



# BUSINESS RUNS ON THE CLOUD

The C-suite takes control



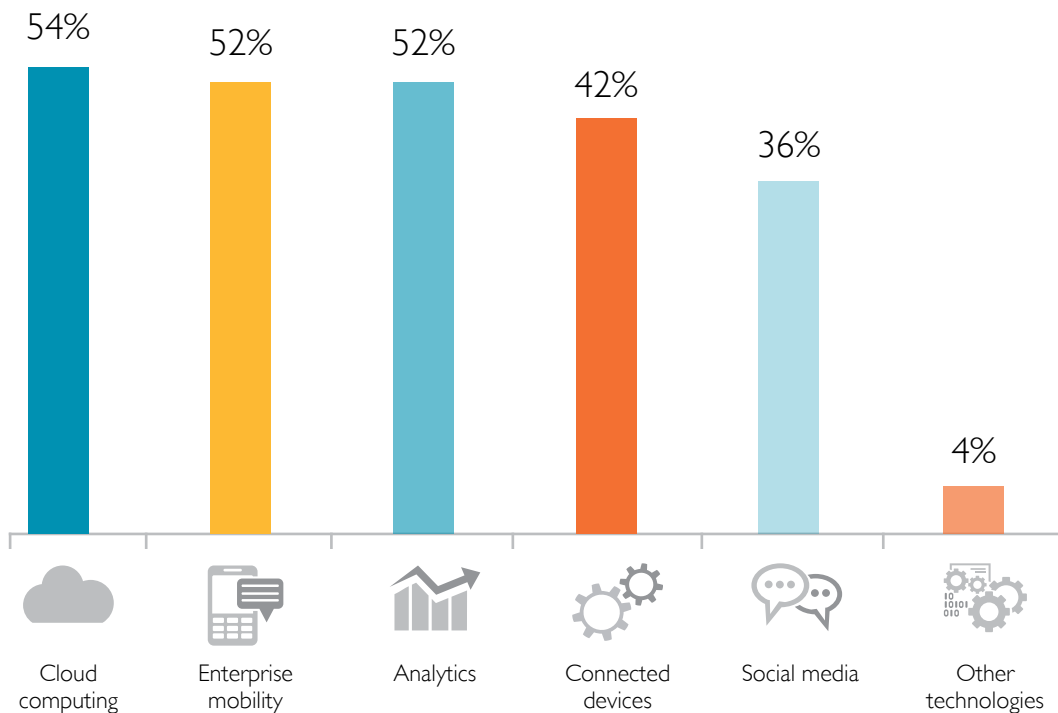
## About the research

This new Wipro research explores the role that business leaders believe disruptive technologies will play in their organizations in future. It also examines the increasing influence of business leaders who are non-technology specialists - such as CFOs, CMOs, and CHROs - in the purchase decisions of technology solutions, their preferences and concerns in the adoption of disruptive technologies. The report is based on a survey of 144 finance, marketing and human resources leaders' at large companies – those with annual revenues of at least US\$500 million – across Asia Pacific, North America and Europe.

## Executive summary

- **Business leaders believe technologies like Big Data Analytics, Cloud, Mobility (SMAC) are critical to meeting organizational goals.** 54% of company executives believe the cloud will be vital to the future development of their organizations, with mobility and analytics at 52% each. Two-fifths say cloud will deliver greater IT flexibility, enabling business functions to become more innovative, while one-third (32%) highlight cloud's role in getting products to market faster.

### Which of the following technologies do you consider critical for the future prospects of your organization?



Source: Wipro Research Survey 2014

- **CXOs especially in finance, marketing and HR functions are increasingly influencing technology strategy of their enterprises.** Nearly three-quarters (71%) of finance respondents said their influence in helping to determine their organization's strategic technology direction has risen in recent years. They're not alone: 56% Chief Marketing Officers (CMOs) and 65% Chief Human Resources Officers (CHROs) agree too.

