



HEAD IN THE CLOUDS

There has been a big buzz around cloud computing, particularly in the past year. Has it lived up to the hype?

By **Rachael Sutton, IT Brief, Features Editor.**

In February last year, a few key words that were left echoing in the heads on those at a Media Connect conference were definitely: “Cloud computing is now”. Over a year down the track, the initial buzz may have died down somewhat, but you don’t have to look far to see, or hear, evidence that cloud is still creating a big stir.

The past year has shown considerable expansion in the capabilities to outsource core business functions to the cloud, such as Microsoft Exchange. There is now more opportunity to create true ‘virtual offices’, which only require internet access to conduct business. While the idea has been around for some time, cloud services present the first real opportunity for businesses to

function entirely without the need for physical infrastructure.

Gartner defines cloud computing as “a style of computing where massively scalable IT-enabled capabilities are delivered ‘as a service’ to external customers using internet technologies”. It also predicts that by 2013 global cloud services revenue will exceed \$US150 billion.

It is important to note that the cloud can be split into three categories:

- Public cloud – cloud infrastructure that is provided by a third party, such as Amazon, and is offered to the general public or a large industry group;
- Private cloud – operated solely for a single organisation. It may be managed by a third party or off premises. The private cloud is considered to be the best choice for security-minded CIOs in large organisations;
- Hybrid cloud – where an organisation provides and manages some resources in-house and has others provided externally. In an ideal situation, this approach allows a business to take advantage of the scalability and cost-effectiveness that a public cloud environment offers, without exposing mission-critical applications and data to third-party vulnerabilities.

A 2009 forecast by IDC Australia bore the headline: “Cloud computing is more than



just hype”, and projected that worldwide IT spending on cloud services will reach a total of \$US42 billion by the year 2012. On top of this, an APAC survey of CIO and IT managers last year revealed that 11% of respondents were already using some sort of cloud-based service. “Cloud computing has come a long way in a short space of time,” says Rasika Versleijen, Senior Services Analyst for IDC. “There is a lot more clarity in terms of definition now, and more vendors have come to market.”

The ‘New Zealand IT services ecosystem study 2010’, conducted by IDC in May of this year, revealed that of the 252 organisations surveyed, only 18% were not considering putting data

from this as services start to scale up, and the model is driven in to internal software development tools and processes;

- Infrastructure as a Service (IaaS) – a galvanising approach to utility computing to drive a high return on assets. This is probably considered a ‘longer-term play’ as tools are still immature and there is still a sense of resistance to change.

Opinions surrounding the cloud still vary to a degree. If you Google “cloud computing”, the results range from “vendors step up cloud maturity efforts” to “firms slow to embrace cloud computing”. While most will agree cloud is the way of the future, it still raises a number

data centre, with the aim of supporting clients’ mission-critical applications and operations.

Thoo believes there are three reasons enterprises are hesitant about taking their whole business into the cloud. Firstly, he explains, there is the question of latency, because systems involve a lot of movement of data. Secondly, companies want to be 100% assured that their cloud capabilities will work well with their internal systems; the idea that it must integrate well is important for CIOs. Thirdly, Thoo states that regulatory concerns can be an inhibitor, particularly in countries bound by data regulations. Therefore, compliance management personnel have to align their thinking between compliance and IT.

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in to the cloud. This is compared to 66% at the same time last year. While many small and medium-sized businesses are now using CRM and Salesforce, it appears to be larger organisations that are slow to adapt.

Principal Research Analyst for Gartner, Eric Thoo, said the research firm has been observing cloud trends very closely. “This whole space is at an early stage, and is still emerging in the IT industry,” he states. Thoo points out that cloud is a style of computing, rather than a replacement of all computing. To illustrate this, cloud computing can be delivered in three different models:

- Software as a Service (SaaS) – this is an easy, first step toward adopting an alternative desktop application. It requires nothing more than a credit card to start;
- Platform as a Service (PaaS) – aimed directly at small and new companies; however, PaaS models can apply to all kinds of enterprises. Large companies can benefit

on security issues, such as security, availability, data sovereignty and data security. All of these factors tend to make CIOs a little nervous and hesitant about putting all their data into the cloud.

