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**Blue Sky thinking on Cloud Computing**

## Blue-sky thinking on Cloud Computing

*A new series of three focused articles from Fifosys -  
demystifying the rhetoric on Cloud Computing*



### The benefits

***Yes, the Cloud concept of hosted environments can deliver significant benefits for your business – and this is why we think so***

by Mitesh Patel,  
managing director, Fifosys Limited

***We know about clouds. They're fluffy, with undefined borders; they change shape constantly; they drift with the wind; they're difficult to pin down. "Clouding the issue" or "head in the clouds" are not the most sought-after characteristics of successful business or IT management.***

***Business likes certainty. It likes definition and boundaries. It thrives on solid foundations, plans and controls, minimal risk, common purpose and direction.***

We're confident that Cloud computing can help you achieve all of those objectives. We appreciate, however, the natural concern of any business owner, finance director or IT manager that handing your data, systems and applications over to something as seemingly nebulous as a cloud could be seen as fraught with danger for your business and IT environment.

Firstly, then, some definitions: Cloud computing refers to services hosted by a third party that enable you to deliver your business-critical applications to your users, customers and suppliers over the Internet on an 'access-anywhere' basis. Cloud computing isn't new technology as such, but it represents a new way of collating and delivering computing resources. From billing to Blackberries, from payroll to payloads, every service that can be managed in an IT environment can be hosted for you in a Cloud environment.

Next, how does a Cloud environment add value to your business?

***Among the benefits: flexibility, scalability, "access-anywhere", reliability, ease of administration – and a significant opportunity to reduce single points of failure in your IT environment***

A major benefit of this approach is that you can increase the flexibility and scalability of all your IT-related services, reduce your hardware infrastructure and storage requirements and optimise your physical and virtual space overheads.

You pay only for resources you need and can pay incrementally without having to make upfront investment in infrastructure and applications; a 'pay as you go' approach that supports your business growth plans as well as fluctuations in demand.

In a hosted environment, new releases, patches and upgrades to hardware, software and applications can be applied centrally without the need for multi-site visits. Reducing or eliminating multiple workstation installations and upgrades maximises consistency across your user base and promotes data integrity and transferability.

You can also trial new applications and test the business benefits before committing to a full implementation and roll-out. This gives you greater scope to investigate the feasibility of applications while minimising risk and disruption to your business.

“Access-anywhere” facilities support multi-office environments and your users on the road or at home, while also minimising risks for you as your business grows and during relocation programmes.

A major business advantage of a properly-managed hosted environment is the reduction in single points of failure. The right supplier will make sure your business continuity is covered by providing power supplies, internet access and infrastructure on what is known as an “n+1” arrangement which simply means there’s always a spare device in case of any hardware failure.

In summary, for all sizes of business, there’s a clear advantage in having your applications hosted on high-powered servers that are properly managed, optimised and centrally upgraded to new release levels, without having to deliver, control and upgrade that IT environment yourself.

What about downside risks? By divesting the onerous responsibilities you don’t want or can’t manage, you are free to focus on your core business but are you potentially compromising your data integrity, your system security, your confidential business data? In Article 2 we take a look at some of the concerns you may have and explain how we minimise or eliminate any risks.

### ***All things considered – our view: shining a light through the Cloud***

We like the Cloud. Our clients like the Cloud. They like the way it offers fast, on-demand services without the need for long-term commitment in resources and applications. They like the way it supports their mobile employees as well as office-based teams. They like its flexibility and the opportunities for them to grow and enhance their IT services portfolio at low risk. So yes, we all know about fluffy, drifting clouds – but as long as we’re talking about properly-managed environments hosted by a reliable, expert supplier, we believe this Cloud can deliver some serious benefits to your business IT environment.



## Blue-sky thinking on Cloud Computing

*Continuing our series of articles demystifying the rhetoric on Cloud Computing and exploring the real value proposition for your business*



### The risks

***Are there risks in the Cloud approach –  
and what’s the risk for your business if you ignore the Cloud altogether?***

**by Mitesh Patel,  
managing director, Fifosys Limited**

***In part one of our series, we looked at the many benefits of the Cloud approach for your business. We like the benefits – but what about any downside risks, where does the industry see the Cloud going in the next few years and should you ignore the Cloud for now?***

You may have seen suppliers emphasising cost-reduction as the primary driver for a Cloud environment. Now of course we’ll all vote for lower costs, but in our view there’s a caveat here: if a supplier is only focused on cost measures, we think that’s a risk in itself. We consider the Cloud’s benefits as significantly more wide-ranging, but we also appreciate the perceived risks from an approach that some have dismissed as merely “IT resource-sharing”. Obviously your confidential business information, your intellectual property, your client lists – effectively your competitive edge – are not resources you would want to share!

So can a Cloud environment deliver the protection you want for your confidential business data? Certainly it can – and we appreciate it’s important for you to be certain that you retain ownership of your data and that it will always be encrypted ‘for your eyes only’. Your supplier should be able to demonstrate how their servers and applications are compartmentalised for your data.