- **Business leaders consider cloud to be the core platform, a cornerstone to adopt disruptive SMAC technologies for business success.** Finance, HR and marketing leaders are all becoming more involved in setting a robust cloud strategy. HR leaders are focused on creating enterprise-wide platforms to monitor employee performance better and improve productivity; finance is seeking to leverage cloud as a platform for Big Data and analytics; and CMOs are innovating their CRM systems to provide a connected experience to customers through social and mobile platforms.
- **Companies are seeking more efficient and cost effective ways to migrate to the cloud.** CXOs feel that the two of the most significant barriers to cloud migration, after security concerns (40%), are the complexity (36%) and cost of the migration process (31%). This reflects the fact that corporate adoption of cloud computing is now gathering pace, moving from trial adoption to the mainstream. As part of this transition, there are several approaches that leading companies are adopting to improve performance here, including the creation of enterprise-wide procurement registers and cloud governance frameworks, and the use of specialist system integration solutions<sup>1</sup>.

## Introduction

Business leaders in areas such as finance, HR and marketing are deepening their influence on technology-related decision making in order to migrate their own systems to the cloud, analytics and mobility platforms. One Gartner analyst has even argued that by 2017, the CMO will spend more on IT than the CIO<sup>2</sup>. True or not, the point remains that non-IT executives are having a greater say in the adoption of new-age technologies, a clear break from how technology has been bought until now.

Our survey results tell us that these three line-of-business leaders – CFOs, CMOs, and CHROs – are being entrusted with greater budgets for SMAC investments and that they increasingly view cloud as an integral means of achieving their functions' goals.

Large organizations are putting long-term faith in the cloud. By 2020, analysts predict that business spending on cloud computing will reach US\$150 billion<sup>3</sup>. The cost advantages and business agility that cloud can provide, create a sufficiently compelling case for investment. More importantly, cloud and other SMAC platforms can increasingly provide businesses with opportunities to innovate, streamline, and speed up their processes.

## Banking on the cloud

According to our survey, the majority (54%) of business leaders feel that cloud computing is critical in meeting organizational goals such as growth and expansion, and improved customer satisfaction.

What is increasingly clear from our research is that the potential of cloud technology as a platform for innovation is making it too valuable for companies to ignore. Those executives in our poll, are putting it to use to achieve competitive advantage in a wide range of ways, from enhancing internal processes to providing new offerings and services for customers. "We're making use of a variety of cloud technology applications in our customer-facing world, and increasingly applying the technology for internal data mining too," says Kim Metcalf-Kupres, CMO at Johnson Controls, a multinational conglomerate.

The role of cloud as a platform for new breeds of applications makes it a key resource for companies seeking to deliver extra value to customers. It is opening up vast opportunities for product and service innovation, whether through the sea of applications accessible through smartphones, or the increasing trend of linking everyday objects to the internet, such as enhancing running shoes with built-in sensors, for example. All of these things are made possible by the cloud.

Johnson Controls is taking advantage of cloud's ability to underpin data analytics to improve its building management systems. "We can tap into the data that is available in our HVAC (heating, ventilation and air conditioning) equipment through diagnostic tools that our service technicians use remotely, to actually monitor and predict conditions or service issues ahead of time," says Ms Metcalf-Kupres. "There is also a fair amount of integration to disparate systems within a building, and cloud connectivity offers opportunities to get a more seamless view of the various systems operating within a facility," she adds.

A key advantage of the cloud as a platform for innovation lies in its agility. It opens up the possibility for business leaders to test new ideas quickly, accessing the necessary software and infrastructure from external service providers, without the need for large upfront capital investment.

**Underlining their appreciation of this agility, the top benefits that business leaders in our survey hope to gain from deploying cloud-based solutions are greater IT flexibility (40%), followed by reduced support costs (35%).**

<sup>1</sup>Integrating Cloud With Traditional Application Services Requires Governance, Service and Operational Controls, Gartner, February 2014.

