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Editor's Comments

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Editors' Comments

From the Guest Editors: Special Issue on "The Business Payoff of Cloud Services"

*"Ultimately, the cloud is the latest example of Schumpeterian creative destruction: creating wealth for those who exploit it and leading to the demise of those that don't." - Joe Weinman, author of *Clouconomics: The Business Value of Cloud Computing**

There is no denying that the global market for cloud services is large and growing.¹ Chief Information Officers are increasingly pressured to move beyond improving *IT performance* with cloud services to improving *business performance*. This special issue of *MISQ Executive* seeks to understand how organizations can get big business payoffs from cloud services.

The journey for creating this special issue began back in July of 2013 with a call for papers for the Pre-ICIS 2013 *MISQE* Academic Workshop on the business payoff of cloud services. Among the 29 submissions, 14 abstracts were selected for presentation in Milan. Fourteen full-length papers were then submitted to the special issue, of which four were accepted for further development.² After several rounds of revisions, we are pleased to accept the four papers for publication. The first three papers demonstrate business payoffs for Mohawk, Bayer, and The Commonwealth Bank of Australia. The last paper shows the benefits of an industry cloud in the Norwegian banking sector. Each paper presents compelling payoffs from cloud services.

The first article, by Paul Stamas, Michelle Kaarst-Brown, and Scott Barnard, shows how cloud services completely transformed Mohawk, a family-owned paper manufacturer based in the United States. Mohawk's old business model

sold premium paper brands through a few U.S. intermediaries. Mohawk engaged a cloud integration partner to build a cloud platform to sell paper and new digital products directly to customers. In addition to engaging directly with customers, the cloud platform supports 100 new business partners, including suppliers, manufacturers, warehouses, and logistics partners. Through these new partners, Mohawk quintupled its product line, reduced product delivery times and expanded its geographic reach to include European customers and partners. The cloud platform produced substantial economic payoff by reducing costs by up to two million dollars per year and by doubling earnings. The business payoff is an entirely fresh-faced, modern company that sells new physical and digital products, including photobooks, journals, calendars and all sorts of other fun products, in addition to its traditional paper business. The big message from these authors is this: stop thinking about how cloud services can transform the IT function and start thinking about how cloud services can transform the entire business! The authors offer five lessons for thinking big in terms of cloud payoff.

The second article, by Till Winkler, Alexander Benlian, Marc Piper and Henry Hirsch, demonstrates the difficulty in achieving expected payoff from cloud services in large multinational companies. Rather than just blindly following the prescribed mantras espoused in the popular press concerning the easy-to-achieve business benefits of cloud services, Bayer had to reflect and regroup to finally deliver a uniquely designed approach to multinational cloud implementation that ultimately delivered promised payoff. This case demonstrates that large multinational companies truly face unique firm and system-level complexities that inhibit easy cloud payoff. Showing that the popular mantras are unrefined, this article teases out the truth in these mantras in a large multi-national company that has varying sizes, process complexity, and product lines in various business units throughout the world. Insights from Bayer's experience reveals a level of sophistication to the cloud-payoff mantras and shows that companies should not just buy the mantras in total—they must work to uncover

1 Gartner, for example, estimated that the public cloud services market would top \$155 billion by the end of 2014 and that demand will continue to grow at 41% each year for Infrastructure as a Service (IaaS) and at 19.5% each year for Software as a Service (SaaS). Source: <http://www.forbes.com/sites/louiscolumbus/2013/02/19/gartner-predicts-infrastructure-services-will-accelerate-cloud-computing-growth/>

2 Notably, authors benefited from the Pre-ICIS workshop because the four selected papers for the special issue were all initially presented at the workshop.

the inhibitors for their unique corporate context and engineer appropriate coping strategies. To help managers assess potential inhibiting factors in their own organizations, a tool is provided offering potential coping strategies to help companies achieve payoff.

The third article, by Daniel Schlagwein, Alan Thorogood and Leslie P. Wilcocks, shows how the Commonwealth Bank of Australia (CBA) moved to a multi-provider cloud IT sourcing model, which provided substantial business payoffs realized as pay-as-you-go IT, cut infrastructure provision and maintenance costs by 40%, and reduced time to market for new applications. It was observed that companies that adopt a standards-based, multi-provider cloud IT sourcing model can make frequent IT purchasing decisions at speed. They can use current cost, capacity and performance information to shift applications and workloads between multiple cloud providers. This IT sourcing model requires internal capabilities to design complex IT solutions, to manage and integrate external providers and to govern application development strictly. Lessons learned about how CBA achieved these benefits are provided.

