

## Cloud Computing: next big thing or vendor hype?

In these difficult economic times, Cloud Computing claims to be a cash flow friendly alternative to up front capital investment in IT systems and infrastructure. Should you consider it seriously?

### What is it?

Cloud Computing is a form of IT outsourcing in which vendors provide application and infrastructure services to customers over the internet. In contrast to traditional IT “hosting”, you can scale the level of services used up (and down) as business demand changes, paying for such capacity only as it is actually used.

Cloud Computing services are provided by massively scalable multi-site datacentres, combining large scale use of clustering and virtualisation technology with fast direct Internet connections. The resulting high-performance, high-availability platform is shared between many users, with processing and storage capacity allocated and managed dynamically according to individual customer needs. The low cost per user reflects the scale of such capacity.

### What could you use it for?

Businesses will use Cloud Computing as a cost effective alternative to accessing commonly used business applications (email, MS Office, CRM) on a “pay as you use” basis rather than investing in traditional licences. Lower cost desktops then become a real option. Cloud-based infrastructure services offer a solution for scalable processing, storage capacity, disaster recovery and remote working capabilities. Rather than investing in your own servers, you pay only for what you use but get access

to enterprise-class systems management, avoiding capital investment **and** expensive IT expertise. Application developers can “rent” highly scalable development & test resources. Reduced need for computer room facilities impact operating costs and carbon-footprint.

### What you need to think about

Cloud computing is not for everyone. You need to consider application architecture & mix, user profiles and connectivity options. Data management and security considerations need to be thought through carefully. Crucially, the commercial implications of supplier service contracts need to match your business model.

### The Bottom Line

UK-based cloud providers offer MS Office, with email, full backup and remote access starting at £2.50 per user, per day.

At server level, Gartner and other industry analysts predict a potential reduction in 3-year TCO of between 25 and 30%.

Small and medium-sized businesses, with little or no IT resources, should consider a Cloud-based service as an alternative to an in house setup or managed service.

Larger organisations should assess the cost reduction and service flexibility potential of the Cloud model and how it could improve their IT operating model.



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