Cloud Sourcing
New Market Dynamics Require Changes To Sourcing Strategy
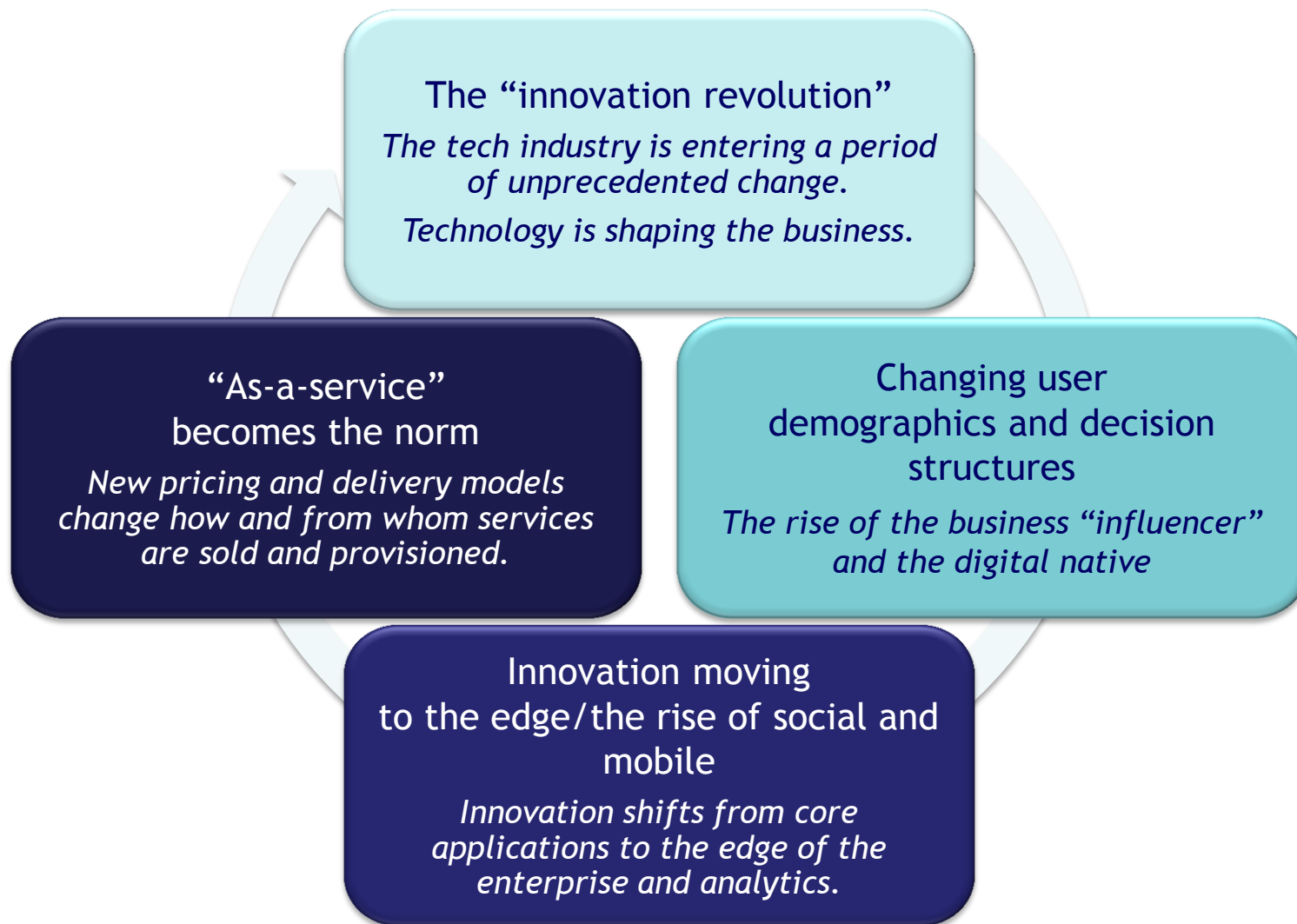
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The need for speed
fuels the IT-business disconnect

