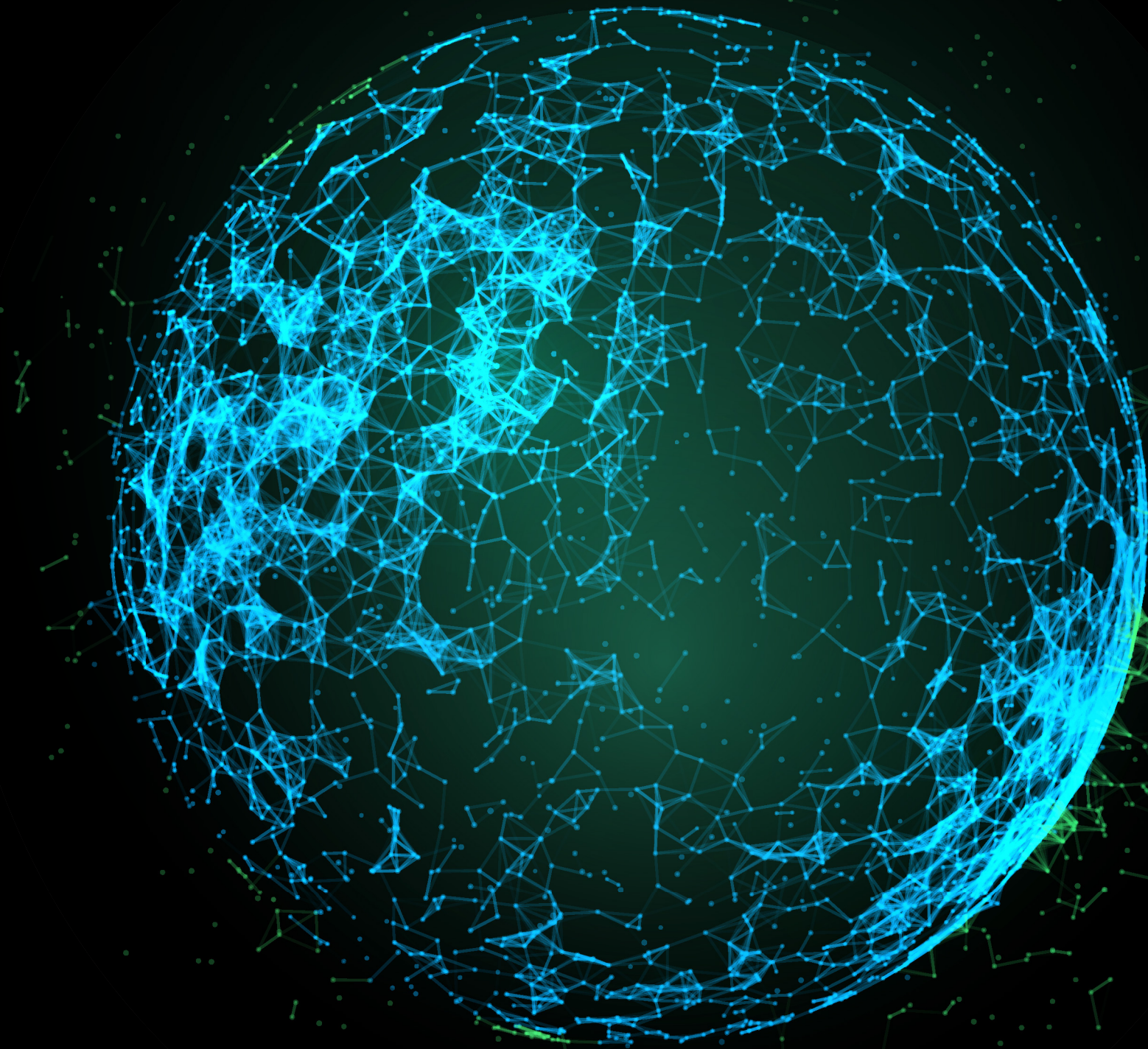# Deloitte.

**Rethink your workforce and operating model
to realize your possible with cloud**

Cloud is not the next thing; it's the now thing, and it's not if, but how. How organizations deploy cloud can make the difference between a long, arduous trip that doesn't meet expectations and a journey of discovery that helps them maximize their benefits and realize the transformative power of cloud.

