

IT Procurement Summit

Due Diligence & Contingency Planning Before Trusting the Cloud

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A SaaS Subscriber's Perspective

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Ten Reasons to Go to the Cloud

1. **Flexibility and scale**
2. **Disaster recovery**
3. **Cap-Ex free**
4. **Increased collaboration of documents & document control**
5. **Work from anywhere**



Ten Reasons to Go to the Cloud

- 6. Automatic software updates**
- 7. Create customer facing systems quickly**
- 8. Manage huge data sets**
- 9. Makes businesses more competitive**
- 10. Align resources and costs to projects more accurately**

Ten Reasons to **NOT** Go to the Cloud

- 1. Security, security, security**
- 2. Proprietary technology lock-in**
- 3. Provider outages and service interruptions**
- 4. Internet latency**
- 5. Price**



Ten Reasons to **NOT** Go to the Cloud

- 6. Data privacy/ownership**
- 7. Compliance issues (HIPAA, PII, etc.)**
- 8. Ability to control costs/resources**
- 9. Not in control of your own destiny**
- 10. M&A activity around industry**

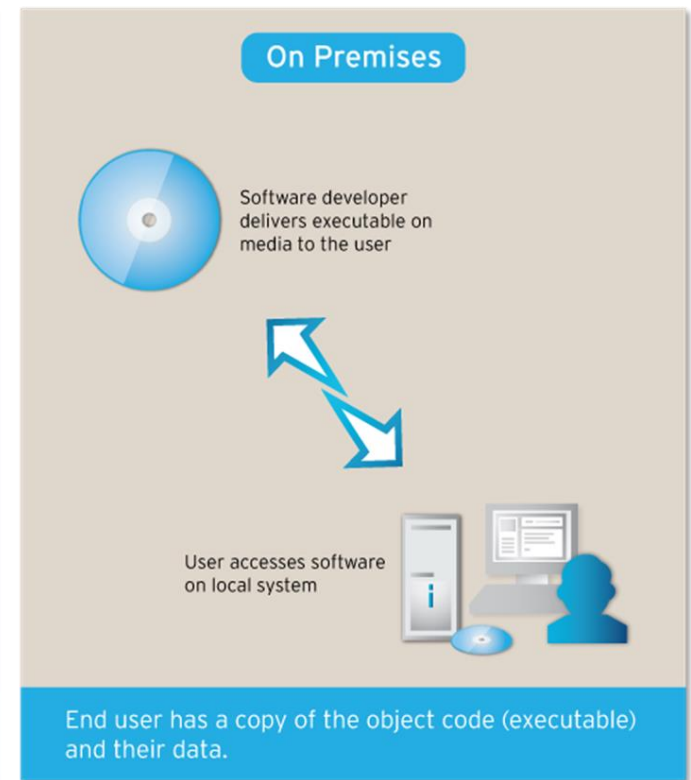
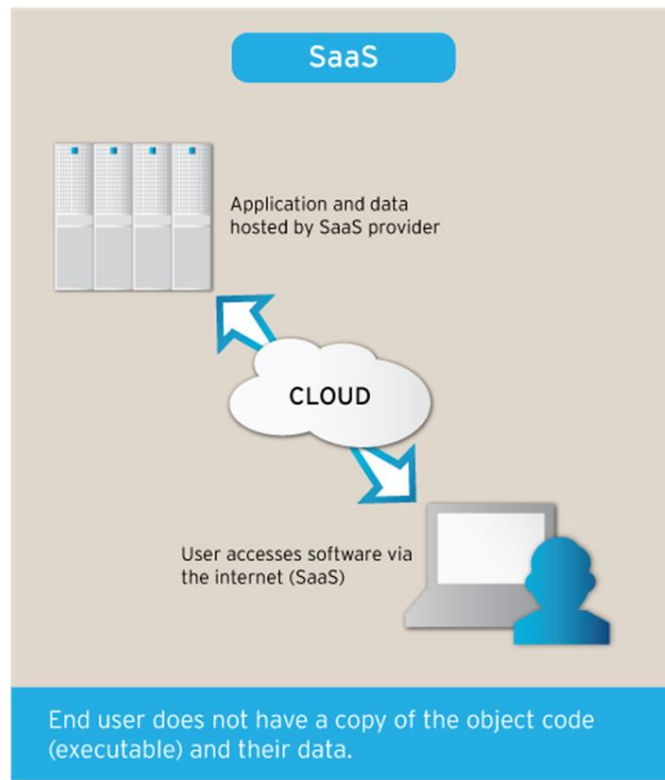
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A Solutions Perspective

Frank Bruno

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The Tech-Tonic Shift in Tech Delivery



The Problem(s)

- **Bankruptcy (an “Enron-like occurrence”)**
- **M&A (non-prevailing products suffer extinction)**
- **Contract breach (blown SLAs)**

The Problem(s)

- **Force majeure**
- **Extended outage**
- **Exit strategy**
- **Can't recover your data?**

80%

of all new businesses fail within the first five years! (source: National Business Incubator Association)

