Moving to Microsoft 365. *Service transition driving IT transformation*

As Microsoft 365 matures so does the frequency with which organizations are actively considering **moving their core business systems to the cloud**. The cloud presents *many opportunities* for businesses to transition their IT investment focus towards business enablement tools. This transition will drive overall organizational transformation requiring **a shift in the organization's approach** to IT and associated skillsets. The cloud and Microsoft *365 does not signal the end of IT, but a transformation of IT*. IT (business tools) investment will shift from a heavily weighted Capital investment (**Capex**) approach to operational (**Opex**). Operational and business benefits from the availability of virtual collaboration tools will be dependent on **the human investment in developing internal Subject Matter expertise at the business level and away from IT.**

Finance needs to support *the change to IT investment transition from Capex peaks to Opex cycles.*

In the following, MYRA shares the changes and decisions an organization will face through its strategic consideration of Microsoft 365 and cloud services; and where IT investment dollars will be redirected to provide a sustainable and positive end-user business tools experience.

When do businesses actively consider the migration to Microsoft 365?

The most common drivers for Business Leaders to actively consider the switch to a Software-as-a-Service (Microsoft 365) model are:

- **Annual budget cycles;**
- **Infrastructure (server/storage) refresh;**
- **Microsoft licensing renewals;**
- **Consistent issues with in-house Exchange email; or**
- **Changes with IT resourcing.**

Other business drivers typically focus on collaboration tools e.g. *Skype for Business and/or Microsoft 365 Teams*. Teams' collaboration is a strong driver to Microsoft 365 for **Marketing, Sales and Communications** centric departments with heavy reliance on *cooperative and collaborative* work. For organizations with multiple external collaborators, the granular versioning and concurrent editing capabilities in Teams **makes a compelling business case for Microsoft 365 adoption**.

Cloud does not stop the need *for IT resources. IT professionals must transition their skillsets into security, cloud platform, business process re-engineering or project management. Contract management skills will also increase in importance.*

A common expectation by organizations is that moving to Microsoft 365 enables them to "*get rid of their IT person*". This is a misconception. With the implementation of Microsoft 365, **the role of IT changes but it does not disappear**.

For an organization of 50 or less, what are the benefits of Microsoft 365?

The answer is: "*it depends*" on what is important to the organization. For an organization with their own email domain (e.g. myra.com) and/or for one that wants to retain their Microsoft Office suite on their computing device - **the E3 license @ C$25.90/month is their entry point**. *There are lower monthly subscriptions available however the trade-off is no corporate email domain or a transition to MS Office cloud (not desktop) which is similar to a Google apps experience and ties productivity to internet service availability.*

Where Microsoft 365 is beneficial is through the provision of enhanced collaboration tools (e.g. Teams and Skype for Business). For smaller organizations, the IT investment in infrastructure and skillsets (*design, implementation and support*) required to support enhanced collaboration tools are typically not available from

their in-house IT resource. For organizations with contracted IT, *while the skillset may be available from their contracted IT services provider*, the budget is not.

A direct comparison of Total Cost of Ownership between on premise infrastructure and Microsoft 365 is unique to each organization. There are numerous variables that contribute to both types of costs that include the type of IT support (*internal vs external*); Microsoft 365 implementation approach and network/bandwidth investments to support a sustainable, positive end-user Microsoft 365 experience. In MYRA's experience, it is anywhere from the 4-7 year mark that Microsoft 365 becomes the more costly approach and takes into account standard industry infrastructure and licensing refreshes.

The outcome of this is that Microsoft 365 over the long term *will not save an organization money.* **Where Microsoft 365 is beneficial to an organization is in providing a collaborative, virtual workspace.** The overall organizational value from virtual collaboration will be measured in the human and governance investment an organization makes in developing standards and processes; and in understanding (*and adopting*) new and enhanced functionalities as Microsoft makes them available. *Organization's that embrace change in their culture can expect to receive value for subscription dollar.*

> ***Microsoft 365 adoption is not** about IT costing less, it's about business enablement through collaborative business tools.*

For Medium and enterprise sized organizations, how will their experience differ?

For these organizations **the focus goes beyond Microsoft 365** to broader platform-as-a-service and/or infrastructure-as-a-service. There will still be a transition to the 365 service which will be triggered through license renewals or the inevitability that Microsoft will end-of-life the traditional licensing/software download model.

