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Cloud

Rethink IT and Reinvent Business
with **IBM SmartCloud**

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ASEAN

Business and Technical Challenges Facing Cloud Service Providers

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The global research department of HSBC has released a report predicting the rise and fall of the world's economies in the next 40 years.

The world's top economy in 2050 will be China, followed by the United States. No surprises there – since China's reforms in the 1980s, economists have said it's not a question of if, but when, China's collective economic might will top the U.S.

But among the smaller, developing nations, there are several surprises by HSBC prognosticators: *

By 2050, the Philippines will leapfrog 27 places to become the world's 16th largest economy.

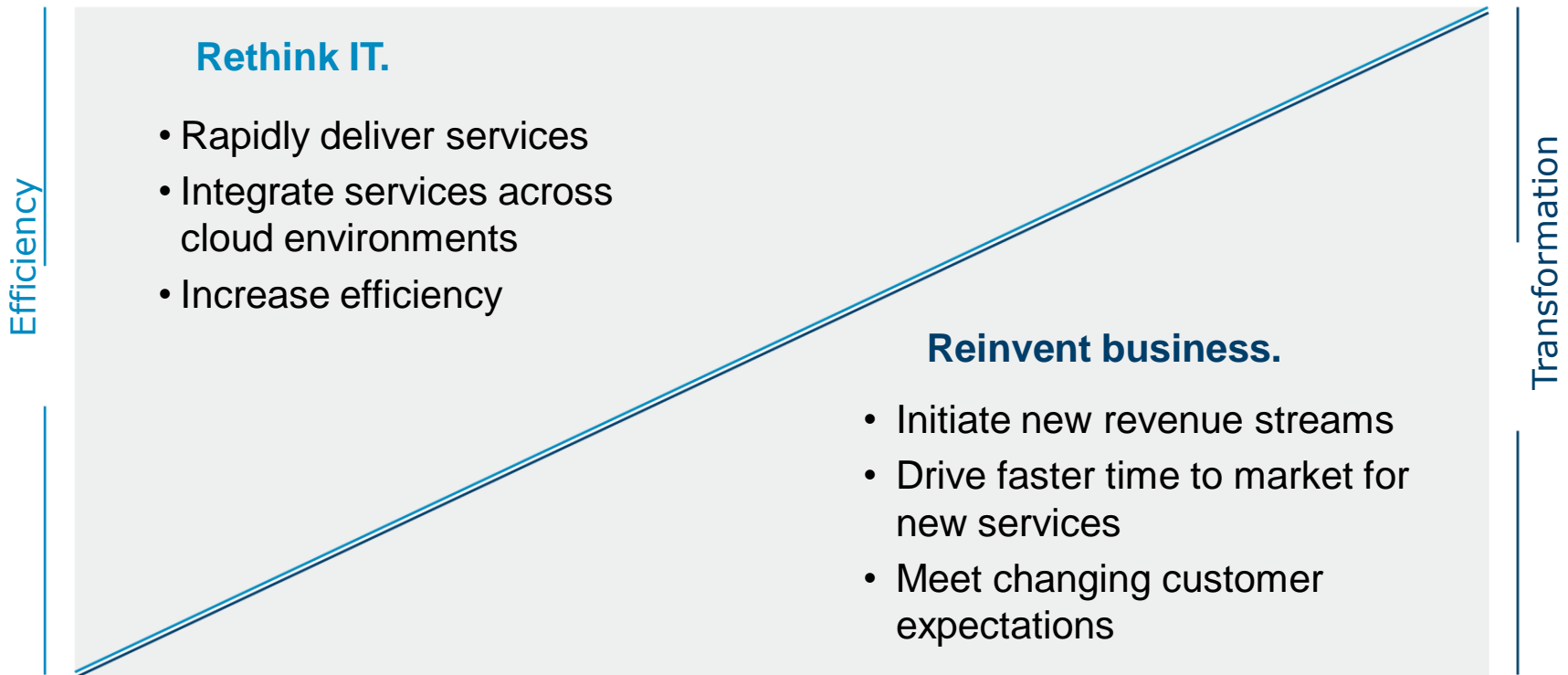
* Peru's economy, growing by 5.5% each year, jumping 20 places to 26th place – ahead of Iran, Columbia and Switzerland. Other strong performers will be Egypt (up 15 places to 20th), Nigeria (up nine places to 37th), Turkey (up six spots to 12th), Malaysia (up 17 to 21st) and the Ukraine (up 19 to 45th).

