MERCK'S REAL ENTERPRISE VALUE OF CLOUD
VIDEO TRANSCRIPT

Speakers

•Fran Geatens, Merck Vice President, Technology, Infrastructure, Operations, & Experience
•Sean Finnerty, Merck Associate Vice President, Cloud and Infrastructure Technology
•Ron Kim, Merck Senior Vice President & Chief Technology Officer

Overview:
In this session, learn about new value measurements AWS and Merck applied to Merck's cloud migration. While Merck has been a user of AWS for several years, a focus on quantifying the business benefits of the cloud began 18+ months ago. As part of the cloud migration and modernization project, Merck, Accenture, and AWS focused on calculating the value Merck gained by driving their cloud journey against the number of applications retired, modernized, or migrated. This has produced very strong engagement from the CEO down, reinforced the modernization agenda across Merck, and helped to drive new capabilities for business innovation and meaningful patient impact.

>>Oh, welcome back here on the Cube. I'm John Walls. We're in the Venetian and day one of a jampacked three days here at AWS Reinvent 22. This is the executive summit sponsored by Accenture, and it is Merck time, and I mean, it is loaded with Merck time. We have quite the panel here, in fact, first threesome of the day. By the way, by the way, you guys have really loaded up nicely. Ron Kim

is with us, the SVP and CTO of Merck. Ron. Good to see you, sir. Thanks, John. Also, Fran Geatens, who's the VP of Technology Infrastructure Operations and experience, which I want to hear more about. Love that job title, Fran. And, Sean Finnerty on the NBA, VP of Cloud and Infrastructure Technology. Again, everybody here from Merck. So fellows, thanks for being with us.

>>Thanks, John. Good to be here. Appreciate it.

>>The time. Yeah, so let's just talk about Merck, first off, in general in terms of, of what's happening with the cloud. And, and Ron, I'll let you jump onto that. First, I realize just, just talk of journey, right? It's, it's different for everybody, different slices depending upon where you are, where you start, where you need to finish. Where are you right now in terms of what you're doing with the

>>Cloud? Yeah, John, we've been on this journey for about two years, have done some great work and achieve some great results in proving we could move to the cloud, moving to the cloud at scale, achieving really measurable financial and operational results. Where we're focusing now going forward is transforming the business. And as you know, you know, our business is saving and improving lives. And so when we talk about moving things to the cloud, it's, it's much more than just moving servers or things like that. It's really contributing towards our business that saves and improved li saves and improves lives. So for our work that we

work on together, moving into the cloud, the, the stakes are high, but we think the opportunity is great. And the way to seize that opportunity is what we're doing now, is our Blue Sky program and working with AWS and Accenture on it.

>>Yeah. So two years or two years in, it's like NA stage still, right? I mean, you've, and it never ends. Yeah. Frankly, but talk about that progression and, and was it, you know, baby steps, was it diving in? I mean, how do you decide, you know, you know, the order, the batting order basically here about how

>>You gonna get things? Yeah. The early, early parts of the, the two year journey so far were, were really starting small, primarily driven by a central team. And we did that consciously to get, get momentum, build the foundation, prove again, we could, we could move things to the cloud with success, we could start to scale. And then as that journey went on, now instead of just relying on the central team, we're starting to get the rest of the company involved. So this is not just this team doing the cloud journey, it's, it's the whole company. And that's an ongoing journey, getting all the different stakeholders involved and things like that. But I think that's where we are on the journey now, is, look, let's lock arms with everybody in the company. So it's a Merck wide cloud transformation, not just the Blue Sky team.

>>Right. And of course, you need, as you know, the C-Suites gotta be behind all of us, and we hear about, you know, how that it's now being driven in some cases, you know, these kinds of transformations, whether it's, you know, from CEO level, not down the CTO and, and CIO and what have you. Fran, the experience part of your job, Todd, I just wanna get to that real quick. What, so, you know, what, how, how do you define that?

