

Cloud Computing in the IT Service Value Chain

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Hynes, Room 310



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The old ways don't cut it anymore

- Simplify and consolidate
- Cost optimization must produce results
- New business and IT models (open source, SaaS, Cloud)
- Greater transparency in business and IT

Gartner
David Coyle, David Williams



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“ By 2012, 20 percent of businesses
will own no IT assets. ”

Key predictions for IT organizations
and user in 2010 and beyond

Gartner®



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Indicators lead to Cloud as future

Business expectations for IT call for greater productivity and continued cost-efficiencies

Ranking	2010
Improving business processes	1
Reducing enterprise costs	2
Increasing the use of information/analytics	3

CIO strategic technologies reflect increased interest in “lighter-weight” solutions

Ranking	2010		2009
Virtualization	1	↑	3
Cloud computing	2	↑	16
Web 2.0	3	↑	15

The next 40 minutes

- The market loves Cloud. What is it?
- Managing Cloud as an embedded service offering
- Concepts for building an effective cloud computing strategy

NIST definition of the Cloud

“

A model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. This cloud model promotes availability and is composed of five essential **characteristics**, three **service models**, and four **deployment models**.

”

Characteristics

- On-demand self-service
- Broad network access
- Resource pooling
- Rapid elasticity
- Measured service

Service model

- Cloud SaaS
- Cloud PaaS
- Cloud IaaS

Deployment model

- Private cloud
- Community cloud
- Public cloud
- Hybrid cloud

SaaS driving forces

Business drivers

Reduced TCO



Core competencies

Demand fulfillment; elasticity

Demonstrate value, faster

Acceptance drivers

Supplierization of IT



Virtualization

Commercialization

Frustration with legacy systems

SaaS represents a movement



Browser-based apps
increase user uptake



Adoption of standards



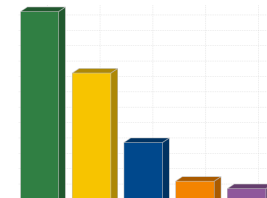
Primary source for
communication and research



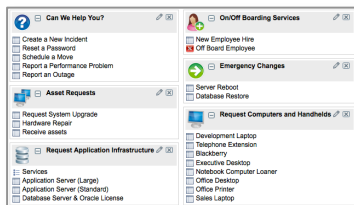
Upgrades perfected



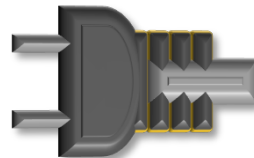
Once in production, customers
refine business processes



Reporting drives business
decisions



Service management meant
understanding offered services



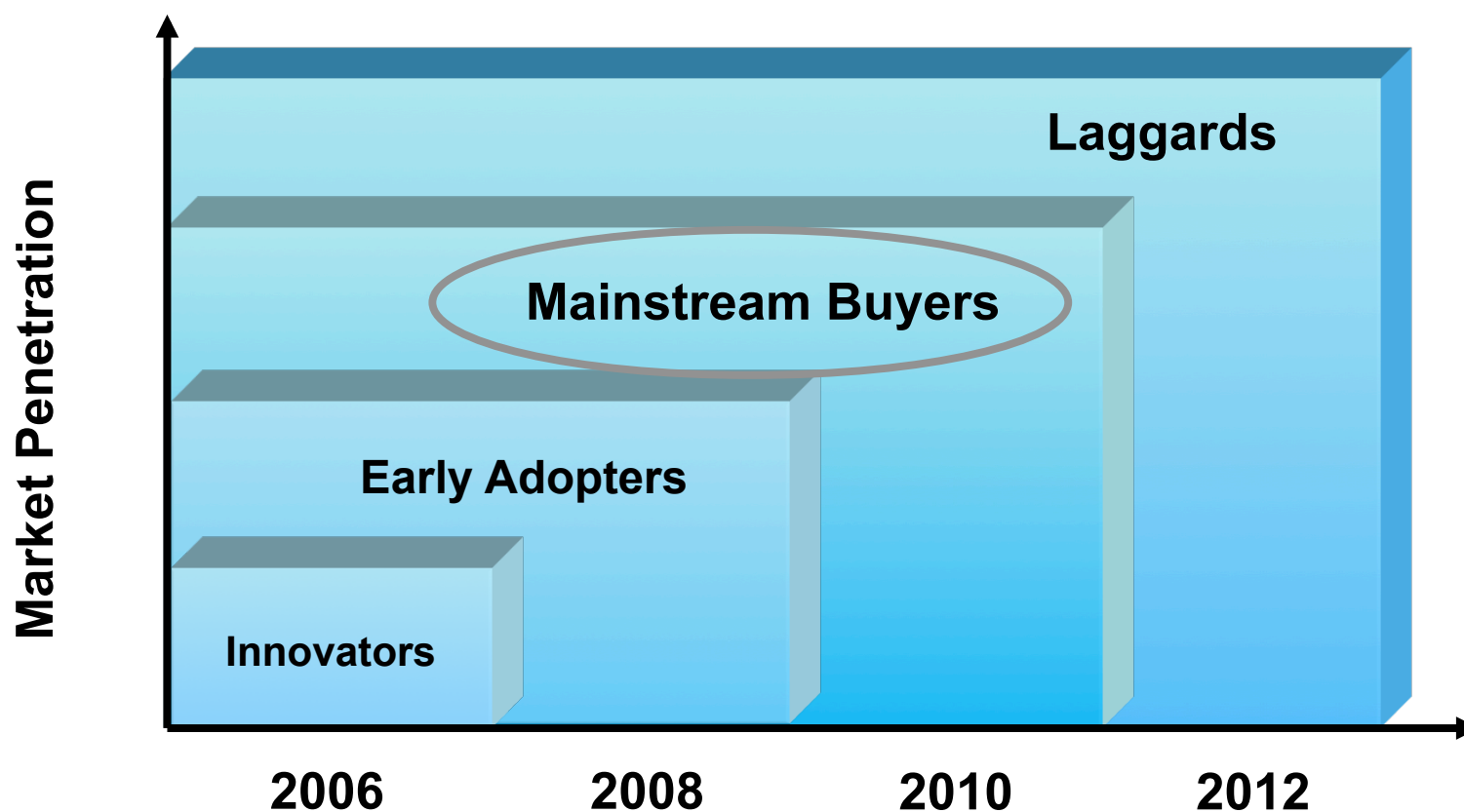
Integration to multiple
systems is the norm



