

THINKstrategies



A Whitepaper for Corporate Decision-Makers

Enterprise Cloud Computing: The CIO Perspective

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Executive Overview

An unprecedented combination of macro-market trends is driving organizations of all sizes, across nearly every industry, to re-examine how they operate so they can survive and thrive in the face of mounting business challenges.

These challenges include:

- Economic uncertainty
- Escalating competition
- Lower customer loyalty
- Changing workplace requirements

Chief Information Officers (CIOs) are being particularly challenged to re-evaluate how their IT operations support their business units in light of these macro-market trends so they can achieve their corporate objectives.

Rising business demands at a time of tightening operating budgets are forcing CIOs to consider new ways to reallocate their limited internal resources to better support their corporate priorities. This is driving them to rely more heavily on third-party services to augment their in-house capabilities and better satisfy the needs of their corporate executives and end-users, as well as their customers and strategic partners.

Enterprise cloud computing has become the most exciting development and delivery alternative to arise in the new millennium.

Enterprise cloud computing permits CIOs to quickly and economically access the latest application development and delivery resources and innovations 'on-demand' via the web to dramatically reduce the time and cost of meeting specific business needs with more powerful functional capabilities.

Enterprise cloud computing also allows CIOs, and the organizations they support, to be more responsive and agile in these turbulent times.

This whitepaper will examine how a growing number of CIOs are adopting enterprise cloud computing solutions in general, and salesforce.com's Force.com enterprise cloud computing platform in particular, to meet their escalating requirements and achieve their business objectives.

CIO's Speak Up

The value proposition for enterprise cloud computing has been clearly articulated by a variety of research firms:

1. Delivers Faster Time to Value
2. Requires No Up-Front Capital Expense
3. Minimizes Operational Costs
4. Requires Fewer Technical Resources
5. Simplifies Integration

While THINKstrategies certainly agrees with these potential benefits, we wanted to hear directly from the IT executives in the field who are building and running applications everyday in the cloud. Specifically we wanted to know how the promise of enterprise cloud computing is actually being realized by various companies today. So, we conducted a series

of interviews with CIOs from a variety of enterprises to hear how they are leveraging cloud computing to address their rapidly changing IT and business requirements

In this paper, we highlight three CIOs who we recently interviewed for a podcast series from different industries and sized companies who have built custom applications in the cloud. We specifically asked them to talk about how cloud computing affected their operations in three important areas: Security, Integration, and Time-to-Value.

As these case study examples clearly illustrate, salesforce.com and its Force.com enterprise cloud computing platform are clearly satisfying the needs of a widening array of organizations, and CIOs should carefully consider this enterprise cloud computing platform as a more effective alternative to traditional development and delivery techniques to meet their corporate needs.

Matthew Dickerson, CIO Mobility Services International (MSI) - Using the Cloud to Achieve SAS 70 Compliance and Refine the Role of Its IT Operations

We first talked to Matthew Dickerson of Mobility Services International (MSI), based in Newburyport, MA. Matthew's top three drivers as a CIO are: Security, Change Mgt, and Limited IT resources.

MSI is a leading provider of global workforce mobility solutions that provides a complete range of corporate relocation services, including strategic planning, compliance and risk mitigation, and program administration for companies in more than 160 countries worldwide.

Matthew's actual title is *Chief Innovation Officer*, reflecting MSI's view that the IT organization should continuously evaluate and adopt new technologies and methodologies to more cost-effectively support the company's business objectives and give it a greater competitive advantage. He is responsible for the company's *"quality, technology and process improvement."*

Matthew said MSI, *"views quality and process improvements as the input of what technology actually develops."*

Matthew reported that MSI had been experiencing explosive growth over the past two years and its IT organization was having a difficult time keeping pace with the urgent operating requirements generated by this growth. It had limited internal development resources which had to focus on the company's core applications, and didn't want to dramatically expand its internal operations in light of the economic downturn.

