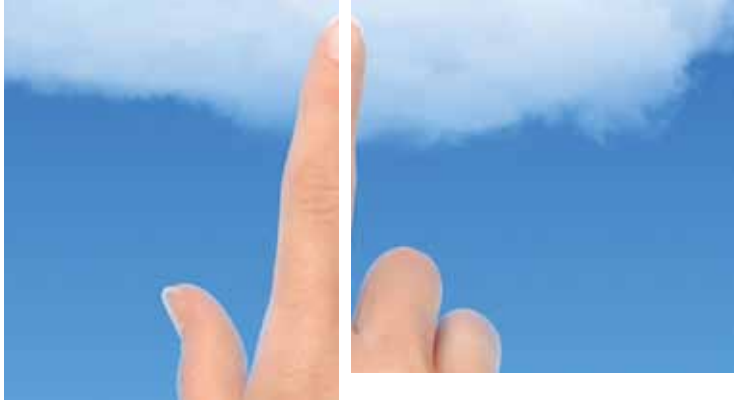# CIOs and the Cloud: The Opportunity to Transform Your Business with Software as a Service

Applications that live in the cloud today stretch far beyond CRM initiatives, showcasing the platform's applicability for business transformation.

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CIOs and the Cloud:
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In today's hypercompetitive business environment, it's up to CIOs to grab the lead role in helping the enterprise successfully navigate new business opportunities. They must move beyond operational thinking to being focused on delivering value to the business. Forward-thinking IT executives recognize the business transformation advantage that the cloud can provide and are embracing the opportunity it offers to make tangible and high-value business changes.

One of those CIOs is David Smoley of Flextronics, a company recognized in the 2011 *InformationWeek* 500 for its innovative use of creating, implementing and demonstrating cloud solutions. Smoley calculates that the company has, through a variety of means, "actually been able to reduce overall IT costs by millions and millions of dollars." The cloud has played a role in that — for example, the company has invested in a Workday Human Capital Management software-as-a-service (HCM SaaS) solution and experienced a 30 percent reduction in total cost of ownership (TCO)

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—David Smoley CIO, Flextronics

compared with a deployment of HCM software from a traditional software vendor. And in stark contrast to other software projects, deployment was a breeze.

Any CIO would be happy with those cost savings, but it goes beyond that for Flextronics. Its first enterprisewide deployment of a SaaS solution transformed the way service is provided to managers when it comes to getting their everyday work done: Tier 1 HR help desk support now can globally and consistently respond to the managers' requests. "We couldn't have done that without the cloud, because we wouldn't have had control over multiple systems, and there would have been inconsistencies among them," Smoley says.

As Smoley's experience shows, business processes that are smart, as well as consistently implemented and pervasive, are critical to the business transformation the cloud enables. With cloud SaaS solutions based on an adaptive and global framework, capabilities deemed costly and complex in the on-premise world, such as embedded intelligence, are a natural part of the solution. For example, supportive information and attributes, metrics or sophisticated analytics can appear right in the context of configurable and secure business processes, so that all the data that executives need to make decisions is in one place. Now think of all this coming to life across multiple platforms, from smartphones to tablets to the desktop.

Such capabilities — along with the potential TCO advantages of the cloud — seem to suit the

global information services perspective at many organizations. At Manulife Financial, which today has 38 cloud solutions, the goal is "to enable business processes through highly flexible application services delivered across robust, secure and highly available infrastructure services, while optimizing and containing IT-related expenditures," says SVP and Global CTO Chris Buck. One of those cloud solutions is the Workday HCM SaaS application, which, Buck says, "fits well with our global information services objective, as well as our cloud computing strategy."

Buck's colleague at Manulife Financial, Mike Lydan, VP, corporate systems, adds that the packaging (including infrastructure) and functionality of a SaaS solution such as Workday is factored in — along with the number of employees affected and volume of transactions the company runs — when considering a cloud or in-house approach. "We measure that economic value across all those priorities and criteria. Cloud computing has the opportunity to offer significant economic value, but Workday translated that into reality."

While the functional and economic advantages of SaaS plainly are real, an *InformationWeek* 2012 State of Cloud Computing survey finds that CIOs need to overcome some learning curves to realize them. It notes that there are still major gaps in how many organizations are selecting, integrating and monitoring the cloud services their employees depend on. It argues that most cloud initiatives are reactive, in response to line-of-business requirements. Compare that to Manulife Financial's more proactive stance of partnering with the business to ensure that its efforts first and foremost deliver to requirements.

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As consulting firm PwC has recently noted, the time when CIOs could focus on efficiently providing IT services to the business has given way to an age where information executives are expected to take full partnership in business strategy and growth. Leading the adoption of new technolo-

gies, such as the cloud, to drive innovation and differentiate the business is important so IT leaders can get a seat at the table, according to PwC.

Now's the time for CIOs to expand their cloud leadership skills and set the pace in innovative, business-technology decision making — as executives at Flextronics and Manulife Financial have done — but they need to move fast for fear of being left behind as the cloud market aggressively grows. Gartner sees the worldwide SaaS market expanding by 18 percent in 2012 to $14.5 billion. IDC has said that 80 percent of new commercial enterprise applications will be deployed on cloud platforms in 2012, and that by 2015, about 24 percent of all new business software purchases will be of service-enabled software.