* Japan's working population will contract by a world-top 37% in 2050 – yet HSBC economists predict it will still be toward the top performing economies, dropping only one spot to the 4th largest economy. India will jump ahead of Japan to 3rd on the list.

- The big loser in the next 40 years will be advanced economies in Europe, HSBC predicts, who will see their place in the economic pecking order erode as working population dwindles and developing economies climb. Only five European nations will be in the top 20, compared to eight today. Biggest drop will be felt in northern Europe: Denmark to 56th (-29), Norway to 48th (-22), Sweden to 38th (-20) and Finland to 57th (-19).

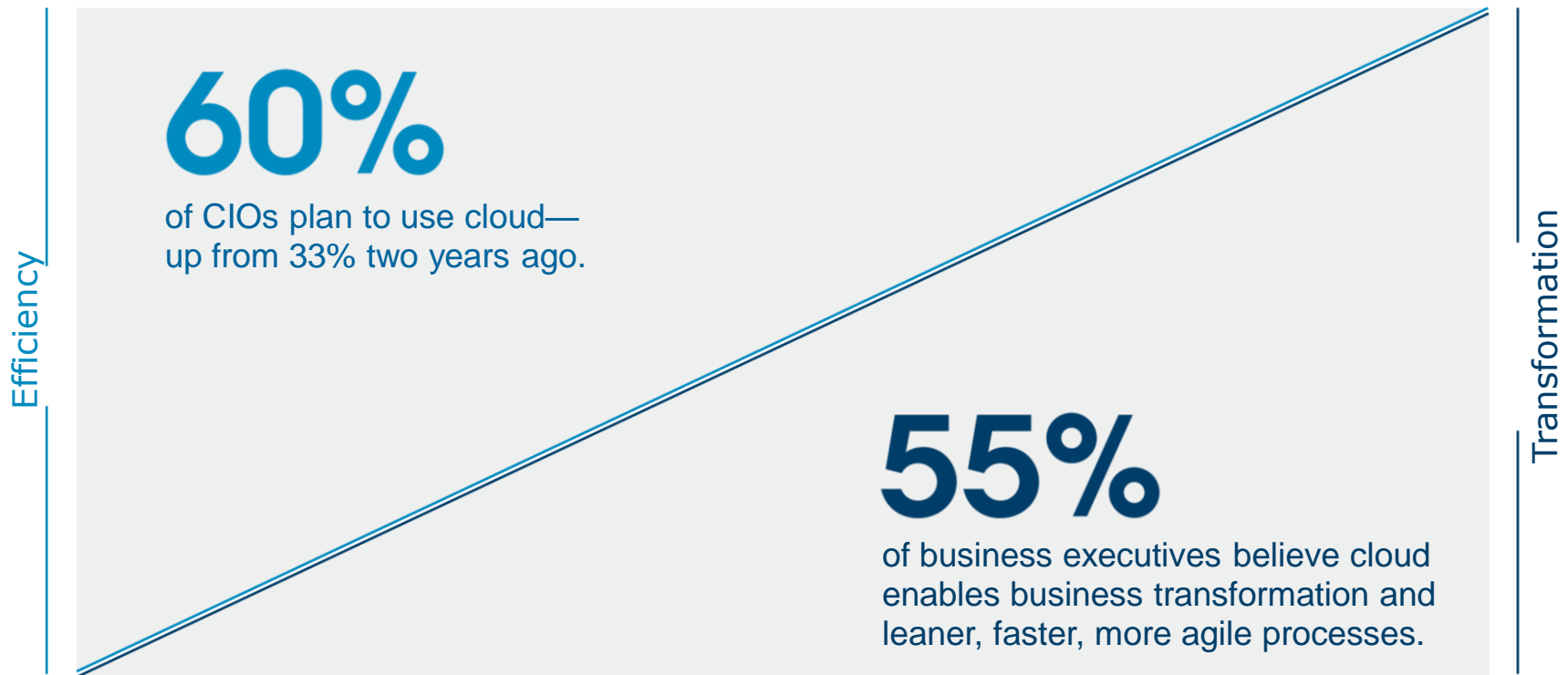
1) China (+2)	13) S. Korea (-2)	21) Malaysia (+17)
2) U.S. (-1)	16) Philippines (+27)	23) Thailand (+6)
3) India (+5)	17) Indonesia (+4)	41) Vietnam (+11)
4) Japan (-2)	18) Australia (-2)	41) Singapore (-11)

