Transform Your SAP Deployment with Managed Cloud Services

*Six Lessons from Users*

A Frost & Sullivan Executive White Paper
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## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>Why Managed Cloud Services?</td>
<td>3</td>
</tr>
<tr>
<td>Management Relief</td>
<td>4</td>
</tr>
<tr>
<td>Security</td>
<td>4</td>
</tr>
<tr>
<td>Data Migration and Application Deployment</td>
<td>4</td>
</tr>
<tr>
<td>Executive Endorsement</td>
<td>5</td>
</tr>
<tr>
<td>Enterprise Concerns that Hinder Managed Cloud Adoption</td>
<td>5</td>
</tr>
<tr>
<td>Concern 1: My Information Won’t Be Secure</td>
<td>5</td>
</tr>
<tr>
<td>Concern 2: I Won’t Achieve Sufficient ROI for My Managed Cloud Services</td>
<td>5</td>
</tr>
<tr>
<td>Concern 3: Migrating My Workloads or Data Will be Too Hard</td>
<td>6</td>
</tr>
<tr>
<td>Concern 4: My Lines of Business Have Increasing Influence Over</td>
<td>7</td>
</tr>
<tr>
<td>Their Workloads</td>
<td>7</td>
</tr>
<tr>
<td>Concern 5: I Won’t Know Where My Data Is or If I’m Maintaining</td>
<td>7</td>
</tr>
<tr>
<td>Compliance</td>
<td>7</td>
</tr>
<tr>
<td>Concern 6: I Am Not Confident I Can Find the Right Partner to</td>
<td>7</td>
</tr>
<tr>
<td>Successfully Manage My SAP or Oracle Workloads</td>
<td>7</td>
</tr>
<tr>
<td>Choosing the Right Managed Cloud Services Provider</td>
<td>8</td>
</tr>
<tr>
<td>Provider Expertise</td>
<td>8</td>
</tr>
<tr>
<td>Stratecast: The Last Word</td>
<td>10</td>
</tr>
<tr>
<td>About Stratecast</td>
<td>11</td>
</tr>
</tbody>
</table>
INTRODUCTION

If you’re like many enterprise IT departments, you’re likely knee-deep in the midst of a digital transformation initiative. You may be using a cloud platform for workloads like development and testing, or even for new application deployments. But if you’re like most enterprise IT shops, your cloud initiatives may be hampered by the complexities of managing business-critical applications like SAP and Oracle. Digital transformation of your IT department requires close alignment of IT resources, Lines of Business requirements, process changes and data integration. Freeing up constrained resources allows you to accelerate your service deployments and reduce the time until the business realizes a return on investment. Managed services removes the daily operational detail from IT staff, allowing them to focus on areas that deliver higher value and business differentiation.

Moving major, business-supporting applications to the cloud can be a challenge for a variety of reasons. You may have concerns about the physical migration of data, as data loss or business disruption stemming from a migration issue would be a disaster for the business. Security is another typical concern, as a data breach of your most sensitive applications—like SAP or Oracle—could prove highly damaging. Akin to security, data sovereignty is an issue for many businesses. Stringent compliance laws in some jurisdictions are dictating data “residency”; and in the cloud, it is not always clear where the data is housed.

Sometimes the concerns are less technical in nature. Gaining business support to transform business-critical applications may be hard, if not impossible, to achieve. Additionally, measuring return on investment may be a factor. You may worry that you don’t have the right expertise in-house to achieve positive results from your cloud migration.

There is hope on the horizon. Managed cloud services are a strong solution to offset concerns about managing your business critical applications. Such services create a partnership between the enterprise and the service provider, in which the provider contributes cloud technology, infrastructure, and expertise; and the enterprise retains oversight capabilities to ensure that business goals are met. Many businesses—60% according to recent Frost & Sullivan research—have adopted managed cloud services as a way to ensure optimal function of enterprise applications within a secure environment.¹ Doing so provides operational and security benefits that you should consider for your own IT department.

