MAKING THE TRANSITION FROM ON-PREMISES TO THE CLOUD

How to navigate the world of managed services and outsourcing

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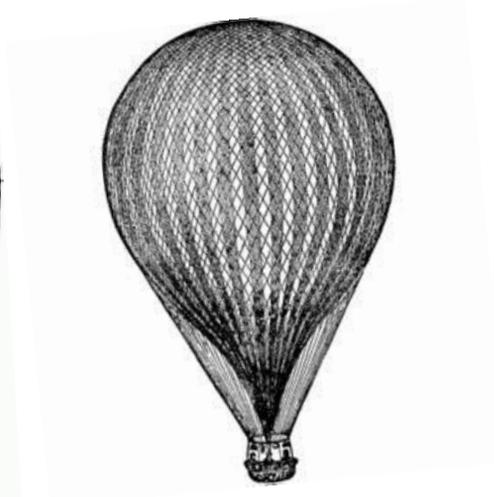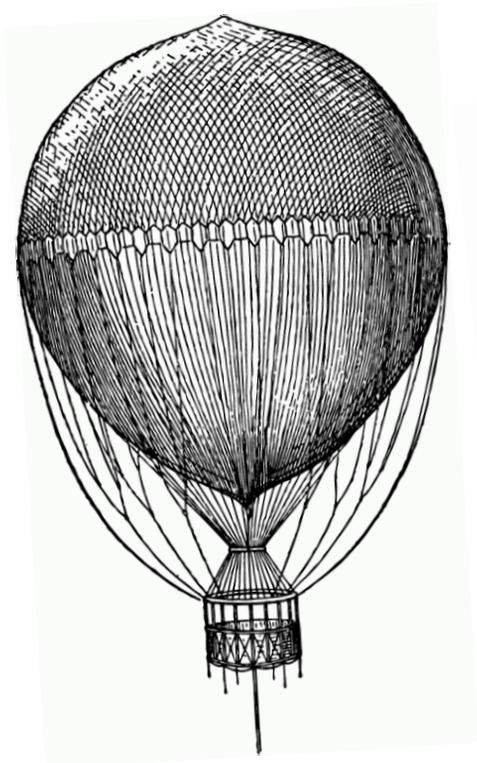
CHAPTER 1:

Introduction

Like accepting a free month of HBO from your cable provider or ordering an appetizer to ensure you don't starve before the main course, most of us prefer to whet our appetites before we take any big steps forward.

**Why should the Cloud be any different?**

NO CLOUD FOR ME, THANKS

Why are so many businesses still on-premises?

Now that we are years into enterprise cloud use, it might be surprising to find that most organizations still have their data planted firmly in-house. *But why is that?*

Maybe it's regulations or compliances keeping you at bay or perhaps you've made a sizable capital investment on your data center. Maybe it's confusion about public clouds like Office 365 and private clouds that can actually be encrypted and secured the same as on-premises. *Maybe the term "cloud" is just too ambiguous.*

That doesn't change one thing though: At this point in the technology landscape, nothing costs as much as an on-premises infrastructure does.

Between expertise, training, equipment, maintenance, upgrades, patching, support escalation, security, etc., you cannot compete with cloud providers who can concentrate dedicated resources to each.

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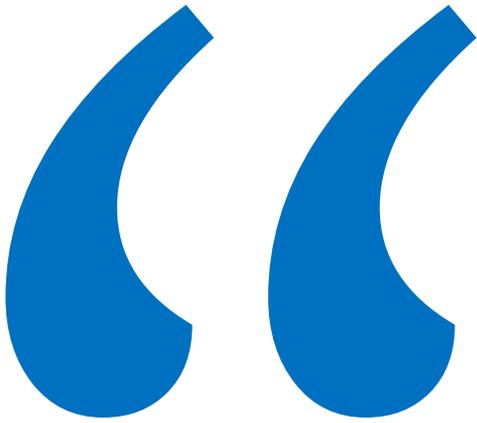
Gartner reports that most companies are on a five-year plan to the cloud.