The last article, by Ben Eaton, Hanne-Stine Hallingby, Per-Jonny Nesse and Ole Hanseth, examines the payoffs from a banking industry cloud platform that provides secure services to electronically identify, authenticate and capture signatures. The cloud-based service, called BankID, is used by over 3 million Norwegians—more than two-thirds of the country's population. Norwegians use BankID not just for banking, but also to buy products and services from merchants and to transact with government bodies. (Yes, you can pay your taxes by accessing the Norwegian government tax portal using BankID.) The BankID service works on stationary and mobile devices and creates win-win-win-win payoffs for the banks, merchants, government bodies and citizens of Norway. Although the Norwegian context is unique because the culture is highly collaborative, the authors offer lessons for how industry competitors can cooperate to realize big payoffs from industry clouds elsewhere in the world.

Looking across the four papers, we are pleased that the special issue includes cloud services payoff examples from three continents—Australia, North America and

Europe. So, what have we learned? Challenging assumptions about the cloud, engaging stakeholders, developing reasonable standards, managing risks, establishing good governance and executing well to build trust are among the many key lessons for achieving business payoffs from cloud services.

Extending the gaze to all the cloud services papers ever published in *MIS Quarterly Executive*, Chief Information Officers and other senior executives have ample examples with which to learn about the business benefits of cloud services. The collection shows that business payoffs from cloud services³ can occur in small-sized organizations (like Tango and The Dana Foundation⁴), mid-sized organizations (like Mohawk and Diesel Direct⁵), large organizations (like Bayer, Continental Bank, and Continental AG⁶) as well as entire industries (as shown in the BankID case). The collection of *MISQE* articles includes examples from public, private, non-profit and government organizations.

We would like to thank all the people who helped to make the special issue successful. We thank the authors for their dedication and commitment to wading through numerous suggestions and meeting tough deadlines. We are deeply grateful to the review teams for their creativity and thoughtful development of each paper. In particular, we thank Steve Alter, Erran Carmel, Jens Dibbern, Iris Junglas, Ryan Nelson, Joe Peppard, Gabe Piccoli and Maung Sein. We also thank all the folks who helped with the Pre-ICIS workshop and the special issue, including Carol Brown, Omar El Sawy, Varun Grover, Erol Kazan, Dorothy Leidner, Rony Medaglia and David Seabrook.

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3 Iyer, B. and Henderson, J. (2012) "Business Value from Clouds: Learning from Users," *MIS Quarterly Executive*, (11:1), pp. 51-60; Iyer, B. and Henderson, J. (2010), "Preparing for the Future: Understanding the Seven Capabilities of Cloud Computing," *MIS Quarterly Executive*, (9:2), pp. 117-131.

4 Lacity, M., and Reynolds, P. (2014), "Cloud Services Practices for Small and Medium-sized Enterprises," *MIS Quarterly Executive*, (13: 1), pp. 31-44.

5 *Ibid.*

6 Loebbecke, C., Thomas, B., and Ulrich, T., "Assessing Cloud Readiness at Continental AG," *MIS Quarterly Executive*, (11:1), pp.11-23.

From the Editor-in-Chief

Please join me in extending a sincere thanks to Jan Damsgaard, Bill Kettinger and Mary Lacity for serving as the editors of this special issue on the business payoff of cloud computing. The special issue planning started in July 2013 with a call for participation in the SIM/MISQE Pre-ICIS 2013 workshop in Milan. The day-long workshop featured many excellent presentations, followed by discussion. Formal submissions to the special issue took place in February 2014, followed by a peer review process led by the three editors. The four papers published in this special issue were selected by the guest editors after two rounds of review and revisions. Our annual special issue requires intense work on the part of the editors, reviewers and authors to keep the papers progressing in a timely manner. Bill, Jan and Mary did an excellent job putting this issue together.

Even as this issue is going to print, plans are being finalized for this year's annual SIM/MISQE Academic Workshop, to be held in Auckland, New Zealand on Sunday, December 13. There are ten presentations scheduled around the theme, "Enterprise Architecture for Business Transformation." *MISQE* Senior Editor Phillip Yetton of UNSW Australia, along with Sia Siew Kien of Nanyang Technological University and Michael Rosemann of Queensland University of Technology, are serving as program chairs of the workshop as well as coeditors of the special issue that will be published next December. Please visit the *MISQE* website (misqe.org) for the agenda and call for submissions to the special issue.

This is the the end of *MISQE's* 13th year of publication. This issue marks our final printed edition of the journal. With few exceptions, our readers are primarily downloading papers from the website rather than subscribing to a printed version. Starting with the March 2015 issue, we will become a paperless journal. We believe this is the right move for the journal, and for the environment.

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