One of its primary needs was to achieve a SAS 70 Type 2 certification to verify the quality, reliability and security of its services in order to give its customers greater confidence in its services. Achieving this certification can be a very costly and time-consuming effort, involving the procurement and development of a series of IT and business management applications.

As a result of these challenges, MSI *"embarked down the path of enterprise computing because we wanted to focus on what was core to our business, and **take those applications which were not core to MSI and move them to the cloud and reduce the complexity within our computing environment."***

MSI was already a salesforce.com customer relationship management (CRM) user, and decided to leverage the Force.com enterprise cloud computing platform to develop the necessary applications and "launch them into the cloud" according to Matthew. Matthew admitted that *"**selfishly we chose IT project and change management**"* to test the capabilities of Force.com, "because that was something which would benefit me directly right out of the gate, and ***I wanted to eat my own dogfood. And, it has worked out fantastic!***"

“With the dashboard delivery on a daily basis, I know exactly where we stand from a change management perspective. I also have full accountability around production installs. And, the business now vets changes long before they hit my desk,” according to Matthew.

He went on to state, *“Our number one goal was to get through the SAS 70 certification process with no relevant exceptions noted. That’s how I knew from a feature and functionality perspective it was a success.”* But, even more importantly, ***“From a timing perspective, we built the application in a week!”***

The application has been in production for approximately a year, and Matthew reports that ***MSI has saved “at minimum \$75,000 in hard costs, including staff, servers and software”*** as a result of leveraging Force.com and enterprise cloud computing.

Since that initial IT change and project management application deployment, MSI has gone on to develop ***over seventeen (17) applications on the Force.com platform***, including automated risk management and HR policy administration, ***in less than a year***. Matthew reports that the cloud-based HR application, in particular, has ***permitted MSI to avoid hiring two additional administrators*** that were originally budgeted for this function.

When asked if MSI considered any other platform alternatives, Matthew responded, ***“In my opinion, there is no other platform alternative based on the maturity of [the Force.com] offering.”***

“The platform has enabled us to achieve a full 360 degree view of our clients, our employees and our enterprise,” Matthew says. ***“[Enterprise cloud computing] has also permitted our IT department and business analysts to focus more on the ‘what’ of what needs to be done rather than the ‘how’ of what needs to be done.”***

Matthew says Force.com has permitted MSI to focus on its business needs rather than development requirements. ***“We aren’t hiring developers. We are hiring people with statistics and process expertise. So, [enterprise cloud computing] shifted the make-up of our workforce.”*** Matthew went on to say, ***“Our infrastructure team are now vendor managers.”***

As for the future, Matthew says, *“we will continue to extend”* the company’s enterprise cloud computing initiatives to support its evolving business requirements.

Jim Thompson, Executive Project Sponsor CRC Health - Using Cloud Computing to Streamline Drug and Alcohol Treatment Operations and Increase Web-Generated Revenue

Next we talked with Jim Thompson, the Executive Project Sponsor of CRC Health who implemented multiple applications to support processes for managing patient data, medical records, insurance information and transaction activity, including over 50,000 client referrals. Jim’s top concerns were time to market, user adoption, and consolidation.

CRC Health is the largest provider of drug and alcohol treatment services in the U.S. serving 30,000 people with drug and alcohol addiction, learning differences, weight management issues, eating disorders, and other behavioral issues each day at over 145 facilities across the United States.

The healthcare provider has experienced significant growth, both organic and via acquisitions. It recently acquired the country’s largest youth treatment provider, Aspen Education Group, and needed a platform to better manage the combined patient intake systems, track all of their Web entities, and streamline their operations to maximize their revenue opportunities.

CRC Health was previously using ACT!, Excel spreadsheets, and other proprietary systems to manage its extensive patient data, and only one call center operator could access this

data at a time. In order to better serve its clients and compete in the marketplace, the company needed a system that could give it greater visibility into client treatment histories, clinical and behavioral trends, insurance policies and future placements. The company also needed to better manage and track the effectiveness of its marketing programs and Web sites so it could generate greater revenue from these activities and assets.