Business wants:

- A place to experiment
- Fast integration
- Looser IT restrictions
- Responsiveness
- Faster time-to-market

IT wants:

- Plenty of notice
- Predictability
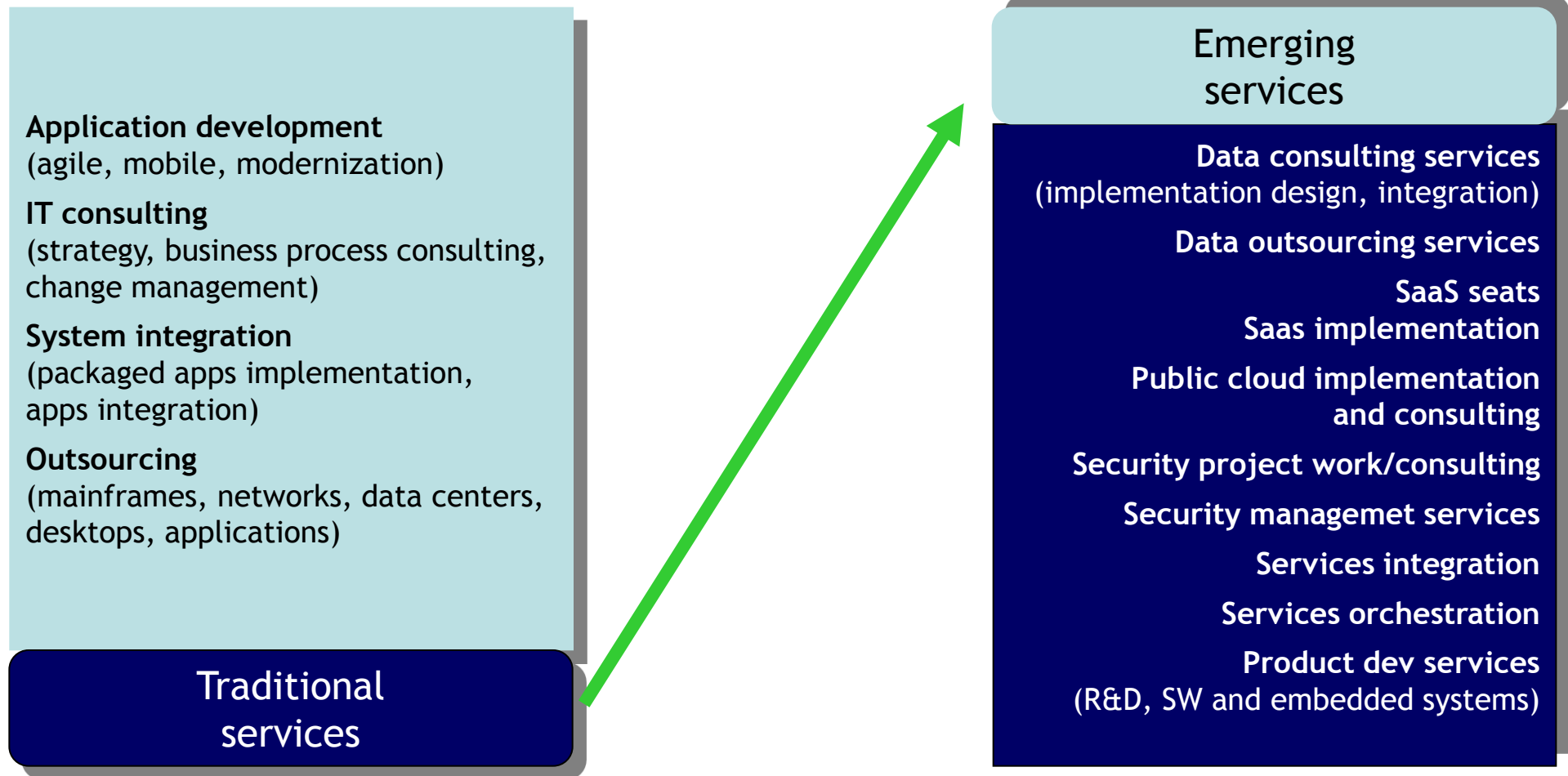- Stability
- Justification
- Controls

