7 Tips on Becoming an IT Service Broker

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Contents

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Executive Summary

In the not-so-distant past, CIOs had only two choices: build or buy. Today, all that has changed.

In addition to build vs. buy, IT leaders can choose from an alphabet soup of "as-a-service" options offered in the cloud: SaaS, DaaS, IaaS, and PaaS. You name it; somebody is offering it as a service. Plus, there's the added dimension of three different types of clouds: public, private, and hybrid.

As the pressure on IT continues to grow, budgets do not. The demand to "do more with less" is the new normal. What's a CIO to do?

Many believe the next logical step is for IT leaders to evolve from making build vs. buy decisions to matching up line-of-business requirements with third-party service providers— many of them in the cloud.

In essence, an effective CIO must become an IT service broker.

This white paper provides seven tips on how to make that transition with maximum effectiveness and minimal disruption to services.

4

rank of "IT as a Service Broker" in Gartner's Top 10 Technology Trends for 2014

WHAT'S AN IT SERVICE BROKER?

A broker is anyone who acts as a go-between in a transaction—just as a stockbroker buys and sells stock on behalf of a client.

IT service brokers finds the best tools and technologies to meet the needs of users. They're concerned about time-to-deploy, cost, effectiveness, and user satisfaction. And they don't insist that every workload runs in the company data center.

"The role of the IT service broker is designed to remove mundane and tedious tasks, so that executives can focus valuable time and efforts on strategic and business-oriented programs," writes IT consultant John Rowe.[1]

In short, the goal of an IT service broker is to deliver high-quality results, quickly and affordably. That's a great way to do more with less.
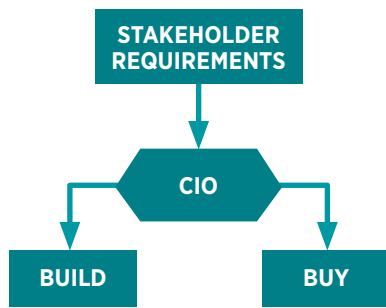
FIGURE 1: CIO DECISION FLOW, 2000

FIGURE 2: CIO DECISION FLOW, 2014

Tip 1: Admit you can't do everything yourself

For many years, CIOs operated as a build vs. buy decision diamond on the IT flowchart, as shown in Figure 1.

When the business needed more automation, the IT chief decided whether to buy a system off the shelf—and customize it—or build it with their own programming talent. Either option was slow and costly, and limited the responsiveness of IT to user demands.

Agile development promised to deliver significant cost savings and quick turnaround. But even agile wasn't agile enough.

No CIO on the planet can develop all the applications that users demand. Deadlines are too short. Good talent is too hard to find. And shadow IT is only a phone call away.

That's why the role of the corporate IT leader is evolving from build vs. buy into a multi-faceted role as a "service broker" who can quickly evaluate stakeholder requirements, and match them to an appropriate application or service provider.

"Sometimes IT needs to provide access to services that are being delivered from outside of the data center, simply because it makes business sense," argues EMC executive Edward Newman in a recent blog. "The key is to understand what workloads can live where.... what you build, who you partner with, and what you stop doing."[2]
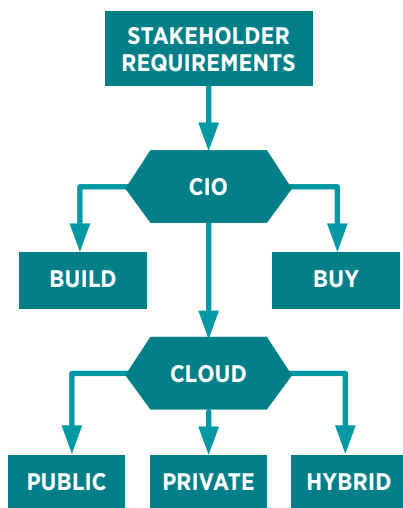
As shown in Figure 2, effective CIOs today know how to provision requirements from an expanded set of options: buy, build, or choose a public, private, or hybrid cloud. Since cloud options require no on-premise hardware, they are generally faster to implement, enabling IT to respond more quickly to user requirements.

