



# The PULSE of IT

*"Insights for forward-thinking small  
and mid-sized business leaders"*



## PROACTIVE ADOPTER SERIES:

How cloud solutions can  
modernize your business

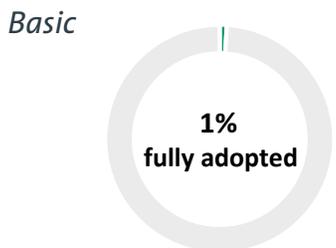
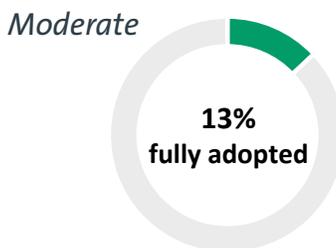
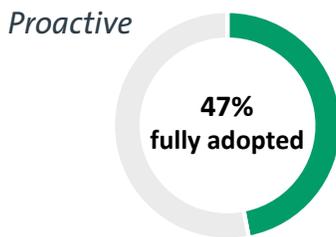


If you run a small or midsize business (SMB), you're likely wondering if migrating elements of your company's data and systems from your local area network server to one of several cloud solution options is a smart move, but finding the time to evaluate your cloud computing choices can be a challenge. Plus, there's the daunting task of shifting and setting up your team with access. It's enough to scare off any busy business owner or manager.



However, successfully adopting cloud solutions, in addition to the other game-changing technologies we've discussed in this series, can reap major rewards.

#### CLOUD ADOPTION RATE



A recent global survey, conducted on behalf of Hewlett Packard Enterprise (HPE) by Coleman Parkes, revealed that some of the world's most forward-thinking small and midsize businesses are already seeing benefits of cloud adoption flowing directly to their bottom line. Proactive decision-makers at these pioneering businesses claim leveraging the cloud has helped them address top priorities, including heightened security, faster growth, increased productivity, reduced costs, and improved customer service, retention, and acquisition.

In contrast to these proactive adopters, the moderate-minded businesses reported taking a more mainstream approach to adopting cloud technologies. Rather than taking risks right off the bat, these organizations are waiting until the business is ready to implement. Even more cautious businesses, what the study considers basic adopters, reported relying on guidance from external parties before making IT decisions.

Any business migrating elements of its systems to the cloud is faced with tough decisions about the different technology offerings and what data and applications should be placed there. While going to the public cloud and buying space on a shared server managed by a provider is generally quicker, easier, and more scalable than implementing a private cloud, private solutions may be preferable when regulations and security priorities rule an organization's data management systems. A third option is to implement a hybrid of public and private cloud and traditional on-premise solutions. Many small and midsize businesses find this type of hybrid IT environment to be the most cost- and resource-effective option while still enabling them to retain control.

## Pioneers see payoffs

Of the 1,500 decision-makers HPE surveyed, 25 percent have adopted private cloud solutions and 20 percent have adopted public and hybrid solutions. These proactive adopters tended to be larger manufacturing, healthcare, and financial services businesses. Regardless of the choice made, SMBs that had moved some of their data and processes onto a cloud platform reported improved productivity and enhanced competitiveness.

The survey also revealed that even more businesses are in the process of adopting cloud strategies. More than half of the survey respondents said they have already begun to adopt some type of cloud solution or are planning to in the next year. If your business is in this group, there are a number of points to consider. Your business's needs, resources, scalability, compliance issues, and internal IT capabilities must be factored into the decision about which cloud solution is best for your organization.

If your business is among the fewer than 10 percent of global SMBs surveyed that claim to have no intention to adopt cloud solutions, hearing from proactive adopters that have successfully harnessed cloud technologies might prompt you to reassess your plans.