In this paper, we will look at common concerns over deploying and optimally managing business-critical, legacy applications in the cloud. We consider the benefits of managed cloud services, and how your peers are finding success using such services. We also provide recommendations on what to look for in a managed cloud service provider.

¹ Frost & Sullivan Managed Cloud Research Survey of 269 IT decision-makers at U.S.-based businesses, conducted in May and June of 2017.
WHY MANAGED CLOUD SERVICES?

To show the impact of managed cloud services on the enterprise IT department, Frost & Sullivan recently surveyed IT decision-makers at U.S. businesses with regard to their usage of such services. Six out of every 10 companies have already adopted some form of managed cloud services. Of those that have adopted managed cloud, 76% state that such services have become an essential part of their IT strategy. The benefits managed cloud services are providing to these businesses include the following.

Management Relief

First, managed cloud services provide application management relief. Providers of such services not only offload routine management tasks within the IT environment, but can also offer deep knowledge and expertise to help optimize the infrastructure in use within your business. Among survey respondents, 68% that currently use managed cloud services state that using such services helped them make costs for SAP and Oracle more predictable. The same 68% also stated that managed cloud helped them to better manage resource allocation for SAP and Oracle workloads.

For some businesses, relief from the management burden and the associated freeing of both human and monetary resources enables IT to focus on digital transformation. With resources free to focus on innovation and driving new benefits, the IT department has the ability to explore advanced IT initiatives like cognitive computing, IoT, or advanced analytics, which help drive increased value from collected data. Approximately 70% of IT leaders seek to expand their IT capabilities through cognitive computing. By allowing a skilled managed cloud services provider to handle the daily management of your IT environment, your staff—and likely some of your budget—will be freed to explore the possibilities of cognitive computing for your business.

Security

In addition to general management relief, managed cloud services can often offer a higher degree of security than businesses are able to deploy on their own. From network security to protection of virtual infrastructure, managed cloud service providers help ensure that your workloads and data are safe and accessible. Managed cloud providers have large teams working on security, spreading the cost to protect workloads and data among many customers. Security practices and policies are published for potential customers to review. Managed cloud providers often offer annual security audits, which can be made available to customers.

According to recent Frost & Sullivan research, 76% of managed cloud service users state that using such services improved the security and compliance reporting of their SAP and Oracle workloads. The most proficient managed cloud service providers can layer security practices to ensure that your infrastructure is as safe as possible. And when threats occur, your provider can often proactively detect intrusion attempts and mitigate them before data loss or breaches occur.

Data Migration and Application Deployment

Managed cloud services can also provide you with the expertise you need to help plan and achieve a successful migration from one environment to another, assuring minimal downtime and data loss. Many IT decision makers like you are concerned with migration challenges. In Frost & Sullivan’s most recent research, 68% of respondents cited “insurmountable challenges migrating workloads or data” as a concern when adopting cloud
services. But by enlisting the assistance of an expert managed cloud provider, 95% of managed cloud users were able to mitigate migration concerns and successfully deploy their applications in the cloud.

Most managed cloud providers employ highly systematic and time-proven processes to map and plan your deployment, to ensure that every database is mapped appropriately and each application has appropriate data to support its proper operation. They can also help you determine how much network capacity will be needed to move the application and databases in a timely manner. Once the environments are built and data migrated, you have time to review and confirm accuracy before the cutover to the new cloud environment occurs.

By planning each critical migration step in advance, and using systematic processes to ensure that every database is re-mapped to the appropriate applications, your managed cloud service provider will assure the successful migration of your workload.

Executive Endorsement

Beyond providing valuable expertise with regard to the technical aspects of your managed cloud service deployment, the right provider can often help you gain needed executive support for managed cloud initiatives. With a wealth of experience from which to draw and positive results to point to, many providers can help you quantify the business value, as well as costs, as you develop a business case to assess managed cloud services. This can help your department to overcome the critical “C-suite buy-in” challenge, cited by 60% of businesses as an issue.