>>Yeah. First of all, I'm delighted you asked. Okay. And the focus on experience that, you know, my team's accountable for transcends, you know, our cloud journey. We have held for the last three years within my organization, a priority that's focused on improving the experience that colleagues in our company have with workplace technology and services. And I'd come into this role at the time and thought

carefully, you know, about how to best title our organization in a way that would draw curiosity or inquisition. Sure. A very creative colleague that we have an opportunity to work with in our company suggested the term, and I loved it and ran with it. And today it's, you know, still something that we spend a significant portion of cycles focused on.

>>Well, it's a very clear signal, right? And a reminder as well that ultimately the experience, whether it's your internal stakeholders or external your customers, right, that you're delivering a very pleasant and efficient, and hopefully you said life saving Yeah. Experience as well. And I think that'd be a pretty good reminder for your team, isn't it? Hey, it is. Hey, we're all part of the experience here. Yeah. Yeah. Right. So, Sean, let's talk about some of the things that, that, that we've discussed here, branching out within Merck. Yep. You know, and, and making it a, a company effort, not just an IT effort. Right? Now all of a sudden you guys are, you're into everybody's business and everybody is, is sharing this, I mean, is there buying that's necessary here? Is there, I mean, how, how do you bring that bunch along? You've all lived it, you know, it, they're experiencing it for the first

>>Time. Yeah, it's a great question and it's one we get quite a bit walking the halls here at reinvent. We're very lucky in that we do have, you mentioned earlier, top down support, right? So when we're talking about moving to the cloud, we're not just running around the halls of the technology, you know, cubes of all the people that are sitting there at computers banging away every day we're meeting with the CEO and a significant portion of the executive team talking about how does our cloud journey underpin our business transformation aspirations? How do we speed up scientific research? How do we do clinical trials more effectively? How do we manufacture medicine more effectively, more reliably? Those are all underpinned by this technology transformation that we're embarking on, sort of from the

bottoms up and meeting in the middle with the top down strategic imperative to transform the business by leveraging technology. So that clear and unambiguous support coming from the C-suite at our company allows us to prioritize very aggressively and point at that mission to say, Hey, we're not just here to talk about moving a server or two. We're here to talk about how we transform scientific research and discovery in the interest of our patients and delivering medicine more effectively, more quickly. So it's really, really interesting.

>>Yeah. And how, so, so being on, on one side of that, you know, obviously you're dealing with people, whether chemist, scientists remember doing computational chemistry, whatever it might be. They know their business and you're, you're trying to integrate these new capabilities into their business, right? How do you, how do you do that? I mean, how do you know what they need and how do they tell you what they need when they don't know what you have?

>>That's quite a question. I hope I got there.

>>I mean, my, my initial thought is, you know, in order for us to, there has to be a compelling value yes. To, to anybody getting impacted by this. And that's what we all work to do. So whether it's faster, less lead time, reducing cycle times, more reliability, innovation, I mean, there has to be something in it for them. And, and, and the work we're doing crosses that whole spectrum. So some of the efforts we have with, hey, this is a cost savings effort, this is for agility, this is for speed. So, you know, it can't be just, we're just doing this for, for the sake of moon of the cloud. There has certain business value in it. And you know, Sean and the team have done a great job on kind of putting the rigor behind how do we describe that value so people and say, is that value really there or not? And does it really, does it really add up? And I think that's been one of the keys to our successes, the work that, that Sean and members of his team have been doing is there's a pretty rigorous way we track our progress and it's, we've, we've involved finance from day one in that. So having their buy in, you know, gives, gives the whole set of results. A lot of credibility.

>>But tell me about that, Sean, then about in terms of identifying value and quantifying it in terms that a bottom line can orient to that.

>>Yeah, absolutely. I mean, I've been at the cloud migration game myself personally for years, right? I got into this game back in 2011. The challenge of those programs has always been articulating the value associated with migrating stuff. It's easy to say, I'm gonna take a server, I'm gonna move it from here to here. Then that difference is x point at that. That's easy. Everyone can understand that. But the labor efficiencies and the business value and the business transformation that comes with moving a capability from on-prem or from another hosting service to the cloud and transforming how we deliver, manage, operate, and scale those solutions. That's really where the power of this comes from is business value tied to discrete actions. Moving systems with a plan from one one point to another point, and then being able to clearly articulate the value by implementing, as Ron mentioned, models we've created.

