



Cloud Computing - Ch 05 S01

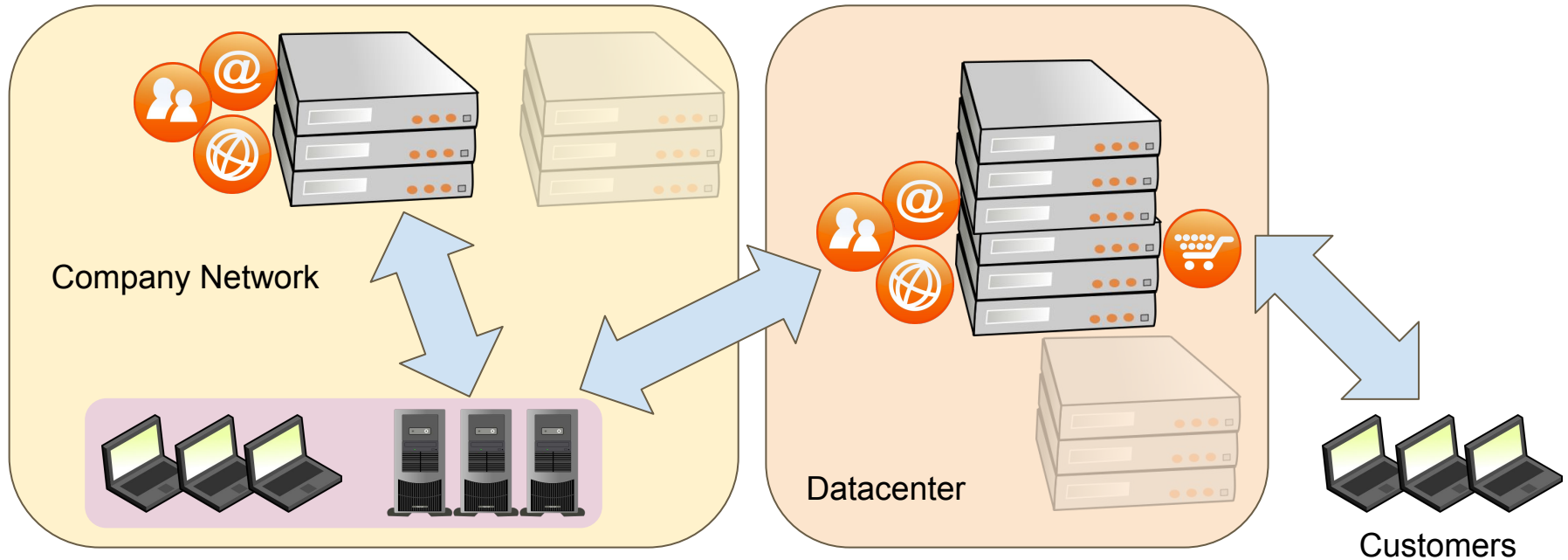
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Organizational Readiness And Change Management

