



---

Contents:

- 1 Introduction
  - 2 MFT is evolving
  - 3 Potential benefits of cloud-based services
  - 4 Additional considerations
  - 4 Looking Forward.
- 

# Evaluating cloud-based file transfer services

Stay ahead of the planning curve

## Introduction

The purpose of this white paper is to discuss cloud-based file transfer services, which are now figuring in the IT planning strategies of companies large and small across multiple business sectors throughout the world. The enormous potential of such services is supported by research conducted in conjunction with Vanson-Bourne, which also suggests that implementation is figuring in the near-term planning horizons of many if not most companies with significant Business to Business (B2B) networks.

The term “cloud-based” or “outsourced services” for file transfers are services provided by a third-party for transferring large files as an alternative to traditional on-premises Managed File Transfer (MFT) software. Our research indicates that cloud-based services have become a near-term planning option for IT enterprise networks, offering potential benefits to the right customers and highlighting issues which need to be carefully analysed as part of practically any decision to implement their use in specific cases.

Historically, the IT file transfer function has been controlled 100 percent in-house based on the clear advantage such control provides in the areas of security and responsiveness to in-house clients and business partners. Such control has, of course, been distributed among IT and line of business organisations with the help of third-party MFT software and services, but there has been no significant hand-off of responsibility for overall functionality to third parties. Now, however, this historical trend is giving way to the use of cloud-based services that will delegate a portion of in-house control to external technology. Why should any company consider initiating such a change in file management strategy? What are the most important factors to consider in analysing the appropriateness of a strategy change?

The answers to those questions can be helpful in beginning planning discussions on this business-critical subject.



### MFT is evolving

A survey of 500 companies ranging in size from 1000 employees and up in the United States, France, the U.K, and Germany provides a wealth of data about file transfer plans and issues in multiple business sectors. Executives and IT professionals representing retail and distribution businesses, manufacturing companies, financial service providers and other commercial firms offer a clear picture of a business IT environment in transition.

They report that file sizes are increasing, the number of file transfers is rising and particularly in smaller companies file transfer issues may be beyond a point of outstripping in-house capabilities. Virtually regardless of size, most companies are dealing with issues that could benefit from outsourced services for particular kinds of file transfers. For this reason, 75 percent of surveyed companies have, or are developing, detailed strategies for outsourcing specific categories of file transfers.

Considering these findings, does your organisation plan to evaluate the use of cloud-based or outsourced services to address any of the issues you have found with file transfers? The table below shows what other companies are doing:

Companies evaluating the use of cloud-based or outsourced services for file transfer

	Employees		
	Total	1000-3000 Employees	More than 3000 Employees
Yes – within 6 months	25%	30%	19%
Yes – within 7-12 mths	34%	36%	32%
Yes, but not for at least 12 mths	10%	8%	12%
We have already evaluated this	15%	14%	16%
No	16%	12%	21%

Consistent with this strategic focus, all but a handful of companies have identified timeframes within which they plan to investigate the viability of cloud-based services. Overall, 59 percent of respondents intend to begin their evaluations within the next 12 months. In general, smaller firms and companies in industry sectors with the largest numbers of B2B network partners, such as retail, distribution and transportation enterprises, are leading the way.

Clearly, differences in company size and network complexity create different kinds of organisational stress and different levels of market segment urgency. That's why the survey sought to identify both general and specific prioritisations of key file transfer management issues.

The challenges companies identified as important to the effectiveness of their existing file transfer management appear below in order, beginning with the most important:

- The sensitivity of what is exchanged has increased with greater security and governance requirements
- Average file sizes and number of transactions have increased and are putting strains on existing file transfer systems
- B2B partner connections and transfers are overly complex and controlled by my internal groups with limited IT resources
- Critical supply chain and procurement processes depend upon these files; seconds instead of minutes or days matter and my on-premise transfer system is not flexible to meet my needs
- New business initiatives force the recruitment and onboarding of new categories of B2B trading partners that I don't have the resources, time and money to support.

The first three of the issues listed above are the most important. The first reinforces the increasing requirement for the best possible security and governance, which have long been priorities for existing MFT development. The second and third issues make up the real business case for cloud services – namely scalability and the evolving B2B requirement. The fourth and fifth are continuing environmental requirements which must be served by practically any change in strategy or technology. Note that virtually all these issues impact internal IT operations professionals, IT architects and line of business (LOB) managers, as well as supply chain and other B2B partners.