>>So we've created actually financial calculation models to put dollars and cents next to labor efficiencies, time liberated, you know, the ability to deliver with higher velocity, higher quality, higher reliability. Those now have dollar values associated with them, which we're able to take, apply to our portfolio and look for those opportunities that jump out as, Hey, you know, that one's worth a million bucks. Let's prioritize that one, the ones that maybe have lower value or less business impact. You know, let's put those to the side and get to those later. So we can constantly demonstrate that not only are we raising our ability to deliver for our patients, but we're also delivering value back to the corporation to invest in other things that need focus and attention.

>>Yeah. So, so talk about AWS and, and Accenture a little bit about, obviously big players with this, I'm assuming that interaction, maybe

Fran, you know, talk about the partnership and, and again, how they have helped you get to the point that you, where you currently reside.

>>Yeah. Our partnership with both firms has been longstanding. That said, you know, what's changed in a market way happened a couple years ago when we originated this cloud acceleration program that we call Blue Sky. We worked directly with Accenture to develop a comprehensive business case that, you know, fundamentally lined out the detail of our intention, how we would prosecute this work, and, you know, among other things be crystal clear about the value at stake and how we would capture and realize that over time. So, you know, through that lens, you know, it's really taken a village with parties from all three firms, you know, to come together, prosecute this important work. But likewise, as I like to say, keep score. Sure. You know, in the context of value, because ultimately it's the one thing that we can talk about unambiguously with the program, you know, in the context of measurable results.

>>Is there, because of the work you do, obviously, you know, invaluable in many respects, but just, you know, the thought about cloud and, and I know, you know, governance, security, compliance, all these things are critical. You know, how do those weigh in, in terms of considerations you have to make? And especially going forward as you develop new ideas, new things, ideas you're trying to bring to market? Yeah, I mean, how much does that plan and, and the cloud and what exposures there might

>>Be? Yeah, it, it plays in quite a bit. And, and no matter what type of work we do, cloud on premise, I mean, security is utmost importance. That's how we operate. Now what's interesting is when we think about an AWS, you know, AWS has the ability, you know, they have the, the scale and the learnings from multiple clients, right? So rather than a single company trying to, like us trying to figure out security on our own, we can benefit from what are all the lessons that they've learned Sure. That they bake back into their platform. So that's been a great benefit. But, but regardless of our partner, we'll always have, we'll always be very, a lot of scrutiny about

security no matter what. And that's how we should operate. But, but the benefits of the, the platform within AWS, I mean, there's a lot of security intelligence built in from their experience. So that's,

>>If I can add to that.

>>Sure,

>>Yeah. To build on prior remarks that Sean had articulated this migration to the cloud, right? Happens to be a catalyst for a broader transformation. One where we're fundamentally changing our ways of working, ways that consider, you know, topics like security, compliance, documentation, regulatory requirements, and choosing to bake those in to these solutions from the onset rather than consider them as an appendage or an afterthought. So, you know, the cloud is a really important part of this, you know, there's no mistake about it, but it's also a powerful catalyst for something that's broader,

>>Tremendously more efficient, right? With our thinking and how we're gonna plan and how we're gonna execute. So

>>Yeah, and to build on that even more, we view it as an opportunity to raise the bar on our compliance, security and regulatory readiness scheme as we're touching applications across our portfolio, rearchitecting leaning in on things like the well architected framework and other things that AWS and Accenture bring to bear. We set the bar higher when we move things from where they are today to a new destination and introduce automation so that that uplift of control does not come at the cost of additional time or labor. It's simply we're raising the bar in ourselves. We're using this transformational opportunity to implement that change. Our customers are along for the ride and reap the benefits of the fact that, you know, we've raised the bar on ourselves

>>Basically, well, you said two years. So the first steps, and I'm sure the next ones are gonna be just as successful. I really appreciate the time. Thanks for sharing that and, and for bring so much expertise at the table.

>>Thanks. Thanks.

>>Good to have you guys with us. Thanks. Talking about Merck and their cloud transformation. Love that word. We've been talking a lot about it this week. You're watching the Cube, of course, here at the executive summit sponsored by Accenture. And the cube being of course, the leader in tech coverage.