Business strategies seem to revolve around trickling down the cloud path by adopting transitions that start with hand holding and move all the way to completely handing off the infrastructure to dedicated cloud providers.

If you're in the middle of the cloud conversation and looking for the next move, you have a handful of options.

After all, **the cloud has never been an all or nothing fix.**

CHAPTER 2:

The State of the Cloud

You've heard the many ways that the cloud is designed to give your business an edge, right? So why are some businesses still grasping to their old ways?

Is it really that easy to pick up your data and send it off with a stranger? Most organizations find themselves pointed toward the cloud, but taking baby steps along the way.

So, if it doesn't have to be an all or nothing transition, then what's the rush?

CLOUD STATISTICS

Because saving time and money is just the beginning...

2014 is the first year that the majority of workloads were moved to the cloud. [SiliconAngle](#) wrangled up some quality statistics for companies on the fence to consider:

- **82%** of companies reportedly saved money by moving to the cloud
- **14%** downsized their IT after cloud adoption
- More than **60%** of businesses utilize cloud for performing IT-related operations
- **80%** of cloud adopters saw improvements within 6 months of moving to the cloud
- **More than half** of survey respondents say their organization currently transfers sensitive or confidential data to the cloud
- **56%** of survey respondents trust the ability of cloud providers to protect the sensitive and confidential data entrusted to them

BRINGING THE CIO ONBOARD

Arguably the biggest pushback will come from your CIO, but check out what their peers are saying:

Besides seeing areas of improvement throughout their IT department after adopting the cloud, CIOs quickly found the truth behind saving time and cutting costs in the cloud.

- **84%** CIOs who cut application costs by moving to the cloud ([Source](#))

- **80%** CIOs who get at least some of their infrastructure delivered through a private cloud ([Source](#))

- **73%** IT staff who say employees' personal use of the cloud has influenced enterprise adoption of cloud computing ([Source](#))

- **1/3 of IT budgets** to be spent on cloud computing ([Source](#))

- **21%** Annual savings of users who move apps to the cloud ([Source](#))

CONSIDER THIS...

Arena Solutions' ["SaaS vs On-Premise: Lowering Your Total Cost of Ownership"](#) spells out the relationship between going cloud or staying in-house in relation to cost.

Their argument:

When an organization pays upfront for a solution, they no longer have that cash available to grow the business. Now their core competency is underfunded. They argue the value of "opportunity cost":

> "Is there an opportunity cost to your business if you buy on-premises software for $250,000 plus 22% for maintenance which equals $305,000 first year (and $55,000 each year thereafter) versus an annual cost of just $70,000 for SaaS for the same number of users?
>
> The SaaS option **saves you $235,000** the first year. That money could be spent on engineers to build more products or sales people to help grow revenue.
>
> What if those engineers or sales people brought in well over $1,000,000 of additional revenue to your company? That is the **opportunity cost**. In this scenario, the opportunity cost of on-premises is $930,000 just for the first year. And it just keeps getting bigger every year thereafter — often dwarfing the financial TCO model."

Their conclusion:

True cloud savings come from not having to worry about maintaining and managing your infrastructure, support or security.

TO PUT IT ANOTHER WAY...

Let's look at Disaster Recovery On-Premises vs. Hosted

Data centers are a hosting provider's baby.

That's where their time, resources and money go. Thanks to the shared costs of their customers, a hosting provider can provide the most **state-of-the-art security measures and top-of-the-line hardware** available.

What this means for Disaster Recovery:

Because of their multiple locations and resources (not to mention their specific skill sets and experience), hosting providers are well positioned to provide a far greater business continuity plan for your business.

They can provide DR much faster and more easily than a single corporation. And the result will be far more **cost effective**. Remember, it's not all just equipment, sites, systems and software – *people* play a big role in disaster recovery.

Most providers already have all of the equipment necessary to set up a cold, warm or hot standby for an organization's data and can help your business establish a recovery time objective and recovery point objective.

