New ***Managed services***

in cloud and digital reality

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9:30 – 10:30 Managed services in cloud and digital reality, גלית פיין STKI

10:30-11:00 Everything as a Service, Oz Jacob, Bynet

11:00-11:15 הפסקה

11:15-12:45 **דיון פתוח**

New IT operations

- Tri modal IT
- Matrix IT

Cloud & sourcing trends

- Hybrid & Multi provider IT
- Staff augmentation trends
- Managed services

Unbundled IT

- Need for agility & singular skills
- Management

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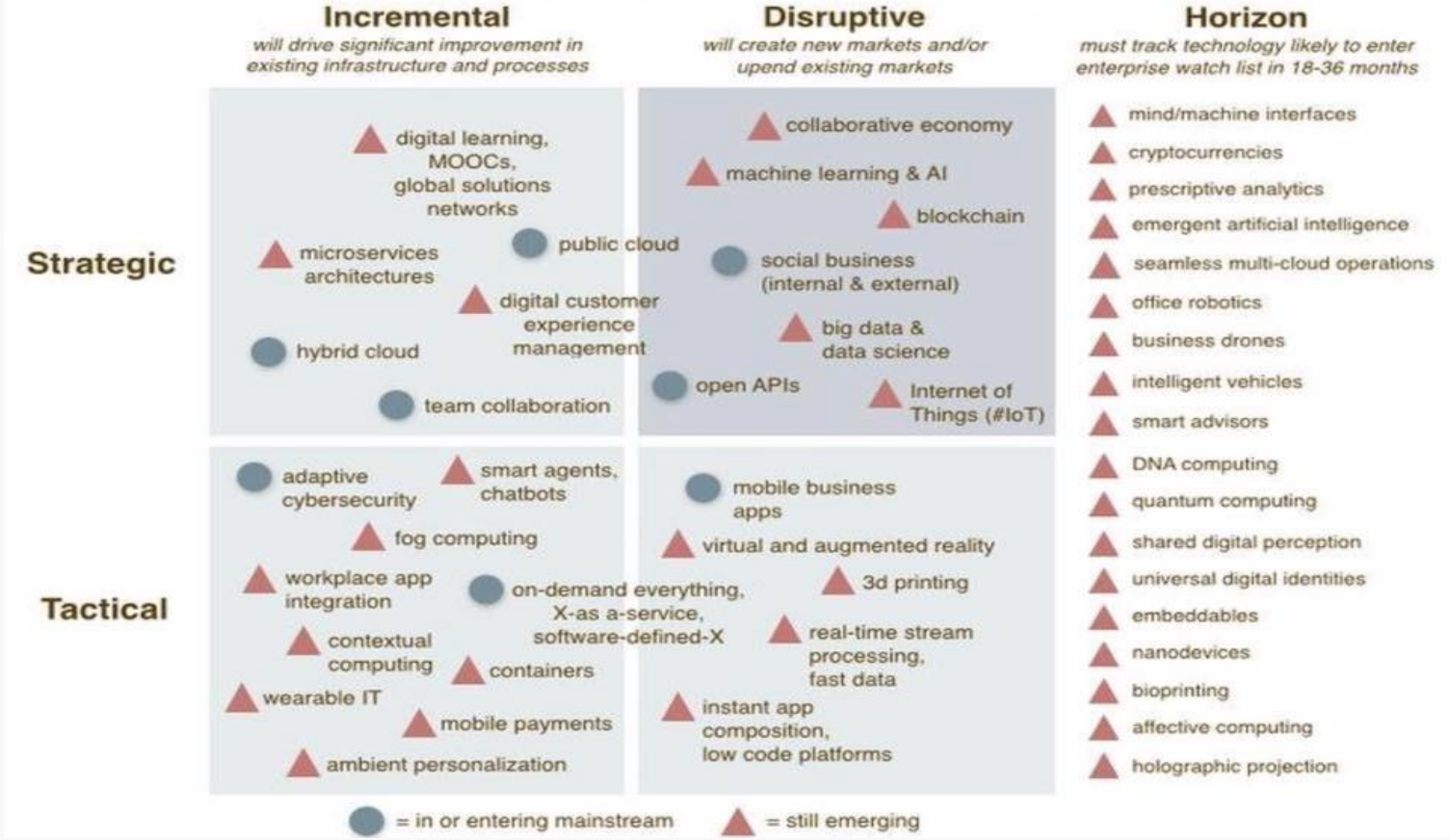
Technologies to Watch for the Next-Generation Enterprise in 2016



IT organization

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Please reboot your company's operating model

Hyperconnectivity

Cloud computing

Internet of things

Data & analytics

Direct connection to customers

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IT is the same, only it's completely different

