

Emerging Cloud-based Business Models

Shift from Information Technology to Innovation Technology

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The Journey of Change

From Information Technology to Innovation Technology



Innovation Technology has driven business model changes

1. Shift from products to a services play

2. Co-creation (R&D) through greater collaboration

3. Greater intelligence built-in – from SmartTV to Smart Cities

Examples of new business models in 2020

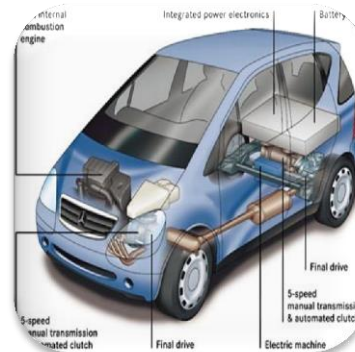
Pay as You Drive



Car Sharing



Pay By
Electrons (EV)



Apps Store



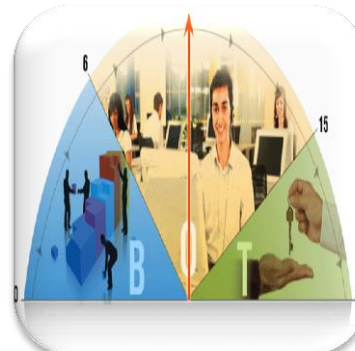
Pay as You Fly



Power By the
Hour (UAV)



BOOT



Integrated
Services



Innovation technology - The underlying theme!

Business model transformation case study - Netflix

- Formerly a DVD rental firm
- Needed to change its business model
- Offers video on demand
- 25% of US Internet traffic
- Approximately 27 million subscribers
- Business is built on the public cloud
- Specifically, it is built on Amazon Web Services
- Not an SMB. Revenues of over \$3.6 billion in 2012

The Netflix logo, consisting of the word "NETFLIX" in white, bold, sans-serif capital letters with a black drop shadow, set against a solid red rectangular background.

DVD Rental Business

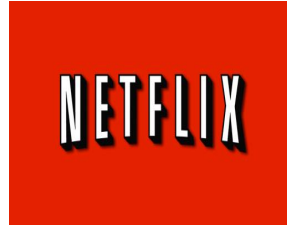


Video on Demand

Some key changes driven by Innovation Technology

Before

- Inflexible model. Slow to scale number of users. Need to order new DVDs
- Cumbersome provisioning. Need physical documents.
- Slow provision of new content.
- Much of IT infrastructure is a capital expense and much support is required
- Comparatively difficult to move into new businesses.

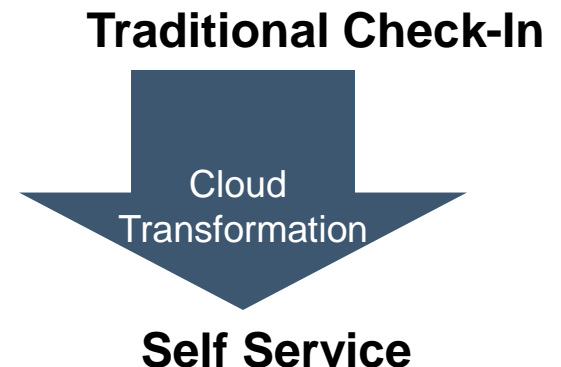


After

- Scalability. Netflix can increase and decrease the number of users instantly.
- Instant provisioning. New users can sign up instantly.
- Instant provision of new content.
- IT infrastructure operated by 3rd party and is an operational expense.
- Ease of entering other related businesses such as audio or other content.

Airline industry disruption case study – Jetstar

- LCC subsidiary of Qantas.
- Growth constrained by limited assets at airports, sometimes physical space.
- Increasing passenger throughput is key to LCCs.
- Jetstar is targeting 100% self service check-in.
- Shortens queues and increases customer satisfaction.
- Jetstar operates with only 5 FT IT staff.
- IT department manages suppliers and provides services to the business.
- Not an SMB. Revenues of A\$3 billion in FY2012. Other LCCs doing something similar. Full service carriers starting to follow.



Some key changes driven by innovation technology

Before

- Growth constrained by restricted assets at airports.
- Time consuming check-in procedure.
- Need for more IT support.
- More difficult to include value added services such as better seating.
- Jetstar has always had an outsourced model but still needs to 'sell' importance of IT.



After

- Scalability. Self service has increased check-in passenger throughput by 75% in asset constrained airports.
- Need for fewer and fewer IT staff.
- Rapid/instant provisioning of new services.
- IT staff become managers of processes and providers of services.
- Saves costs while improving customer experience.

**Cloud
Transformation**

Thank You!

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