



Whitepaper: **More than ROI**

NaviSite



Executive Summary: More than ROI

Today, cloud adoption is rapidly expanding its footprint and is no longer simply a theoretical or academic conversation that enterprise organizations are debating. The reality is that companies across a wide variety of sectors are actively engaged in cloud adoption. This includes everything from strategy and planning, to pilot solutions, and production rollout. And cloud services aren't going away any time soon as firms such as Forrester Research, Inc. forecasts the overall global cloud computing market will grow to \$241 billion by 2020.

Business cases for cloud services often focus on financial return on investment (ROI). But while ROI is a compelling argument, the full value of cloud computing extends beyond cost savings. The true value is realized through business transformation that is fueled by continuous innovation.

This white paper, intended for business leaders evaluating enterprise cloud services, uses real-world customer experiences to examine the business impact of the cloud:

- **It Innovation:** Relieving IT Teams from the burden of managing applications, infrastructure, and desktops enables creativity and innovation.
- **Application Delivery:** IT teams can more quickly implement their ideas because they don't need to find the time, budget, and space to provision servers, storage, and networking.
- **Increased employee efficiency and satisfaction:** Employees can capitalize on the IT team's innovations to do their jobs better, creating a sustainable business advantage in today's fast-paced marketplace.

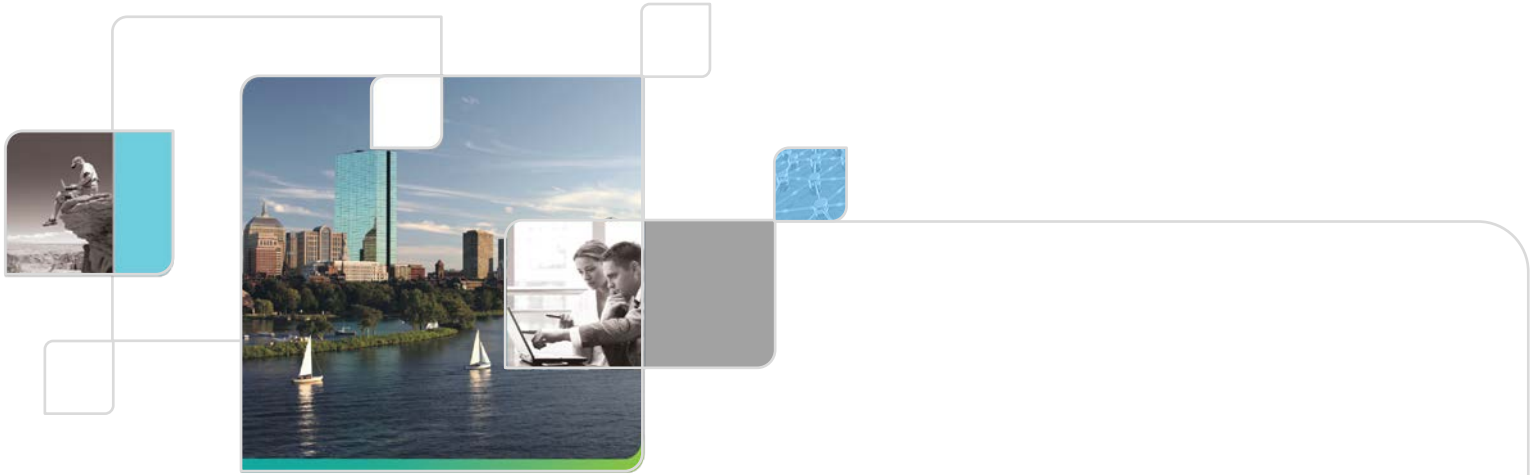


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Cloud ROI:

NOT JUST ABOUT THE NUMBERS

Enter a decision making, technology discussion with virtually any business leader or IT professional and the conversation quickly turns to the subject of ROI and lower total cost of ownership (TCO). These have been mainstay criteria for decades. However, the adoption of cloud services is changing the way organizations need to think about ROI. The benefits extend far beyond the tangible costs of hardware and software.

Cloud computing is shifting the burden of capital expense to a “pay-as-you-go” model for IT infrastructure. As many recognize, the outcome of this model is a conversion of upfront capital to a predictable operational expense, lower IT staff costs associated with provisioning and managing infrastructure, and a reduction in data center space, power, and cooling costs.

