

Forrester Explains the Total Economic Impact™ of Working with AWS Managed Services

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March 31, 2020

Agenda

Introduction and overview

The state of cloud migration & modernization

What is TEI?

Executive summary

Analysis

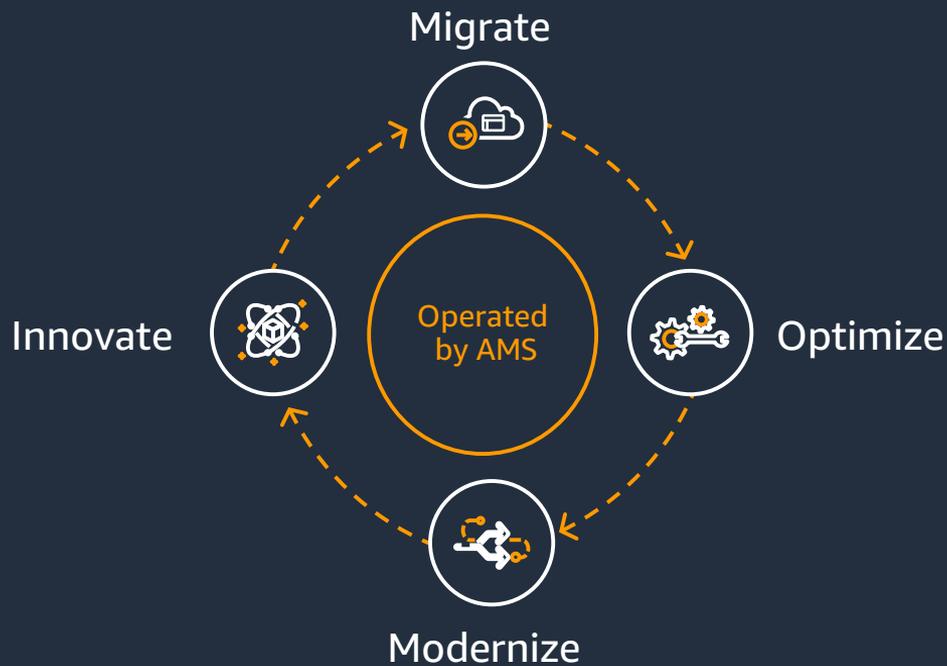
Financial summary

Summary

Question and answer

**AWS can
help you to
modernize your
business faster**

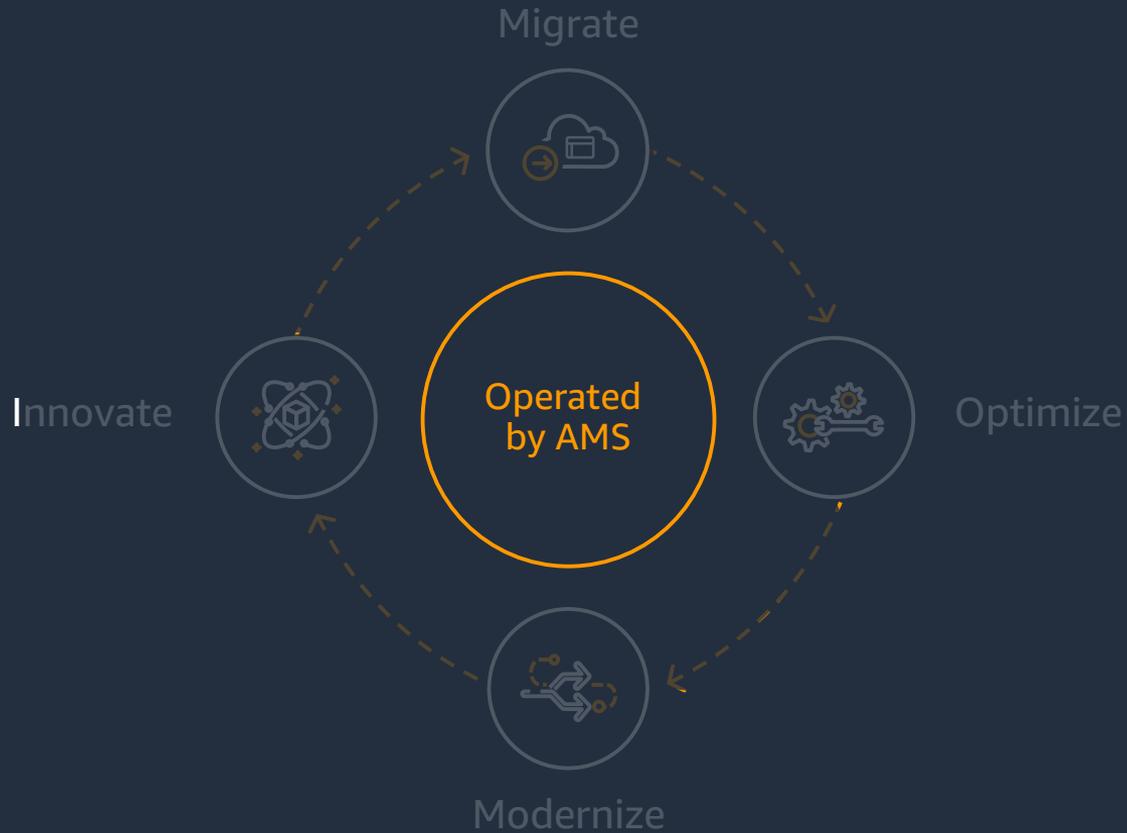
We can show you how to



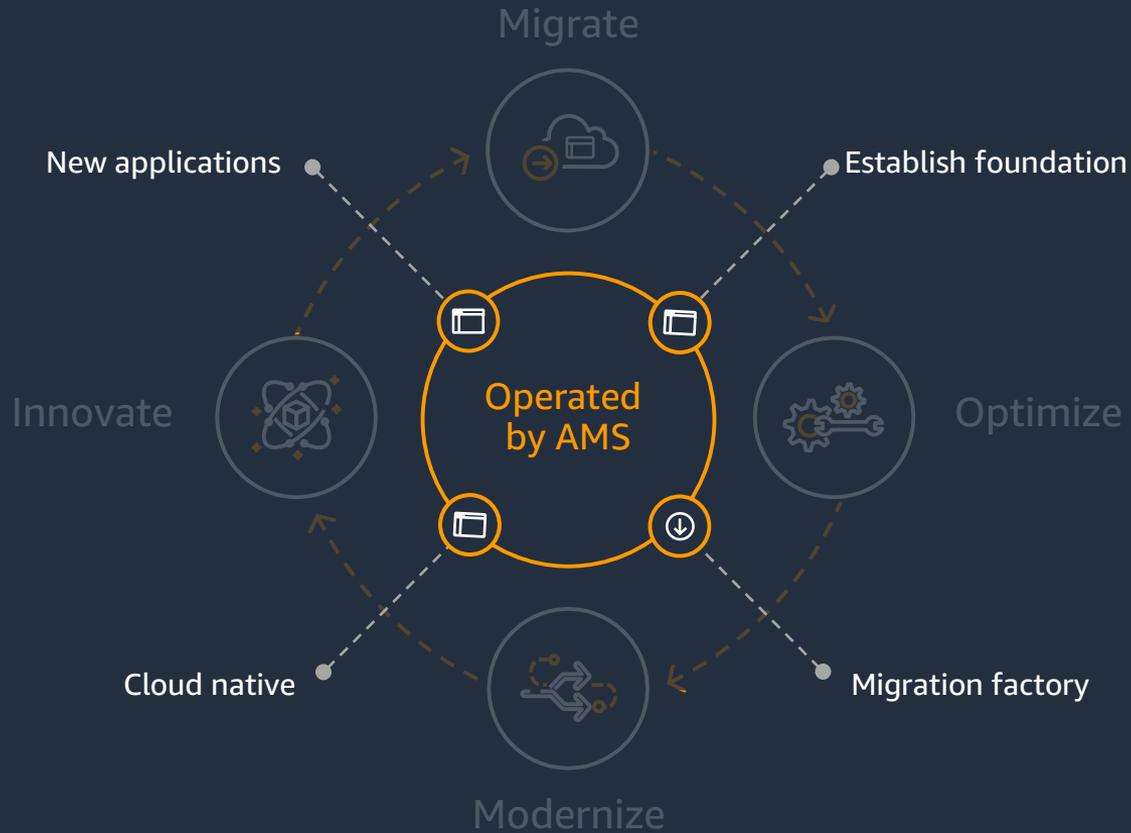
using technology tools



Transformation flywheel



Transformation flywheel



AWS Managed Services (AMS)



Built on standard AWS tools and customer-owned assets

AMS: Automated infrastructure operations domains



Provisioning/onboarding



Patch and backup



Security and compliance



Change management



Monitoring/alerting



Incident management



Insights and cost optimization



Service integration

Operational
Compliances:



NIST



FedRAMP

HITRUST

The Total Economic Impact Of AWS Managed Services

Dave Bartoletti, Vice President & Principal Analyst

Julia Fadzeyeva, Senior TEI Consultant

March 2020



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The state of cloud migration & modernization

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Please note:

This slide presentation is an abridged, graphical, and complementary representation of a case study.

For a full explanation of methodology and details on model calculations, please refer to the full case study (The Total Economic Impact of AWS Managed Services, February 2020)