ENTERPRISE CONCERNS THAT HINDER MANAGED CLOUD ADOPTION

The prospect of shifting to a managed services model can feel daunting and disruptive, requiring changes in operational processes and departmental staffing. But those who have made the transition report high levels of satisfaction and positive experiences with the same issues that concern non-adopters. Here are some concerns cited by those who are considering the move, as well as experiences of actual users.

CONCERN 1: My Information Won’t Be Secure

Seventy-eight percent of businesses found security of their information to be a concern when adopting managed cloud services. Insufficient security is one of the biggest misperceptions about cloud managed services. For many businesses, relinquishing control of their data to a third party, managed service provider can be intimidating. Ensuring data protection when the business is not in direct control of its application and data may seem difficult.

But rather than reducing security, businesses that have adopted managed cloud services experience an increase in their security ability. When asked what the most valuable benefits of adopting such services for their business have been, 76% of managed cloud services users cited increased security of their SAP and Oracle workloads. In fact, security was the most highly rated benefit of adopting managed cloud services.
CONCERN 2: I Won’t Achieve Sufficient ROI for My Managed Cloud Services

Among respondents to Frost & Sullivan’s survey, 72% cite “insufficient ROI” as a key concern they faced when making a managed cloud decision for their business. An additional 61% of respondents cite getting management buy-in as a prime concern. Creating a strong value proposition depends on being able to demonstrate ROI to senior business leaders, as well as to the lines of business whose application budgets may help support your investment.

The experience of actual users shows that ROI is achieved through a variety of results. Among managed cloud service users:

- 70% cite faster delivery of services to the business
- 68% cite the ability to provide better customer service
- 66% cite the ability to better optimize SAP and Oracle workloads.

Many customers also find that they gain returns by being able to deploy their IT resources—whether staff or budget—to more strategic, higher value activities like service creation. By choosing a provider that can help translate these benefits into a strong business case, you can prove to your management that managed cloud services are worth the investment.

CONCERN 3: Migrating My Workloads or Data Will be Too Hard

Approximately 68% of managed cloud users cited migrating workloads or data as a major concern as they considered managed cloud for their business. Similarly, 67% of non-users feared cloud migration. Migration has long been an issue in the cloud world. To execute a data migration plan without data loss or business disruption requires significant pre-planning and expertise. Migration challenges can be mitigated by experienced managed cloud providers that have automated tools and proven processes to help guide the migration process, as well as expert professional services teams that can provide additional hands-on support as necessary.

Managed cloud services users developed a migration strategy,

68% Using their managed services provider for migration

56% Using their provider’s consultation services

Of these, 82% said the assistance was extremely or very important to success.
Among managed cloud services users, 68% used their managed provider for migration services, and another 56% used their provider’s consultation services to develop a migration strategy. Of these, 82% consider their managed cloud services vendors’ advice as extremely important or very important to their success. The right provider can offer critical expertise to ensure a smooth migration of your application and data, with minimal business disruption.

**CONCERN 4: My Lines of Business Have Increasing Influence Over Their Workloads**

In many organizations, Line of Business employees are wielding increasing influence over technology decisions. In fact, 69% of IT leaders state that Line of Business staff is concerned about allowing IT to have the sole determination over how their applications are deployed. In some organizations, increasing Line of Business influence has even led to an increase in unauthorized cloud applications being deployed, without the knowledge of the IT department. This practice, commonly known as “shadow IT,” can lead to security and compliance risks. But by employing the help of a managed cloud service provider, IT can better serve their Line of Business colleagues, delivering services to the business faster and creating new services that can improve productivity and efficiency.

Of current managed cloud services users in U.S. businesses, 70% state that managed cloud services have given them the ability to deliver services and applications to Line of Business users faster. Additionally, 68% state that such services have improved their ability to provide better service to customers; and 66% state that managed cloud services have improved and optimized the performance of their SAP and Oracle workloads. By showing Lines of Business faster responsiveness and better results, IT can gain the support needed from lines of business to deploy managed cloud services successfully.

