We are in the middle of a “hyperdisruption” — a once every 20- to 25-year shift to a new technology platform for growth and innovation that will drive the need for organizations to buy IT services provided by external parties. This “3rd Platform” of information and communications technology (ICT) (shaped by cloud, mobility, Big Data and analytics, and social technologies) follows on the 1st Platform (mainframe/terminal) and the 2nd Platform (client/server and the Internet). In 2015, 3rd Platform technologies and solutions will drive one-third of all IT spending and account for virtually 100% of all IT spending growth. Disruption will also take place in an environment where change is occurring at an ever-increasing pace and in a workplace with a new generation of employees with significantly different requirements for enterprise IT.

All in all, these trends will lead to increasingly complex technology environments, with enterprises saying “Please take this complexity away for me.” This paper examines the use of automation and tools for a simplified view of all managed, hosted, and cloud-based services. It also looks at the role of Cisco’s ServiceGrid offer in the strategically important market of automated service management, especially for organizations that provide these services, such as service providers (SPs) and systems integrators (SIs).

Introduction

The trends highlighted in the previous section lead to an increased need for third-party services as enterprises struggle to differentiate between what is core and what is peripheral. As market shifts and pressures lead to changing requirements, the role of the CIO will change. Instead of rolling out technology-centric solutions, the CIO will act as a “chief integration officer,” integrating legacy, cloud, and IoT solutions with the aim of enabling the business to be more nimble and productive.

As the business becomes more tightly coupled with IT, IDC predicts a profound shift in who will be involved in ICT buying decisions. By 2016, 80% of new ICT investments will have line-of-business (LOB) input, with LOB executives taking a key decision-maker role in half or more of those investments. It is clear the CIO and IT organization will have to adjust as business outcomes become the key metrics of ICT projects. Discussions need to move away from equipment speeds and feeds to questions about IT supporting business goals such as increased time to market and improved customer response time.

Key questions that organizations should be asking are as follows: To what extent can my current 2nd Platform IT arrangement ensure this? To whom should I turn for 3rd Platform external services?
IDC surveys show that enterprises are very comfortable engaging with their SP and SI partners. Enterprises have invested time and effort into building out these relationships, and the result is a significant amount of trust, even up to the level of being a "trusted advisor" to the organization. Organizations want to turn to their SP and SI partners for current and 3rd Platform services, but will these players be able to capitalize on this opportunity, or will their internal processes (people intensive and slow) hold them back?

SPs, SIs, and other players provide a range of third-party services, including but not limited to:

- Managed WAN services (IP VPN, security, managed CPE, hosting)
- WAN optimization services
- Cloud services (IaaS, SaaS, etc.)
- Collaboration services (audio, video, and Web-based conferencing)
- Consulting, design, and professional services
- Mobile connectivity, application development, and device management
- Next-generation services including process management, SLA reconciliation, governance, and policy development

Most SPs today are in a similar position. They have responded to enterprise requirements for consistent, cost-effective coverage and have blanketed major metro markets with managed VPN and Ethernet access coverage. Some companies are very focused on following and meeting the A to B end needs of multinational corporations in their home market. Others are international players. Even smaller SPs can provide strong coverage in a surprisingly large number of geographical locations.

However, most SPs, SIs, and other providers of external services across the globe are in a challenging position. The majority of their revenue and focus is aimed at legacy products (voice, data services, integration, basic outsourcing, etc.), whereas the growth opportunity is around what IDC calls the 3rd Platform, in which solutions featuring cloud, mobility, Big Data and analytics, and social technologies will form the next wave of innovation across all industries. At the same time, many SPs and SIs are constrained in terms of their own capex and opex and are forced to "do more with less." To be successful, they need to innovate and at the same time reduce risk, reduce cost, and increase optimization. A key area where these players can differentiate is service experience. The service should appear as a seamless element of the overall IT consumption.

Benefits

SPs are struggling to match the services offerings with technology, people, and support processes because they are often using antiquated and siloed support processes. They have to manage multiple relationships with individual IT providers and SPs. These relationships are even more complex as some IT providers have even deeper and farther reaching relationships that may involve two or three additional support providers. Tools, processes, and automation will be critical to support the business and manage these multiple IT providers. IDC finds that without automation, the anticipated benefit of the 3rd Platform will remain just a "pipe dream" and will become only more complex.

