



## Looking Ahead, the Forecast is Cloudy

- Considerations on how cloud services can benefit your business -

Welcome again to *Straight Talk*, one of the ways Coranet shares perspectives on important issues and opportunities in business communications.

Our recent "Spotlights" have focused on network security and the very real threat that cybercrime poses to all businesses, large and small. For the latest edition of *Straight Talk*, we'll take a look at another technology topic that's been very much on the minds of business and technology leaders alike... *the Cloud*.

In February 2014, global research firm *Decision Tree Labs* interviewed more than 1,300 technology solution providers to tally the top issues and priorities of their respective end customers. Not surprisingly, *security* ranked at the top of the list, followed closely by *business cloud* and *mobile device management*.

These findings track closely with the areas of interest and concern that our own Coranet customers share with us. Let's take a closer look at this thing called *the Cloud*, and consider the ways it might play a role in your going-forward communications planning and operations.

	<b>Priority#1</b>	<b>ENSURING TIGHT SECURITY</b>
	<b>Priority#2</b>	<b>HARNESSING THE CLOUD</b>
	<b>Priority#3</b>	<b>MANAGING MOBILE DEVICES</b>

Source: Decision Tree Labs, IT Service Provider Benchmarking Survey

### So what is "the Cloud" -- really?

It's hard to pick up a business journal or technology magazine these days without being confronted with some dramatic headline on the wonders of the Cloud. When you strip away all of the buzz, *Cloud Services* (also referred to as *Cloud Computing*) simply describes a technology model that allows you to use a device like a PC, tablet or smartphone to access data and applications that reside on a server in some distant location (like a data center) as opposed to being on your local hard drive. The basic concept behind Cloud actually dates back more than 50 years, to the time when mainframe computers were accessed remotely by end users in a time sharing mode.

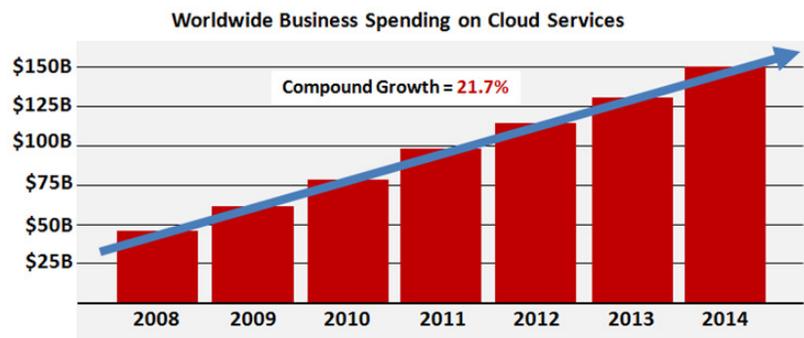
When you hear the term *Public Cloud*, it means that you are connecting to the distant server using the general Internet, and that the resources of that server are typically shared with others outside of your own company. A *Private Cloud* operates similarly, with the main difference being that the server is located within one's own business network and is typically not shared with other companies. As we will see shortly, there are solid reasons why you might consider either -- or even both -- approaches.

### Is Cloud the Real Deal (or just Wishful Thinking)?

Remember when ready-for-primetime Voice over IP telephone systems first came on the market in the late 1990's? Some questioned whether it was just a passing fad, but soon it was clear that VoIP was an unstoppable disruptive technology that would ultimately replace all traditional TDM PBXs.

In truth, we've actually already passed the point of no return for Cloud Services, with near-universal agreement that large scale global adoption is a foregone conclusion.

The numbers bear this out. With overall year-over-year growth in IT spending hovering around the 4% mark, study after study shows that business spending on Cloud Services is growing at **over five times** that rate.

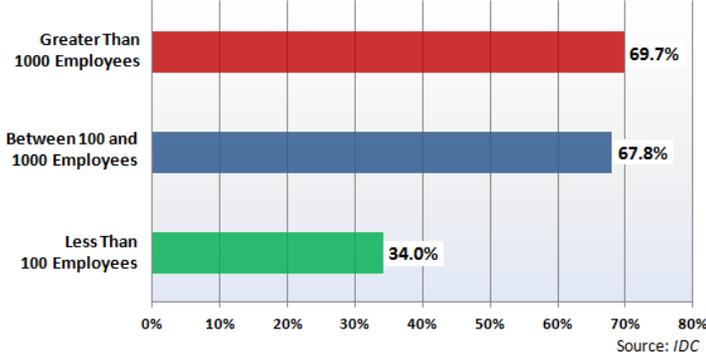


Source: Gartner

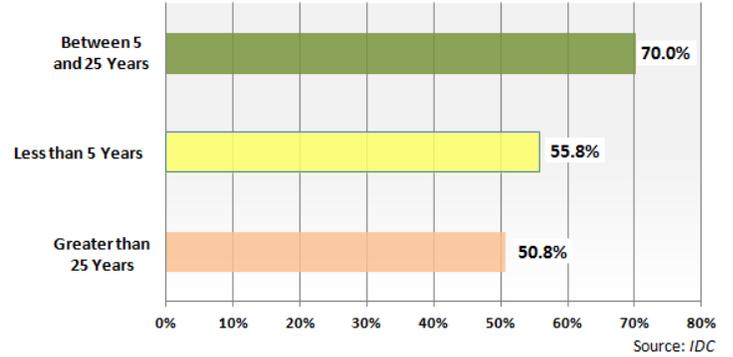
### Who is Taking the Plunge?