People live in their
inboxes

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Market adoption forecast



Source: THINKstrategies, Inc.

Shift in adoption

Business unit adoption

Buyer: business unit

Support: business unit

Usage: departmental



Enterprise-wide adoption

Buyer: IT & the business, app dev

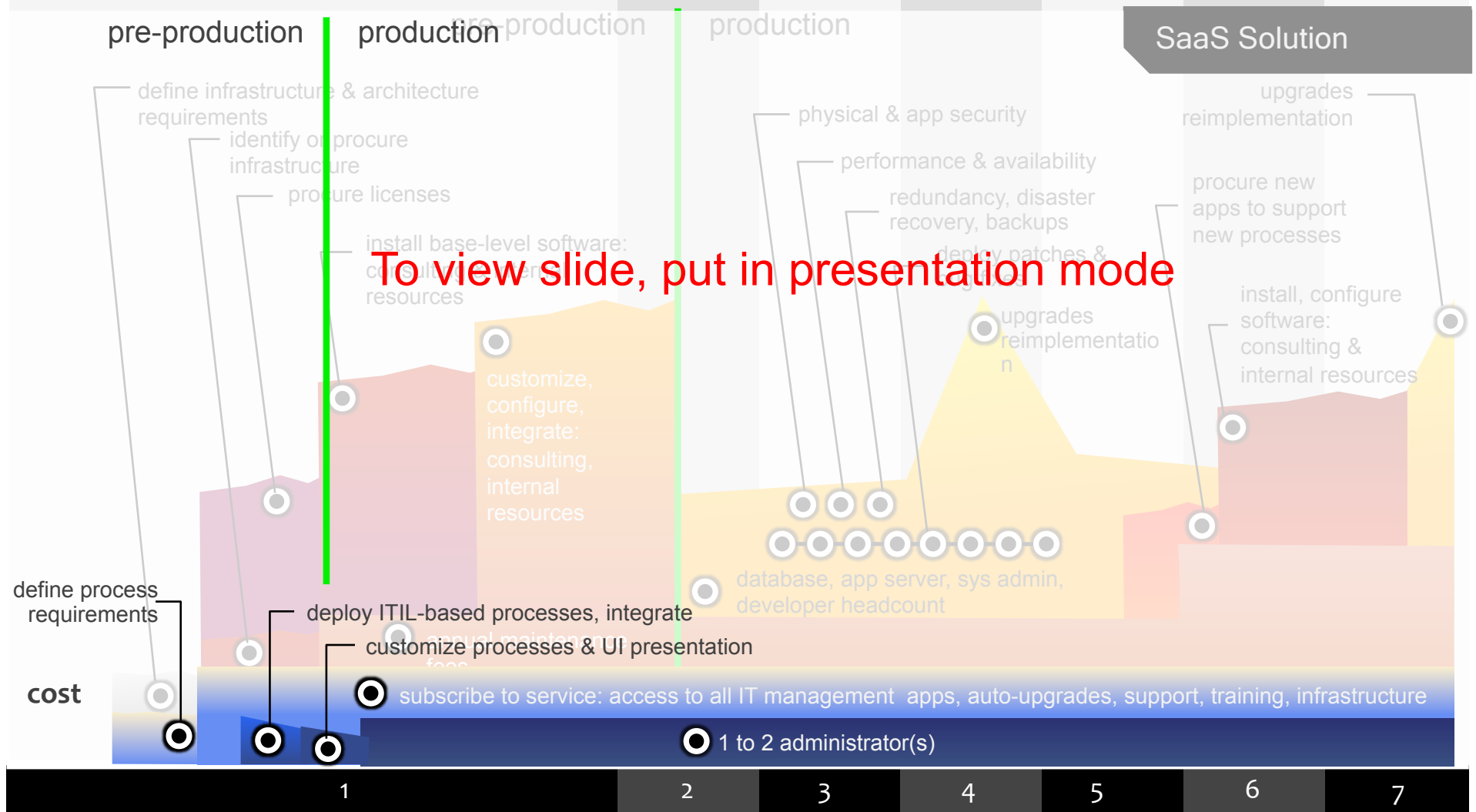
Support: IT

Usage: enterprise-wide, app dev



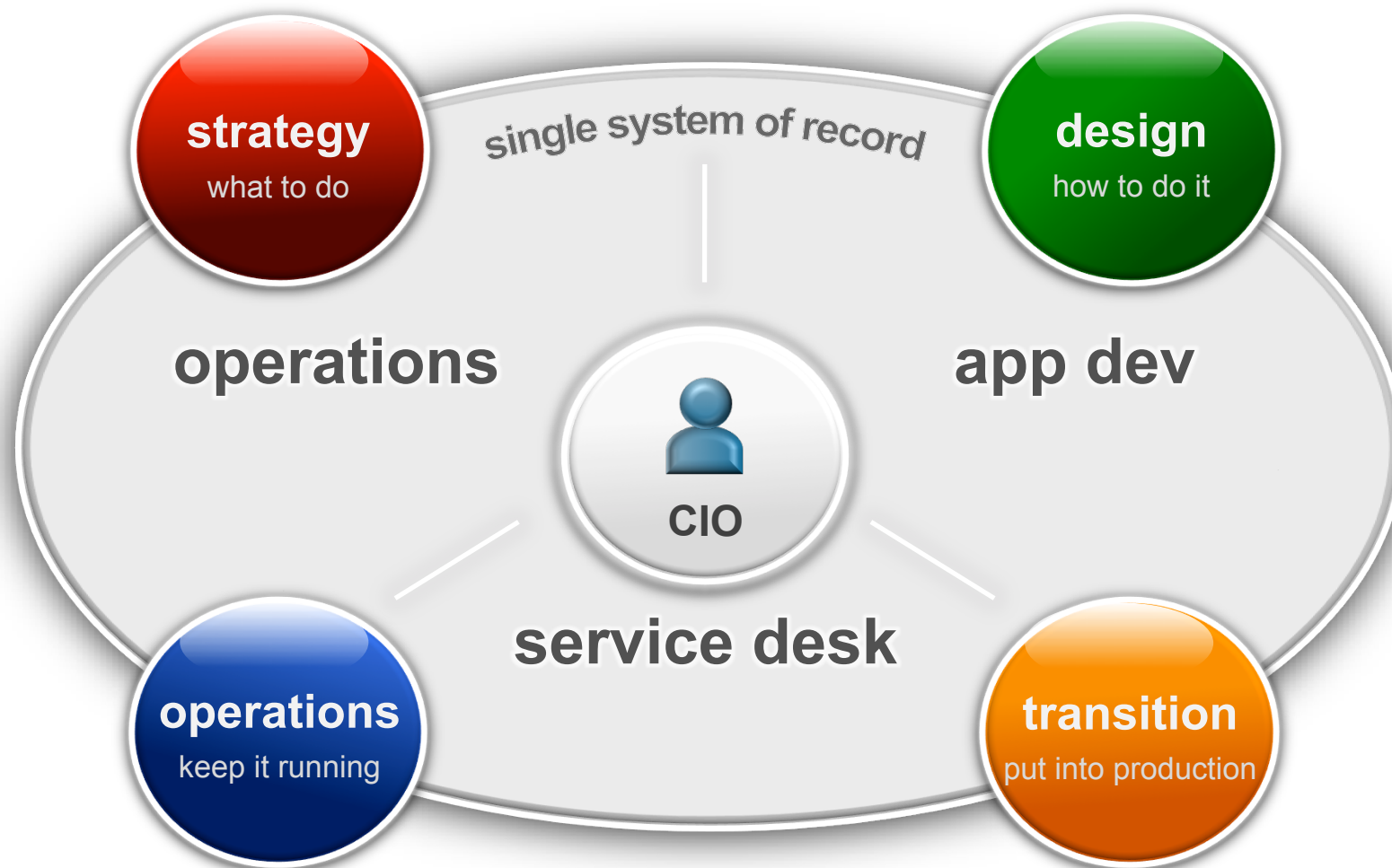
IT & governance now own selection criteria

