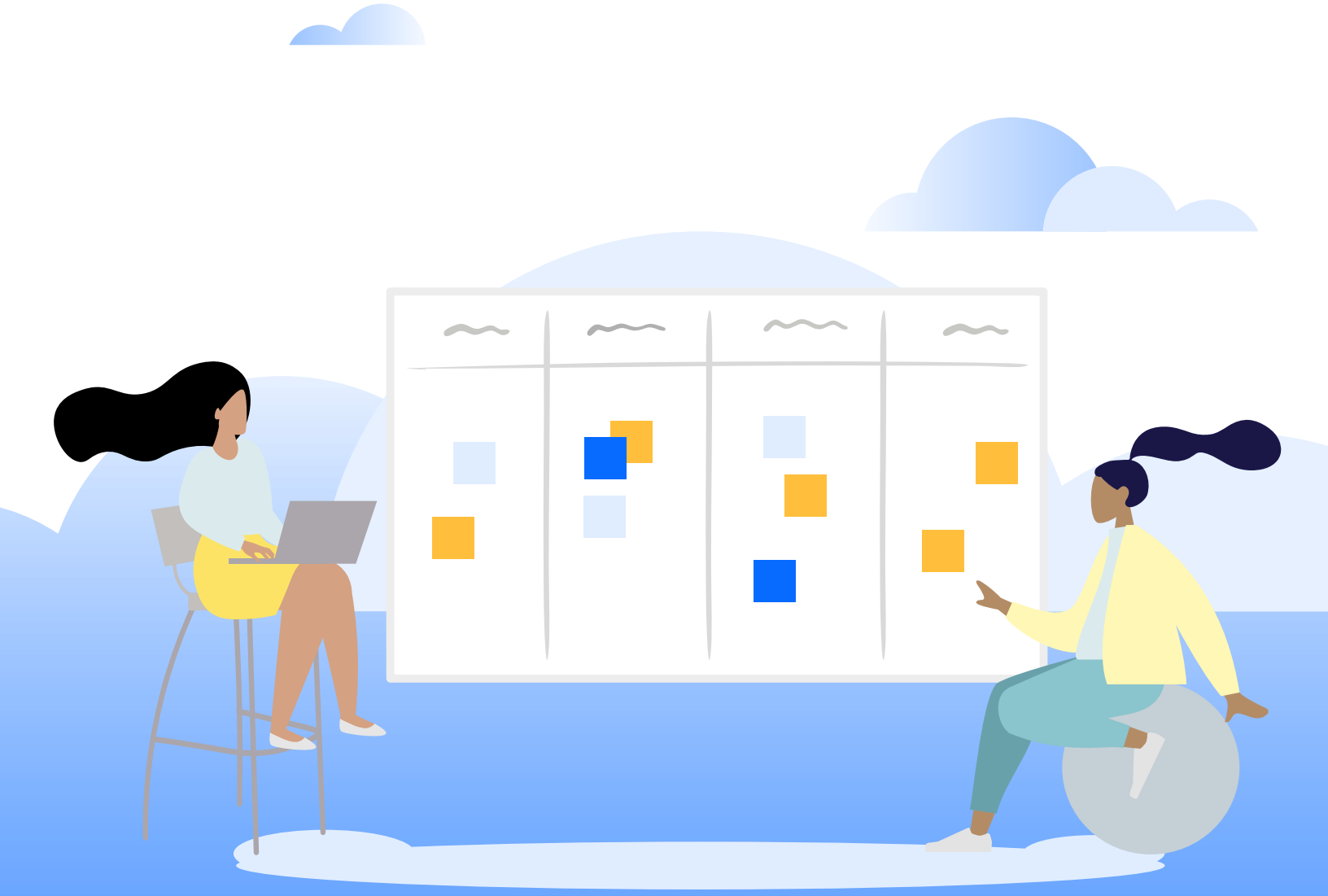

The *UNMATCHABLE* ROI of ATLASSIAN Cloud

Best practices for driving the ROI on your Atlassian Investments.

April 2020

Service ROCKET

ATLASSIAN

Platinum Solution Partner

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EXECUTIVE SUMMARY

If there is one thing we can count on in a rapidly changing world, it is that customers will continue to be increasingly demanding. They will continue to want more things faster and cheaper, something we think of as the "Amazon effect". No enterprise will be able to escape this phenomenon regardless of industry, size or geographic location. And with over 100 million startups created each year worldwide, global competition will only feed rapidly changing customer preferences and demands.

One effective strategy for staying ahead of customer demands is moving data and applications to the cloud to immediately realized an over 360% return on investment from cost savings alone. However, cost reduction is just the first benefit.

More importantly, moving to cloud enables organizations to increase their velocity. In the process of moving their data and applications to the cloud, enterprises transform their legacy systems that are slow and inflexible, bringing about true digital transformations. From here, organizations can integrate their disparate systems, convert their data silos into big data, run AI and analytics, and identify new business opportunities for growth.

While the benefits of migrating to cloud are clear, there are many pitfalls and dangers to consider. If not done right, downtimes can cost organizations millions in lost transactions or even lost customers. Enterprises know this and move slow to ensure they are doing things correctly, taking close to a year to migrate their Atlassian on-premise implementation to the cloud.

This slow pace is understandable, as most enterprises undergo such transformations once every decade, if that. Learnings can be lost and diluted over such a time span.

