

Intellect Cloud Computing Discussions 2011

Reworking the Vendor Landscape – what  
are the transformational challenges?

Dr Richard Sykes

Intellect 26<sup>th</sup> July 2011

# Fundamental Transformations In Play

Simultaneous transformation of three *landscapes*:

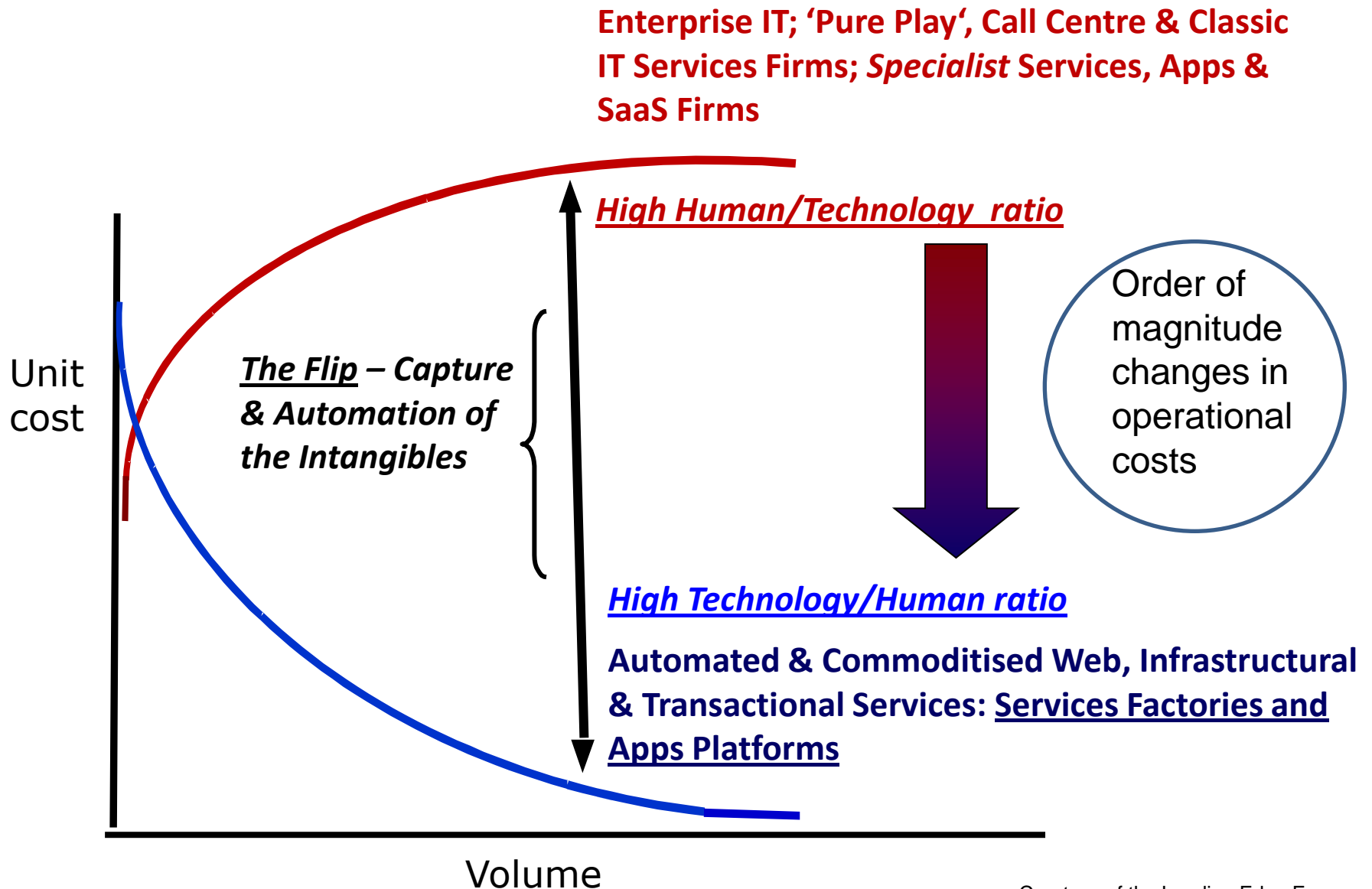
The Technology Delivery Landscape

