



A Tale of Two Cloud Journeys

How Stax can increase your organization's value by accelerating your cloud adoption.

The tantalizing promise of the cloud

Imagine increasing your organization's value by 60%. If you had the opportunity to do so, would you do it?

That is obviously a rhetorical question

It's not so much a matter of would, but how. And the how lies in digital transformation in the cloud.

The 60% value estimate comes from Amazon founder Jeff Bezos, who wrote in his final letter to Amazon shareholders:

" [The customer value of] AWS is challenging to estimate because each customer's workload is so different, but we'll do it anyway, acknowledging up front that the error bars are high. Direct cost improvements from operating in the cloud versus on premises vary, but a reasonable estimate is 30%. Across AWS's entire 2020 revenue of \$45 billion, that 30% would imply customer value creation of \$19 billion (what would have cost them \$64 billion on their own cost \$45 billion from AWS)."

"The difficult part of this estimation exercise is that the direct cost reduction is the smallest portion of the customer benefit of moving to the cloud. The bigger benefit is the increased speed of software development - something that can significantly improve the customer's competitiveness and top line. We have no reasonable way of estimating that portion of customer value except to say that it's almost certainly larger than the direct cost savings. To be conservative here (and remembering we're really only trying to get ballpark estimates), I'll say it's the same and call AWS customer value creation \$38 billion in 2020."

Source: Amazon 2020 Letter to Shareholders. Emphasis ours.

To summarize, Bezos estimated that organizations who move to the cloud gain direct cost savings of 30%. And then he conservatively estimated that those organizations gain additional indirect business value of 30%, bringing the total to 60%.

Even if you dispute these estimates as unrealistic at best or self-serving at worst, the case for the cloud's value is well-established. Several reputable industry studies like State of DevOps have confirmed that cloud computing is a tangible value accelerator.

Cloud continues to be a differentiator for elite performers and drives high performance

The use of cloud - as defined by NIST Special Publication 800-145 - is predictive of software delivery performance and availability.

The highest performing teams were 24 times more likely than low performers to execute on all five capabilities of cloud computing.

Source: Key Findings, Page 6, Accelerate: State of DevOps 2019.

The opportunity cost of cloud complacency

The good news is that your organization does not have to be 'Born in the Cloud' to realize its promise. By this point, we'll assume you're ready to go, but have some questions:

How can your organization adopt the cloud, exactly?

- What's the best way to approach this?
- What do other companies do?
- What does your organization need from the cloud?

What does the cloud adoption journey look like?

- What are the key milestones?
- What are the challenges and enablers?
- Are there any pitfalls to look out for?

Should your organization build their own solution or buy a cloud management platform?

- How long will it take to implement each option?
- What are the costs?
- Which option is right for your organization?

In contrast, being complacent with cloud adoption - by taking too long to adopt it, adopting it poorly, or, worst of all, not adopting it at all - can mean the difference between thriving and failing in today's competitive landscape. Organizations that are 'Born in the Cloud' have a competitive advantage over industry incumbents. Consider companies like Zoom - the David to Cisco WebEx's Goliath. Over a few short years, and with cloud computing as an enabler, Zoom was able to out-pace and out-innovate WebEx.

Source: Medium "The Inspiring Backstory of Eric S. Yuan, Founder and CEO of Zoom".

These questions can be answered by comparing the cloud adoption journeys of two hypothetical companies, but first let's examine a conceptual framework for judging cloud adoption.

When working with organizations who are new to the cloud, AWS often uses the analogy of 'Crawl, Walk, Run'

The `Crawl, Walk, Run` framework allows organizations to identify their current phase in the cloud, prepare for their cloud journey, and calibrate their expectations for success.

When applied to the cloud, the 'Crawl, Walk, Run' framework looks like this:

1. Crawl

Cloud on-boarding

This phase involves activities such as vendor engagement, discovery workshops and requirement gathering. Some of these may have begun prior to the project commencing properly, but continue to drag on. Work then shifts to the core build, such as the AWS organization and accounts, as well as operational processes and shared services.

2. Walk

Time initially operating the cloud

Activities in this stage include cloud engineering, application migration and BAU operations.

