



Frictionless business growth

Investing in growth, not IT

Moore's Law predicts that computing power will double every 18 months, indefinitely. That trend nearly guarantees that any datacenter hardware you purchase will be outdated within 24 months. What's worse, you may spend half that time installing it. And, just to be safe, if you're like most businesses, you'll probably buy 60% more capacity than you'll ever actually use.¹ That's time and money you can employ more effectively.

The fastest growing businesses today have learned that cloud based technologies not only offer a quick path to software availability, those technologies significantly reduce IT hardware spending. That frees up cash, which can be devoted to growing the business. It could also explain why more than 40% of executives surveyed by IDG Research say that the pay-as-you-go pricing model of cloud services is an important consideration in their plans for business expansion.²

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Exploring new paths to growth

Growth-oriented businesses need to examine their options to determine when it makes sense to invest in cloud-based technologies rather than rely on traditional, on-premise IT infrastructure. Admittedly, there are a few legitimate reasons for investing heavily in on-premise information technologies. In some industries, rigorous privacy and data protection regulations effectively make on-premise computing mandatory. In industries such as financial services, all competitors bear the same responsibilities, so the extra cost creates no competitive disadvantage. Similarly, industries such as high tech electronics manufacturing that gain competitive advantage through tightly integrated processes with large data flows may benefit from keeping those processes on site. But the number of persuasive reasons for heavy spending for an on-premise data center shrinks daily.

However there's more to the move to the cloud than just cost. It's been more than a dozen years since Nicholas Carr's seminal Harvard Business Review article "IT Doesn't Matter" pointed out that technology had become a commodity rather than a differentiator.³ Today, only a few businesses have the capacity to develop truly unique technologies that can become a source of lasting competitive advantage. In most cases, successful businesses find unique ways to apply technology, rather than developing technologies of their own. Delegating IT infrastructure responsibilities to third-party cloud partners who specialize in that field keeps new and growing businesses from being distracted by technical details and allows them to focus on offering unique benefits to their customers. That could be why 73% of IT executives surveyed look to cloud technologies as a way to change the way new services are delivered and consumed.⁴

The traditional definition of business growth—increasing revenue by delivering larger volumes of products to more customers—has expanded in the cloud era. The cloud offers paths to growth that might not have been considered in the past, including:

- **Geographic growth**—While geographic growth has always been possible via telephone and other means, the cloud can make it easy for your company to establish a functional presence in other locales rapidly and economically. In a recent survey by IDG, 45% of IT executives surveyed described this as a major reason for moving to the cloud.⁵ The cloud makes it far simpler to expand your geographic reach to include customers, suppliers, partners, and employees nearly anywhere on Earth. With cloud technology, you need minimal IT staff at any new location, and no remote data centers; as long as you have Internet service, you have what you need to do business. You can even hire remote employees without procuring office space, just overnight them a laptop and your new employees are ready to work.
- **Product line expansion**—There are many new variations on classic product strategies that benefit from being able to connect with customers and suppliers more quickly and flexibly. The rise of what Harvard Business Review calls the "co-creative enterprise" is a good example of

"Cloud offers the opportunity for the focus to be truly put back on the business function, not the technology constraints. The business user, as has always really been the case, does not care and does not want to know how the computing is provided."⁶

what's possible.⁷ HBR describes how the Burberry clothing chain allows each customer to create a personal portal where they can initiate conversations about lifestyle issues, and interact with the Burberry brand as well. It's a win-win proposition for the company and its customers. That kind of example is likely to explain why 69% of executives consider cloud computing a promising path to better product development.⁸

- **Broader scope of service**—There's a strong chance that you can take advantage of the cloud to increase the number of ways in which you interact with customers. Those ways might include better delivery options, increased personalization, greater flexibility in pricing and ordering processes, and more. Because you can have automated processes hosted, managed, and expanded so readily through cloud services, your business may well have growth options you haven't considered. Many of the most promising new business opportunities today aren't products at all, just new ways to use, deliver, or pay for existing products. Typically, they rely on mobile, cloud based, or on-line services. Uber, for example, isn't a new transportation service; it's a way of dispatching transportation services. Air BnB isn't a hospitality company; it's a way of selling and supplying hospitality services. Walmart is pioneering drive-through pickup for online grocery orders as part of its omnichannel marketing initiative.⁹

Building a workbench for business innovation

Because you can deploy cloud-based technologies at a far lower cost, you can more easily innovate in several important areas:

- **Business process innovations**—The ways functional business operations can flow through an organization from sales to marketing to operations

to finance can vary greatly from one company to another and from one time period to another. In most cases, some kind of automation structures the flow of business processes. Cloud computing can give you options for refining your business processes that you can set up, test, and evaluate quickly and inexpensively to achieve better results faster. It's also a low-risk way to determine the feasibility of a new business process. For example, you might use a cloud solution to try out a new HR recruitment process or to restructure the way you interact with key suppliers.

- **Customer interaction innovations**—Online and mobile customer interactions give you the opportunity to tailor your promotions and marketing messages to your target market's specific interests. By hosting innovative interactions in the cloud, you can rapidly scale a campaign up to test effectiveness, tweak it for better results, then spin it down after it runs its course.
- **IT innovations**—As corporations accelerate the development of more complex software the requirement for a safe testing environment becomes even more pressing. Establishing a complete testing environment in a physically separate cloud sandbox significantly reduces, and often eliminates, the potential to negatively impact the availability and security of a corporate environment. Building that environment in the cloud can require far less time and money than acquiring and managing on-premise hardware exclusively dedicated to testing.

In summary

Evaluating opportunities

Nearly half of executives surveyed by IDG say that they consider cloud computing very important to their plans for business growth.¹⁰ Now that cloud computing resources are expanding so rapidly and have become reliable and secure, it's time for your organization to consider how moving some on-premise IT resources to the cloud can simplify the way to you do business and open new avenues to growth. Chances are good that no matter what industry you're in, your competitors are either already in the cloud, or exploring ways to use it to gain a competitive advantage. You can't afford to let this opportunity for frictionless business growth pass you by.

Learn more about Infor cloud
technology at infor.com/cloud



End notes

¹ <http://www.datacenterjournal.com/industry-perspective-justintime-data-center>

² IDG Enterprise Research: Cloud as an Enabler of Business Growth, August, 2014

³ Nicholas G. Carr, Harvard Business Review, "IT Doesn't Matter," May 2003

⁴ IDG Enterprise Research: Cloud as an Enabler of Business Growth, August, 2014

⁵ IDG Enterprise Research: Cloud as an Enabler of Business Growth, August, 2014

⁶ Leslie Willcocks, Will Venters, Edgar Whitley, London School of Economics and Political Science, "Cloud and the Future of Business: From Costs to Innovation."

⁷ <https://hbr.org/2012/12/co-creation-the-real-social-me>

⁸ <http://www.brickmeetsclick.com/walmart---the-future-of-omnichannel-retail>

⁹ IDG Enterprise Research: Cloud as an Enabler of Business Growth, August, 2014

¹⁰ IDG Enterprise Research: Cloud as an Enabler of Business Growth, August, 2014

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