IT Centric

CFO
COO
ERP systems

Cost reduction & efficiency

Business Centric

Delivering new services for marketing, sales & customers

New IT clients better experience

Customer Centric

Software (SaaS) delivery organization

Customer bonding as a philosophy

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3 completely different types of management that must coexist

IT Centric

OCIO is born

- **IT-Business alignment**
- **Standards** & methodologies
- Complex technological projects delivery
- QA and stability

OCIO reports to: CIO

Business Centric

BRM is born

- IT-Business convergence
- **Internal CX/ expectation mng**
- Agility, T2M, T2C(hange)
- Hatmaa

BRM reports to: CIO & CMO

Customer Centric

Customer success manager is born

It's all about making your customers as **successful** as possible **in using** your technology **product**

- IT is a business/ Innovation
- External CX/ Customer journey
- Customer products quality - 99.99%
- App store / digital releases mng
- Customer support – ITSM for customers

CSM reports to: CEO & CXOs

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Customer Centric projects
IT in Jeans

Innovative

Agile DevOps T2M

Mobile & cloud only

Short & measurable (quick win)

New (unbundling) vendors

Crowdsourcing

No heavy upfront investment (Low cost of error)

Customer Centric projects compete with **the business competitor**

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Business Centric projects

Internal CX

Business value focused

Strategic projects

Cloud first

Hybrid reality

Integration & orchestration

Agility

Time to change

Hatmaa

New IT vendors

Business Centric projects compete with
Shadow IT

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IT Centric projects
Don’t let the core to collapse

Core modernization

Cloud transformation plan

Optimization

Stability & standards

ITIL, ISO, Waterfall

Maintenance

Sourcing

Managed services

Hybrid reality

Traditional vendors

IT Centric projects compete with
IT integrators and IT Budgets

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IT Centric

compete with
best business practices;
based on traditional **IT budgets**

Overhead

Business Centric

compete with
IT integrators &
Shadow IT

Business units budgets
Don’t have its own budget

Customer Centric

compete with
the business competitor

PNL - based on calculated ROI
Cost per user/ day/ transaction

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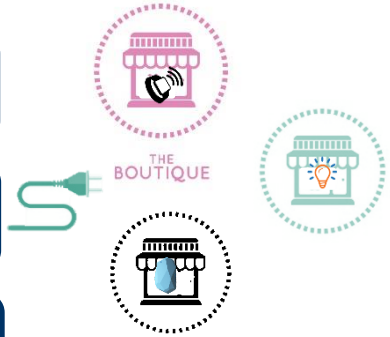
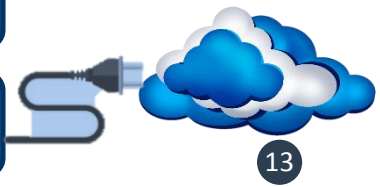
Agile and flexible IT means
Matrix Organization:

	IT Centric projects	Business Centric projects	Customer Centric projects
IT budget			
PMO			
SW development & UX	UX	UX	UX
Quality Assurance			
Release mng DevOps			
Compute power & infrastructure			

Unbundling of IT

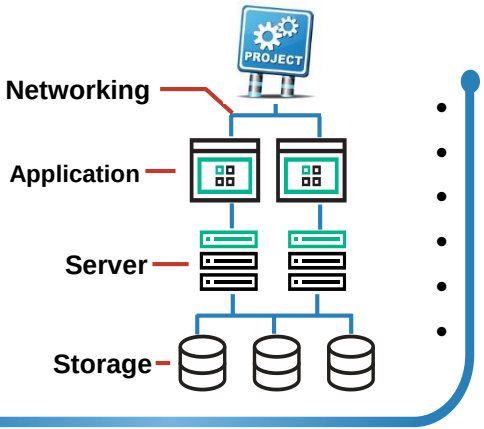




Why customer centric must exist in **cloud - only** world?

Required infrastructure for the new project:

Internal Data Center



- HW installation
- SW configuration
- Patching
- Compliance
- Monitoring
- Capacity Optimization

