The downside of success

AVOIDING YOUR CLOUD VENDOR'S SUCCESS TRAP

The 'success trap' is a long-standing, well-understood phenomenon that continues to take its toll on businesses that find out the hard way that past success is no guarantee of future prosperity. But what's that got to do with the cloud, you may ask?

Cloud, as we all know, can simplify enterprise IT, lower costs, increase agility and allow your IT department and business as a whole to focus on your core business – assuming it's been implemented well, and for the right reasons. But the key is to look further ahead down your cloud path, and deliberately engineer out the future problems, one of these being the so-called success trap.

The early warning signs of a shakeout of the cloud marketplace are already there. Internet giants are starting to duke it out in the marketplace, with Microsoft and Google attacking Amazon's dominance with their own offerings, Google's Compute Engine being one example. One immediate consequence of this is price reduction, with undoubtedly more to come.

According to the *Wall Street Journal*, Amazon Web Services has reduced prices about 25 times since its inception. Moore's law is very much alive and well, and reinforcing the intrinsic cost value proposition of the cloud.

But you still must ask yourself: Are you keeping an eye on your cloud vendors, especially if they provide mission-critical services on which your business depends on?

Here are a few pointers to help prevent your organisation from falling into your cloud vendor's success trap.

DEVELOP OVER THE HORIZON RADAR

Carefully assess the trends in your cloud vendor's markets as they could be volatile. Are they likely to go under? How likely are they to be restructured or bought out? Where will the next market, regulatory or technology disruptor appear from, if at all? Asking these types of questions is the first step in taking the temperature of your ecosystem. Start joining the dots.

KEEP AN EYE ON THE EXIT

Assuming you have done your due diligence effectively when choosing a cloud provider, your transition-out strategy should not come as a surprise. If this was not seriously considered at the time, or the choice of cloud provider was made for you by the business, you may want to start planning now. If, for whatever reason, you need to switch providers, knowing what's involved will help smooth the process.

BRACE YOURSELF FOR CHANGE

Change is inevitable so expect change across your cloud vendor ecosystem, and a fair amount of it. Market consolidation is likely to continue apace as players seek to increase margins through scale and additional value-added service through strategies of acquisition. If there is a fundamental change in quality, operation or structure of your cloud provider that's not in your best interests, having a response strategy in place will help you roll with the punches.

BREAK THE CLOUD BROKER MOULD

Managing an increasingly complex array of cloud is no trivial task, especially if some sort of integration is involved.

Cloud brokerage services are cropping up to help take the pain away. Intended to abstract away the pain of IT complexity that, paradoxically, was supposed to be solved in the adoption of cloud, will the need for an external cloud broker gain a foothold in your business?

Gartner predicts that "by 2014, 30 per cent of midsize-to-large enterprise IT departments will become brokers for cloud services consumed by their companies".

This should be seen as a common-sense evolution of the role of the IT department where it is engaged and included in every aspect of your organisation's cloud journey. CIO

Rob Livingstone is a respected and experienced CIO, with more than three decades of industry and ICT experience. Over the last 16 years, he has held the CIO role at several multinationals, most recently Ricoh. He is the owner of Rob Livingstone Advisory and a fellow of University of Technology, Sydney. Rob delivers the Pathways Advanced and Business ICT Leadership programs in conjunction with the CIO Executive Council.