IT and Business are attracted to cloud for different reasons



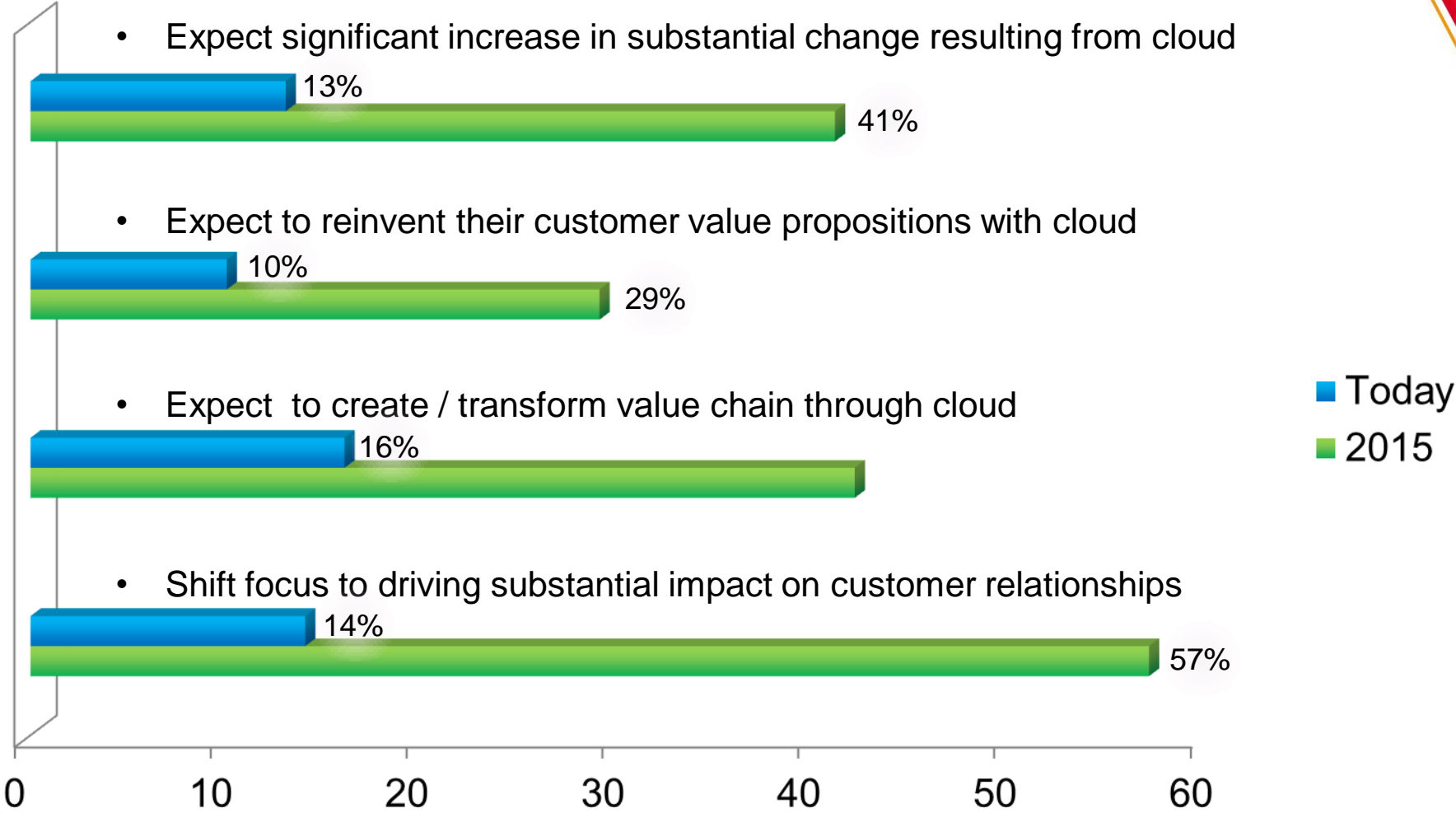
**Source: Gartner, Cloud Computing Services, Virtualization Top CIO 2011 Wish Lists Jan 24 2011