The state of play

Cloud has fundamentally changed the way business is done. With an expected $162 billion in global cloud spend in 2020,[1] and 60-plus percent of total IT spend on cloud-related initiatives,[2] cloud is the almost-certain future of work. Why? Because, deployed effectively, cloud provides flexibility, agility, cost-effectiveness, and scalability that organizations need to drive innovation and competitive differentiation.

However, to maximize cloud benefits and achieve significant ROI, it's essential to be able to extend cloud capabilities beyond an initial implementation.

Unfortunately, many organizations never achieve that scale because their cloud journey stalls after migrating a small number of applications or achieving cloud-native development in scattered pockets of the business. In other words, they can't scale their successes across the enterprise.

According to one report, as many as 37 percent of companies fail at some aspect of their cloud migration.[3] There are myriad reasons why, but the one we see most often is that companies hyper-focus on technology and don't consider workforce and process issues as coequal critical success factors in achieving cloud ROI and fully realizing the transformative power of cloud.

The challenge: Building a workforce and operating model to enable cloud success

In their journey to cloud, many companies veer off course because they focus almost exclusively on technology and don't fully address workforce and process issues that could hinder their cloud deployment.

Moving to cloud is a complex undertaking that requires new skills and capabilities, processes, and technology. However, many organizations are muddling through their cloud journey with talent and processes that were designed to support an operating model for an on-premises IT environment. That approach will most likely cause a cloud deployment to stall.

The value of cloud lies in leveraging speed, automation, and agility to get products and services to market faster—whether that market is external or internal. Moving at the speed of cloud means that everyone—and everything— must move faster. So, organizations must rethink their workforce, operating model, and corresponding processes to enable them to move faster and meet those changes.

Cloud requires a talent pool with new skill sets. For example, companies will still need workers that have the skills for particular areas of expertise or tech stacks, but those workers will also have to have more broad-based IT knowledge, as well as cloud-specific and soft skills, to enable them to work successfully with different teams, platforms, and technologies.

Also, in a cloud environment, software releases may occur daily or weekly instead of once or twice a year, so new processes and methodologies— such as DevOps—for development and ongoing operations must be implemented to keep pace. And, to accommodate new release timelines, IT workstreams and delivery models must change to eliminate bottlenecks and siloed operations. Financial models will necessarily change, as well, and new budget processes will be required to fund development teams that push new releases more rapidly.

The fundamentals of IT haven't really changed, but they are done differently. This new way of "doing IT" requires nothing short of an organizational culture shifts that brings new ways of thinking about people, processes, and technology across the organization.

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Meeting the challenge with a holistic cloud operating model framework

One way organizations can shift their focus and transform their workforce and processes while they transform their technology is by employing a holistic cloud operating model framework that treats the three components equally, so they can scale cloud to the enterprise and drive business value.

The holistic operating model framework for cloud contains three components:

People and talent
Involves areas such as organization and roles, as well as workforce, skills, and culture. With as many as 94 percent of IT hiring managers reporting difficulty finding cloud resources with the right mix of business and technical skills,[4] getting the right talent mix to support cloud operations has become a critical concern that must be effectively addressed to achieve cloud success.