Buy and install = money and time

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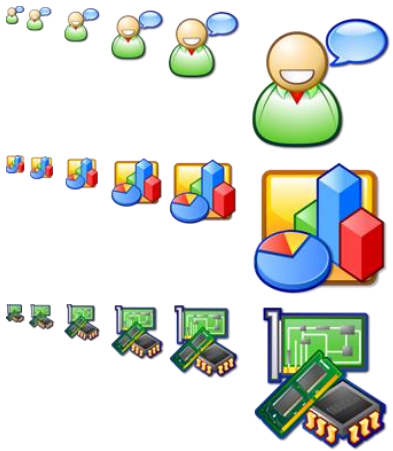
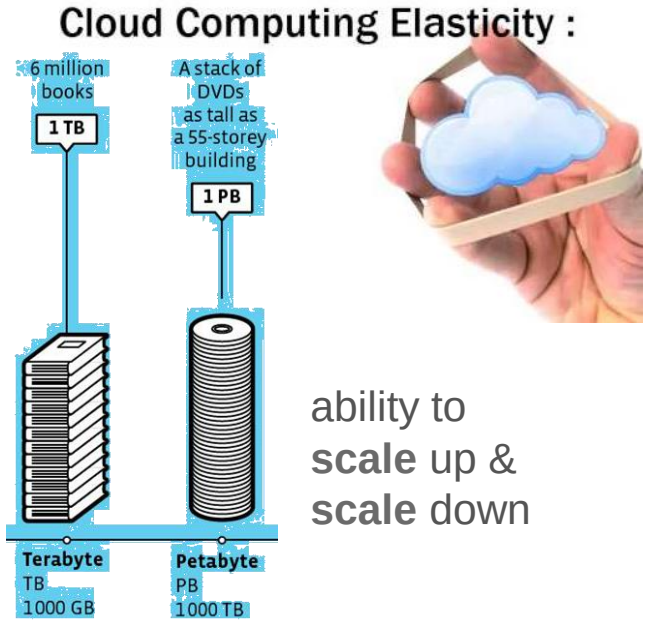
Why customer centric must exist in **cloud - only** world?

Elasticity and scalability





ability to
scale up &
scale down

Cloud:

Unlimited availability
compute power

Plug in and pay per use
Start immediately

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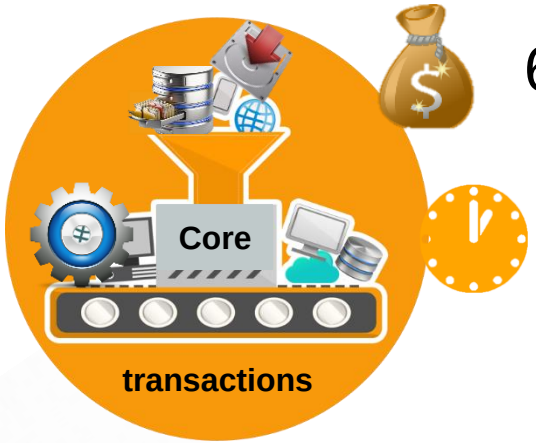
What about IT centric applications?



64%

significant portion

?

→Internal IT is often slow to deploy & cumbersome, with manual approvals/delays

→End users are going around IT organizations directly to cloud service providers

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Unfair race

Focus on Business
No undifferentiated heavy lifting

Switch CAPEX for OPEX
Replace capital expenditure with variable expense

Increase Innovation
Experimentation is fast and low-risk

Elastic Capacity
No need to guess capacity requirements and over-provision

Economies of Scale
Lower TCO than companies can achieve themselves

Speed and Agility
Infrastructure in minutes not weeks

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Different stages of cloud services adoption

Analog organizations	Digital Immigrants organizations	Digital Natives organizations
Hosting	Virtualized DC	True, on-demand cloud
Your DC, someone else's building **Yours to manage**	Standard virtual DC, for rent, **Still yours to manage**	An actual, global elastic cloud **Invests your energy in best apps**

