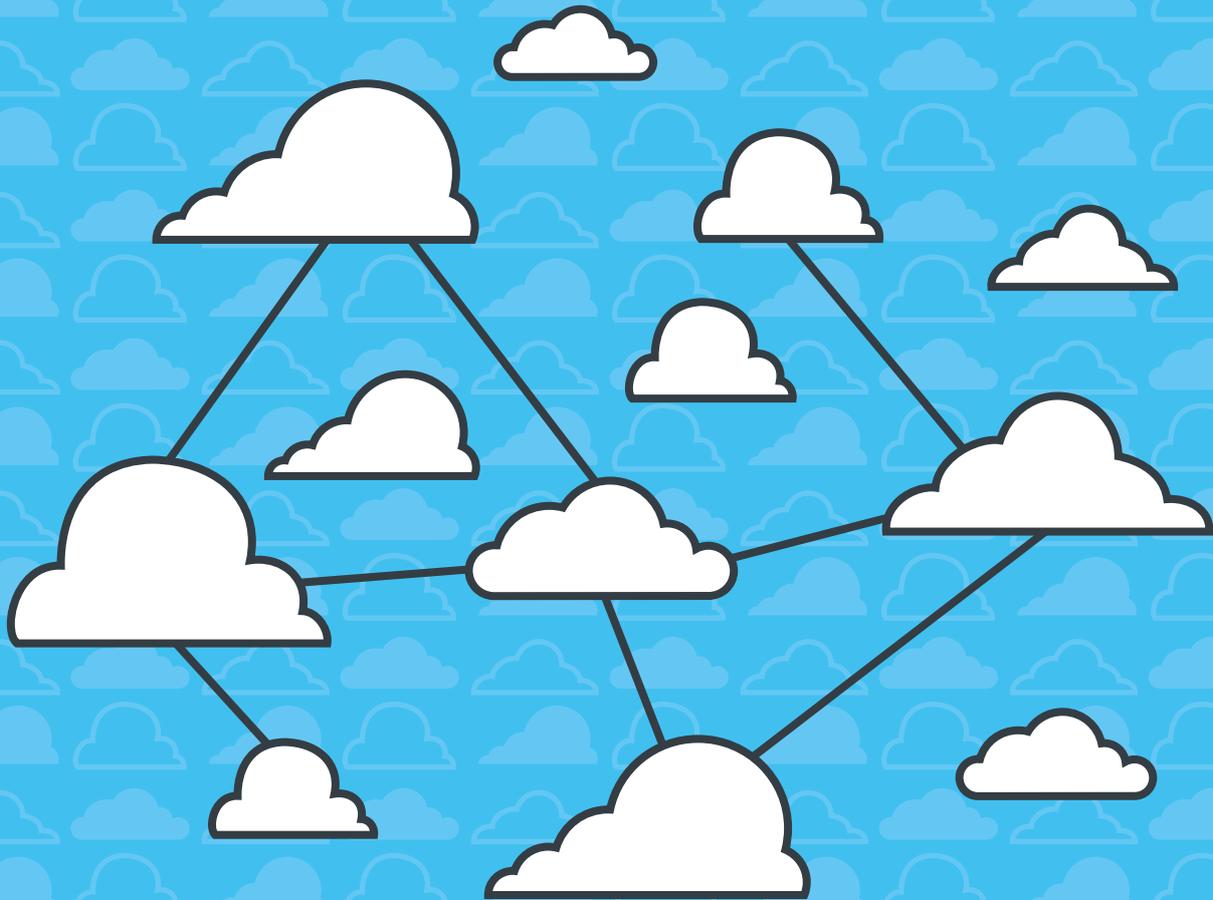




in association with



Six Degrees Group



Managing Cloud Complexity

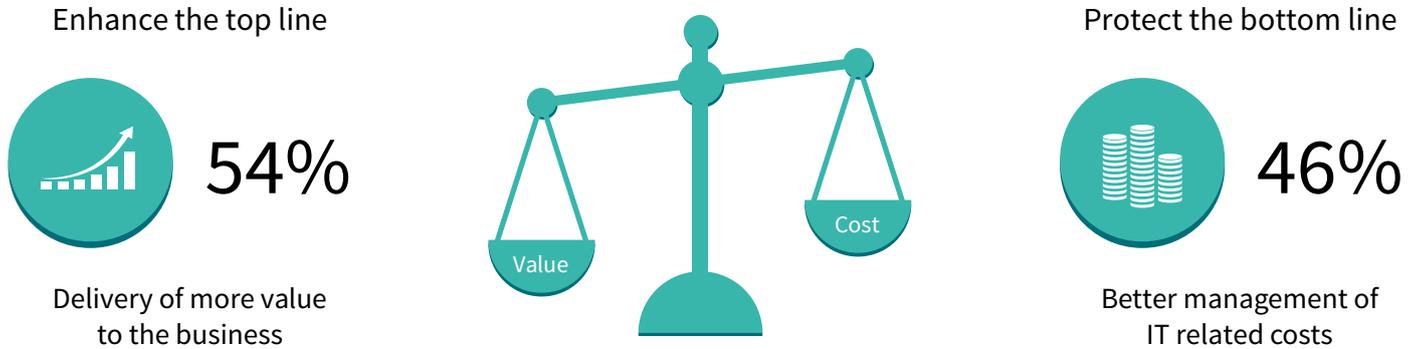
The emerging role of converged services

Freeform Dynamics, 2016

A new perspective on IT

Business priorities are shifting

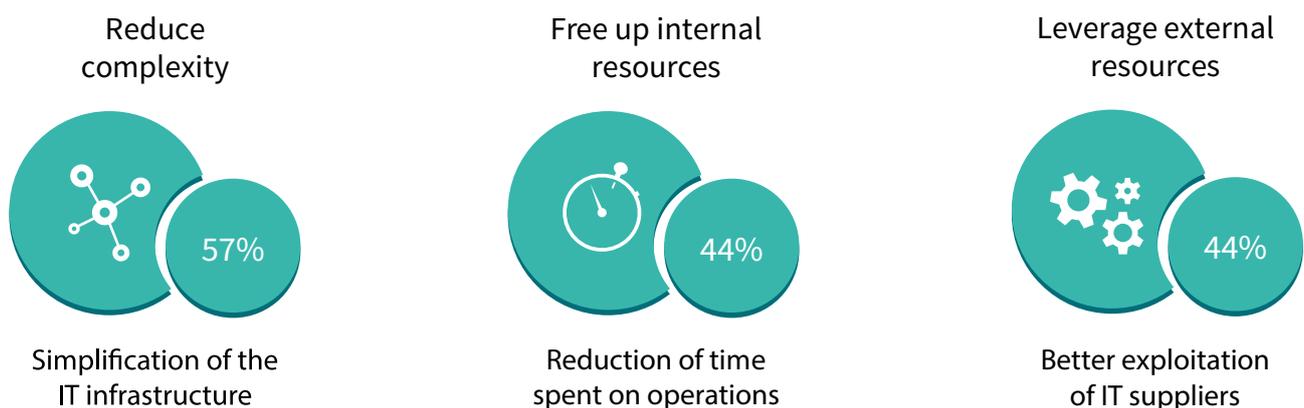
Would you consider any of the following to be a priority in relation to IT?



Is IT management all about the reduction of costs nowadays? If you listen to some of the technology industry rhetoric you might get that impression. Of course all IT leaders need to keep an eye on overheads to prevent runaway costs, but vendors and service providers often behave as if this is the only thing that matters. Perhaps this was understandable when global economic challenges were front of mind and everyone was looking to tighten their belt. But most IT departments have squeezed what they can out of the cost part of the equation, and meanwhile the world has moved on. The big imperative today is to support the business against the backdrop of a rapidly evolving digital world. It's not surprising, then, to see the delivery of more value to the business coming through more strongly than better cost management in a recent survey of 508 senior IT professionals from mid-sized UK organisations. IT can no longer be regarded as a cost-sink, if ever it was. Today, success is dependent on acknowledging IT as a critical business enabler.

Focusing on the things that matter

Would you consider any of the following to be a priority in relation to IT?