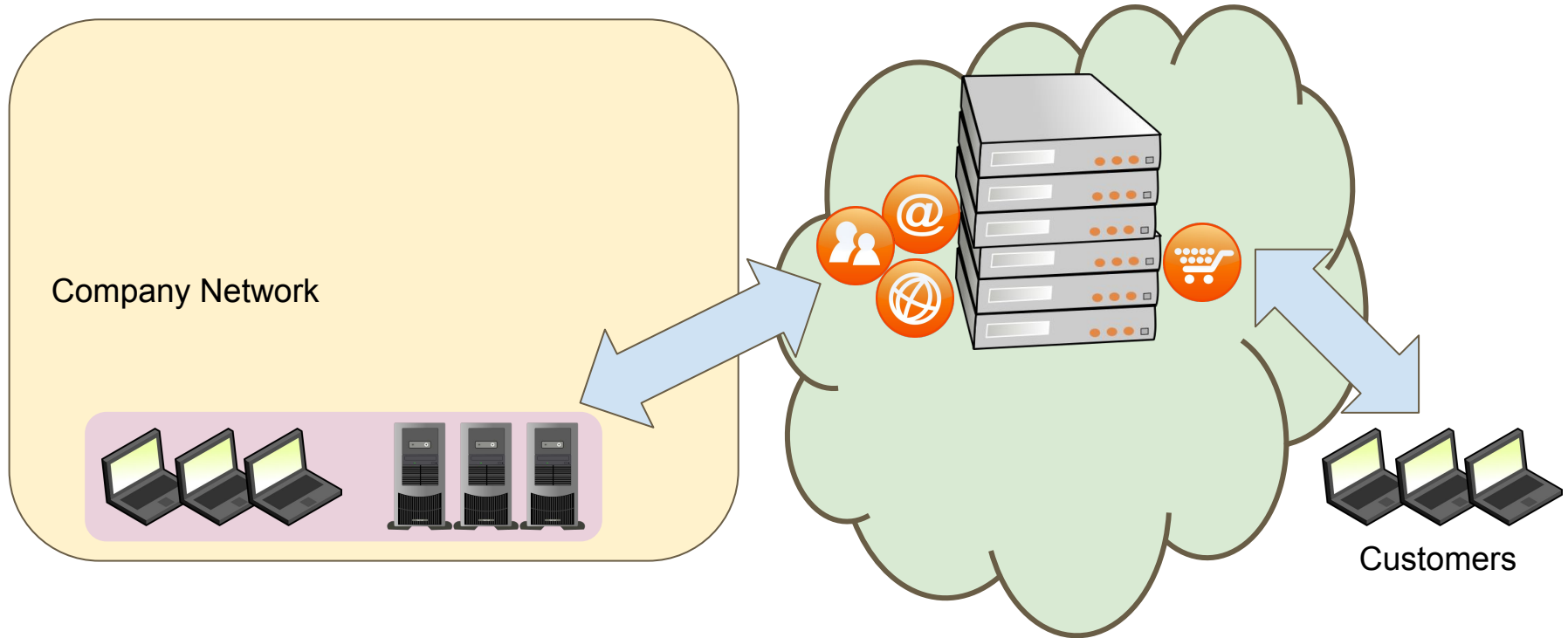


Background - Typical In-house IT Model



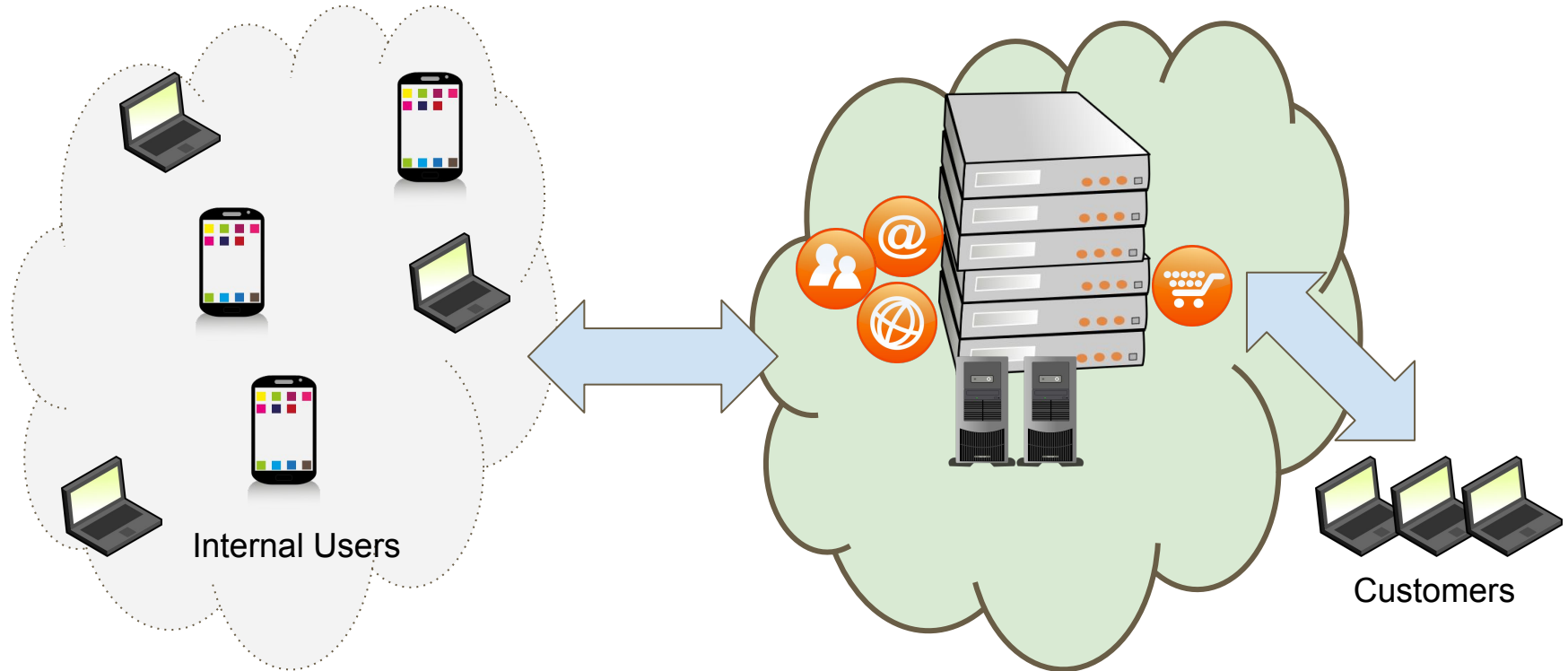


Background - Ideal Cloud based IT Model





Background - Futuristic Cloud based IT Model





Background

- Correlation between IT investments & Organization/Workplace Practices
 - IT Change (Investment)
 - Organizational Change (Structure, Processes)
 - Cultural Change (Employee Empowerment)
 - Valuation Change (Stock Price, Revenues)
- Adoption of New Technologies
 - Create new opportunities
 - Gain Productivity
 - Reduce Cost
- Cloud Computing Context For Organizations
 - Ownership of Data, IP Rights
 - Why Change is Complex, Why Change is Important
 - Manage emerging technologies; Assess Readiness to adopt (Framework, Approach)



Why are we learning this?

- Organizations have reluctance to Change (e.g. Migrate to cloud)
- Goal is to observe the inhibitors, challenges and obstacles to Change
- Goal is to learn the tools and methodologies that help in
 - Adoption of Change to effective level
 - Help mitigate the impact of challenges/obstacles



Terminology

- Processes
- Tools
- Change
- Cloud
 - Public
 - Private



Take Aways

- Attain Desired Level of Change Management Maturity Model
 - Manage the Environment: Understand the organization
 - Recognize and Analyze Changes: Key Driver for changes
 - Leading for Results: Assess organizational readiness and Architect solutions for results/business values
- Organizational Readiness for Change
 - FUD Syndrome - Fear, Uncertainty, Doubt
 - Employees Roles and Responsibilities, Comfort Levels, No Compelling Reason to Change
 - Corporate management to articulate the need for and benefits of change
 - Challenges for Change Implementation
 - Changing Mindsets
 - Corporate Culture



Key Stages of Major Change

- Five Stages of Handling Catastrophic News (“Kubler-Ross model” or the “Five Stages of Grief”)
 - Denial: This can’t happen
 - Anger: Blame
 - Bargain: Make some headway, at least
 - Depression: Very disappointed
 - Acceptance: Plan B?
- People, when encounter the need to change
 - “Not the right way” - beating the comfort level
 - “too risky” - losing power, position, advantage, ...



