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I. Private Cloud: Making IT a business partner vs. capacity provider

The continuous enhancement of IT has been both a boon and burden for IT managers. IT has an ever increasing list of choices for infrastructure evolution - from delivery methods to architectures, open source technology, and multiple forms of cloud, the options for how to deliver IT capacity have expanded significantly (see Figure 1). The enduring struggle for IT, however, is how to transition from being solely a tools provider for IT capacity into a more strategic role working alongside the business to deliver solutions that include necessary IT capacity.

FIGURE 1
CUSTOMER PURCHASING DECISIONS – PUBLIC, PRIVATE, HYBRID CLOUDS

This trend is evident in the early adoption of private cloud solutions, with most being applied to horizontal workloads like general compute or storage versus horizontal workloads like ERP or other specific business applications. This trend will shift over the next 18 months, however, as customers use the flexibility and control of private cloud to bridge the gap between traditional and cloud-based IT delivery. The result is more vertical-focused private cloud adoption and the enhancement of IT’s ability to begin addressing business requirements by matching the right delivery method and technology to the workload.
II. Adoption will grow in breadth and depth

Though barriers – both psychological and practical – remain, the trial phase of private cloud adoption is well under way. As illustrated in Figure 2, a third of respondents have already adopted cloud, and nearly as many are planning to in the next 18 months. By the end of 2013, more than 60% of customers will have implemented some type of private or hybrid cloud solution within their IT infrastructure.

FIGURE 2
PRIVATE/HYBRID CLOUD ADOPTION RATES

Despite the upsurge in adoption for private and hybrid solutions, it’s important to put that adoption in perspective from a depth context. Compared with some of the other leading IT delivery methods, private and hybrid clouds still touch a relatively small portion of workloads for customers that have adopted, as shown in Figure 3. However, that depth will grow as customers increase their comfort with the delivery method and look to replace or supplement traditionally delivered on-premises solutions, which was one of the largest private cloud purchase drivers for early adopters.

FIGURE 3
THE ROLE OF PRIVATE CLOUD WITHIN THE IT DELIVERY SPECTRUM

“I think there is a major shift taking place right now with cloud development. When you can’t touch and see your data and your equipment, that’s a mental problem that we need to get beyond…”

– IT Director

“Non-Adopters
31%

Adopters
35%

Future Adopters
34%

SOURCE: TBR SUMMER 2012 PRIVATE/HYBRID CLOUD COMPUTING ADOPTION STUDY; N=435

Though barriers – both psychological and practical – remain, the trial phase of private cloud adoption is well under way. As illustrated in Figure 2, a third of respondents have already adopted cloud, and nearly as many are planning to in the next 18 months. By the end of 2013, more than 60% of customers will have implemented some type of private or hybrid cloud solution within their IT infrastructure.
When asked about future adoption considerations, the feedback was clear – not only will more customers complete their first implementation, but the size of purchases will grow for all private and hybrid cloud adopters. The result will be both a horizontal and vertical expansion of private cloud adoption through the end of 2013.

DELIVERY METHODS – PRIVATE AND HYBRID CLOUDS

Behind the shallow but rising adoption is a drive by customers to achieve not only cost efficiencies but business improvements in development and delivery through private and hybrid cloud computing. Though private cloud has become synonymous with secure cloud, for adopters the benefits extend well beyond security and compliance.

When evaluating clouds, few homogenous solutions exist. In looking at private clouds, these customers have a secondary layer of consideration to account for – aligning workload to delivery method. For many customers with longer time-frames, funds available for investment, and sufficient in-house skills, the self-built method of private cloud is the best fit. However, in speaking with customers, this trifecta of qualifications (time, funds, skills) exists in a minority of customer accounts. Most private cloud evaluators have significant gaps in at least one of those areas, making either appliance-driven cloud or service-provider-delivered cloud a better fit to balance business and IT requirements (see Figure 4).

![Figure 4: Workload Migrations to Private and Hybrid Clouds, by Type](source: tbr summer 2012 private/hybrid cloud computing adoption study; n=435)

The time, skills and investments needed to deploy and maintain private cloud solutions remain the primary barriers for customers to adopt, and both the service-provider-delivered and appliance private cloud deployment methods alleviate these barriers to entry. For service-provider-delivered private clouds in particular, customers see value in being able to leverage third-party skills to assemble private cloud assets with preferred payment methods matching cloud consumption – reducing up-front expenses and driving adoption.

“We decided to move workloads that were most critical to our business and complex in nature to private cloud.”

– Senior Director, IT
III. How service partners are helping accelerate adoption

Customers have two distinct choices for partners in purchasing private and hybrid cloud – infrastructure vendors (software and solutions) as well as service providers. TBR research shows leading vendors selected by customers to provide components for “self-built” (customer-constructed) private clouds include Microsoft, HP, VMware and IBM. VMware’s inclusion in the list underscores the importance customers place on including server virtualization in private and hybrid clouds. TBR believes all four of these companies have product portfolios ready to serve cloud purchasers that can both understand the benefits of cloud and are confident in their own abilities to construct, scale and manage cloud deployments.

Many customers are looking to service providers for both the delivery of private cloud itself and for professional services around the consumption. TBR research and analysis shows that across respondent segments, the most popular purchasing option for private clouds among current and future adopters is through service providers.

TBR sees service providers as critical enablers of customers initiating first deployments of private and hybrid cloud, in particular those vendors that are elsewhere within a customer’s environment. As trusted advisors, service providers can design, implement and scale a private or hybrid cloud deployment for a customer – minimizing burden while increasing the potential benefit to the business.

