‘Dr Richard Sykes’

A Forum on Cloud Computing: Transforming ICT Delivery

Now is the Time for Proactive Market Making

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Board Member, Intellect

21/09/2010 @ London

Two Fundamental Transformations are in Play

The Technological

Virtualisation is enabling increasing automation & transformation of the manufacture of technology services (*the new era of Services Factories)* ***plus*** the practical implementation of *Service Oriented Architectures* (SOA) that enable the evolution of the (loosely-coupled) Services Stack from the (tightly-coupled) Technical Stack.

The Commercial

Lead players in Consumer markets (Amazon, Google,) have exploited *Services Factory* to *deliver business processes as consumer services over the Web,* innovating & transforming the commerce of technology services - this *new commerce* is now starting to impact both Enterprise and Government service procurement.

Two Fundamental Transformations In Play

And the key features of the *new commerce*?

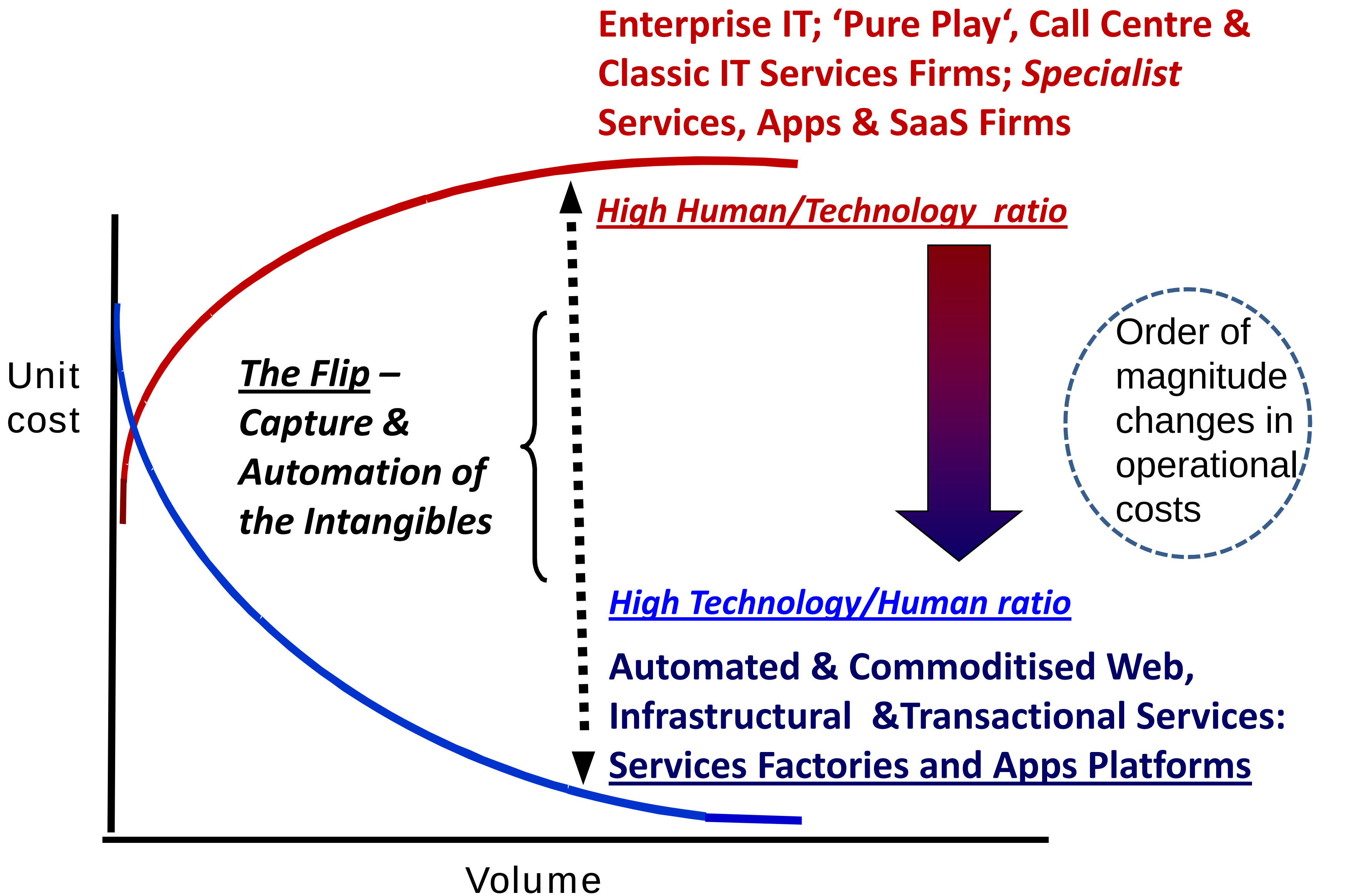
- An emerging market place of discrete technology services that can be directly supplied/sourced over the networks/the Web.