Look to a Cloud Strategy in a Global Present and Future

Global companies looking to the future know that the transformations they'll undertake to get there won't happen in a vacuum, but rather across countries and continents. So, thinking strategically, CIO leadership must take into account just how "global" and "unified" proposed solutions are for key operational requirements. That's a reason many organizations look to a SaaS strategy for tasks such as managing the far-flung talent pool that will help a company drive deeper into remote and emerging markets, and for managing financial processes efficiently around the world. That kind of strategic thinking was evident at Flextronics.

Some 200,000 employees worldwide contribute to making everything Flextronics envisions into a reality. So, it's little wonder that CIO Smoley has been intent on IT aiding business transformation by helping the Flextronics global human resources team and business managers make decisions based on high-quality, actionable data and reports that are continuously available. Its unified HR SaaS deployment lets managers understand worker profiles across regions so they can make production plans based on knowledge of talent resources. Flextronics can now accurately gauge where to scale workforces up or down in different parts of the world, depending on the markets it's addressing, and study employee costs and worker profiles to determine whether labor investment policy adjustments are warranted.

"I've never talked to a single person who uses an [on premise] HR software system globally in one single instance," Smoley says, but a cloud solution makes it possible.

With its deployment, Flextronics has one data-

base — one common system — so that everyone can access the same data to drive more informed decisions. It's "the proverbial single source of truth," as Smoley puts it. Such a capability is an example of how leaders thinking strategically about SaaS take a cloud service from being just another means to an end to being a strategic asset of business transformation and ongoing innovation in today's global organizations.

Manulife Financial has also realized positive gains from having a single, unified, cloud-based system live for 20,000 of its 26,000 employees so far, which bodes well for the continuing rollout to nine countries in Asia. "For the first time, that entire population is flowing through the cycle in the same steps, with the same business rules, requests, data and reporting capabilities going to HR and compensation staff for analysis, and it is completely consistent among 20,000 people, and global as well," says Lydan, of its recently completed annual compensation and performance cycle.

Other organizations with thousands of employees across the globe also see that a new human capital management system can help them get a better grasp on managing their people. When it comes to diversity and inclusion, talent management, and top talent, a cloud SaaS solution can make it easy to optimize talent across multiple countries. When projects at a company are sometimes regional and sometimes enterprisewide, the concept of being able to go right into the HR system and find, for example, a project manager with multiple language skills, is a compelling one.

Cloud Success Breeds Cloud Growth

SaaS cloud applications won't always be the appropriate choice for a particular requirement, but rarely will an enterprise evaluate its application strategy without looking to the cloud for competitive advantage. And certainly cloud applications will make their presence felt in one way or another in almost every organization. "The cloud is part of every evaluation we look at," says Smoley. "For large enterprises there will always be a mix. I don't know if it's 70/30 or 30/70, but there always will be a mixture of on- and off-premises [apps]."

One of SaaS' most obvious competitive values is the model's continual, no-cost enhancements of features and capabilities. In the world of on-premises software, sometimes it takes years before you can do a major upgrade. Although the technology or IT function may want to do the upgrade, often the business and functional leaders don't want to deal with a freeze of their key systems or with

their systems being down for a period of time as part of the process.

That doesn't happen with SaaS. To get the most out of SaaS' ongoing enhancement cycle, however, Lydan urges CIOs to build an organizational structure primed to take advantage of that value. "Your organization also has to be in a continual state of change," he says. The requirements for proper testing, change management and training must be observed. "If you do not plan to be organized to handle regular upgrades, then it's going to run you over," he says. Manulife Financial now has experts in organizing global regression testing, for example. Staffers go through new features, some of which are mandatory and some that aren't, to assess the impact of releasing them to the organization, he explains.

Along with SaaS engagements come collaborative partnerships — with the provider and also with the community of the vendor's customers. And that's the wind beneath innovation's wings. "With the cloud, you benefit from an entire ecosystem of customers who are trying to do similar things as you with the system and who continually give feedback on how to do it better, make it more useable and easier," says Smoley.

There's a wealth of value to be found among a base of customers focused on the exchange of ideas. With any SaaS provider, "You create a portfolio of business value for innovation from the topics that you discuss and from the nature or design of the communities of discussion. That's the kernel of innovation that is key to success," says Buck of Manulife Financial.

As an example, Workday lets customers vote on brainstormed ideas to prioritize the creation of its next features, and it also hosts threads that let IT professionals think about long-term evolution and trends over, say, the next 18 to 24 months. "They could be things that are not directly business requirements but that we see as emerging technologies…and how they can have interaction with Workday at that level," says Lydan of Manulife Financial.

For a growing number of CIOs, SaaS applications in the cloud increasingly represent the future for transformation initiatives. In its SaaS incarnation, the cloud offers an opportunity to master some of the biggest technical challenges that confront any IT organization — global deployments and continuous currency among them — while creating more flexibility throughout the enterprise, business and IT teams alike, to fast-forward change. ∎

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ABOUT WORKDAY

Workday is a leader in enterprise-class, Software-as-a-Service (SaaS) solutions for managing global businesses, combining a lower cost of ownership with an innovative approach to business applications. Founded by PeopleSoft veterans Dave Duffield and Aneel Bhusri, Workday delivers unified Human Capital Management, Payroll, and Financial Management solutions designed for today's organizations and the way people work. Delivered in the cloud leveraging a modern technology platform, Workday offers a fresh alternative to legacy ERP. More than 310 customers, spanning medium-sized organizations to Fortune 50 businesses, have selected Workday. Visit us at www.workday.com.