BDO DIGITAL

MODERN IT: KEEPING PACE IN A CLOUD-FIRST WORLD

Redefining your IT support model to meet the growing needs of your business

It seems like yesterday companies were just beginning to consider migrating to the cloud, with many still deciding if the cloud was right for them. Jump to today, and the vast majority of businesses are already on their cloud journey or have fully committed to embracing the cloud. Just as we were heeding the advice, "the cloud is coming, so get ready," the cloud has already arrived in full force.

From shaping growth to disrupting industry landscapes to providing the catalyst for new business models, products, services, and experiences, the cloud is transforming business faster and more pervasively than any other technology in history. Any remaining doubters need to only look at some of the latest widely-accepted market assertions:

"The cloud is the most disruptive force in IT since the beginning of the digital age"
> - Gartner, leading information technology research company

"The average enterprise uses 1,427 distinct cloud services today"
> - Skyhigh, leading cloud access security broker (CASB)

"By 2020, a corporate 'no-cloud' policy will be as rare as a 'no-internet' policy is today."
> - Gartner, leading information technology research company

Despite mid-size business' desire to leverage the speed, scalability, and economic value of the cloud, many well-established organizations have been slow to reorganize their IT management strategies to reflect the new business realities of today. Cloud computing is not just about technology; it's about reshaping entire business strategies. To remain competitive in a cloud-first world, IT can no longer be treated as a silo in support of the business. IT must be the catalyst for innovation and the foundation for future growth.

If your IT support model is no longer serving your needs, it's not only a point of frustration, it's a serious threat to the survival of your business.

In this whitepaper, we'll explore the ways in which cloud computing has changed the landscape of technology and business. We'll identify how Modern IT can help businesses leverage the benefits of the cloud while avoiding disruption, and we'll suggest practical steps for changing your approach to managing IT in a cloud-first world.

How Did We Get Here?

Before we dive into what Modern IT looks like, let's take a step back to reflect on how we got here…

In the beginning, your organization needed an "IT Guy" capable of handling a variety of IT challenges. This IT generalist had the capacity to learn and stay up-to-date with the systems that are critical to keeping the lights on, allowing you to focus on strategic business initiatives that made the business what it is today.

Over time, the needs of the business changed. The cloud's increasing maturity, scalability, and elasticity opened a constant stream of new innovative opportunities. You've now found yourself racing to capture the benefits of the cloud to grow your business and avoid disruption, but the IT support model that served the business so well in the past is no longer meeting the needs of the business today. Sound familiar?

Your organization is most likely already feeling many of the challenges brought on by cloud:

MAJOR DISRUPTION: The cloud has enabled rapid growth across all industries, leading more than half (51%) of organizations to believe that their industry will be disrupted within the next two years.[2] In today's fast paced world, it is truly a question of disrupting or being disrupted.

SECURITY CONCERNS: New advancements in technology open new methods to exploit weakness. Organizations that are not adapting to the changing environment and developing safeguards to protect their organization will suffer the consequences of a cyber-attack – it's just a matter of when.

MODERN WORKFORCE: The digital world is constantly influencing user preferences and needs. To attract and retain the next generation of talent, your organization needs to provide the tools and services that the modern workforce has come to expect.

TOO MANY OPTIONS: The near constant innovation of new cloud solutions makes it difficult for IT to keep up, much less identify how these high-value capabilities map to greater return on investment.

While the cloud helps businesses overcome many of the limitations of traditional IT, the constantly evolving digital world holds a whole new set of challenges. To adapt to these changes, IT departments will need to define what "Modern IT" means in their business.

Modern IT

Today's IT departments are responsible for a lot, including 24/7/365 support, mitigating risk, creating business value, continuously innovating, governance, compliance, business analysis, user enablement, and leading the charge with new technology-based initiatives. All the while, IT is expected to provide strategic guidance and develop sound methodology every step of the way.

For many organizations, meeting the growing demands on IT means developing in-house talent as well as seeking external partnerships to help provide coverage for the depth and breadth of responsibilities and skillsets required today. As a matter of fact, cloud computing is the most popular outsourced IT service, outranking more conventional support needs. Today, more than 1/3 of small and mid-size companies are using a professional service firm to manage their cloud.[1]

To succeed in a cloud-first world, outsourced partners will need to work seamlessly with internal IT and department leaders to provide constant assessment and prioritization of efforts to optimize overall business objectives. To gain a broader strategy, Modern IT management is designed to manage the ever-present CHANGE, RISK, and OPPORTUNITIES before us.