Scenarios for Changing to Cloud

- Large Companies Preferring Private Clouds
 - Protect Existing Investments
 - Manage Security Risk
- Key factors impacting move to Clouds
 - Security and Privacy Protection
 - Loss of control (i.e., paradigm shift)
 - New model of vendor relationship management
 - More stringent contract negotiation and service-level agreement (SLA)
 - Availability of an executable exit strategy



Key Drivers for Change

- Economic (global and local, external and internal)
 - Market and business opportunities
 - “Do more with less” during economic downturns
 - Buy vs. Build Questions (Economy)
 - Total Cost of Ownership (e.g. Smartphone vs. Feature Phone vs TV)
- Legal, political, and regulatory compliance
 - What are the regulatory compliance requirements?
 - What is the implication of noncompliance?
 - What are the global geopolitical issues?
- Environmental (industry structure and trends)
 - Low carbon footprint
 - Green datacenters
 - Global Warming Concerns



Key Drivers for Change

- Technology developments and innovation
 - Industry Standards (Who, When)
 - Industry, Innovation and Thought leadership (who) -e.g. YouTube vs. Movie Sites
 - New technologies paving road for new innovations
 - Write once, run anywhere applications (take out the OS factor)
 - Applications reconfiguring based on environment (e.g. low bandwidth situations)
 - Assurance that current applications are compatible with future Infrastructure (IaaS)
- Sociocultural (markets and customers)
 - Shift in social expectations and trends
 - Shift in demographic trends
 - How technology can change user experience
 - Buy vs. Build (Culture)
 - How does this technology change the world (e.g. Cloud)
 - Is it overhyped?



Creating A Winning Change Environment

- A Winning Change Environment
 - New Direction (Where do you want to go today)
 - Urgency of the needed change
 - Risks (Status Quo vs. Change)
 - New role of each impacted employee
 - Potential Rewards
- Build a business savvy IT Organization
 - Are HW and SW infrastructure an unnecessary burden?
 - What matters most for the organization, from IT
 - What is the best focus area for IT employee
- Cultivate a business savvy IT Organization
 - Do the IT people need training, new skills and expertise?



For Cloud Decision Makers and Users

- Buy and not build
- No need for large and upfront investments in capital equipment
- Free up valued data center employees from costly operations
 - Focus on value add items
- Keep integrations and technologies simple



Common Change Management Models, 1

- Lewin's Change Management Model
 - Unfreeze: Motivation
 - Transition: Sustained motivation, Process and Structural Changes, Handle resistance
 - Refreeze: Sustain until the next major change





Common Change Management Models, 2

- Deming Cycle - Plan, Do, Study, Act (PDCA Cycle / CI Cycle)
- (Plan, Do, Study, Act) -> (Plan, Do, Check, Act)
- Usually Implemented as an evergreen cycle (Continuous Improvement)
 - End of one pass is beginning of next
- Beyond Syllabus: Similar Paradigm Used in various online services
- Plan: recognize opportunity, plan a change
- Do: Execute the plan in small scale (proof of concept)
- Check: Evaluate performance of Change
- Act: Decide on Accepting the change and make it part of the process
- Trivia: How are Do and Act different?