Key to making the 3rd Platform of IT work is not technology itself but support and business process integration with the technology. SPs and SIs need a holistic approach to ICT management across the IT ecosystem. Visibility is central to this approach — visibility into cost savings, end-user satisfaction, and business performance in real time. Another important aspect is governance of multiple SPs and contracts. It is not only about the network, or the datacenter, or the technology itself; it is also about how the business itself is helped (or hindered) by technology processes.
The market opportunity for SPs and other players will be to build a new paradigm around the following principles:

- **Remove silos.** The infrastructures of today and tomorrow are interconnected. Therefore, it is vital for support processes to be holistic to achieve end-to-end visibility.

- **Automate.** Given the speed (e.g., cloud provisioning, deprovisioning of compute power) and scale (212 billion devices connected by 2020, according to IDC’s latest Internet of Things research) of change, the SP has no choice but to automate processes to ensure service-level agreement (SLA) consistency at scale.

- **Facilitate decision making.** Next-generation IT infrastructure should make it simpler for managers to make informed business decisions in real time.

**Key Service Market Trends**

According to IDC’s Services Contract Database, 20% of all IT outsourcing deals will be "cloud enabled" in 2015, and this percentage is expected to triple over the next three years (see Figure 1). This trend will be accelerated by the enterprise’s desire to create a “digital enterprise” as well as the development of information-centric capabilities for increased collaboration, access to information, and to realize a faster achievement of business value. These goals are driven by new attitudes for consuming IT that are no longer limited to on-premise but expand to a variety of consumption models and providers to enable a younger, more collaborative workforce seeking to gain access to and share information more efficiently. The use of cloud-based consumption models helps organizations realize these goals faster, but IT organizations and their SI and SP partners must be ready to transform to meet the needs of users.

**FIGURE 1**

Cloud-Enabled Deals — Commercial Sector Worldwide

![Chart showing cloud-enabled deals worldwide from Q3'10-Q2'11 to Q3'14-Q2'15]

Source: IDC, 2015

To meet the demands of the enterprise, SI and SP services firms are investing in their own capabilities to offer and deliver IT where and when their customers want to buy it. Providing managed, hosted, and cloud-based options must be an integral part of the IT conversation. As such, there must be an investment in tools, processes, automation, and platforms to help enterprise customers manage their IT consumption in a more streamlined and efficient way — that is, the capability to provide services to end-user constituents in a policy-driven, secure, efficient way that allows for fulfillment of SLAs and allows for agility and flexibility to meet the demands of the business.
This needs to happen not just for one provider but for a broader spectrum of providers, also known as multisourcing. Each additional agreement with a new provider increases complexity and makes it more difficult to manage IT holistically, let alone understand the scope and breadth of a multitude of SLAs and their terms. As more SPs are onboarded, either with or without the blessing of IT, it becomes more difficult to manage SLAs and the increasing number of agreements.

Without a centralized framework or automation, the task of reviewing and managing SLAs often becomes unwieldy for IT and primarily reactive. A significant amount of time is spent slowly combing through old and inaccurate performance data that isn't actionable or dynamic. SIs and SPs have the opportunity to help streamline this process for the enterprise by leveraging automation and tools to help provide a single view for management, policy, and support. Many SIs and SPs are building these capabilities today, but most will need to partner with vendors for the development of best-of-breed tools and IP to deliver an effective tool for insight into these increasingly complex multisourced environments.

**Considering Cisco's ServiceGrid**

In complex multisourced environments, onboarding, managing, and supporting each IT provider are time-intensive, manual tasks for enterprises. Cisco ServiceGrid is an integration platform in the cloud for automated multiparty IT support. It provides a central point of control to manage diverse support ecosystems across customers, providers, and internal support and actively govern all aspects of service performance.

ServiceGrid provides a unique way of sharing processes, data, and workflows in real time. This enables fast integration of customers and partners. ServiceGrid boasts a "Connect Once — Connect All" approach, creating efficiencies that are scalable to multiple providers and ultimately increase operational efficiencies and cost savings.