SaaS vs. legacy TCO

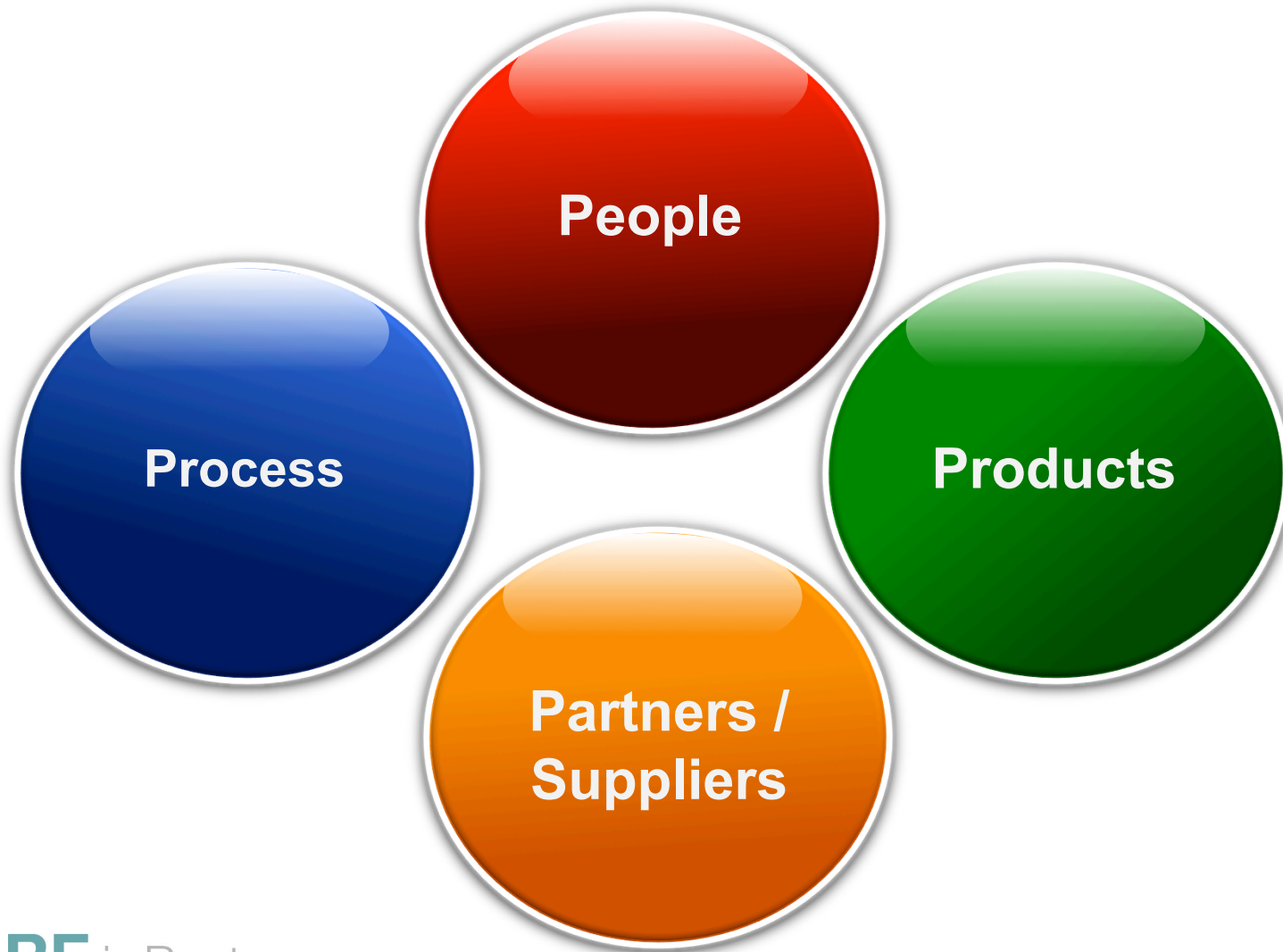


To view slide, put in presentation mode

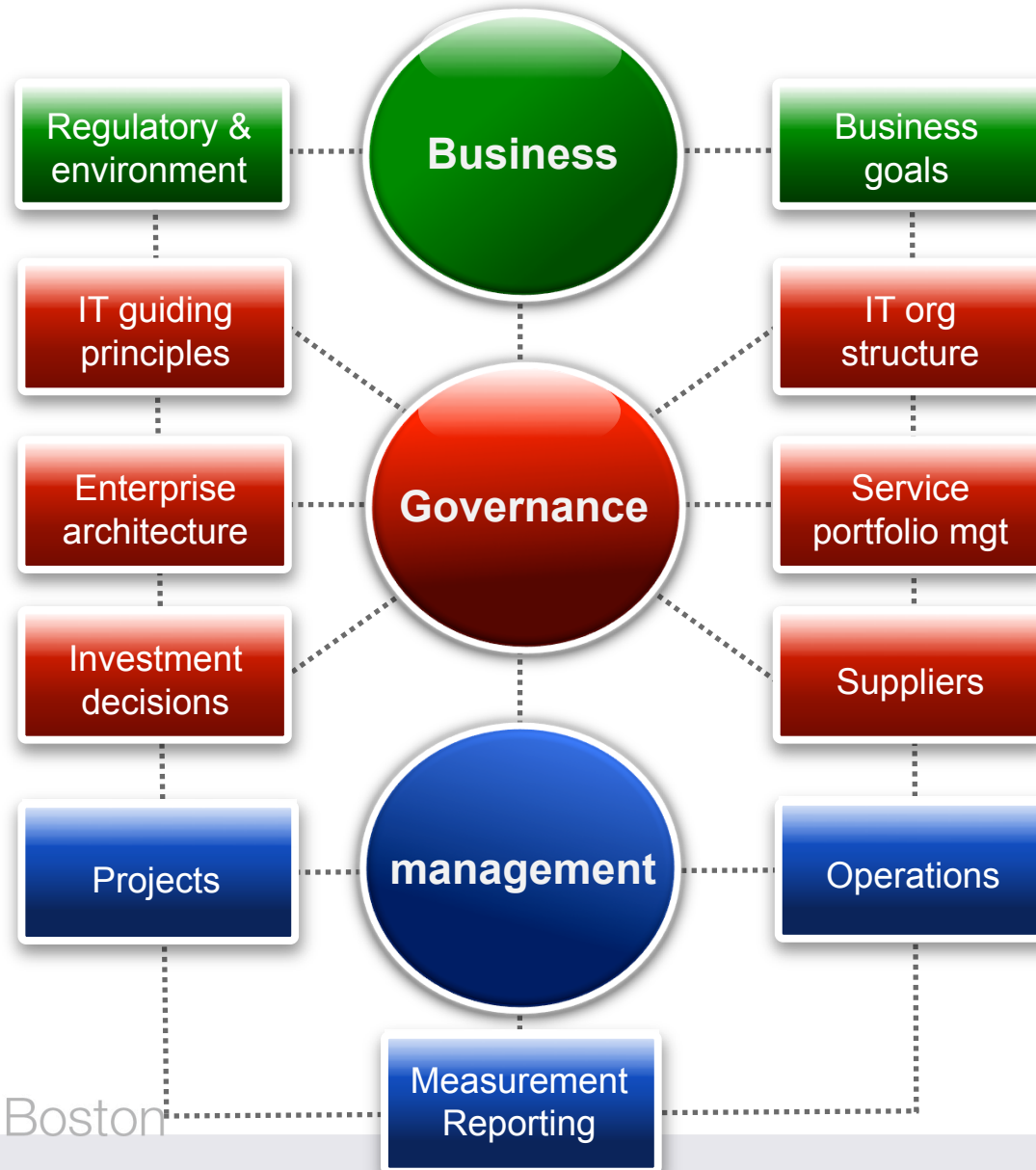