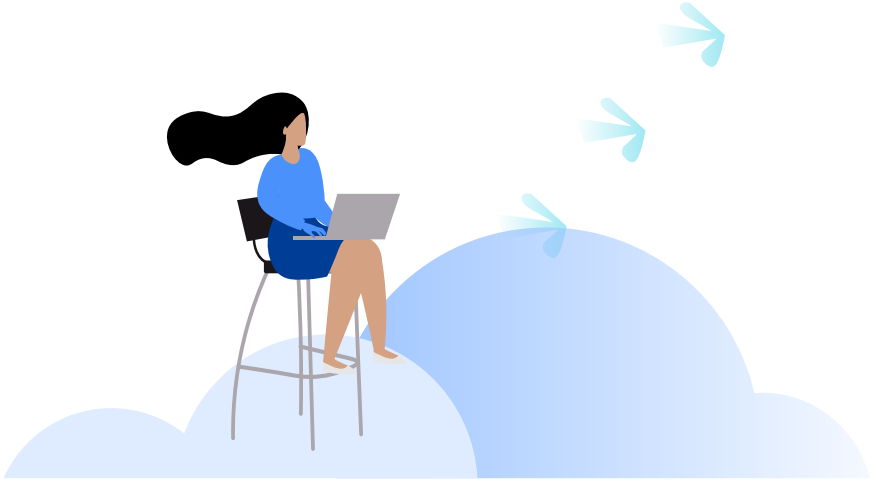
A better way is to work with a partner such as ServiceRocket that handles migrations to the cloud by the dozens each year—across all industries, sizes, and geographies.

In this paper, we will provide a clear analysis of the total cost of ownership of cloud versus on-premise implementation of Atlassian applications. Next, we provide analysis of why cloud implementations are 3.6 times less costly than on-premise, illustrating that no matter how big enterprises may be, they will never be able to internally match the scale and cost-effectiveness of cloud implementation.

Third, we discuss the pitfalls and challenges in migrating to cloud and why this is fraught with risks; as aforementioned, this process can require long and expensive planning and implementation projects.

Finally, we discuss why ServiceRocket is the Atlassian expert and trusted Platinum Solution Partner that can help enterprises quickly migrate to the cloud in a matter of 2-4 weeks, compared to the six to nine months it typically takes when enterprises undertake this project on their own. Please read the rest of the paper for more details.

The benefits are compelling: reduce costs by 3.6 times by moving to the cloud, complete the migration safely within 2-4 weeks, and decrease the cost of migration by at least 50%.

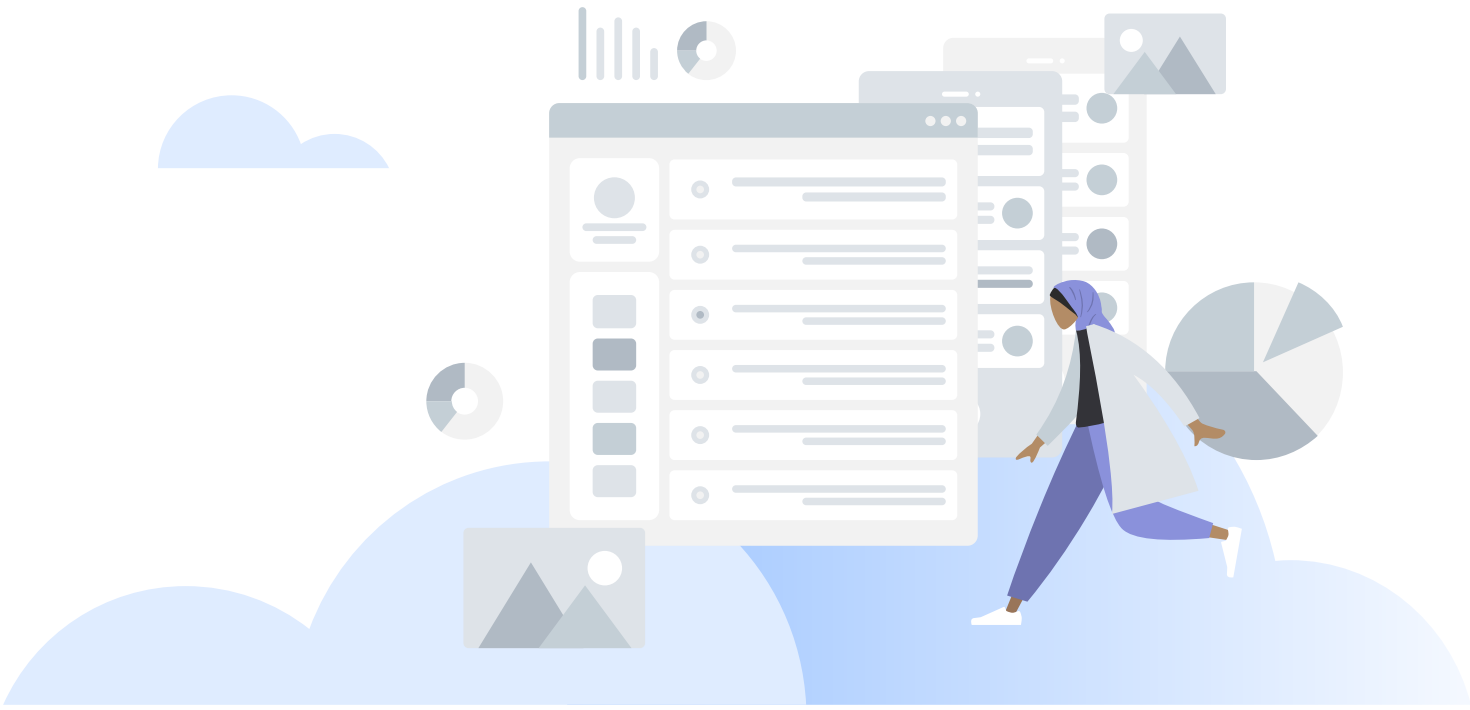


COMPARING CLOUD AND ON-PREMISE TOTAL COST OF OWNERSHIP

Cloud computing has surged in popularity over traditional servers in the past decade. The traditional point of view is to regard **on-premise server systems** as capital expenditures with a large upfront investment, while **cloud-based systems** are considered as operating expenditures with ongoing operational costs.

