



Rethinking the "services" in managed services

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So much more than “run your mess for less”

Before the cloud, Information Technology Outsourcers (ITOs) would pitch their services as “we’ll run your mess for less”—the “mess” being all of the complexities involved in supporting an on-premise solution, including maintaining the data center, network infrastructure, servers, operating systems, applications, databases, enterprise security, and more. ITOs could achieve the “for less” part through economies of scale and offshoring. The net deliverable was exactly the same as if you ran it yourself—a software application with five-nines, or 99.999%, availability—but with lower costs and fewer headaches.

The cloud has shaken this model up, but it’s far more than just a shift

in where the servers are located. Cloud software providers handle most of the same “mess” as the ITOs did—most, but not all.

It’s now a shared model of responsibility.

While the cloud-based platforms handle the infrastructure and the applications, you’re responsible for the configurations, identity and security set ups, your data, and more—specifically, things that are unique to how **you** use and govern the software’s capabilities as opposed to how another company might.

Put another way, the cloud has abstracted business processes from the underlying technologies used to enable them. Features and even entire applications can now be turned on or off, or scaled up or down almost literally with the click of a mouse. That means that the deliverable for information technology (IT) is no longer a software application with five-nines availability; now it’s a **business outcome** with a measurable result: greater employee satisfaction and retention, faster decision making, better demand forecasting, lower inventory costs, reduced fraud and waste.

It’s about **what** you do with the software instead of **how** that software is run.

A tectonic shift

This shift is having a **profound impact** on the role of CIO.

Achieving performance—consistently and confidently—is not easy. In building businesses that are truly fit for the future, leaders face accelerating changes in technology, consumer expectations, and society itself. The pressure is on to shape their strategy and restructure their organizations to deliver better, lasting results for all their stakeholders.

This tectonic shift is having a profound impact on the role of CIO. Modern IT's mission is evolving from supportive to entrepreneurial. It's becoming an equal partner in defining the business itself—a business enabler instead of a cost center. Agility, innovation, collaboration, and value creation are now its goals—something illustrated by our most recent **Harvey Nash/ KPMG CIO Survey**.





In the survey:



of CIOs reported that one of IT's top investments is **improving the customer experience** and engagement.



said that their organization's **business activities** will **transform significantly** or even **radically** over the next three years—with **new products** or services that are **equal to or more dominant** than existing ones, or entirely **new revenue models**.

Of course, **IT** and the **CIO** are playing a key role in **enabling this transformation**, and given the **agility** and **flexibility** it provides, the **cloud** is one of their **key weapons**.



of digital leaders are investing in **distributed cloud technologies**.



are investing in **SaaS marketplace platforms**. Large scale SaaS implementations were up 7% over the previous year.

This shift doesn't mean that the "mess" on the CIO's plate has gone away. It means that there's an entirely new "mess" if you will—an emerging set of responsibilities to manage that's different in almost every way from the old set. This one isn't about data centers, servers, and service patches.

It's about **connecting the digital dots** to create **flexible, efficient, wide-ranging business processes** that fully align with **business strategies**, and **continuously re-align** as those **strategies rapidly evolve**.

