Does Cloud Computing Make Sense for Your Company?

Your Guide to Cloud Benefits, Strategies, and Pitfalls
Introduction

Cloud computing is an essential part of digitization. As the vast majority of enterprises already use at least one form of cloud, the time has come for the remaining companies to consider whether the cloud makes sense for them, and if so, how they will use it. The aim of this guide is to help companies prepare their cloud strategy, to raise awareness of the benefits that the cloud can bring, and to highlight the potential pitfalls of migration.
Before considering moving to the cloud, it is important to first understand which options are available and how each model works. Although there are all manner of hybrid models available, the three main options are infrastructure as a service (IaaS), platform as a service (PaaS), and software as a service (SaaS). The main difference between them is how the responsibility is shared between provider and customer [see figure 1].

With infrastructure as a service, the customer simply pays for virtualized computing resources. This is the most flexible model of the three, but the customer is still responsible for maintaining and upgrading systems running on that infrastructure. At the other end of the spectrum, with software as a service, the customer receives access to an application hosted by the provider. The customer pays via a subscription model, and the provider takes care of everything from installation and provisioning to maintenance, support, and security. Examples of SaaS include the ERP solution SAP S/4HANA Cloud and SAP SuccessFactors solutions for HR.
Flexibility Is More Crucial Than Ever

As the pace of technological change increases, the cloud provides faster access to advanced capabilities, such as artificial intelligence, and accelerates the implementation of new systems. It also allows IT teams to spend less time on routine tasks and focus more intensively on adding value to the business. For many companies, however, the main benefit of the cloud is flexibility. By switching from capex to opex, the cloud frees up budget for other areas of the organization. And with the ability to scale cloud services up or down according to needs, enterprises reduce the risk that they will be stuck with technology that no longer suits the business or has become obsolete. Overall, this allows companies to adapt to changes in the market as needed. Cloud technology drives innovation as there is less IT effort and investment required to keep up with new developments.

Figure 2: Regular Automatic Updates Ensure the Latest Features Are Available
Greater Agility for Companies of All Sizes

Small and medium-sized enterprises can benefit from the standardization that the cloud brings. It also makes them more able to compete with better established companies, as they can obtain the latest technology without having to invest significant sums of money up front. Likewise, larger companies can use the cloud to alter their business models and gain the agility of smaller, more innovative competitors. Whether it is used to accelerate the deployment of department-specific solutions or to roll out a new ERP system across the organization, cloud computing offers a faster route to new technology.

How the Cloud Can Alter a Company’s Approach

By its very nature, cloud technology demands a change in approach. For example, public cloud solutions allow for little customization. While this is something that businesses need to consider, it can also provide a good opportunity to modernize and standardize processes. Where many systems were heavily customized in the past, the cloud brings more agility into IT projects with regular updates. Companies can adapt processes to fit best practices and only customize where it is really needed. However, they still have the option to enhance their public cloud system by building company-specific solutions or connecting SAP line of business solutions that leverage the large toolbox of APIs and many more tools that come with SAP Cloud Platform.
Planning for Success: The Key Questions to Ask

Cloud computing has already demonstrated its vast potential in numerous industries, most commonly in manufacturing, professional services, and retail. However, the public cloud might not be suitable for some sectors, such as life sciences and aerospace, due to their specific data protection requirements and potential security implications. Each company needs to evaluate the various solutions and providers on the market and determine what they want to achieve from their cloud strategy. Key questions include:

- **Costs**: What budget is available and how should it be invested?
- **Implementation**: How quickly do we require new systems and innovations?
- **Functionality**: Should we migrate our existing processes to the cloud or adapt our business to new capabilities?
- **Change management**: How will cloud migration affect our business and how do we manage this change?
- **People**: How large is our IT team and what will its role be in the future?
The Stumbling Blocks – and How to Overcome Them

While migrating to the cloud can bring many benefits, it is a major initiative for any business and its impact should not be underestimated. However, with the right preparation, cloud migration can have a positive influence on an organization and its processes. Below is a list of some of the aspects that are pivotal in the success of cloud implementation.

1. **Defining Strategy and Business Objectives**
   Companies must ensure they have done sufficient preparation and clearly defined their objectives before beginning cloud migration. There is a tendency to try to re-engineer too many processes and overhaul entire departments when pursuing a cloud strategy. However, a cloud strategy must follow the overall business objectives from start to finish. An external consultant can provide support and help set up a solid business case and roadmap.

2. **Ensuring Compliance**
   In today’s IT world, compliance is a key consideration – especially in light of the recent EU General Data Protection Regulation (GDPR). Public cloud solutions often fulfill these requirements by default. To meet legal obligations, businesses should look to cloud providers who are transparent about where and how they store data. Appointing a data protection officer can also be helpful by centralizing compliance responsibilities.

3. **Managing Change**
   The transition to cloud computing has far-reaching effects on any business, bringing changes to everything from processes and responsibilities to the corporate culture itself. Change management is therefore necessary to implement best practice scenarios that come with public cloud solutions. The success of a cloud strategy depends on people and processes being prepared to adapt.

4. **Migrating Relevant Data**
   Not all data needs to be migrated to the cloud at once. Companies need to identify which apps and data are really suitable for the cloud, and what on premises. Cloud projects also provide a good opportunity to archive any data that is no longer relevant.

5. **Finding the Right Speed**
   Cloud migration should be seen as a transition rather than an instant solution. While the cloud accelerates implementation, it is worthwhile to start with a selected part of the business, such as a subsidiary or a line of business. This helps deal with the implications of changes. If the migration is rushed, there is a risk that mistakes will be made or resources will be wasted.
A common concern with cloud computing is security. Many businesses are naturally reluctant to put data protection in the hands of a third-party provider. However, security is a double-edged sword. On the one hand, it is important to consider specific data protection requirements concerning where certain types of data are hosted. On the other hand, major cloud providers have invested heavily in robust, state-of-the-art security measures. A good cloud provider should also offer advanced backup, failover, and disaster recovery capabilities to ensure business continuity. SAP and Amazon Web Services (AWS), for example, provide comprehensive information about their data protection policies and cloud data centers. Companies should closely evaluate whether a provider’s security measures fulfill their specific requirements before making a choice.
A Partner for Your Cloud Journey

The entire cloud journey, from the initial business case through to change management and support, has wide-reaching effects on an organization. Even for well-established businesses, going it alone can be difficult. Fortunately, external partners can help. itelligence has over ten years of experience in cloud computing and has won numerous SAP Cloud Partner awards around the world. Having worked with companies around the world in various industries, our experts have developed a deep understanding of many different business processes, requirements, and best practices. Our customers are able to go live quickly thanks to our standardized delivery model developed for implementation of cloud software. So whether you want to build a roadmap for the cloud or require assistance through managed services, we can support your journey.

Get in touch with us today to see how we can take your business to the cloud.

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