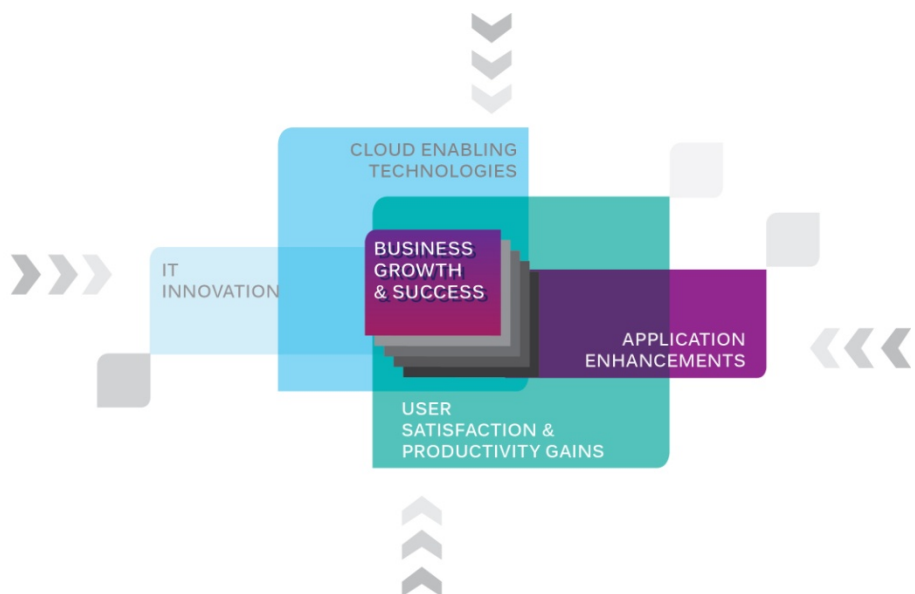
But while lower TCO is a powerful driver in the migration to cloud

computing, early adopters are reporting that the cloud's impact on innovation ultimately plays an even bigger role and is beyond the scope of traditional ROI calculations

By shifting the focus of IT from time-consuming operational chores (managing infrastructure and supporting applications) cloud enabled delivery models and services are freeing up time for IT innovation and strategic thinking.

The fruits of that innovation are new application delivery models and tools that empower employees to be more efficient and effective, fueling business success (Figure 1). And these cloud benefits are not just a one-time thing. The benefits gain momentum and continue to expand throughout the organization as additional applications, services, tools and technologies are moved to the cloud. With each new innovation that IT teams introduce, the business continues to reap the benefits.

FIGURE 1:
 ‘...CLOUD ENABLED DELIVERY MODELS AND SERVICES ARE FREEING UP TIME FOR IT INNOVATION AND STRATEGIC THINKING.’



IT Creativity and Innovation:

IT TAKES A SEAT AT THE BUSINESS STRATEGY TABLE

“WE DON'T MAKE IT DECISIONS,”

*says Gareth Evans,
CIO of iSentry.*

“WE MAKE BUSINESS DECISIONS THAT ARE SUPPORTED BY IT.”

Traditionally IT led the charge to design and build systems to last a lifetime. Their focus was on technology and enterprise organizations relied heavily on them to manage the technological advances. Today's reality is that IT no longer has the stronghold in technology knowledge. In fact many employees have the same or better devices, applications, and network access at home as they do in their office. The focus of IT has shifted from specific technologies to managing information and the way in which users' access and work with data. The new IT organization is now aligned with business strategy. They are focused on making the organization agile, flexible and capable of change at a moment's notice -- reshaping itself to be more creative and innovative.

As IT looks for new ways to provide better service to users without increasing IT budgets, they are looking to cloud based solutions. The goal is to simplify key stages of service and solution delivery, including: test and development, provisioning, management, and security and compliance governance.

The benefits of managed cloud services typically appear first in IT organizations. With traditional infrastructure, IT teams can quickly end up spending the majority of their time reacting to requests for servers and storage, and managing application infrastructure and desktops.

Cloud services liberate IT teams from constant firefighting, making time for innovation. For example, the IT team at a rapidly growing North American

insurance company uses a managed cloud service to quickly provision infrastructure on-demand for test and development. The time to fulfill requests has decreased from weeks to minutes. Moving the applications to production takes a few clicks. What's more, costs for test and production servers have gone down by more than 40%.

As with traditional managed or outsourced services, it's easy for IT professionals to, at first, be worried that cloud computing is going to mean companies can work with smaller IT staffs. In fact, cloud may be the IT departments best friend. If done correctly and used strategically within an organization, the IT department can move from being an internal cost center focused on just keeping things running, to a strategic, business and innovation driver.