Common Change Management Models, 2a

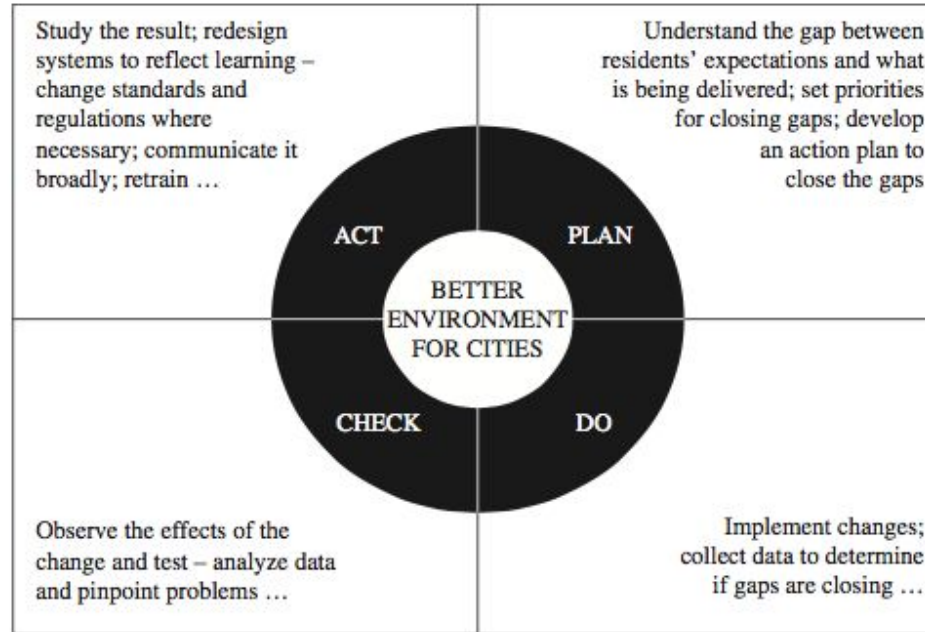


FIGURE 22.1. Deming's PDCA cycle.

Source: <http://www.gdrc.org/uem/iso14001/pdca-cycle.gif>.

Common Change Management Models, 3 -CROPS

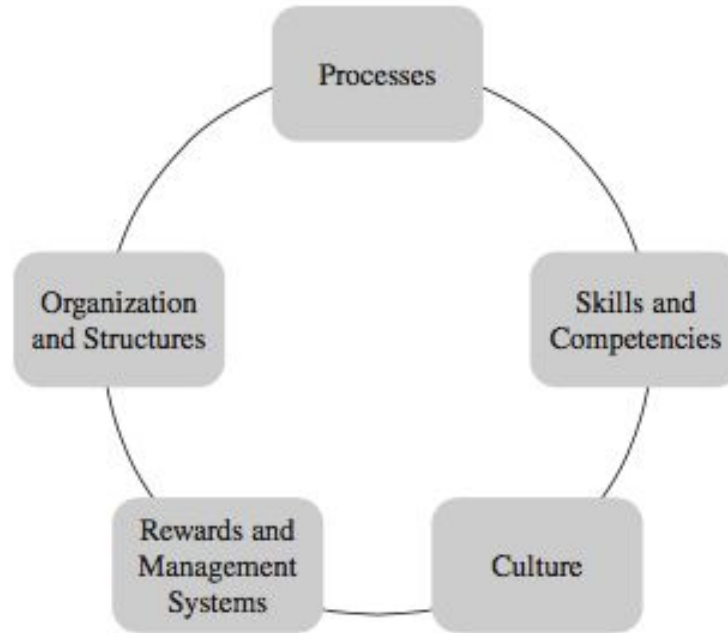


FIGURE 22.2. CROPS framework.



Common Change Management Models, 3 - CROPS

- CROPS Change Management Framework
- Culture
 - Reflection of Organizational Values and Belief
 - Expectations for member behavior
 - Customs and Rituals
 - Stories and Myths about the history of organization
 - Norms: Feelings evoked when members interact with other members, outsiders and environment
 - Metaphors and Symbols - embodied in other cultural elements



Common Change Management Models, 3 - CROPS

- CROPS Change Management Framework
- Rewards and Management System
 - Focus on how employees are trained to do the job right - Skills and Tools
 - Measurement of Employee Performance; Related rewards and compensation
 - Rewards shape employee values and beliefs
- Organization and Structures
 - What are the roles and how they are performed
 - Alignment of Business Processes with vision, mission and strategies
 - How the processes help deliver the goals and changes.