IV. BizCloud’s alignment with the drivers and barriers of private cloud adoption

In designing its BizCloud offering, CSC has addressed both the current barriers and adoption drivers in a way few solutions can. By positioning itself between customers and the actual IT assets, CSC becomes an important broker that accepts much of the risk holding back customer adoption while enhancing many of the attributes that make private cloud an attractive and growing delivery mechanism.

CSC’s adoption accelerators:

• Clear ROI: With a new delivery method, many customers do not have the experience and information to build a clear business case for private or hybrid cloud adoption. With its consulting expertise, CSC can work alongside customers to build the business case to move forward with BizCloud-delivered cloud services.

• Flexible pricing: Rather than requiring customers to procure assets up front, BizCloud’s flexible pricing provides the options customers need to select the best pricing schedule based on their requirements.

“Everything about the cloud changes every week — there are new features and functionality, new security layers, etc. For smaller companies...if they are not reaching out for outside help they are making a mistake — you need a team of experts to navigate those waters.”

– IT Director
Furthermore, CSC’s BizCloud allows customers to overcome top adoption barriers:

• Compliance, security and sensitivity: These were identified as the top 3 adoption barriers, all of which can be identified and mitigated using the flexible delivery models for the BizCloud solution. Furthermore, CSC brings a proven track record of meeting regulatory requirements and working with high-security government workloads.

• Implementation cost & time: Selected by customers as the 6th and 7th largest adoption barriers, these fit tightly with the core BizCloud value proposition. By choosing BizCloud, customers have a set deadline and cost for implementation that can be as short as 10 weeks.

CSC’s experience in data center support and delivery has fueled the construction, in CSC BizCloud, of an offering that TBR sees as tightly aligned to customers’ needs in this market. We maintain that CSC BizCloud pricing is designed to align with customers’ existing expectation of service providers – positioning CSC to deliver innovative services within expected pricing parameters, and doing so with a commitment of 10 weeks.

CUSTOMER HIGHLIGHT: H.D. SMITH

For H.D. Smith – a healthcare distributor headquartered in Springfield, Illinois – and Chief Information Officer David Guzmán, the journey to the cloud started as a response to business needs. Guzmán evaluated both the need to differentiate based on technology and the need to maintain cost competitiveness with larger competitors. H.D. Smith pursues technology innovation as a revenue driver – and sought cloud capabilities to expedite service delivery to their customers.

As the company considered purchasing options, Guzmán and the H.D. Smith executive team looked to partner-led implementations, in order to drive the maximum value for investment without expanding H.D. Smith’s staff needs and capabilities outside core capabilities. They sought a partner that could deliver an end-to-end cloud (Software as a Service, Infrastructure as a Service, Platform as a Service and Desktop as a Service), along with professional services support. Moreover, they sought a cloud provider that could create a tailored deployment – their entrepreneurial vision for growth – that would deliver H.D. Smith the right cloud for current needs as well as long-term growth. They elected to go with CSC as their cloud service provider – attracted to CSC’s strategic approach to cloud and CSC’s ability to manage H.D. Smith’s enterprise while also delivering services to H.D. Smith’s end customers.
V. Summary

PRIVATE AND HYBRID CLOUD WORKLOAD MIGRATION AS A BUSINESS DRIVER

Private and hybrid cloud purchasing is at a point of inflection. Purchasing cloud components and integrating them – the do-it-yourself cloud – can be as expensive and difficult to implement. This approach is rapidly eroding as customers gain experience with new cloud offers. Through flexible offerings like CSC’s BizCloud, customers can gain access to all the performance, reliability and cost benefits of private cloud services without the associated risk, expense and time to build their own solution.

Beyond the evident IT delivery benefits, increasing private and hybrid cloud adoption also holds great promise for elevating the position of IT from tools provider to strategy business partner. With the improved management, performance and cost efficiency of private cloud solutions, IT has new latitude to look proactively alongside business constituents at workloads driving the IT requirements, instead of just responding to them.

“The ideal situation for IT is to become more of a cloud broker, to help the business decide the best place for the workload, whether it’s internal or external.”

– IT Director
VI. Definitions

CLOUD DELIVERY METHODS

Public Cloud: Available to the general public/large industry; it is off premises, owned by the organization selling cloud services.

Private Cloud: Operated solely for an organization; it may be managed by the organization or a third party, and may exist on premises or off premises.

Hybrid Cloud: A composition of two or more clouds (private, community or public) that remain unique entities but are bound together by standardized or proprietary technology that enables data and application portability (e.g., cloud bursting for load balancing among clouds).

Cloud Software as a Service (SaaS): The capability provided to the consumer is to use the provider’s applications running on a cloud infrastructure. The applications are accessible from various client devices through a thin client interface such as a Web browser (e.g., Web-based email). The consumer does not manage or control the underlying cloud infrastructure, including network, servers, operating systems, storage or even individual application capabilities, with the possible exception of limited user-specific application configuration settings.

Cloud Platform as a Service (PaaS): The capability provided to the consumer is to deploy onto the cloud infrastructure consumer-created or acquired applications created using programming languages and tools supported by the provider. The consumer does not manage or control the underlying cloud infrastructure, including network, servers, operating systems or storage, but has control over the deployed applications and possibly application hosting environment configurations.

Cloud Infrastructure as a Service (IaaS): The capability provided to the consumer is to provision processing, storage, networks and other fundamental computing resources where the consumer is able to deploy and run arbitrary software, which can include operating systems and applications. The consumer does not manage or control the underlying cloud infrastructure, but has control over operating systems, storage, deployed applications, and possibly limited control of select networking components (e.g., host firewalls).

SOURCE: NIST
About TBR

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