This view is incorrect in that supporting on-premise server systems require significantly higher ongoing costs than the recurring costs associated with cloud-based systems, as we shall see below.

With more enterprises migrating their data to the cloud, it's important to analyze the cost/benefit tradeoffs of each model. Looking at the **total cost of ownership (TCO)**, or the total cost of using and maintaining an IT investment over time for both cloud and server can help determine the most optimal and cost-efficient option for an enterprise.



On-Premise Servers

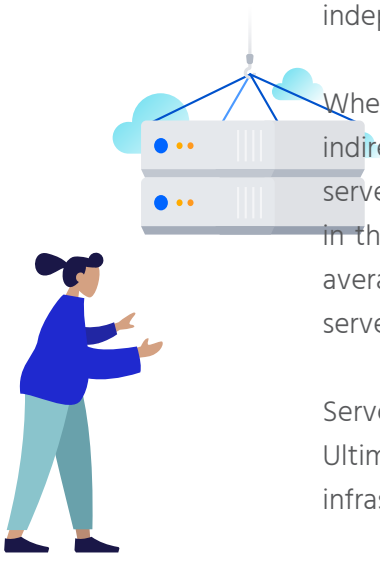
On-premise servers provide benefits that have traditionally attracted organizations with high IT capabilities.

1. **More advanced control:** Servers are good options for organizations who like the flexibility of managing and overseeing all of their details.
2. **Data locality:** Server is the traditional option for companies with strict data hosting and/or localization requirements. However, cloud may still be a good alternative in many cases.
3. **Continuation of self-hosted applications:** Teams may choose servers to continue their usage of on-premise servers. These organizations have past experience with self-hosted applications and the necessary resources to handle setting up, hosting, securing, and maintaining applications.[3]

Understanding the Total Cost of Maintaining On-Premise Servers

Hosting and maintaining on-premise applications can be time and resource intensive. These expenses can be divided into two categories: **direct costs** (hardware, software) and **indirect costs** (IT operations and administration, downtime, aspects inherent to running self-hosted applications).[2]

In most cases, a server's direct hardware and software costs represent a small portion of the TCO; research shows that more than 50% of TCO comes from indirect expenditures.[2] With server implementation, the organization itself hosts, sets-up, and manages the product, either through their own hardware or through third-party hosting services like AWS. These independent costs all need to be factored into the TCO.

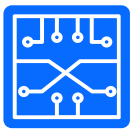


When factoring direct costs (including servers, software products, and user licenses) and indirect costs (including hardware maintenance and downtime costs), the yearly TCO for a server over the period of a decade would raise from $376,731.94 in the first year to $525,731.94 in the tenth year. These calculations assume that the organization purchases a lower-end average server, does not need additional user licenses, has two IT employees, and replaces servers every five years.

Servers provide data locality benefits to organizations but can be expensive and inefficient. Ultimately, moving to cloud can decrease a company's TCO by reducing spending on infrastructure and other maintenance costs.

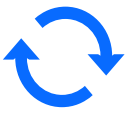
Cloud-Based Systems

Forrester's "Benchmark Your Enterprise Cloud Adoption" report predicts that the upcoming generation of SaaS (software-as-a-service) cloud products will finally replace on-premise server systems. Given the added benefits in efficiency and cost savings, cloud is no longer a competitive differentiator, but rather **a new foundational requirement for long-term success.**



1. **Increased capacity of internal IT teams:** A fundamental difference between the cloud and server-based implementations—and one of the cloud's biggest benefits—is that cloud-based solution vendors handle all administrative and infrastructure management and their corresponding issues. Many vendors also offer free technical support. This increases the capacity of internal IT teams by allowing them to focus on higher-value strategic issues, and potentially decreases the costs of IT personnel.

2. **Price flexibility:** Cloud services allow the user to take advantage of adaptability and reliability, two things that many companies cannot easily do internally. In cloud, Atlassian handles the procurement of inventory and storage space. Atlassian allows organizations to only pay for the resource usage they need and the option to scale when necessary[3]



3. **Automatic updates:** Cloud-based systems and services automatically update for new features without on-premise IT assistance. Platforms used in cloud solutions are regularly updated to conform to industry standards.[3]

4. **Easily accessible anywhere:** Atlassian's cloud products can be securely accessed from any browser or mobile apps. This gives employees the freedom to work on the go and access information anywhere with internet connection.[3]

5. **Security:** A new standard for cloud products is maintaining state-of-the-art security to protect stored information. Atlassian provides real-time security updates and enables tracking insights to keep its customers secure and compliant.[3]

One difference to note for Atlassian's Jira and Confluence products is the separate deployment options between server and cloud installation. While both products provide the same benefits (planning, tracking, code repository management, etc.), each method does provide different features, functionality, and user interfaces.[4]

Total Cost of Maintaining Cloud Servers

Cloud reduces capital investment and allows organizations to refocus their time, effort, and resources on their core offerings. One difficulty with the server is that businesses suffer replacement expenses every five years and annual hidden costs linked to hardware—not to mention the distraction of building competencies in areas that are not strategic to the enterprise. Because Atlassian hosts, updates, secures, and maintains customer cloud products, firms will additionally save in overhead costs associated with on-premise installation.

The TCO of cloud-based systems includes only the direct cost of the software product. For example, Jira Software for 2,000 users would cost an organization $103,500 per year. Unlike on-premise servers, the yearly TCO for cloud does not increase over time: the yearly TCO for Jira Software over the course of a decade would remain at $103,500.

