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Creating value from uncertainty

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Cloud based services: **VPS Discussion**

Following a presentation and discussion held on 29th April 2015 at the offices of DLA Piper, participants from the Victorian Public Service (VPS) were asked to comment on how the emergence of cloud based services has affected them. This note describes their responses.

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1 Introduction

On 29th April 2015, Landell, procurement and probity experts, DLA Piper, a global law firm, and Broadleaf, specialists in risk management and decision support, invited public sector staff to discuss some of the key procurement issues associated with utilising cloud based services. The discussion was framed by presentations from two senior public service personnel with direct experience of the use of cloud based services in the Victorian Public Service: Grantly Mailes, Special Adviser to the Department of Premier and Cabinet; and Dr Steve Hodgkinson, Director Digital Services and CIO at Department of Health and Human Services.

Approximately sixty people attended the event that was hosted by DLA Piper at their offices in Melbourne, speakers presented an overview of:

- The emergence of cloud based service provision, placing it in an historical context and foreshadowing future developments;
- Its implications for public sector IT services and the relationships between senior management and IT professionals, with particular reference to governance and trust;
- The Victorian Government policy environment and how best value can be achieved when procuring cloud based services within a complex web of overlapping legislation, policy, standards and guidance pertaining to ICT;
- Mechanisms that can be used to protect the Government and establish sound cloud based services agreements through contract terms that take account of the nature of the cloud based services provider market; and,
- How risk management can be used to establish strategic direction, set priorities for requirements or contracts terms and conditions and to institute control assurance frameworks, as well as how to gain a quantitative understanding of the magnitude of liabilities to guide procurement and negotiations.

At the conclusion of the formal presentations, participants were asked to complete the feedback form shown in Figure 1 on the following page. The three-way response mechanism is taken from the work of Cognitive Edge (<http://cognitive-edge.com/>).

About two thirds of those attending contributed a response. These responses are summarised in Section 2.

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Figure 1: Feedback form

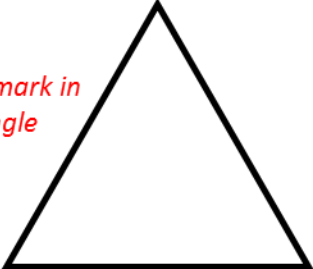
The way I feel about having to deal with Cloud services is

| Very negative | Negative | Neutral | Positive | Very positive |
|---------------|----------|---------|----------|---------------|
| | | | | |

I am concerned about

Technical design & performance

Place a mark in the triangle



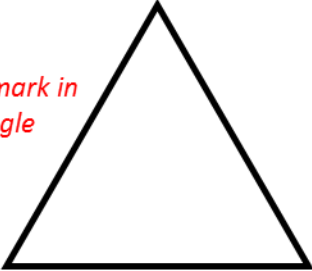
Finance & budgeting

Compliance, privacy & security

Cloud services offer my organisation

Flexibility

Place a mark in the triangle



Cost savings

Simplicity

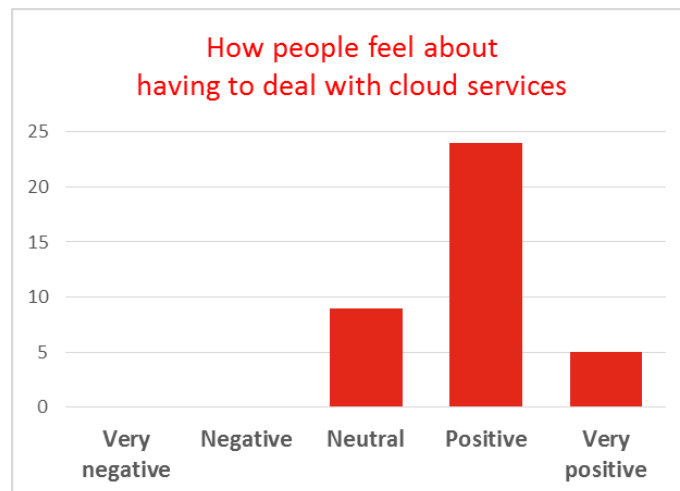
2 Analysis

Three responses were requested:

- An indication of sentiment about dealing with cloud based services;
- The balance between concern about technical, compliance and financial aspects of cloud based services;
- The balance between the prospect of benefits flowing from the cost savings, simplicity and flexibility of cloud based service procurement.