<https://www.gartner.com/doc/2670618/integrating-cloud-traditional-application-services>

<sup>2</sup>Five Years From Now, CMOs Will Spend More on IT Than CIOs Do, Forbes, February 2012.

<sup>3</sup>The five faces of the cloud, Bain & Company publications, March 2014.

“Cloud certainly allows us to move faster and to be more nimble. Its flexibility makes more options available with a broader pool of innovators both inside and outside the company,” explains Ms Metcalf-Kupres.

Amitava Sharma, Vice President at Wipro Limited, says it is cloud’s potential as an enabler of innovation that is the focus of most organizations today. “The first wave of cloud was largely focused around cost saving driven by converting capital expenditure to operating expenditure, but the next wave is about making cloud an integral part of the overall advanced technologies portfolio. In turn, this is enabling organizations to focus on streamlining business processes and helping them adopt new business models faster, and in an agile way,” he explains. From global consumer goods companies rolling out online marketing campaigns that can scale in line with demand, to national weather service providers such as the UK’s Met Office, tapping cloud computing to mine complex datasets without the need for internal data centers through its Weather Observation Website (WOW) service, cloud is being used to support a growing range of innovation needs.

The upshot is that many organizations are now factoring the impact of cloud into their strategic planning and projections for achieving growth targets<sup>4</sup>. Our survey results clearly indicate that investment budgets allocated to cloud spending are being ramped-up: 69% of respondents report an increase in budget specifically for cloud-based technology investment.



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<sup>4</sup>Disruptive technologies: Advances that will transform life, business, and the global economy, McKinsey & Company, May 2013.

## The five-point plan for seamless migration to the cloud

Among those organizations surveyed, many find the process of migrating systems to the cloud both complex and costly: 36% cited complexity associated with migration and integration as one of the top three barriers for them, while 31% said the same about migration cost. Following concerns over security, these are the greatest adoption barriers that companies cite.

Based on Wipro’s research and experience in this area, we have been able to devise the following guidance that will help companies deal with these issues and manage the migration to cloud systems better:

**1 Create a central register of approved service providers.** This should be used to ensure there is a standard set of criteria that all providers must meet before new cloud systems are procured across the business.

**2 Set out a governance framework controlled by IT.** This will enable IT to maintain oversight of cloud systems that are adopted, ensuring that the business gets the best value for money from providers.

**3 Migrate applications that are well-suited to cloud deployment.** Think about which applications will be best suited to a hosted, virtual or cloud deployment, to avoid unnecessary complexity with those that have poor compatibility.

**4 Automate application compatibility testing, fixing and packaging.** Cut the cost and time involved in completing this phase of integration by automating these processes. Vital if adopting multiple cloud solutions.

**5 Make use of specialist system integration solutions.** A number of IT service providers are beginning to offer tools that help businesses to integrate new cloud services smoothly and unify their management.

## The cloud across functions

Cloud is not only shaking up how firms innovate, but also how they buy their IT services in the first place. In our survey, the majority of respondents in finance, HR and marketing all reported that their influence in the organization’s strategic technology direction has increased over the last 12 months.

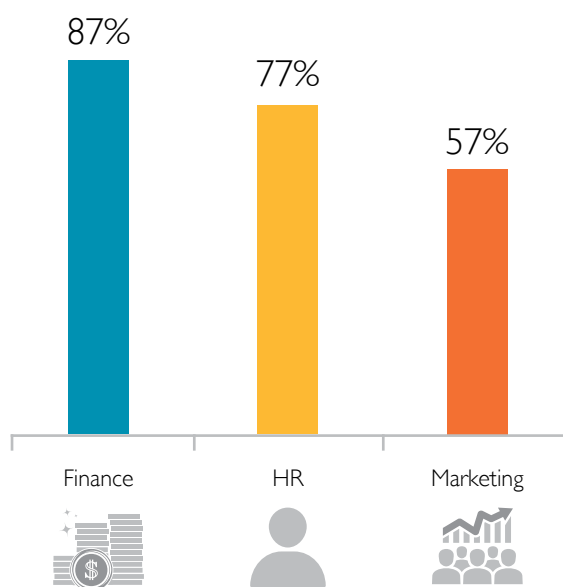
Cloud is clearly a major catalyst for this. The nature of the marketplace is changing such that the companies that are highly successful are those that are sustainably and repeatably innovative, and many companies are addressing this by thinking outside their traditional organizational structures to some extent. Given the ease with which they can be implemented, the emergence of cloud applications has made it simpler for business unit managers to take the lead on technology adoption.

