

Cloud Computing Finding value beyond the hype

The hype curve for cloud computing is at an all-time high, and for pretty good reasons. The convergence of Internet technologies, virtualization and large-scale data centers has created a powerful new way to deliver information technology (IT) services, with many companies already putting clouds to work. Cloud computing can help increase IT agility, decrease costs and improve IT's service delivery capabilities – and it can happen fast.

The big question is how – not when or if

With any emerging technology, there are potential pitfalls and dead ends to avoid. That's especially true in cloud computing, where a host of vendors are making outsized claims about what their solutions can deliver today and what to expect further down the road. Be careful of solutions in search of a problem.

Because the use of cloud computing can have such a profound impact on a company's IT model – as well as its business model – technology and business leaders need to understand the potential for a broader impact on their organizations. It is not just the challenge of choosing vendors and implementation strategies. It is also about data management policies, security, risk, compliance and even tax strategies. These are only a handful of the areas that can be affected by cloud adoption.

How we can help

Whether you're just getting started with your cloud strategy or looking for smart ways to expand current initiatives, we can help in your efforts. Our strong independence philosophy means you'll get objective advice and implementation-related services driven by your needs instead of our sales targets. We work on the front lines every day with a tremendous range of cloud service providers. That means we have current knowledge to help you evaluate competing technologies and find the right fit. In addition, we have access to unmatched global capabilities across technology and business consulting, financial advisory services, tax and risk management. This allows us to provide an integrated approach to more effectively help you in your efforts to implement a cloud

solution that addresses your important business challenges – not just the next new thing in technology.

- **Cloud strategy, integration and migration.** We help companies plan, develop and implement public, private, hybrid and community cloud environments. That includes determining which cloud services should be used based on the business value they can provide and how they can be integrated with current systems.
- **Data governance and policy management.** As you work to shape the governance and policy frameworks needed to align to cloud services, we can help you establish policies, comply with regulations and enable effective data management and business capabilities integration.
- **Security, risk and privacy services.** Achieving the proper balance between control and efficiency is critical. No firm matches our experience in risk management, governance and compliance related to technology investments.
- **Tax strategies.** Most tax policies were crafted for traditional IT operations, not complex, cross-border cloud services. Enterprises must be ready to adjust their tax processes for this new environment.



Bottom-line benefits

Effective cloud computing technologies can help companies in their efforts to:

- Increase IT capabilities and agility as business needs change
- Enable new business models that capture competitive advantage
- Leverage new IT architectures to enable policy-based management of business and IT
- Accelerate time to benefit with faster start up and implementation
- Reallocate staff to focus on core and value-added activities
- Reduce project costs
- Improve your balance sheet by treating IT costs as operating expenses instead of capital investments

Five ways to get more value from cloud computing

It is hard enough to keep up with emerging technologies, much less understand how to put them to work for your business. Here are some things to keep in mind when it comes to cloud computing.

Think big – but start small. A highly targeted plan for adoption is an effective way to keep risk in check while getting the most out of cloud computing services. Target pilot projects for specific functions, starting with simple applications and services such as testing, development or overflow capacity.

Manage information risk. Data privacy, protection standards, regulatory issues and compliance – these are all areas that could be threatened by a rogue cloud computing initiative. Protect information, no matter what.

Keep one eye on operations. What are your network bandwidth requirements for remote access? How will you handle IT services integration? How will you deliver against service-level agreements? These are just a few of the issues that can keep the best cloud computing strategies from taking off. Think through all the details from the start.

Demand enterprise-class governance. Getting your IT service delivery and governance model right is a key step in moving to cloud computing. Business rules, policies and data governance should be clearly defined with an enterprise view to protect the integrity of interactions across different services and providers.

Make the business case – and deliver it. Take time from the start to forecast usage scenarios and estimate total

costs and benefits. From there, compare estimated savings against traditional methods of IT service delivery. That's a very effective way to make the business case for cloud computing adoption.

Cloud computing in action

- A major software company used cloud computing infrastructure to source their server, storage and computing needs, dramatically shortening product development and testing times.
- A large pharmaceutical company leveraged cloud computing storage and computing power to perform highly complex scientific applications without having to purchase or support large numbers of systems.
- By hosting software on a cloud computing platform, a media company broadcasted live Web feeds of a major sporting event to millions of viewers – and avoided a one-time capital purchase.
- According to IDC¹, companies recognize a benefit of eight dollars for every one dollar invested in cloud computing platforms through reduced development costs, higher revenue recognition, increased agility and faster time to market.

Related insights

- [Deloitte Podcast – Cloud Computing: Impacting IT and the Bottom Line](#)
- [Technology Executives Dbriefs Webcast – Cloud Computing In the Enterprise: Not If, But When and How?](#)
- [Deloitte Debate – Cloud Services: Technology Evolution or Business Revolution?](#)
- [Cloud Computing – A collection of working papers](#)

Related market offerings

- Data Center and Infrastructure Optimization
- Digital Media
- Enterprise Content Management
- IT Service Management
- IT Strategy, Enterprise Architecture and Governance
- Outsourcing Advisory Services
- Package Selection/Application Strategy
- Product Development Technology Enablement
- Service Operations Excellence

For additional information

www.deloitte.com/us/cloudcomputingoffering

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¹Source: IDC, "Force.com Cloud Platform Drives Huge Time to Market and Cost Savings," September 2009.

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