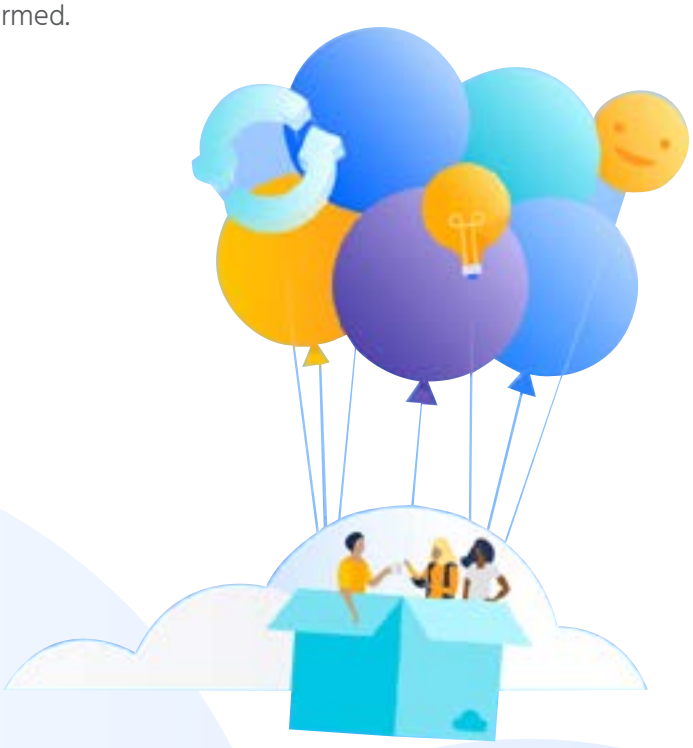
Atlassian has offerings for both server and cloud products. While server provides data locality, cloud options are quickly becoming the new standard and can be more efficient and effective over time. According to Atlassian's customer service, there is no cost to migrate from Atlassian self-hosted server or data center products to cloud; however, there are additional hidden costs in preparing for the migration and the risk of failure.[5] Should an enterprise choose to switch from server to cloud, understanding and communicating these differences to personnel are essential to plan a successful migration.

WHY CLOUD IMPLEMENTATIONS DRAMATICALLY LOWER TCO

Cloud has quickly become the new industry standard, with more companies choosing cloud over server every year. Cloud offers enterprises many benefits, the most notable being significantly lower costs. One of the biggest factors contributing to these lowered costs is unparalleled levels of efficiency.

Overall, cloud has a significant efficiency advantage over on-premise software implementations; enterprises are unlikely to beat or even match the cost-effectiveness of cloud with their own server implementations.

It is very difficult to take full advantage of on-premise servers because expensive technical resources (such as IT, hardware maintenance, and development operations) are necessary dedicated resources that contribute to significant hidden costs, especially when servers are not used to their full capacity. Therefore, the difference between the cost of on-premise servers and cloud computing comes from paying for the capacity to do work or paying for the actual work that is performed.



Server Underutilization: Capacity to Do Work

The main cause of server inefficiency is underutilization. According to MIT-connected startup Jisto, only 20% to 50% of enterprise server capacity is actually used. McKinsey reports that only 5% to 15% of a typical business server's maximum computing output is used on average every year. The NRDC also reports on-premise utilization running between 12% to 18% in its 2014 Data Center Assessment.

While the percentages may vary, the message is clear: servers are greatly underutilized. Enterprises take on servers with enough capacity to handle load spikes but suffer significant economic costs when too much capacity sits idle for a majority of the year.

For example, consider evenings or weekends when servers are not turned off but handle nothing besides basic routines while powered on. Businesses pay for this powered-on idle time regardless of server capacity usage, and cover electricity expenses, maintenance costs, and other devoted costs for a server that contributes little to nothing.

Consequently, servers hardly justify the costs of the dedicated resources needed for maintenance and upkeep. What this means is businesses, in practice, are paying for server work capacity that they are unable to use efficiently.[7]