**How ServiceGrid Works**

Delivered via software as a service (SaaS), the ServiceGrid integration platform provides:

- Quick integration using established repeatable methods
- Automated processes that use Information Technology Infrastructure Library (ITIL) workflows
- Flexibility, adaptability, and scalability
- Immediate, accurate, and secure information exchanges between providers and the enterprise
- Increased transparency to manage all SLAs and vendors

It also provides standardized workflow mapping for easy integration. This eliminates the need for time-consuming implementation for each IT provider, which diminishes the likelihood of delivering a fractured service experience. When providers are connected via ServiceGrid, all support interactions are mapped and routed between all connected partners in a consistent and repeatable way.

Additionally, ServiceGrid provides customers with the opportunity to choose from a set of prepared ITIL-compliant workflows for incident, service request, and problem and change management to speed up deployment time. The service connects, automates, and simplifies multisourced ecosystems, thereby creating cost efficiencies and scalability.
Through these connections, enterprises are able to realize the following benefits:

- Ability to build and scale service ecosystems in the cloud with end-to-end visibility
- Ability to manage multiple IT providers on a central platform to resolve support issues across varied stakeholders
- Faster service delivery and faster time to resolution that increase customer satisfaction
- Complete visibility of the service delivery process — a single point of control to actively track all IT provider performance for real-time SLA and vendor management
- Consistent single system of record for each participant in the process

**Cisco ServiceGrid Professional Services Offers**

ServiceGrid can be deployed in a variety of models depending on the size and scale of the ecosystem. There are multiple options to support various levels of IT provider usage models. Cisco Services and its Authorized Technology Provider (ATP) partners can provide the necessary strategy, planning design, and deployment services to help enterprise customers adopt ServiceGrid as part of the Cisco Services suite of offers.

- **ServiceGrid Plan and Build Services** include assessment and deployment services. These provide insight into ecosystem integration strategy, SLA management, and services integration and management (SIAM) direction, as well as project management and implementation.

- **ServiceGrid Managed Services** include ServiceGrid Optimization Services. These deliver consulting, configuration, and training support via professional services as well as ServiceGrid Configuration Support for short, one-time projects.

- For more information regarding Cisco ServiceGrid, visit [www.cisco.com/go/servicegrid](http://www.cisco.com/go/servicegrid).

**Challenges**

SPs are — sometimes unfairly — seen as slow-moving organizations, lacking the nimbleness of IT companies. This manifests itself in unimaginative adoption policies at worst or longer decision cycles at best, which could have an impact on Cisco’s market success in this space.

Related to this is the fact that SPs have a heritage of building their own solutions. Although increased competition in this space has created a new dynamic, this legacy lingers in some countries. It could have an impact on the adoption of ServiceGrid. The flip side of this argument is that SPs in some instances are still seen as employment engines, with the aim of providing jobs for a large number of people. Senior SP managers have built powerbases on the number of people on their teams. Solutions that ensure efficiency, free up resources from mundane tasks, and allow staff to focus on innovation could still be frowned upon by a small minority in the SP community.

In addition, as consumption models migrate toward private, hybrid, and public cloud, combined with premises-based, managed, and hosted solutions, management complexity will accelerate. Educating and training IT users and partners will be critical. IT, operational, and business processes will need to evolve to meet the new demands of increased cloud consumption. It will be essential for Cisco to clearly illustrate use cases, new transformational models, and road maps for users to understand the standards for operating effectively. These processes must extend to end users, and processes also need to be developed to enable partners to educate their own base of customers.
Conclusion

As the trend continues toward using more SPs, it will be essential that enterprises — together with their SI/SP partners — establish a framework for effective SIAM. This will be the development of a set of policies and practices delivered through a single interface for the effective management and monitoring of multiple suppliers of IT services. The goal will be to enable the transformation of the IT organization into its own SP to manage the new ways the enterprise will consume IT. To the extent Cisco can address the challenges described in this paper, the company has a significant opportunity to capitalize on this trend with its ServiceGrid solution.