A case in point, iSentry provides software and services that facilitate secure document transfers, document tracking, and e-signatures. The company offers a Digital Content Exchange (DCX) platform that allows organizations to seamlessly deliver and receive confidential information over the Internet. The functionality provided by DCX is applicable to many industries. However, each industry requires a slightly different version. With NaviSite's application virtualization and cloud enablement, iSentry is able to reduce the business cycle of idea to proof-of-concept to production in days or weeks versus months or years. IT's decision to move to the cloud has enabled iSentry to stay a step ahead of their competitors and gives them a real business advantage.

Application Enablement:

LOWER THE BARRIERS TO CONTINUOUS IMPROVEMENT

Cloud computing provides enterprises access to three main application delivery advantages. The first is related to increased efficiency of internal development cycles. The second is the inherent resiliency, high availability and performance of cloud based applications. The third, and perhaps largest benefit, is the ability of IT to aggregate cloud based applications into a new synthetically formed application catalog.

As IT professionals focus on strategic business initiatives they begin to uncover new and creative ways to service both the organization and the end-user. With cloud based development they now have a new and better way to manage life cycle of applications within the enterprise. With the ability to create and use application templates and a virtual application appliance, IT can now dramatically improve its ability to react to the needs of the business. Knowing they can provision just the needed amount of compute, storage, and networking resources in minutes and turn it off just as easily, developers can afford to be more creative than they could if every experiment required cost-justifying permanent infrastructure.

Application delivery and integration is once again gaining popularity with IT departments due to the highly visible impact of the benefits IT derives from cloud services to deliver applications.

Today, organizations are increasingly reliant on delivering applications to

end-users for access anywhere, any time, and on any device. Users are demanding applications be developed quickly and flexibly putting IT in a position of either providing the corporation with agile application development and delivery mechanisms, or being viewed as a roadblock to improving the productivity of the business.

These requirements are driving additional needs for performance, stability, and scalability. All levels of the enterprise expect applications to be available and to perform. Cloud computing provides an important bridge between the development cycle and deployment. With inherent resiliency provided by high availability (HA) and performance managed by automated resource load leveling and scheduling, cloud computing provides the operational capacity to match the development agility.

Finally, IT has an abundance of applications available “in the cloud” offered in a software-as-a-service (SaaS) model. The success of Salesforce.com is but one of many examples. Rather than building from scratch or customizing an off-the-shelf package, IT now has new options to integrate into the corporate application suite. With this menagerie of applications IT now faces new integration challenges as they are becoming increasingly modular, distributed, volatile and interdependent.

CASE IN POINT: DAI is an organization committed to helping developing nations become more prosperous, more just, cleaner, safer, healthier, more stable, more efficient, and better governed. DAI's IT resources are directly involved in executing projects in developing nations around such things as democratic governance and public sector management, and energy and climate change, among others. But these IT resources were being bogged down with the management of internal application environments. DAI, therefore, looked to NaviSite's cloud-based managed application services for its Oracle® E-Business suite. Offloading management of the Oracle environment has enabled DAI to devote more IT resources to end user facing projects instead of internal applications and systems.

“THE NAVISITE [CLOUD SERVICE] ALLOWS US TO FOCUS OUR INTERNAL RESOURCES ON ADDING VALUE TO THE BUSINESS RATHER THAN SUPPORTING THE APPLICATIONS.”

Larry Campbell, Vice President of Information Management and Technology, DAI

Productivity Gains:

INCREASE EMPLOYEE EFFICIENCY AND EFFECTIVENESS

GARTNER
PREDICTS THAT BY
2014, 90 PERCENT OF
ORGANIZATIONS WILL
SUPPORT CORPORATE
APPLICATIONS ON
PERSONAL DEVICES.

The benefits of cloud computing flow from IT teams to end users, providing a variety of individual employee as well as corporate benefits. Employees benefit from the new agile applications and feature upgrades that IT teams can deliver with cloud based services. For example, an IT team that saves time by using a managed cloud service might invest the reclaimed time to implement new applications that a business unit did not have available before or support a marketing campaign that was otherwise deprived of IT services. By providing secure, reliable and easy-to-use applications delivered via the cloud, enterprises can speed up a variety of business processes and improve overall corporate communication and collaboration.

A division of a large healthcare provider organization began using infrastructure-as-a-service (IaaS) to avoid long waits for infrastructure that were preventing the division from meeting performance targets. Now the business unit can provision infrastructure on its own, in minutes. Similarly, ConnectEDU used NaviCloud to accelerate introduction of a new web portal for students seeking personalized college and career guidance. The cloud service also lowered infrastructure costs by more than 30 percent because ConnectEDU pays only for the resources it actually consumes, an important benefit because of seasonal fluctuations in demand.