Policy and controls
Focuses on governance and key performance indicators, security and compliance, and cloud economics. Vendor management, especially over multi- and hybrid-cloud models, is key here, as is developing consistent cloud governing standards for the enterprise. Tracking performance is also essential to determine areas for improvement or successes that can be built upon.
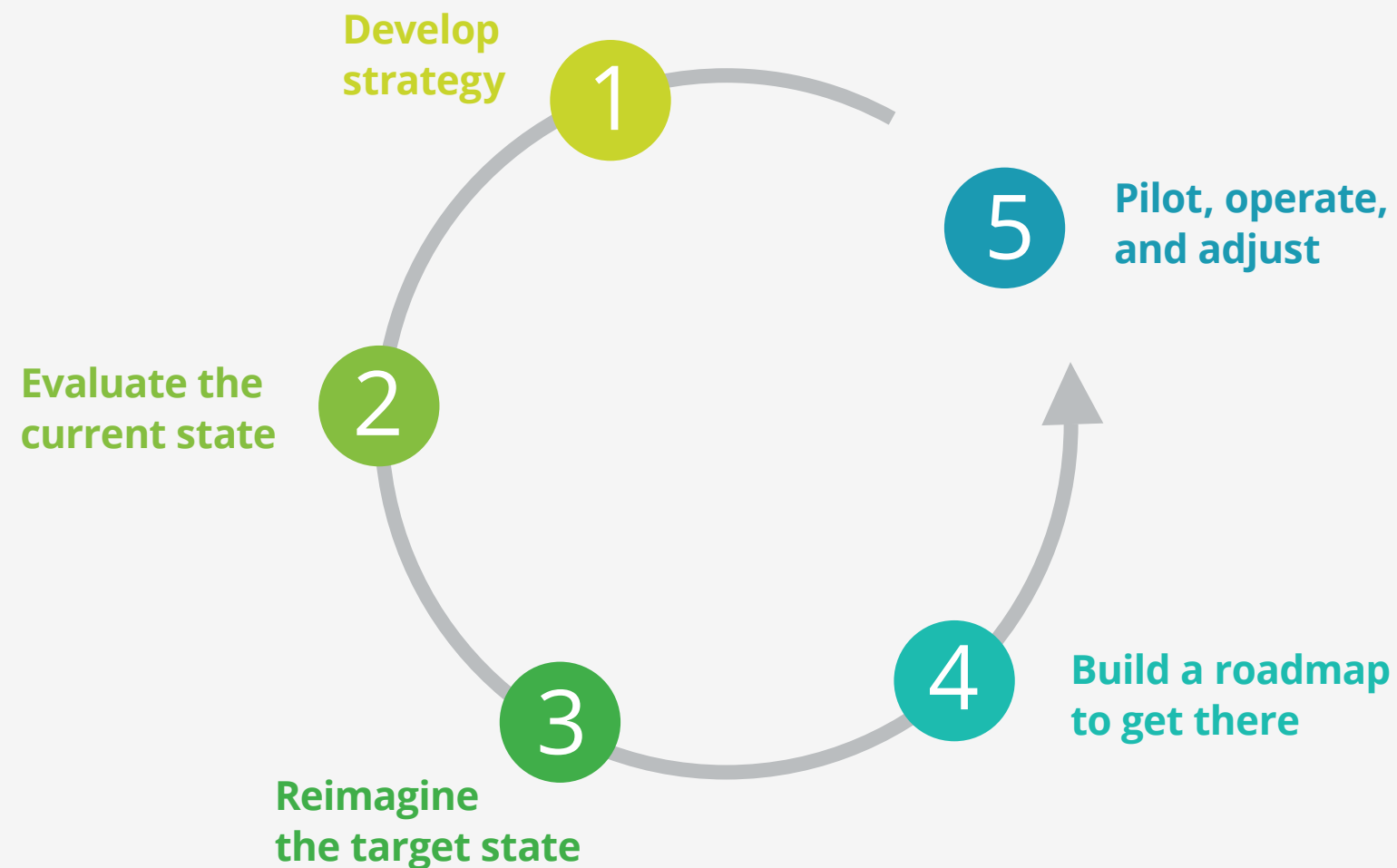
Platform and adoption
Concerned with cloud adoption issues, appropriate cloud platforms, and ongoing cloud operations that meet business goals. As organizations pass through different phases of their cloud journey, their needs will evolve. However, along the way, most will face a similar array of cloud adoption issues, such as business onboarding and DevOps enablement—as well as cloud security, service enablement, and management of cloud operations—that they will need to effectively address to maintain deployment momentum.

A phased approach to transformation

Once armed with this holistic cloud-enabled workforce and operating model framework, organizations should embark on their cloud journey with a phased approach that seeks to optimize the company's cloud operating model while transforming business processes, tools, culture, working styles, and organizational skill sets. A phased approach can help visualize the future, navigate common pitfalls, and prepare a cloud-enabled workforce to build a cloud-ready organization.