The most immediate benefit for medium and enterprise organizations from Microsoft 365 is **versioning standardization which does not require on premise IT intervention**. Many medium and enterprise organizations struggle with consistent version standardization *due to competing priorities and limited human and financial resources to sustain*.

Many medium and enterprise level organizations have integrated cloud services into their offerings through marketing and sales tools such as Salesforce and Hoot Suite and creative tools such as Adobe creativity tools (e.g. Illustrator). The ability to subscribe to these services rather than implement in the traditional on premise model enabled businesses to **quickly on-board and quickly gain business benefit** without protracted discussions, testing and implementation. Cloud services enables these businesses to quickly on-board and leverage business enablement tools and **reduce traditional 90+ day turnarounds to weeks or even days** *which can and often is critical to business success*.

Large ERP systems such as SAP, JD Edwards and Peoplesoft all *have fairly mature cloud offerings*. The decision by organizations to transition away from on premise to a cloud subscription will be triggered *by organizations facing significant infrastructure upgrade investment and/or additional software investment to expand their ERP service platform*. These organizations **will be influenced by version and toolset upgrades without IT intervention and licensing flexibility**. Furthermore, AI is already integrated into large ERP systems (e.g. SAP) to simplify workflows and conduct more exacting forecasts. Enterprise on-line customer service and support systems have AI integrated into their

> ***Medium and enterprise organizations** cloud benefits include access to business analytics tools and artificial intelligence (AI) to simplify work flow and more accurate forecasting.*

online customer service "chats" (chatbots). Medium and enterprise customers will look to leverage these systems to **keep competitive and meet changing customer expectations**. Google has recently announced the integration of AI into their Google docs (spelling and grammar) and it is expected this "consumer capability" will increase mainstream expectations of similar functionalities at the enterprise level.

Medium and enterprise level organization adoption of Infrastructure-as-a-Service (IaaS) will depend on their IT leadership, corporate culture, business vertical and global presence. Telecom, banking and insurance verticals are the leaders with healthcare (*outside of Canada*) in the mix. Businesses that are development (App Dev and Dev Ops) centric are more likely to be early adopters of IaaS as they are able to quickly spin up multiple deployments in an on-demand, pay as you go model.

Hybrid cloud deployments will continue to gain ground as the preferred cloud deployment model with data remaining on premises and under custody and control of organizations. Like their smaller sized counterparts**, organizations will need to formalize their records and document management policies and processes and invest in growing their Subject Matter Expertise**.

Hybrid cloud implementations *will gain traction as the preferred approach to enable data custody and control.*

For IT professionals in medium and enterprise organizations, career focus should transition towards security skillsets, business process engineering (*especially **Lean***), project management and cloud platforms (e.g. AWS and Azure) in order to remain relevant and have sustainable IT careers.

Financial impact from a switch to a subscription based model

The move to a subscription-based model from the traditional capital investment every 3-5 years can present a significant cultural shift for organizations, especially those with tight caps on operational cost increases. A subscription or "*pay per user*" model may not work for organizations that have a strong capital investment culture with strict controls on operational spending changes. This is an important discussion to have early with your organization's financial leadership to understand any concerns they may have and how moving to a subscription-based (Opex) model may require more than one fiscal cycle to complete.

Steps to a Successful Microsoft 365 Experience

There are **several key requirements** to a sustainable, positive end-user experience with Microsoft 365 which may require an up-front investment to achieve positive end-user outcomes. The following are some of the key contributors to an overall positive and sustainable end-user experience.

Network: *Speed and consistency are key to a positive end-user experience.* Changes to network configuration will be expected. Traditional configurations have been inward-facing for controls and traffic segregation. **Moving to Microsoft 365 requires a transition to outward facing focus and trusting the veracity of Microsoft 365 built-in security to lessen latency.** A wise practice for an organization's IT will be regular network performance monitoring and establishing performance benchmarks. Through regular (e.g. monthly) performance benchmarking IT can be proactive and identify network performance degradation before it decrements overall end-user experience.