IT is drawn to cloud's cost, efficiency and control...



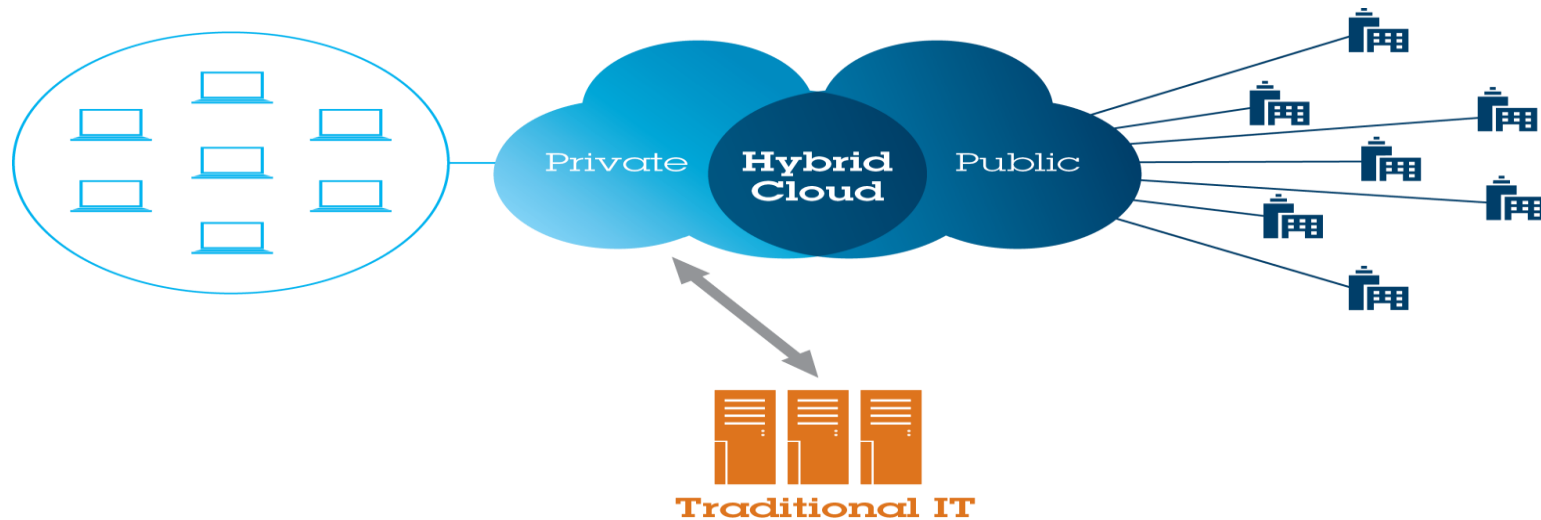
...while business users are drawn to cloud's simplified, self-service experience and new service capabilities.