**CONCERN 5: I Won’t Know Where My Data Is or If I’m Maintaining Compliance**

For many businesses, issues of data sovereignty are becoming increasingly challenging. For example, companies that do business in Germany, France and Russia have some of the highest data sovereignty restrictions dictating that customer data created within their jurisdictions must physically remain there. If a cloud provider’s services enable it to move data from server to server for purposes of resource allocation, remaining compliant with data sovereignty laws can be jeopardized.

But among managed cloud service users, adopting such services has actually improved their compliance capabilities. Seventy-six percent of users stated that their adoption of managed services improves their compliance reporting capabilities as related to their SAP and Oracle workloads.

76% of users say adoption of cloud managed services improves their compliance reporting capabilities as related to their SAP and Oracle workloads.
CONCERN 6: I Am Not Confident I Can Find the Right Partner to Successfully Manage My SAP or Oracle Workloads

If you’re like your peers in IT, you may not be confident in your ability to find the right partner to manage your cloud workloads. And with your business success hinging on your choice of partner, making the right decision is critical. Among your peers, 78% of managed cloud users cited “finding the right partner” to be a prime concern when they were considering managed cloud services.

The most sought-after attributes that IT decision-makers seek in a vendor include:

- The ability to integrate SAP or Oracle with other in-house applications (80%)
- A secure cloud platform (77%)
- Security SLAs (76%)
- Service parameters that fit the business’s unique needs (75%)
- A close relationship with SAP and Oracle (72%)

Managed cloud services users that have found the right partner are benefitting from their managed cloud deployment. Sixty-eight percent of surveyed users cite improved cost predictions for their SAP and Oracle workloads. Another 54% cite the reduced capital expenditures, while 40% cite decreased staffing costs as primary benefits of their managed cloud deployment.

CHOOSING THE RIGHT MANAGED CLOUD SERVICES PROVIDER

The experience of current managed cloud service users indicates that choosing the “right” provider is a key factor in their success. There are several key criteria you should consider to help ensure that your managed cloud service deployment is successful.

Provider Expertise

Providers with expertise in both cloud technology and delivery of managed or professional services will be best positioned to meet your needs. Cloud expertise is a must to ensure that your chosen provider can help you configure and integrate your infrastructures to function optimally and deliver the value expected by the business. Professional and managed services offerings are key to delivering benefits around data migration and integration of the right security features to protect your data. Traditional resellers that shift to become a managed cloud service provider may not have the right cloud expertise to ensure the best infrastructure...
configurations; while pure-play cloud providers may not have a well-established team of knowledgeable professionals to manage the services on an ongoing basis.

To deliver a fully managed service, a provider needs a robust cloud infrastructure and specific skills in building and running infrastructure systems for applications like SAP or Oracle. This is best achieved by a single provider, rather than one provider managing the infrastructure, and another managing the software. The infrastructure and ERP operations teams must be coordinated and aligned to deliver the highest quality solution.

**Deep Security Proficiency**

Look for a provider whose platform includes mature, well-established security features and also provides a robust plan for managing security proactively. Though data security may seem mere table stakes, not every managed service provider can demonstrate a high level of data security and a history of providing secure services and facilities to customers. Specifically, you should look for a provider that can meet or exceed the security levels you can achieve internally, as well as offer highly secure cloud data centers. Your chosen provider should be able to integrate the latest security tools and technology with an expert team that has access to global threat intelligence, and can thwart not only known or usual threats, but advanced, new, or unusual threats as well. Your provider should conduct annual security audits and provide you with the results that show the security of your workloads.

The provider you choose should also help you manage access to your cloud, in order to assure that unauthorized users are denied access.

**Migration Expertise**

Your managed cloud services provider should have proven experience with planning extensive data and workload migrations without data loss or business disruption. Choose a provider that has well-documented migration procedures—including data replication and synchronization measures, processes for workload discovery and mapping, and automated tools to ease the migration process. In addition, look for a provider that has a team of services professionals who are experts at providing migration assistance.