As with any aspect of your business:

Make sure you understand the **financial impact** that downtime could cost your business and your customers. And make sure you are aware of all the **hidden costs involved in planning a DR plan**. Without the right expertise, on-premises environments can be as vulnerable as public cloud or shared environments.

CHAPTER 3:

Navigating the in-between
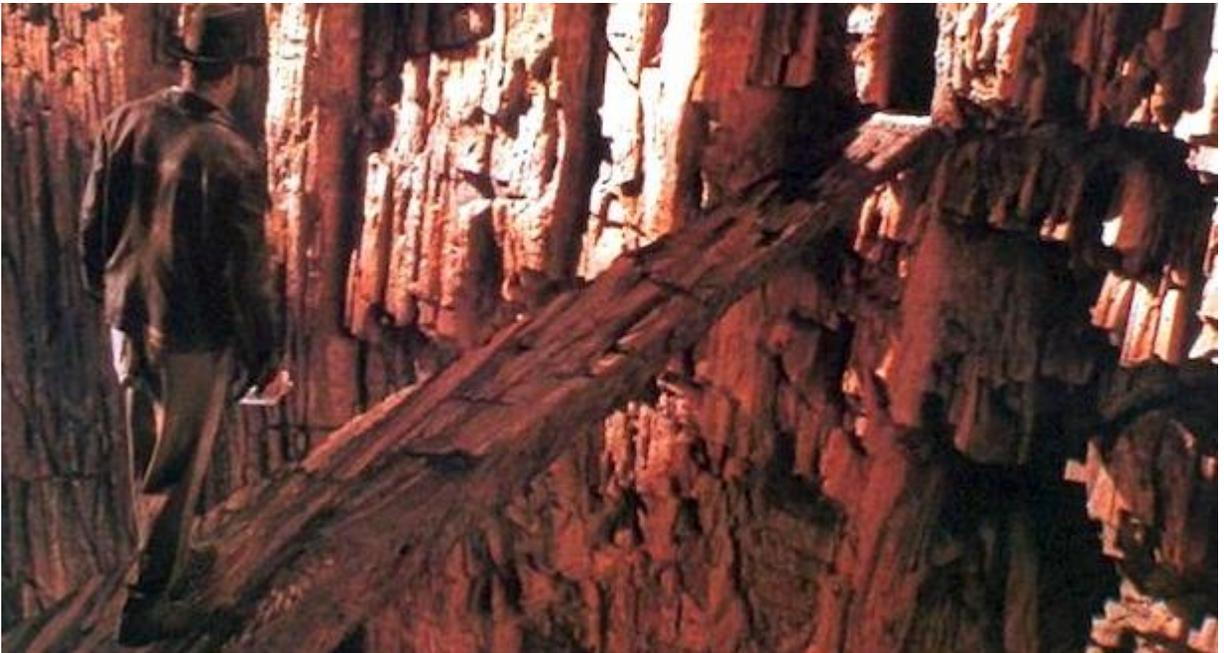
Nevertheless, you may not be ready to make that leap of faith to the cloud.

Depending on your business needs, you may feel more comfortable moving elements of your business one by one into different cloud types or perhaps you plan on continuing to wait on the big cloud jump.

3 TYPES OF DEPLOYMENTS

1. **Staying on-premises**
2. **Sending it all to the cloud**
3. **Finding a happy in-between (Hybrid)**

For those that stay on-premises, there's still a way to save time and money with outsourcing. While your infrastructure will remain in-house, your application and infrastructure support don't have to.

Managed services are available to supplement your on-premises investment and ultimately prepare you for a cloud solution.

STAYING ON-PREMISES

Over the last five years, **eight out of 10 data center owners have built or upgraded data center facilities**, instead of taking advantage of cloud options to extend IT capabilities.

Frankly, you'll always have the option to keep pouring capital costs into your facilities. Between hardware refreshes, security and expertise, you'll always be spending and, in the case of a major incident, you could always be working within an inch of your organization's life. Experts and analysts agree, this can't go on forever.