Our research highlights how this trend is playing out in each of the three key functions assessed in the survey.

## I. CFOs move to the Cloud

Broadly speaking, finance has been one of the fastest functions to recognize the benefits of cloud and drive adoption of new systems. In our survey, finance leaders exhibited the most confidence that cloud solutions will help them achieve the goals of their function in the next 12 months – **87% agree, indicating a strong awareness of the potential benefits that the cloud offers for them.**

**To what extent are you confident that cloud-based solutions will help you to deliver on the goals for your function in the next 12 months?**



Source: Wipro Research Survey 2014

This can partly be attributed to the pressure on today's CFOs and finance leaders to play a greater strategic role. In a recent research report from specialist finance recruiter Robert Half, 66% of finance leaders asked said their finance team is either making widespread use of cloud computing technology or that it is core to what they do<sup>5</sup>. Their desire to experiment more with technology in a bid to drive strategy also means that CFOs

<sup>5</sup>Finance with Foresight, Robert Half, April 2014

<sup>6</sup>The CFO as Catalyst for Change: How finance can take the lead in business transformation, Oracle, May 2013

<sup>7</sup>Why SaaS HR Software Is Ready to Take Off, CIO 100, July 2013

are, in many organizations, the most experienced business leaders outside of IT when it comes to identifying and implementing new technologies.

Cloud technology is a key enabler for companies seeking to grapple with big data and analytics, thanks to its scalable compute power. This technology is one of the factors helping CFOs become catalysts for change within organizations, by helping them gather and identify actionable insight with which to influence their wider corporate strategy<sup>6</sup>.

In our survey, 47% of finance respondents agree that they will increasingly use Infrastructure as a Service (IaaS) for on-demand computing and on-demand storage in the next 12 months, higher than for HR and marketing respondents. "Since the volume of real-time transactional data is huge, it is only cloud platforms that can handle it, whether it's coming from machines directly through sensors, or whether it's coming from human beings on the basis of the transactions that they do on social or other platforms," says Amitava.

But finance has other priorities for cloud too. In our survey, the top three benefits that finance leaders expect their organization to gain from cloud-based solutions in the next 12 months are: **improved decision-making and automated process flow (39%); increased IT resource utilization (33%); and accessing cutting-edge technologies, such as embedded business analytics and social collaboration (32%).**

Amitava argues that the finance function's adoption of cloud is often driven by the desire to streamline backend operations, rather than significantly disrupting the business model. "The processes that are very core to the business with respect to decision-making, such as the management reporting, are still to a certain extent kept in-house, but transactional processes that can be streamlined with a lesser degree of customization, and can be aggregated to achieve economies of scale are moved to the cloud," he says.

Three-quarters of finance leaders also reported some degree of budget increase for cloud-based investments, reflecting greater control being distributed to the finance function for technology spending. The trend of finance increasingly partnering with other areas of the business means that many CFOs have already been building stronger relationships with CIOs, and this will provide a platform for successful collaboration on new cloud projects that are launched as they put these increased budgets to work.

## 2. CHROs lead with the Cloud

Finance leaders are not the only ones seeking to add value in their function through utilizing cloud technology – CHROs are increasingly taking the lead on adopting virtual systems too.

