



# CUBECONVERSATION, MAY 2018

## VIDEO TRANSCRIPT

### **Michael Liebow, Accenture Cloud**

>> Hi, I'm Peter Burris, and welcome to another CUBE Conversation from our studios in Palo Alto, California. Today we're joined by Michael Liebow, who's the global managing director of Accenture Cloud, brings a great perspective on what is happening as customers try to move to the cloud, in part because you helped direct Accenture's move to the cloud. Welcome to theCUBE, Michael.

>> Thank you, great to be here, Peter.

>> So Michael, tell us a little bit about yourself and what Accenture's global cloud business unit does.

>> We've been at this for a long time now. I've personally been with Accenture for five years and we've been driving this transformation, not just in our industry, but for Accenture, as we pivot to cloud and cloud-enabled technologies and essentially creating, rotating, to the new. And that is our focus. So how do you do that? Cloud is an enabler, it is a vehicle, it helps to create agility. We researched a whole bunch of enterprise customers not too long ago and found that every organization, like 90-odd percent, had a cloud strategy. A very few had a cloud strategy that was aligned to a business outcome. And so what I would posture is that where you have cloud aligned with business, you have cloud. Otherwise, you just have a paper exercise.

>> Or just a new set of technologies that could fail as easy as anything else you might have.

>> Well, in a lab somewhere, as a science experiment. And not real business impact, where you're saving money or you're innovating or you're creating the next, you're disrupting your industry. So where people are actually using cloud to change their business, that's where it gets exciting. And there are lots of industries across the globe where that's happening. Countries are adopting cloud. We are adopting cloud. We're now just declared 90% in the public cloud. And that's been a three, four-year journey and we figured, how do you sell this stuff if you don't use this stuff?

>> No, I think it's a great point, Michael. I want to use a metaphor to try to tease some of that out. So a legal scholar would say that there's constitutional and statutory law. Statutory law guides day-to-day activities, so it's not unlike how you provision this or how you optimize that. And then there's constitutional law, which is basically the laws or how you change the laws. What we're talking about is two shifts going on at once within a lot of companies, and that's driving a significant amount of complexity and uncertainty.

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They are changing statutory law as they think about moving to the cloud, but they're also changing the constitutional law, or they're applying constitutional law, the rules of how they think about workloads, how they think about their businesses changing. So let's start with some of the constitutional principles, if you will, of moving to the cloud. What did Accenture learn about the rules for changing the rules as you went to the cloud, and how are you using the historical discipline that Accenture brings to those kinds of questions and applying it to helping customers?

>> So one of the things you learn very quickly is that your old policies, your rules, whatever regulations, laws, were drafted for a bygone era, for legacy. And in the cloud, things are different. And so if you take those policies and how you think about how you do things and you apply it to the cloud, then you're treating the cloud as just another data center. So right there, five years of learning, that's a huge mistake.

>> So number one is, don't treat the cloud as another data center.

>> Yes.

>> As kind of that high level metalogue, then.

>> Right, 'cause if you look at your policies and your security models, an organization would take the cloud and they would put it... The access to the cloud in a bunker in a basement with no windows and no doors, and so you wouldn't have cloud. Cloud is democracy. It's about allowing all.

So constitutionally, all people have access to the cloud and all the innovation is in the cloud. All the investment in the industry is in the cloud. We're looking at an unprecedented build-out of cloud capacity across the globe. They're opening new regions, new availability zones all the time in new places.

>> Peter: These are the big cloud providers.

>> Yes, 'cause I mean, they're spending in aggregate \$30 billion a year. No organization can match that.

>> And that's just the top three. That's just Google—

>> That's just the hyper three.

>> Yeah, and that doesn't include what Alibaba's doing and some of the other players elsewhere in the world.

>> But they're not spending at the rate that the hyper three are.

>> Got it.

>> The hyper three are spending about 10 billion a year each, a little bit more, a little bit less. Anybody else? They're down around the single digit. One, two, maybe three. Alibaba's I think about three or four, but everybody else is in that ones or twos.

>> So rule number one is don't treat it as a data center. Rule number two is recognize that one of the beauties of the cloud model is that it gives you access to everybody.