Source: Google

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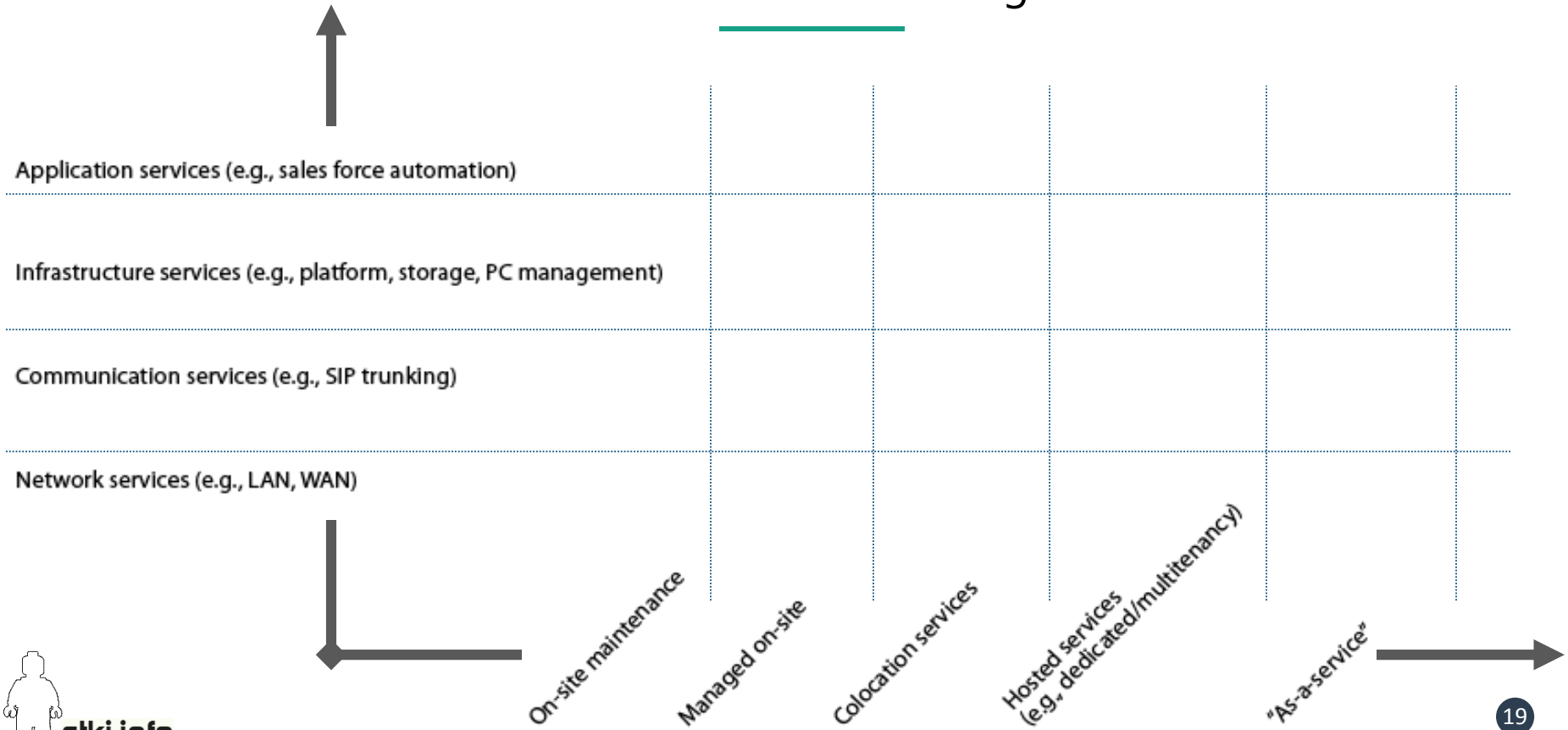
Managed services encompasses a wide variety of services & technologies



Sourcing Trends

- Low-cost cloud services will cannibalize outsourcing players' revenue

- IT outsourcers not investing enough in cloud value-added services will disappear through merger and acquisition

- Outsourcing providers will shift to services "sourced from the Net" and **paid on the outcome, not on an employment basis**

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Given: Hybrid & multi cloud organization

With the cloud comes increased complexities, disruptive for business & IT

Increased need for integration, aggregation, automation, customization

IT must adapt function similar to cloud provider & acquire new expertise

Forecasting – how much compute and when?