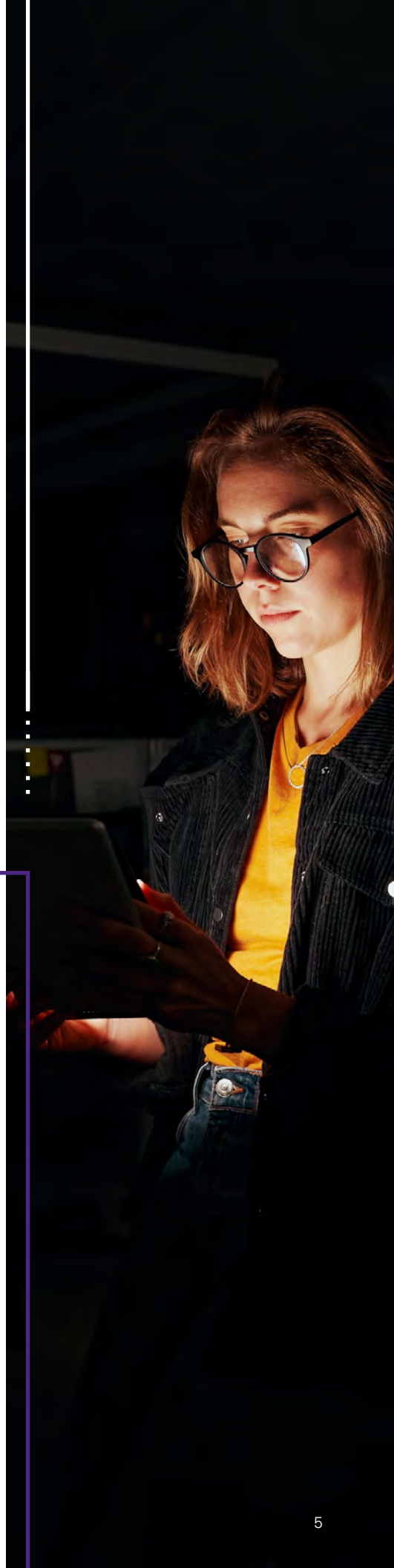
With the cloud, enterprise applications have become like electricity. We don't focus any attention or effort on its generation. We simply flip a switch and it's there. We think only about what we want to do with it. As a result, the specialized skills once needed to "keep the lights on" with enterprise applications are quickly diminishing in value.

It means that today's IT leaders are now expected to be business and strategy experts, too. Not long ago, it would be difficult to imagine someone in the CIO role who didn't understand network topologies or know their way around a command line. Now it's becoming increasingly difficult to imagine someone who doesn't also have an MBA - someone who can recognize and seize the business opportunities that these applications create, and can understand how to connect a business strategy to the capabilities required to achieve it.

And yet, even with these new responsibilities, CIOs are still expected to support legacy infrastructures, enhance cyber security, improve network reliability, implement new systems and architectures, support work from home and gig employees, and more. To quote the noted industry observer Mr. T: "I pity the fool" who tries to bear that responsibility by themselves.

Modern managed services for modern IT

While the challenges are different, what hasn't changed is the value of having someone "run it for less with fewer headaches"—if anything, it's become more appealing given IT's expanding set of responsibilities. We believe the answer includes finding a managed services provider designed and equipped to handle the new mission instead of the old—one that has redefined the "services" in managed services to match IT's modern mission (spoiler alert: it should be us).



Many ITOs have yet to make the necessary changes to take this on. They're still staffed to keep the servers running and the operating systems patched—things the cloud providers now handle. Instead, you need a firm with a completely different set of skills and tools. Specifically, a firm capable of helping you define and execute on a target operating model (TOM), define your organization's desired, ideal future state, and keep pace with the latest developments in technology and leading practice; allowing you to make transformation a way of business.

