

IDC PeerScape

IDC PeerScape: Practices for Implementing SaaS and Cloud Services

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IDC PEERSCAPE FIGURE

FIGURE 1

IDC PeerScape: SaaS and Cloud – Practices to Ensure a Successful Implementation

Voice of Your Peer

"For the first 6–8 or even 12 months, we always have issues, [but ...] there's been no huge drama and no outages, and it's done what we've wanted thus far. It's been good." — A European bank

 Your Challenges	 Peer Insights
Selection of SaaS and Implementation Partners How to select the optimal solutions and vendors to address your requirements	Practice 1 Demand hands-on demos with your organization's "live/real" data to show the benefit to the business
Smooth Cloud Implementations How to accommodate the increased tempo of software testing required by each new SaaS release	Practice 2 Implement cloud-based methods and tools to reduce the testing burden for each software release
Addressing Post Go-Live Issues Each new SaaS release generates post-implementation issues to assess, test, and resolve	Practice 3 Analyze each software release update and decide which innovations are worth implementing when

Source: IDC, 2018

EXECUTIVE SUMMARY

This IDC study offers advice to chief information officers (CIOs) and other business executives based on best practices end users should employ when implementing enterprise SaaS and cloud-enabled software. It also includes considerations for vendor selection as well as post-implementation practices. Recently, IDC conducted 60+ interviews with line-of-business and IT buyers to discover the current

reality of SaaS and cloud-enabled implementations. While only the top 3 practices are highlighted here, interested parties can read more about the complete set of practices identified by referring to the documents in the Learn More section.

"With almost 10 years of cloud implementations under our collective belts, it's time to document our research on cloud implementation best practices, and this effort, by a cross section of IDC software and services analysts, has created some nonobvious guidance for CIOs and other business executives," said Gard Little, research VP, Global Services Markets and Trends.

PEER INSIGHTS

Practice 1: Demand Hands-On Demos with Your Organization's "Live/Real" Data to Show the Benefit to the Business

Challenge

Originally, cloud and SaaS were "sold" by some providers to end users in an effort to radically cut application run costs. While reductions in run costs are a reality in some cases, they are not necessarily part of the entire picture in others. For some organizations, SaaS and cloud-enabled technology is more expensive than an on-premises equivalent – for them the value lies in the superior agility and functionality that SaaS and cloud-enabled technology can deliver. Naturally, organizations will strive to get the best deal they can, but they must think beyond cost, both for the SaaS solution and the implementer, by looking at product/service quality, future technology vision, and credibility of the vendor's road map. To that end, implementing SaaS and cloud-enabled technology should be part of a wider business project, but it is a challenge for most organizations to understand how the "out of the box" functionality of a SaaS application can be configured to support or enable such a transformation. And if just implemented by itself, without a wider enterprise transformation plan, SaaS and cloud-enabled technology will become a new "island of innovation." It will deliver some value, but it won't live up to its full promise.

Example

To address this challenge, it is important to demand hands-on demos from vendors/implementers that use your organization's "live/real" data to show how SaaS and cloud-enabled solutions can benefit the business. With this approach, your organization will see the value, and the difference between legacy and SaaS solutions, more immediately because it's using your own data. As one organization put it, "The selection of the technology was a no-brainer when we were presented with a demo of the system and processes utilizing our own live data." A U.S. bank that selected a SaaS-based financial package told IDC, "What we liked was that there was a demo platform that we actually used. Not very many [SaaS and cloud-enabled] providers could actually give us that. For most of them, it was a case of 'well, I'll come and see you,' but we could actually go in and access the demo. That was good."

Guidance

As soon as you engage with SaaS vendors and implementation partners, make it clear that you only want to see demos using real/live data from your organization. Work out any legal/confidentiality agreements ahead of time so you can provide the sample data sets up front. Do not settle for standard demonstrations or even highly tailored examples from industry peers, as you already know that the data devil is always in the details. Finally, during the demonstrations, assess how much customization

of business processes and/or modification of existing data sets will be needed to implement a SaaS or cloud solution.