The complete IT lifecycle



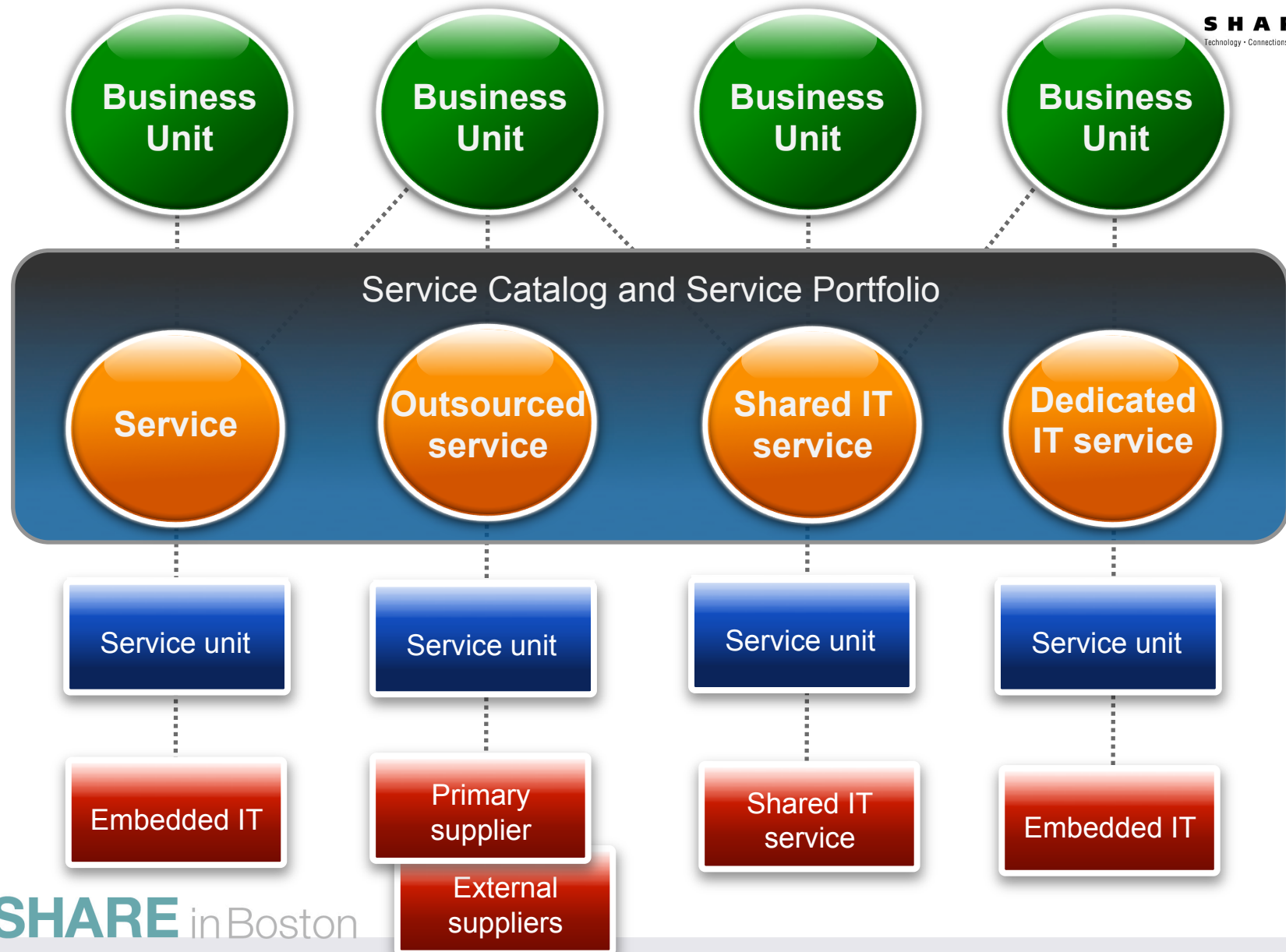
The new environment requires a 4th “P”



