



UNDERSTANDING CLOUD VALUE

How to Take Your Cloud
Program to the Next Level
by Expanding Adoption

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THE CASE FOR EXPANDING **CLOUD ADOPTION**

According to recent data from Accenture, 66% of organizations are currently using one or more cloud applications.¹ However, many of these organizations are leaving a lot of value on the table.

For example, among those organizations that have adopted cloud applications, only 40% of customer service users, 30% of sales users and 22% of marketing users report new benefits as a result of the cloud technology.²

Chances are, it's not that there's anything wrong with the cloud programs these organizations have in place, so what's happening that they're not reaping the full value? In short, it's that they still need to advance their adoption.

When it comes to cloud technology, the more you consume, the greater value you'll see in return. Specifically, as you expand the use cases for your cloud applications and expand their footprint across different functions, divisions and geographies, you'll expand the areas to which the technology can bring value. Furthermore, these value increases are not incremental. Rather, the more widespread your adoption, the greater the value increases, creating an upward curve in return on investment. We call this the cloud value curve.

However, taking your cloud program to the next level by increasing your cloud consumption and advancing your position along the cloud value curve isn't just something you can do overnight – it needs to be something you approach strategically.

BREAKING DOWN THE **CLOUD VALUE CURVE**

We call the path toward increased cloud consumption the cloud value curve because the value your business gains increases tremendously as you take your cloud program to the next level of maturity and adoption becomes more widespread. In other words, the deeper into the process you go, the bigger the returns you start to see. Here's what this model looks like:



As illustrated above, there are four stages along the cloud value curve:

- Nominal Adoption
- Business Optimization
- Functional Optimization
- Enterprise Transformation

Your business' position along these stages of the curve is defined by your maturity in three key areas: Technology, organization and outcomes.

TECHNOLOGY

1. Nominal Adoption: Using outdated, poor or shadow technologies.
2. Functional Optimization: Using a portion of a cloud platform, such as the sales force automation piece of a larger CRM solution.
3. Business Optimization: Using multiple capabilities of a cloud platform, such as sales force and customer service automation, with integrations among them
4. Enterprise Transformation: Using all facets of a cloud platform and integrating that platform with other cloud solutions.

ORGANIZATION

1. Nominal Adoption: No documented processes and/or no process-technology alignment (processes are completed outside of the cloud technology).
2. Functional Optimization: Documented processes and processtechnology alignment for one or two primary functions.
3. Business Optimization: Documented processes, processtechnology alignment and process integration/standardization across multiple functions and divisions.

Note: This is where we start to see a steep increase in the value curve, as integrated processes across functions and standardized processes across divisions and geographies allow for greater intelligence.

4. Enterprise Transformation: Innovation and agility become standard elements within processes and are baked into the organizational culture.

OUTCOMES

1. Nominal Adoption: Poor user adoption and no ability to measure outcomes, which leads to minimal, if any, business benefits and low user satisfaction.
2. Functional Optimization: Reasonable user adoption and some measurable benefits at a functional level (e.g. increased close rates for sales).
3. Business Optimization: Increased user adoption and improved metrics across multiple functions and divisions, with synergies between functions (e.g. improved quality leads from marketing contributes to higher close rates for sales).
4. Enterprise Transformation: Continued growth of measurable benefits and synergies leads to true transformational outcomes, such as increased market share and brand dominance.

It's important to note that each of these focus areas weighs in equally when determining your position along the cloud value curve.

As a result, even if you excel in two of the three areas, a lack of maturity in the third area can limit the value your organization realizes.

HOW TO ADVANCE YOUR BUSINESS ALONG THE **CLOUD VALUE CURVE**

Wherever your business stands along the cloud value curve, you should always strive to keep taking your cloud program to the next level, because doing so will provide more value and a greater return on your cloud investment. So how do you accomplish that progression?

You need to satisfy three initiatives in order to advance your position on the cloud value curve and take your cloud program to the next level: Planning, execution and measurement.

PLANNING

First, you need to develop a strategic plan to get to the next stage. This plan should outline your transformational goals and drivers for cloud adoption, the business capabilities you need to satisfy those goals, the appropriate cloud technology solution that aligns to those business capabilities and a clear roadmap for implementing those capability and technology requirements.

EXECUTION

Second, you need to be able to execute on your plan. This execution requires you to have the right capabilities to manage your cloud technology as well as to implement and standardize business processes across the entire organization. The best way to put these capabilities in place is to introduce a cloud Center of Excellence (CoE). A well-established CoE should create a strong sense of governance. It should also be service-oriented with a constant eye toward increasing value, regularly asking questions like: What does the next stage look like and what capabilities do we need to implement to get there? The governance that a CoE provides will be critically important in advancing your business beyond the second, Functional Optimization stage of the cloud value curve.

MEASUREMENT

Last but certainly not least, you need the ability to measure your progress. Specifically, you need to be able to measure your progress in four key ways:

- Usage: Are people using the cloud solution and are they doing so in the right way?
- Effectiveness: How effective are the new processes? Are they leading to the expected improvements and do they align with the technology properly?
- Business Metrics: What outcomes are we seeing as a result of the new technology and processes? Do the business metrics indicate we're on our way to achieving our desired goals?
- Technology Health: How is the system performing? What customizations do we have and are they working properly?

Note: Confirming technology health becomes increasingly important as you move up the value chain because your technology becomes more complex.

You should view technology health and usage as early indicators of success. Consider this: Your technology needs to be in good health in order for people to use the system, and usage is a must in order to determine process effectiveness and to see the desired business metrics.

When all is said and done, what do these measurements look like in reality? Let's say you've implemented a sales force automation solution -- you might want to look at how sales people are adapting to the new tool and process for account planning. To do so using this model, you should evaluate adoption of

the tool among your sales force, effectiveness of the account planning process change (e.g. are you having more success with accounts or does the process take too much time and get in the way?) and any results that indicate effectiveness (e.g. higher account penetration, greater wallet share, improved net promoter score due to improved client experience, better contract renewal rates).

Ultimately, the understanding that comes from these measurements will be essential in advancing your business beyond the second, Functional Optimization stage of the cloud value curve.

PUTTING YOUR **ADVANCEMENT PLAN** INTO ACTION

Where does your organization fall on the cloud value curve? And what do you need to do to take your cloud program to the next level?

As you think about where you stand currently and the capabilities you need to move forward, you may find that you need to supplement your own team with external resources in order to best develop your plan, execute that plan and measure your progress. Many organizations find that this supplementation can go a long way toward helping build out the necessary capabilities effectively, especially given the new type of expertise required to manage a cloud program.

Understanding where you might need this external support is another key piece of the puzzle to advancing your position on the cloud value curve, as understanding where you stand and what you need to do will only get you so far -- you also need to be able to effectively put that plan into action.

RESOURCES

1 Enterprise Cloud Survey 2016. Accenture.

2 Enterprise Cloud Survey 2016. Accenture.

ABOUT ACCENTURE

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