The state of the art of SaaS

Main benefits perceived by the users	• improved business agility • focalization of resources • speed of implementation • faster delivery of new features and functions • lower overall costs
Concerns about SaaS is decreasing (2009 – 2011)	• reduction of doubts related to security, integration, performance, costs and complexity • fear of financially and operational lock-in with a unique vendor
Europe SaaS main fields of applications (public sector included)	• Collaboration • Customer Relationships Management • Human Resource Management • Asset management • Claim management

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The SaaS outpaces other ICT services, with an increase factor higher than the growth rate of other traditional services

The balance is shifting
between traditional and emerging services

Application development
(agile, mobile, modernization)

IT consulting
(strategy, business process consulting,
change management)

System integration
(packaged apps implementation,
apps integration)

Outsourcing
(mainframes, networks, data centers,
desktops, applications)

Traditional services

Emerging services

Data consulting services
(implementation design, integration)

Data outsourcing services

SaaS seats
Saas implementation

**Public cloud implementation
and consulting**

Security project work/consulting

Security managemet services

Services integration

Services orchestration

Product dev services
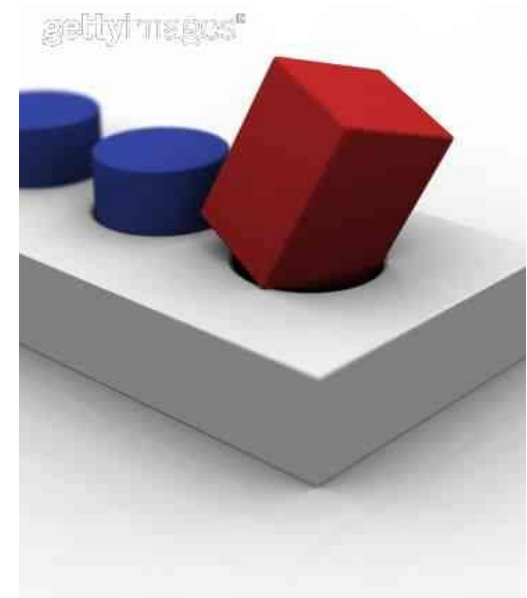(R&D, SW and embedded systems)

What does this mean for Sourcing?