Practice 2: Implement Cloud-Based Methods and Tools to Reduce the Testing Burden for Each Software Release

Challenge

While SaaS and cloud products can be easier in some technical ways to configure and to roll out, the "classic challenges" of integration, testing, training, and change management do not go away. Software is software whether it's delivered on-premise or via a cloud model. In fact, many SaaS and cloud vendors release three or four versions a year, significantly multiplying the testing load compared with annual or biannual cycles for some on-premise software upgrades. This means you need to plan for software testing related to each new SaaS release and be aware that you may need to make a significant effort in configuring the SaaS and cloud applications to your specifications. Unfortunately, SaaS and cloud testing is not as automated as you might expect.

Example

IDC believes it's key to implement cloud-based methods and tools to reduce the testing burden for each software release. But how? A financial services company got its ecommerce cloud package vendor to provide a "try before you buy" version of its test environment before committing to the package. "That was very useful; it allowed us to play around with its test suite before we actually had to pay up front. That's not something that many vendors were willing to do for us." The company ended up using the vendor's test environment and was able to do all its testing in-house, with the overall project judged to be a success. IDC has observed that there is a lot of work still to be done by vendors to bring testing to the level of automation most users would expect of a SaaS and cloud technology. One project manager told IDC that "it would be fantastic if it were automated. It's definitely not automated enough." This was a real pain point for many users we interviewed, and it is worth looking at using cloud-native testing service providers that specialize in your SaaS and cloud-enabled applications.

Guidance

For all SaaS and cloud solutions, plan for an increased tempo for all types of testing activities and investigate ways to increase your level of sophistication about cloud-based methods and tools as well as test automation. For example, ask to play with the vendor's test environment before you commit to the vendor's solution. This is really the best way to keep up to date with all the innovations being made, which is one of the most often cited benefits of why customers should move to SaaS and cloud solutions. Also, push back strongly on the SaaS and cloud-enabled vendors for testing assistance, if needed. Some SaaS and cloud-enabled vendors are not keen to have customers or implementation partners doing heavy-duty testing (e.g., penetration testing) or "mass-performance testing" if part of the service is a pooled resource that other customers will be using. While it's understandable that the SaaS and cloud-enabled vendors do not want "rogue" customers running huge performance tests that affect other users' experience, it's important to push for the level of testing that's right for your organization. Blanket assurances that "performance has never been a significant issue" should not be taken as a reason to accept artificially limiting aspects. A European public body warned other users not to believe a vendor's assurances that SaaS and cloud-enabled testing would be relatively simple: "Never, ever, ever believe any cloud provider that says that you only need to do one phase of testing."

Practice 3: Analyze Each Software Release Update and Decide Which Innovations Are Worth Implementing When

Challenge

Issues can arise from the fact that your SaaS and cloud-enabled packages do not work in isolation and will likely come with several software updates every year; it can take a while to understand how new SaaS or cloud solutions interact with an often-complex and ever-changing mixture of cloud and noncloud software, such as on-premises applications and databases. This illustrates IDC's belief that change doesn't end when the SaaS or cloud implementation ends in a successful go-live.

Organizations often talk about the "journey to the cloud" as if the cloud is the static endpoint of the journey. The reality is the journey continues once the organization is on the cloud. Life on the cloud is far from static, and there is a risk that an organization might underestimate the effort needed to stay on top of the continuous changes that SaaS and cloud-based software introduces into the organization. Similarly, there is a risk that organizations won't identify and exploit the new features and functionality coming from the software provider on a continuous basis. Assessing and then implementing this continuous flow of new features can be quite a task for many organizations. The introduction of new SaaS or cloud features is like an agile, iterative process, except that the vendor makes the calls on which features get introduced. If the vendor shares a road map, it's possible to develop a sort of "backlog" of features prioritized in the manner one would use for agile development based on business impact. Without some decision-making structure, it's easy to get into feature comparisons that aren't grounded in business considerations.