Manage
OPPORTUNITY

MODERN IT
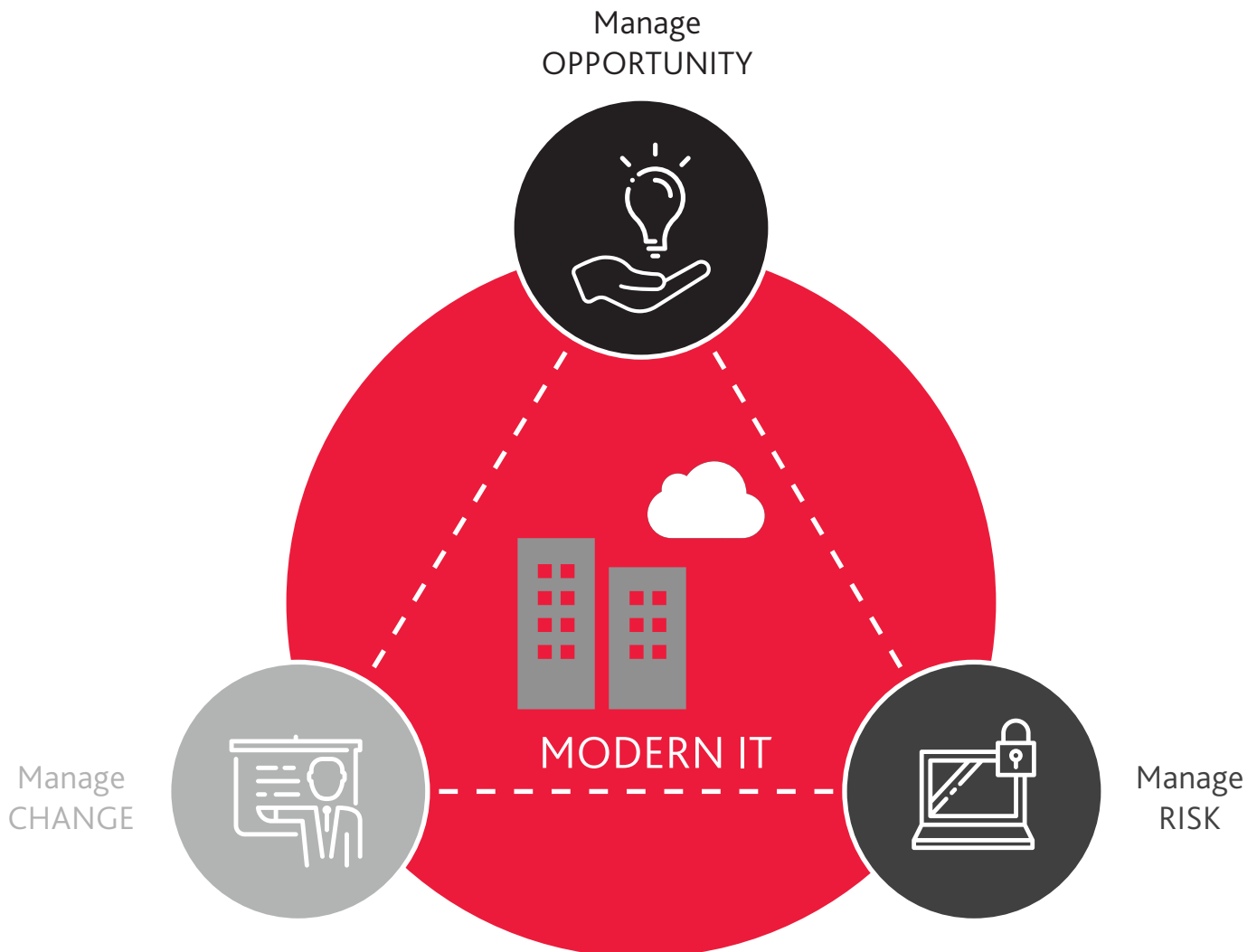
Manage
CHANGE

Manage
RISK

The pace of innovation is accelerating and resulting in a new era where the disruptive impact of new technology is being felt in every industry, affecting companies of every size. Major change brought on by innovative technology in the past (such as the office computer) took years or even decades to truly change business models. Today, the low-cost to entry and easy-to-deploy nature of the cloud has created an environment where a big idea paired with the right technology and approach can disrupt entire industries in mere months. In today's digital world, the opportunities are endless, but the future is much less predictable.