GREATER MOBILITY WITH VIRTUAL DESKTOPS

Gartner predicts that by 2014, 90 percent of organizations will support corporate applications on personal devices. With virtual desktop cloud services, employees' applications and data are hosted not on their device's hard drive, but on virtualized servers or simply in the cloud. Productivity increases because mobile employees can work anywhere, on any device, with the same experience they would have in the office. And corporate IT can be comfortable that corporate data and information is not as easily lost or stolen when very little is actually residing on a physical device outside the four walls of a corporation.

When employees use personal tablets not designed for the enterprise environment, sensitive company information is not exposed if the device is lost because data never physically resides on the device, but in a secure data center, such as those operated by NaviSite. Virtual desktops also support business continuity. Employees who cannot commute to the physical office because of weather, disaster, or pandemic can work from home, using any device at hand, such as a home PC or tablet.

The ROI from desktop-as-a-service is also significant.

Benefits include IT time savings from not having to manage and troubleshoot operating systems and applications on hundreds or thousands of devices; lower licensing costs; lower capital costs for thin or zero clients; and a roughly 10-year instead of 3-year life expectancy for thin clients compared to workstations.

SaaS and desktop-as-a-service (DaaS) offerings are leading IT departments and business executives to consider completely new approaches and policies around the endpoint devices workers use to conduct business, in many cases forever changing the manner in which employees work.

THE CLOUD SERVICE ALSO LOWERED
INFRASTRUCTURE COSTS BY MORE THAN
30 PERCENT BECAUSE CONNECTEDU
PAYS ONLY FOR THE RESOURCES IT
ACTUALLY CONSUMES....

Continuous Business Improvement

At the end of the day, the 'cloud' is going to be to your business what you make of it. While it certainly can be used as a point solution, with the strategic and broader view encouraged in this paper, cloud can be the gift that keeps giving. By viewing cloud as a new platform for your business it will be easier and less expensive to give employees the tools they need to excel at their jobs.

Managed cloud services are an enabler for business transformation and not just another technology. Conversely, not embracing the cloud can make your business sluggish in comparison to your competitors. In these highly competitive times speed, efficiency, and time to market are critical for enterprise organizations and in many instances may be a key differentiator. Having tools that help accelerate the business instead of slowing it down are crucial to business success. The analogy is like broadband to dial-up, like a racecar to a bicycle.

As organizations adopt more cloud services—IaaS, SaaS, DaaS, managed application services, among others—the benefits multiply. Add to all of this that individuals, whether technical or not, are being exposed to cloud and cloud-like solutions in their every day lives and as a result the ramp up time for adopting and understanding corporate cloud-based tools is much less than seen with traditional corporate technologies.

Beginning the Journey to the Cloud

Very rarely are technology decisions easy and straightforward. Despite all the hype and promise of cloud, it too is not a decision to be made lightly. The journey to the cloud actually begins with some internal business reviews to help drive the following decisions:

MOVING TO THE CLOUD CAN BE A COMPLEX AND DAUNTING TASK. YOU WANT TO FIND A CLOUD PROVIDER THAT OFFERS A HIGH TOUCH ENGAGEMENT PROCESS FROM BEGINNING TO END TO SMOOTH THE TRANSITION.

1. SELECT THE RIGHT FLAVOR OF CLOUD FOR YOUR BUSINESS.

Reservations about cloud generally refer to public cloud services. In part because it's the cloud architecture that has the best price point and is typically the most talked about in the media all other cloud options have been painted with the same brush around security and reliability concerns. But the reality is that today, according to a recent IT cloud survey sponsored by Intel, private (52%) and hybrid (31%) cloud deployments models are actually much more widely preferred by enterprises. Public cloud services generally are used for non-business-critical applications that do not require controlled latency or special security precautions. Enterprise cloud services, such as those offered by NaviSite's NaviCloud platform, provide the necessary safeguards for mission-critical applications and businesses with concerns around compliance and security. Cloud service providers offer a variety of pricing models, such as the number of virtual machines. Many organizations prefer pricing based on actual resources consumed (NaviSite's model).