>> Michael: Yes.

>> And you just have to determine how you want to provide that access as opposed to just the resources inside your network or inside your organization.

>> So early days, about the whole notion of service orientation was to publish services that could be consumed. So you want to abstract these services and you want to make them available, broadly. And so people talk about platforms. What's a platform? A platform is nothing without community. So you're now able to do things that we've been talking about for decades, and that is huge. That's where all the innovation occurs. So now you're providing a level of access, level of capability. Broadly speaking, it's like the next revolution from the early days of the internet. And it's changing enterprise and it's changing it dramatically. It's not just the change, it's a disruption. So now IT needs to think differently. It's probably the biggest shift, paradigm shift that we've seen ever. And so your existing vendor stable and those relationships that you've built up over the years may not be helpful to you right now in terms of how much things are changing and how fast things are changing. Do you have a cloud strategy? Is it aligned with business outcomes? And it's not just cost saving. It's about agility, it's about speed, it's about creating an innovative culture. Do you have the right talent? These are all things that come into play, in terms of your law analogy, that change the game. So now I need new laws. I need new ways to think about my new enterprise and how I'm going to operate.

One of the things, not only if you think about cloud as an underpinning, so we're now 90% in the cloud, but if you look at our financials, we've rotated to the new. So digital cloud security are now well over 50% of our revenues. We're taking our legacy business or our core business, it's shrinking, and we've rotated. And now we're starting to think about the new new, which are things like machine learning and applied intelligence and whatnot, you know, block chain. New capabilities that you could do because now you have a cloud underpinning that helps you get there.

>> I think it's a really important point, 'cause we've always argued at Wikibon that cloud really, in many respects, is that network application development world that we've talked about. SOA, all these other things, still presume that you had a whole bunch of individual pieces and it was about bringing them together. Cloud really provides a whole notion of network or internet-scale computing, and how you developed that really is what you're getting when you move to the cloud. Is that accurate?

>> No, I mean, it's absolutely, because the notion then became about orchestration, standardization, self or shared services. Automation. When I think about what cloud is, those are the words, the underpinning, for why cloud. You get all of that. And so now I have shared services that I can publish out, people can consume. I can orchestrate these services. I can create a standard. Even for GSIs, global system integrators, that's a big change. Because I used to just bespoke stuff on your premise. Now I can assemble stuff, alright, and make it available to you and I can change your business model overnight.

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And so that's the kind of things that we're seeing. We're bringing our best people, landing them at a client, and saying, "How do we transform?" It's not just about the cloud, it's not about selecting a provider, it's about a transformation of operating model. It's about change. How do I educate, reskill your people, retrain them, refocus them? And it's about, really, just the technology platform for the future.

>> So I want to build on something you just said. Accenture has moved 90% of the cloud, maybe you have some more, I'm sure you have some more to go, and maybe that last 10% is going to be especially tricky. We'll see. But clearly you mentioned the global system integrators. You said that Accenture, your market, the way you're servicing your customers is changing. How overall is the role of the GSI evolving as companies move to the cloud? Because are you getting there once, you're getting in there once and they do everything themselves? Is there some sort of approach you're taking to help them sustain that? Because the diffusion of knowledge about the cloud and how to get to the cloud is not evenly spread across the industry. How is the role of the GSI changing in the midst of this transformation?

>> I can speak to Accenture and not the industry per se. We embarked on something that we packaged as, we call it to Journey to Cloud, J to C, is our internal acronym, and Journey to Cloud has different components. It has a strategy and assessment focus. It has a migration focus and a run. And that's your journey.

And so we've basically codified, invested in, and hardened a set of assets and capabilities, skills, people, around those three key elements so that any organization, if you just want a strategy or if you want us to take you through strategy to migration, get you to the cloud, and then run that operation for you, we can do any and all. And so that really is the motion, and one of the good things about Accenture, per se, I think we're probably number one in cloud, cloud services. But the point here is that we never did your mess for less. We never bought your assets, rebatched your people. There were other organizations that did that. So we weren't encumbered. One of the things I liked about coming to Accenture is that it didn't have certain encumbrances that would skew, just in culture. So the way we used to do things is not necessarily the way we will be doing things.

