



The Outward-Facing Enterprise Cloud: Eleven Best Practices

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Title **The Outward-Facing Enterprise Cloud: Eleven Best Practices**

Summary Our research into how enterprises innovate, incubate, test and then launch Cloud Businesses indicates that there are approaches that definitely work and others that do not. This Strategic Perspective highlights a preliminary list of eleven best practices for the outward-facing enterprise Cloud that Saugatuck has compiled, falling into five major categories: *Managing the Innovation, Managing the Opportunity, Managing the Resources, Managing the Solution and Managing the Market*. We anticipate that this list will grow over time, but we have confidence that these practices are transferrable to and implementable in a wide variety of corporate cultures.

So What? Clearly a revolution in Cloud-based innovation is underway. Enterprises, large and small, established and startup, are clamoring to position themselves with new business ideas in the Cloud. Whether a pre-existing brand that is considering moving its presence into the Cloud or a new business startup, reinventing the wheel is a bad idea, and smart companies will look to best practices to increase their chances of success in the Cloud.

Perspective As we discussed in a recent *Strategic Perspective*, Cloud Business is about more than timely, cost effective Cloud IT. The Cloud also enables new business opportunities, whether they be within, or layered on top of, existing business offerings, or in new areas that were completely inaccessible without the combination of cost-effective technology platforms, on-demand scalability and the geography-spanning reach of the Cloud.

The author(s) invite your comments and inquires on this *Strategic Perspective*.
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Some of these solutions generate additional top-line revenue; others assure customer loyalty and ongoing retention. Examples abound and more are being released each week. Among the more familiar:

- **Comcast Mobile Access** provides smartphone access to programming information and, with the press of a touch sensitive screen, enables the digital recording of television programs remotely.
- **Trane Schlage Remote Energy Management Thermostat** is one among a dozen similar remote-access thermostats for sale on eBay today.
- **Trane Schlage Link Wireless Lever Lock** is another Trane Schlage offering that manages home access remotely for the main lock or deadbolt.
- **State Street Bank's Financial Services Cloud offering** (in beta test now – to be released this Fall) features custom analytics, improved risk management, and performance compliance and advisory services, allowing investment advisors to offer significantly improved client service.
- **Pitney Bowes Cloud-Based Mailing and Shipping, including pbSmartPostage**, delivers familiar services to homes and small businesses, but harnessed to the Cloud rather than hardwired and embedded in a physical device.

- **Pitney Bowes Volly** is a soon-to-be-released digital mail and communication service for high-volume mailers.

All of these Cloud offerings have two things in common: 1) they are extensions of pre-existing products associated with their brands, and 2) they come from companies that had nothing to do with computer software and services previously.

And then there are the pure-play Cloud startups, such as Square (for example) – which provides a Cloud-based point of sale, purchase and payments system for iPhone or Android smartphones, including a **Square Reader** for credit cards. **Square Card Case** allows customers to buy items from their favorite merchants without having to swipe a credit card. Instead, they open a tab through their mobile device, say their name during checkout, and they're automatically sent a text message receipt.

Clearly a revolution in Cloud-based innovation is underway. Enterprises, large and small, established and startup, are clamoring to position themselves with new business ideas in the Cloud. As Saugatuck has projected, based on eight years of buy-side surveys at the C-level, 65 percent or more of all NEW business application / solution decisions in the enterprise will be either Cloud-based or Hybrid by 2015 (up from 15-20 percent in 2009).

Our research into how enterprises innovate, incubate, test and then launch Cloud Businesses indicates that there are definitely approaches that work and other ones that do not. We have compiled a preliminary list of eleven best practices for the outward-facing enterprise Cloud, falling into five major categories: Managing the Innovation, Managing the Opportunity, Managing the Resources, Managing the Solution and Managing the Market. We anticipate that this list will grow over time, but we have confidence that these practices will be transferrable to and implementable in a wide variety of corporate cultures and will increase chances for success in the Cloud. Let's consider them one by one.

Managing the Innovation

- **Collaborate on New Ideas** – Innovation is at the heart of Cloud business solutions, and managing the innovation process using social media is one key to maintaining a steady stream of Cloud Business innovation (see [906MKT Cloud Drives New Innovation and Business Velocity](#), published 22June2011).