An estimated 90% of Fortune 1000 companies plan to replace their human resources management software by 2017<sup>7</sup>. This is clear from our survey too, where a greater proportion of HR leaders than those in finance or marketing said they plan to make greater use of **Software as a Service (SaaS)-based Enterprise Resource Planning (ERP) solutions, and SaaS messaging and collaboration solutions (46% versus 43% and 29%, respectively).**

Cloud solutions can deliver clear benefits in an HR context. For larger organizations, introducing global platforms can enable HR leaders to monitor employee performance across the group, helping them to better allocate resources for driving improvement. They can also help to provide real-time information about employees across the business and ensure that HR processes are updated in accordance with the latest advances and legal issues in the area.

Amitava says for larger organizations, the ability to integrate new employees more quickly and efficiently as they expand is a huge benefit. "As organizations are becoming more globalized, they want to induct new employees in remote locations as fast as in their domestic locations. It is far faster, cheaper and simpler to achieve this if your HR application is in the cloud, rather than on-premise," he says.

## Case study: Cloud-enabled HR

### The HR challenge

In late 2011, a large European telecommunications company initiated a project to transform into a digital telco. As part of this, the group's HR function would need transforming into a digital operation. At the time, the group had around 6,000 employees across 16 countries, with multiple HR teams, with different processes, using different HR systems ranging from very basic to high-end ERP platforms. The task was to improve performance by hiring the best people, developing the right employees skill sets, and establishing new ways of working in the digital organization.

### Utilizing cloud

At the outset, the telco was in the midst of a new implementation, but the time constraints for the HR transformation made SaaS an attractive solution as it meant they didn't have to embed the full infrastructure needed to run a global application. By adopting a cloud solution, they were able to install a new global platform and embed a new HR operating model across all HR teams.

### Reaping rewards

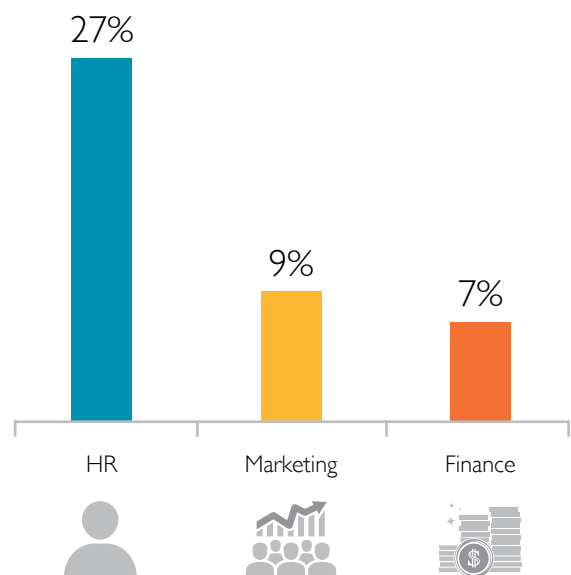
The system enabled HR to implement global processes. In 2013, the firm's HR team executed a full performance management cycle on a global basis, incorporating all employees on the same platform, with the same rating scale. This allowed them to report on areas of high performance, and to understand where improvement is needed. As a mobile driven solution, it has also enabled executives to view reports on tablets, appealing to the digitally driven workforce. Over the last 12 months, new functionality such as talent modules and absence management have been added, and the firm's reporting capability enhanced.

The areas our HR survey respondents identified as having the greatest potential to be improved through cloud solutions were: accessing cutting-edge technologies such as **embedded business analytics and social collaboration (33%); increasing productivity (30%) and a greater ability to focus on strategy and core competencies (30%)**. The use of cloud-enabled enterprise collaboration tools is helping firms to fundamentally reinvent how they are managing their business. It brings huge potential for enhancing knowledge transfer and the sharing of expertise, enabling employees from across organizations to be more innovative and increase productivity.