- An emerging services 'offer' that is about 'sourcing as required, paying as used', and that eschews license fees & term contracts.

- An emerging re-focusing of the human contribution to the *value creation* and the *delivery* of technology services.

These impact the supply ***and*** demand sides of the long established commerce of IT Services: ITO, BPO, Applications Development and Maintenance, Systems Integration, Offshoring/On-shoring.......:

Transforming the Human Contribution



Courtesy of the Leading Edge Forum

'The Cloud' (at its most fundamental)

A *Competitive & Global Market Place* of Discrete & Directly Sourceable (Technology-Enabled) Business & Consumer Services: Available On-Demand over the Web & Paid For As Used

A Very Different but Competitive Commerce

The New Commerce of Technology Services

The *new commerce of technology services* should have strong attractions in the Government space: ***it can potentially***

- Disengage the capital investment decision from the consumption decision: *capex* decisions migrating to the supply side, the demand side focusing on *opex* decisions.

- Sharply reduce operational costs

- Enable high levels of *operational* agility & flexibility

- Speed software innovation , development and re-use – sharply cutting costs and raising speed to implementation

- Sharply simplify procurement, reducing the costs of procurement and speeding the process.

The New Commerce of Technology Services

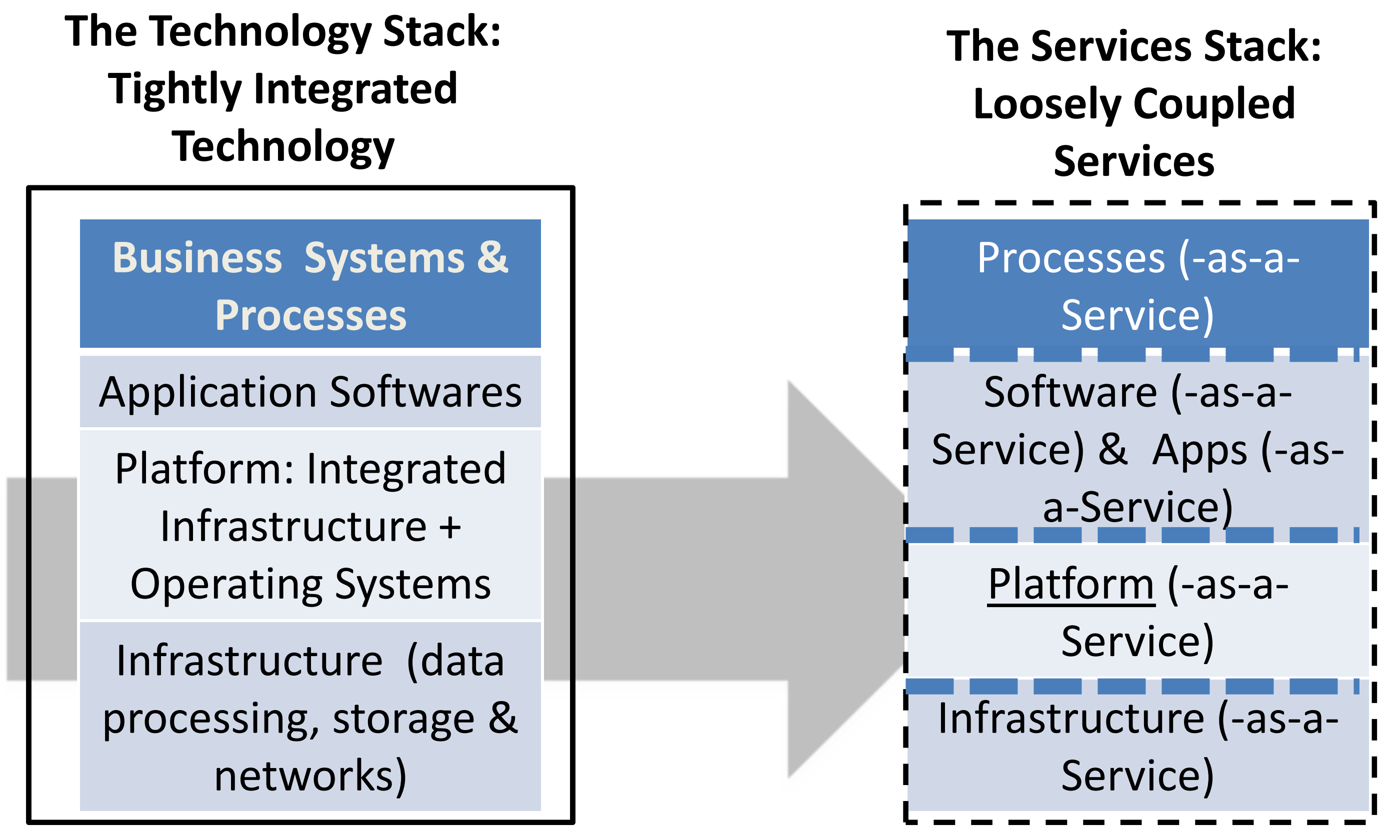
Certain Fundamentals!