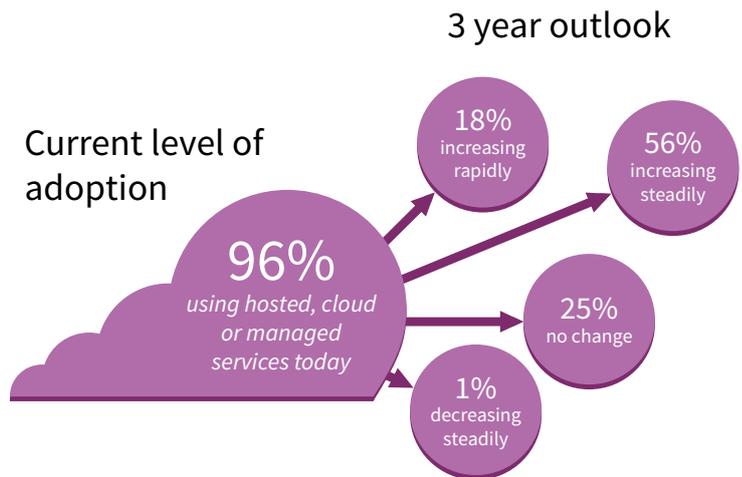


What does this value-imperative translate to in practice? As part of the research, we got a glimpse of the kind of tactics IT departments are using to enhance the delivery of business benefit. The overarching idea is to make better use of IT resources - spend less time on the routine 'chores', and more on value-creating activities. How? Well firstly by removing the complexity that both impedes change and undermines responsiveness. And if you simplify you are also able to reduce operational overheads, as systems require less effort to implement, change and manage. Efficiency can then be taken further by shifting some of the operational burden to suppliers. Most stop short, however, of using efficiency gains as an opportunity to lay-off IT staff. Only 14% are doing this, and even then planned reductions are generally modest. It's therefore not about shedding people, but refocusing resources to deliver greater business value.

The cloud advantage, and growing reality

Adoption trends

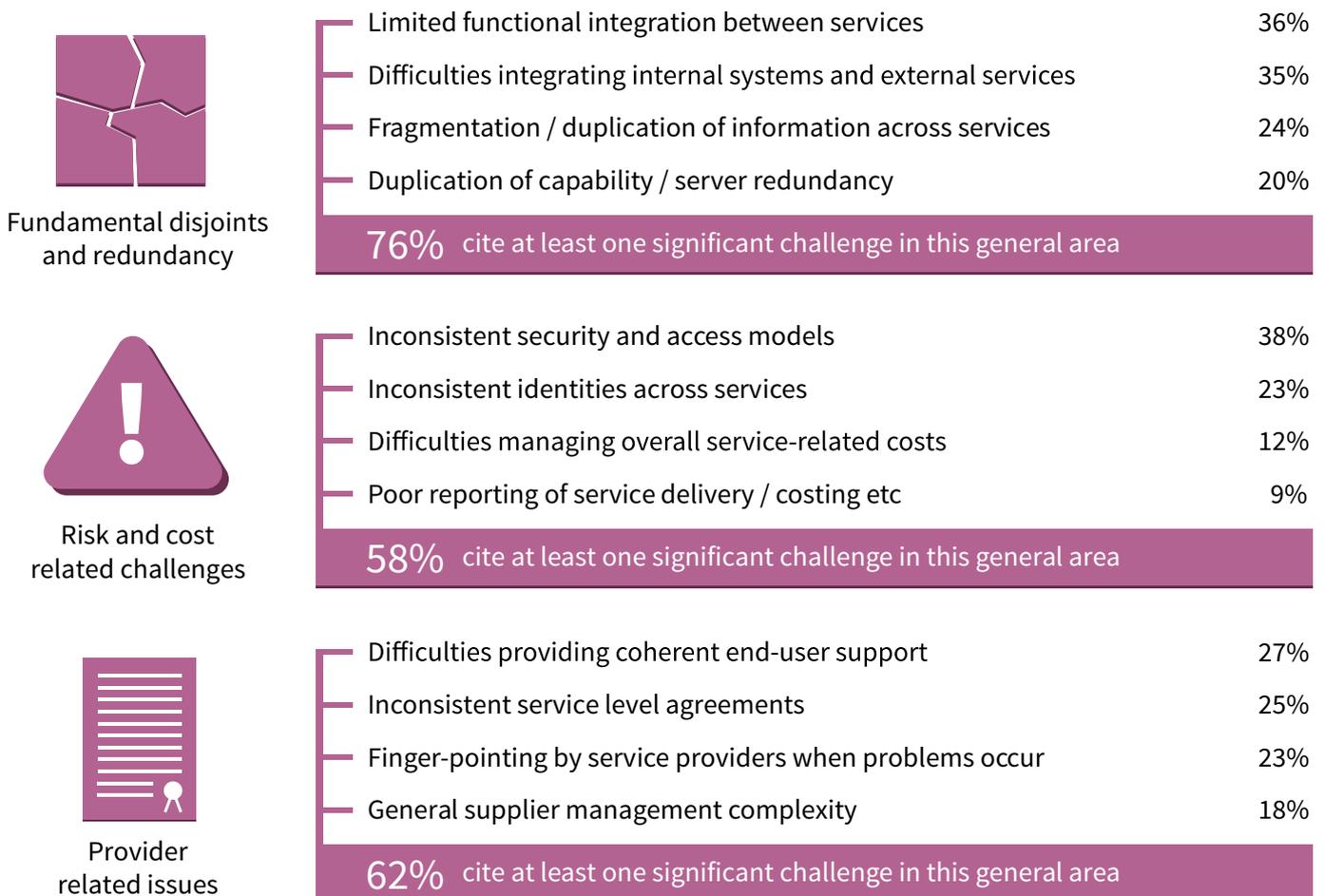
In the quest to unburden valuable IT staff, various forms of hosted, cloud and managed services (which we will collectively refer to as simply 'cloud' from this point onwards) are nowadays available to help. It is therefore not surprising to see the overwhelming majority of participants in our research reporting at least some level of cloud adoption, with a clear trend towards increased use over the coming 3 years expected. These findings confirm that cloud is now very much a mainstream reality.