2. IDENTIFY THE BEST CLOUD SOLUTION TO START WITH FOR YOUR BUSINESS

Many organizations start their journey to the cloud with SaaS, including Oracle eBusiness applications and Microsoft messaging applications, or with IaaS. Others begin with virtual desktop infrastructures (VDIs), relieving IT teams from having to manage operating systems and applications on individual desktops and to staff a full helpdesk while allowing employees the ability to choose their own device. Whatever the actual first cloud solution adopted is for an enterprise, the key is to identify the best strategy for your particular business. Perhaps the ideal scenario is to start with something that is a green field addition to your infrastructure like adding cloud storage or deploying DaaS for contract workers. For other businesses that are struggling with traditional applications, moving a non-mission critical application to a cloud environment may provide the fastest benefit to IT and employees. Each business will be different so it is important to do a thorough review of your environment and identify the areas that make the most sense as a starting place for cloud without forgetting about future growth and opportunity.

IT IS IMPORTANT TO UNDERSTAND THE SERVICE PROVIDERS APPROACH AND PHILOSOPHY ON HOW CLOUD WILL EVOLVE AND HOW EASY IT WILL BE FOR YOUR BUSINESS TO ADD NEW CLOUD SERVICES AS REQUIRED.

3. SELECT A MANAGED CLOUD SERVICE PROVIDER WITH A STRATEGIC CLOUD VISION. Choice is certainly not a problem when it comes to cloud computing options available today. But despite the perception by many of all cloud being equal, the reality is cloud strategies and solutions can vary. Any enterprise interested in adopting cloud services needs to take their time and look at the options available based on their business and technical requirements and the overall needs of the business. Some questions to consider when evaluating service providers include:

What is your cloud services roadmap?

Do you offer multiple flavors of cloud that can all work together?

Do you offer SLAs for latency?

Do you offer SLAs for availability?

This is especially important for transaction-processing applications:

How do you ensure security of my data, information, and technology?

What if the data center fails?

Will my applications be disrupted when you upgrade servers or switches?

These are just a few of the tactical topics that should be part of any discussion on cloud. Additionally, it is important to understand the service providers approach and philosophy on how cloud will evolve and how easy it will be for your business to add new cloud services as required. Cloud is, after all, about flexibility and the ability to scale with your business.

Conclusion

The cloud market is experiencing exponential growth as companies in every sector move to hardware and software solutions that are hosted and delivered over the Internet. Forrester Research, Inc. expects the market for global cloud computing to reach \$241 billion in 2020, compared to \$40.7 in 2010. IDC projects that public cloud services will see growth rates of 30% per year, around five times global IT spending in 2011. All of this growth and expectation demonstrates that cloud services are not just a flash in the pan but are viewed and expected to continue to be a foundational element to corporate IT from this day forward.

Cost, price, and ROI are always going to be part of the decision process for selecting any new technology or service – cloud or otherwise – no matter how popular the solution may be. The key to achieving the most value from cloud investments, however, requires not looking at the role it will play in your organization in a black and white manner. The true ROI from cloud services must include the impact it will have throughout the organization and how it will impact the ability to operate the business, service customers, innovate, and even adopt other technologies in the future.

Ultimately, IT and the technologies IT deploys are now, more than ever, direct contributors to business success. This, in turn, leads to the need and resources for continued investments in the latest technologies and services that can be delivered more efficiently from the cloud. It's a vicious cycle that will provide a return on investment for a business well beyond what any ROI calculator may

say. It is now up to each individual enterprise to determine when and how they want to leverage all that cloud has to offer and to find the best cloud partner to help achieve and accelerate the real business benefits of cloud.

ABOUT NAVISITE

NaviSite, Inc., a Time Warner Cable Company, is a leading worldwide provider of enterprise-class, cloud-enabled hosting, managed applications and services. NaviSite provides a full suite of reliable and scalable managed services, including Application Services, industry-leading Enterprise Hosting, and Managed Cloud Services for organizations looking to outsource IT infrastructures and lower their capital and operational costs. Enterprise customers depend on NaviSite for customized solutions, delivered through a global footprint of state-of-the-art data centers. For more information about NaviSite's services, please visit www.navisite.com.

CISCO CLOUD PROVIDER DESIGNATION

NaviSite has earned the Cisco Cloud Provider Certification, which recognizes its expertise in deploying and managing Cisco Powered Cloud services. The NaviCloud service has received the Cisco Powered designation, indicating it is deployed using a Cisco validated infrastructure, including Cisco Unified Computing System and Cisco Nexus Switches.

FOR MORE INFORMATION

TO LEARN ABOUT CLOUD SERVICES FROM NAVISITE, VISIT:
www.navisite.com