1. The Departmental ICT Team is now in the business of sourcing *services,* not *people & technology;* measure accordingly!

2. The competitive vendor landscape is being transformed by the new commerce – vendors with deeper experience of the new business models are challenging the status quo: understand the new landscape before renegotiating anything!

3. The new UK Government coalition is determined to get costs out – it has a strong hand. Established vendors have strong balance sheets & know they have to transform: new vendors are ambitious & also have strong balance sheets. *Now is the time for proactive market making by the Government.*

The Vital Transformation



The major current barrier to change in Government & Enterprise: – much current uptake at the periphery (web services, software dev). Major corporates driven by moves to standardise generic requirements across business units – the UK Government?

The Key Challenge – and a Key Policy Issue!

How can full <u>Business Assurance</u> be delivered

Security
Continuity
Contractual Protections
Regulatory Compliance
Legal Compliance
IP Protection

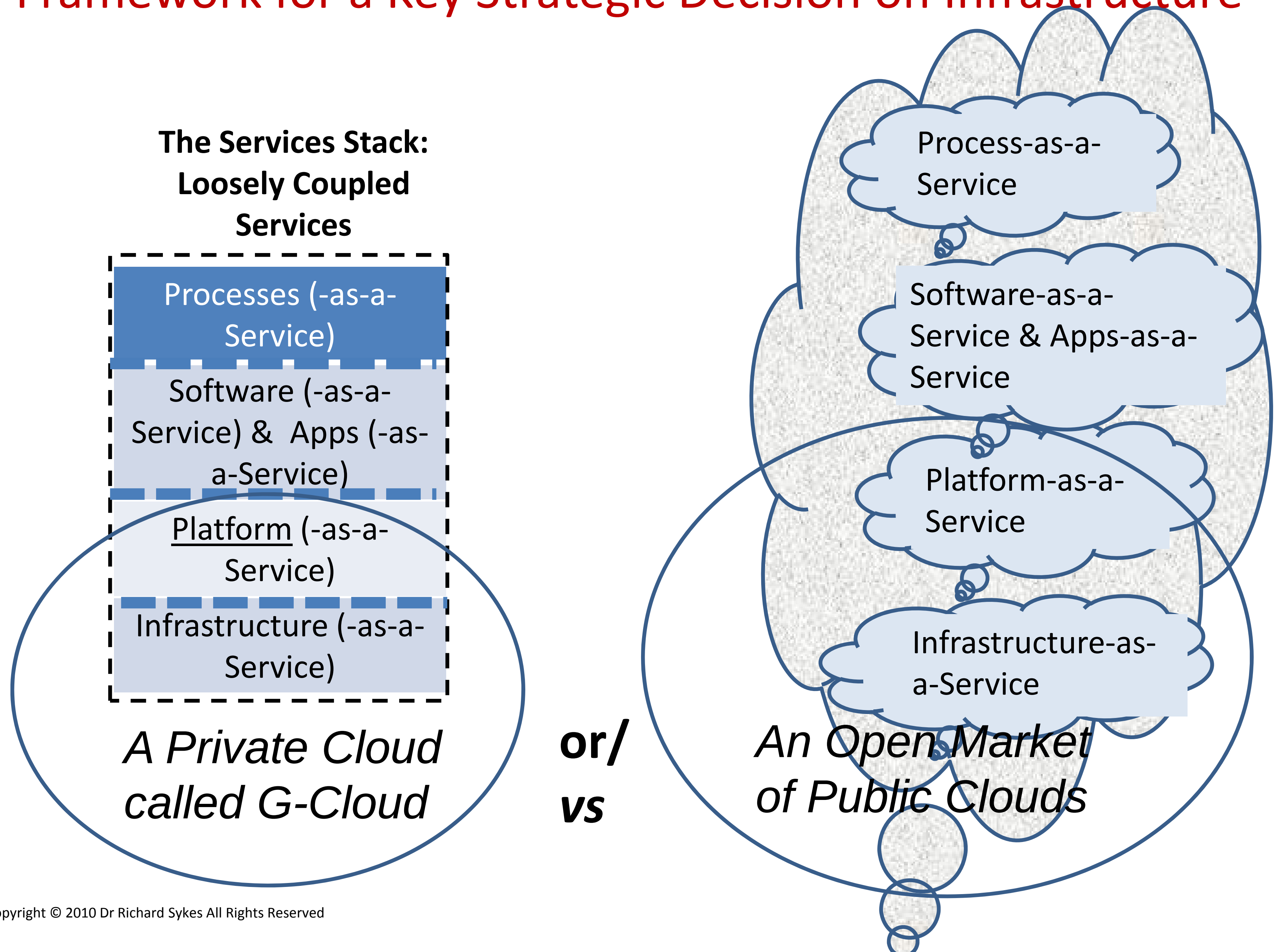
along the length of a virtual services supply chain?

Key policy issue:

<u>manage defensively</u> ('HMG will not venture into Public Clouds until')? ***or***

<u>manage positively</u> ('HMG will work to create effective Business Assurance to access the strategic benefits of Public Clouds')?