Important additional questions for file management decision makers are based upon such factors as size, industry sector, country of origin and existing on-premise resources and capabilities. Virtually all of these affect the speed at which alternative or complementary resources should be evaluated and the potential benefits to be expected from cloud-based file transfer services.

No company intends to outsource the entire file transfer function. The real decision point is this: Which issues are best resolved by use of third-party services? Making the right choices frees up internal resources which can be applied elsewhere. The optimum solution will be the one that identifies specific and ideal use cases that can be used to cost-justify a move to cloud-based services for B2B transactions.

### Potential benefits of cloud-based services

One of the best business cases for adding cloud-based services involves those situations in which increasing size, number and complexity of file transfer transactions coincide.

A clear example of this is large-scale file transactions in B2B communications. Enterprise networks linking multiple business partners are proliferating, the amount of information being shared is growing and the scope of differences to be arbitrated—protocols, government and industry regulations, proprietary software differences is expanding at a rate that cannot be equaled by incremental increases in internal personnel and systems investments.

A breakout of survey responses on B2B issues illustrates particular areas of concern. Each of these was described as “the biggest issue” with respect to supporting B2B networks by individual respondents.

Managing large number of connections	26%
Time (cost) onboarding new connections and maintaining/ updating existing connections	20%
Supporting large number of protocols	19%
Time (cost) troubleshooting file transfer errors and exceptions	15%
No/insufficient central management, audit, or visibility capabilities	8%

What’s important here is that the first three are all vitally important to B2B operations. It doesn’t actually matter which of these issues a company selects as most important. The relatively close percentages demonstrate that all are critical, especially when they all relate to a key business function like B2B large file transfers. For example, if any one issue had been reported as the overridingly important problem, internal organisations might find a fix without looking outside. Here, though, an array of issues linked by constraints on capacity and accelerating complexity indicate that a large external resource such as cloud-based services might be indicated.

### Why companies choose the cloud

- Dramatically reduce lead times to realise the potential benefits of security-enhanced file transfers
- Scale resources as needed to match demand for new trading partners and file volume, eliminating under and over utilisation
- Increase agility and responsiveness to changing business conditions with no impact on infrastructure or IT resources.

The definition of complexity in this instance is that the three top issues are interrelated. None can be addressed in isolation without complicating the others. That’s the single strongest argument for why cloud-based services are far more solution than risk in intensive B2B environments. The following table illustrates the point:

B2B File Transfer Need	Benefit	Value
1 Faster time to delivery	Dramatically reduce lead times to realise the potential benefits of security-enhanced file transfers	<ul style="list-style-type: none"> <li>• Start generating revenue from new trading partners by reducing the time it takes to setup and maintain partners</li> <li>• Consolidate disparate file transfer activity to a single cloud-based B2B solution which:                             <ul style="list-style-type: none"> <li>– Eliminates the need to support numerous servers using various tools for B2B, large file transfers</li> <li>– Utilises a single B2B file transfer connection with the capabilities necessary to monitor, administer, audit and help secure virtually all large, B2B file transactions.</li> </ul> </li> </ul>
2 Scale more quickly to meet organisation’s needs (both in new trading partner and file volume)	Scale resources as needed to match demand for new trading partners and file volume, eliminating under and over utilisation	<ul style="list-style-type: none"> <li>• Take advantage of the economies of scale from a multi-tenant environment for large file transfers which:                             <ul style="list-style-type: none"> <li>– Is consumed based on how much, or how little your enterprise transacts with partners</li> <li>– Eliminates the need to match infrastructure requirements with changes in demand.</li> </ul> </li> </ul>
3 No new Infrastructure requirements	Increase agility and responsiveness to changing business conditions with no impact on infrastructure or IT resources	<ul style="list-style-type: none"> <li>• Allows you to use your internal resources where you need them most by:                             <ul style="list-style-type: none"> <li>– Utilising cloud-based resources to manage your B2B file transfer environment (onboarding and management services for client setup, partner setup and ongoing support activities)</li> <li>– Maintaining a single connection to reach virtually all your B2B partners</li> <li>– Eliminating requirements for new infrastructure.</li> </ul> </li> </ul>

It has been said that if you're a hammer, every problem looks like a nail. The real challenge for those contemplating a move; however limited or partial, to cloud-based services, is employing the same kinds of IT cost-benefit investment criteria that have resulted in the business performance achieved to date. Cloud-based services must be held to the same standards that have driven other IT investments.