Example

One of the joys of SaaS and cloud is the continuous flow of new features and functionality being pushed out by the vendors. If you stay up to date, you get new potentially value-creating functionality delivered into your organization far faster than you would with most traditional software packages. But one user advised fellow HCM SaaS users to "make conscious decisions about what to turn on and what not to turn on" when new functionality comes down the line. This organization said that it had to restrict itself to activating only a subset of about half the new functionality to stay on top of the challenge.

One of the key learnings from IDC's conversations with SaaS adopters was that, to get the most from cloud-based software, you need to adopt a proactive approach, not just to manage the technology but also to assess how best to exploit its often-powerful features. One HCM SaaS adopter that IDC talked to uses a managed cloud services provider to help it with these tasks, and the organization's HR technology director told us how this made a difference: "It would be easy just to let the upgrades roll past us, but working with [managed cloud services provider], they encourage us to take advantage of the new features. If we didn't have this extra bandwidth, we wouldn't take advantage of this functionality and we would just tick along." Some organizations will have internal centers of excellence to ensure that they don't "just tick along," but for those that don't, it might be worth using an external partner.

Guidance

Maintain a proactive and business-oriented approach to "life on the cloud." Accept that change is the constant and that, as you learn to go with it, you will improve your organization's use of the product and get more from your SaaS and cloud-enabled software. Specifically, look proactively at the content of the regular updates/upgrades you receive; don't miss out on potentially value-adding functionality, but be ready for tough choices.

Likewise, push hard for clear "road map" information from your SaaS and cloud provider on the functionality and the timing of new features in future releases. Your support teams are often overworked, and assessing new functionality often gets pushed down the priority list – wrongly so, but that's often how it is. Try to keep on top of the flow of features by getting your SaaS vendor's account manager to run through the functionality road map at least once a quarter to proactively identify what you should be switching on soon. It could be worth investing in an external services partner to help you assess your SaaS and cloud vendor's functionality road map and decide what new functionality you should be prioritizing for activation.

Software is ... software. It's always going to need tweaking, maybe configuration changes, or perhaps workarounds to bend your business processes and your workflows to the software code (which, unlike traditional on-premises code, can only be altered by the software publisher itself). A European bank that IDC spoke with was happy with its cloud ERP package but gave a gentle warning for peers going down the same route: "For the first 6-8 or even 12 months, we always have issues, and you just have to iron them out. That's the nature of the beast. It's not all going to be fantastic all the time. There will be issues." Despite its teething issues, the bank is pleased: "There's been no huge drama and no outages, and it's done what we've wanted thus far. It's been good. We're happy."

Remember that your SaaS and cloud-enabled package doesn't work in isolation; it must integrate with an often-complex and ever-changing mixture of cloud and noncloud software, such as on-premises applications and databases. Dealing with these challenges is one of the many reasons established SaaS providers have recently bought cloud-based software integration toolmakers. A financial services institution bank told IDC that its cloud-based financials package was "going well" but added that "there are a few little performance issues with the application, but that has more to do with the interfaces [with other software] rather than the actual application itself. So it is not worrisome to us."

Finally, notwithstanding all these technical issues, focus strongly on business change, not just technology change, throughout the entire process. Given that SaaS and cloud can be disruptive to people's ways of working, in both good and bad ways, it's important to get change management right. Remember that "soft" or "human factors" are decisive success factors in implementations – they are as important as technical excellence in the process of installing SaaS and cloud-enabled applications. There are huge technical issues in the move from on-premise to cloud – including rethinking customizations and workflows that incorporate more data up front to help with better insights and decision making – but the business issues around people change will be greater.

LEARN MORE

Related Research

- *The DX World: SaaS and Cloud-Enabled Technology Selection Best Practices* (IDC #US43757518, May 2018)
- *The DX World: SaaS and Cloud-Enabled Technology Implementation Best Practices* (IDC #US43758318, May 2018)
- *The DX World: SaaS and Cloud-Enabled Technology Post Go-Live Best Practices* (IDC #US43759518, May 2018)
- *The DX World: SaaS and Cloud-Enabled Technology Bring Business Impact* (IDC #US43759218, May 2018)

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