FORRESTER®

The State Of Cloud Migration & Modernization

Dave Bartoletti, Vice President & Principal Analyst

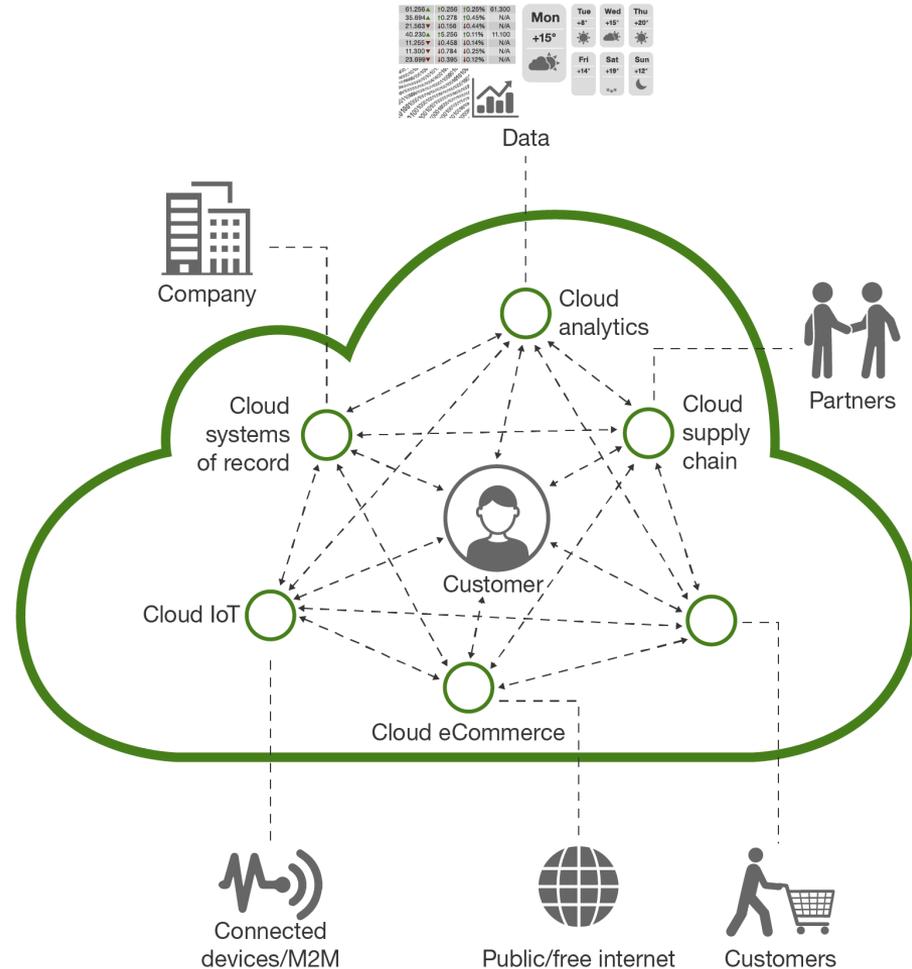


The Big Picture

Cloud powers the new connected economy

The fastest digital businesses create connected cloud ecosystems with their customers at the center.

Cloud-powered transformation tops the CIO agenda in 2020.



Fight off competitive threats.



Replace your house of cards.



WHY TRANSFORM NOW?

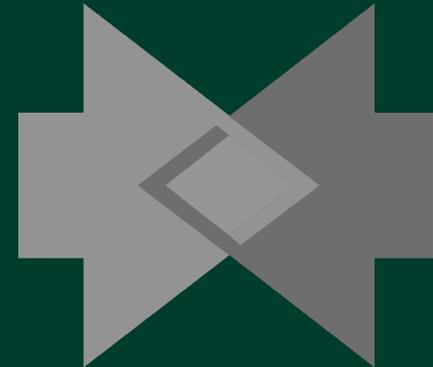
Break your innovation crisis.



Attract your next technical leaders.



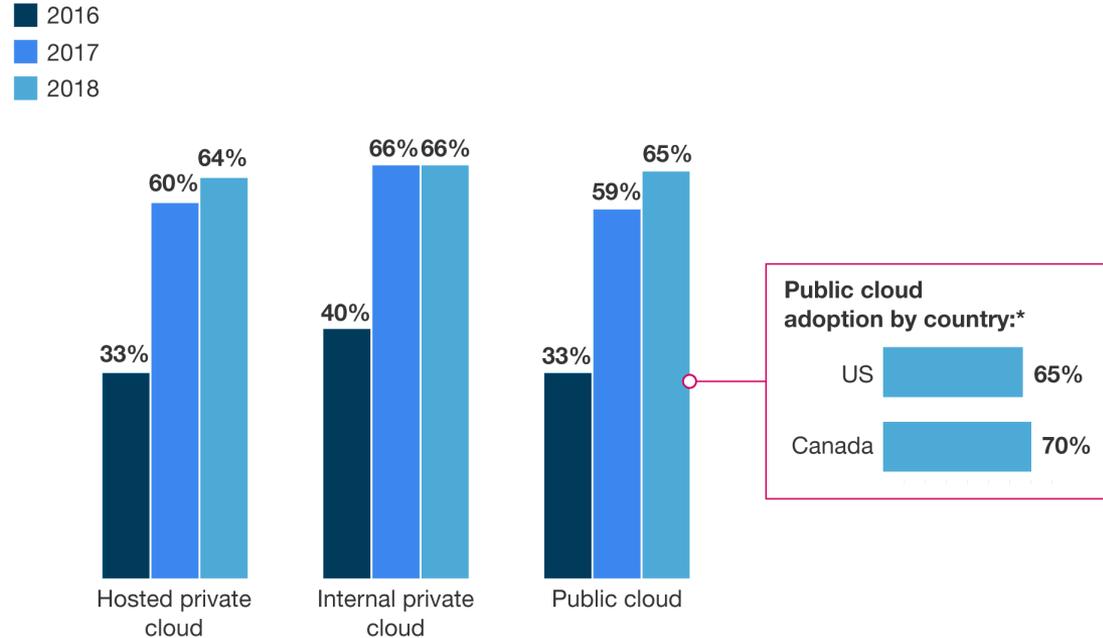
Restructure, merge, and acquire.



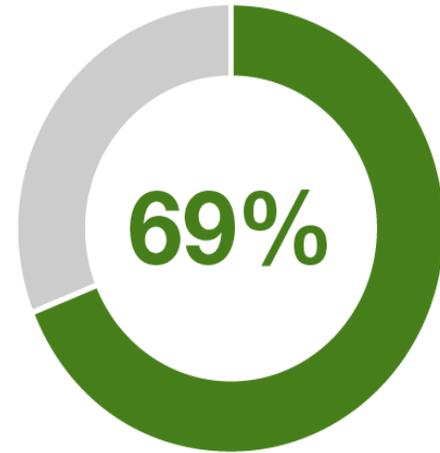
Cloud Adoption Is Growing Steadily

But we're just getting started

“What are your firm’s plans to adopt the following cloud platform (includes IaaS and PaaS) deployment models?”