But companies also see cloud as a force that will impact their business models



*Source: Institute for Business Value / The Economist study 2011

Cloud computing brings flexibility to meeting market demands



Cloud characteristics:

- On demand self-service
- Sourcing options
- Economies-of-scale
- Ubiquitous access to applications
- Measured service/pay-per-use

Cloud managed services across workloads and industry solutions:

- Business Process as a Service
- Software as a Service
- Platform as a Service
- Infrastructure as a Service

From over 2,000 engagements, we see four major Client Cloud Adoption Patterns emerging

Cut IT expense and complexity through a cloud enabled data center

Integrated service management, automation, provisioning, and self service

Accelerate time to market with cloud platform services

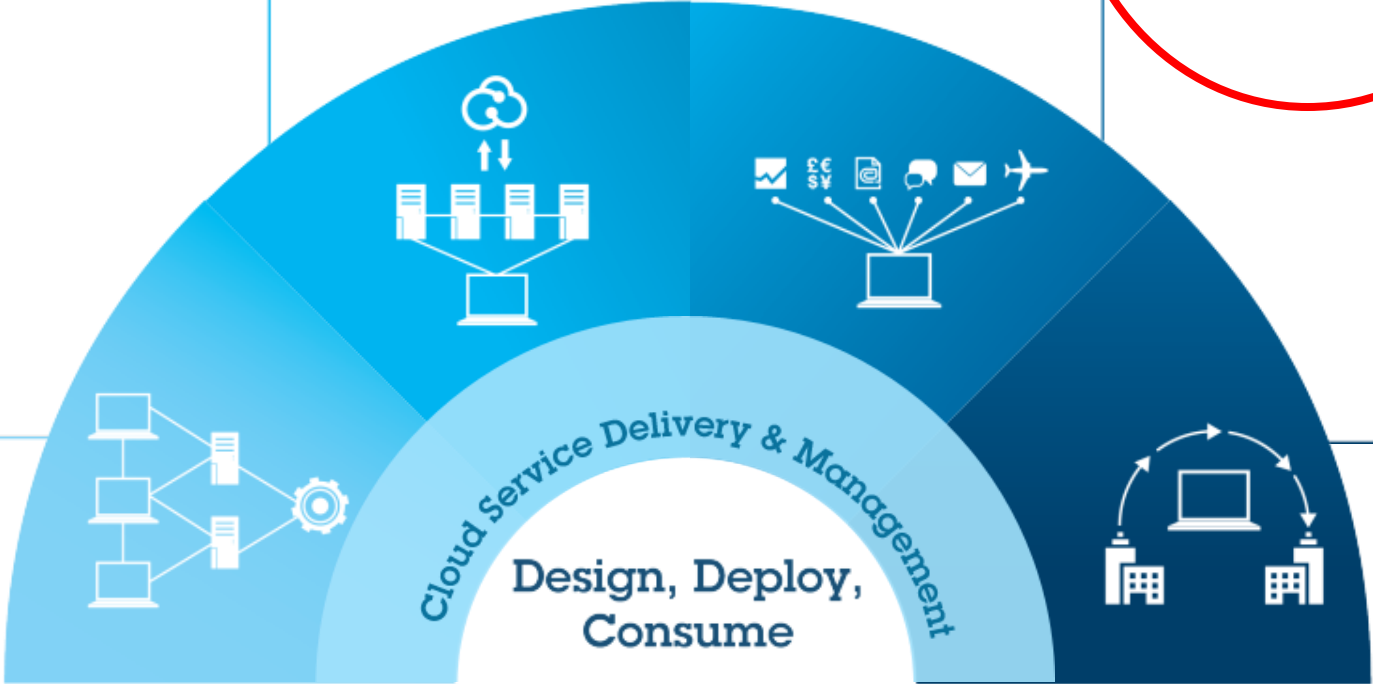
Integrated stack of middleware optimized for automated deployment and management of heterogeneous workloads that dynamically adjusts

Gain immediate access with business solutions on cloud

Capabilities provided to consumers for using a provider's applications running on a cloud infrastructure