So, if you're not ready for the cloud but you need to start doing more with less – *what options do you have?*
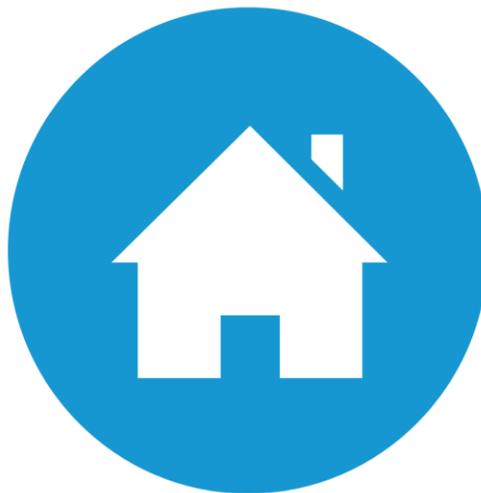
WHAT IS OUTSOURCING?

Call it hosting, call it managed services, call it whatever you like – **outsourcing** is the key to adding value to your business in terms of capability and capacity.

Typically, if you successfully outsource an application or a service to a trusted provider, you can expect more final output with a lower cost input.

BENEFITS OF OUTSOURCING

When you cut down the costs without losing the quality, everyone wins. Here are some other great benefits to outsourcing certain IT functions:

- **Control capital costs**
- **Increase efficiency**
- **Reduce labor costs**
- **Staffing flexibility**
- **Start new projects quickly**
- **Focus on your core business**
- **Level the playing field**
- **Reduce risk**
- *Read the entire article from The New York Times*

For roughly the price of one IT Administrator, you get an entire, highly qualified team at your disposal, 24/7/365.

THE LATEST TRENDS IN THE IT OUTSOURCING WORLD

[Daxx reports](#) that application hosting has replaced application development as the leading function in IT outsourcing, increasing by almost **10%** compared to previous years and with **57%** of businesses planning to outsource even more next year.

Outsourcing IT security remains unpopular despite studies showing the upward trend of cloud security, but reports prove that the best value is found with **outsourcing Disaster recovery, data center operations, e-commerce, and network operations**. When outsourcing these critical IT functions, businesses both cut down the expenses and increase the level of service.

As expected in an evolving industry, organizations are no longer just outsourcing to save money, but also to **gain agility** in other aspects of their business, including increasing their level and speed of service or improving their operational flexibility.

THREE OUTSOURCING TAKEAWAYS

The value you can expect from outsourcing critical components of your infrastructure can be boiled down to three main takeaways:

- You will see an **improvement in efficiency**
- You can now tap into a **larger talent pool**
- You will ultimately **lower the cost for consumers**

CHAPTER 3:

The Managed Services Edge
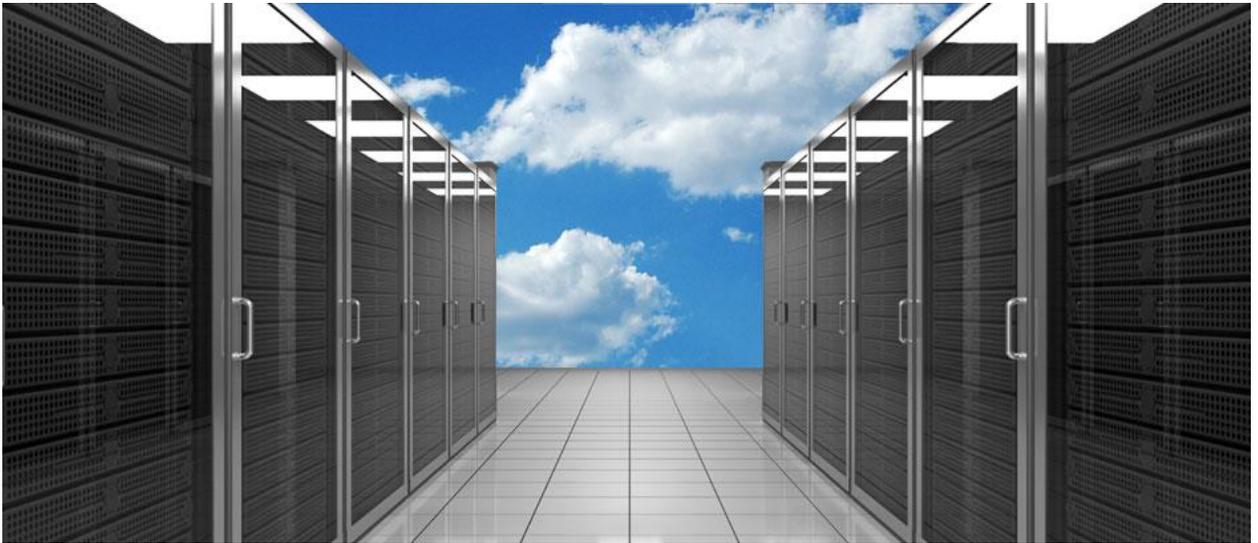
Your organization's cloud conversation has likely brought up the topic of managed services, or having a service provider handle the maintenance and support from within your own data center.