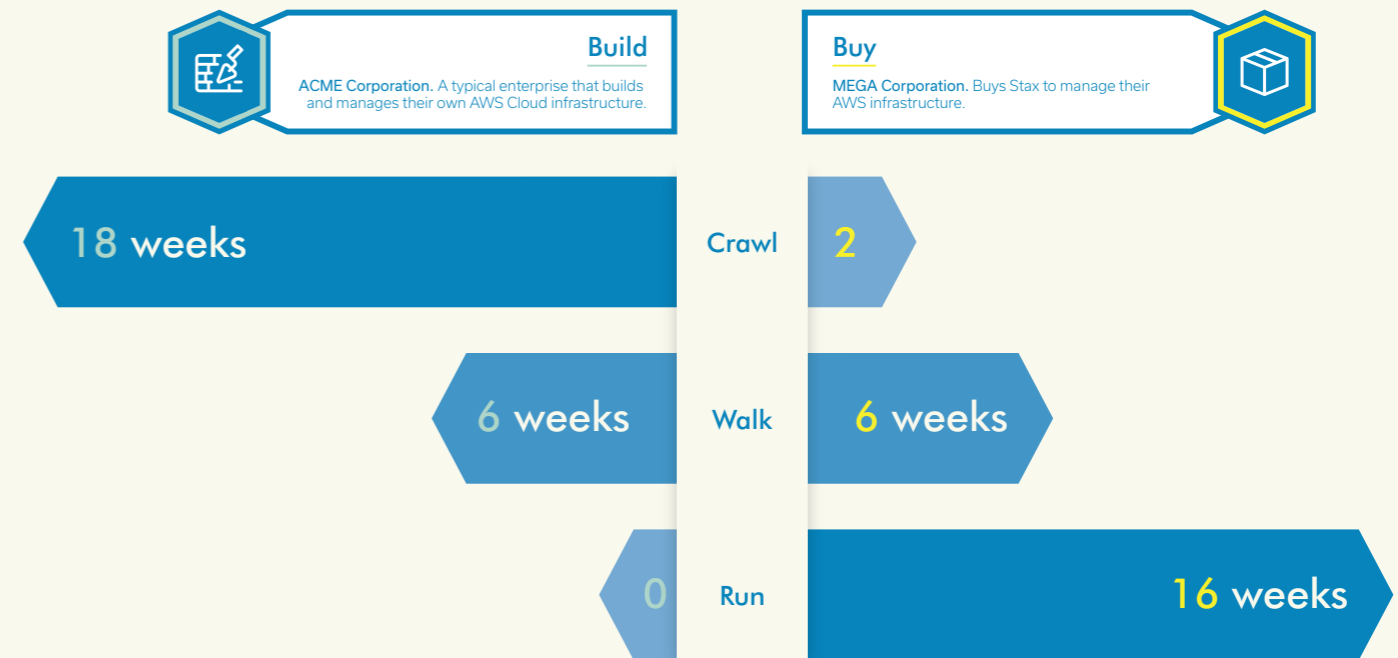
3. Run

Time spent transforming and innovating

While activities in this stage differ, typically the focus shifts to optimizing your workloads and undertaking cloud transformation projects. An organization in this phase can then focus on innovation and realizing business value - which which is one of the main reasons most customers choose to move to the cloud.

Stax takes care of the fundamentals, so you have confidence to take control of your AWS environment.

The Case Study: Build vs. Buy



Crawl

Time spent implementing cloud foundations.

Walk

Time spent initially operating in the cloud.

Run

Time spent transforming and innovating in the cloud.

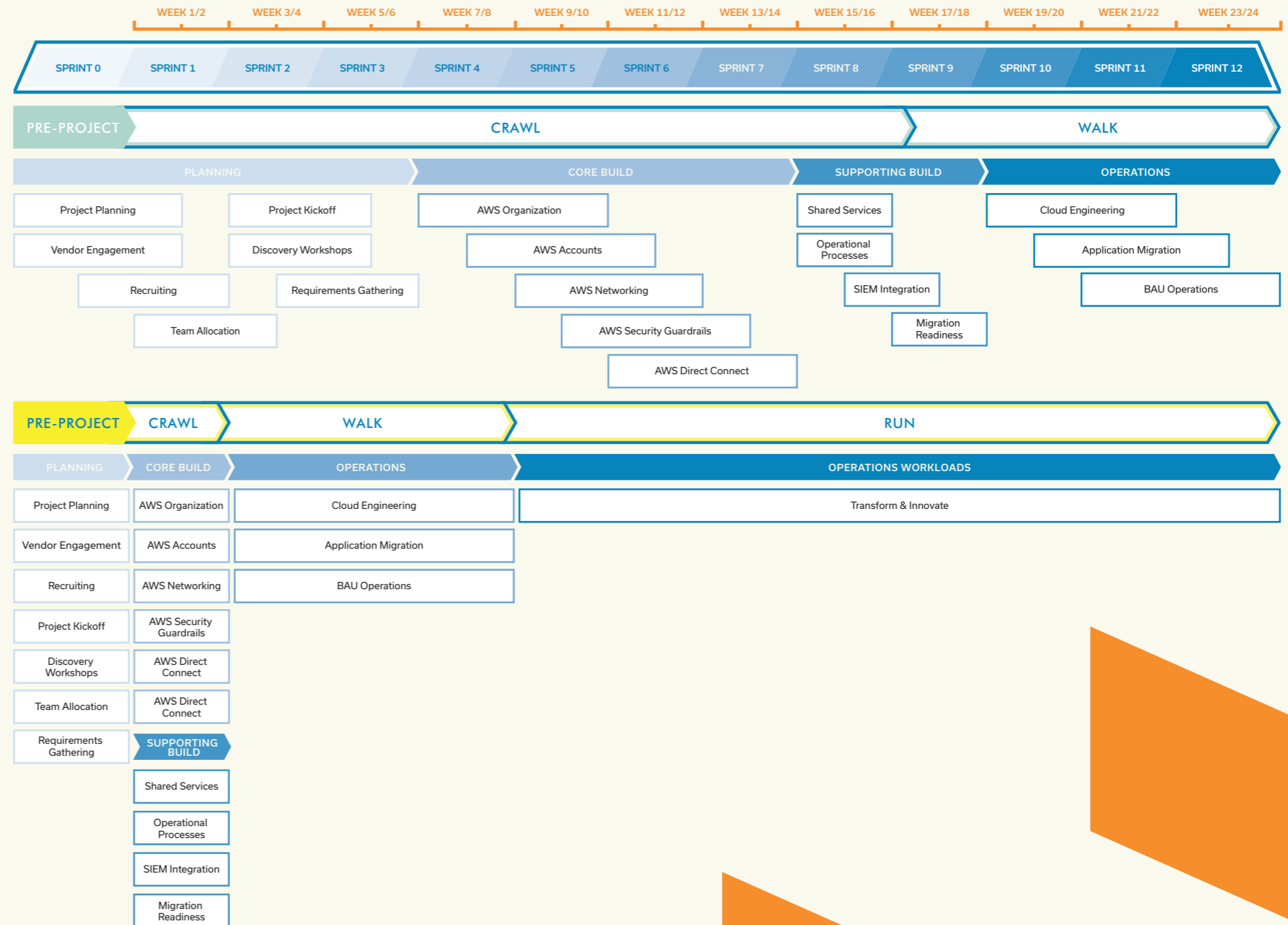
Stax's automated cloud foundations significantly reduce the time-to-value & allow customers to build on top of AWS