In this new role, your success will depend on researching, proposing, and managing a broad range of effective services, many of them sourced from third parties that specialize in certain technologies.

Wise managers know their limits, and line up the resources they need to fulfill their mandate. It's time for CIOs to do likewise.

Tip 2: Catalog all current and near-term applications

To manage a company-wide portfolio of applications and services, the IT chief should know exactly what apps are running today and how much infrastructure they require. But that's not easy.

When Extreme Networks surveyed 740 CIOs and IT directors in early 2014, the results showed there are often more 1's and 0's running through corporate networks than CIOs know. Most respondents had a good handle on their largest, most visible applications such as accounting, CRM, and e-mail.

But many underestimated how close their networks were running to the redline on bandwidth capacity.[3]

IT chiefs need a clear picture of what applications their lines of business are running and how much bandwidth those apps take up.

To develop that inventory, start with your corporate-standard disk image. Then join forces with your CFO to evaluate every department's expense reports, trying to spot any IT services being paid by credit card.

Finally, tactfully query your line-of-business managers on what SaaS and cloud services their people may be using. Even if you get an earful, this will help you see why users often choose shadow IT, and show your management team that you're serious about evolving your role.

Need help with Shadow IT?

For help finding out what your users are really running, see the Rackspace white paper "How to Bring Shadow IT into the Light."

THREE TYPES OF CLOUD

Public cloud–These are multi-tenant solutions generally housed off-premises. Because they are hosted by a third party and can scale up or down to meet fluctuating demand, the public cloud is great for CRM, e-mail, and web portals.

Private Cloud–Unlike a public cloud, private clouds don't share disk space with other tenants, so these are suitable for more demanding workloads like e-commerce or an SQL Server database. You'll pay more for the privacy, but it's worth the tradeoff.

Hybrid Cloud–This is a combination of public and private clouds operating together as a cohesive unit. With a hybrid cloud, you can reap the cost savings of the public cloud, but still use the private cloud for resource-hungry or highly secure apps that can't live anywhere else.

For example, that SQL Server database might require the security of a private cloud for governance purposes, but also need to replicate to and from a CRM system in a public cloud. A hybrid cloud fits the bill perfectly.

Tip 3: Categorize each app for the cloud

IT service brokers know that some workloads can be born in the cloud. Others can migrate to the cloud right away. Some can be moved after they've been modified for cloud deployment. And some simply aren't appropriate to move outside your firewall.

Table 1 shows an overview of some different types of workloads and which are best suited for a public, private, or hybrid cloud. Compare these rules of thumb to your own experience.

As the CIO, you'll need to evaluate each application in terms of sensitivity of the associated data, security provisions required for regulatory purposes, and integrations needed to interoperate with your other applications. This is where your expertise can make a huge difference.

After all, you know much more than any end user tempted to sign up with the first service that catches their eye, based on little more than the promises they see on a website.

TABLE 1: CLOUD SUITABILITY OF TYPICAL ENTERPRISE APPSCOST A

APPLICATION	TYPE OF CLOUD		
	PUBLIC	PRIVATE	HYBRID
Archiving/Off-site Backup			✔
CRM	✔		
E-Commerce (with PCI security)			✔
E-mail	✔		
ERP (with compliance)		✔	
HR Portal (HRIS)		✔	
Development, Test or QA			✔
Web portal (user-generated content)	✔		

Source: Rackspace, based on typical customer experiences

Need help deciding?

For more notes on categorizing apps for the cloud, see "Getting Started with the Cloud: A Step-By-Step Enterprise Implementation Guide."