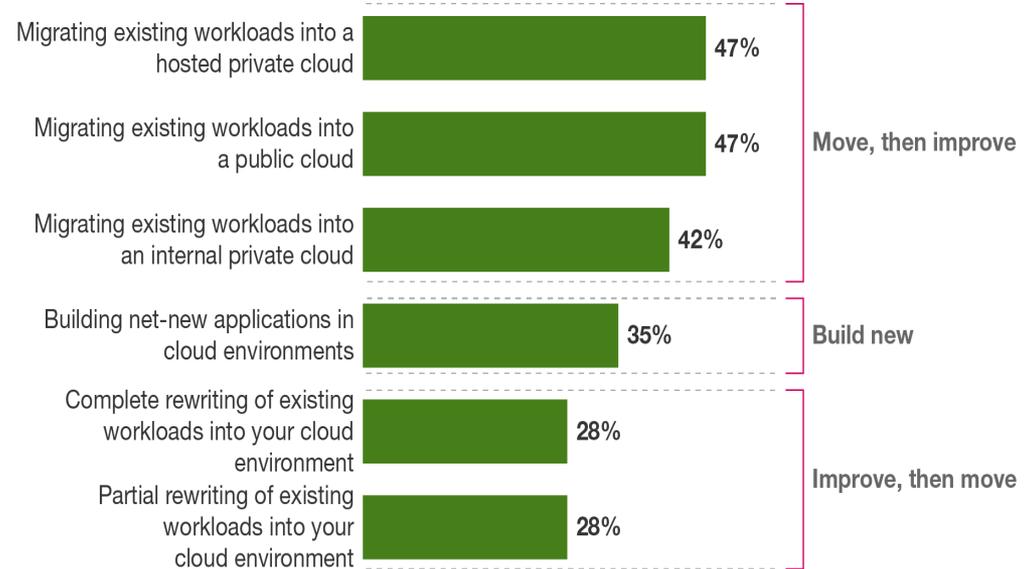
“Does your cloud strategy include migrating existing apps to cloud environments?”



Trend: Move, then improve

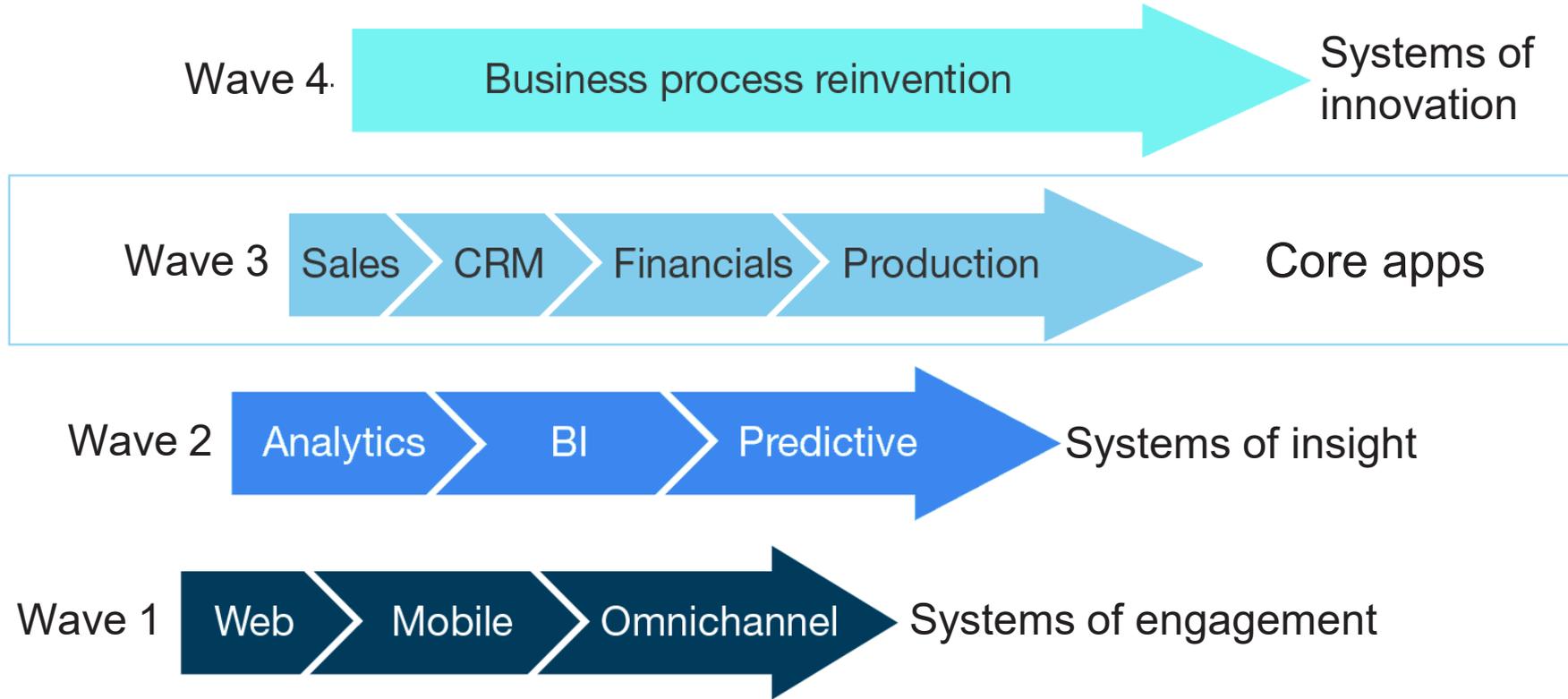
“Please select any of the following practices that are part of your current cloud strategy.”