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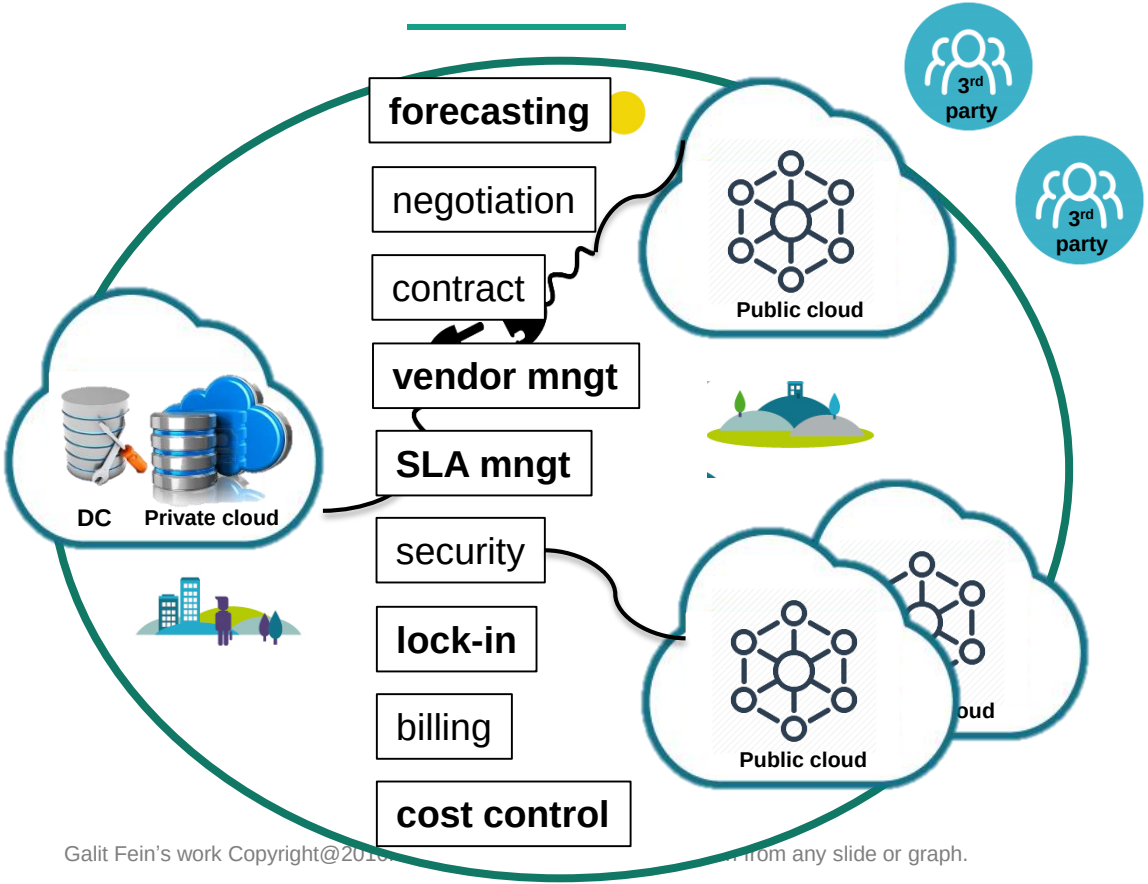
Mind the Gap



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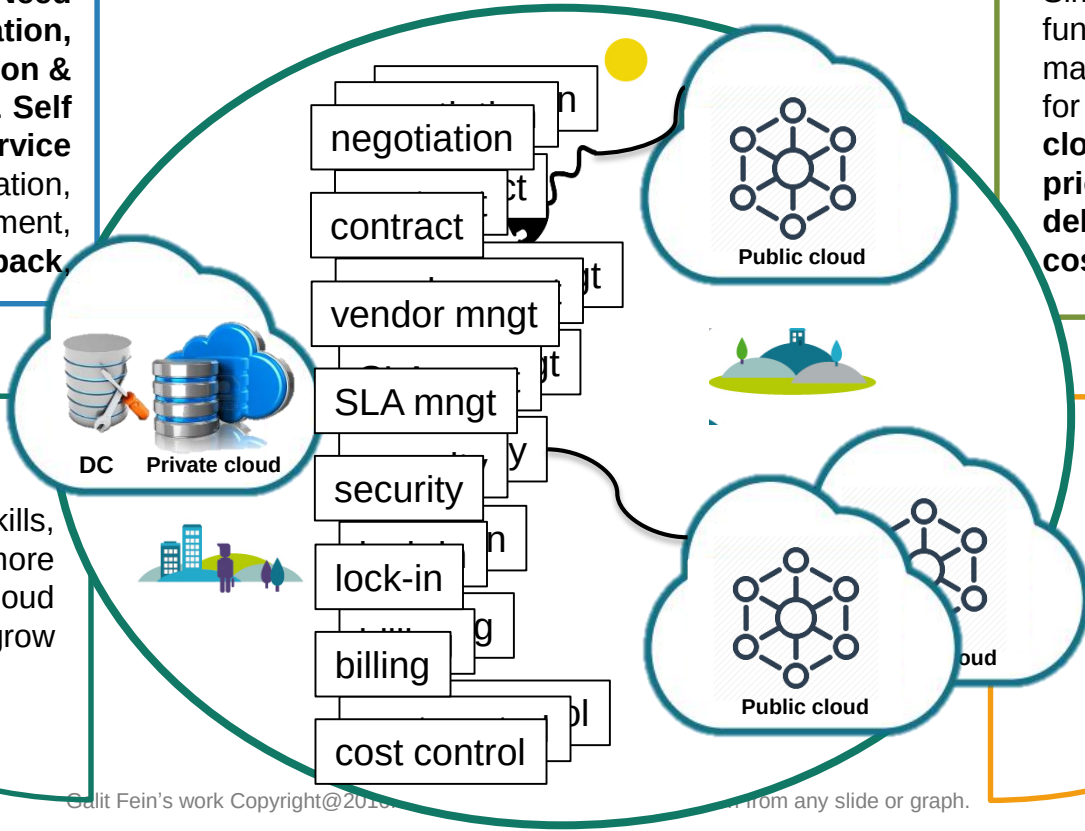
Mind the Gap

Need for centralization, standardization & governance. **Self service, cloud service catalog**, integration, comparison, procurement, deployment, **chargeback**

Lack of cloud skills, resources more difficult to find, cloud talent gap grow



Similar to OCIO function, Cloud manager responsible for **demands for cloud services, prioritization, delivery, reporting, cost control,** etc.