Emergence of another set of issues

However, it's not all good. It would be nice to think that cloud adoption always took place in an organised manner according to a strategic plan, but this is typically not the case. A more common behaviour is to sign a contract with one provider to meet a specific application or project need, then turn to another who appears better suited for the next requirement, and so on. This seems fine to begin with as everyone is focused on the core value delivered by each individual service. It's only a matter of time, though, before the kind of problems outlined below begin to emerge.

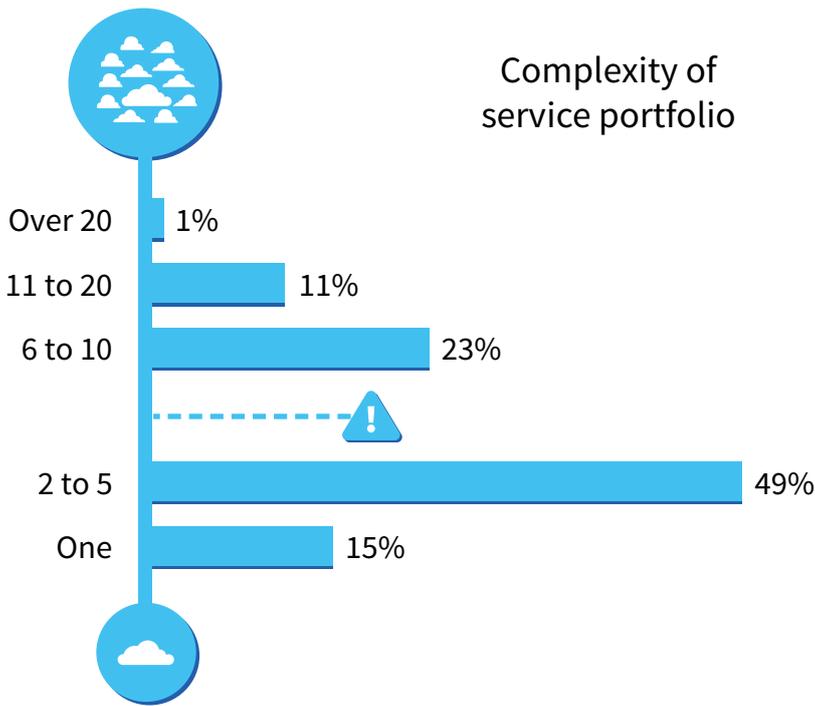
Would you consider any of the following to be significant challenges in relation to the cloud and hosted services you use?



From one form of complexity to another

Accumulation of providers

Thinking across all of the SaaS, cloud, hosting and managed service arrangements you have in place, how many service providers do you use at the moment?



It doesn't take much working out that the more service providers you have, the more risk there is of problems occurring. With this in mind, it is notable that many mid-sized organisations have already accumulated quite a few service provider relationships. Around a third (35%) say they are consuming services from 6 or more providers, with a significant number within this (11% of the overall sample) indicating a portfolio in the 11 to 20 provider range. A few have portfolios even larger than this.