Build
ACME Corporation. A typical enterprise that builds and manages their own AWS Cloud infrastructure.

ACME Corp. must invest significant time, people & resources in manually building their AWS cloud foundations from scratch.

Buy
MEGA Corporation. Buys Stax to manage their AWS infrastructure.

By buying Stax, which automates Well-Architected AWS cloud foundations, along with other aspects of running a secure AWS environment, MEGA Corp. avoids "doing things the hard way", and moves quickly to the Run phase of the cloud journey.

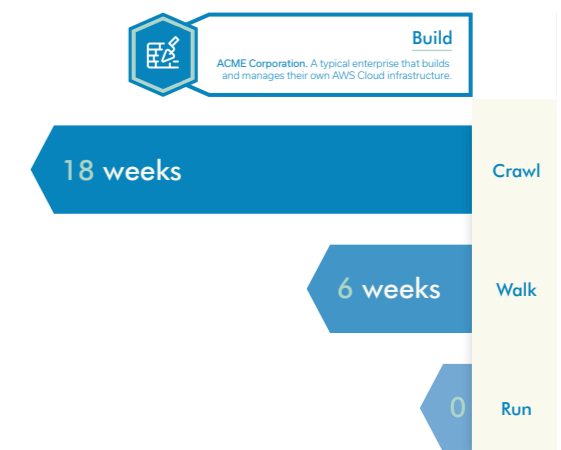


RECAP

By buying Stax, MEGA Corp. outpaced ACME Corp. and began innovating after 8 weeks

Over the course of six months, both ACME Corp. and MEGA Corp. successfully adopted the cloud, deployed their initial workloads, and began operating in the cloud. In that sense, both organizations were equally successful.

But while ACME Corp. spent the entire period in the 'Crawl' and 'Walk' phases, MEGA Corp. began 'Running' after eight weeks, thereby significantly outpacing ACME Corp. MEGA Corp. used this freed-up time and resources to 'go up the stack': optimizing their cloud operations, modernizing their cloud applications, and innovating in their business. This is the additional indirect business value that Bezos alluded to in his shareholder letter. And this value compounds with time, so the earlier it starts, the better.



The Stax platform's evergreen foundations ensure MEGA Corp. continues to focus on innovation rather than maintenance.

Stax establishes guardrails that govern what teams can access and the actions they can perform, in line with best practices.

This is just the start

Because they are using an AWS-endorsed architecture for a multi-account cloud environment with segregated account access, they can be confident they are "secure by design". Automated patterns mean a consistently high level of security and less of an impact from human error.

Meanwhile, industrial-strength security and risk management features help keep their business and customer data safe.

Stax also allows businesses to establish compliance Rules reflecting internal policies or industry standards such as Australian Prudential Regulation Authority (APRA) Standards. These Rules track and report in real-time on how they measure against compliance goals. Stax also provides MEGA

Corp. with total visibility over costs, cost allocation for different units within the business, as well as recommendations for cost optimization. The company can be confident they won't encounter bill shock during their cloud journey.

Stax can assist your company

Stax is the only native AWS Cloud Management Platform in the industry. And as the above case study demonstrates, organizations that invest in Stax rather than building their own solution can adopt the cloud within weeks, achieve cloud maturity within months, and increase their organization's value by up to 60%.

Disclaimer: ACME Corp. represents a typical cloud migration project, in our opinion. Our collective team has experienced many cloud migration projects over the years, and we believe ACME Corp. is a realistic amalgamation. With that said, your mileage may vary.



**Be the next MEGA Corp.
Ask us how Stax can
help your business kick-
start a cloud journey on
strong, evergreen cloud
foundations.**

Visit stax.io and book a no obligation demonstration today.





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