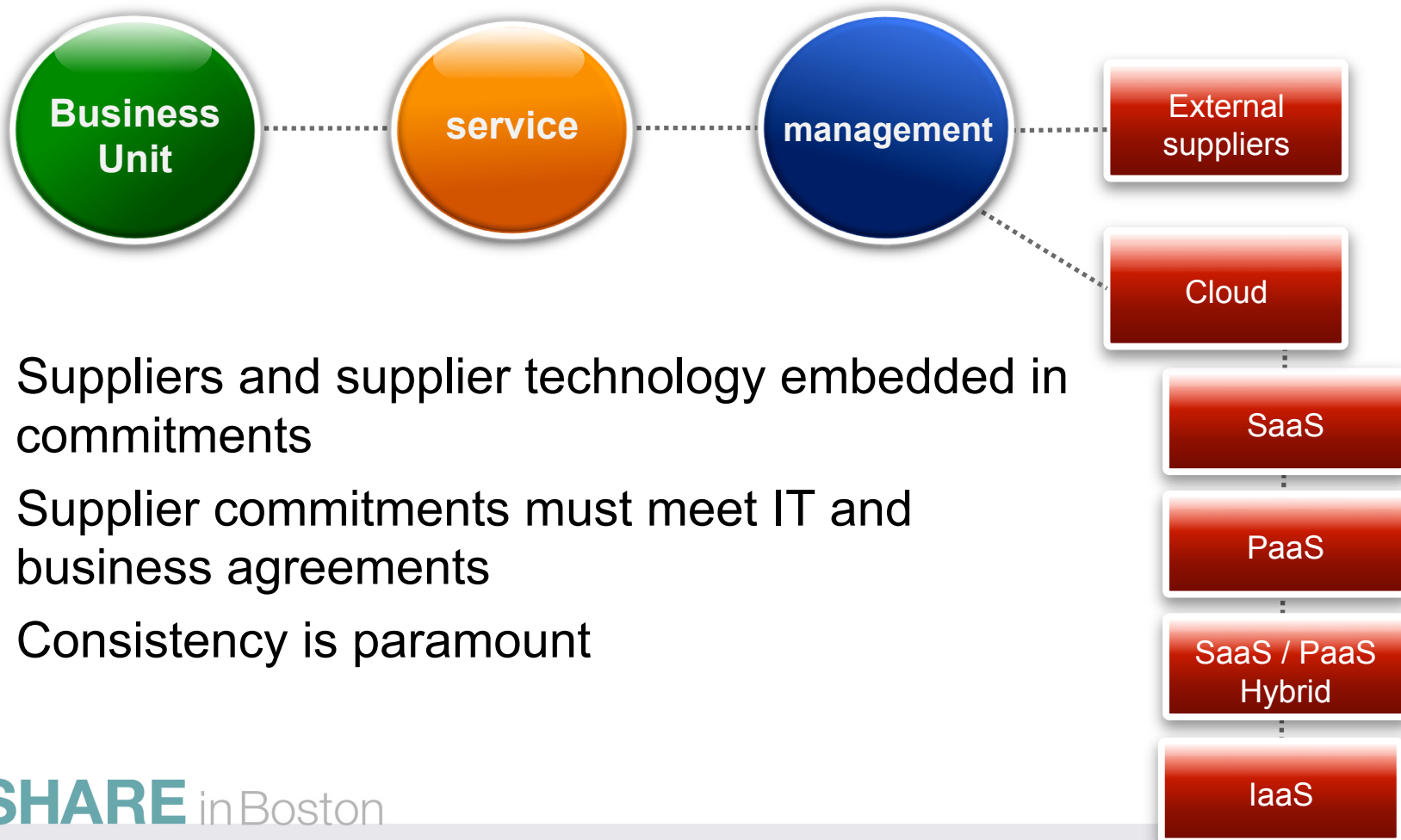
IT service portfolio and governance



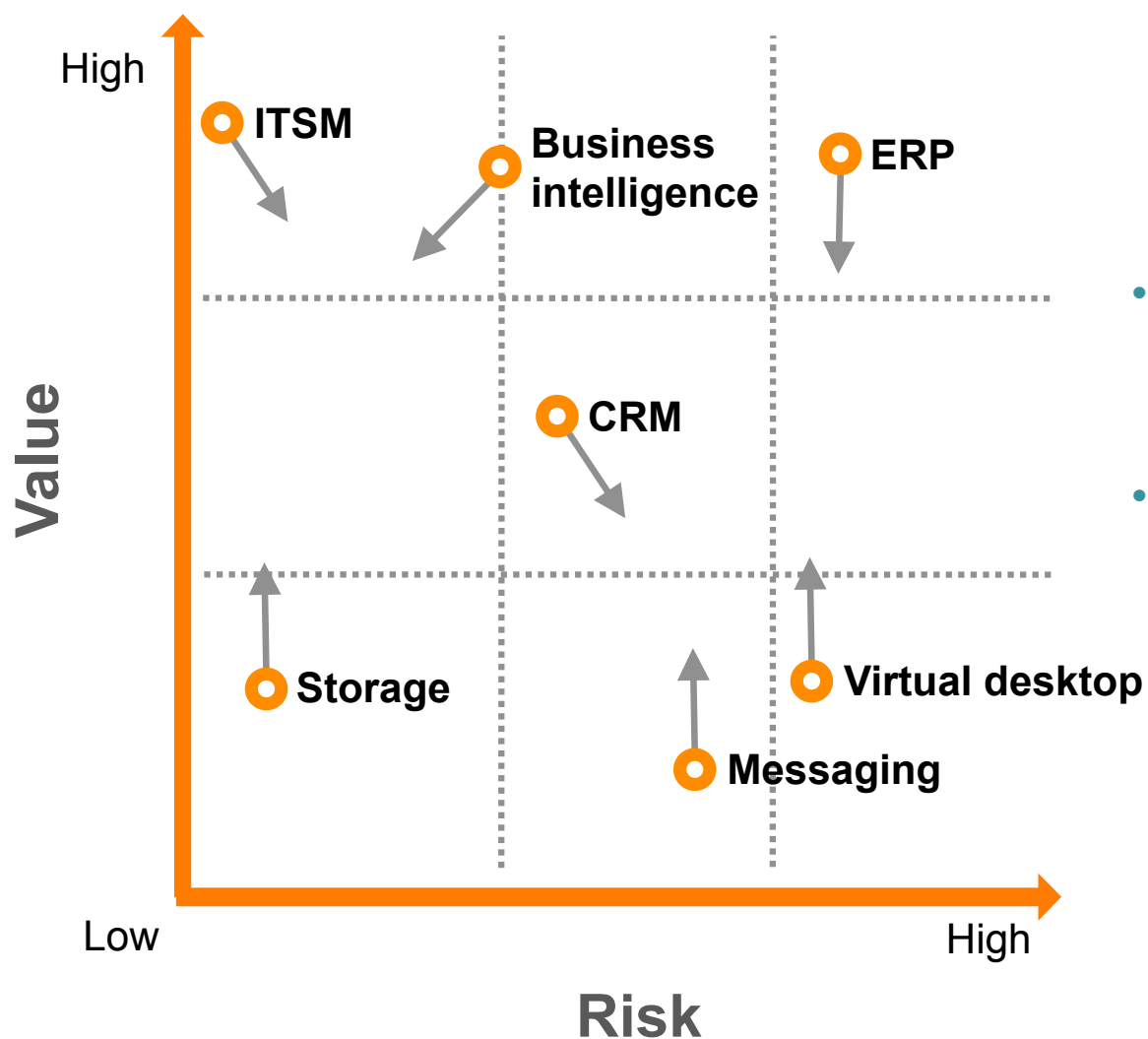
Service ecosystem



Major component of service offerings