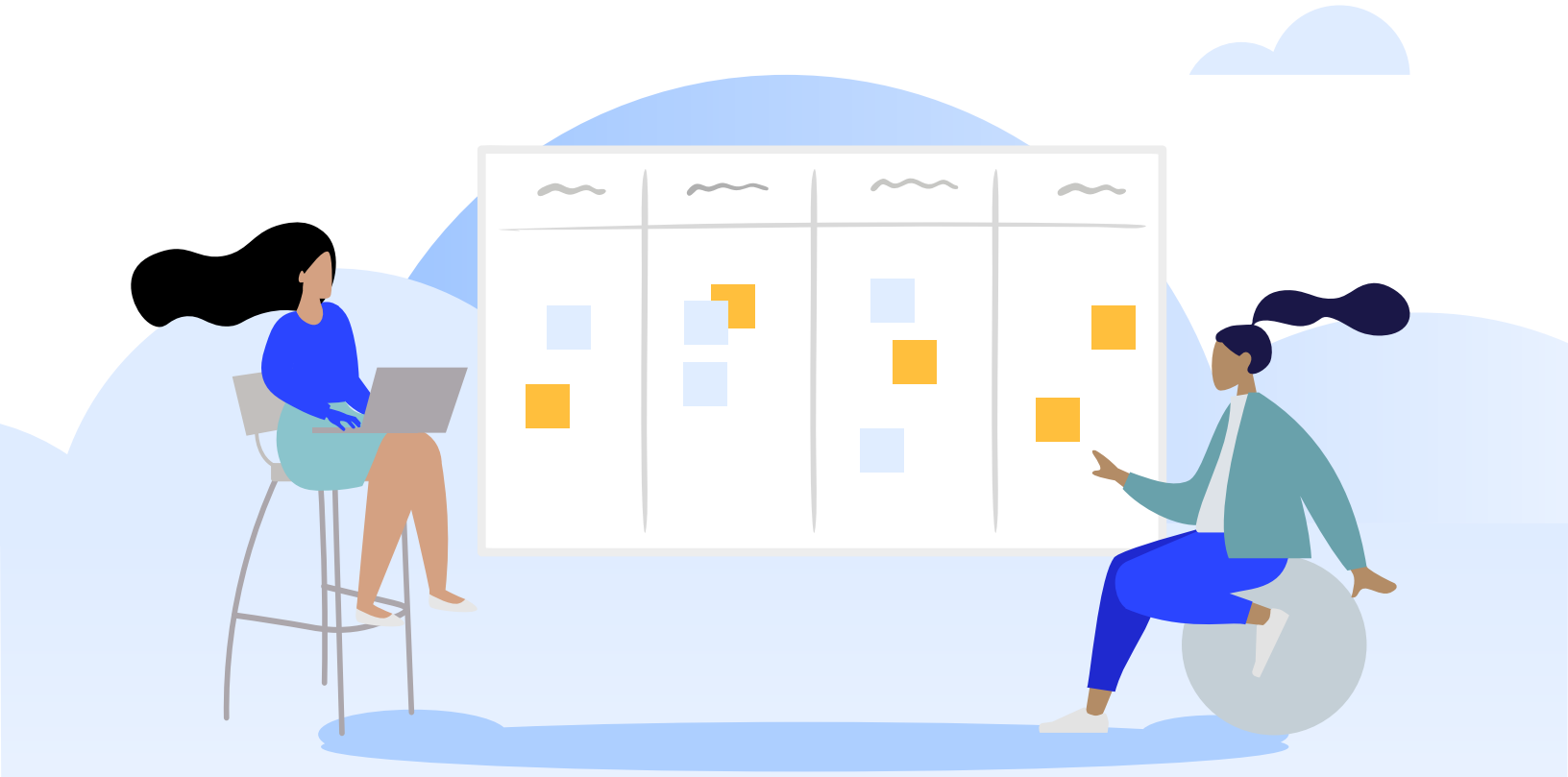
Cloud Scalability: Actual Work

Although resource usage (network usage, storage, traffic) changes every work season—and in the case of server implementations, every day—cloud is elastic in its ability to scale resources to real-time utilization. The advantage of cloud technology is its ability to shift the burden of managing infrastructure and supporting resources from end-users to cloud providers.

As discussed above, servers often sit idle and rarely reach peak capacity. Large-scale cloud providers, on the other hand, have a much larger pool of customers and applications that allow them to smooth out peaks between all customers and run at much higher utilization levels. The NRDC's study reported cloud utilization at 65%—an over 40% increase in capacity usage.[10] Customers also use 16% of the power as compared to on-premise infrastructure, representing an 84% reduction in the amount of power required.[11]

Cloud scalability enables for increased server usage. Enterprises who use cloud platforms or cloud server providers are able to spin up or down servers as they need based on business demand; the management burden of server utilization is therefore significantly lessened, because enterprises no longer struggle with deploying enough physical servers that will likely be left idle. Moreover, cloud providers manage their customer systems on a much larger scale that allows for economies of scale. Each cloud provider's data center maximizes efficiency by hosting and processing thousands of clients' data (multi-tenant), where peaks in one enterprise can offset inactivity in another.[7]

Cloud usage provides unparalleled efficiency benefits for those who choose to migrate. The issue is no longer how to optimize server resources to maximize capital investment, but rather of deploying cloud servers that can satisfy load requirements at higher levels of efficiency.



PITFALLS AND CHALLENGES TO AVOID WHEN MIGRATING TO CLOUD

Cloud usage has soared in popularity within the past decade. The 2018 IDG Cloud Computing Study reports that 77% of enterprises have either part of their computing infrastructure or at least one application in the cloud. Given its benefits in efficiency, accessibility, maintenance, and cost, more and more businesses are choosing to migrate from on-premise servers to cloud-based systems every year; 56% of businesses surveyed reported they were working towards transferring more IT operations into the cloud.

Businesses often decrease costs when migrating from Atlassian's self-hosted server or Data Center products to its cloud alternative. However, teams may face other risks and challenges when migrating their business to the cloud.

Most Common Challenges of Migrating to the Cloud

Even though cloud-based systems and applications have become the new industry standard, businesses still struggle with adoption because each migration experience is unique. The following are five of the most common challenges of migrating from server to cloud:

1. **Lack of a Defined Business Strategy:** Migration from server or data centers to the cloud can be complex, regardless of business size. As with other large projects, IT teams must have a clear, step-by-step outline for helping all of its business units adapt to the change in order to have actionable results.[13]

Solution: McKinsey reports that cloud-adoption leaders utilize migration road maps that are followed rigorously. Outlining a clear migration path for all applications (both new software that is already updated and legacy software that might need to be retrofitted) maintains transparency between the IT team and individual business units who are using these applications. This process can include creating standardized training for individuals who are supporting migration in the business units. The migration road map can also identify and explain benefits of transitioning specific applications to the cloud in order to incentivize collaboration.

2. **Security Concerns:** One of the most common challenges of migrating to the cloud is overcoming security doubts. Security of software applications, processes, and infrastructure is one of the leading reasons why companies keep data on local servers.[13]

Solution: State-of-the-art cloud technology can be more secure than local servers that may not be up to date. When migrating to the cloud, companies should obtain third-party reports—such as SOC 2, security, availability, processing integrity, confidentiality, or privacy—that attest to a cloud organization's security and explain current security measures a company should have in place.[13] Additional security measures can be incorporated in the data transfer process, including data decryption and encryption, configuring private network connections, and proper authentication functionalities.