Cloud services broker - to solve cloud consumption & complexity challenges

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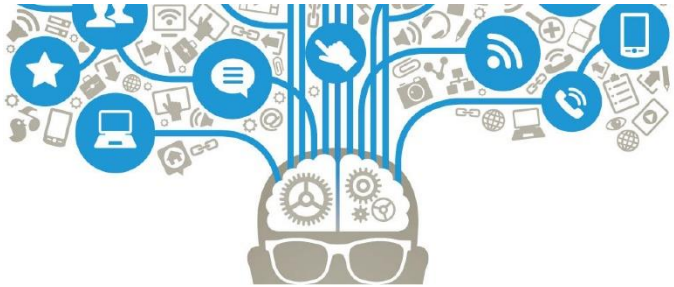
Digital transformation will require new skills

- Cloud service broker
- Digital marketing technologist
- Innovation officer
- CDO
- Digital transformation
- Data scientist
- Mobile app developer
- Analytic
- Design thinking



Access to talent & the ability to hire the right people at the right time & place will become a big competitive differentiator

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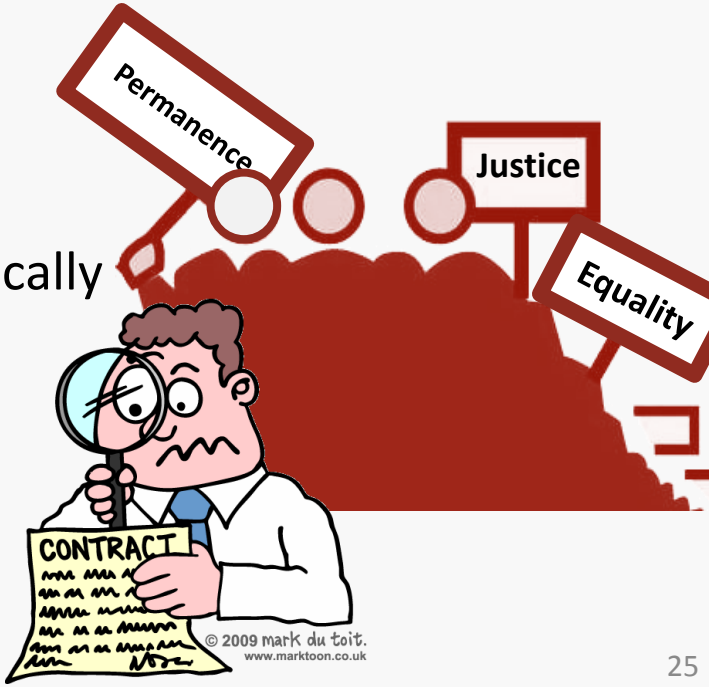
Staff Augmentation Trends

- Stricter regulations in employer - employee relations
- Hashkal – 2016/7
- Demand for opex reduction - staff augmentation is here to stay
- Staff augmentation market won't change dramatically
- But the market is desperate for the innovation and new models



	Individual Employee		Team – צוות עובדים	IT
Type	Core employee	גולגלת עובדים פרויקטליים	גולגלות Managed Services	Outsourcing
Location	On Premise	On/off Premise Near site (בנק הפועלים) Nearshore (תלפיות)	off Premise Near site Nearshore	On / Off promise Hosting Cloud
Payment	Salary	תפוקה SLA לפי שעות (12%) + Cost	תפוקה או שעות של סה"כ הצוות	Fix price Output SLA
Pros	עובדים איכותיים בעלי הזדהות חזקה לארגון		ניתוק מלא של יחסי עובד-מעביד	מיקוד הארגון בפעילות ליבתית המייצרת יתרון תחרותי. ניתוק יחסי עובד-מעביד.
Cons	לעתים עלולים להרגיש כעובדים סוג ב' ללא תנאים שווים לשאר העבודים המודל החשוף ביותר לתביעות משפטיות (עובדי כתף אל כתף)		עובדים ללא כל הזדהות לארגון, לעיתים מדובר בתחלופה גבוהה או עובדים לא איכותיים	חוזים ארוכי טווח ב fix price נתונים לפרשנויות רבות, ללא יכולת לשנות את תנאי החוזה

