



The right partner for a changing world

At IBM, we collaborate with our clients, bringing together business insight, advanced research and technology to give them a distinct advantage in today's rapidly changing environment. Through our integrated approach to business design and execution, we help turn strategies into action. And with expertise in 17 industries and global capabilities that span 170 countries, we can help clients anticipate change and profit from new opportunities.

To learn more about this IBM Institute for Business Value study, please contact us at iibv@us.ibm.com. For a full catalog of our research, visit:

ibm.com/iibv

Be among the first to receive the latest insights from the IBM Institute for Business Value. Subscribe to IdeaWatch, a monthly e-newsletter featuring executive reports that offer strategic insights and recommendations based on our research:

ibm.com/gbs/ideawatch/subscribe

For more information, please contact:

Lynn Kesterson-Townes

Communications Sector Leader
IBM Institute for Business Value
LKT@us.ibm.com

Saul Berman

Global Strategy Consulting Leader
Global Business Services
saul.berman@us.ibm.com

Rohini Srivathsa

Strategy & Transformation Center of Competency Leader
Global Business Services
rohini.srivathsa@in.ibm.com

© Copyright IBM Corporation 2011

IBM Global Business Services
Route 100
Somers, NY 10589
U.S.A.

Produced in the United States of America
September 2011
All Rights Reserved

IBM, the IBM logo and 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 ibm.com/legal/copytrade.shtml

Other company, product and service names may be trademarks or service marks of others.

References in this publication to IBM products and services do not imply that IBM intends to make them available in all countries in which IBM operates.



Please Recycle

IBM Institute for Business Value

Cloud-enabled business models



Cloud-enabled business models

Cloud's game changing attributes are revolutionizing industry ecosystems – and forcing companies to embrace new business models.

Cloud capabilities are fundamentally shifting the competitive business landscape by providing a new platform for creating and delivering value to customers. New technology and social connectivity trends are creating a perfect storm of opportunity, enabling cloud to transform internal operations, customer relationships and industry value chains. Organizations must move quickly to seize the advantages of cloud enablement.

To determine the cloud's ramifications for businesses, we surveyed 572 business and technology leaders on six continents. Our research results illuminate six key cloud attributes that expand business choices by improving agility and expanding opportunity:

Improving agility:

- **Market adaptability** – allows rapid prototyping, faster time to market, adoption of innovative ideas
- **Business scalability** – supports fast scale-up or down of resources on demand
- **Cost flexibility** – transfers costs from fixed to variable.

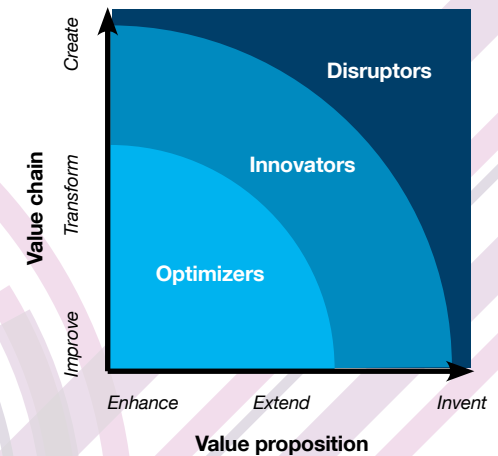
Expanding opportunity:

- **Masked complexity** – increases potential product/service sophistication while hiding associated complexity from users
- **Context-driven variability** – underlying common platform allows users and providers to flexibly define experiences implicitly through customer preferences, movements and behaviors
- **Ecosystem connectivity** – facilitates new and different value nets of partners, customers, alliances, etc.

So, how are companies embracing the cloud to reshape their businesses? Our analysis reveals some organizations are harnessing the cloud to go far beyond new delivery paradigms. They are transforming product and service development and recasting customer relationships. We have observed three cloud-driven business archetypes, representing increasing levels of cloud empowerment:

- **Optimizers** use the cloud to either incrementally enhance their customer value propositions or attract adjacent customer segments, while improving their organization's efficiency.
- **Innovators** significantly improve customer value, resulting in new revenue streams or even the disintermediation of existing industry ecosystems.
- **Disruptors** create radically different value propositions, as well as generate new customer needs and segments – and even new industry ecosystems.

Cloud-driven business archetypes



Companies can embrace the potential of cloud to generate new business models and promote sustainable competitive advantage. Whether they choose to become optimizers, innovators or disruptors, today's organizations can leverage the cloud as a key point of differentiation in driving business value and success.

**How does cloud
change the rules for
your organization?**