

Moving to the Cloud

...Part 3: Impact on IT!



By Mark Haley, Mark Hoare & Nick Price

This article is the third in a series discussing key strategies a company's IT leadership should consider in making a move to the cloud. Part 1 covered what the cloud is and why it should be attractive to most organizations. Part 2 discussed some of the key decisions that need to be made in planning the move. Part 3 examines the impact of the transition on the IT organization.

As asserted in our previous two articles, moving to the cloud, for most enterprises, is a strategic shift in the application of technology resources that fundamentally changes the way the company does business. At the center of this shift is the way in which the enterprise's technology is deployed. This particular shift is not uniquely an impact on the technology. One of the most directly affected IT resource is the IT organization itself.

As Cloud Computing hype gave way to the realization that this delivery model has intrinsic, measurable benefit to the organization, many commentators were quick to predict significant downsizing events within IT organizations, some even predicting a full demise. Given that we are now well beyond the hype phase, and most enterprises are embarked on their journey to the Cloud, it is apparent that we have not seen any such decimation of the IT department, nor a diminished need for their services. But we should not assume that all is well.

This article examines key considerations IT leaders must assimilate into their IT team planning as they execute their migration to the Cloud. Some of these include:

- Is our IT Team seen by the business as a progress barrier, or progress enabler?
- Does our IT Team have an optimal skill-set composition for the Cloud transition?
- Is our IT Team appropriately located?

Barrier or enabler?

At The Prism Partnership we have observed many a hotel company business-unit preemptively taking IT solutions selection and purchasing matters into their own hands, driven by a need to address fast changing market conditions; competitor forces; time sensitive revenue opportunities; client feedback; new business initiatives; and even due to a preference for an

Operational Expenditure over Capital Expenditure payment model. Their ability to do this has almost singularly come about with the advent of Cloud/SaaS products and services.

Often referred to as “shadow IT”, this business-unit rogue purchasing only serves to persist an ‘us’ and ‘them’ state if left unchecked, and also leads to an overall loss of: visibility into software costs; volume pricing; systems interoperability; SOPs; and service level agreements [SLAs]. Not to mention continuity of compliance, privacy and security becoming increasingly compromised.

There is an answer to this dilemma, but it involves IT transitioning away from highly technical system developers and administrators to more of a trusted IT Solution Broker role.

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Cloud computing will allow IT to reinvent and recalibrate itself, and to foster a more effective and collaborative partnership with their business counterparts. In order for this to work, and as mentioned in Part 1 of this series, the IT leadership will first need to deftly define and articulate its Cloud vision in terms of benefits to all the core business teams, especially Operations, Finance and, not least of all, the IT team itself. Buy-in is essential to success.

Optimal skill-set composition?

Despite most Hotel companies having already deployed one or two Cloud provisioned solutions there are still relatively large numbers of Premise solutions in their portfolios. Savvy IT leaders appreciate that as their Premise applications and supporting technologies shift to the Cloud their IT teams must also shift, and become less technology infrastructure-centric to, of all things, business-centric resources. So, while the overall head-count of

an IT team may indeed remain the same there will be a distinct need for a progressive shift in skills, roles and job responsibilities within IT.

Hospitality is of course a real-estate centric industry, and will inevitably be dealing with premise

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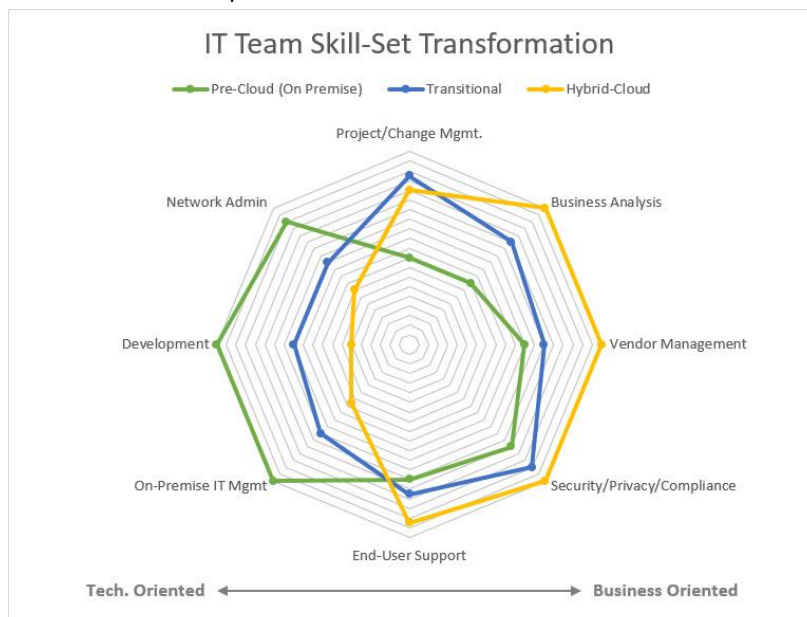
solutions for some time to come. TV, Room Controls, Building Management Systems for example are intrinsically property centric. The question in front of us is not how to move these systems to the cloud, but how to move the cloud to these systems? As we have seen over the last decade, a budget-capped, on-premise IT operation can only get us so far, and has proven increasingly unable to come to grips with the technology sophistication implicit in the systems that routinely inhabit our guest rooms and meeting rooms today. Here Cloud offers us a real advantage. The reach provided by cloud can greatly enhance service delivery of these distributed property systems by providing improved systems visibility and control enabling a centralized IT function to become even more effective than the previous on-premise counterpart ever was, and this effectiveness is even more likely if we consolidate function and cost into fewer, more capable headcount and operate these centrally on behalf of all hotels.