**Even the most tech-savvy businesses need to continually reassess their options. If your business has already implemented cloud solutions to keep operations nimble, agile, and competitive, then keeping up with the latest trends in cloud computing can keep you ahead of the pack.**

For instance, if you identify with the IT decision-maker in manufacturing from the Asia-Pacific, Japan, and Greater China (APJC) region who explained that “a company-wide private cloud was introduced initially as a simple data solution, but has resulted in greater interdepartmental cooperation,” then you could explore how leveraging the cloud for communication could improve productivity and engage employees. If you were motivated to move some files to the cloud to achieve greater IT-to-business alignment but discovered access to cloud-based data also improved sales force efficiencies, then you might want to consider making more files available in a similar manner. If cost-cutting motivated your move from internal servers to the public cloud, but an unexpected benefit was increased revenues from better-informed customers, then you'd be wise to assess how enhancing your cloud capabilities could do even more to serve your customers.



### PROACTIVE ADOPTERS

- Leading visionaries who embrace change
- Agile and innovative
- Willing to take risks to grow and stay ahead of competition



### MODERATE ADOPTERS

- Implement when the business is ready
- Thoughtful and conservative with IT investments
- Address growth tactically vs. strategically



### BASIC ADOPTERS

- Cautiously consider IT decisions
- Rely on guidance from service providers
- Risk averse, react to specific needs as they arise

## Driven by business priorities

Proactive adopters are driven by a variety of needs. The businesses that have implemented public, private, or hybrid cloud solutions reported doing so to modernize their IT systems, improve profitability, reduce the costs of IT operations, align IT with business units, simplify their business, create flexibility, and address customer requirements.

Incidentally, a vast majority (75 percent) of SMBs that have proactively adopted cloud solutions claim that at least one-fifth and as many as one-half of their employees work remotely. Comments from survey respondents confirm cloud access greatly improves productivity and collaboration among remote colleagues. For example, a senior executive in the North American manufacturing industry commented that moving select business operations to the cloud has meant “employees can work from home to keep things moving outside of office hours.”

Whether they choose public or private solutions, proactive adopters say cloud technologies enable them to accomplish priorities, such as:

### TOP MOTIVATORS FOR CLOUD ADOPTION

1. Modernize IT systems
  2. Improve profitability
  3. Create better flexibility
  4. Lower the cost of IT operations
- Improving the effectiveness of IT staff
  - Enhancing employee productivity and engagement
  - Launching new products or services
  - Moving into new markets
  - Innovating to stay ahead of the competition
  - Acquiring and retaining customers
  - Responding quickly to changing business requirements
  - Reducing costs
  - Managing company growth

*“A company-wide private cloud was introduced initially as a simple data solution, but has resulted in greater interdepartmental cooperation.”*

IT DECISION-MAKER, MANUFACTURING, APIJWC

## Cloud pros and cons

Decision-makers at small and midsize businesses who responded to HPE's survey offered numerous anecdotal examples of how cloud adoption helped target top business priorities. However, as with any new technology, there are also drawbacks for businesses to be aware of.

Many respondents attributed operational cost savings to moving select business systems to the public cloud. "It has allowed us to move away from having to maintain our own on-site servers at a significant cost," said one. Others said the cloud "saved a lot of capital, reducing workers who had ... functions that have now been met by high technology and fast access."