Two kinds of temporary workers

Permatemps

- **Temp Workers** *who are "Permanently" stuck* in their 'temporary' situation
- Often with more pay but without any benefits and labor rights
- It's the small things that bother you the most:
  - Parking, dining room, gift for holidays, second-class worker

If it quacks like a duck… it's a עובד כתף אל כתף במשרד ממשלתי

Disappearing trend

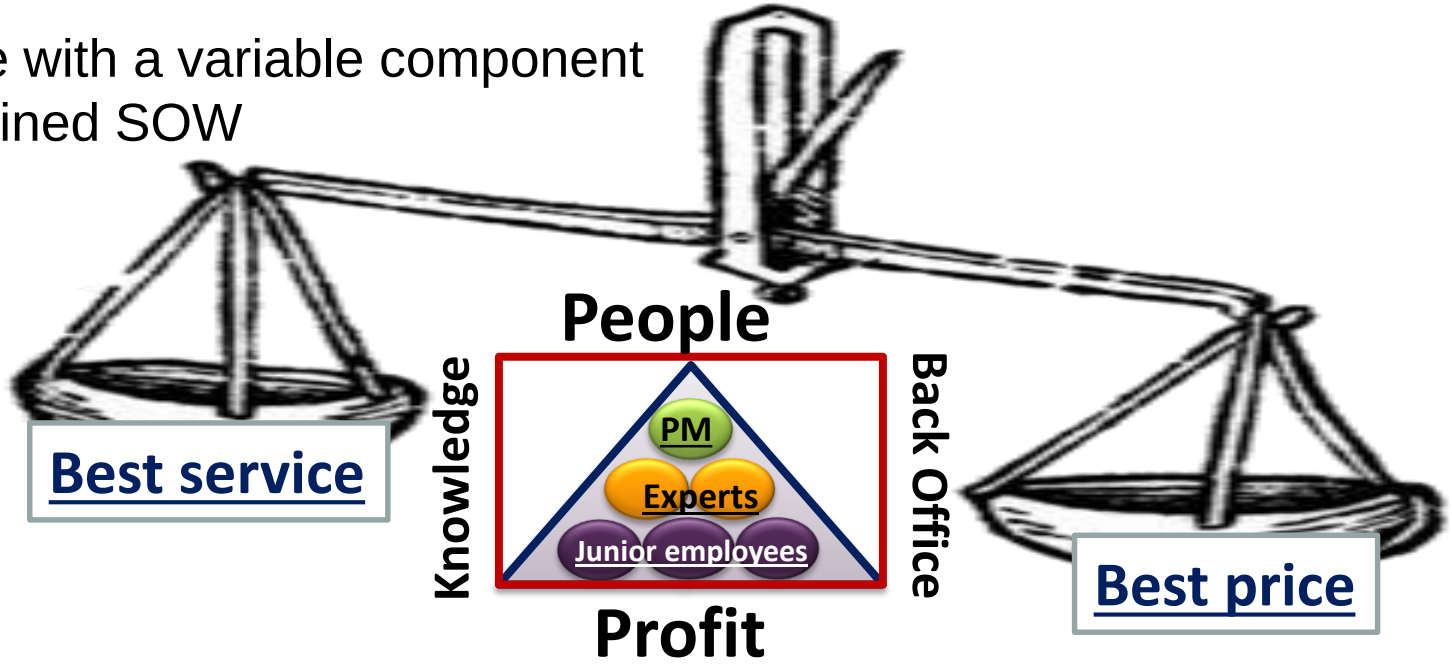
Temps

- ITOs will always use temps for flexibility and scalability
- Partial Jobs
- Need for different skill sets at different times
- Temporary hiring - **Try Before You Buy**
- To hire a FTE, you have to have a long term need.
  - But a lot of the time, IT only has an immediate need. It's much easier to budget for a contractor

Here to stay

Managed Services

Fix price with a variable component
Well defined SOW
SLA



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Need for agility and singular skills

Analog organization

- **Sourcing** external talent skills
- Staff Augmentation

Pros	Cons
Fee model -short period of time	Ineffective model – long term
No impact on operating model	Regulations
Deal with trade unions	• Higher costs • Frustrated employees • False feeling of flexibility

Not more than 8-10% of the IT budget

Digital migrants

- **Recruiting** internal talent skills
- Managed services in between

Pros	Cons
Shared responsibilities & risk	If done wrong – MS look alike ("fixale" model)

Digital natives

- **Developing/training** internal skills
- Managed services

Pros	Cons
SLA based model, outcome/ money linkage	More complex management
Pricing structure support agile & cloud projects	Ability to define & monitor service levels
Transparency	

Native to a new, agile, quick win projects

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The Unbundling Of Everything

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Unbundling of IT

CIOs spent a lot of energy in moving **IT toward a more standardized & predictable stack**, from the HW to its application layer

CIOs are turning to 3rd parties to handle **commoditized operational tasks**

Now it easier for a 3rd party to run IT

Smart, hybrid, unbundled IT lend itself very well to a outsourced, hosted or managed service environment

To succeed organizations must **be unique and think like a start up**

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Summary

Tri- modal IT:

- IT centric, Business centric, Customer centric – all of them must to be agile, innovative and managed by the same people

Set your cloud strategy:

- Customer centric IT exist in Mobile – only and Cloud – only world

Standardized, unbundled IT suits well to a managed services environment:

- IT must to think like a start-up

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That’s it.