### Additional considerations

As with virtually any new technology alternative, some companies are moving more slowly and reluctantly than others. What are their concerns? When does adding a major third-party resource cause an unacceptable risk of losing control of some operations, including in-house systems procedures and business performance?

Interestingly, it turns out that their concerns are not specific to the cloud-based technology but to the longstanding criteria they apply to practically all IT investments.

- Securing the data once outside the walls of your organisation
- Securing the transfer process outside the walls of your organisation
- Audit and governance of data and transfer activity
- Maintaining access control of your data once outside the walls of your organisation
- Ability to resolve customer/partner problems with transfer failures, etc
- Integrating with legacy systems (i.e., mainframe)
- Integrating with existing processes and workflows.

The good news is that existing B2B, supplier and partner relationships are precedents for even this possibly radical transition. The world economy is making companies focus ever more sharply on what is truly vital to their survival and growth. File transfer may be critical, but is it a core competency? Does it provide a competitive advantage for your business that a competitor cannot easily duplicate? If the answer to either of these questions is "no" it could be time to consider an outsourcing strategy.

B2B communication requirements are complex and demanding; as such, they are the most likely to benefit from this new technology. The reluctance to invest is not justifiable prudence, but doubt caused by insufficient knowledge of the urgency of competitive market segment forces.

The baseline assumption of IT decision makers is necessarily that the existing architectures of systems, software, procedures, management requirements and security gateways are the infrastructure to which virtually any third-party provider must adapt and conform. Otherwise, their service offerings are inadequate, either unacceptable or subject to specified changes. Yet the necessary assessment process will ultimately disclose the fact that cloud-based services have been designed from the outset to adapt to existing infrastructures. That is the reason for the speed at which they are gaining acceptance in specific use situations within the B2B environment.

Adoption of cloud services is, therefore, not a simple purchase contract, a risky delegation of responsibility, or a loss of control over business operations. It is, instead, a new partnering with competitively advantageous resources that must be managed in virtually every detail by those who are most knowledgeable about the existing infrastructure, its history and the business objectives it was designed and developed to serve.

### Looking forward

In the final analysis, there are a growing number of use cases for MFT solutions. And while most are on-premises, many are ideal for cloud-based services. Today, IBM is one of the leaders in MFT software – and very soon will help lead the way in cloud-based file transfer services as well. That's why IBM suggests that the IT executives and managers reading this paper begin as soon as possible the process of evaluating which B2B file transfer activities within their organisations match the ideal cases for cloud-based file transfer described above. The evaluation process should take into consideration the potential benefits defined previously, the idea that non-differentiating processes should be outsourced and the continuing priority represented by security and governance responsibilities.



IBM United Kingdom Limited  
PO Box 41, North Harbour  
Portsmouth, Hampshire, PO6 1AU  
United Kingdom

IBM Ireland Limited  
Oldbrook House  
24-32 Pembroke Road  
Dublin 4

IBM Ireland registered in Ireland under company number 16226

IBM, the IBM logo and [ibm.com](http://ibm.com) are trademarks or registered trademarks of International Business Machines Corporation in the United States, other countries, or both. If these and other IBM trademarked terms are marked on their first occurrence in this information with a trademark symbol (® or ™), these symbols indicate U.S. registered or common law trademarks owned by IBM at the time this information was published. Such trademarks may also be registered or common law trademarks in other countries. A current list of IBM trademarks is available on the web at "Copyright and trademark information" at [www.ibm.com/legal/copytrade.shtml](http://www.ibm.com/legal/copytrade.shtml).

The information contained in this publication is provided for informational purposes only. While efforts were made to verify the completeness and accuracy of the information contained in this publication, it is provided AS IS without warranty of any kind, express or implied. In addition, this information is based on IBM's current product plans and strategy, which are subject to change by IBM without notice. IBM shall not be responsible for any damages arising out of the use of, or otherwise related to, this publication or any other materials. Nothing contained in this publication is intended to, nor shall have the effect of, creating any warranties or representations from IBM or its suppliers or licensors, or altering the terms and conditions of the applicable license agreement governing the use of IBM software.

References in this publication to IBM products, programs, or services do not imply that they will be available in all countries in which IBM operates. Product release dates and/or capabilities referenced in this presentation may change at any time at IBM's sole discretion based on market opportunities or other factors, and are not intended to be a commitment to future product or feature availability in any way. Nothing contained in these materials is intended to, nor shall have the effect of, stating or implying that any activities undertaken by you will result in any specific sales, revenue growth, savings or other results.

© Copyright IBM Corporation 2012



Please Recycle