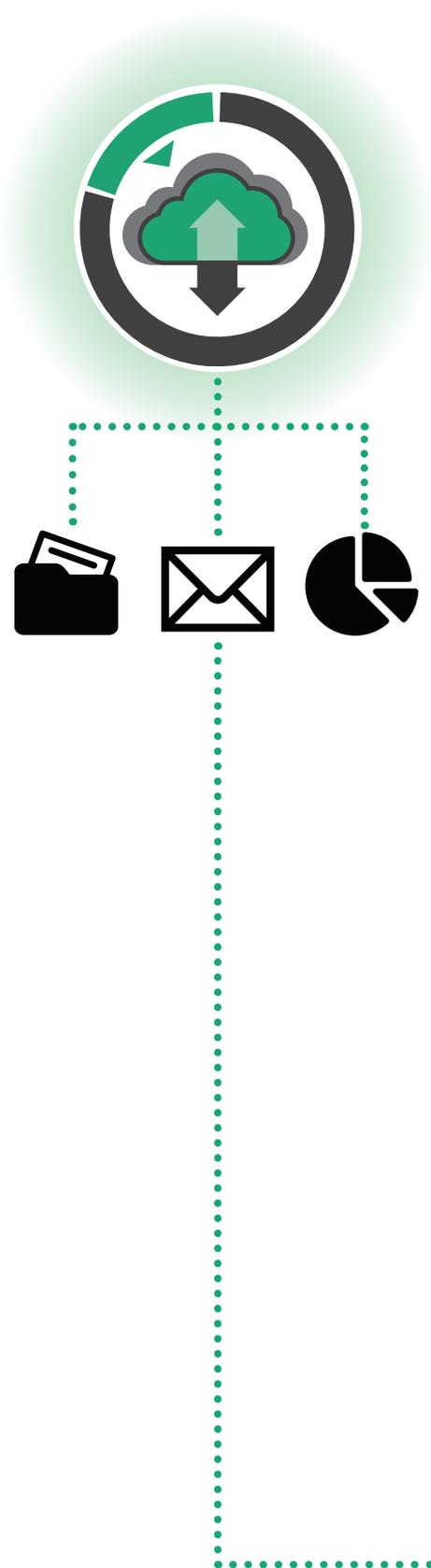
Those who have adopted cloud, whether public, private, or hybrid, also remarked that their businesses and employees have become nimbler. At some organizations, the cloud makes it "easy for workers to keep track of their responsibilities" and "to access and modify files from a smartphone anywhere." Sharing project materials on a public cloud, for instance, enables employees to access documents during their morning and evening commutes from a handheld device. Team members working while traveling or outside normal business hours don't need to wait for colleagues to be present to make last-minute updates. A drawback, of course, is that 24/7 access can encourage an "always-on" attitude that can lead to employee burnout. Employers will need to pay attention to how cloud access impacts culture.

Where compliance and security are of paramount importance, private cloud sharing can offer similar advantages. In a multi-office healthcare setting, for instance, private cloud access can keep HIPAA-protected digital records secure while vastly improving access to patient data among collaborating practitioners in different facilities.

Respondents whose companies relied on outside service representatives attributed increased flexibility and improved efficiency and agility to cloud access. SMBs that serve customers and clients across time zones, for example, can benefit from storing inventory data on a public or private cloud service. Staff will need to be aware, however, that company representatives are relying on that information to be kept up to date.

*"It meant we could have more staff and a more flexible working environment."*

IT DECISION-MAKER, MANUFACTURING, EMEA REGION



*“Higher security requirements and regulations were required, so cloud was an easy way to meet regulations while also innovating.”*

BUSINESS DECISION-MAKER,  
TELECOMMUNICATIONS, NORTH AMERICA

An enhanced ability to innovate ahead of the competition is another key benefit of cloud computing that survey respondents cited. One IT decision-maker in the Europe, Middle East, and Africa (EMEA) region’s manufacturing industry experienced “greater integration between research and development (R&D) and other units.” Additional respondents, including a senior executive in North American financial services, said cloud computing “allows us to look at projects in a more effective way.” When project success relies on interdepartmental collaboration, for instance, a single shared repository of information on the cloud can enable each constituent to see in real time the progress and setbacks other departments are experiencing and adjust their own schedules accordingly. Face-to-face interactions are still key to success, however, so teams need to be careful not to default to communicating solely via the cloud.

Improved customer service was yet another by-product of cloud computing. One respondent, an IT decision-maker in the North American retail industry, credited the cloud with “providing our consultants access to necessary documentation [so] they are able to quickly answer questions for customers or devise a new solution.” Others said the cloud has opened up new business opportunities. “It is easier to update the website and keep on top of Internet orders,” commented an IT decision-maker in the retail industry in the EMEA region. “These are a small part of our business at present, but we are looking to expand and focus on this area.”