Thank you!

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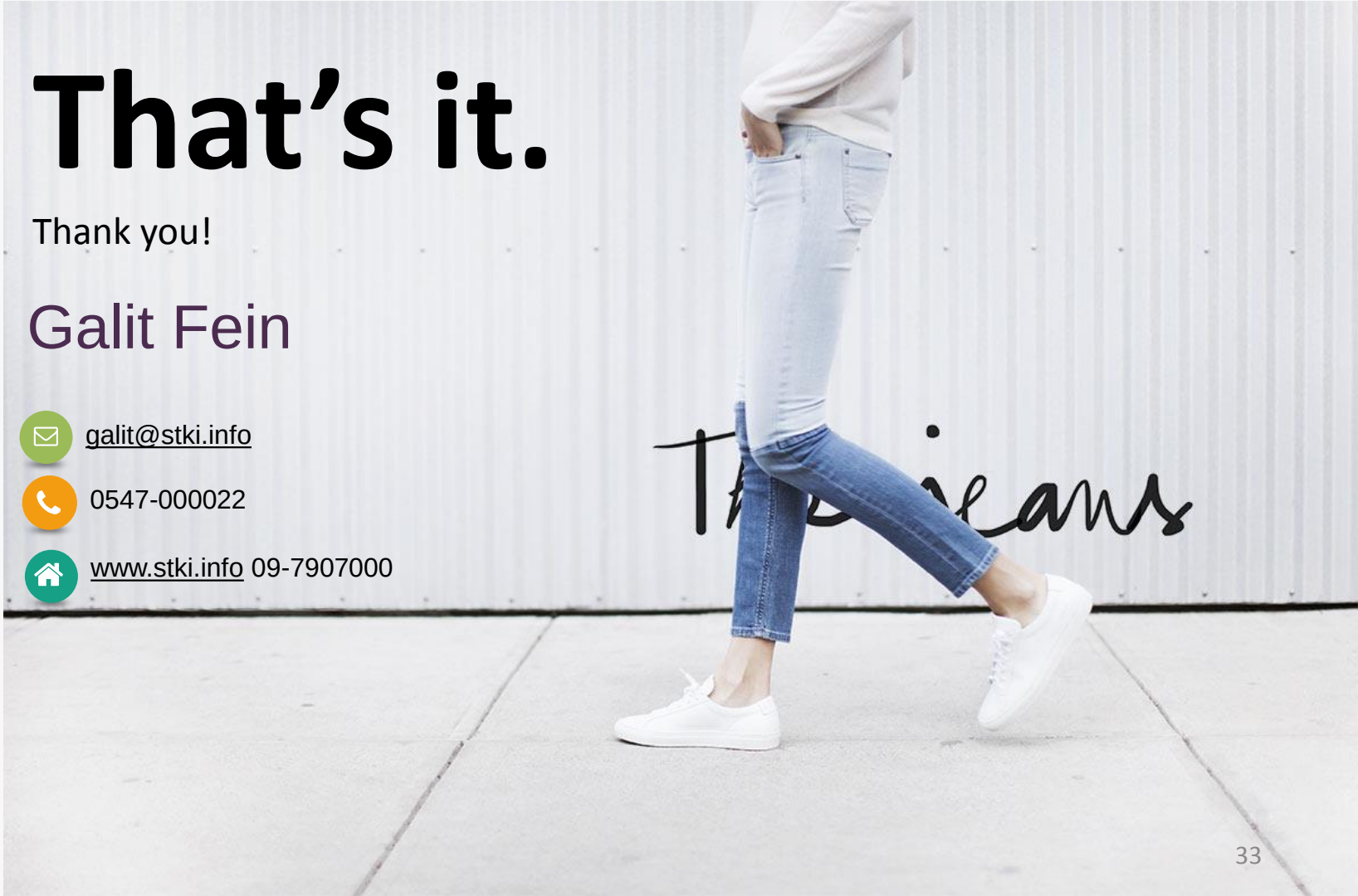

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