Innovate business models by becoming a cloud service provider

Advanced, reliable, highly secure and scalable platform for creating, managing, and monetizing cloud services



In order to be Successful, a Cloud Services Provider must be able to



CREATE

Rapidly Launch Partner Enabled Apps/Services

Infuse Creativity Into the Service Portfolio

Market White Labeled IBM Cloud Services

Ignite Innovation and Differentiate the Service Portfolio



MANAGE

Exploit Advanced Automation

Rely on Carrier Grade Performance and Unmatched Scalability

Deliver Highly Secure, Quality Assured Services

Leverage Integrated Service Management



MONETIZE

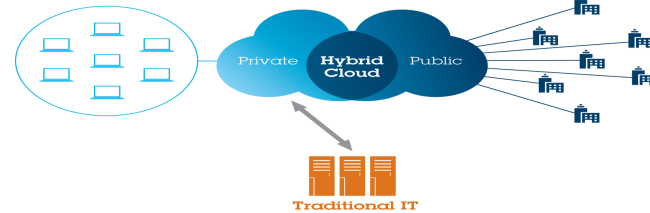
Maximize Effectiveness of Sales Channels

Leverage Intelligence for Differentiation

Optimize Self-Service Web Portals

Energize Cloud Sales & Optimize the Customer Experience

Business Challenges



Cloud Business Value Enablers

*Speed and
Adaptability*

Scalability and Elasticity

Cost flexibility

Analytics

*Focus and Strategic
Alignment*

Collaboration

**Business
Strategy**

- What services should we offer?
- How should we sell these services?
- How should we price such services?
- How should we deliver such services?
- How much are we willing to invest in such services?
- Should we build these services ourselves?
- What is the value of such services to our bottom line?
- How soon are we looking to launch such services?

Business Challenges



Having a well thought out strategy is key but you must also consider your present day operational model.

- **Customer Experience:**
 - What is the right channel?
 - How do we train our channel teams?
- **Sourcing & Alliances:**
 - Do we have a sourcing strategy?
- **Processes:**
 - What business processes need to change?
 - What business processes do we need to implement?
- **Organization & Governance / Culture:**
 - How do we organize ourselves?
 - Do we have the right organizational structure?
 - What cultural changes, if any, will the organization face?
 - How do we train our sales force on these new changes?
- **Performance Metrics:**
 - What should the KPI's be?
 - Do we have mechanisms in place for measuring KPI's?
- **Skills & Capabilities:**
 - Do we have the right skills?
 - What skills do we need?
- **Technology:**
 - What is the technology?
 - Are we using the right technologies?
- **Assets & Location:**
 - Are we ready to enter new markets?
 - Can we embrace this change?

Cloud Service Provider Platform (CSP²) is for organizations who desire to build and/or manage their own public cloud infrastructure

- The scalability of **IBM SmartCloud Foundation** portfolio can enable you to **create, manage** and **monetize** cloud services more quickly.

Create



Rapidly launch partner-enabled apps and services

Infuse creativity into the service portfolio

Market white-labeled IBM cloud services

Manage



Exploit advanced automation

Rely on carrier-grade performance and scalability

Deliver security-rich, quality assured services

Monetize



Optimize effectiveness of sales channels

Leverage intelligence for differentiation

Optimize self-service web portals

Technical Challenges – Cloud Management

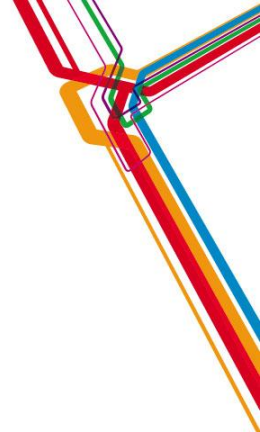


- Infrastructure management tools from multiple hypervisor vendors tend to create “virtualization silos” — and these silos make it difficult to holistically manage critical applications and business services
- Virtual Management labor costs are higher than managing physical servers
- New customer billing is delayed unnecessarily due to long service deployment times
- Existing resources need to be utilized within the new cloud infrastructure to optimize costs
- No billing mechanism for services consumed