(Multiple responses accepted)



Base: 814 infrastructure decision makers from Australia, Canada, France, Germany, the UK, and the US who work at enterprise companies of 1,000 employees or more and whose firms have planned, implemented, or expanded upon cloud strategy

Core applications are the next to modernize



The five approaches

New core modernization patterns

1. Replatform (lift and shift).
 2. Move, then modernize.
 3. Modernize, then move.
- 

- Software assets moved
- Software assets updated
- Goal: gradual replacement

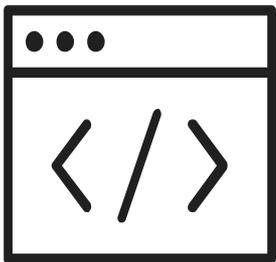
4. Replace with SaaS.



5. Rebuild.

- Software assets replaced
- Goal: total replacement

Cloud leaders align three primary strategies



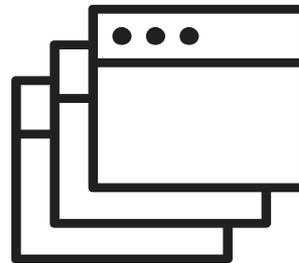
BUILD NEW CLOUD-NATIVE APPS

“How do we build once and run anywhere?”



MIGRATE EXISTING INFRASTRUCTURE

“How do we optimize infrastructure to free innovation funds?”



MODERNIZE EXISTING LEGACY APPS

“How do we use cloud-native tech to modernize old apps?”

What's holding companies back from migrating faster?

1. Difficult to establish security and compliance policies in cloud.
2. Lack of skills to migrate existing workloads or modernize legacy apps.
3. Inexperience with cloud cost models and cloud optimization.
4. Lack of funding for cloud migration services and tools.
5. Resistance from existing operations teams unsure how to manage cloud.

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What is TEI?

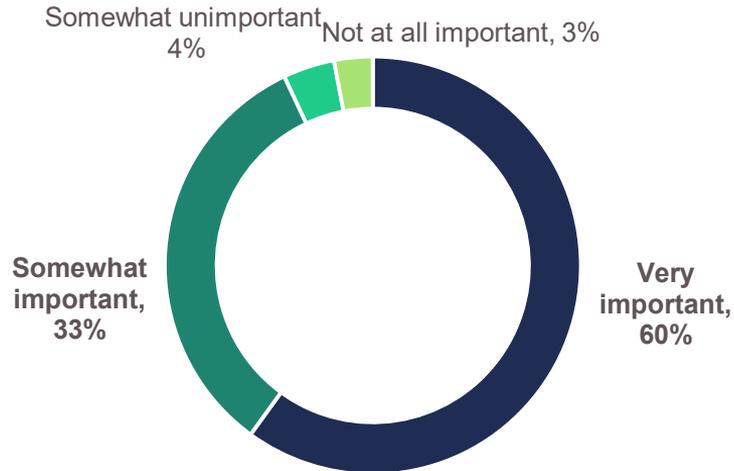
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“Next-level” business case justifications are increasingly important for technology investments

Over 90% of IT decision-makers find value in a business case



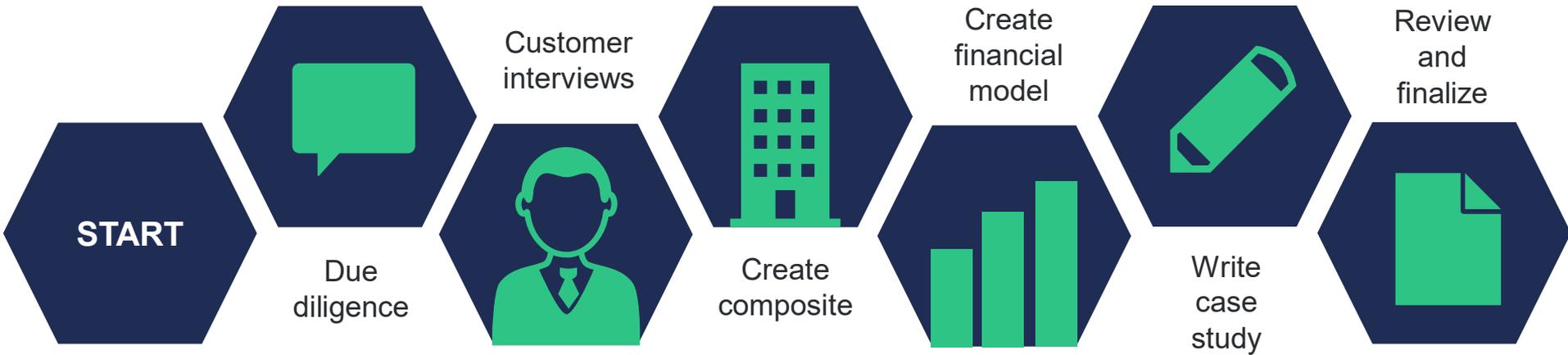
What is an **effective** business case?