Of course IT pro surveys like the one reported here are good at picking up formal cloud adoption, i.e. arrangements based on contracts put into place by or with the support of the IT team. They could, however, miss informal arrangements entered into by business units or individual employees as part of 'shadow IT'.

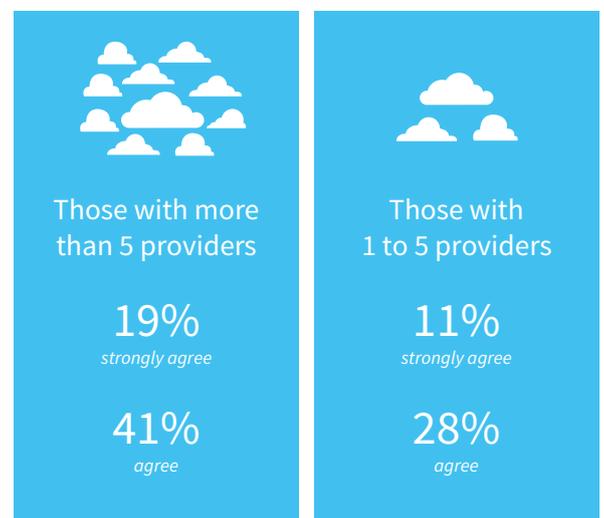
That said, even focusing on the formal arrangements, if we segment our sample (splitting it as indicated by the dotted line on the graphic) we can more directly assess the impact of accumulating a larger number of service provider relationships.

The nature of the fragmentation challenge

Confirming the extent of the challenge, 60% of those with more than 5 providers either strongly agree or agree that they are already suffering from problems to do with cloud service fragmentation and disjoints. Meanwhile 39% of those with 1 to 5 providers are similarly suffering.

You may know from experience how easy it is to end up with a fragmented environment. One team acquires raw compute and storage capacity from a local hosting company, the next goes to a global player because of attractive on-demand pricing, and a third is tempted by a higher-level platform service from another global player. Meanwhile, the facilities department has been working with a regional provider specialising in communication services, and business units have been driving SaaS-based decisions. It can take a while before you realise how much time is being spent coordinating and working around so many different management, security, support and integration mechanisms, and that you have effectively re-introduced the kind of complexity you were trying to get away from, just in another form.

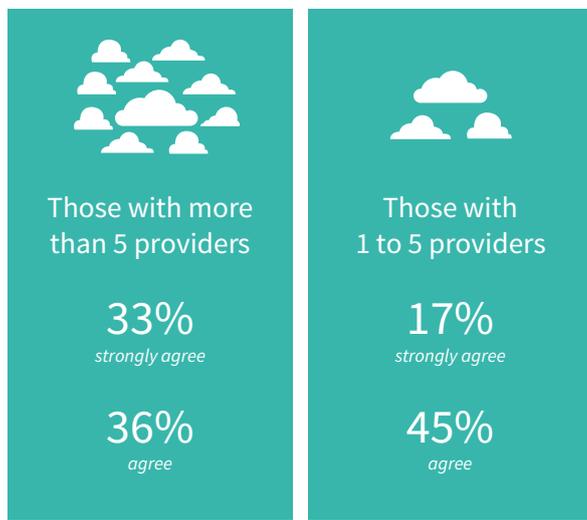
We are already suffering from problems to do with cloud service fragmentation and disjoints



The 'converged service' alternative

Pulling the threads together

Providers who aggregate multiple services into a single integrated solution have a key role to play



Being realistic, even with the benefit of hindsight, it's extremely unlikely that anyone other than the very smallest of organisations would be able to identify a single provider capable of meeting all of their cloud-related needs. But that doesn't mean you can't minimise the number of suppliers you work with to reduce the level of burden, distraction and risk. Focusing on providers who are able to deliver a broader and more integrated set of services is an obvious answer here.

In line with this, most participants in our study appreciate that cloud players who aggregate multiple services into a single integrated solution have a key role to play. When aiming to solve current fragmentation challenges through service consolidation, or to avoid future disjoints creeping into your environment, 'converged service providers' potentially have a lot to offer.