The Vendor Competitive and Contractual Landscape

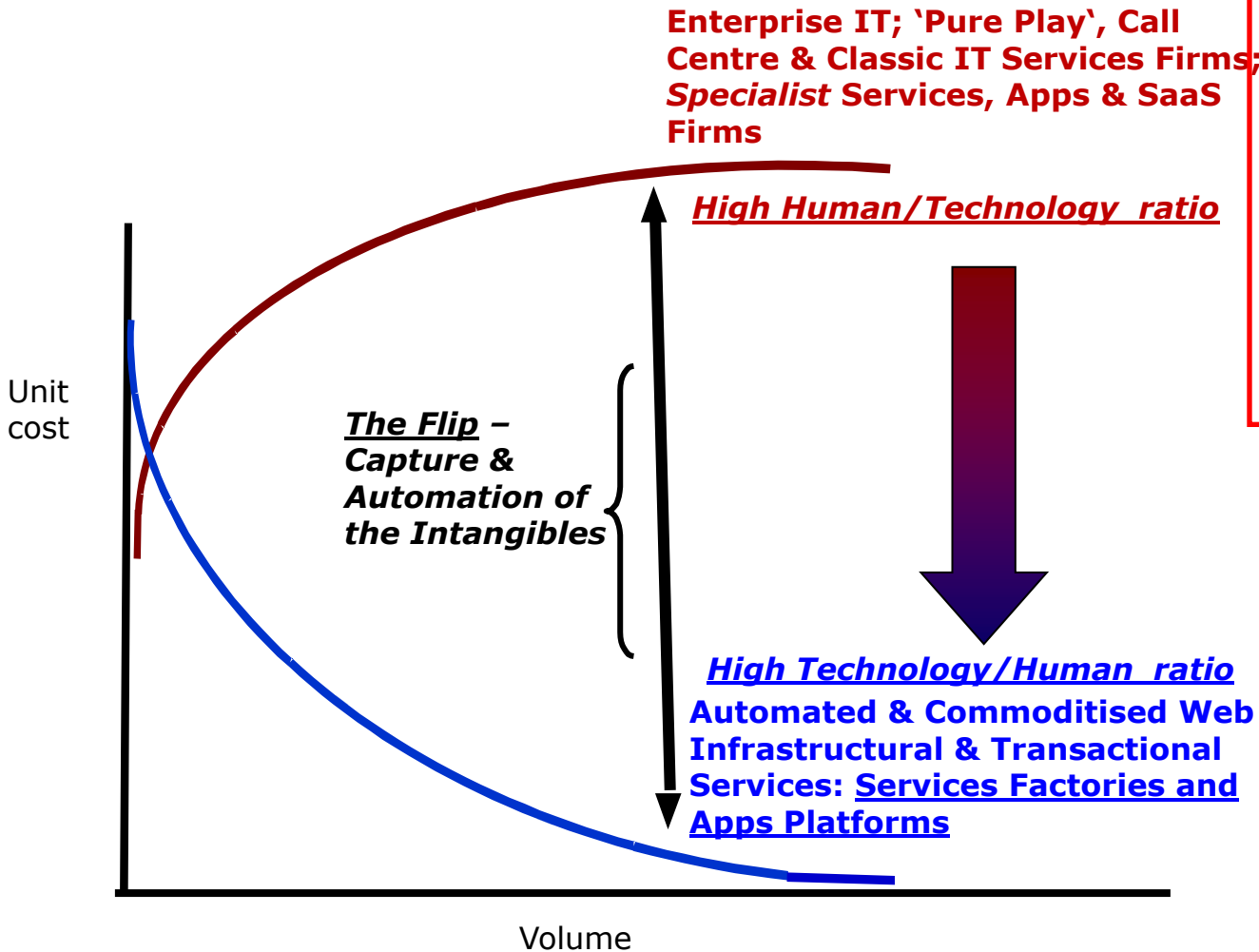
The Enterprise/Government Operational, Systems and Contractual Landscape

**Three simultaneous & highly interactive transformations:  
a recipe for defensive confusion;  
also opportunity for bold strategic business initiatives!**