Develop strategy 1

5 **Pilot, operate, and adjust**

Evaluate the current state 2

4 **Build a roadmap to get there**

3

Reimagine the target state

The five phases of transformation

1

Develop strategy. Develop a comprehensive strategy that includes a business case with cost targets. This also includes formulating an enterprise cloud vision, as well as a workforce vision that defines future work roles and talent requirements to fill them.

2

Evaluate the current state. Assess the current state to understand the organization's cloud capabilities and needs with a lens on:

- Current operating model and DevOps capabilities
- Cloud-related skills and role maturity
- Current cloud toolsets and automation capabilities

3

Reimagine the target state. Create a future-state vision that includes the cloud operating model, along with total cost of ownership. The model should include security and reference architectures, as well as an organizational structure and product teams. It's also crucial to define what new cloud-enabled skills and capabilities are needed, plan for expected cultural and workforce changes that will take place, and communicate that enterprise-wide.

4

Build a roadmap to get there. Develop a roadmap to the future by establishing a cloud business office (CBO) that directs the cadence of application migration and solution release, as well as a workforce transition, training, and talent acquisition plan. It's also important to establish governance policies and procedures, as well as to define KPIs to help measure success.

5

Pilot, operate, and adjust. Implement an iterative migration process based on application suitability and with incremental growth, and scale CBO capabilities with that growth. Build new applications with cloud-native design and automate wherever possible. It's crucial to retrain employees, continually upskill for new cloud relevant capabilities, and transition teams to work effectively to operate in the new environment. Finally, it's essential to evaluate KPI performance and ROI and adjust as necessary.

Flexibility to support any stage of the cloud journey
One caveat: The phased approach shouldn't be rigid. No two companies are in the same place in their cloud journey, so the approach must be flexible enough to be applicable to any stage of an organization's cloud transformation journey, from pre–cloud assessment activities to scaling to the enterprise.

The path forward: Potential benefits of a cloud-enabled workforce and operating model

A holistic cloud operating model framework that includes a cloud-enabled workforce, as well as the processes to run and govern the cloud deployment effectively, can be a game changer for organizations struggling with gleaning the value they anticipate from cloud. Some of the benefits that organizations can expect from a holistic cloud operating model include:

Accelerated ROI
The ability to achieve and scale cloud deployments more rapidly

Reduced risk
Cloud adoption issues can be addressed before implementation

Modernized, cloud-capable workforce
Talent that can deliver core cloud capabilities

Increased operational effectiveness
Collaborative integration across IT and business

Improved financials
Nimble budgeting process and optimized CapEx/OpEx mix

Increased efficiency
Automation and APIs that underpin cloud operations

Improved security
Consistency in the application of security measures and continuous monitoring practices

By treating a cloud-enabled workforce and operational processes as the coequals of technology, organizations can realize these benefits and others, and they can glean the value they expected when they started their cloud journey. They can truly realize the transformative power of the cloud.

How Deloitte can help

Deloitte's Cloud Workforce and Operating Model Transformation services meld technology with human capital so we can evaluate and address the entire spectrum—from cloud strategy to architecture, operating model, organization design, and workforce strategy—and provide an end-to-end framework for moving to public or hybrid cloud and enabling it as a driver of business value.

We deploy a phased approach with inherent accelerators to help fast-track your path to cloud. Our operating model diagnostics can highlight where capability gaps exist, as well as the most appropriate focus areas for improvement. Our Cloud Workforce Analytics tool can help you make quicker, better talent decisions and fill gaps through retraining, hiring, or shifting roles in the organization. And, our value stream mapping process can help you understand the work that needs to be done to eliminate waste and bring your cloud operating model to life.

We help you define the right cloud operating model for your organization and integrate it with your workforce strategy to enable you to scale cloud capabilities and achieve greater business value. Our services cover four overarching areas—operating model transformation, workforce development and strategy, process reengineering, and technology strategy—to assist you with every leg of your cloud journey and help put you on the path to cloud success.

Let's start a conversation.

Let's talk

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To find out more, please visit,
www2.deloitte.com/us/
cloudworkforceandoperatingmodel

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Endnotes

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