Research firm IDC recently studied Cloud adoption and found that while all size businesses are utilizing Cloud Services, mid-size and larger companies are outpacing smaller firms by a factor of two. The same study also looked at the "age" of the businesses that had made the decision to purchase Cloud Services. Perhaps surprisingly, it is not just the young startups that are seeing Cloud as a good fit for their business, but "seasoned veterans" as well.

Companies Using Cloud or Firm Plans to Implement Within 12 Months (By Size)



Companies Using Cloud or Firm Plans to Implement Within 12 Months (By Years of Operation)



## The Benefits of Cloud

The services that are available from the Cloud fall into three main categories. *Software as a Service*, or SaaS, allows business applications like Salesforce.com to be accessed by end users from remote servers. The main benefits of SaaS are cost savings and operational ease. With SaaS, software applications don't have to be purchased outright, but are available on a pay-for-what-you-use basis. Since the applications are managed centrally by the SaaS provider, all of your end users are always on the most up-to-date version of the software, which greatly simplifies administration by your IT team. Help desk functions are likewise handled by the provider, further freeing up your in-house technical resources for other activities.

*Infrastructure as a Service* (IaaS) and *Platform as a Service* (PaaS) are the other basic Cloud categories. IaaS providers like Amazon Web Services (AWS) offer you the ability to make use of the Cloud provider's networking equipment -- such as servers and storage arrays -- instead of having the equipment on your premises. Avoidance of CAPEX spending and the ability to immediately scale your network capacity up and down are the two main adoption drivers for IaaS.

PaaS is similar in that you are also "outsourcing" some of your networking and computing needs to a Cloud platform like those offered by Red Hat or Microsoft Azure. The main difference is that IaaS resources are typically used to support normal day-in day-out business production environments, while PaaS is used by companies that are engaged in software application design and development. Either way, the main benefits are the same: ability to quickly and easily scale infrastructure needs, use of OPEX budget dollars instead of CAPEX, and freedom from time-consuming technology management and administrative responsibilities.

## Avoiding the Pitfalls

Clearly, there are many potential business benefits from utilizing Cloud Services. That said, there are also some important areas to be mindful of. The security of your intellectual property tops the list, so rigorous data protection safeguards should be a key factor when selecting a Cloud provider. The flexibility of the provider in being able to integrate and interoperate with your existing network, systems and applications is also essential, and can mean the difference between major headaches and smooth sailing.

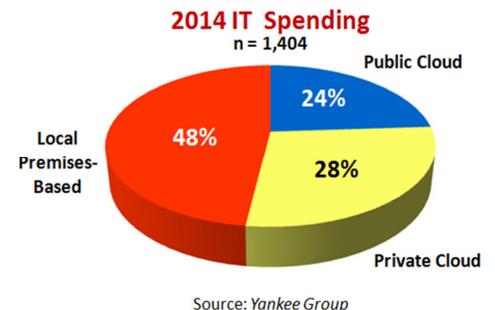
### Top 3 Cloud Concerns

- #1 Protecting Business Data
- #2 Able to Interoperate
- #3 Higher Total Cost

Source: Forrester

The financial reality of Cloud rounds out the key care-about list. For many early adopting businesses, the expectations of lower spending under a variable "pay-by-the-drink" pricing model have given way to a realization that they are actually paying more with Cloud Services than they would have had they stayed with a premises-based approach. Sadly, a recent IBM study found that *fewer than 18%* of businesses actually had a well-thought-through strategy for making use of the Cloud. Be sure to avoid that mistake. If you don't have the internal resources to develop an approach to Cloud that makes sense for your firm, work with a trusted outside advisor before changing your current IT model.

As a point of reference, the majority of businesses that we have worked with (as well as those studied by Yankee Group to the right), have adopted a so-called *hybrid* model. In this approach, the business makes explicit choices as to which applications remain under local control and which are placed in a centralized Private Cloud data center or outsourced to the Public Cloud. Your Cloud strategy will take the guesswork out of the equation and provide a solid basis for determining the optimum approach for your individual business.



Thank you for joining me in this look at Cloud Services and considerations for the role they can play in your business. If you have any comments or questions, please reach us at [questions@coranet.com](mailto:questions@coranet.com).

Margaret