“A lot of technology needs to be proven, so people tend to be cautious. This is where most companies are at when it comes to cloud computing,” states Thoo. He goes on to say: “You wouldn’t drive over a bridge if you weren’t sure it was going to hold; you would walk over it first.” This statement seems to reflect the current view toward the adoption of cloud: businesses are taking bits and pieces of their data into the cloud, but not all of it.

This element of caution and suspicion is interesting to ponder, when you consider that most people will trust a bank with their money, but not their IT provider with their data. Vendors are now trying to get around this issue by investing more in data centres. Late last year, IBM announced plans to build an \$80 million

For the cloud to be a compelling platform, an organisation must have dedicated and reliable access to its information, according to Ken Biswell, technical manager for Redvespa Consultants. “A business must weigh the risk of losing internet access versus the issues associated with internal infrastructure. Organisations with legacy infrastructures should definitely evaluate cloud services as an option, even if it means just migrating to externally hosted, virtualised servers.”

One of the keys to making the transition into the cloud easier is finding a vendor that actually demonstrates experience in applying cloud services. “Being labelled as a ‘cloud provider’ doesn’t necessarily prove their capabilities,” Versleijen emphasises. Make sure you can comprehensively understand the strengths of a provider in terms of integration.

All said and done, us Kiwis have never been backward in coming forward when it comes to embracing innovation. This time last year, NZ Post had just signed the first major cloud deal with Google. In a bid to save \$2 million over three years, 2100 NZ Post staff adopted Google Apps in place of Microsoft Exchange, Outlook and Office. The company predicted to have \$1 million in productivity gains from extended use of document



collaboration, plus the introduction of IM and desktop video.

The education sector is now following suit, with Unitec switching to Google Apps in April this year. A large number of schools around the country have also made the transition to Google Apps for Education. Jan Zawadzki, CEO of Hapara (formerly Cloudbreak Solutions Ltd), says the decision for schools to migrate into the cloud is a no-brainer.

“The education sector is quite cost-conscious and very focused on outcomes. Given Google makes the tools free, it’s not hard to

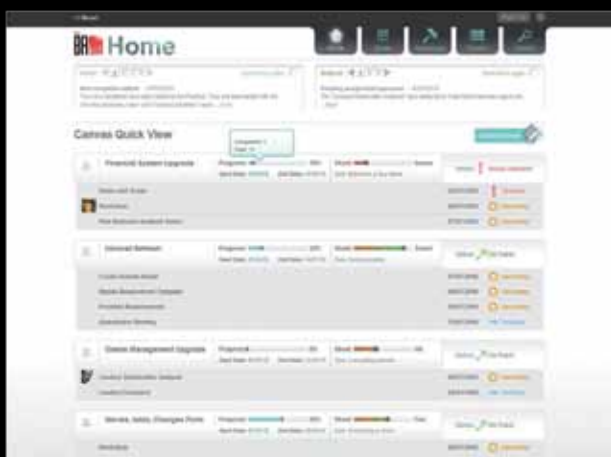
comprehend why this sector is making the transition.”

The simple fact is, cloud can have a massive impact on business. For example, cloud computing can have an effect on every element of a data centre. Cloud technology builds on existing data centre efficiency improvements, such as server virtualisation, increases the utilisation of servers, and gives CIOs the ability to offer more capacity while potentially reducing server count at the same time.

For IT professionals, the decision to use cloud-hosted applications comes down to a choice of convenience versus control, according to

Biswell. He goes on to explain, CIOs must look at whether the service has something to offer that is so useful and cost-effective, it outshines the desire to build and host internally.

With the economy still considered to be on shaky ground, cost constraints are a worrying issue for many businesses out there. With this in mind, the idea of cloud computing begins to look more appealing. Data centres mean there is less need for enterprises to buy their own hardware, and as the cloud matures, the choice of products for businesses and consumers grows with it. As long as you are clear on what you require from the cloud, the transition should be relatively simple and pain-free. ■



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