>> You don't have a bunch of assets that you bought that you now have to service and that's going to impact your strategy?

>> It's going to slow you down, right, and it's going to cause whatever internal friction between the old and the new. So you have those types of issues that go on in a lot of organizations. I mean, people love their data centers. They love the blinking lights. They like their vendors. I mean, that's inertia. And so in order to move, you have to free yourself of some of these encumbrances and think differently about your new operating environment.

>> We've said that the difference between business and digital business is that a digital business acknowledges and explicitly acknowledges the role that data plays in their business, data as an asset.



And that you can measure a digital business transformation based on the degree to which a business has reinstitutionalized work and organized work and organized its resources around data as an asset. It sounds as though your suggestion can do the same type of thing thinking about cloud, where the migration to the cloud or the transition to the cloud or transformation to the cloud is, how deeply have you really reinstitutionalized your work around that new operating model the cloud suggests? Is that accurate?

>> Yeah, no, there was new roles and new capabilities that have to be thought through. There's new workflows, so your service model, your security model, your operating model, your execution model, they're all new. And you have to embrace that, think through that, and then have a change program to get you from where you are to this new place. People have said bimodal, right? There's this old mode and this new mode. Whatever, right? But the fact of the matter is that there's a gap between the old and the new. And so how do you bridge that gap? Now, I run a platform, and so we acknowledge the legacy, so our goal is to get you from legacy to cloud. We have to manage the policies, the security model, the governance, between the old and the new. How do you do that? Well, it's, yes, an abstraction, but it's a control plane. And so you have to tool for it. You have to tool for the change management and for the transformation, and then you have to have an underpinning that allows you to move from legacy through virtual, private maybe, to public, and that's your spectrum. We've invested significantly in creating that platform so that we can help organizations.

Not everything is fully automated end to end. That would be kind of foolish. But you have to be able to think through how your legacy IT operations approach and your new cloud operations approach, how they connect.

>> Well, as you said, you could assess, migrate, and run, and the migration is not just migrating hardware or data or workloads, it's migrating the operating model, how you think about what your business is, how your business is going to operate in a digital context as part of the run process. So two quick questions, and then, well, two quick questions. Number one is that... That there is this hump. This migrate is a hump. It's a hump from a risk standpoint, it's a hump from a cost standpoint, it's a hump from a management standpoint, some of the dislocations that might be required. I'm going to ask you to take us through that a little bit, how it worked at Accenture and how you think it's going to work elsewhere, and then finally you've kind of described what the one relationship would be with a company like Accenture, but I want to be a little bit more explicit about that. But let's start with that hump. What is a client going to face when they look at that hump? That migration hump?

>> No, no, the word you used, and it's the right word, is risk. How do you re-risk the risk? How do you approach this so that you understand one, your cost model? A lot of organizations don't have—

>> Peter: From a technology standpoint.



>> They don't have a clear line of sight to what that cost model is. They might have bits and pieces, but they haven't really pulled it all together into a common view, 'cause they haven't had to. If you think about where the cost was centered, it wasn't at a project level or an application, it was at a senior level, and they bought a data center. And then they depreciated it. So now, and they didn't do showback. Forget about chargeback. So now you're trying to give you in that assessment phase as to what your costs are, and if you decommissioned, exited data centers, what would the savings be, 'cause that underwrites your migration. So we can bring clarity to that, number one. Number two, we do migration at scale, so we have factories and we have runbooks and we have tooling end to end. So we can discover what's not in your CMBD and we can take you from your current situation to the cloud and we can do it quickly, 'cause speed is everything. Give me a year, give me a month. I've taken people out of data centers in a month. We can do that because we've hardened these processes and we've built the factories in order to be able to scale them. And then once we get you there, because you looked at the business case, but you're not just moving to an environment of continuous integration or continuous improvement or continuous deployment, you're looking at a new environment of continuous optimization. You have to structure the operating model so that you know at any given moment, we're moving to the ability to build by the day. You're buying assets by the second. This is a whole--

>> Or resources.