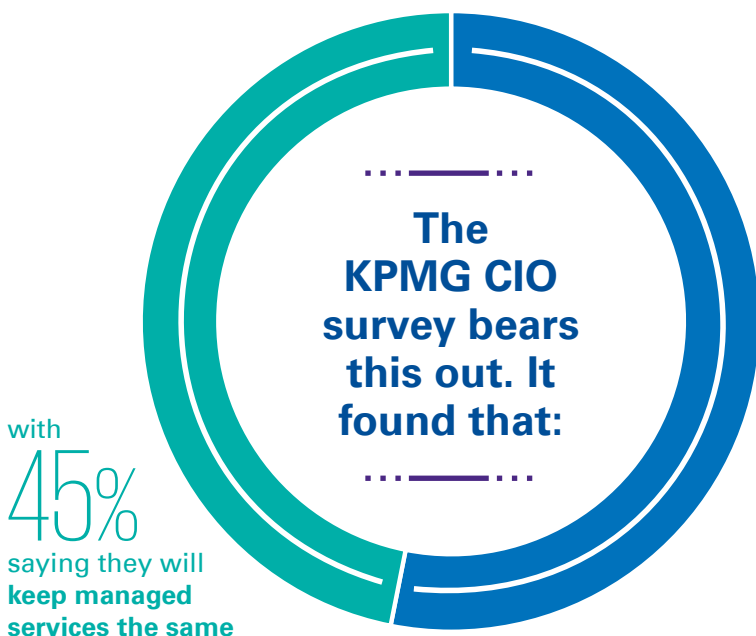
Make transformation a way of business

Consider the rapid-fire updates you'll get from SaaS providers, for example. Gone are the days when significant updates would come once every three to five years. Now they come as often as every three months. You're responsible for assessing the impacts updates have on your business, starting with security, privacy, and compliance. They may require employee training. They may affect existing business processes. They may even enable new business opportunities.

As they say, transformation is a journey, not a destination. It never stops moving. Even the most impressive TOM, therefore, requires regular reassessments and periodic updates to ensure it remains optimized to handle rapidly changing technologies, market conditions, and business requirements.

New combinations of talent and technology are delivering decisive advances in customer experience, operational efficiency, and competitive edge. Digital transformation should drive positive outcomes: whether it's streamlining processes, harnessing data, or shaping entirely new ways of doing business. This is about uniting every part of the enterprise in a common purpose.

Do you have the people, processes, and governance in place to handle such a dynamic environment? While a technologist surely can configure a SaaS solution or feature, will they understand the implications of that configuration on compliance or on your business strategy, or spot potential new business opportunities it might enable? Without these capabilities, you're failing to extract the full value from your investment in the cloud. You're leaving money on the table, along with your lunch, that a competitor—who gets those same updates—might be ready and eager to eat.



51% of respondents said they will **increase managed services** as part of their service delivery model

Access to difficult-to-find skills is the top reason CIOs cite for **outsourcing** (47.55%) followed by the ability to **free up resources to focus on the core business** (41.26%).

After cyber security, the next most difficult-to-find skill CIOs reported was organizational change management—arguably a recognition that the business and organizational impacts of transformation are at least as significant as the technology impacts.

The best of both worlds

For more than 20 years, KPMG has built our reputation as

a leader in business-led transformation

Key to that leadership position includes our early recognition of the shift in IT's mission—and the need to balance technical knowledge with business experience to help IT leaders succeed at this modern mission.

Unlike business-only consultancies, we've invested in our technology skills and solutions—our **Powered Enterprise** and **Powered Evolution** being prime examples. KPMG has more than 12,000 technology professionals with the resources, engineering experience, battle-tested tools, and close alliances with leading technology providers to deliver on your vision at the accelerated pace demanded of today's IT leaders.

And unlike technology-only firms, we have the breadth and depth of cross-functional business experience to help you recognize the business and organizational implications, and help you exploit every opportunity and sustain every advantage.

Why KPMG?
We have the **breadth and depth of cross-functional business experience** to help you recognize the **business and organizational implications.**

Don't pursue your transformation journey alone. **We'd like to hear about your transformation goals and challenges, and share more about the value of embracing managed services.**



About KPMG managed services

To stay competitive, organizations must meet fast-moving change with unceasing transformation. Shifting your focus from projects to performance and outcomes further enables the ongoing enhancements needed to improve efficiency, protect assets, and promote compliance. KPMG focuses on operational resiliency, cost reduction, agility and scale, and regulatory and risk controls. We deliver flexible solutions through a high-performing, subscription-based model that frees your teams to focus on strategic priorities.

> [Learn more on KPMG managed services here](#)

About The KPMG Trusted Imperative

In a volatile world, the obvious threats to growth range from regulatory change and disruptive technology to cyber-attacks and climate change. The KPMG Trusted imperative enables you to anticipate, embrace and balance risk, generating value and competitive edge across the enterprise.

> [Discover more on the KPMG Trusted Imperative here](#)

About KPMG Powered Evolution

Powered Evolution is an on demand service specifically designed for you to continually optimize your Powered Enterprise functional transformation. It is delivered in the same way as the **Powered Enterprise** program, through a highly-skilled and effective multi-tier global delivery network that provides local and market insight together with global process and technical resources to keep your function at its peak.

> [Discover more on KPMG Powered Evolution here](#)

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