		TCO	ROI	TEI
IT impact	IT costs			
	IT cost savings			
Business impact	User efficiency			
	Business effectiveness			
Risk/uncertainty	Risk mitigation			
	Risk versus reward			
Strategic impact	Scalability			
	Flexibility			

The objective of the TEI framework is to identify all of the factors that affect an investment decision



Forrester took a multistep approach to evaluate the impact of AMS



Disclosures

The audience should be aware of the following:

- This document is an abridged webinar version of a full case study (The Total Economic Impact of AWS Managed Services, February 2020).
- The study is commissioned by AWS and delivered by the Forrester Consulting group.
- Forrester makes no assumptions as to the potential return on investment that other organizations will receive. Forrester strongly advises that readers should use their own estimates within the framework provided in the report to determine the appropriateness of an investment in AWS.
- AWS reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.
- The customer names for the interviews were provided by AWS.
- Forrester does not endorse AWS.

The TEI study provides a framework



Resource Cost Avoidance: Calculation Table

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
A1	Number of cloud resources required		10	10	10
A2	Average cost per resource		\$160,000	\$160,000	\$160,000

Cost Savings From Accelerated Migration To The Cloud: Calculation Table

At	Res	REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
	Risk	B1	Data center cost per month			\$250,000	
Atr	Res	B2	Months of savings gained due to faster completion			12	

Optimized Resource Efficiency Gain: Calculation Table

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
C1	Number of operations, ETEs affected		10	13	15

Cost Savings From Avoided Management Infrastructure Fees: Calculation Table

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3	
C2	Efficiency gain					
C3	Average burden	D1	Number of servers	3,000	4,000	5,000
Ct	Optimized res	D2	Additional management infrastructure avoided due to AMS	10%	10%	10%

Improved Organizational Security: Calculation Table

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
Ctr					
E1	Average cost of a data breach	Increases by 1.6% YoY	\$3,920,000	\$3,982,720	\$4,046,444

Incremental Profit From Increased Uptime: Calculation Table

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3		
E2	Decrease in cost of breach with security automation						
E3	Decrease in cost of a breach with incident response team that follows an incident response plan	F1	Annual revenue	2% increase YoY	\$1,000,000,000	\$1,020,000,000	\$1,040,400,000
		F2	Percent of organization's revenue attributed to e-commerce	40%	40%	40%	
E4	Risk of experiencing a breach	F3	Incremental monthly uptime from improved performance with AMS (hours)	2	2	2	
Et	Improved organizational security	F4	Number of months experienced	12	12	12	
Etr	Improved organizational security (risk-adjusted)	F5	Average revenue per hour (rounded value shown)	F1*F2/ 8,760 hours	\$45,662	\$46,575	\$47,507
		F6	Operating margin	20%	20%	20%	
		Ft	Incremental profit from increased uptime	F3*F4*F5*F6	\$219,178	\$223,562	\$228,033
			Risk adjustment	↓10%			
		Ftr	Incremental profit from increased uptime (risk-adjusted)		\$197,260	\$201,205	\$205,230

Source: The Total Economic Impact Of AWS Managed Services, February 2020

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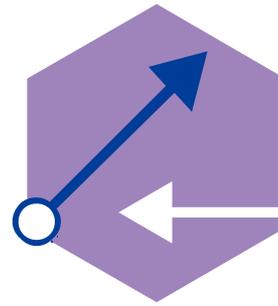
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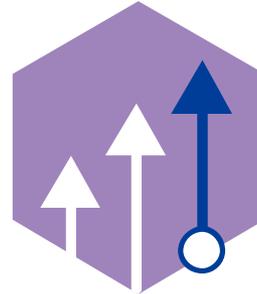
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Forrester has determined the following three-year impact

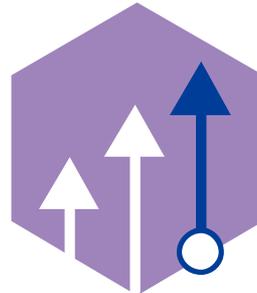
Based on an analysis of AWS Managed Services customer feedback and quantified benefit, cost, risk, and flexibility factors.



ROI
243%



BENEFITS PV
\$10.8 million



NPV
\$7.7 million

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Whom did Forrester interview?

Forrester interviewed six AWS Managed Services customers that were looking for data center exit and cloud migration assistance, as well as ongoing operations support.

