation. They enable other business units to achieve their vision and help them push the boundaries.

## CIOs MUST PROVIDE USERS WITH THE INFORMATION THEY WANT, ON THE DEVICE THEY WANT

Thanks to the cloud, the role of the CIO will become less about control and more about enablement. With remote working becoming more of the norm – rather than the exception – users are going to expect to be able to access critical information where they want, on the device of their choice. Whether it be a smart phone, iPad or laptop, speed of access to information will mean an improved speed to decision and an improved competitive advantage in the marketplace.

Business growth is becoming more dependent on having the right information available and readily available at the instant it is required. Balancing how they manage users demand for information, with the channels available to disseminate that information, is going to place pressure on the CIO to really deliver.

Or face questions from board members as to why users are unable to effectively collaborate and communicate to improve productivity and profitability.

## The future CIO

### THE CIO IS RAPIDLY BECOMING THE CFO'S BEST FRIEND

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More than just being the provider of better business intelligence, the CIO will need to balance which applications and valuable business data are kept in legacy systems and which are moved to the cloud.

At the same time they will have to avoid stranded cost – such as paying for an old system they can't entirely move away from, at the same time as increasing spending on new systems. So it's not hard to see why managing the transition is a fine balancing act.

It will be a brave CIO who decides to take the plunge into cloud computing without dipping a toe into the water first. For some it is going to be a longer journey than others. Many will trial some of their less critical applications in the cloud, before committing others.

### THE FUTURE'S SO BRIGHT...

Cloud is in its infancy and like any fledging technology needs time to build confidence in the benefits it offers. But what's not in doubt is that this is the future – and that it paints a very exciting picture of the changing role for today's CIO.

### FIND OUT MORE

To learn more how Future IT and Cloud Services can help you grow your business, visit [www.logica.com/cloud](http://www.logica.com/cloud)



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