According to our survey results, the HR function has seen the largest jump in budget increases of more than 30% specifically for cloud investment, ahead of finance and marketing. This suggests that organizations are realizing the value cloud can bring for HR processes and are entrusting greater resources to HR leaders to exploit these opportunities.

“ The HR function has seen the largest jump in budget increases of more than 30% specifically for cloud investment, ahead of finance and marketing. ”

Number of respondents whose cloud technology budget has increased by more than 30% in the last 12 months:

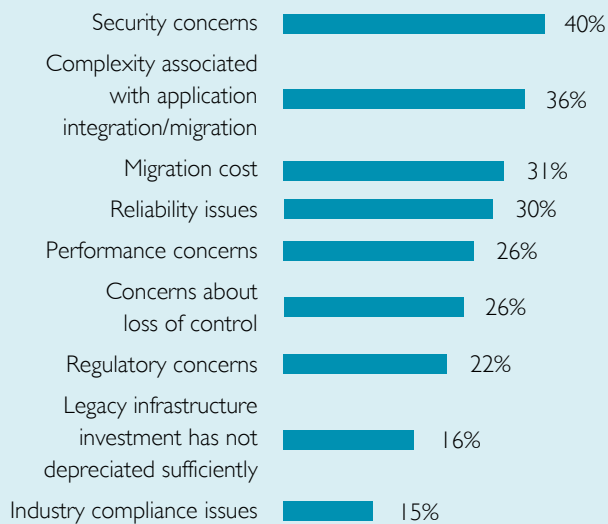


Source: Wipro Research Survey 2014

## The future of cloud security

According to our survey data, concerns about security, above all else, remain the biggest barrier to organizations adopting cloud solutions.

### Which of the following are the top three barriers for your organization in deploying a cloud-based solution?



Source: Wipro Research survey 2014

However, large strides are being made in this area – cloud service providers and governments are devoting huge attention to improving security measures to make services more attractive to businesses, and to protect the increasingly vast volumes of important data being stored in the cloud.

Cloud providers are spending more money on cyber security than companies themselves, and this spending is predicted to continue increasing year-on-year until at least 2017<sup>9</sup>. Other developments are also helping: at the end of 2013, the Cloud Security Alliance (CSA) and British Standards Institute (BSI) launched the STAR certification program to assess providers' security capabilities. Meanwhile in the US, the government has created the Federal Risk and Authorization Management Program (FedRAMP) to provide a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services.

As the demand for data storage continues to increase at a rapid rate, driven by mobilization and the consumerization of IT, the cloud is becoming the only feasible option for the future. Governments all around the world are beginning to recognize this, and as supranational bodies such as the European Commission push it higher up their agenda, security will likely continue to improve dramatically in the years ahead.

## 3. CMOs run with the Cloud

For marketing leaders, the benefits of cloud are largely centered on enhancing the organization's external proposition.

The marketing respondents in our survey said the top three benefits they expect to gain from cloud-based solutions in the next 12 months are: **increasing sales force expertise and effectiveness (30%); taking new products to market faster (27%); and improved customer satisfaction (27%)**. Johnson Controls' Ms Metcalf-Kupres says this reflects her experience, and adds that the increased access to data analytics is enabling Johnson Controls to integrate and transport data related to sales effectiveness, product introduction and customer satisfaction on a much greater scale than in the past. "The ability to take engagement with our customers in a portal setting and import that into our CRM system, or to do periodic surveying and have those outcomes automatically populate CRM and translate into actionable issues for our sales force, whether specific or thematic – across a product, geography or brand – allows us to have much better quality and more actionable information," she explains.