Framework for a Key Strategic Decision on Infrastructure



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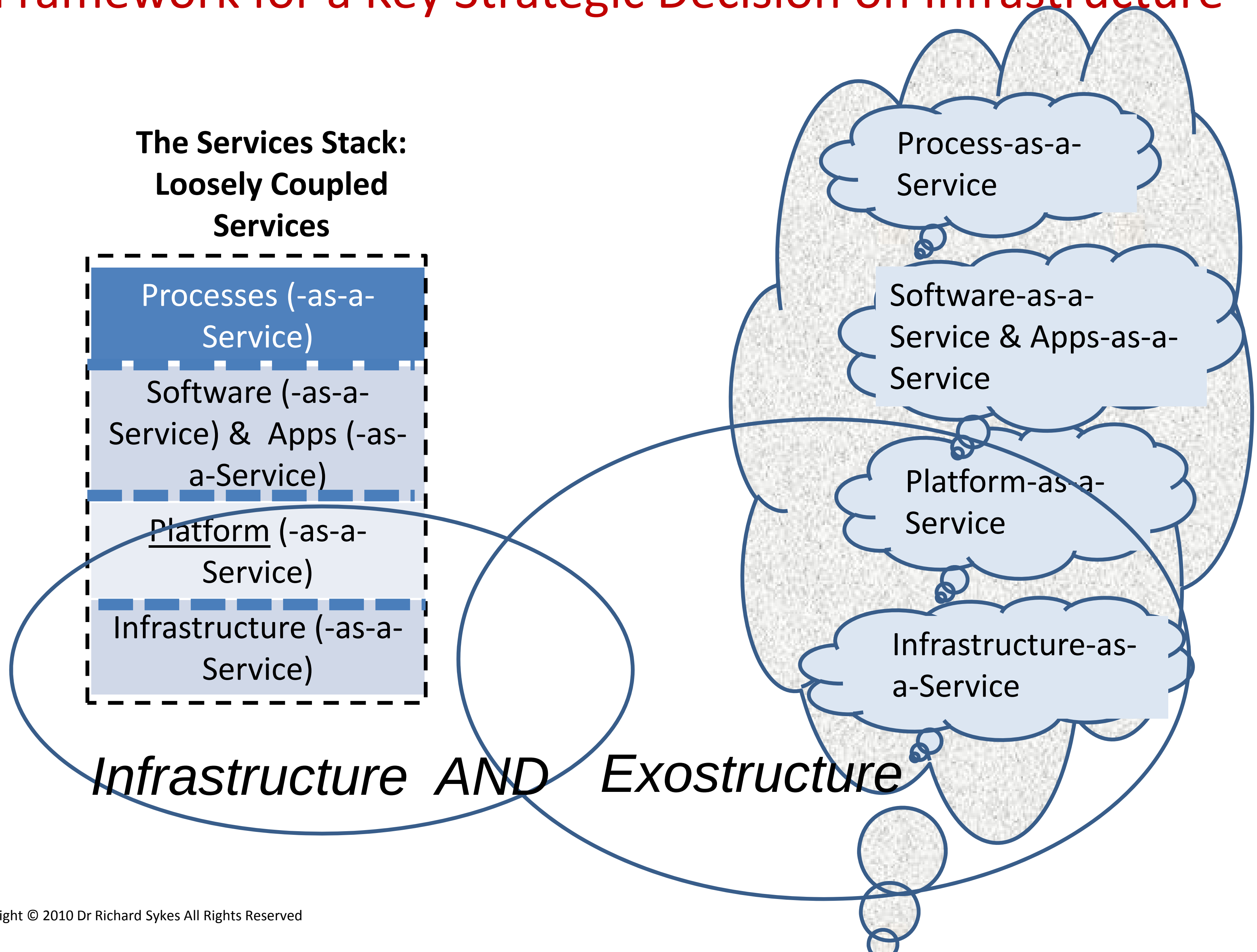