Software – Senior VP of worldwide customer service organization

Energy – Head of cloud and infrastructure business office

Manufacturing – Principle architect—enterprise cloud solutions leader, IT director of operations

Media – Head of solutions architecture infrastructure hosting networks cloud and data center

Financial Services – VP of infrastructure and operations

Financial Services – Executive general manager for infrastructure cloud workplace

The customers shared experiences before and after using AMS

The Customer Journey

KEY CHALLENGES

- Lack of expertise to manage cloud migration and infrastructure operations
- Aggressive migration timeline
- Pressure to select the right migrations and operations partner

SOLUTION REQUIREMENTS

- A partner that could complete the migration efficiently and with less risk
- A partner that would bring knowledge and expertise from migration through operations

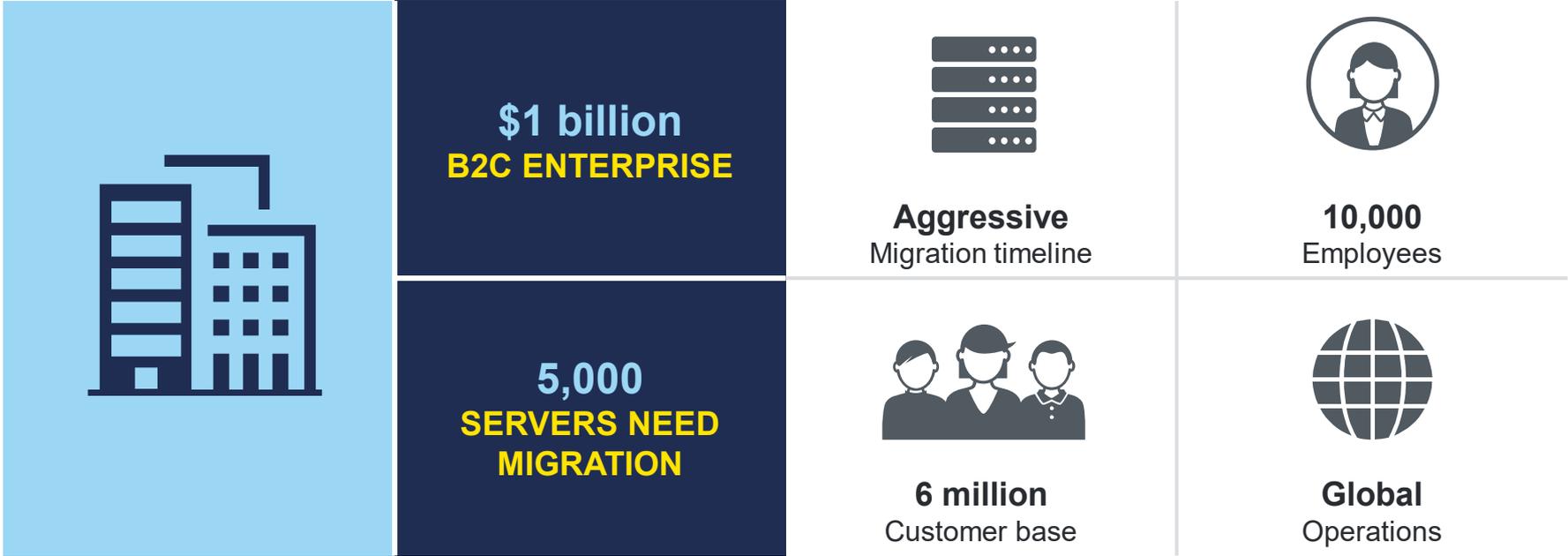
KEY RESULTS

- Fully optimized cloud operations
- Stronger security posture
- Faster time-to-operation
- Enabling of business transformation

“We looked at several managed service providers, but we had to ask ourselves, ‘In what scope do you bring them in? Do you bring them in to run, to build the cloud infrastructure landing zone? Do you bring them in for the migration? Do you bring them in for cloud operations?’ AMS offered all three of those.”

— IT director of operations, manufacturing

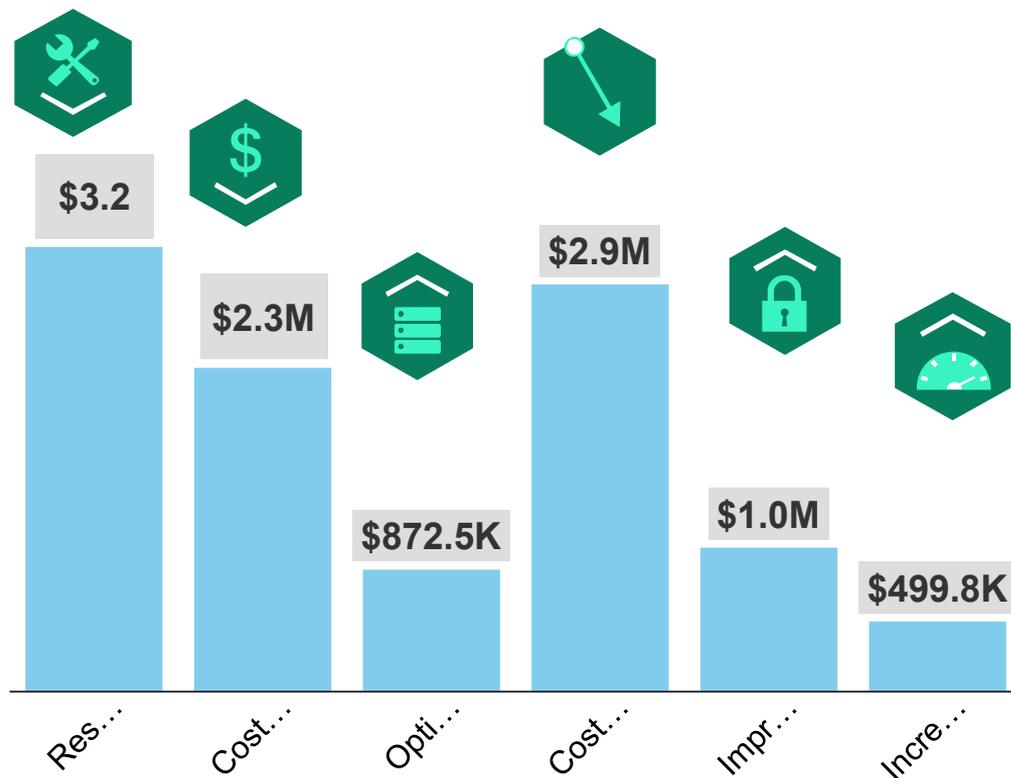
Forrester created a composite organization representative of customer interviewees