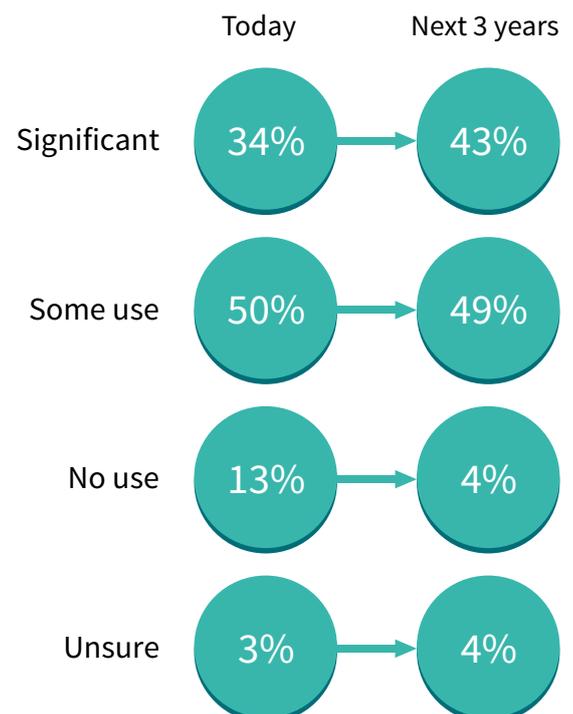
Not surprisingly, participants in the survey with more than 5 providers - the ones most likely to have experienced issues - particularly appreciate the value of going down this route, though most understand the general logic.

Converged services now and in the future

Zooming out to overall adoption activity, it's clear that converged services are not a new idea per se. Around a third of those surveyed, for example, say they are currently making significant use of such offerings, with another half indicating at least some level of adoption. Historically, however, the scope of services has typically been fairly limited - e.g. hosting companies providing a mixture of public and private cloud, telcos bringing fixed and mobile capability together into 'total communications' services, and SaaS players providing convenient extensions to core functionality. This level of service convergence obviously helps, but it still typically leaves a lot of work to be done on the part of the customer.

Fortunately, some service providers have been building more comprehensive and flexible offerings. It is now possible, for example, to find a single supplier that's able to offer a range of hosting types under one contract, from traditional co-location, through virtual private clouds and multi-tenant public clouds, to fully managed hybrid-cloud platforms. If you want integrated voice and data comms, or platform/application options that take the service further up the stack, these are possibilities too. With the right commercial terms, this provides a lot of flexibility to mix and match solutions, as well as the capability to migrate applications from one type of hosting to another as usage patterns change, without financial penalties or disruptive 'lift and shift' exercises. It is understandable that converged service use is anticipated to grow over the coming 3 years.

How would you summarise your current and future use of converged services?



Caveat emptor

Pitfalls to avoid

While converged services can potentially address many of the problems associated with piecemeal cloud adoption, let's not be naive and assume that they represent some kind of magic bullet. An obvious consequence of going down this route is an increased reliance on individual providers and the decisions they take in relation to architecture, features, functions, commercial terms, and so on. There is also the argument that no one provider can be good at everything, which could mean living with compromises on non-core aspects of the service. With such points in mind, hearing that it can be difficult to find the right suppliers, and that a significant number of IT pros have had bad experiences in the past, is not surprising. In what is still a relatively immature market, it's a case of 'buyer beware'.

Do you see any of the following potentially limiting your future use of converged service offerings?



Identifying the good guys

Despite the potential pitfalls, there are some good converged service providers out there - you just need to find them. But how can you tell the better ones from the others?

One way of doing this is to look at the potential issues from the other direction, and use the above list of concerns as the basis for formulating a set of objective selection criteria. When we did this during the study, then asked participants to rank the importance of each criterion in turn, we were able to get a good sense of what to focus on when evaluating candidate providers. As you look at the list below, the word 'partner' may come into your mind, because that, in effect, is ideally what you need. If you are going to enter into a broader and deeper relationship, you have to make sure that the provider is tuned into your requirements and is able to work with you on a peer-to-peer basis.

How important are the following in a potential converged services provider?