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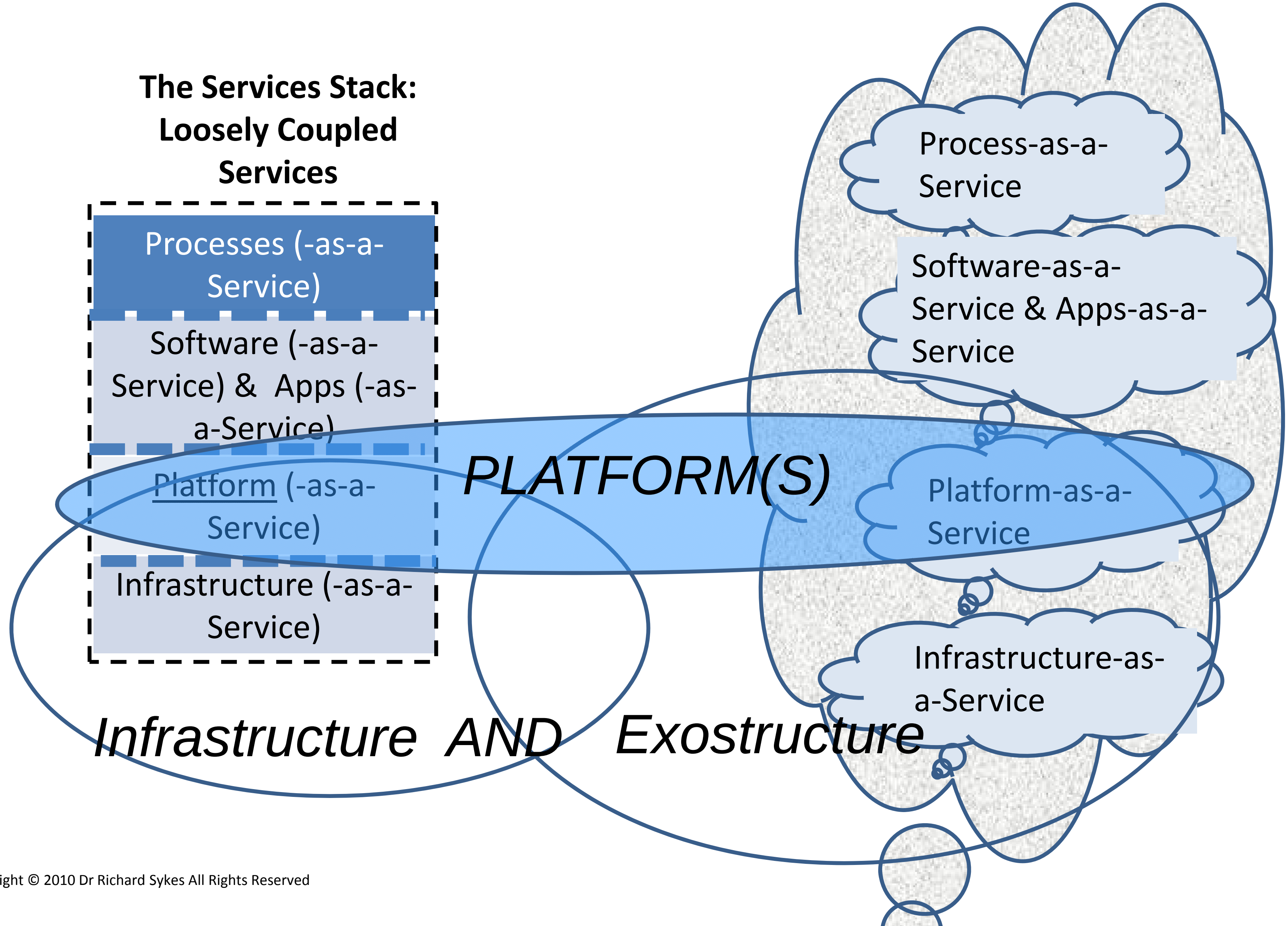
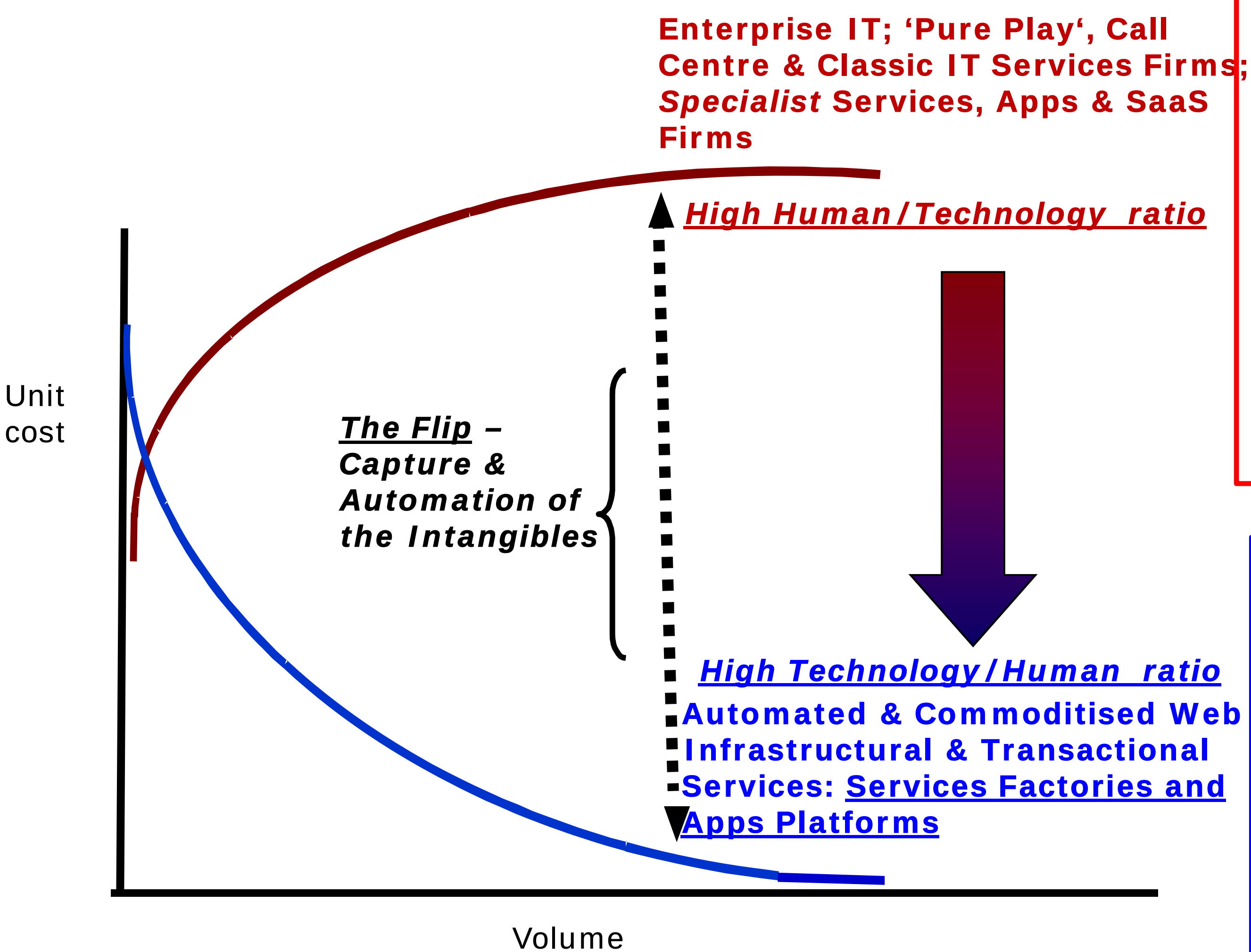