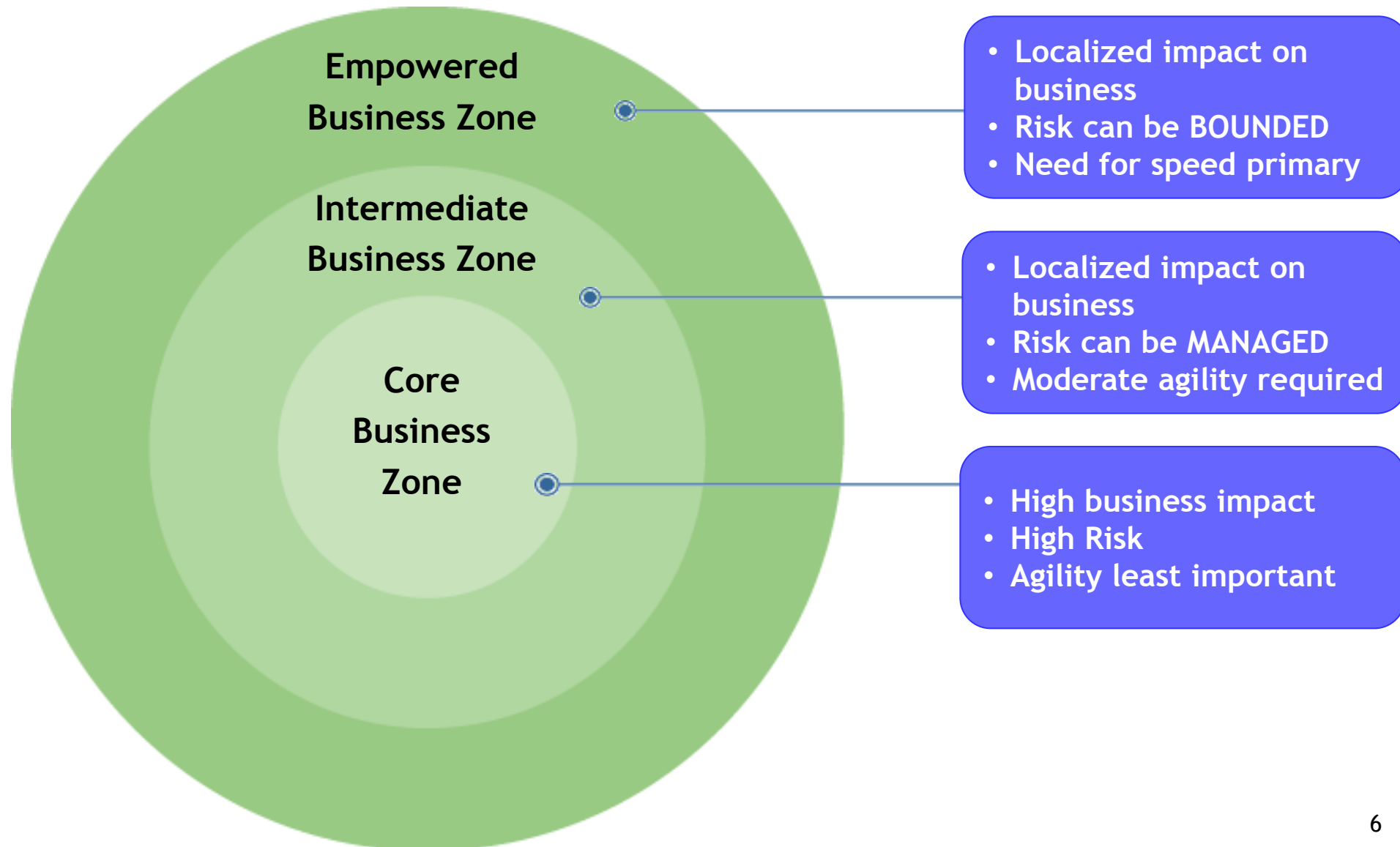New stakeholders and decision structures

New and different stakeholder requirements
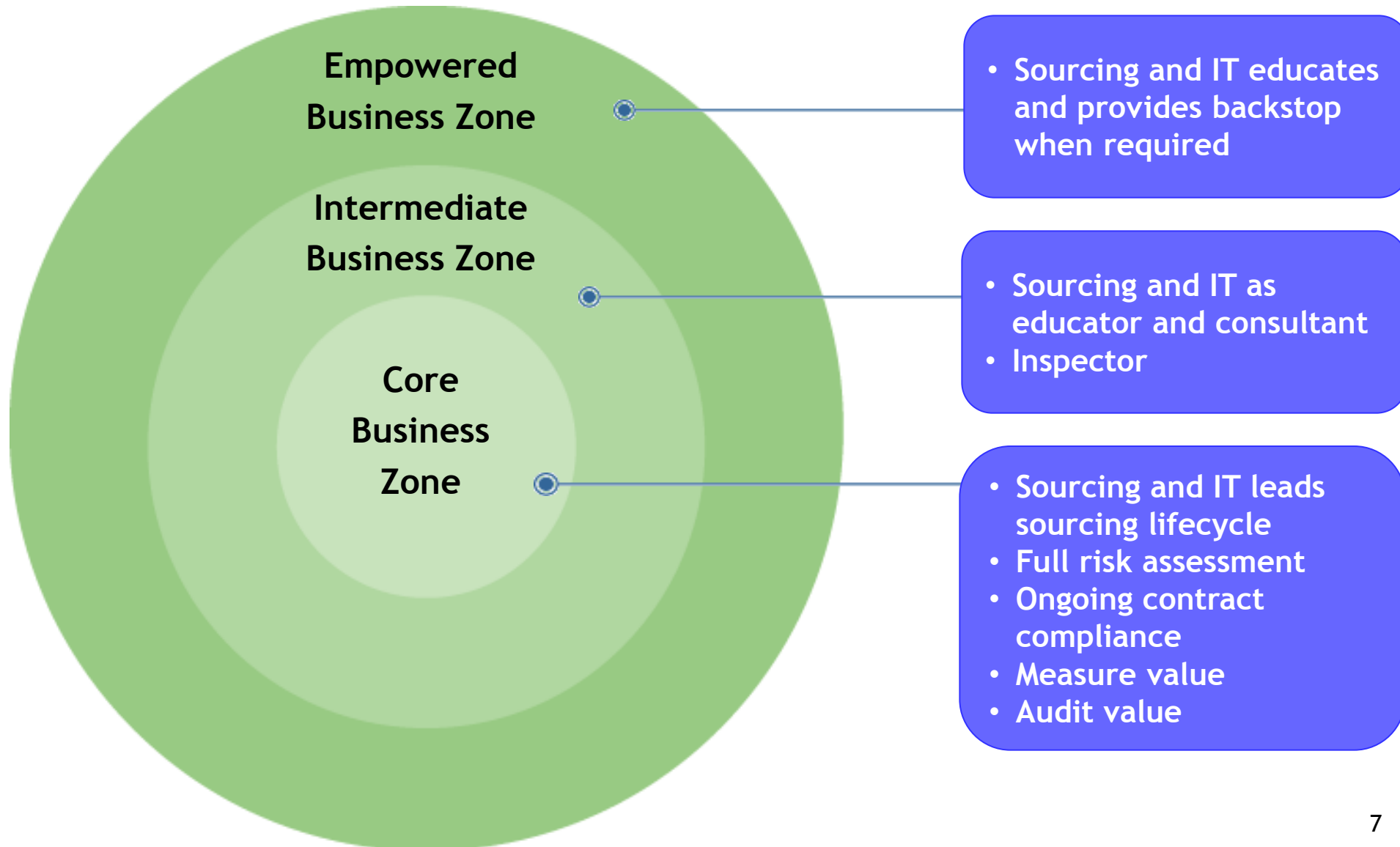
Radically different marketplace and vendor capabilities

Last year's sourcing strategy will not meet this year's needs.

Knowing the criteria for sourcing's Involvement will be a key skill

Empowered Business Zone
- Localized impact on business
- Risk can be BOUNDED
- Need for speed primary

Intermediate Business Zone
- Localized impact on business
- Risk can be MANAGED
- Moderate agility required

Core Business Zone
- High business impact
- High Risk
- Agility least important

The continuum of sourcing empowerment

Empowered
Business Zone

Intermediate
Business Zone

Core
Business
Zone

- Sourcing and IT educates and provides backstop when required

- Sourcing and IT as educator and consultant
- Inspector

- Sourcing and IT leads sourcing lifecycle
- Full risk assessment
- Ongoing contract compliance
- Measure value
- Audit value

Key areas of SaaS contract negotiation

Type	Key issues/recommendations
Pricing	• Usage based or user-based • Term or pay-as-you-go
Data usage and access	• Regular access to data – define format and frequency of backup • Ability to get data back at termination of contract • How is the vendor allowed to use your data during relationship • How long should the vendor keep your data post-relationship
Business continuity	• Nightly backups of customer data are typical • Look for multiple data centers in multiple locations • Find out annual (or better) testing of disaster recovery plan
Security	• Look for audits such as SSAE 16, ISO 27001, and industry-specific, such as FISMA or PCI • Password compliance, logs and audit trails • Physical and electronic security • Right to customer audit.
Support	• Define hours, modes, escalation, governance, response time, definitions of severity
Exit clause	• For cause and for no cause, make sure to detail notification windows/minimums and fees (if any)

Thank you

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