Common Change Management Models, 3 - CROPS

- Process (Business Process)
 - Davenport's Definition: A as a collection of related, structured activities or tasks that produce a specific service or product (serve a particular goal) for a particular customer or customers
 - Hammer and Champy's Definition: A collection of activities that takes one or more kinds of input and creates an output that is of value to the customer
 - Process is where the work gets done
- Skills and Competencies
 - Specialized Skills that are core competency enable innovation and give competitive edge
 - Investments in R&D focus on training and shape a winning strategy



Change Management Maturity Model - CMMM

- CMMM helps organizations to
 - Analyze, understand, visualize the strengths and weaknesses of an organization's change management process
 - Identify opportunities for improvement and building competitiveness
- Simple enough to use and flexible to adapt to different situations
- Based on CMM (Capability Maturity Model - Model of process maturity for software development)
 - 5-level process maturity continuum
- Business value of CMMM is expressed in terms of improvements in business efficiency and effectiveness



Change Management Maturity Model - CMMM

$$\text{ROIT(CMMM)} = \frac{\text{Estimated total business performance improvement}}{\text{Total CMMM investment(TCO)}}$$

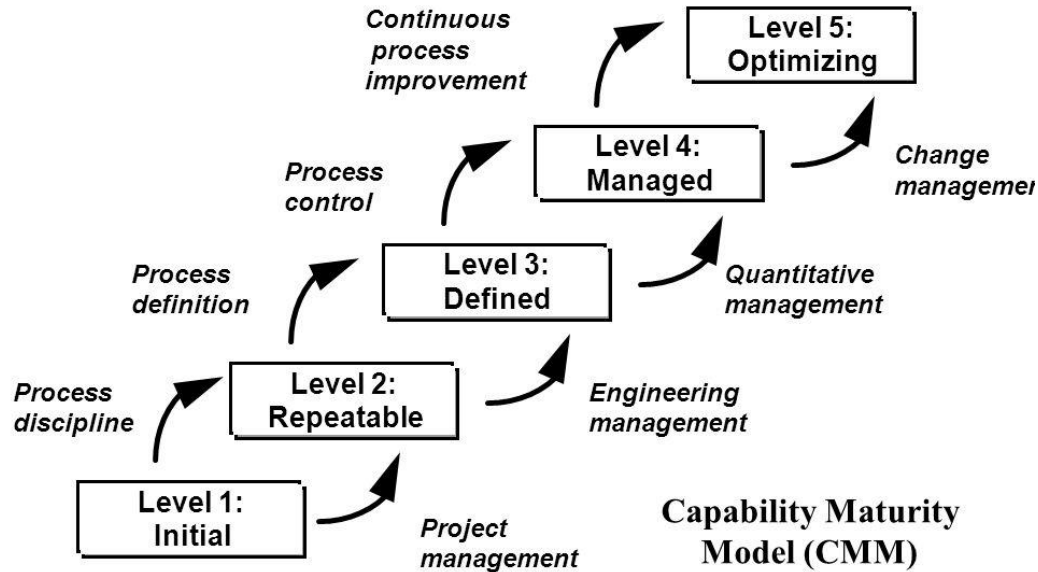


Change Management Maturity Model - CMMM

- ROIT: Observed business value or total return on investment from IT initiative (CMMM)
- Business performance improvement
 - Reduce error rate
 - Increase customer/user satisfaction
 - Customer retention
 - Employee retention
 - Increase market share and revenue
 - Increase sales from existing customer Improve productivity
- CMMM investment
 - Initial capital investment
 - Total cost of ownership (TCO) over the life of the investment (solution)