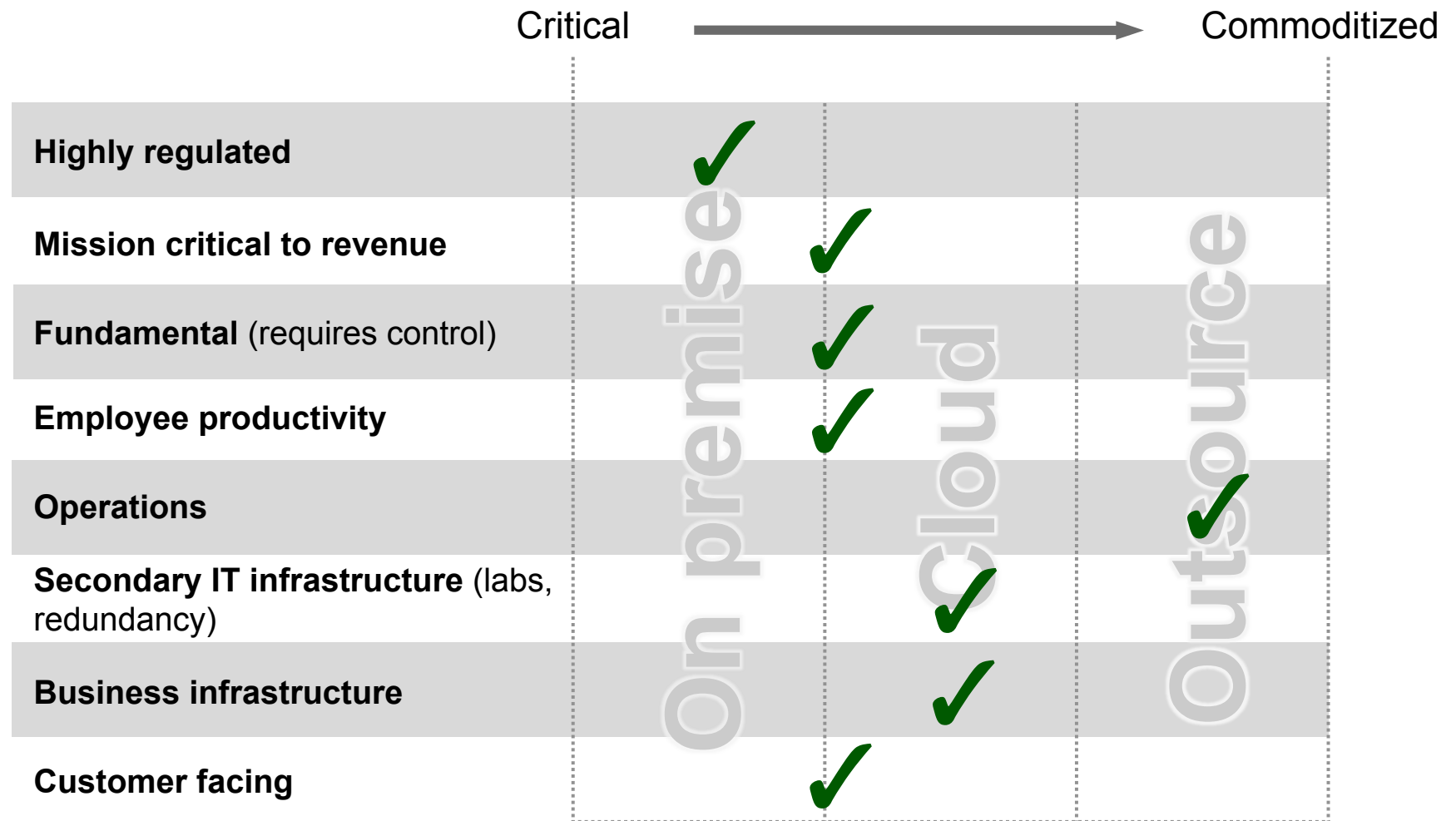


Cloud categorization



- Risk and value determined jointly by IT and business unit
- Today, Cloud risk mirrors on premise risk