SaaS White Paper Directory

Here are some recommended sources for white papers and case studies on cloud service providers:

- findwhitepapers.com/technology/data_center/cloud_computing

- idgconnect.com/search?query=cloud

- itwhitepapers.com/technology/data_center/cloud_computing

- searchcloudcomputing.techtarget.com

- techrepublic.com/topic/cloud/

WHAT'S A CLOUD SERVICE BROKER?

Want to see what's available in the cloud to meet certain requirements from users? Trying to assemble cloud services from different providers into an end-to-end system? Just don't have time to do it all yourself?

You may need the services of a cloud broker. Just like any broker, a cloud broker is a go-between who matches up buyers and sellers.

And this is a growing area of IT spending. In fact, Gartner predicts that by 2015, 20% of all cloud services will be used through brokerages, up from less than 5% today.[4]

Tip 4: Develop a list of possible providers

Of course, not every user requirement deserves the same priority. Some are more strategic than others, and some serve many more users. After you develop a set of stakeholder requirements, sort these into two lists:

- High-priority requirements ("must-haves")
- Lower-priority requests ("nice-to-haves")

Since a broker is essentially a matchmaker, it's time to compile a list of applications and cloud service providers that could meet your high-priority requirements.

Some web searches are the way to go. Stronger providers publish white papers or case studies that outline their capabilities. You can usually find these on a vendor's website under "Resources" or "Downloads" or even "Library."

When you call a possible provider on the phone, you will speak with an account executive and possibly a sales engineer. Share your requirements and ask how well their product meets them. Good account executives will be honest. They don't want to waste everyone's time if their product is a misfit.

But if a vendor qualifies, put them on your short list of providers. And if you don't have time to even research the fast-changing possibilities available in the cloud, consider asking a cloud service broker for help.

Tip 5. Do your due diligence

You'll want to do your due diligence on your list of possible providers. This will likely involve a demo from every vendor. And you may need to weigh the pros and cons of multiple providers compared to a single vendor that can do it all.

How to get the most from a cloud demo

If the provider has done their homework, the sales engineer will start with the list of your requirements. They may put these on a whiteboard and check off each one as they demonstrate their capabilities.

As the demo progresses, keep your business processes firmly in mind. Evaluate each candidate based on how well it fits into your processes in place. Don't agree that your firm will change the way it does things to meet the shortcomings of the software. It must be the other way around.

Multiple versus single providers

While it's possible to piece together loosely coupled solutions from different service providers, finding a single vendor offers some distinct advantages.

- **Similar interfaces**—Cloud systems with a consistent look and feel deliver more comfort to users. And the more comfortable users feel about a system, the more likely they are to use it.

- **Consistent API for integrations**—No IT director wants a cloud solution that creates another data silo. Most have experienced the frustration of loading a system with mission-critical data, only to create an island of technology that can't communicate with any other system. A single-vendor solution helps avoid this with a consistent API your programmers can use to develop seamless integrations.

- **Transparent monitoring**—Every day, IT leaders spend hours poring over their dashboards to gain visibility into mission-critical apps and data. But some cloud vendors complicate this with proprietary dashboards and KPI indicators. A single cloud provider will enable you to manage your systems with one intuitive analytics portal.

- **More reliable support**—When things don't go as planned, you need support that gets to the heart of the problem, quickly. Multi-vendor cloud solutions can lead to finger-pointing chaos. Single-vendor solutions avoid this, resulting in greater uptime and fewer headaches.

Whittle down your list to the ones who can address most of the points your users requested. If one provider can meet them all at a reasonable cost, you have your cloud provider.

Tip 6. Pick the best candidate for each workload

When it's time to make a decision, choose a service provider that can meet your needs today, and for a few years into the future. Here are some criteria to look for in this regard.

Provisioning all three cloud types—Whether your requirements call for a public, private, or hybrid cloud, your provider must be able to handle all the provisioning and configurations. Going forward, this gives you a full range of choices.

Robust networking—The provider you choose should build its cloud architecture for premium infrastructure, including features that balance enterprise workloads across physical servers, and provide intuitive access controls.