Technical Challenges – Network Management



- Service outages occurring too frequently
- Unprotected, miss-configured network devices invite security breaches
- Disruptive but required audit reporting is consuming valuable resources
- New customer billing is delayed unnecessarily waiting for network devices to be configured
- Service Level Agreements are being breached due to slow Mean-time-to-Repair



Technical Challenges – Security Management



- Fear and uncertainty of security threats create reactive and costly corrective procedures
- Out of control password requirements has created security breach possibilities and frustrates customers
- New customer billing is delayed during multiple new application password authentication
- Disruptive but required audit reporting by Legal is consuming valuable resources
- 30% of security breaches happen at the hypervisor requiring new controls for virtualization management

Technical Challenges – Service Level Management



- Customers will demand immediate problem resolution for services they are paying for
- CSPs need to monitor applications in private and hybrid cloud environments
- Service Level Agreements need to be tracked to optimize the support structure cost for delivering services
- Services could lose money if service delivery cost is higher than revenue generated
- Need an improved mechanism to determine service rates

IBM SmartCloud Foundation delivers Visibility, Control and Automation for cloud service providers

IBM SmartCloud Foundation

IBM Cloud Service Provider Platform (CSP²)

Essential Cloud

**IBM SmartCloud
Provisioning**

**IBM SmartCloud
Monitoring**



Management
and
Administration



Availability
and
Performance

Enhanced Cloud

IBM Service Delivery Manager

Tivoli Netcool Configuration Manager

IBM Security Virtual Server Protection

Tivoli Usage and Accounting Manager

**Tivoli Endpoint Manager for Security and
Compliance**



Management