We're seeing the consequences of failing to respond to change play out all around us. While large hotel chains like Hyatt and Wyndham were tinkering with reservation apps, Airbnb disrupted the entire hospitality industry in just a few years with a fresh idea paired with the right technology. While taxi firms were focused on fiercely protecting their long-established business model, Uber completely replaced it with a simple app that made it easier and more affordable for customers to order car services.

> Being 50% over budget has litle impact on overall product profitability. Being six months late reduces profitability by on third.
>
> - McKinsey & Co.

And it's not only the startups that are experimenting with emerging technology to innovate and grow. The need for rapid innovation has become a new mandate for companies of all sizes. A recent Microsoft study shows that, despite more established organizations' tendency to avoid radical business re-modeling, there appears to be a growing desire to not only counter the threat of disruption, but to actually become the disruptor themselves.[2]

When size is no longer protection from a small company with a breakthrough idea, it is more important than ever for businesses of all sizes to continuously discover, define, and integrate new sources of growth. While larger organizations may struggle to embrace high-risk/high-reward opportunities in a culture that is largely resistant to radical change, it is entirely possible for a well-established organization to bring entrepreneurial and lean methods into the corporate world. To help companies switch gears from a traditionally reactive approach to IT management to positioning IT as the pioneer of disruptive change across all lines of business, we recommend using the Three R's of Modern IT.

The Three Rs of the Modern IT

RE-IMAGINE

Re-imagine what's possible in a mobile-first, cloud-first world

ROADMAP

Provide a incremental way to adopt and accelerate their transformation

RESULTS

Provide examples of real-world results, along with a frame for value creation

The cloud presents exciting opportunities for mid-market businesses to innovate, grow, and deploy solutions at rapid pace. However, these high-reward opportunities don't come without risk. Before we discuss how to capture the opportunities in the cloud, it's important to first identify the risks that come with rapid change and how to mitigate them.

MANAGE RISK

The continued evolution of technology presents new opportunities for growth. However, these new opportunities also create a new set of risks that business executives and IT leaders must learn how to manage together. These risks can be categorized as INNOVATION RISKS and INACTION RISKS.

While the threat of disruption is driving businesses to move faster than ever before, most mid-size organizations still consider rapid change dangerous in practice – and for good reason! Rapid innovation can result in a number of consequences.

INNOVATION RISKS

OVERSPENDING DUE TO LACK OF PLANNING AND/ UNDERSTANDING

UNEXPECTED NEGATIVE IMPACT ON EXISTING SYSTEMS AND PROCESSES

INDEFINITE TIMELINES DUE TO LACK OF PLANNING/UNDERSTANDING

INABILITY TO JUSTIFY ROI

UNEXPECTED SECURITY CONCERNS BROUGHT ON BY NEW TECHNOLOGY

LACK OF USER ADOPTION

These concerns often lead business leaders to adopt a safe approach that is less likely to cause waves. However, in the age of great disruption, you stand to lose more than you stand to gain by playing it safe.

Most business leaders come from a time when the safest and most reliable way to build competitive advantage was through gradual improvements to their tried-and-trusted business practices. But true innovation is never slow and gradual. By definition, innovation means challenging long-held beliefs and practices. It requires organizations to take risks, step outside of their comfort zones, and reimagine what's possible.

In a recent Microsoft study, almost half of respondents indicated that their leadership is unwilling to disrupt their own business in order to grow and be more competitive in the future. The same study showed that more than half (51%) of organizations believe their industry will be disrupted within the next two years.[2] This is cause for concern given the fast-paced marketplace we operate in today. Organizations that don't recognize the opportunities and consequences of disruptive technology will face risks of inaction.

INACTION RISKS

LOSS OF MARKET SHARE DUE TO RAPIDLY CHANGING WORKPLACE EXPECTATIONS

INCREASED CYBERSECURITY CONCERNS DUE TO OLD/UNPACTCHED SYSTEMS

LOSS OF REPUTATION DUE TO CUSTOMER SATISFACTION

LOSS OF PRODUCTIVITY DUE TO OUTDATED SYSTEMS

LOSS OF ACQUIRING AND RETAINING TOP TALENT DUE TO CHANGING WOKRPLACE EXPECTATIONS

IMPACT ON COMPANY-WIDE SURVIVABILITY

While inaction is arguably the greatest risk of all, most businesses still struggle with developing a scalable approach to build competitive advantage for the fast-moving digital future. Risk mitigation for Modern IT means embracing change, while remaining acutely aware to the risks associated with those changes.

