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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

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

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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.

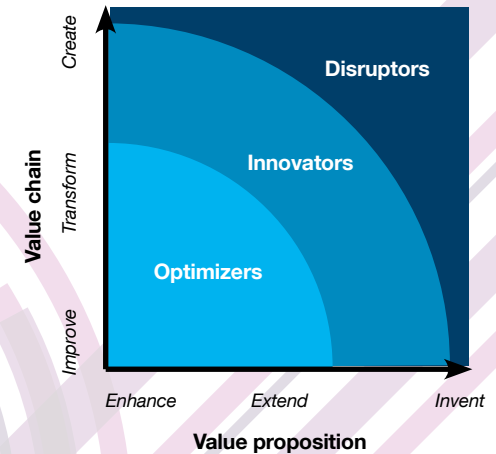
Expanding opportunity:

- **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?