	Important 	Desirable 
Availability of experienced technical personnel to work with you	63%	31%
Service level commitments adequate for critical systems	52%	38%
Willingness and ability to understand your environment	50%	41%
Ability to support you in line with your established processes	49%	39%
Service level options to deal with different requirements	48%	40%
Comprehensive and relevant reporting	45%	42%
Appropriate growth and flexibility options	45%	45%
Comprehensive self-service capability	41%	45%

The converged route to value

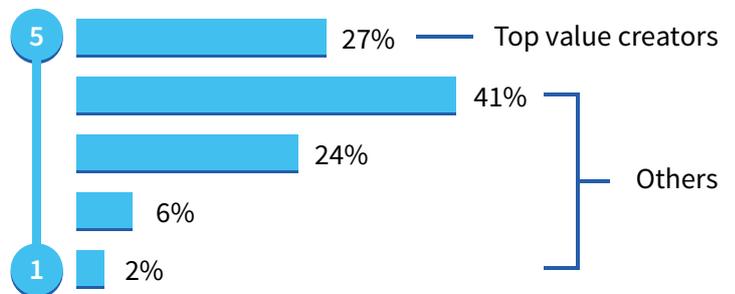
High achievers illuminate the way forward

Coming back to where we started our discussion, let's close the loop on the topic of business value. We saw at the beginning of this report that the value-imperative is now highlighted more frequently than cost management, but how much have IT departments been achieving actual results in this highly important area?

Well just over a quarter of our research sample told us they were delivering overall value to the business 'Very effectively' (corresponding to a rating of 5 on a scale of 1 to 5). And when we pull these 'Top value creators' out and compare them to their peers in other organisations, we find they are much more likely to be making significant use of converged services. We can't infer direct cause-and-effect, but it makes absolute sense to see the adoption of services that remove a lot of operational pain going hand-in-hand with the delivery of greater business value. With the emergence of converged services that integrate everything at source, from voice and data communications, through traditional hosting, to modern cloud services, the market is evolving very rapidly. As IT teams look to become even more business focused, the opportunity is clear.

How well is the IT department delivering overall value to the business?

Rating from: 5 (Very effectively) to 1 (Very poorly)



Level of converged service adoption



Acting on the insights

So how might you act on the findings of this research? Well the first thing to do is ask yourself how certain you are of the level and breadth of cloud service use today across your organisation. If, after an honest appraisal, you acknowledge a degree of uncertainty and doubt, then you have to fix this. As you review your position, it's important to root out 'unofficial' adoption of cloud within the business, including services sneaking in via marketing agencies, business partners and other third parties. And don't forget that members of the IT team itself, especially developers and testers, for example, are not averse to flying under the radar in this area.

With a good handle on what's going on, you can take steps to deal with sprawl, security exposures, excessive costs, and other issues, e.g. by rationalising services, or shifting activity and data to more appropriate cloud environments. From that point onwards, the watchword is 'discipline'. With the emergence of converged services, and many key players investing in integration and various forms of 'enterprise readiness', there's no real excuse to continue with an ad hoc and disjointed approach to cloud adoption. Users, managers, developers and others may push back, but however much they complain about lack of freedom, the truth is that most are simply not equipped to qualify services and providers on the basis of security, compliance, fit with overall strategy, and so on. One way or another, IT needs to be involved, whether actively, in an advisory capacity, or via the definition of appropriate policies and guidelines.

But how do you prevent IT becoming regarded as the department of 'no'? The answer is to recognise that efficient, effective, responsible and safe use of cloud is first and foremost a business issue, so you need your executives on board. You must get them to make it clear that IT is working on their behalf. Easier said than done, perhaps, but one of the reasons we conducted this research was to provide you with some ammunition. Whether you're looking for budget to fund a clean-up or migration exercise, or a mandate to instil a little more discipline, the trick is to do as we have done in this report and bring everything back to the delivery of more value to the business.

About the Research

The research upon which this report was based was independently analysed and designed by Freeform Dynamics Ltd. 508 responses from mid to senior ranking IT professionals (plus some business stakeholders) were collected via an online survey. The respondents were from organisations in the upper part of the SMB sector and the midmarket (50 to 2,500 employees) and from a wide variety of industry sectors. The study was sponsored by Six Degrees Group.

About Freeform Dynamics

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About Six Degrees Group

Six Degrees Group is a converged technology infrastructure provider that is transforming the managed services landscape. 6DG has invested in its own data centres, cloud platforms, next generation data network and voice switching capability, and leverages these core assets to develop, manage and support its unique portfolio of solutions. The company is committed to delivering exceptional customer service and has recently achieved the prestigious 'Silver Investors In People' accreditation.

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