# Automation of Bums on Seats Business Models



# Differentiation in Vendor Business Models



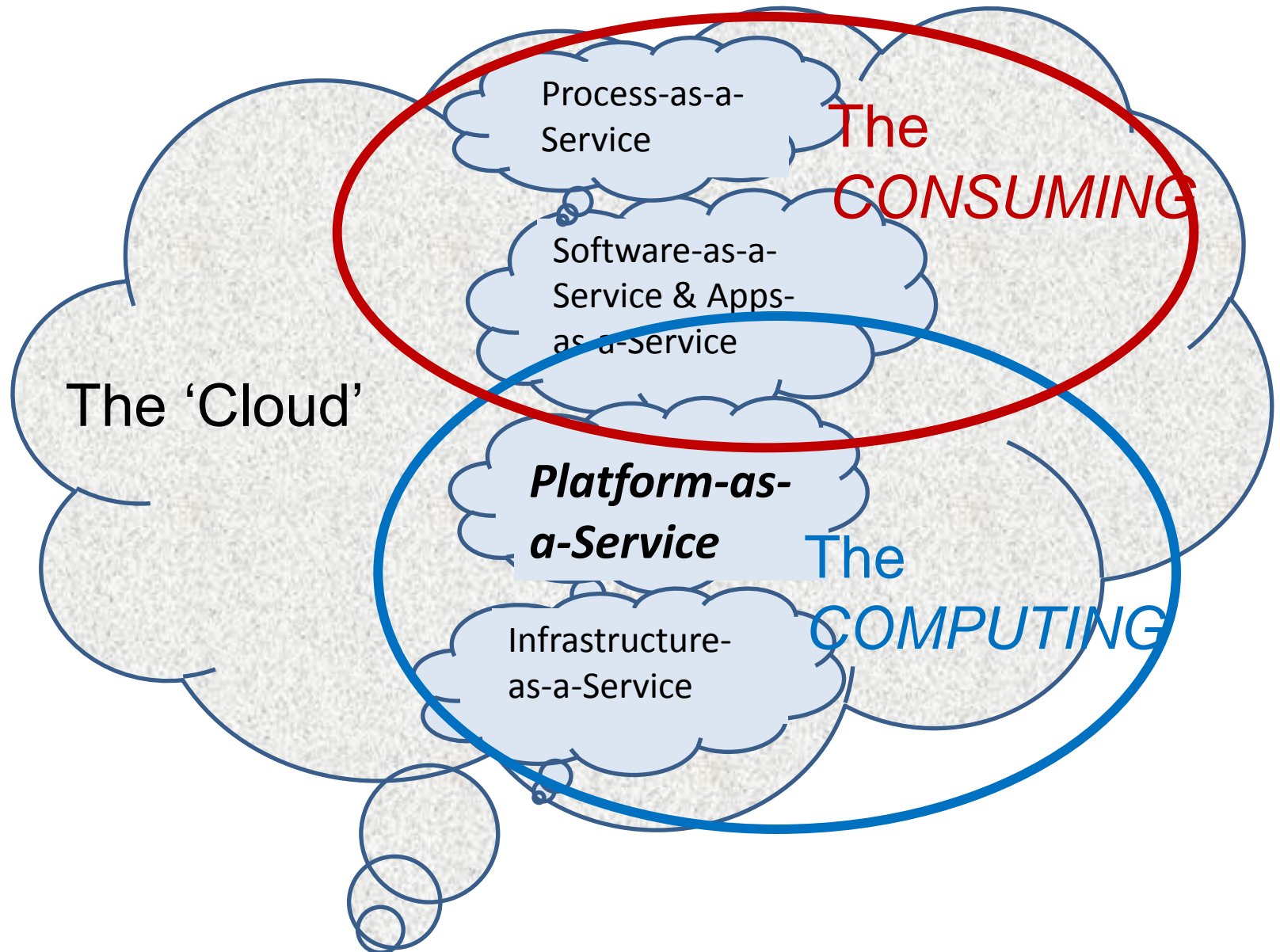
**Focus:** delivering high application specificity: Specialty end-application-aligned services

Tuned to specific end-market requirements. Strong partnership orientation & commercial capabilities  
**MARKET & CUSTOMER FOCUS INTIMACY TEST**

**Focus:** making technology 'sweat the assets' (high utilisation, reliability, security & flexibility):

Commodity manufacturing skills plus service orientation & capabilities  
**SERVICE FACTORY MANUFACTURING TEST**

# A Core Divide in the New Commerce of the Cloud?



# Setting the Pace: Transformational Priorities

*Tightly Coupled & Systems Integration* vs.