The results of the sentiment response are summarised in Figure 2.

Figure 2: Sentiment responses

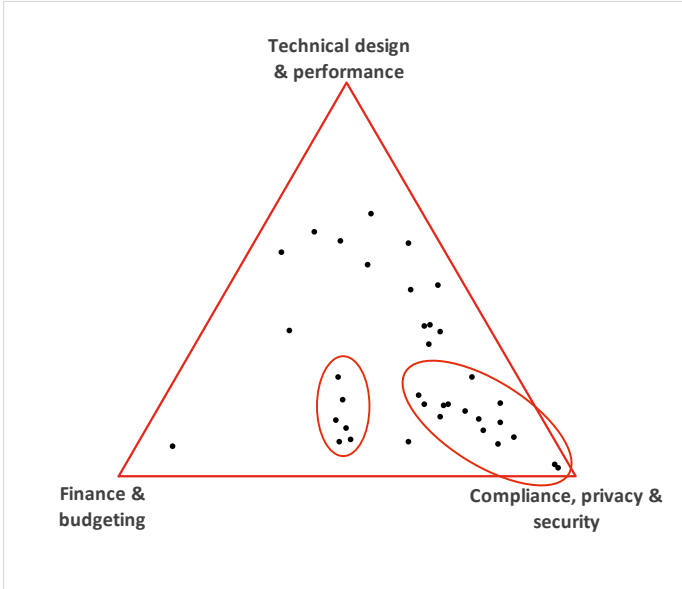


The overwhelming sentiment appears to be positive with only about one quarter of the respondents reporting a neutral reaction to the subject.

A summary of concerns about cloud based services is shown in Figure 3 where each dot represents one response. There appears to be little concern about technical performance or financing in their own rights with most responses being grouped towards compliance. There appears to be cluster of responses indicating equal concern about finance and compliance, in the middle of the lower part of the diagram.

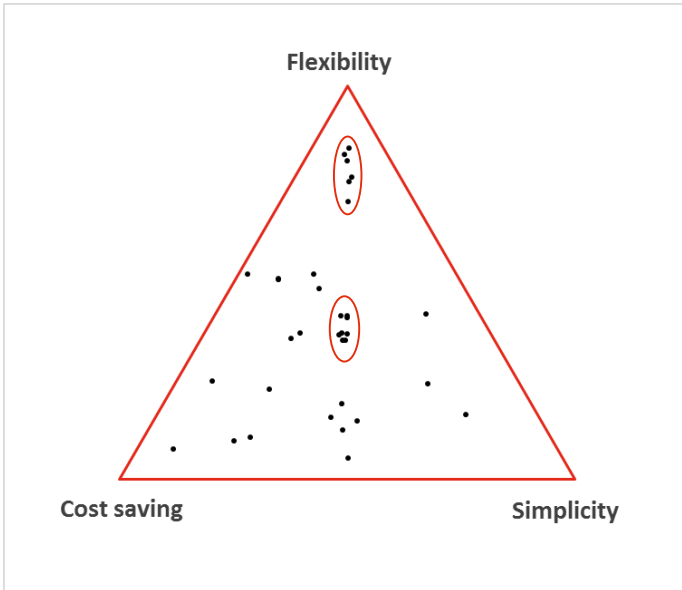
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Figure 3: Concerns about cloud based services



A summary of the responses about the benefits of cloud based services is shown in Figure 4. Two groups stand out, those indicating the expectation of improved flexibility and those giving equal weight to all three factors. The general spread of responses, aside from these two groups, suggests that many people might not yet be clear what they can expect from cloud based services although the focus on flexibility does stand out.

Figure 4: Anticipated benefits



3 Conclusions

The relatively small number of responses recorded here cannot provide a definitive picture of the way cloud based services are perceived in the Victorian Public Service. Nevertheless, the fact that the attendees all have some involvement in decision making concerning ICT investments lends weight to the results and there are some clear patterns.

It seems that:

- The advent of cloud based IT service provision is seen as largely positive;
- Where there are concerns, they are largely focused on compliance rather than on financial or technical aspects of cloud based services;
- Respondents are less clear where benefits are expected to be derived although flexibility does seem to be an area of interest.

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