Jim Thompson was CRC Health's Executive Project Sponsor at the time, knew that traditional tools and techniques were not conducive to addressing the company's pressing issues. ***"Our existing systems were too fragmented and difficult to integrate to scale to meet our growing requirements,"*** Jim reported.

As a result, he decided to explore enterprise cloud computing alternatives. CRC Health's initial foray into cloud computing was adopting salesforce.com's on-demand customer relationship management (CRM) solution to centralize all of its customer records and marketing activities. According to Jim, ***"This demonstrated the rapid deployment, security, compliance, performance, ease of use and scalability of a cloud platform."***

The platform allowed CRC to be "HIPAA" compliant, ***customizable and permitted real-time visibility*** to valuable corporate and client data across the organization and authorized partners. But, it also enabled CRC Health's staff to create their own enterprise applications to satisfy their unique requirements.

Jim's team first application built on Force.com was ***a patient intake management solution*** which was rolled out to the entire organization within weeks. Based on the success of the initial application, Jim's team has gone on to build ***a half-dozen core enterprise applications*** and ***dozens of additional modules*** that have improved CRC Health's business operations and marketing effectiveness.

"We were able to develop and deploy a new generation of enterprise applications to pull together our dispersed operations and improve our visibility across the organization," says Jim.

Jim went on to say, ***"The scalability and user-friendly nature of these cloud-based applications has also enabled CRC Health to successfully grow its business."***

For example, the company grew the call center from 8 to 40 users and expanded the user base of the application to 450 users at facilities around the country. They were handling more than 10,000 calls a month that were generated from hundreds of web properties.

Today, CRC Health's cloud-based applications are its de facto system of record that includes highly sensitive patient data, medical records, insurance information and transaction activity, including over 50,000 client referral sources. Authorized CRC Health personnel and select business partners can access this data on a real-time basis at any time, from anywhere, including their mobile devices. In sum, Jim said,

"Leveraging the cloud permitted our staff to focus on the business requirements of the organization rather than worry about the technical aspects, We would not have been able to maintain the quality of service for our patients as we scaled our Admissions and Marketing best practices without utilizing an enterprise cloud computing platform."

Mark Warren, Acting CIO 20/20 Companies - Using the Cloud to Build Custom a ERP System for Outsourcing

Last, we spoke with Mark Warren, the acting CIO of 20/20 who was tasked with developing a customized enterprise resource planning (ERP) to meet the company's unique requirements. Mark was focused on integration, TCO, and minimizing risk.

The 20/20 Companies help telecommunications, cable and energy companies with their door-to-door sales, new subscriber and "win back" programs, digital upgrades, visual audits, converter swap-out, and telephony and high speed data services.

Many people have the misconception that today's cloud-based solutions are designed with a one-size-fits-all model in mind and can't be catered to meet individual organization's specific needs. This is not the case, according to Mark.

"There was no ERP solution for the outsourcing sales business, so we had to build our own and the only way we could do so effectively was to leverage a cloud computing platform," said Mark.

"The real issue for mid-sized companies in particular is that they are not built to generate software. They are built to generate business."

His team selected salesforce.com's Force.com enterprise cloud computing development platform to build its ERP system that includes a customer-centric order management application that includes deep integration with multiple systems, in-store kiosks and varying sales compensation processes.

Mark said, "20/20 was looking for a platform that would reduce its development risk and minimize its costs in absolute terms and time-to-market perspective." It also wanted to keep its IT department as small as possible and focused on business problems rather than technology.

Based on its requirements, Mark said ***"Force.com was the clear winner. It was not even close. It is highly programmable and similar to traditional development environments but easier to use. And, within twelve weeks we had the system in operation. It's been a rousing success!"***

Based on its initial success in 20/20's retail division, the company has deployed the cloud-based solution across the entire organization.

