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White paper
Building the business case for Hybrid IT

There are many reasons for a business to move some or all of its applications away from legacy systems and onto the cloud: greater flexibility, faster support for innovation and a wealth of options for dealing with changing security and regulatory demands.

Introduction

There are many reasons for a business to move some or all of its applications away from legacy systems and onto the cloud: greater flexibility, faster support for innovation and a wealth of options for dealing with changing security and regulatory demands. However, making the business case for such a transition is not necessarily as simple and straightforward as many seem to believe.

Moving to the cloud, for example, does not immediately eliminate all an organisation's legacy IT demands or expenses. Nor is software-as-a-service automatically always less expensive than in-house systems. For many businesses, a hybrid approach combining some elements of legacy and some elements of public and private cloud can be the most effective – and cost-effective – solution. Achieving the right balance of technologies, however, requires first making a solid business case for change.

This paper is designed to dispel some of the common myths surrounding the business case for a transition to a Hybrid IT infrastructure. It also aims to provide organisations considering such a change with a rational, methodical guide for assessing their needs and deciding on an approach that works best for their unique business needs and goals. If your business is contemplating a move to the cloud, Fujitsu can help you on your journey… but it's important for you first to understand the steps that journey will require.

Business case myths

Many businesses planning to transition applications to the cloud begin with the belief that cloud-based IT will always be more cost-effective than legacy IT. In fact, board-level decision-makers often welcome proposals for a move to the cloud assuming that means an end to traditional capital expenditures. But the case for switching from an in-house data centre to an outsourced cloud services provider rarely involves an apples-to-apples comparison of costs. While the run-cost may be cheaper (particularly where moving to the cloud avoids a necessary upgrade to legacy IT infrastructure), the cost of transition to this new model may be substantial.

For example, a business looking to consolidate a large number of existing data centres into an infrastructure with a smaller footprint and a greater reliance on the cloud will find it quite difficult to justify the shift in a clear and straightforward way. Moving all operations onto the cloud in one fell swoop might not be feasible, so the company will likely need to maintain at least some legacy data centre space, at least in the short term. Doing that means continued server and software licence costs, ongoing real-estate and heating/cooling bills, and continued personnel costs as well.

In the early part of the transition, legacy costs may still considerably outweigh the outlays for cloud services. However, the expense equation will likely reverse over time.

Boardroom proposals to move to the cloud are generally welcomed, as decision-makers see such shifts as a way to reduce capital costs while achieving 'infinite' flexibility. At many companies, the bottom line is also that anything cloud-related is viewed as a better, more cutting-edge and even 'cooler' technology than legacy IT.

Here, too, the devil is in the detail. Any business looking to properly manage a transition to Hybrid IT needs to make certain the changes make financial sense and enable the organisation to meet its longer-term needs and goals.

Among people outside of the IT department, there's also a tendency to view the cloud as a single, Amazon Web Services-like option. In reality, there are as many cloud options as there are cloud service providers. Any business mulling a move to a software-as-a-service model needs to recognise it has a wide range of 'flavours' to choose from, and the right choices depend on its unique ambitions, vision and needs.

Questions to consider

Knowing all of the above, an organisation planning to transition to a Hybrid IT environment must ask – and answer – a number of questions as early in the process as possible. The more thoroughly you can do your homework ahead of time, the better the outcome you are likely to achieve.

It's also important for all departments in the organisation to communicate these questions and answers to one another in language they can understand, whether they're from IT or the executive suite.

Start with a discussion of best practices and ask for advice on how other companies similar to your own have handled their own cloud transitions. Then consider how much cloud-based flexibility your business might actually need: the ideal, immediate solution for your firm might be, say, 80 per cent legacy and just 20 per cent cloud where 80 per cent of your IT needs are static (i.e. storage and processing requirements are constant or growing) and only 20 per cent flex up and down (for instance for month end processing).