The key message for protecting your business information, however, is that no matter where your data sits, whether it’s on your own computers in the office next to you or in a data centre miles away, all these machines need to be connected to the Internet and all need appropriate access security and firewalls. The proximity of hardware to your business’s physical location will not of itself improve the safety or integrity of your data. In fact, given the level of specialised physical security and access controls in the data centres we work with, we’d contend that data is probably safer there than anywhere else.

What about “access-anywhere”? The concept sounds great for your business, enabling you and your employees to access your systems from any office, on the road or at home. Is there a risk, though, that providing such ‘open’ access options can compromise the security of your systems or increase pressure on firewalls? As with the previous point about data confidentiality, access-anywhere also depends on Internet connectivity. Therefore the speed and quality of the service depends on that final line

connection into the offices where your computers are housed. That's your weakest link! Realistically, delivering the bandwidth you need into your office could be a lot more expensive for your business than tapping into the comms infrastructures of a data centre that is custom-designed from the outset to handle significant levels of two-way data traffic.

Lastly, does a Cloud environment risk compromising visibility – literally knowing where your data is as well as being able to maintain a view across all of it? When it comes to physical location, we appreciate that business owners want to know where their data is held and many will be required to know, for regulatory reasons. We are always able to tell our clients where their data is stored. It may be a Cloud environment, but it's grounded on terra firma as far as we are concerned..... Moreover, all our clients are hosted in one of two centres in Maidenhead or Milton Keynes, which delivers the additional reassurance that our computers are based in the UK.

Far from restricting data views, we believe the Cloud approach can in fact enhance end-to-end visibility across your business data operations and performance, which in turn can help you improve customer service and quality at minimal cost.

### *So is the Cloud the future....?*

Looks like it....a recent EU report into the opportunities for European Cloud Computing says that the Cloud has proven to be a major commercial success over recent years and will play a major role in the ICT domain over the next 10 years or more. The report concludes that "future systems will exploit the capabilities of managed services and resource provisioning further".

Analyst reports include forecasts that that the worldwide market for Cloud services in 2013 will be \$44.2bn, with the European market ranging from €971m in 2008 to €6,005m in 2013 and 12% of the worldwide software market going to the Cloud.

### *... or should we watch from a distance and ultimately ignore?*

The industry has clearly taken to the Cloud so what, then, are the risks of sitting this one out? When we assess the impacts for our clients of ignoring the Cloud, key factors include the continuing requirements for localised maintenance, sustaining power and bandwidth levels and keeping systems and skills up to date. Most significant, though, is the growing demand for remote access to support the flexible working patterns and distributed mode of business operations that characterise the 24x7 global village. For your business, this means being able to provide the right level of access for your employees in a secure, controlled (and controllable) manner.

Operationally, there are risks for you as a business in maintaining a single-site IT infrastructure. You have the costs involved in protecting the environment locally. You need to maintain arrangements with local engineers to ensure stability of your environment or maintain and develop the skills of your own in-house technical team. Having your own teams responsible for managing the infrastructure, application updates and all appropriate licensing arrangements means your in-house support specialists effectively represent a further single point of failure risk that you need to manage and mitigate. Contracting other local suppliers can reduce your resourcing risk but means you need to manage multiple relationships and service level agreements.

Keith Foster, a business consultant who advises across a wide range of sectors, sums it up when he says "If companies ignore Cloud computing, a major risk is that they forego opportunities that their competitors take advantage of. Moreover, there are no end of risks associated with small to medium sized companies trying to run their own computing services, particularly lack of security and lack of skills."

### *All things considered – our view*

Our experience shows that businesses have accepted risks unknowingly or knowingly simply as a result of the investment they have put into their IT environments. The bigger question, we believe, is why would anyone want the responsibility of running a non-core service in-house for something that they will struggle to manage, update and control?

So we say: don't ignore the Cloud! If you do, your IT will cost you more than it needs to – and you will have to continue accepting the risks of failure, limiting the operational efficiency for your staff and limiting the expansion potential for your business. Those risks, in our view, are the ones not worth taking...

Moreover, with a range of suppliers for different aspects of your IT services, who manages the growth and expansion of your data with all the associated security, integrity and capacity planning implications? In that disparate environment, who helps you develop a coherent strategy going forward? We'll examine the strategy approach of managed services and managed hosting environments in more depth in the next article in our series....



## From Fifosys - blue-sky thinking on Cloud Computing

*Continuing our series of articles demystifying Cloud Computing and identifying the value proposition the Cloud can deliver for your business*



### Why managed services are critical to the success of your Cloud investment

by Mitesh Patel,  
managing director, Fifosys Limited

When a business owner or director comes to me for help with their IT strategy, the first thing I want to know is: how do you make money? To me, understanding where that company is profitable, or why it isn't, is the key to being able to recommend the IT solutions and services that will really work for the business. Many years of that type of direct relationship with clients across many different types of industry means I can really say that we understand our clients' businesses. Why is that important? It's because I know that the biggest concern for any CEO considering managed services options is "How much of my business do you understand?"

Understanding the client's business isn't a one-off exercise either. Becoming a trusted advisor means making sure that their IT strategy keeps pace with their business strategy, supports peaks and troughs in demand and enables them to integrate new products and applications as their business grows or changes. It also means understanding the role the directors want to take in respect of their IT environment.

