THE STARTLING TRUTH ABOUT THE CLOUD, AND WHY YOU NEED IT TO BE COMPETITIVE

BY RAVI THAKUR

Ravi Thakur is the Vice President, Services, Customers Success and Adoption at Coupa. Prior to joining Coupa, Ravi spent over ten years at Oracle building and leading a variety of teams in the applications product line. He was instrumental in leading a number of cross functional teams to streamline the product management and development processes after the Peoplesoft, Siebel, and JDE acquisitions.

When considering where to use cloud solutions, look for areas of inefficiency in your organization.

By now it's a foregone conclusion that the future of computing is in the cloud. Most companies are now using cloud solutions of some kind, even if it's only Dropbox or Google Docs. However, younger companies unburdened by legacy IT systems that have adopted all-cloud or cloud-first IT strategies are already reaping the benefits of leaner, more nimble and cost-effective operations.

> "INSTEAD OF LOOKING AT YOUR PORTFOLIO OF SOLUTIONS, LOOK AT YOUR PORTFOLIO OF INEFFICIENCIES. THE STARTLING TRUTH ABOUT THE CLOUD IS THAT CLOUD SOLUTIONS AREN'T JUST NEWER, BETTER REPLACEMENTS FOR CURRENT SOLUTIONS. IN FACT, MANY CLOUD SOLUTIONS ARE NOT TAKING MARKET SHARE FROM ANY OTHER SOLUTION. THEY'RE TAKING INEFFICIENCY OUT OF A PROCESS."

It's very hard to imagine a new company today buying on-premise software and investing in the IT infrastructure that goes with it. With the current churn rate of the S&P 500 approaching 75%, it's clear that mature enterprises risk being eclipsed by upstarts unless they follow a path of relentless innovation and improvement. The cloud must play a strategic role, but mature enterprises need to approach it differently.

Rip and replace is not the answer

For these companies, investments in legacy on-premise solutions and the processes tied to them are too big to walk away from, so rip and replace is not a viable path to the cloud. In my previous post, I talked about how IT can assess their portfolio of solutions to identify medium risk, medium difficulty projects to start transitioning to the cloud.

That's one way to approach it. Here's another: Instead of looking at your portfolio of solutions, look at your portfolio of inefficiencies. The startling truth about the cloud is that cloud solutions aren't just newer, better replacements for current solutions. In fact, many cloud solutions are not taking market share from any other solution. They're taking inefficiency out of a process.
DocuSign is a great example of a company that's doing that. There's no other solution they're replacing or vendor whose business they're taking. They're taking massive inefficiency out of workflows that involve signed documents. Maybe, downstream, some paper companies are selling a little less paper.

Cloud versus inefficiency

So, it's not really cloud versus on premise; it's cloud versus inefficiency. There are new cloud solutions that can take market share from inefficiency in almost every area of your organization, and for a lot less money than you think. It's time to re-evaluate everything through that lens. Just because there wasn't a viable solution in the on-premise world doesn't mean that there isn't one in the cloud today.

Salesforce is a perfect example of this. When Salesforce first came on the market in 2001, the prevailing sentiment at the time was, "That doesn't make any sense. Customer relationship management is already done."

It's true that CRM had already been rolled up. PeopleSoft merged with Vantive, Siebel had bought Scopus, and Clarify was bought by Amdocs. But they were already stagnating. People thought this market was over, but it was only over for the old, hard to implement, hard to use CRM solutions.

As it turned out, there was a massive market opportunity for Salesforce's efficient, easy to use cloud-based solution. Those other players hadn't solved the whole problem, and they were expensive. There were still a lot of companies that couldn't see their way clear to a positive return on investment from these solutions. So, they kept on using paper and forecast calls and spreadsheets, leaving a huge piece of the market untapped.

Salesforce came along and changed the ROI equation, bringing CRM to a much wider range of businesses. Companies with legacy CRM solutions bought it too, because it could sit on top of those older systems and add value because it was so easy to integrate and so easy to use that it made mass adoption possible. Today's cloud solutions can do the same thing, so you don't need to start with rip and replace, which is pretty scary and hard to sell.

Look at your portfolio of inefficiencies

Look instead for places where the cloud can add value on top of legacy solutions and/or improve efficiency around the existing infrastructure that is in place. Look to see where the cloud can replace paper, phone calls, or Excel, or otherwise streamline inefficient workflows.

If you're late to the cloud, there's still plenty of time, but at some point you will have more and more lean and mean competitors that got their start in the cloud era, so the time to start making that transition is now. The best place to begin is by chipping away at inefficiency where ever it lurks. It's less risky than rip and replace, and a lot less risky than doing nothing at all.