In-House vs. Supply-Side: Re-Focusing the Human Contribution



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

Courtesy of The Leading Edge Forum .

Where should HMG's Prime Focus Move Towards?

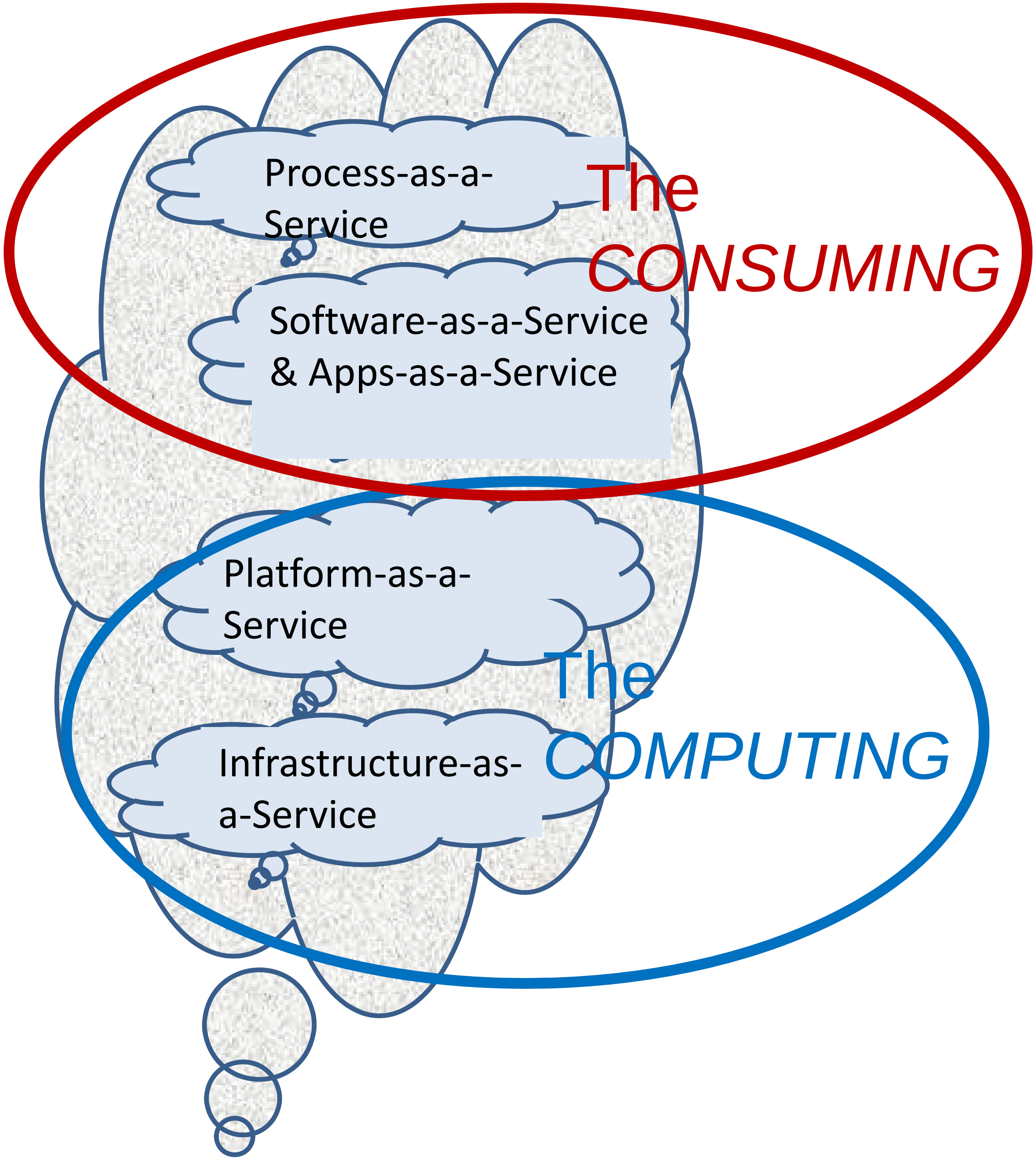
The Services Stack: Loosely Coupled Services