This skill-set shift must be diligently calibrated to align closely with the pace and type of technology shift. Think of this as allocating and rebalancing your 401(k) retirement account. As you transition to a Cloud Computing end-game it will correspondingly pull your existing IT team out of balance.

By way of an example, we take a look at a hypothetical but representative IT team transformation pre, during and post their migration from a Premise to a Cloud deployment. In this example we have posited a forty-five property, 4-star hotel brand with properties distributed across several countries. We see that not only the skill-sets

transform to align with the prevailing blend of Premise and Cloud solutions, but also roles and responsibilities.

What IT leaders should ultimately be driving toward is a team of IT professionals that have shifted to



become predominantly business-facing as opposed to a technological orientation. Consequently, allocating the greater part of their time to an ongoing assimilation of business processes and inherent needs, and then continuously marrying these to commercially available Cloud-based services. Effectively, this new hybrid IT professional will have one foot planted firmly in the Business, and the other in Technology.

IT leaders themselves will also have to accept that their roles and responsibilities will change in parallel with a Cloud migration. Rather than passively waiting for a business unit to select a new business application and then mobilize to work out how their team will deploy, integrate, maintain and support it, they must be more strategic and pro-active. With a new appreciation and understanding of the hotel business brought about by operating a more business-facing IT team, IT leaders can institute an adaptive infrastructure into which new, IT discovered and qualified, Cloud-based solutions can be deployed. Effectively, diminishing any plausible rational for “shadow IT”.

Change will be required at the very top too. IT leaders also have to consider and deal with the shift. For example, from being the guarantor of technical SLAs into the business, to now being the validator, recipient and policer of these same SLAs. In our experience we have noted that third party vendor SLAs are too often taken at face value in Cloud/SaaS/PaaS/IaaS contracts. Very seldom does the IT team diligently investigate and qualify the provider’s ability to deliver upon these operational and support SLA claims, that is until it’s too late of course.

Additionally, the role and responsibility an IT team will play in the evaluation, validation and contracting for a Cloud/SaaS solution differs notably from a Premise License based product. Essentially, details about what technology stack, database management system, coding language, Interface protocols, etc. being

employed by the vendor becomes much less relevant when compared to their competence and ability to deliver the purchased service consistently, at three nines, 24/7/365.

While many IT roles and responsibilities should and will change along the migration path to the Cloud some should not; In fact, they should be further asserted and reinforced. These are the Security, Privacy, Compliance and Governance aspects of all IT solutions within the enterprise. No debate.

Is our IT Team appropriately located?

On-premise systems have historically demanded varying levels of 24/7/365 hands-on attention. This has necessitated having dedicated, skilled IT specialists at the property. For a full-service four or five-star property this could mean two or more full time IT resources. Using our example hotel company cited earlier that would translate to a fully burdened cost of approximately eight million dollars per annum.

As systems are progressively lifted out of the property, current local IT skills, roles and

responsibilities will diminish, just as they will diminish for temperature controlled, raised floor space. But it is perhaps unreasonable to suggest that either will go away completely.

Some of the big footprint applications that reside locally in an On-premise world are the Property Management [PMS], Point-of-Sale[POS], Sales and Catering[SAC], Revenue Management[RMS], Telephony Management[TMS], with perhaps the most sensitive, care-intensive, being the Interface Processing Unit[IPU] that physically and electronically straps all these systems together. This collective constitutes a sizable inventory of hardware that needs to be constantly monitored, maintained, upgraded and physically manhandled by specialist IT resources.

However, consider a time when the majority of this hardware is gone, would we need a full time IT specialist physically on property anymore? Could the remaining maintenance of any residual hardware be adequately monitored and maintained physically by, say, the Engineering department who may already be responsible for physical devices such as wireless access-points, door locks, printers and PC terminals as well as electrical and communications cabling

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throughout the property? This is certainly already the case with most mid-tier limited service properties.

For local IT Managers, it is reasonable to assume that given a choice between their current roles and responsibilities, vis-à-vis: sitting watching backups churn; downloads and upgrades process; manhandling servers into racks; maintaining training environments; replacing broken peripherals; pulling cabling, etc. or a more engaging business-facing role, assisting both staff and guests in the use and optimization of their technology provisioned solutions, and being an ambassador of the hotel company's overall IT Team... well, that might not be

that difficult a choice for them to make. So we may still see IT badged resources remain on property, but they too have an opportunity to transition and become less specialized-technologists, and become a more valued and integral part of the business function.

In summary

With new entrants and existing providers of premise-based systems offering cloud-based services and applications, business units are increasingly taking IT matters into their own hands. This has led to disruption and entropy for IT leaders and their teams, leading to less visibility and control of systems and costs. The emergence of “shadow IT” also impacts the security, integration and economies of scale that IT has fostered over time.

But, as we have seen, Cloud-based solutions also benefit IT leaders and their teams. With the right strategy, planning, communication and governance, this technology shift to the Cloud offers IT a unique chance to transform themselves away from being tactical systems specialists to being more strategic service brokers. As a result, they can redefine their role, their composition and transform their relationship with business units, and most importantly help drive business priorities forward.

In this part 3 of the series, we have paid particular attention to the impact Cloud Migration strategies have on the IT organization, and also on its interaction with business units. Together with the What? and Why? Covered in Part 1 and the Choices addressed in Part 2. ■

Nick Price is the CEO of NetSys Technologies, former CIO of Mandarin Oriental Hotel Group and a member of the HFTP International Hospitality Technology Hall of Fame. Mark Haley and Mark Hoare are members of The Prism Partnership, a consultancy serving the global hospitality industry. For more information, please visit: www.theprismpartnership.com, or call +1 (978) 521-3600