Managing the Opportunity

- **Understanding Disruption** – In creating new Cloud Business solutions, the first step is understanding the nature of the disruptive technology and the second step will be rethinking the current business value proposition in the terms the new technology of the Cloud dictates and enables.
- **Extending Current Offerings** – In extending current business offerings to the Cloud, it is necessary to translate and transform the value proposition from the traditional offering to the Cloud, using



CLOUD LEADERSHIP STRATEGIES

Cloud-native and Cloud-unique functionality.

- **Know the User's POV** – In order to hone design and implementation of a Cloud Business solution, and ensure the value provided will be acknowledged and sustained, it is necessary to understand the value proposition clearly from the user's point of view.

Managing the Resources

- **Dream Team** – Pull together a “dream team” (line-of-business executive, technical experts, project management) for planning, evaluation, implementation oversight of the Cloud Business solution.
- **Skillful Partnering** – Cloud Business solutions require skillful partnering that can enable world-class experiences and performance. No provider can economically maintain expertise and control over every aspect of its solutions, e.g., Cloud hosting or distribution in all market segments and geographies. Successful in the Cloud means success in partnering.
- **Value to Partners** – In a Cloud Business solution that involves the participation of multiple partners in addition to customers, acknowledged and sustained value must be delivered to all solution participants in the value chain.

Managing the Solution

- **Breadth and Depth** – Cloud Business solutions require both breadth and depth, or *functional richness and leverage*, particularly as they evolve over time. And they must be agile, in order to evolve as the demand of the market and customers dictates.
- **Design is Critical** – Interaction design that makes it easy for all users, both customers and partners, to realize the Cloud Business solution's value is critical. Designing, implementing and maintaining a Cloud Business solution that can work as expected across multiple browsers is a challenge, but not nearly as challenging as finding a design that will feel natural across a wide range of users.
- **Ensure Security** – No Cloud Business solution can succeed that is not secure. And it must not only *be* secure, but also must be *perceived* as secure by its potential customers and partners. Cloud Business solutions require world-class security and privacy and the regulatory certifications for most key markets (e.g., SAS70, HIPAA, GLB, FISME, ISO27K). This is table stakes.

Managing the Market

- **Signal the Market** – In advance of announcing the Cloud Business solution, send signals to the market, to both current and potential customers and partners, declaring the intent to enter and participate in this new space.

Net Impact

Opportunity and Risk are closely linked in any new frontier, and the Cloud is no exception. In today's economy, opportunity is available to those



CLOUD LEADERSHIP STRATEGIES

enterprises well-prepared for managing the risk that goes along with it. Best practices are one proven way to reduce risk and increase chances for success. These eleven best practices are the foundation of a successful Cloud Business.

Managing the innovation process is the first key to success. At the heart of Cloud Business Solutions is a new idea, or an old idea implemented in a new way. Getting to that idea by using social media will bring not only that first idea but a succession of ideas into the light, maintaining a steady stream of Cloud Business innovation.

Managing the opportunity involves reframing business value in terms of the present as perceived by the potential customer. Whether new Cloud solutions or translations of current solutions to the Cloud, it is important to make innovative use of Cloud-native and Cloud-unique functionality. That functionality must be designed to make its value immediately apparent and serve as a platform for future innovation streams.

Managing the resources requires a full lifecycle approach to team building, involving all the experts for the planning, evaluation, implementation and operation of the Cloud Business Solution. World-class partnering that enables leverage for expertise outside the enterprise's domain makes the economic viability and the quality of the Cloud solutions more likely. This may require thinking through the solution in terms of a sustainable value proposition attractive to multiple partners.

Managing the solution involves the long view, not simply the first release, so as to evolve the Cloud solution as the demand of the market and customers dictates. The Cloud solution must be secure and certified as compliant with any regulatory requirements for that market. It must also be designed in such a way as to work consistently across a wide range of users and their chosen technology platforms.

Managing the market means declaring the intent to enter and participate in this new space. As in any market, multiple players will be involved, including customers of the enterprise's current solutions and customers of competing solutions, especially the master brands, potential partners and potential new customers who will monitor any messaging that may emerge in the solution space.

About This Research

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