**Enterprise Application Support**

You should also consider your managed cloud provider’s relationship with the platform providers you choose. Those that have strong working relationships with SAP and Oracle will be best positioned to engage the software provider for assistance when deploying unique configurations or difficult migrations.

Consider your managed cloud provider’s relationship with the platform providers you choose. Those that are well-regarded by vendors like SAP and Oracle, and have strong relationships with them, will be best positioned to engage the platform provider for assistance when deploying unique configurations or difficult migrations.
are transitioning from the reseller community, are unlikely to have relationships established with software providers to tackle challenging integration issues or unique service deployments.

Your chosen provider should offer proof of successful managed cloud deployments, with emphasis on their application performance, data analytics, intelligence skill, and security capabilities, as well as their global presence.

**Business and Sales Know-How**

Seek a managed cloud services provider that understands how to build a strong business case for managed services, and has developed tools and processes to help you optimize your cloud deployments to best meet your business goals. Expert teams can help you determine where cloud can enhance your current business model.

Look for a team that can help you identify items like:

- Where are your existing costs and risks?
- How will your costs be reduced by moving to a cloud solution?
- Will your risks be increased or decreased by moving to the cloud?
- When is the best time to migrate?
- How do I determine if the project achieves the ROI that my business requires?

By focusing on changes to your value chain, your revenue streams, your product mix, or your business processes, some managed providers can help you create a plan to “cloudify” your business and drive new revenue that can enhance your cloud ROI, and help you communicate the value internally. Some providers have even created tools and calculators that can estimate your potential savings based on your current revenues, number of enterprise users and customer accounts, as well as how many servers you expect to move to the cloud and what types of environments you expect to support in the cloud.

By showing your CIO and CFO the benefits—including reduced cost and improved efficiency, ease of use, and scalability—you will be better prepared to prove the benefits of managed cloud services to your management team.

**“System of Record” Data Leverage**

Your ERP and CRM systems of record are sources of large amounts of potentially valuable data. By linking your system of record data with next-generation technologies, such as Internet of Things deployments, cognitive analysis, chatbots, text-to-voice, or mobile applications, you can leverage your stored data in new ways to differentiate your company and drive business results. Advanced analysis also enables more informed decision-making, and helps your business to solve challenges and enhance customer service.

Forward-looking businesses are already starting to leverage artificial intelligence and advanced analytics to make business decisions and improve operations. Make sure your provider has the cognitive capabilities to help you unlock the business value in the data created in your ERP systems. More than 70% of IT decision-makers are currently seeking to improve their IT capabilities through deployment of cognitive capabilities. By
seeking a managed cloud provider whose platform offers strong cognitive abilities, you can leverage your SAP and Oracle systems for competitive differentiation.

**STRATECAST: THE LAST WORD**

While deploying mission-critical workloads like SAP or Oracle in the cloud may seem like a daunting proposition, engaging the assistance of a trusted partner can help ensure your success. Many businesses have turned to a skilled managed cloud services provider to gain valuable assistance in moving critical business workloads to cloud-based environments.

Those who have made the move to managed cloud services tout strong results, including:

- improved security and compliance reporting for SAP and Oracle workloads
- faster service delivery to lines of business
- more predictable management of SAP and Oracle, both in terms of costs and workloads
- improved performance of SAP and Oracle workloads
- improved ability to serve customers

To achieve such positive results, businesses are choosing managed cloud providers with strong technical and consulting expertise, as well as broad and deep capabilities in security, application and data migration capabilities. They are also looking for providers that can offer next-generation technologies—like AI, cognitive computing, advanced analytics, IoT, or mobile applications to help increase the value of their data.

The successful results of managed cloud service users can mitigate concerns about the change. By choosing a knowledgeable provider, your business can achieve the strong results associated with cloud managed services.

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