Processes (-as-a-Service)

Software (-as-a-Service) & Apps (-as-a-Service)

Platform (-as-a-Service)

Infrastructure (-as-a-Service)



Three Key Market Making Initiatives - 1

1. A focused Private/Public Partnership *, working closely with CESG as a team resource*, to enable HMG to securely work in Public Clouds up to & including IL3
   - Major cost & operational benefits of a competitive 'Cloud' market in infrastructural services, sourced through new generation multi-tenanted & 'green' data centres;
   - Ability to serve the citizen customer over the web with greater ease, flexibility and security

M*arket making* through a framework procurement of *infrastructural services* that encourages new investment [plus new vendors with proven *services factory* experience] in a key *UK infrastructural resource* that will sharply reduce underlying Government operational costs, raise its green profile, and contribute to the international competitiveness of the UK 'shore'.

Three Key Market Making Initiatives – 2

2. A focused transformational drive within HMG to provide both national and local government with a single set of standardised back and front office transactional services.
    - Exploiting the *services factory* model, and enabling effective process simplification – both key to driving out costs and to delivering the green agenda
    - Genuine bespoke requirements delivered as front-edge variants on standardised services (consider how salesforce.com does it)

Market making through a framework procurement for *standardised transactional services* that as far as possible exploit existing Cloud-sourceable services (desk top, payroll) and craft anew ['revs and bens'!] where required.

Three Key Market Making Initiatives – 3

3. Design the Apps Store around a G-Cloud *Platform [G-Platform?]* that seamlessly inter-links Infrastructure & Exostructure, and provides the necessary Business Assurance required by HMG.
   - ❖ Sharply simplifies technology service sourcing & procurement
   - ❖ Enables both innovation and 'bespoking' through re-use, extension of existing service & software structures
   - ❖ Enables smaller tech enterprises to more easily present innovative service 'offers' directly into the Government market place

Market making through *market enabling* – an effective segregation of 'the consuming' from 'the computing' to enable more effective focus of front-line service resources.

And Finally – Move to Exploit the New!

1. Move to break the tradition of term contracts where sourcing standard & commoditised technology services.

2. This is the end of the era of the Deal. Segregate financial engineering, process transformation and on-going service procurement into separate procurement structures.

3. Sourcing underlying infrastructural & transactional requirements as standardised services allows in-house resource to be focused towards front end, citizen-close work.

4. It also opens the door to a move away from 'techie SLA-based' relationships towards *outcome-based partnerships**.

*** www.IntellectUK.org/OBA**

Thank You!

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Sole Partner, ‘Dr Richard Sykes’.

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'.

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