and
Administration



Availability
and
Performance



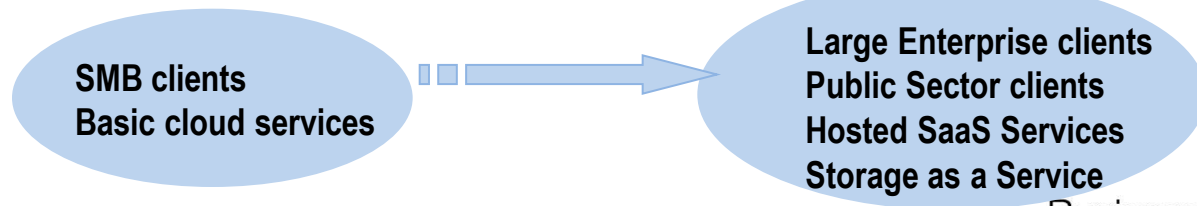
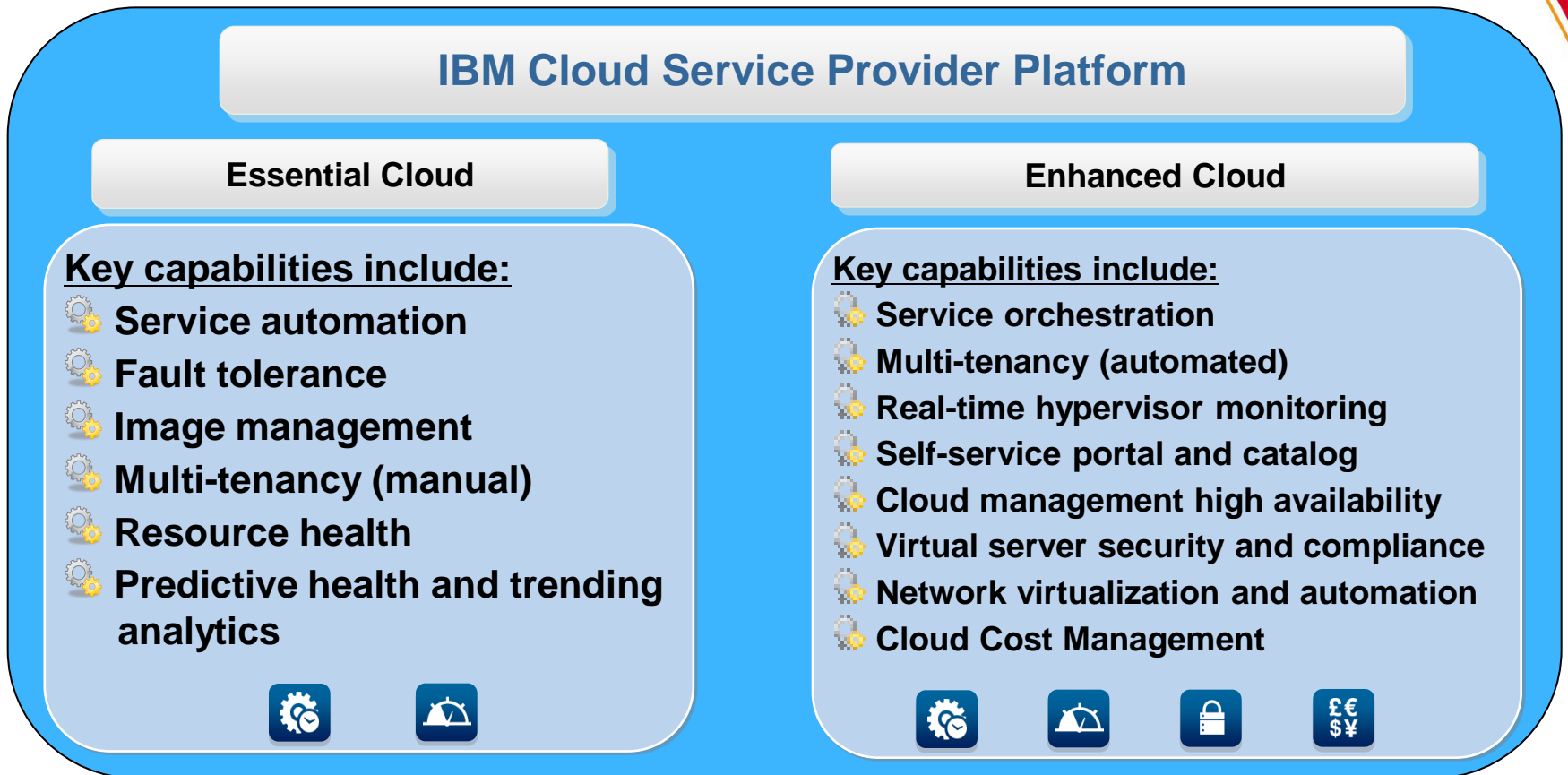
Security and
Compliance



Usage and
Accounting

Starting points in the Cloud Service Provider journey

IBM SmartCloud Foundation



Additional Options to expand the visibility, control and automation for CSP² Essential.



IBM Cloud Service Provider Platform

Optional Capabilities/ Products

Network Management

Network virtualization and automation*



Network traffic monitoring

Performance analytics

Storage Management

Backup and recovery



Advanced data protection



Storage performance monitoring analytics

Storage virtualization management

Security Management

Virtual server security*



Automated compliance auditing*



Identity and access management

Network security

Real-time database activity monitoring

Advanced Monitoring

Cloud cost management*



Virtual infrastructure event management

Real-time service visibility








Application monitoring

* Positioned in CSP²

Your Call to Action



-  Where is your Company in preparing for Cloud?
-  Where are your competition?
-  Recognise that this is as much a Business Issue as Technology
-  Engage with the Business – where do they want to transform?
-  Use **CSP²** to Transform your delivery capability and Leapfrog your competitors

The letters 'Q&A' are drawn in a thick, blue, hatched style on a piece of lined paper. The paper has horizontal blue lines and a vertical red margin line on the left. The letters are slightly tilted to the right. The 'Q' has a small tail at the bottom right. The ampersand is stylized with a loop. The 'A' has a triangular shape with a horizontal bar. The entire drawing is enclosed in a faint, hand-drawn rectangular box.

Q&A

You have

Questions

We have

Answers

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Thank You



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