I meet with Boards of Directors who will tell me: "IT isn't our business. We don't want to know the detail because we're not technical. We want to engage the experts who DO know about it. We want you to take charge of it and make it your problem, not ours. That's why you're here."

And I meet with other Boards of Directors who say: "We want to know all about our IT. Teach us everything about it. Bring in your experts and teach our people. That's why you're here."

Of course we are happy to support both those positions and, while they might seem to be contrasting, they have a consistent underlying theme: the right IT solutions are the ones that support their business in a flexible, low-risk, scalable and cost-effective manner. This goes to the heart of managed services and why they are so important to helping you derive maximum benefits from your Cloud investment.

Simply put, whether you're investing in a Cloud-based environment or a full on-premise solution, you still need to manage those services. The critical success factors are, from the IT perspective, managing the environment so that it provides a robust and resilient infrastructure and then, from the business viewpoint, enabling and supporting change.

Step one is determining your strategy for an IT and applications infrastructure that will support where you want your business to go. Once you know that, how much do you want (or need) to resource, train and maintain an in-house IT team? And once you know that, how many different suppliers, service contracts and integration arrangements do you want to deal with?

Your company may be at Step One and want help there. Or you may be further down the line, with service and applications infrastructures built up and enhanced over many years, but now find you have disparate systems, each with its own security, integrity and capacity planning implications. Regardless of the complexity or maturity of your IT environment, Cloud-based managed services can deliver significant benefits. The key is to work with a trusted advisor and to be realistic about your options.

As one business advisor said to us recently, “The Cloud can only help to optimise the IT spend for many companies once they recognise the standardisation and commoditisation of basic IT infrastructure – and therefore appreciate the value of managed services to their business. The main problem we are seeing is where companies are taking the rubbish they have in their business and sending it to a hosting facility in the hope that it will suddenly be better...” This is where domain knowledge and industry insight comes to the fore in being able to carry out detailed assessments of business information before we would recommend a managed services solution.

We also find a few misconceptions arising time and again:

### **All or nothing?**

Firstly, some business owners and IT managers believe that managed services demands an ‘all or nothing’ commitment, where moving to the Cloud means handing over everything they are doing and dispensing with all their IT skills. Let’s debunk that straightaway. Certainly if you want to hand over all your systems and applications, we can arrange that for you, and if you’d like to get shot of your people, that’s up to you too – but neither of those are pre-requisites of the Cloud or a managed services environment!

You can take any level of hosted and managed environment you want, from a single piece of software through to a fully outsourced service. And even that doesn’t have to mean there’s nothing left within your own business. Depending on your business needs, a hybrid solution may be the most appropriate, combining both on-premise and cloud-based strategies.

### **Suitability**

Secondly, some early assessments of the Cloud as a hosting environment may have created the inaccurate impression that it is primarily of benefit only for non-critical applications. Again we can debunk that: many companies have moved highly business-critical applications into the Cloud. CRM, for example, in different forms can be business-critical and works well in a Cloud environment, as have back-office, supply chain management or production management applications.

### **Shock of the new? Not any more**

Thirdly, we think a Cloud-based managed services environment gives you more choice, not less. We’ve looked at the benefits and the risks in our previous articles in this series, and we’ve discussed some of the concerns about outsourcing such as perceived lack of control. However, the majority of companies outsource part of their IT already, even if they don’t think of it in that way, for example in the purchase of software that in the past would have been custom-built. Nowadays, your first thought wouldn’t be to look for a programmer: you would research what the market has ready-made and customise it to your business. The same approach should apply to managed services, appreciating that the Cloud has simply enabled additional flexibility and scalability in that environment.

In particular, if your company has a catalyst for change, such as moving offices or buying another company, Cloud-based solutions can play an important role in managing and enabling those transitions. Trusted providers should be able to compare and contrast both on-premise and cloud-based solutions, with ROI and implementation analysis so you know the range of options.

### **All things considered: our view**

From the simplest hardware solution, where a basic managed environment will give you access to “a server in a rack” or some dedicated space in a data centre, if that’s all you need that’s fine – but are you deriving real business benefit from that arrangement? Whatever you have still needs an element of managing, unless you are completely happy with the product exactly as it came out of the box or you

have the range of in-house skills available to customise and adapt what you've bought. With each element of your infrastructure you can have a separate Buyer Support Agreement and deal individually with vendors or resellers, or you can find a company that takes care of everything for you.

As a trusted advisor to many companies, after assessing the type of business they do and the type and volumes of data they use, transfer, store and archive, we will say what we believe are the best (and best value) options. Ultimately the decision comes down to how much day-to-day management responsibility you can – and want – to maintain in-house.

As Elliot Zissman, our marketing director, says: "In my view, managed services in a Cloud-based environment is basically what the Internet was invented for. It gives us an enhanced delivery model to offer our customers and they in turn have an improved cost and flexibility model which can help them become more competitive. Surely that way everyone benefits."

And finally, always remember the question I'm coming to ask you: how do you make money? From your answers, we can show you how managed services can support where your business is – or can be – most successful.

