



SKYSPARC



DIGITAL TRANSFORMATION STARTS WITH THE CLOUD

THOUGHT LEADERSHIP

While digital transformation is not new, during the past 18 months investment in digitalization across all industries has exploded. To take advantage of the benefits of digitalization, businesses are fast realizing that the route to successful transformation is via the cloud.

Investment in direct digital transformation is growing at a compound annual growth rate of 15.5% from 2020 to 2023 and is expected to total around US\$6.8 trillion, according to industry analysts IDC¹. The firm also predicts that 65% of global GDP will be digitalized by 2022 and 70% of all organizations will have accelerated their use of digital technologies, transforming existing business processes.

There is little doubt that the COVID-19 pandemic has fueled recent growth in digitalization. Almost overnight, the majority of businesses transitioned to remote working as lockdowns became the main weapon against the pandemic. Speaking during the early days of the pandemic in 2020, CEO of Microsoft, Satya Nadella, said the company had seen “two years’ worth of digital transformation in two months”². During April 2020 more than 200 million people participated in Microsoft Teams meeting in a single day, generating more than 4.1 billion meeting minutes.

The most important lesson to be taken from the changes that were wrought by the pandemic is that “every business must be a digital business”, says Vala Afshar, Chief Digital Evangelist at Salesforce³. During 2020 companies accelerated their adoption of digital technologies such as contactless payments and artificial intelligence. “Many businesses had these technologies on their roadmap, but they were considered nice to have versus must haves. Now, they are a necessity to survive,” says Mr Afshar.

Agility has become a key word for businesses as they recover from the shock of the pandemic and seek to meet the requirements of ever more demanding clients and of industry regulators. It is this quest for agility that is guiding enterprises towards the cloud computing model; IDC says as businesses pivot towards a digital-first economy, cloud will continue to play an ever greater, even dominant role.

Total worldwide spending on cloud services, the hardware and software components underpinning the cloud supply chain, and the professional/managed services opportunities around cloud services

will surpass \$1.3 trillion by 2025 while sustaining a compound annual growth rate of 16.9%, says the firm.

Before the pandemic hit, the driver for many cloud deployments was cost savings – by moving to the cloud, businesses sought to eliminate the costs associated with operating, maintaining and upgrading hardware and software. Today, the drivers are more likely to resonate with the main drivers of digitalization: speed and agility.

It is now quite common for businesses to commit to a ‘cloud first’ strategy as they digitally transform, although what cloud first means in detail may differ for every organization. As companies look to deploy digital technologies such as robotic process automation (RPA), machine learning (ML), natural language processing (NLP) and artificial intelligence (AI) a frequent problem is accessing the required data from existing technology stacks.

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Vala Afshar, Chief Digital Evangelist, Salesforce

¹ IDC Reveals 2021 Worldwide Digital Transformation Predictions, IDC, October 2020, www.idc.com/getdoc.jsp?containerId=prUS46967420

² 2 years of digital transformation in 2 months, Microsoft, April 2020, www.microsoft.com/en-us/microsoft-365/blog/2020/04/30/2-years-digital-transformation-2-months

³ 5 Lessons from 2020 about the future of work, Salesforce, January 2021, www.salesforce.com/ap/blog/2021/01/podcast-episode-seven-vala-afshar.html

At British multinational consumer goods company Unilever, cloud was identified as the key to achieving lower costs, greater speed to market and agility. In digitally transforming, the company “was not tempted to sweat-out old and unreliable hardware”, says David Alcock, Lead Manager – Finance IT Business Platform at the company.

Speaking at the SkySparc Global Client Forum, Mr Alcock said the company was an early mover in migrating to cloud, when in late 2014 it created its first landing zone in Amazon Web Services (AWS). Fast forward to today and Unilever has moved its treasury management system on to Microsoft’s Azure cloud platform and has sold its data centers.

“Picking the right people to go on your cloud migration journey is very important. The initial stages of migration may take a while and might not seem successful at the time, but they are paving the way for the future”

**David Alcock, Lead Manager,
Finance IT Business Platform, Unilever**

Uniper SE, a German energy company formed in 2016 after being split from E.ON, is on a similar journey. It has migrated its TMS to the cloud, and “everything around it” has either been or will be migrated to cloud, Rene Lenz, Senior WSS Technical Expert, Uniper SE, told Forum delegates. “Every new application and service will be on the cloud; we are not as forward in our journey as Unilever, but the decision to implement cloud technology was made quite fast.”

Migrating to a cloud platform enables organizations to focus on their core business. By migrating its TMS to the cloud, a European investment manager client could focus on managing its clients’ investments while its cloud hosting provider ensured the firm kept up with the demands of changing market standards and regulations. Another SkySparc client – a debt office operating in a very demanding environment – moved its TMS to the cloud but retained control over its application and user management functions. It chose this option as security and confidentiality of information was an important driver.

An advantage of moving to the cloud is not having to “take care of the technical stuff”, says Uniper’s Mr. Lenz. “With a cloud provider, we can be sure everything in the system, and all related processes are running smoothly. We don’t need dedicated staff to monitor our systems.”

Mr Alcock says a key advantage of cloud computing is the ability to optimize the firm’s investment. “It is difficult to calculate how much it costs to host a service in the on-premises world, while right now I know to the nearest euro cent how much it costs me for my cloud provider to host a system. By using the Park My Cloud facility, I can switch off certain elements of the system when I do not need them. The cloud gives us the scalability and speed to add new servers when we need to.”

Data security and confidentiality are at the top of the agenda for most businesses – knowing where data is, how it is mirrored

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and backed up is critical for maintaining a firm’s reputation and preventing data breaches. The jurisdiction in which the business operates is also a factor, given the varying legislative requirements regarding data privacy and protection. A critical decision during migration to the cloud is about the ownership of data, says Mr. Lenz. “Are you the owner of the data when you move to the cloud? Yes, but you do not have to take care of it – you own the data, but not the hardware behind it.”

Given the complex nature of various TMS, ensuring data privacy in a cloud deployment can be challenging. SkySparc has worked with a number of clients to solve such challenges. We helped a client to automate the copying and anonymizing of its data, creating a script that anonymized data before it was copied to any location. Another client called in SkySparc to build additional processes on top of their TMS to alert relevant staff to potential unauthorized data access attempts.

At Unilever, an important consideration was assessing the criticality of applications and deciding which were suitable to be migrated to the cloud. This included working out how to reinstall source media – some of which was on legacy systems such as floppy disks and CDs – on to the cloud.

Given Uniper’s experience of cloud computing to date, Mr. Lenz believes that “every application that can be run in the cloud should be on the cloud”. It is an approach that resonates with Mr Alcock, who says three functions – disclosure management, cash forecasting and tax reporting – will go live as SaaS applications early in 2022, with financial management reporting to follow closely.

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