3. Transferring Current Systems to Cloud Applications: Many legacy systems, particularly an organization's record systems, are not cloud-ready. Organizations often struggle with transferring these older applications to newer business applications on the cloud, which can discourage many business units from cloud usage.

Solution: Prioritizing purpose-driven data migration or focusing on enabling as many new net capabilities in the cloud as possible, in order to take the most advantage of state-of-the-art cloud technology while older applications are prepared, is strongly recommended. This includes using fast, more cost-effective repeatable processes to move newer updated applications to the cloud (such as Atlassian's Confluence Cloud Migration Assistant app), and adhering to a "cloud-fist, cloud-only" strategy for all future applications. Another thing to keep in mind is when enterprises transfer legacy processes to the cloud, they bring along with them existing IT problems. During migration, businesses should consider replacing legacy applications with modern, cloud-ready solutions to eliminate as much "technical debt" as they can.

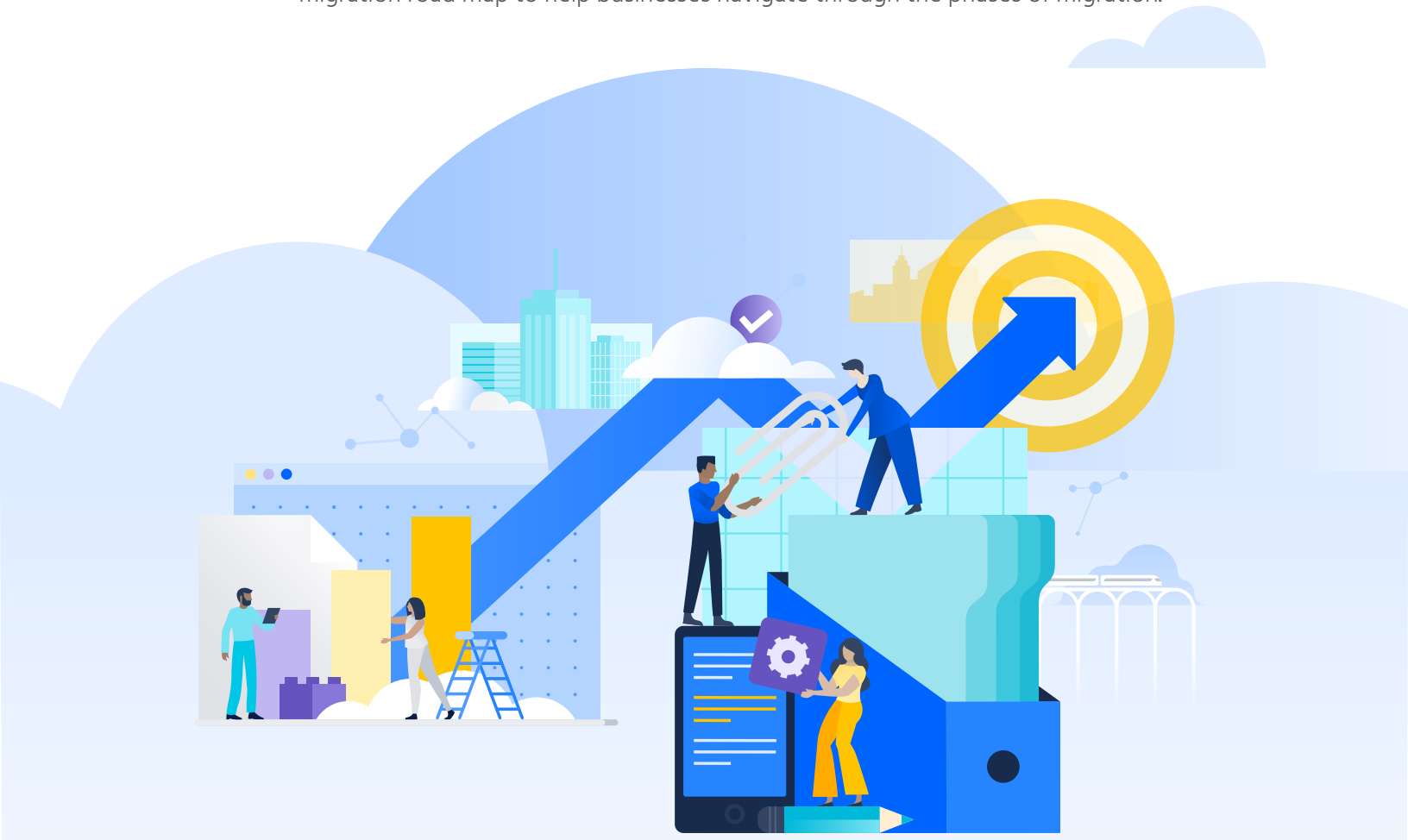
4. Lengthy Transition Period: Moving data can be a slow process because it requires significant bandwidth and time. Many companies are unwilling to commit to a lengthy migration process when the current system already functions properly.

Solution: Many cloud-migration leaders balance workload migration with hybrid cloud-server systems. By detaching from the mindset that there must be a single transition to the new technology and focusing on the aforementioned purpose-driven data migration, teams can continuously test, learn, and adjust their cloud programs according to any issues that arise. Hybrid cloud can be achieved in three steps: identifying the gaps between the cloud and traditional server capabilities, adapting to migration challenges that arise from new applications, and investing in cloud innovation for current server challenges to infuse existing systems with cloud technology.[15]

5. Adapting to the Cloud: Migration does not stop with moving the data; ultimately, it is the people and processes that must change. Younger and tech-first companies will likely adapt easier. Bigger enterprises will experience more difficulty transitioning from familiar technology to full cloud adoption.