So how do you make budgetary sense out of managed services? It's easier than you think. After all, who is better equipped to remotely manage your IT services than a service provider that has been an expert in that field for as long as the technology has existed?

Consider this...

A [Computing Technology Industry Association poll](#) of 400 IT and business professionals found that **46%** of organizations that rely on managed service providers (MSPs) for some or all of their IT needs reduced annual IT budgets by at least **25%** as a result of adopting managed services.

13% estimated their savings at **50%** or more.

Another **50%** said they have cut annual IT costs by **1%** to **24%.**

*That's a whopping **96%** of respondents saying managed services saved them money!*

The CompTIA survey also found that **89%** of current managed services users are very, or mostly, satisfied with their experience, citing **uptime**, **security**, **agreeable contract terms** and **flexibility** as reasons for their satisfaction.

MANAGED SERVICES FOR YOUR ON-PREMISES DEPLOYMENT

For those that stay on-premises, there is still a way to save time and money through outsourcing. Using a hosting provider for your managed services will make your eventual move to the cloud seamless.

To start off, your infrastructure will remain in-house, but your support doesn't have to. Managed services help **supplement your on-premises investment** and ultimately prepare you for a cloud solution.

MANAGED SERVICES WILL PAVE THE WAY TO THE CLOUD

At the end of the day, every company has to upgrade their hardware eventually. **Skip the cost of the next refresh** by moving your infrastructure to a hosting provider and let them handle the maintenance, patching and upgrades.

Let's face it - **finding qualified, rapid support isn't easy**. And since expertise within specific applications is usually a niche within a niche, most businesses have to look beyond their IT staff (who specialize in their own particular skill sets) and find someone who's seen every version of the application and dealt with countless customizations and incidents that can come up.

THE KIND OF ESCALATION SUPPORT YOU CAN COUNT ON

With customized environments with countless working parts, it's critical to **have a backup plan**.

Every business can benefit from continuing their IT education and training and helping them evolve along with the technology, but when push comes to shove – you need a sure thing. Someone who can step in and identify and resolve an issue that is hindering your business from moving forward.

No one likes being woken up at 5am on a Sunday due to an issue with the infrastructure. Do your team a favor and **hand it off to the experts** that are available at anytime day or night and capable of making quick work of what could be a very time-consuming and costly problem for your staff.

PUT THEIR TALENT ON YOUR TEAM

Nobody wants to be stuck with a problem they might not be able to handle. They want an expert who can step in and wipe the issue away.

These specialists exist, typically within cloud service provider programs, and can assist your business by **offering support hours** that can be purchased when needed or hoarded in bulk. Typically, these hourly blocks can be flexible.