40%

greater likelihood that SaaS providers go under versus traditional software vendors (source: InfoStretch)

79%

of SaaS providers do not guarantee application continuity to their subscribers (source: Soft*Letter)

48%

of SaaS sales fall through due to concerns about data safety and provider longevity (source: Soft*Letter)

Due Diligence

Operational Dependencies

- ✓ Number of users
- ✓ Customer facing impact/brand
- ✓ Lost productivity & Revenue
- ✓ Business Continuity / Disaster Recovery Planning (BC/DRP)
- ✓ Suitable interim alternatives

Investment of Time

- ✓ Corporate Tolerance - Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO)
- ✓ Availability of substitute SaaS products
- ✓ Time to identify new product
- ✓ Time transition and negotiate

Costs

- ✓ Security Assessments
- ✓ Monthly Subscription
- ✓ Retraining and ongoing training
- ✓ Integration with Legacy Apps
- ✓ Customization

Vendor Assessment

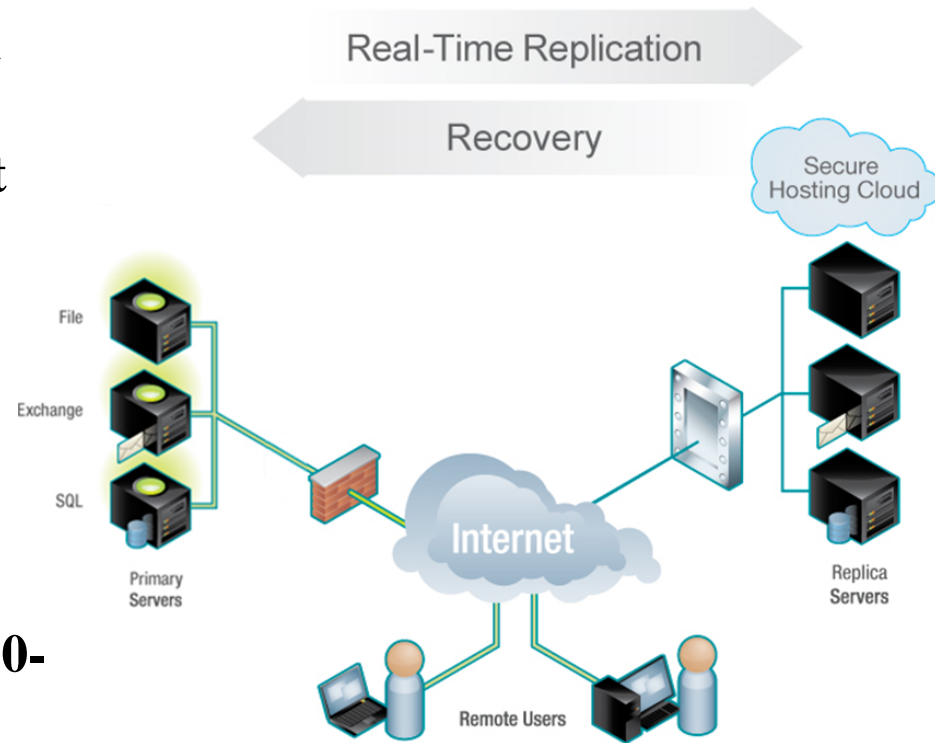
- ✓ Vendor stability
- ✓ Single vs. Multi tenancy
- ✓ Subcontractor partnerships, i.e. hosting parties
- ✓ Acquisition Risk/Change in Control

Business Impact Analysis

SaaS Contingency Plan = Trust

Application Continuity, Data Recovery & Migration

- **Primary environment is replicated to the recovery environment**
- **What-if triggers the contingency plan**
- **Execute contingency plan and cut over to new solution within 30-60 days**



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A Legal Perspective

Robert Scott

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Key Provisions in Cloud Contracts

- **Intellectual property ownership**
- **Insurance and indemnity requirements – especially for intellectual property infringement**
- **Regulatory compliance**

Key Provisions in Cloud Contracts

- **Subcontractor liability for third party services or software**
- **Effect of termination – return of customer data**
- **Service failure corrective action plan**

Mitigating Risks in the Cloud

Cloud Service Providers

- **Understand industry/region regulatory requirements**
- **Use indemnity provisions**
- **Obtain cyber risk insurance**
- **Encrypt data in motion and in storage**

Mitigating Risks in the Cloud

Cloud Customers

- **Ensure providers meet and take some responsibility for your regulatory requirements**
- **Require cyber risk insurance**
- **Implement employee “acceptable use” policy to limit exposure on free or low-cost cloud services**

Key Findings

- **Think through your top reasons to migrate (or not) to the cloud**
- **What important provisions should you be adding to your cloud contracts?**
- **How can you mitigate the risks?**

Key Findings

- **Create a SaaS contingency plan that covers application continuity, data recovery & migration**
- **Make this plan a repeatable process for safely using the cloud**

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Questions?

Please remember to complete your evaluation of this breakout session using the conference app!