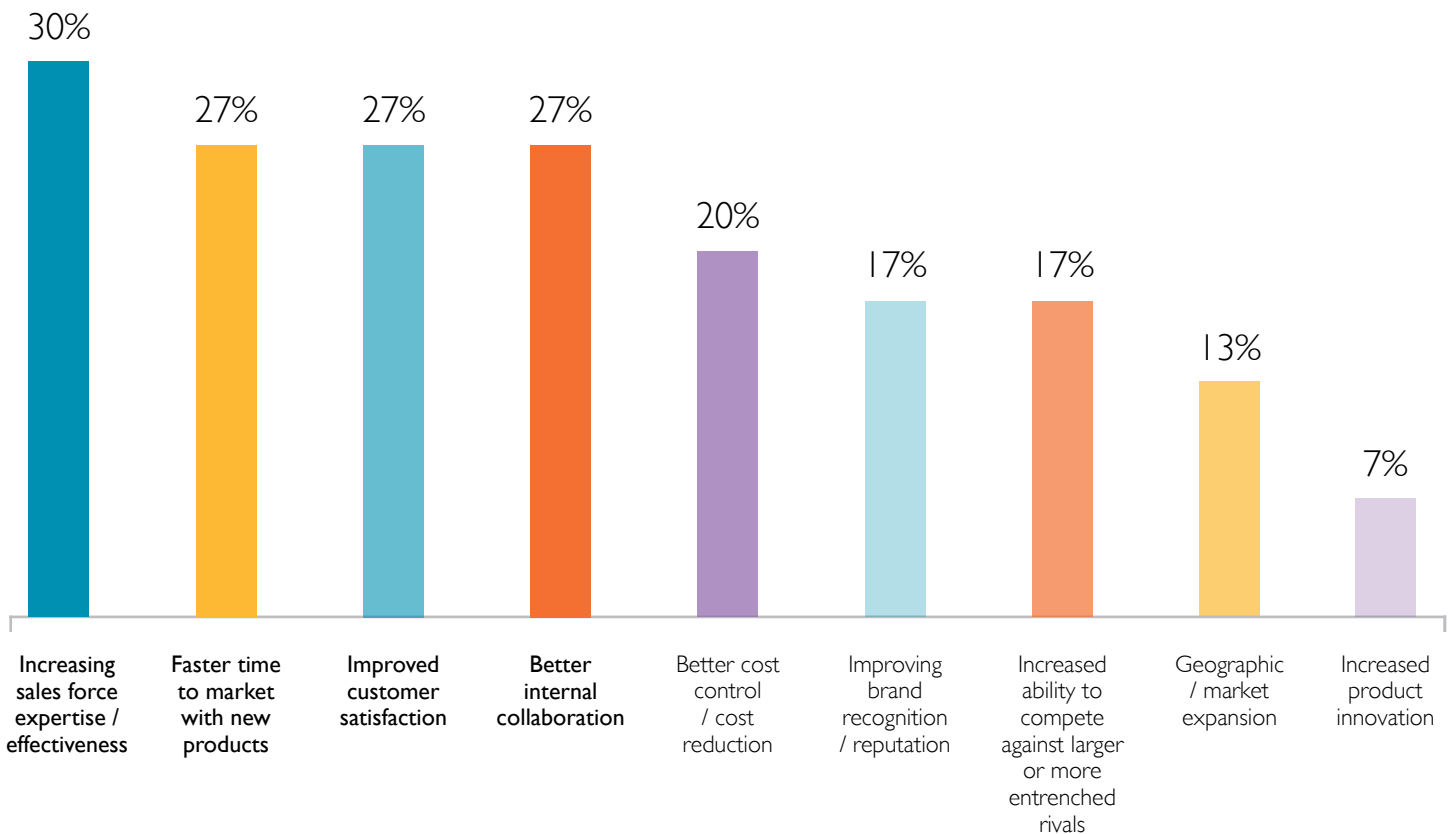
Meanwhile, Amitava says moving customer relationship management (CRM) from an on-premises application to the cloud is greatly enhancing the customer experience. "Many cloud CRM applications are already mobile-enabled so irrespective of my location, if I'm in front of my customer, I'm in a position to access their data on a real-time basis. I can access my company's product information on a real-time basis too, so can offer my proposition to the customer right there and then," he says.