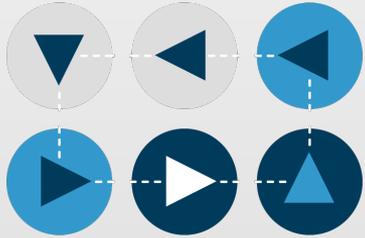
The customers quantified key benefits from the AWS Managed Services investment

Total three-year risk-adjusted benefit

\$10,813,630



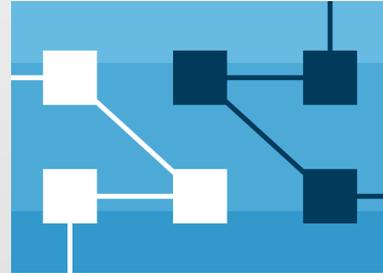
Additionally, there are benefits to using AMS Managed Services that the customers couldn't quantify



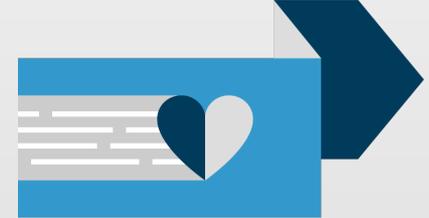
Enabling of innovation



Guaranteed adherence to best practices



Infrastructure cost optimization



Peace of mind



Customers incurred one category of cost to use AWS Managed Services

Fees to AMS

- varies based on the types of services managed, and response and restoration time commitment levels selected per an AWS account.

TEI analyses weighs benefits against risks

IMPACT RISK

Business/technology needs may not be met by investment in AMS resulting in lower benefits

- Variability in legacy environment, effort and velocity of migration
- Variability in existing resource knowledge, experience and expenses
- Variability in existing volume, complexity and price of infrastructure
- Employee/resource roles and salaries

IMPLEMENTATION RISK

Proposed investment in the AMS may deviate from expected requirements, resulting in higher costs

- The size and complexity of migration to AWS
- The number of critical operations and need for particular response times



Where customers expect to see more value over time

- Access to innovation
- Shared expertise and best practices

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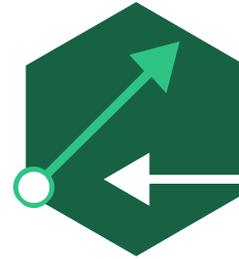
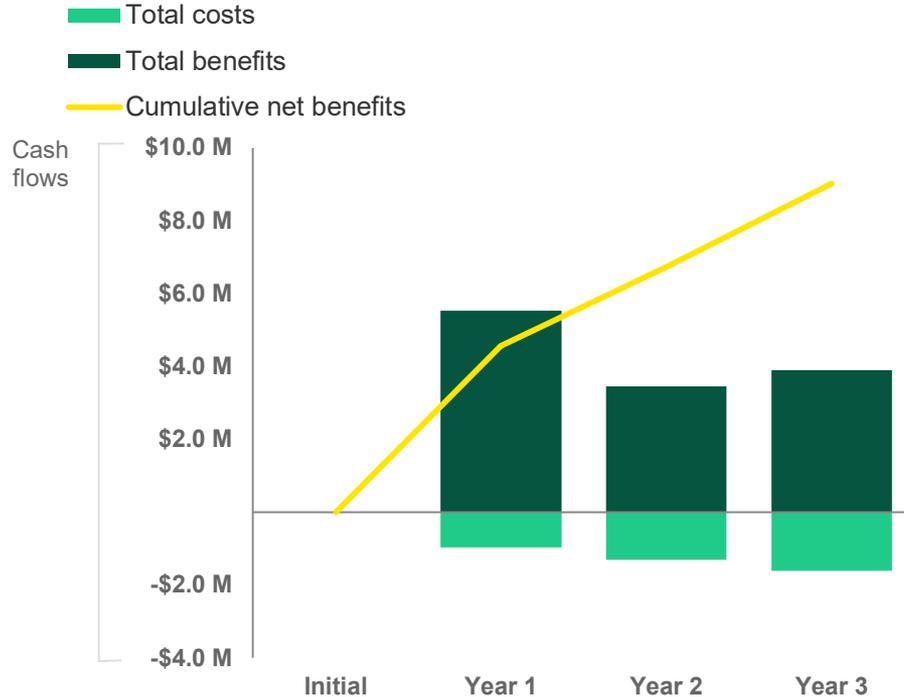
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Three-year model summary results



ROI
243%



Benefits PV
\$10.8 million



NPV
\$7.7 million

Thank You.

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AWS Customer Enablement

Migrate and build faster in the cloud



Thank You!

Learn more about AWS Managed Services,
<https://aws.amazon.com/managed-services/>

Download the Forrester Total Economic Impact™ Study for AWS Managed Services,
<https://pages.awscloud.com/forrester-tei-managed-service-2020.html>

Q & A