Cloud adoption scorecard



Perceived risks

Stated Risk	Cloud Response
Data privacy	SAS 70 Type II, operational procedures, communication and application security
Data ownership	It's the customer's data; replicate to customer data center
Data integrity	Multi-tenancy, data and code isolation, disaster recovery
Privileged user access	Operational procedures, encryption, role-based security
Backup and recovery	Geographically separated data centers; replication to customer data center
Integration	SOA, Web services, XML, HTTPS, VPN tunneling, SSL/TSL
System performance and availability	Proven scalability and performance; 99.97% availability SLA; monitoring tools
Transparency and visibility	Should be Cloud supplier's DNA
Governance	Activity and user access audit log, SAS 70 Type II, regulatory confirmation

Preparing for the cloud

- 1 Expect resource changes
- 2 Executive sponsorship includes IT, security, compliance and the business
- 3 Build a business case
- 4 Negotiate as a business partner
- 5 “Set and forget” is not an option

Good partner traits

- Transparency and continuous communication
- SLA accountability
- Available tools to monitor and manage Cloud resource
- Community enablement tools
- Seemingly endless references
- Know what the supplier is offering – managed service or modern Cloud?

Cloud management technology



Catalog Item - Electronic Messaging

Electronic Messaging
Electronic messaging (email) for the global corporate entity. Does not include other forms of messaging such as MQ Series, SOAP, TIBCO, or other side machine to machine technology.

Current Status: Operational

Service Offerings

Americas Messaging (North and South)	European Messaging	Asia/Pacific Messaging
Operational Location: Americas Manager: Fred Luddy Tech Contact: David Dan Billed Monthly: \$10.95 per mailbox	Operational Location: Emea Manager: Davin Czukowski Tech Contact: Davin Czukowski Billed Monthly: €12.00 per mailbox	Operational Location: Asia/Pacific Manager: Davin Czukowski Tech Contact: Davin Czukowski Billed Monthly: \$12.00 per mailbox
Commitments ✓ 30 Minute Delivery ✓ 45 Day Retention ✓ 99.5% Availability 24 x 7	Commitments ✓ 30 Minute Delivery ✓ 45 Day Retention ✓ 99.5% Availability 24 x 7	Commitments ✓ 30 Day Retention ✓ 60 Minute Delivery ✓ 99% Availability

My Service Subscriptions

Commitments: Available, Planned outage, Degraded, Unavailable

Americas Messaging (North and South)	Asia/Pacific Messaging	Bond Trading NY
Available Last 7 days: 99.5% Availability 24X7 Last 30 days: 100% Last 12 months: 100%	Unavailable since 2010-05-14 10:15:15 Last 7 days: 55.34071% Last 30 days: 88.47502% Last 12 months: 100%	Available Last 7 days: 99% Availability London hours Last 30 days: 100% Last 12 months: 100%
Branch Office Degraded since 2010-05-14 10:15:31 Last 7 days: 99.5% Availability 24X7 Last 30 days: 100% Last 12 months: 100%	Central Office Planned outage restore time unknown Last 7 days: 99.997% Availability 24X7 Last 30 days: 100% Last 12 months: 100%	European Messaging Available Last 7 days: 99.5% Availability 24X7 Last 30 days: 100% Last 12 months: 100%
International Basic Available Last 7 days: 99.97% Availability London Hours Last 30 days: 100% Last 12 months: 100%	MDM 2008 User Client Access Available Last 7 days: 99.99% Availability 24X7 Last 30 days: 100% Last 12 months: 100%	Service-Oriented architecture Available No availability commitments for this Service

- Runbook automation and service catalog to provision cloud resources
- Service level management to track SLAs, operational and underpinning agreements
- Integration to provider monitoring tools

Beware of “Cloud Wash”

- Scrambling to catch the cloud wave
 - Every vendor offers some form of “SaaS”
 - “On premise or SaaS it’s your choice”
 - “Move from SaaS to on premise then back to SaaS”
- “SaaS” architectures in the market
 - Multi-tenant Java and HTML
 - Single-tenant Java and HTML
 - Hosted client / server software



SaaS not created equally



Item	SaaS	ASP
Available today	✓	✓
Customers in production	450+	< 10
Reference customers	450+	0
Subscription licenses	✓	✓
Modern Internet technology	✓	✗
Customization by customers	✓	✗
Automated upgrades	✓	✗
Flat-fee deployments	✓	✗
Integration included in subscription	✓	✗
Availability SLA	99.97%	99.5%
Global data centers	✓	✗
SaaS strategy failed attempts	0	several

Parting thoughts

- Focus on business requirements, not the Cloud initiative
- Cloud is not a trend, it is in mainstream adoption
- Consider suppliers as embedded partners
- Supplier management will become a core competency
- Build a business case, prove the technology
- Work with security early and often