Security, of course, is a crucial element to think about as well. Depending on the industries and markets you operate in, some of this might be determined by legal and regulatory requirements. Where your data will be stored may be important to you from a control perspective as well as with respect to the laws that may apply to it, depending on where it is hosted.

What are your company's current needs and goals and how are those likely to evolve over the next several years? What is your company's appetite for risk? Are there other factors – for instance, the rollout of a new business division or service offering – that could affect the timing of new IT services, whether those will be in legacy or on the cloud? What future-proofing does your organisation need to take into consideration? If you're planning to propose a cloud transition to the board, what kinds of questions are the executives likely to ask?

Your infrastructure provider or providers can also help with this by conducting an audit of what your current system looks like now and what you might like it to look like, say, five years down the road.

In a way, these are what-to-expect-when-you're-expecting-type questions, and the answers can vary greatly from business to business. But the more you can do to address these issues before approaching a cloud services provider, the better prepared you'll be for the change.

Benefits of Hybrid IT

When you add cloud-based IT to your existing in-house infrastructure, it's important to remember that you are buying into a journey rather than making a one-off change. The challenges in navigating that journey successfully to achieve an ideal balance of IT approaches goes beyond tech and money, and can have ramifications for almost every aspect of your business.

Manage that path properly, though, and your business can reap numerous benefits both now and into the future. Yes, the cloud offers flexibility and adaptability that no self-managed data centre full of servers can offer. But the gains go far beyond that.

With the cloud, for instance, you can quickly spin up virtual machines whenever you need them, enabling your business to rapidly develop, test and go to market with new and innovative offerings. And cloud-based storage can make it easier than ever to relocate data if regulatory and compliance demands suddenly change.

As we noted in a previous white paper on Hybrid IT: "Cloud technology has become a pivotal platform for innovation, for both internal processes and external customer propositions. Our research has uncovered diverse examples of businesses implementing cloud systems to gain competitive advantage."

One company we have worked with successfully transformed a patchwork of multiple HR systems across 16 countries into a single cloud-based system that enabled it to better allocate resources, identify areas for improvement and recruit and develop employees around the globe. By eliminating the need for numerous, multi-year contracts and gaining economies of scale, the business also saw a clear benefit to its bottom line.

Almost every other business with global operations can reap similar benefits – if it avoids buying into cloud myths, asks and answers the right questions early on, and views the transition to a Hybrid IT environment as an ever-evolving challenge, rather than a one-and-done change from a capex to opex focus.

Conclusion

Building a proper business case for moving your organisation to a Hybrid IT infrastructure takes time and effort. But make no mistake, it's essential. You must ensure your journey proceeds as smoothly as possible and enjoys the greatest potential for success. It requires businesses to look beyond the hype of the cloud, ask tough questions about what it is they hope to achieve, and find answers that address the concerns for everyone involved, from top executives in the boardroom to IT managers, department heads and employees throughout the organisation.

Doing your homework first, avoiding common myths about the cloud and beginning the transformation with a well-informed and focused approach can help your business reap the greatest benefits from Hybrid IT. Those benefits include more business flexibility, faster time to market, enhanced competitiveness and a technology that enables more 'quick-to-succeed, cheap-to-fail' innovation.

It's not easy but it is the best way for organisations to keep up with today's rapid changes in IT, as well as in business, regulation and customer expectations. Today's pace of change will only grow faster, and that will demand ever-faster and more nimble business models as well. Hybrid IT is an essential part of how business can best respond to those changes.

Next steps

Hybrid IT can enable organisations to build an infrastructure that is flexible and future-proof while preserving the time-tested and business-critical elements of legacy IT. However, businesses looking to transition to a hybrid environment need to do plenty of homework first and be prepared for an evolving and multi-year journey. Fujitsu understands these challenges first-hand and can help our customers navigate such journeys successfully in a way that's right for them and achieve the proper balance of legacy and cloud.

For more information about Fujitsu's services for enabling a business transition to Hybrid IT, please contact us at: askfujitsu@uk.fujitsu.com

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