Solution: To better adapt to cloud technology, IT teams should consider restructuring into dedicated teams that each focus on an element of efficient transformation of IT processes, responsibilities, and capabilities. For example, teams can be divided into managing the different business units' processes for cloud service adoption and becoming their direct point of contact for any issues. This operational support can further help tech laggards familiarize themselves with new applications.

While each migration to the cloud is unique and different, many of the same solutions to core challenges will apply. Atlassian has recognized these challenges and provided their own migration road map to help businesses navigate through the phases of migration.



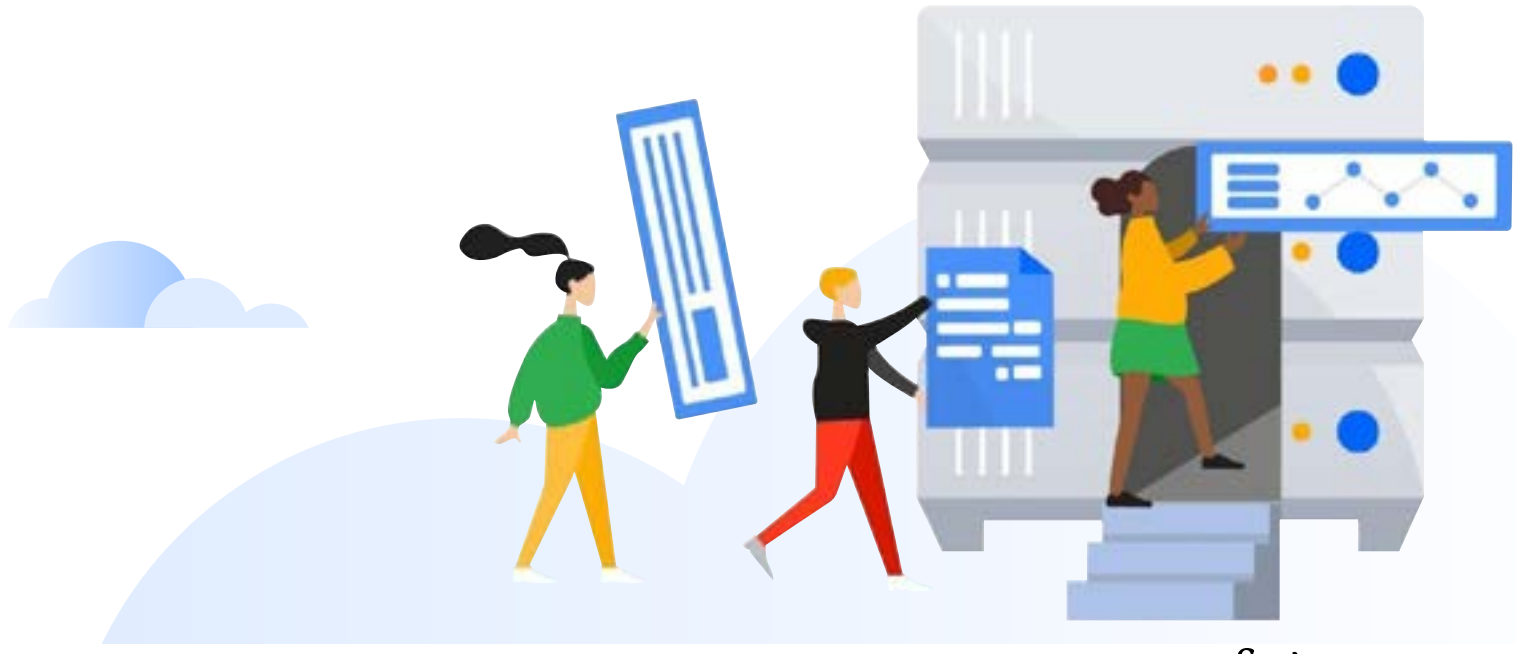
SERVICEROCKET: DEEP ATLASSIAN EXPERTISE AND EXPERIENCE

Overview

ServiceRocket helps businesses successfully adopt Atlassian software by providing consulting, training, managed services, and licensing solutions. Solutions are deployed along with ServiceRocket templates to help businesses deliver intuitive results far faster. These templates can be tailored to meet a business's specific requirements, because every business has unique problems that require tailored solutions.

ServiceRocket provides various solutions, including consulting services to help businesses tailor Atlassian to meet their specific needs, training to help users make the most of applications, managed services to help businesses drive adoption and maximize productivity, and license procurement optimization services. ServiceRocket also provides apps that are designed to integrate seamlessly with Atlassian products, helping teams thrive.

With offices around the globe, ServiceRocket provides help to businesses in any time zone.



Consulting

ServiceRocket delivers a variety of consulting services to ensure businesses are able to focus on themselves and adapt the Atlassian toolset to meet their specific needs rather than having to change their business practices. ServiceRockets's consulting services include advisory services, workshops, implementation, merging, upgrades, migration, health checks, integration, and custom app and integration development.

ServiceRocket leverages best practices to ensure businesses can take advantage of the knowledge gained from thousands of customer engagements. ServiceRocket has successfully implemented Atlassian solutions for thousands of customers. In order to scale and produce repeatable outcomes that incorporate best practices, ServiceRocket built a methodology that produces predictable outcomes for customers, regardless of the project's business or technical complexity.

Training

Even though software is implemented by companies in order to solve an issue the company is trying to address, 83% of senior executives report that their biggest challenge is getting staff to use the software systems installed. Additionally, 22% of all reported problems surrounding successful software implementation are people-related or linked to user adoption. Users are more likely to adopt new systems if they recognize how it will benefit them. Proper training gives the opportunity for users to fully comprehend the ways in which the software is supposed to aid in their daily tasks.