With the heavy reliance of overall end-user experience, *a thorough health check of your network from end to end is a prudent approach*. Internal cabling has a 12-15 year life span and can contribute to overall performance issues. A cabling refresh may not be possible but identifying the source and identifying the risk and impact to overall user experience demonstrates the on-going value of IT professionals. Identifying up front Capex investment (**hardware upgrades**) and/or additional Opex investment (**upgraded ISP bandwidth**) that all impact Total Cost of Ownership is important. Clear investment expectation setting with Financial and other leadership is important, especially if there are deferred investment decisions that have the strong likelihood of impacting the end-user experience.

MYRA's Cloud Maturity Roadmap *supports organizations through the transition lifecycle in order to achieve expected outcomes and enable a positive end-user experience.*

Information Management: Collaboration tools (e.g. Teams) in Microsoft 365 is a strong business driver to transitioning to Microsoft 365. Granular versioning and concurrent editing across multiple contributors and/or from different organizations (domains) make **a compelling business case for Microsoft 365 adoption**. A wise approach to achieving benefits from the collaboration tools within Microsoft 365 includes identifying and implementing policies around information management (e.g. security, sharing) and records management lifecycle. *This is not a lengthy or complicated process but does require the identification of what the organization's expectations and tolerance is for establishing wise information handling practices.*

Does cloud signal the demise of the Server Room?

Cloud and Microsoft 365 does **not** present an either-or decision. For Canadian and more specifically BC public entities, cloud data storage is still not fully PIPPA compliant. Furthermore, **cloud storage is costly and requires organizations to build strong Records Management and data lifecycle competencies**. This competency is required to contain data bloat through active implementation of assigning retention policies to achieve compliance; cycling data at the archive stage to cheaper storage solutions; and having a well-documented and executed document destruction process. Inclusion of a Records Management competency within your organization will require a skills and therefore, a financial investment.

In MYRA's discussion with many of our customers, **data sovereignty is key** and focuses on the ability to repatriate data from the cloud. This is a risk most are not prepared to take which drives the continuation of on premise data storage. *Most, if not all MYRA customers are expected to implement a hybrid approach with data on premises and cloud-based business tools.*

Disaster Recovery and Business Continuity from Microsoft 365

As the Microsoft 365 business tools are a Software-as-a-Service (cloud) offering, **as long as you have an internet connection, you will have Microsoft 365 business continuity.** This does not cover "disaster recovery" which covers the scope of corrupted data, scorched earth and/or human error. There is no native backup for 365 email boxes. Email can be "archived" with retention policies set, however these do not withstand human error, data corruption or scorched earth; and retention policy capability varies across the types of cloud email options, *whether 365 or Exchange On-line*. With the strong market presence of numerous third-party email options providing the traditional level of backup and recovery granularity available with existing on premise Exchange mail installations, the wise practice is to look to a third party backup solution and include this cost in your Total Cost of Ownership calculation for 365.

Realizing Business Benefits from Microsoft 365

As with any system or service, the formalization of Subject Matter Experts as knowledge and product owners is key to achieving an organization's expected benefits outcomes. Subject Matter Experts are tasked with not only being a Power User, they must also:

- **Promote adherence to organizational standards (e.g. Information Management and new Teams/Groups setups) for each service;**
- **On-board new users to their services(s); and**
- **Assess new functionalities for net benefits at the department level or organizationally.**

The opportunities presented by adoption of Microsoft 365 are compelling <u>when implemented well</u>. Organizations' that focus on making investments in continuing sustainability supports (e.g. Subject Matter Experts) to drive and sustain organizational change will be better tooled to ultimately realize expected benefits. Cloud and Microsoft 365 does not signal the end of IT but a transformation of IT and with it a change in the skillsets organizations will require from their IT resource. **Successful IT resources will be strategic and tactical thinkers that are focused on what technology can do for the business.** IT investment will transition from Capex peaks to consistent Opex. For organizations with a heavy reliance on collaboration tools, network redundancy and bandwidth capacity will increase in importance. Organizations with a culture of continuous learning and improvement will derive incremental benefit. Cloud is not the demise of IT. Information is a highly valuable organizational asset. Technology enables an organization to extract value from its information through analytical and communication tools. *But in the end, without organizational investment in continuous learning and improvement in end-user capacity, benefits expected from the cloud will not be realized.*

Key components to achieving cloud benefits:

- *Formalize the role of Subject Matter Experts*
- *Implement Information Governance*
- *IT role transformation*