## Choosing your solution

So, how do you go about deciding which cloud solution—public, private, or hybrid—is best for your organization? As discussed earlier in this series, security is a key consideration when it comes to the cloud. The applications your organization wishes to deploy on the cloud—such as email, publishing software, or backup and recovery systems—will also drive your decision about whether to go with a public, private, or hybrid solution.

One IT decision-maker in the North American healthcare industry remarked that the business’s private cloud solution has enabled “a secure and compliant IT, intelligent control of IT operations, application provisioning, and peaceful governance.” While most small and midsize businesses will not have the internal resources and expertise necessary to implement and manage a private cloud, the same demand for absolute knowledge of where their data is and how it is stored should be present, regardless of whether data is stored in a private, public, or hybrid cloud model.



Though a **private cloud** server is typically more expensive and more difficult to scale, it can address specific needs for some SMBs. Those include:

- Safe management and control of the internal network infrastructure
- Increased storage space
- Maintaining the internal IT team's control
- Improving IT staff productivity
- Establishing safe, secure storage of customer and big data
- Achieving industry and governmental compliance



**Public cloud** solutions, meanwhile, may be suitable when the priorities include:

- Provisioning server and data center resources quickly
- Scaling on an as-needed basis cost-effectively
- Underpinning business growth
- Maintaining business communications
- Meeting higher security requirements without losing the flexibility to innovate
- Employing pay-as-you-go models, so costs are directly tied to uses and business needs



For most SMBs, a **hybrid IT solution** can offer the best of both worlds. In a hybrid environment, businesses can place some processes and systems on an externally hosted public cloud—thus benefiting from the flexibility and scalability cloud provides—while still storing more sensitive content on traditional internal software. For instance, organizations could:

- Run email on a public cloud solution, but store financial accounting data on traditional systems on company premises.
- Enable clients to access customer service documentation and user manuals via a file-sharing service, while requiring all confidential company information to be stored on a local area network server.
- Enlist a public cloud service strictly to run customer relationship management systems and for backing up content and communications.

Small and midsize businesses choosing to go with a hybrid IT environment will need to develop processes and protocols for determining which content goes to the cloud, which remains on premises or in a private cloud, and which employees and customers should have access to it.

## Keys to success

Any successful cloud implementation should start with an assessment of each of the applications your business runs, from email to customer relationship management (CRM) software. Reviewing each app's requirements for storage space, accessibility, and security will help inform your choice to go with a public, private, or hybrid solution.

### TOP BUSINESS OUTCOMES IMPACTED BY CLOUD

1. Improve productivity of IT staff
2. Innovate to stay ahead of the competition
3. Launch new products/services or move into new markets
4. Acquire and retain customers

Additionally, proactive adopters listed several criteria for successful implementation and lifecycle management of cloud technology. One respondent whose business adopted a cloud solution remarked that the elements of success for his organization included leadership and support from the top, a clear definition of the services to be deployed, research into the alternatives, an established business case, and metrics to quantify success. A successful deployment will optimize business practices to be more efficient than ever before.

Additional keys for successfully executing a cloud strategy that other respondents shared include:

- Possessing a clear vision
- Having the right skills among internal staff
- Clarifying the implementation plan
- Understanding the costs and expected return on investment

The keys to managing and benefiting from a migration to the cloud in the long term include:

- Conducting an end-to-end analysis of the impact of change
- Defining a clear operational plan
- Integrating your management tools
- Implementing a review period, a replacement period, and version control

It seems likely that cloud will play some sort of role for SMBs that want to compete and grow in the future. By evaluating your options and choosing the solutions that best meet your needs, you can give your business an edge. Migrating elements of your systems and data to the cloud could result in stronger customer acquisition and retention, increased employee engagement and productivity, reduced IT costs, and secure, reliable storage for uninterrupted operations.

As with all of the technologies we've discussed in this series, it's essential to consider the security requirements before implementing a cloud solution. From there, it's all about deciding which option is best for your organization.