## Getting to Variable Costs: Regulated Cloud-Sourcing Emerges



Outlet 👔

**CHUCK SALDARINI**, CEO of **Sentrx Safety Solutions**, is redefining the standard for safety services by putting best practices into action, developing innovative solutions founded on experience, converging science and technology with common sense, and creating a climate focused on clients.

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t's not yet 2012, but for budget planning it's already here. You know this because you worked on it over your end-of-summer break. We're guessing that you should be expecting requests for strategies and plans about how you will continue, or perhaps begin, to make costs more variable. That typically means finding ways to be more operationally flexible, without compromising results or expected deliverables.

You may be stressed in this pursuit. A variety of potential ideas have already been tried, in varying degrees and you may be experienced with many of them: streamlining, rightsizing, downsizing, and then there's outsourcing via off-shoring, nearshoring, farm-shoring, or some combination thereof. Most recently you've probably heard of crowd sourcing, which has less to do with finding an actual crowd than it does with incubating an idea rapidly. This is fine but it's new in our space, so we'll leave this in the watchful waiting category.

#### THE CLOUD TO THE RESCUE

What is real, and what can accelerate the utilization of efforts that provide greater operational and organizational flexibility, is "the cloud." And whether or not you are comfortable with the idea, we have to talk about it because it is quickly emerging as that "new idea" expense-minded management teams will be proffering.

We acknowledge there are some initial hesitations, so let's start with the essential idea that the cloud-sourcing is the natural extension of the business imperative to outsource functions with costs that were once fixed and that now must be variable to the performance of your daily activities.

Except, of course, this brings its own set of challenges. It is, at best, difficult, if not unsettling, to tie

traditional cost centers, such as clinical operations and pharmacovigilance and all their related information technology components, into alignment with the broader vagaries of the business, particularly when regulatory requirements bear no genuine relationship to those same vicissitudes.

Tying critical functions to a business' rockier top line, unpredictable clinical outcomes, and even less predictable regulatory outcomes can be downright frightening. Yet, these conditions are simple facts; we don't love them either, but they are what they are. As a result, understanding how to integrate cloud-sourcing into your world has to become a priority because we must deliver on the mandate for improved flexibility and yet remain absolutely committed to delivering core support.

This support, whether in the form of managing complex audits, meeting partnership requirements, or, in our view, driving toward the most essential issue in pharmacovigilance "new safety," cannot be lost in the cloud, so to be speak. Rather, the cloud must help organizations demonstrate to payers and patients and providers that they own the ability to fully command the safety profile and by extension can improve adherence and compliance and likely, reduce costs.

#### **FINDING THE RIGHT CLOUD**

Now to be fair, cloud-sourcing isn't entirely new. It's been around since the first moment when the Internet met the browser and the relationship between your favorite application and a hard drive began to fray. Finding the right cloud involves all of the issues related to any good relationship; where to meet, how to stay connected, establish trust, manage the anxiety, and then, naturally, mitigate competition over ownership.

#### THE CLOUD BRINGS GOOD NEWS

In cloud-sourcing you will find much of the variable cost management you were promised

by all the other outsourcing efforts: fast implementation, easy-to-use applications, clear value propositions built around ever present performance indicators, and continuing utilization metrics to titrate licensing and access and authorizations.

There is more good news. You can go to the cloud and still be in control. Call it cloud control. And we don't think you should source a cloud if you can't control it. This may seem counter-intuitive given all the messaging about the cloud realm. Put another way, you can use the cloud and still own critical aspects of it so it completely integrates with your specific operational imperatives, security concerns, and mobility requirements.

#### **The Cloud**

#### **CLOUD TYPES AND ATTRIBUTES**

- » Public Cloud
  - Multiuser, publicly available
- » Private Cloud

Physically or logically separate services delivered from your own or a third-party data center with availability limited to single enterprise or trusted community.

» Trusted Cloud

Mixture of public, private, and shared cloud

#### WHAT CLOUD COMPUTING IS:

- » On-demand self-service
- » Broad network access
- » Resource pooling
- » Rapid elasticity
- » Measured service

#### WHAT CLOUD COMPUTING IS NOT:

- » A specific architecture
- » The Internet
- » The Web of "Web 2.0"
- » Only SaaS (software as a Service)
- » Another word for outsourcing
- » A new name for "grid computing"

Source: CSC, Life Sciences: Entering the Cloud, by Jeff Klein, Tom Beatty, and Jay Noble. For more information, visit csc.com.

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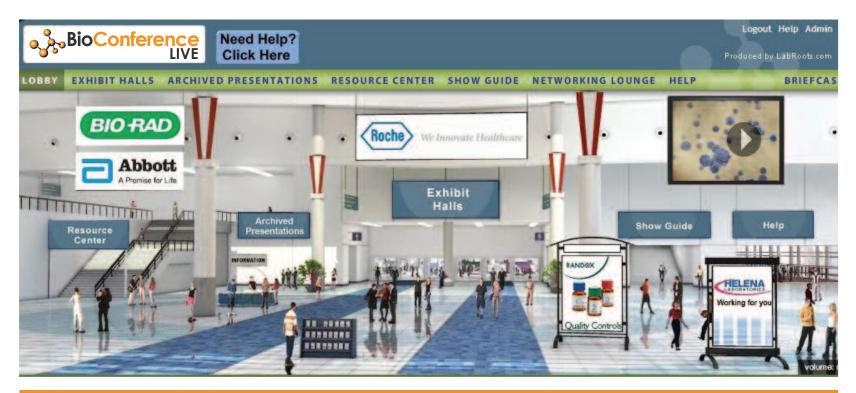
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