Is the Cloud Really Secure?

Despite wide-scale adoption of the cloud, security remains a major concern. Just 23% of organizations today completely trust public clouds to keep their data secure.[3] Clearly, there is still a common misconception that the cloud is less secure than traditional approaches. As we discuss the importance of making risk management high on the agenda of Modern IT management, we would be remiss to not take a closer look the real risks and benefits of cloud security.

The Real Threat to Your Cyber-Security

We live in a world where security breaches dominate headlines. High profile data breaches like WannaCry, Equifax, and Google Docs received a lot of media attention. As the threat of cyber-crime has risen in the media, we have simultaneously experienced the rise of cloud computing, leading many to assume the cloud has something to do with the rise of cyber threats. However, like the majority of security breaches, these high-profile cases were the result of human error and had nothing to do with weaknesses of the cloud.

As the cloud market continues to mature, cloud vendors have developed tools and services to monitor and react quickly to security threats or attacks. Statistically, it's been proven that the cloud is as secure, if not more secure, than on-premises environments. **Gartner predicts that through 2020, the public cloud infrastructure as a services (IaaS) workloads will suffer at least 60% fewer security incidents than those in traditional data centers.[4]**

The debate is over. Placing workloads in the cloud does not require a security trade-off. As a matter of fact, most mid-size businesses that lack specialized cyber-security staff will benefit from the security built into the cloud. If you look at the skill sets of a small organization in comparison to a larger organization that specializes in keeping data safe, you would expect the specialized company to provide the best service. This same principle holds true with cloud vendors. Enterprise cloud service providers like Amazon and Microsoft invest heavily in the security of their public clouds, as their entire business model depends on it. It is a simple fact that there is more investment devoted to security in these clouds than an average organizations' on-premises data center. In the cloud, you not only get access to the best data centers, but also some of the most highly trained IT security professionals in the world.

Does this mean that placing your data in the cloud means you're off the hook for managing security internally? Unfortunately, not entirely. While the cloud can reduce the overall security scope, it still requires modern businesses to provide focused protection on each user's identity, data, and assets. Essentially, the cloud doesn't eliminate your security responsibility – it changes it.

Since traditional protocols won't work for information stored in the cloud, businesses will need to take a different approach. Migrating to the cloud is the perfect opportunity for your organization to take a closer look at your security posture as its stands today, and decide what new approaches and methods are needed to protect your information and your users in the future.

Modern IT Manages Security Risks in Three Distinct Ways

1. FOCUS ON USERS & ASSETS: Despite concerns about security in the cloud, the large majority (91%) of cyber attacks are caused by human error via phishing emails.[5] This makes empowering your users to recognize threats and educating them on security protocols one of the most important components to any security strategy, whether on-premises or in the cloud.

2. SECURITY PROGRAM: While developing safeguards to protect your data and your users is important, having a risk mitigation plan in place when the inevitable attack occurs is critical. A systematic, holistic approach that leverages not only technology, but behavioral training, will ultimately produce the best results. While technology can help to secure your information, a foundation must be in place to make it effective.

3. CLOUD TRUST MODEL: As organizations move to the cloud, protecting, monitoring, and auditing a hybrid environment can quickly add up, making it easy for mistakes to happen. Achieving trust in the cloud means that security, compliance & privacy, and reliability are all accounted for. The first step towards a cloud trust model is assessing whether and where your organization may be exposed to data leaks, then building out a security program that addresses your greatest vulnerabilities.

MANAGE OPPORTUNITY

By now, business leaders know that to succeed in today's competitive marketplace, they need to shed outdated processes and increase efficiency with technology wherever possible. IT leaders who are embracing the cloud have the opportunity to transform their organization, from how they differentiate themselves to the methods by which they remain efficient to their ability to react to ongoing demands of internal and external customers. Those who effectively grasp these opportunities the fastest are the most likely to succeed.

Though the cloud presents a great deal of opportunity, the rapid release of new technology and complex capabilities within every new release has increased the demand on IT. Any delay or misstep in implementing and leveraging new technology will have an amplified effect on the businesses' ability to maintain a competitive footing. As the stakes are higher, the business is demanding greater speed, usability, and effectiveness of products and IT service delivery. They're looking to the IT department to not only manage daily tasks, but identify new opportunities, implement the technology, and ensure users are benefiting from new capabilities. As the needs of the business are changing, it's easy to see why traditional IT management is no longer sustainable.

