

Cisco IBSG and Savvis: Accelerating the Cloud Market

Executive Summary

CUSTOMER
Savvis, Inc.

INDUSTRY
Service Provider

CHALLENGE

- Savvis wanted to continue to develop and launch high-value offerings that would improve efficiencies and have bottom-line impact
- Considering cloud as a new managed service, and was looking to gain deeper insight into customer needs

SOLUTIONS

Cisco IBSG conducted a study of more than 80 IT decision makers. Supported by the results, Savvis' strategy will focus on:

- Infrastructure as a service and software as a service
- End-to-end service-level agreements
- Testing and staging, application development, and backup and disaster recovery
- Manufacturing, public sector, and professional services sectors

RESULTS

- Savvis is now one of the leading cloud providers with multiple offerings in the market
- Dramatically improved customer provisioning efficiency

Background

Savvis is a global leader in cloud infrastructure and hosted IT solutions for enterprises, and is considered a leading innovator in the cloud computing domain. Nearly 2,500 customers, including more than 30 of the top 100 companies in the Fortune 500, use Savvis to improve service levels, reduce capital expense, and deal with the rising costs of bandwidth, energy, real estate, staff, and expertise. Based in St. Louis, Missouri, the Savvis infrastructure extends to 45 countries and includes 32 data centers, encompassing approximately 1.5 million square feet of raised floor space.

Savvis was looking to develop and launch new, high-value offerings that would take advantage of the company's networks, data centers, and expertise, delivering greater efficiencies to Savvis and its customers. Managed cloud services were being seriously considered at the same time that Cisco wanted to partner with an industry innovator on cloud technology. Savvis engaged with the Cisco® Internet Business Solutions Group (IBSG) to gain insights into the needs of its potential customers. At the time, there was little third-party research available to assess the cloud market or to provide data about end-customer thinking. Cisco IBSG was able to provide this key service because of its access to enterprise CIOs.

Challenges

The cloud services market is evolving rapidly, with incumbent, nontraditional, and new companies launching services. Savvis knew it wanted to develop and offer next-generation cloud services, but needed more information to validate, enhance, and implement its strategy, further understand buyer values, and prioritize its services and verticals. The key questions Savvis sought Cisco IBSG's help in answering included:

- Is network/IT convergence the right strategy to pursue? What is the market size?
- Do enterprise decision makers consider cloud services a valuable differentiator?



Cisco Internet Business Solutions Group (IBSG)

- Which applications should Savvis offer?
- Which verticals should Savvis target?
- Which types of vendors (service provider, over-the-top, server vendors, etc.) do enterprises prefer as providers of cloud services?

Solutions

To answer those questions, Cisco IBSG interviewed more than 80 chief information officers, chief technology officers, and infrastructure vice presidents from large and midsize enterprises and public-sector organizations around the world. The research was focused on six verticals: manufacturing, public sector, professional services, retail, healthcare, and financial services. As a part of the engagement, Cisco IBSG assessed migration levels for various applications and sized the overall market for cloud computing and priority applications:

- IBSG identified a market size of US\$44 billion by 2013 for infrastructure as a service (IaaS), platform as a service (PaaS), and software as a service (SaaS).
- Enterprises value the differentiation offered by service providers. The top differentiators, according to technology executives surveyed, are end-to-end service-level agreements (SLAs) across network and IT, and near-real-time provisioning of applications.
- IBSG identified immediate opportunities in IaaS from services such as testing and staging, application development, and backup and disaster recovery.
- Manufacturing, public sector, and professional services were identified as the top verticals for public cloud, based on market size and migration levels expressed by enterprise decision makers.
- Among potential cloud vendors, the perception of SP hosting companies rated the highest, above telcos, systems integrators, and software vendors. The hosting background was viewed as a natural adjacency to cloud.

"You can either build out your own data center, and go hire all the expertise to do that, or you can push it to the cloud. The cloud providers provide us with expertise at a much greater level than we could ever do ourselves."

Mark Yablonski
CTO

Valogix, a Savvis customer

Results

Savvis has aggressive plans for offering cloud services, and cloud is expected to be a material portion of its business in the future. Customers say Savvis' cloud offerings save them money because they don't have to build IT centers on their own, but they still enjoy 24/7 uptime, constant monitoring, a world-class firewall, and backup and recovery services. In addition, customers say cloud services make them more agile, allowing them to provide greater or lesser capacity based on demand.

Whereas in the past it could take up to 90 days to provision physical servers and build out the operating systems, Savvis' customers can now deploy new systems in under an hour. "Then we can turn it off and make it go away, and we don't have to pay any more," according to a Savvis customer and financial services chief security officer. "This ability to expand and shrink as needed contributes directly to our bottom line."

Customer reception of Savvis' Symphony line of cloud products has been very positive, evidenced by cloud revenue growth of 106 percent over 2009 revenues.

Cisco IBSG's research was an important tool for helping Savvis develop its cloud strategy. The IBSG survey of IT executives identified the differentiating aspects and priority cloud services that end customers wanted.

More Information

Cisco Internet Business Solutions Group (IBSG), the company's global consultancy, helps CXOs from the world's largest public and private organizations solve critical business challenges. By connecting strategy, process, and technology, Cisco IBSG industry experts enable customers to turn visionary ideas into value.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>.



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