Our survey suggests that customer-facing business functions such as marketing and sales are increasing their share of the cloud application budget in many organizations, in a bid to bring themselves closer to customers. Some cloud-based applications have become such an integral part of Johnson Controls' marketing analytics capability that the budget for these is managed jointly by marketing and IT. "There are components within the IT budget that are earmarked for the critical applications that our commercial teams drive, and then there are other cloud applications that are more third party hosted – such as some of our web analytics, social media monitoring and marketing analytics tools – that are increasingly now becoming part of my core marketing budget," explains Metcalf-Kupres.

The top three biggest improvements that marketing leaders want to see in the next 12 months – **enhanced market intelligence (63%), better executed marketing campaigns (50%) and increased sales (47%)** – are all areas where cloud solutions can make a direct impact. Indeed, cloud is providing a platform for organizations to dramatically enhance the efficacy of their marketing campaigns. It offers the potential to combine email, social, web and mobile marketing campaigns to target consumers in a tailored way, and to increase the interactive nature of campaigns.

<sup>9</sup>Accelerating cloud adoption with standard security measures, IDC, March 2012  
<http://www.opendatacenteralliance.org/docs/1264.pdf>

What are the top 3 benefits you expect your organization to gain from cloud-based solutions in the next 12 months?



Source: Wipro Research Survey 2014

At the same time, it is enabling vast amounts of customer data to be collected and stored, which can then be used to more effectively target marketing and sales at potential customers. For example, organizations are making more use of Business Process as a Service (BPaaS) to manage customer service data and feedback through multiple channels such as social media, email and telephone. "Firms are looking for a service provider in a BPaaS world to put a cloud platform in place that is integrated across multiple interaction channels on a real-time basis, and is integrated with the knowledge management server and the analytics engine, to provide a consolidated view of the customer perception so that proactive action can be taken," says Amitava.

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## Conclusion

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CXOs and line-of-business leaders are becoming far more active and influential in their enterprise technology investment decisions. This research highlights that CFOs, CHROs and CMOs are all being entrusted with greater budgets to invest in cloud projects. And they are each creating value through cloud in their own way. For instance, finance is focusing on its ability to enhance decision-making through its role in data and analytics; HR leaders are taking advantage to boost their strategic cloud; while marketing is improving customer loyalty through enhanced experiences.

Many businesses are moving their systems and processes into the cloud, as its ability to provide a platform for innovation, and to improve the efficiency of business processes becomes a vital source of competitive advantage.

While there are barriers to adoption, organizations can put better measures in place to help cut cost and ease migration issues, while lessening the security risk of cloud adoption. The creation of governance frameworks and central cloud procurement registers will form part of the solution here. But greater pressure needs to be put on cloud providers and those policing them too, in order to ensure standards are raised sharply for all organizations to place trust in their services.

The rate at which organizations are migrating their systems to the cloud is accelerating—and along with this, it is becoming more common for procurement decisions to be devolved from IT to CXOs and other business leaders. In order to enable CXOs extract maximum value from the SMAC stack, companies will have to adopt the Cloud - those who realize this, and change quickly, will reap the great benefits that these disruptive technologies have to offer.

## About Wipro Council for Industry Research

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Wipro set up the Council for Industry Research comprising domain and technology experts from the organization, to address the needs of customers. It specifically surveys innovative strategies that will help customers gain competitive advantage in the market. The Council, in collaboration with leading academic institutions and industry bodies, studies market trends that help will provide organizations a better insight into their IT and business strategies.

For more information on the Council, visit [www.wipro.com/insights/](http://www.wipro.com/insights/) or email us at [wipro.insights@wipro.com](mailto:wipro.insights@wipro.com)

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TEL: +91 (80) 2844 0011, FAX: +91 (80) 2844 0256

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IND/PMCS/WIPRO/AUG 2014 - OCT 2014