Leveraging Modern IT to Capture Opportunities in the Cloud

By now, you're aware of the disruptive consequences of being too slow to adapt to change and are wondering how to equip your company to meet the new challenges. As technological advancements increase in pace, your IT organization must adapt to new roles and responsibilities if you plan on reaching the cloud's full potential. To help grasp this concept, we've developed a Modern IT framework to show what new responsibilities are required in order to provide businesses with the optimal support and strategy guidance they need in today's technology-driven business environment.

MODERN IT FRAMEWORK

MEASUREMENT AND SERVICE DELIVERY
- Mature IT Service Management – Problem, Incident & Change Management Framework
- SLA Measurement & Reporting
- Incident & Service Request Platform Integration

PROACTIVE MANAGEMENT AND REMEDIATION
- 24/7/365 Monitoring, Triage and Alerting
- Patching – Server, Workstation, Firmware, Apps (3rd Party)
- Health Checks and Best Practices Focus
- Remediation and Resolution

USER ENABLEMENT AND SUPPORT
- Organizational Change Management
- Service Desk – 24x7 End-user Support (L1, L2, and L3)
- Knowledgebase Development and Sharing
- User Provisioning and Management

ADVISORY, STRATEGY AND CONTINUOUS INNOVATION
- Dedicated Account Team
- Roadmap – Business Goal Alignment (e.g. Cloud, O365)
- Continuous Improvement Focus

Do You Have All the IT Resources You Need?

One way to look at Modern IT is to think of it as being on a treadmill where the business is constantly increasing the incline and speed. IT is expected to have all the bases covered, anticipate what's coming, steer the company in the right direction, and be agile enough to change course at any given time. This near constant grasp at new opportunities makes it difficult for IT to keep up, much less identify how the high-value capabilities map to greater return on investment.

Today's IT departments are already overworked and understaffed, however getting the approvals to hire more staff to support the mounting demands is not a viable option for most businesses. Simply put, it's not financially feasible to staff a comprehensive team of IT experts full-time to fulfill every technical responsibility from a seemingly never-ending list of needs. Using median salaries to staff these resources (for a typical 300 user mid-market business), you're looking at around $1.5 million annually – that's a 200% budget increase for a typical organization.[6]

Even if you could afford to hire the full IT support your organization requires, specialized skills are scarce. It is becoming increasingly difficult for mid-market businesses to vet specialized skills without in-house experts who can assess the applicants. Even when you do find the right candidate, it's difficult to retain these high-demand resources when you most likely won't need them full time and larger firms can lure them in with better growth opportunities and salaries.

For the CEOs who recognize that the role of IT is a vital and integral part of their business, limitations around staffing often prevents them from leveraging new opportunities in the cloud. This problem is amplified by the fact that business leaders struggle to communicate business objectives with technical staff, furthering the gap between business and IT. As new economic opportunities emerge in the cloud, it becomes critical to look at the business strategic plan and the IT strategic plan as a single unite that, together, can provide maximum value.

The Cloud is the New Normal - Now What?

For many organizations, this is a tough question to answer. The cloud is fast becoming part of IT delivery for nearly every business. The conversation is no longer about migrating to the cloud, it's about solving business problems by virtue of already being in the cloud.

When investing more money into a largely reactive IT support system is no longer cost-effective or sustainable, business leaders need to start looking outside their organization for a solution. Often times, this means off-setting their existing resources with a Managed Services Partner who can provide the necessary skills and experience to deliver every bit of value the cloud has to offer.

While keeping pace in a cloud-first world can feel like an uphill battle, the good news is you don't have to go at it alone. BDO Digital's award-winning Managed Services team can help organization develop cost-effective, flexible, cloud-first solutions that meet the demands of the business today.

ACHIEVE MODERN IT WITH
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Sources:
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ABOUT BDO DIGITAL

BDO Digital has excelled at helping Midwest, mid-size organizations harness technology that drives innovation and accelerates business transformation. We specialize in business technology solutions that match the needs of midmarket organizations, including cloud computing, managed services, data analytics and business intelligence, user enablement, software solutions, digital marketing and more. Our focus is to identify our clients' business goals first, then leverage our team of business and technology experts and full stack of IT capabilities to guide you through your digital transformation journey.

To learn more, contact us at bdo.com/digital