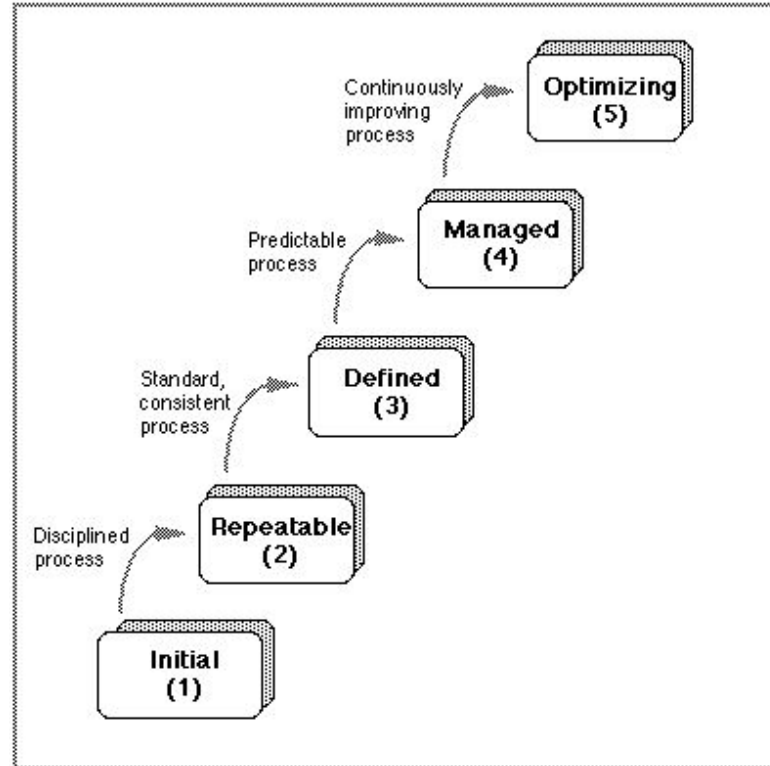


CMM Overview





CMM Overview





Change Management Maturity Model - CMMM

Level 1
Initial

Level 2
Repeatable

Level 3
Defined

Level 4
Managed

Level 5
Optimized

No change management process
Changes without control
No Approvals

(Chaotic, Reactive, Unstable, Constant Firefighting)

Accept importance of Change Management Process, but no Standardized Change Management Process
No Change Tracking and Authorization.

(Some processes are repeatable)

Standardized Change Management Processes and Practices

(Well defined and documented processes. Some process improvement over time)

Adoption of Specific Change Management Process
Sustained quality thru Change Management

(Mgmt finds ways to evolve, improve and adapt the processes)

Improve Process Efficiency

(Operational Excellence
Change Management is Core Competency)



Organizational Self Assessment

- Who, When, Where, How
- Better understanding of current state (as-is state)
- Define Roadmap (strategies and tactics) to the future state
- Can be performed by internal or external professional(s)
- Champion of Change: Vision, Goal, and How we get there
- What to accomplish
 - Articulate and reinforce the reason for change.
 - Determine the as-is state.
 - Identify the gap (between future and current state). Anticipate and assess barriers to change.
 - Establish action plan to remove barriers.
 - Involve right people



Organizational Self Assessment

- Asking right questions
 - How big is the gap?
 - Does your organization have the capacity to execute and implement changes?
 - How will your employees respond to the changes?
 - Are all your employees in your organization ready to adopt changes that help realize the vision?
 - What are the critical barriers to success?
 - Are your business partners ready to support the changes?



Required Capabilities and Processes

- Full life cycle management
 - Immediate Results
 - Long term view/vision
- Operation Excellence
 - SLA Management
 - Monitor and Control Service Quality
 - Report and communicate business values
- Strategic Alignment
 - Enterprise Architecture and Design Planning
 - Eliminate Silos and Islands of Data
 - Promote Standardization



Going Forward

- Select the right cloud solution that meet the business requirements (e.g., SaaS).
- Build strategic partnership with the right service provider(s).
- Plan, negotiate, execute, monitor, and control your contract and SLA vigorously and proactively.



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Backup Slides