

Chief information officer

An accompanying piece to 10Minutes

Opportunities and roles in the cloud

Highlights

Cloud computing is about more than IT costs savings; the technology creates avenues for new revenue and innovation

CIOs should prudently evaluate all IT functions as candidates for cloud computing and be prepared to identify new business opportunities that will deliver the best return on investment

CIOs can proactively design governance mechanisms to evaluate, procure, implement, and consume cloud services

Adoption of cloud delivery models can disrupt IT operating models, and the CIO must be prepared to manage the impact on the IT workforce

Cloud computing can deliver lower IT costs and increased efficiencies, but it also provides powerful new opportunities to drive business growth. Some companies, for instance, are using the cloud model to create new lines of business by partnering with external providers.

That strategy has paid off for one company, a global supplier of payroll processing services, that recently partnered with a cloud-based talent-management firm to meet customer needs.

The partnership enabled the payroll processing services company to quickly integrate the company's best-of-breed software-as-a-service (SaaS) solution and bring a new, differentiated service to market.

"In a matter of months, we had clients live on our products and their products, so time to value was phenomenal for both organizations," says Mike Capone, chief information officer of ADP. "A good CIO will figure out a way to leverage the cloud to explore business options much more quickly."

Another benefit: This type of business-building collaboration can lower the cost of innovation by extending capabilities without significant capital expenditure in IT infrastructure.

Be a champion of the cloud

CIOs are uniquely qualified to lead a cloud strategy, thanks to their intricate knowledge of IT. While in-depth understanding of technology is critical, no less important is the ability to articulate the business impacts and opportunities of cloud computing to the C-suite.

To do so, a CIO should be prepared to:

- Develop a holistic strategy to leverage internal, external, and hybrid clouds, and decide on a transformative or step-wise approach.
- Examine the company's needs to identify new business opportunities that will be most beneficial and will yield the best ROI. It's essential that the CIO be optimistic but prudent about moving functions to the cloud.
- Consider every application in the IT portfolio as a candidate for the cloud, and anticipate and address all potential IT security issues.
- Once the CIO is convinced that a particular function is suitable for a cloud initiative, he or she must be able to convincingly articulate business benefits to colleagues in the C-suite.

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—Mike Capone, CIO of ADP

- Confirm that external services can be integrated with internal capabilities.
- Prepare the company to become a smart consumer of cloud computing.

How to govern the cloud evolution

Today, business unit leaders often purchase and implement cloud services without IT’s involvement, and that can create serious security risks. To avoid these risks, the CIO should oversee the implementation and use of cloud computing.

The CIO should establish guidelines that align with a risk-management approach and are capable of evolving as the cloud initiative matures. It also is critical to monitor cloud services after procurement to ensure that pay-as-you-go costs remain economically advantageous.

Address talent-management issues

Cloud computing can lessen the need for internal IT employees with deep knowledge of technology—and that can become a talent-management headache for CIOs.

IT staff may view cloud computing as a threat to jobs, and the CIO should be prepared to demonstrate that the organization is committed to providing a career path for its workers. For instance, as a company’s cloud implementation develops, it may train and

reallocate staff to manage relationships with service providers and business units.

The cloud computing model also will change how IT delivers and manages services, including how IT groups interact with one another and their customers. CIOs must anticipate these changes and redesign operating models and processes to support new operating procedures.

How PwC can help

To have a deeper discussion about these guidelines, please contact:

Phil Garland

US CIO Advisory Leader
Phone: 703 918 4523
Email: philip.a.garland@us.pwc.com

Michael Pearl

US Cloud Computing Leader
Phone: 408 817 3801
Email: michael.pearl@us.pwc.com

Ireland

Ciarán Kelly

Consulting Leader
Phone: +353 (0) 1 792 6408
Email: ciaran.kelly@ie.pwc.com

Kieran Mongan

Senior Technology Advisor
Phone: +353 (0) 1 792 8632
Email: kieran.mongan@ie.pwc.com