USING THE APPLICATIONS STREAM AS A PATH TO THE CLOUD
How To Maximize Cloud Applications To Achieve Next Level Benefits
It’s not a matter of if or when

It is a matter of how far. We are certain that in 2017 virtually every organization, of every size, will be operating in the cloud to some degree. Naturally, not every organization is at the same level of maturity. The early adopters have been at this for a while and some are just getting under way. What we do know is that cloud expansion is trending upward – 90% of companies were expected to increase or maintain their cloud technology spend\(^1\) and the growth of the market is targeted to be 18% in the coming year\(^2\). The path that you take to the cloud and the desired end state that you pursue are now the more interesting notions. Let’s examine the path a bit.

Truthfully, the journey to the cloud involves an infinite number of variables, but there are three primary streams that the journey can take.
**The Applications Stream**
This path includes the software applications and platforms that run the business. The migration of these into the cloud through the rapidly growing set of cloud apps (SaaS) and custom app development on cloud platforms (PaaS) constitutes this first stream.

**The Infrastructure Stream**
This path involves the computing capability, data centers, and assurance capabilities (security, disaster recovery & business continuity). The migration of these capabilities into the cloud through infrastructure-as-a-service (IaaS) comprise this second stream.

**The Operations Stream**
This path involves the organizational capability to manage the delivery of technology services – applications and infrastructure – to the business to satisfy business and customer requirements. The transformation of this capability will be commensurate to the transformation of the other two streams and constitutes this third stream.

There is a fourth element of the cloud journey that involves the strategy, which guides the overall process toward a targeted, but dynamic end state. The strategy helps with optimized alignment between and within the streams to ensure the attainment of the desired end state.
START ANYWHERE, REALLY

You can start your journey to the cloud along any of the three streams, or with the development of a strategy. Most organizations start along the infrastructure or applications streams. A very common way to begin utilizing cloud technology is via one of the familiar SaaS applications for storage, collaboration or customer relationship management. These are so common that the organization may begin with users who subscribe to the applications on their own, or functions who adopt an app just for their use. This regularly occurs with applications such as Dropbox for storage and Skype for collaboration. For many organizations, these applications become common use almost at an enterprise level, even if not fully sanctioned by the IT organization.

Similarly, many sales functions began using Salesforce through a sales VP who may have charged the initial subscription for the app on their credit card. As more functions caught on, this CRM application eventually became an enterprise-class platform as well. This use of the technology did not typically begin with a plan, and in many cases, it started without IT being involved. Its use simply emerged to satisfy business requirements. But as more functions begin to leverage the technology, it is best to build out a plan and develop a strategy to help intentionally guide the journey.
Many organizations end up with quite a bit of cloud technology in use before a formal strategy is built. One of the clear signs for needing a cohesive strategy is when redundant applications emerge. It is not uncommon for two or more collaboration apps to surface, which ultimately reduces efficiency and efficacy of the collaboration process. Multiple apps can also lead to licensing fee duplication and wasted funds on partially adopted software. This is where a strategy that guides the utilization of software in the application layer serves the organization well.

A recent study indicated that 52% of companies do not have a formal cloud strategy in place, but the presence of a strategy was a predictor of business effectiveness compared to those without. This is no surprise as a sound cloud strategy will help drive the three streams forward in synergy, rather than just letting them meander.

Logically, as more technology workloads move to SaaS applications, where the software vendor is providing the infrastructure for the application as an element of the service, less demand is placed on the organization’s own technology infrastructure. To stay efficient, it’s important to plan for these changes in technology demand.

Additionally, the migration of technology into the as-a-service approach for the application and infrastructure layers also changes the demand on technology operations. This is the reason that GigaOm declared that every “cloud first” strategy needs to accommodate a plan for change in IT competencies. As workloads move to the cloud, the requirements of individuals within IT changes greatly. A large element of this change is to move from the owner and manager of technology, to that of a broker of technology services.

What we’ve described is happening at a rapid pace and we advise that the planning for the cloud journey be performed at a short, interval cadence. Because cloud technology is built on agile principles, the planning process for leveraging cloud technology needs to also be agile to reap the greatest benefit.
LOOK AT YOUR APP STREAM

If all this is sounding familiar - your organization is sprouting apps in the cloud, redundancies are emerging, you have uncertainty that everything is aligned - this could be an opportunity for you to take stock of your applications layer and make sure you have a plan for the applications stream as an element of the journey to the cloud.

A great place to start is with something typically referred to as application rationalization. To perform a rationalization of the app layer is to make an inventory of the applications in use, both formally managed by IT and informally managed by the user community. Assess what is there by using key criteria for evaluating relevance and opportunity. The most common criteria are redundancy, need, cost, viability, and value. Identify opportunities to consolidate redundancies, retire apps that are not adding value or are not satisfying requirements. Most applications have a shelf life and if not built in the cloud, they are most likely slipping behind. These criteria help to determine opportunities to migrate apps to SaaS solutions. An app rationalization can also help identify workloads that make more sense to run in IaaS environments when no appropriate SaaS solution exists.

The common output of an app rationalization is represented as a heat map where a matrix of applications is organized to show high priority migration opportunities, medium priority apps for a later phase, and low priority apps that make sense to leave alone until things change. The heat map is usually converted into a project plan to help define the journey with a bit more clarity. Typically, the app stream, the infrastructure stream and the operations stream get more aligned as an output of a rationalization initiative.

Also, as more apps move to the cloud, a natural tendency is to cluster smaller apps onto a SaaS platform. This creates an economy of scale from the perspective of licensing and operational costs, and is usually a boon for users who benefit from easier navigation and usability. Bolting on smaller apps to larger platforms creates stacks in the cloud that create their own gravity. As the stacks get bigger, the economies of scale and usability improve.
An emerging trend for many organizations that build out a broad set of capabilities on a single SaaS platform, is to also build out competencies for managing those stacks with more subject matter expertise. These clusters of skill inside the organization often take on a program structure and are usually referred to as a Center of Excellence (CoE). Centers of Excellence form around a competency such as CRM or the software platform ecosystem. Effective CoE’s will include elements of governance, architecture, delivery and more recently, innovation. As new technologies emerge at a growing pace of change, this newer focus on innovation is essential for keeping the organization current.

As one of your cloud stacks starts to grow, it will likely benefit from building a CoE to manage it. Further along the journey as you manage more apps in the cloud, you will likely also want to consider the idea of building out a cloud services CoE. This is the same concept except the governance and delivery capabilities focus on all the cloud apps in the app layer with multiple CoE's focused on the larger stacks that are all coordinated and aligned.
More than likely, you are on the journey to the cloud. If you are just getting started, look for opportunities to match business requirements with cloud technologies that help best satisfy your current needs and position the organization to meet future needs with critical agility. If you are further down the path, you may be ready to build out that formal cloud strategy. For others who have some of the journey behind you, this may be the right time to evaluate your applications with an app rationalization. Not all journeys follow the exact same course, but these path and expansion milestones are expected for most along the way. Have a good trip!
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