*Loosely Coupled & Services Integration*

- Non-legacy requirements ( web services, software development, stand-alone processing requirements): **potential low 'hanging fruit'**;
- Transformation of 'on-premise' infrastructural (data processing, storage & network) resources into a 'private Cloud' vs. **full** migration to external infrastructural services sourced in a 'public Cloud' vs. hybrid 'private/public Cloud' options; **issues of Infrastructure/Exostructure**
- Transformation of 'tightly coupled' legacy into '*loosely coupled, services on a Platform*' to enable CloudSourcing: Platforms delivering **Infrastructure/Exostructure: issues of legacy technical architectures 'lock-in' vs. migration to SOA structures.**
- Migration from *Systems Integration* (people intensive & intrinsically costly) to *Services Integration* (intrinsically lower cost & more agility.)

# Pace Setting for 'the Computing'?

Five New Generation Service *Platforms* based on highly automated *Service Factories* integrated into the Web, with aligned commercial and business models are setting the pace

- Amazon Web Services (The 'Elastic Cloud')
- Google App Engine
- Microsoft Azure
- Salesforce.com's Force.com
- Apple iApp Platform

**Focus:** making technology 'sweat the assets' (high utilisation, reliability, security & flexibility):

Commodity manufacturing skills plus service orientation & capabilities

**MANUFACTURING TEST**

*Where does this leave the data centre operations, operational capabilities & business models of longer established suppliers?*

# And Who Leads in 'the Consuming'?

Winners will be those suppliers focused where the people-intensive contribution is valued & rewarded – supporting client's core business competencies 'at the sharp end', 'in the market', 'close to the client's clients' – a premium on 'vertical intimacy'

SI (as *Service Integration*) is much less people intensive but requires strong 'vertical intimacy'

A growing market place for vertical-specialised Softwares & 'Softwares delivered as Services', Apps, Business Processes & 'Business Processes delivered as Services', Call Centres.....

**Focus:** delivering high application specificity: Specialty end-application-aligned services

Highly tuned to specific end-market requirements. Strong partnership orientation & capabilities

**MARKET & CUSTOMER FOCUS INTIMACY TEST**

*This favours suppliers who specialise in given verticals: where does it leave the business models of more generalist IT Services suppliers?*

# *Transformation* as the Business Opportunity

Classically at the heart of the Deal structure

Better as a *discrete Business Service* - unlinked to ongoing provision of services

Two contrasting business models:

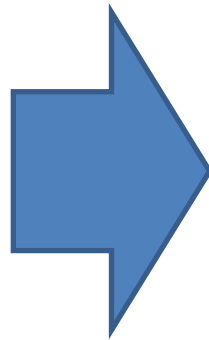
Transformation Consultancy ('Bums on Seats')

vs. Strategic & Transformation Advisory ('One to Many' leverage)

# Towards a New Commercial Landscape?

*Classic Deal Making*

*Financing + Transformation + On going Services: 'The Three Card Trick': all funded by Change Control!*



**Outcome-Focused Business Partnerships**

**+**

**Directly Sourced Commodity Services\***

**'Edge'**

**Table Stakes**

*[\* IaaS + PaaS, Standard Cross – Vertical Back & Front Office Transactional Services]*

# Thank You!

## Dr Richard Sykes FRSA

A strategic advisor in the transformation *as business services* of technology and business process sourcing, outsourcing and offshoring business models, including through the agency of 'the Cloud'.

'Virtual' office: +44 (0)20 7917 1715

Mobile: +44 (0) 7712 187 099

e-mail: [r.j.sykes@btinternet.com](mailto:r.j.sykes@btinternet.com)

Skype: dr.richard-sykes

[www.dr.richard-sykes.com](http://www.dr.richard-sykes.com)

Read my monthly opinion column @ [www.cio.co.uk](http://www.cio.co.uk)