>> Yes. Well, I think of them as assets. But you're right. It's about resource management and you're consuming these resources literally by the second. You know, for cloud native companies, they can wipe the slate clean every day, every night, and the next morning spin up a whole new set of resources. They've just refreshed their entire estate overnight. Other organizations are sitting there with assets depreciating on cement and they're refreshing every seven years. So it's a whole new kind of environment to be able to think through that. They have DR facilities that are sitting there idle that are sucking tons of cash out of the balance sheet. What do you do with that? If you free that up, and think about, not just DR in the cloud, but active active implementations of applications that are scaling up and down so you're not buying to the peak, you're not buying to a valley. Your whole operating style: dramatically different. And the optimization, if I'm looking at your cost profile, I'm looking at it daily, I can see you used to overprovision machines because you weren't ever sure you were going to get another one so you'd buy big. Now you buy small and you just kind of--

>> Or rent.

>> To me, the language changed. Yeah, I'm buying for the moment. I mean, if I spot-buy them, I could buy 10,000 instances for an hour and then get rid of it. The whole construct here in terms of how you think about consumption is dramatically different.



>> Alright, so last question: as you think about a client's relationship after this during the run phase, very quickly, what is the difference in their relationship with an Accenture versus what was their relationship with an Accenture 10 years ago? How is it different? How is Accenture a cloud company?

>> 10 years ago, it's kind of hard, 'cause I think about traditional outsourcing, and Accenture never really got into that market. It was never your mess for less. And people were locked in, they weren't happy with the level of service. It took six months to provision new hardware. That was 10 years ago. Today you take a process, provision whatever you need...

>> But Accenture has a management platform that sustains that relationship.

>> Well... What Accenture wanted to do was to figure out how do we add value in this new world? So we created a management plane above multiple clouds. We said, it's highly likely that there will be more than one single provider. There will be three. And we bet it was three a long time ago. And then we built fidelity around those three and we said, "How do we add value around that?" Well, multi-cloud, so I just got a patent, my first patent of many, on multi-cloud tagging. It allows us to tag resources across clouds. Okay, now what does that do for you? Well, that allows you to enforce policy. Policy's not paper. Policy is dynamic. So now I can govern how people use things and I can tag resources across different providers, and what does that allow me to do?

Well, not only can I govern that, I can analyze that. So it's not data as an asset, it's data as a service. So now I have insight into what people are doing, how these tagged resources, how they're using them. Are they consistent with policy? I can scan my entire environment every 10 minutes and I can ensure a level of compliance. So now I'm more secure, I'm more confident, that not only are we governing the usage of these resources, but they're being used within policy and they're secure. And then the last thing is cost. I can look at cost. You just spun up a whole bunch of resources. Were you allowed to do that? Is that within budget?

>> So in many respects, Accenture participates in the governance process of resources as part of the ongoing relationship.

>> Securely and within cost. To provide those controls. But it's a level of freedom because you as a developer, I want you to go native. I want to coexist. I'll discover what you're doing, but you go straight to that console, 'cause that's the most robust. They just launched 1,000 new services, whomever. Use them. Leverage them.

>> Well, that's part of the whole, the cloud gives you access to more than you had before.

>> Right, and 10 years ago, it was contained. It was a separated from. You issued a ticket or service request. It took whatever latency, whatever process, to get that service request approved. And this new age, you need to be able to move fast. You need to be able to respond to whatever market demand, and so you need to enable this community to leverage those things, not go around you, but for you to support them, but ensure that it's within policy, that it's secure, and that it's cost-managed.



>> And within that whole construct, Accenture hopes to be able to help sustain those relationships to keep the transaction costs low so that all the riches of the cloud can be brought to bear in a company's business.

>> Very well put.

>> Alright, so Michael Liebow, global director, or global manager-- >> Managing director. Global managing director of Accenture's cloud platform, thank you very much for being theCUBE, Michael. Great conversation. >> Thank you. Yeah, terrific.

>> Once again, this is Peter Burris, you've been watching a CUBE Conversation. 'Til next time.

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