Once more, cost savings rears its beautiful head as you are free to channel the expertise of the hosting provider rather than pay to keep your personnel up to date on every aspect of the technology.
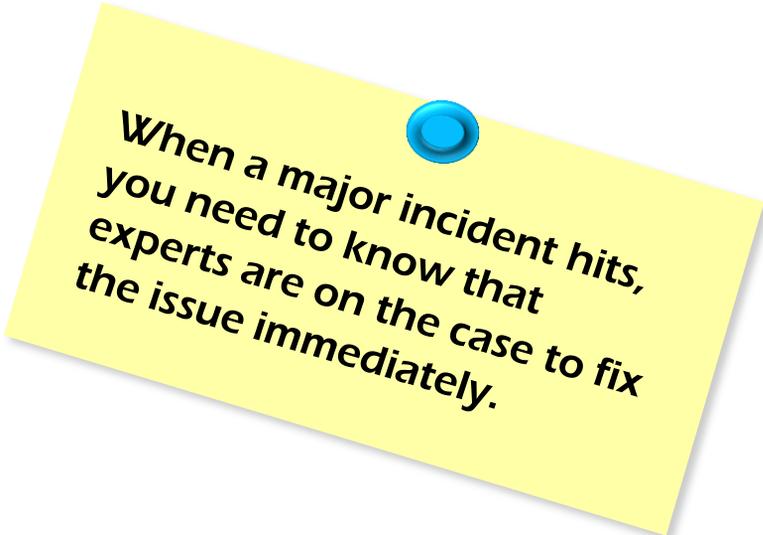
When a major incident hits, you need to know that experts are on the case to fix the issue immediately.

CHAPTER 4:

Getting Your Feet Wet

The Aberdeen Group reported that on average, it takes organizations **2.5 years to make the move to the cloud**. In that time, most businesses plan to employ a hybrid solution that takes parts of their business to the cloud, piece by piece.

Gartner calls it as it is:

"The use of cloud computing is growing, and by 2016 this growth will increase to become the bulk of new IT spend, according to Gartner, Inc. 2016 will be a defining year for cloud as private cloud begins to give way to hybrid cloud, and nearly half of large enterprises will have hybrid cloud deployments by the end of 2017."

And don't worry about security:

Our eBook "The Current State of Cloud Security" covers this extensively, but more and more organizations are realizing how robust cloud providers' data centers can be and how much more cost effective it is to rely on their state-of-the-art safeguards and protective measures. Third party software allows encryption measures that even keep hosting providers from seeing the data. *They house the data, you hold the keys*.

Need more proof?

Why else would over half of the US government utilize the cloud and spend about **$2 billion annually** on cloud services? And while experts consider the US government to be the biggest cloud user in the world, it's actually the Banking industry that contributes the most activity in the cloud. Thanks to mobile banking, the cloud demand almost doubled in 2013.

CHAPTER 5:

Conclusion

Whether your organization needs to cut costs, add more experience, more support, better security, or just empower their team with more technology-specific expertise that lets them refocus their efforts on other ways to move the business forward, **managed services are the best way to transition from an on-premises deployment to the cloud**.

SO WHERE DOES THAT LEAVE YOU?

If you're not seriously investigating a route to the cloud at this point, you need to start.

And while a full step into the cloud may be five years away, your organization can **begin preparing** for a world where they can get more done with less headaches and less costs.

Consider what aspects of your business are better suited under the care of service provider experts who will monitor, maintain and manage whatever IT functions you need, leaving your team **free to refocus on your core competencies** and develop an edge in your industry.

Most consultations with cloud and managed service providers are free. Take advantage of this when architecting your company's cloud plan.

WE'RE READY TO HELP MAKE A DIFFERENCE

We'd love to chat with you about the different ways we can help your business start getting its feet wet in the cloud.

Whether you need to supplement your current situation with some expert support, improved efficiency, robust security, hardware or application maintenance, software or system upgrades or just get some advice from someone with experience, **Fpweb.net is happy to show you the difference we can make for your business**!

Free Consultation

Call Fpweb.net today at 866-780-4678 or email us at sales@fpweb.net