Over 50,000 Atlassian product admins, users, and power users cite ServiceRocket's instructor-led public, private, and customized trainings as essential to their expertise. As an authorized training partner, ServiceRocket provides official Atlassian courses for Jira, Jira Service Desk, Portfolio, Confluence, and Developer Tools for end users, power users, and admins.

Managed Services

ServiceRocket's managed services provide maintenance for businesses' Atlassian products, driving better adoption, increased productivity, and risk mitigation so they can focus solely on building their business.

ServiceRocket's managed services help drive adoption by ensuring Atlassian tools quickly adapt after launch, providing expert troubleshooting, and providing 24/7 customer support. Managed services minimize risk by regularly upgrading a business's Atlassian tools to supported versions, providing security patches, and maximizing availability and performance. ServiceRocket's managed services also maximize productivity and value by continuously optimizing systems, scaling up or down a business's amount of administration, and providing tools configured to match their workflow.

Optimizing License Procurement

ServiceRocket's License Concierge Team provides the highest level of customer service to optimize license procurement, helping businesses create and maintain a portfolio of licenses that best suits their requirements, rather than wasting money purchasing unnecessary licenses.

Atlassian Add-Ons

Teams should be able to seamlessly collaborate and communicate across platforms without friction. ServiceRocket can extend the use of Atlassian products by providing simple apps businesses can easily integrate to synchronize and optimize platforms.

As a Top Vendor in the Atlassian Marketplace, ServiceRocket's apps integrate with Atlassian products and empower businesses to create value. ServiceRocket apps help users increase productivity and stay connected with their teams, clients, and partners.

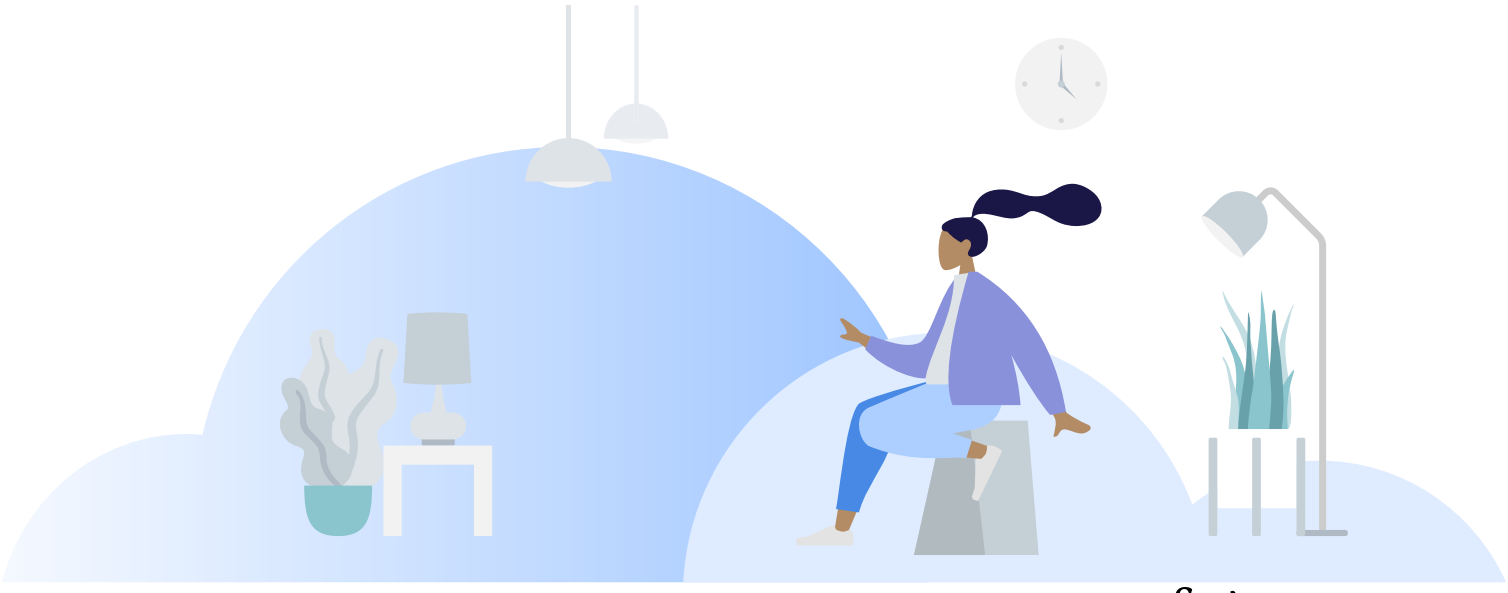
Teams can accomplish more in Jira and Confluence using ServiceRocket apps. ServiceRocket apps also provide solutions for common business issues, including the management of projects, knowledge, data, assets, customer relationships, and documents.

NEXT STEPS

In this paper, we have outlined the unmatchable benefits of moving your Atlassian applications and data to the cloud. We have also detailed why it takes most enterprises a minimum of six to nine months to successfully migrate their applications to the cloud: it requires extensive planning and preparation in order to avoid significant downtime that can cost anywhere between the hundreds of thousands to millions of dollars.

We also outlined why ServiceRocket has the deep Atlassian expertise to help you migrate to the cloud in two to four weeks—a fraction of the time it takes most enterprises to complete a cloud migration project—with two customer stories as evidence.

To see how your business can benefit from partnering with ServiceRocket, set up a quick exploratory call by contacting us at sales@servicerocket.com or visiting our website at atlassian.servicerocket.com



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