Mark reported that by using an enterprise cloud computing platform, ***"20/20 was able to achieve a four-to-one savings of time and costs in its ERP system deployment. In other words, it took one-quarter of the time and cost one-quarter as much as a comparable on-premise approach."***

But, more importantly, Mark points out that legacy development tools are not capable of delivering a comparable solution that is as scalable and secure. And, because 20/20 doesn't have to allocate servers and staff to support its new enterprise cloud computing application, it can reallocate its resources to better support its corporate priorities.

"We have had no issues from a performance and reliability point of view. And now there is no end of desire for customized applications within our organization," according to Mark.

CIO Best Practices and Lessons Learned

Today's unprecedented business and organizational challenges are forcing CIOs and IT decision-makers to re-evaluate how they operate. It is also driving them to adopt more flexible and cost-effective mechanisms to achieve their IT and business objectives.

So, what are the lessons learned by the CIOs we interviewed?

Matthew Dickerson of MSI says,

"The first thing you have to do is start to think outside the box, and throw away all the models of the past of what an IT organization looks like and what it does. Let the

‘what’ drive the ‘how’ is probably the biggest lesson here. Make people more consumers than producers of information and that will facilitate adoption.”

Jim Thompson of CRC Health believes enterprise cloud computing not only enables organizations to accelerate their development cycles and reduce their time to value,

“It has enabled us to realign our organization so that corporate resources were better supporting business units in the field. It also given senior management greater visibility into day-to-day operations and strategic initiatives to ensure they are operating efficiently and achieving their corporate objectives.”

And, Mark Warren of 20/20 Companies says,

“Now, instead of taking the time of senior staff to talk about the problems with operations and IT, we can talk about how we can enhance the business and grow the profits. What changes is that development cycles and technical problems have been so dramatically reduced that you have more time to focus on the business and expand the role of technology. And, that’s a lot more interesting and fun than fighting with the computers of the past!”

Conclusions

With these ideas in mind, THINKstrategies firmly believes that CIOs should immediately consider ways they can capitalize on the rapidly growing array of cloud computing solutions available today.

Here’s a quick list of the essential ingredients which a cloud computing player should have in place to be seriously considered as a platform for a CIO’s initiatives:

- Easy to use, ‘standards’ oriented development code
- Reliable and secure development environment
- Established customer base and track record of success
- Name recognition, brand equity, long-term viability
- Developer/Partner network

As the CRC Health, MSI, and 20/20 Companies case study examples clearly illustrate, salesforce.com and its Force.com cloud computing platform have demonstrated and exceeded customer satisfaction in the areas of security, integration and time to value in the cloud. Therefore, THINKstrategies highly recommends that CIOs carefully consider Salesforce.com’s Force.com platform as a key building block in their enterprise cloud computing strategies.

This independent analysis was sponsored by salesforce.com.

About Salesforce.com

Salesforce.com is the enterprise cloud-computing company. The company's portfolio of Salesforce CRM applications, available at <http://www.salesforce.com/products/>, has revolutionized the ways that companies collaborate and communicate with their customers across sales, marketing, and service. The company's Force.com platform (<http://www.salesforce.com/platform/>) helps customers, partners, and developers quickly build powerful business applications to run every part of the enterprise in the cloud. Based on salesforce.com's real-time, multitenant architecture, Salesforce CRM and Force.com offer the fastest path to customer success with cloud computing.

About THINKstrategies, Inc.

THINKstrategies is a strategic consulting services company formed specifically to address the unprecedented business challenges facing IT managers, solutions providers, and investors today as the technology industry shifts toward a services orientation. The company's mission is to help our clients re-THINK their corporate strategies, and refocus their limited resources to achieve their business objectives. THINKstrategies has also founded the Software-as-a-Service Showplace (www.saas-showplace.com), an easy-to-use, online directory and resource center of SaaS solutions worldwide, organized into over 80 Application, Industry, and Enabling Technology categories. The Showplace also includes information and insights regarding industry best practices. For more information regarding our unique services, visit www.thinkstrategies.com, or contact us at info@thinkstrategies.com.