Flexibility—Business rules are living, breathing organisms, always growing, and always evolving. The cloud provider must be flexible enough to meet your business needs, regardless of how much these rules may change.

Online dashboard—Look for a browser-based control panel that gives you complete visibility into all your cloud instances so you can easily monitor their health, usage, capacity, and all other key performance indicators that matter to you.

Outstanding support—Your provider should have a dedicated team ready to support you 24/7/365.

No vendor lock-in—You may be a Windows-only shop today, but tomorrow your firm might acquire a company running HP-Unix. Your cloud provider should be able to react to this type of change.

You can reduce the risk of vendor lock-in by selecting providers that follow industry standards and use open-source code that supports multiple operating systems and hypervisors.

For example, the open source cloud platform OpenStack® uses abstraction layers, which make it easier to switch between technology components and vendors. This open development model is the best way "to foster badly-needed cloud standards, remove the fear of proprietary lock-in for cloud customers, and create a large ecosystem that spans cloud providers."[5]

Tip 7: Monitor each vendor with a scorecard

You've spent a great deal of effort selecting each vendor to meet your requirements. Now it's a good idea to monitor how well each one meets the expectations of IT and your corporate stakeholders.

Most enterprises accomplish this with a vendor scorecard. A properly constructed scorecard makes it much easier to compare cloud providers in the future. The challenge, however, is deciding what outcomes to measure.

A recent article from the Data Center Knowledge portal[6] recommends building an effective scorecard around the following five areas:

- **Price**—Measure costs on three levels: computing, storage, and bandwidth. A provider may appear cheap in one area, but turn out to be overly expensive in another.
- **Performance**—Use storage I/O (not CPU speed) when evaluating cloud providers, since this is the single biggest performance factor in the cloud.
- **Security**—Some providers offer conventional firewall security. Others may require you to roll your own encryption to safeguard your data.
- **Service Level Agreements**—The higher the guaranteed uptime percentage, the better fit the cloud provider is for mission-critical applications. Make sure you understand how the uptime guarantee is measured.
- **Support**—Some providers deliver round-the-clock support, while others offer cheaper tiered packages for various response times. Keep this in mind when scoring providers.

Scorecards help you and your vendors see what you expected and what they actually delivered. Clear metrics based on empirical data give you a firm foundation on which to decide which providers you can rely on moving forward.

Becoming an IT service broker is all about transitioning IT from doing routine maintenance to making a strategic contribution to revenues and profits. And it means evolving your IT leadership from making build-vs-buy decisions to enabling strategic technologies faster and more cost-effectively than ever before.

Conclusion

It's time to reboot the role of IT leader in the enterprise. It's no longer enough to simply monitor legacy projects and frame all new projects in terms of build vs. buy.

The new model for the CIO as an IT service broker means selecting cost-effective services from an expanded range of third-party service providers, many of them in the cloud.

From gathering requirements to evaluating vendors, IT service brokers operate not as server-huggers intent on keeping all workloads behind the company firewall, but as strategic thinkers and trusted advisors.

You may need some help moving to an IT service broker model; after all, our first tip is to admit you can't do it all yourself. For help at any point in the process, visit www.rackspace.com.

Rackspace® Advisory Services can help you do a Cloud Readiness Assessment. And our seasoned sales engineers can put together the package of hardware, software, storage, networking, and support that you need.

Sources

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About Rackspace

Rackspace® (NYSE: RAX) is the #1 managed cloud company. Its technical expertise and Fanatical Support® allow companies to tap the power of the cloud without the pain of hiring experts in dozens of complex technologies. Rackspace is also the leader in hybrid cloud, giving each customer the best fit for its unique needs — whether on single- or multi-tenant servers, or a combination of those platforms. Rackspace is the founder of OpenStack®, the open-source operating system for the cloud. Based in San Antonio, Rackspace serves more than 200,000 business customers from data centers on four continents.

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