

What the Hell is Cloud Computing?

Last time, we talked about Free and Open Source Software (FOSS) and how deploying it within your business can help you deal with the costs and pain points of using traditional, paid-for software. This time around, we're going to talk about another new, potentially money-saving, buzz word in the industry: cloud computing.

If you're not familiar with the term, or you just want a good laugh, open a Web browser and Google (or Bing, or Yahoo!) "Larry Ellison cloud computing" (or navigate to the clip directly: <http://tiny.cc/dTFn9>). In the three minute audio clip, Larry Ellison, CEO of the software company Oracle, delivers a tongue-in-cheek rant about how cloud computing is simply a new marketing term for a technology business model that has existed for years. I tend to agree; but, whether you write off cloud computing as a hot new fad or marketing buzz word, or you're convinced it's the new way to receive technology services, don't let the ambiguity surrounding the concept keep you from exploring the possibilities of integrating into your business.

Cloud computing encompasses many diversified ideas, and the definition of what this new, innovative concept entails seems to change depending on who's asked. When my clients ask what it is and why they should care, I tell them its "scalable, remote deployment of software and/or hardware (that's right, you can "rent" hardware!) that can alleviate, consolidate or eliminate the burden of using an in house solution". Typically, a vendor "hosts" the technology at their site, and you access it remotely across the Internet, or the "cloud". The most widespread application of this cloud computing concept is "Software as a Service" (SaaS). It's technically a subcategory of cloud computing, but the term is often incorrectly used interchangeably. If you've ever used another company to provide email or you subscribe to a service like Salesforce.com, GoogleApps or QuickBooks Online, you have used SaaS, so you're probably more familiar with the concept than you think. As I've mentioned, cloud computing is an enormous topic, but the specific concept of SaaS aspect of cloud computing has the greatest potential to benefit small businesses and consequently will be my primary focus in the discussion below.

Cloud computing services behave like subscriptions. Usually, you pay a monthly fee – whether per user, per module or add on, based upon total usage, etc - and access the software via a web site or by logging into a remote server. The most obvious benefit of this model is a fixed, predictable pricing schedule - the Holy Grail of IT budgeting! Most often, support, upgrades and maintenance are all included in that monthly fee and because the company that makes the software is also in charge of providing these extra services, rollouts tend to be smoother and problem resolutions tend to be more focused. Furthermore, not having the software on site means you save additional money by not having to invest in the hardware to run it or the increased energy costs needed to feed the additional hardware. For companies that are not IT-centric and may only have a few desktops, it doesn't make much sense to invest tens of thousands of dollars in hardware, software, infrastructure, maintenance and training to roll out, say, a CRM. Instead, simply subscribe to Salesforce.com for a monthly fee, and call it a day.

As always, there are caveats. First, if you choose to employ the cloud concept, you no longer have any control over maintenance and upgrades. Because the service is shared by thousands or millions of users, giving each subscriber special treatment is nearly impossible. So, whether you're ready for the latest software upgrade or not, they're going to occur, and they will occur at the vendor's convenience. If you're using a CRM that's integrated with your on-premises Exchange 2003 Server, but the newest upgrade only supports Exchange 2007, you're out of luck. Secondly, solutions to problems and answers to questions are usually directed to a call center, or support queue, and the problem may take some time to resolve. A call to your local computer technician won't provide an adequate solution because that person has no control over the software and no access to the vendor's system. Thirdly, even though most vendors can (and should) guarantee a specific uptime percentage, that doesn't completely rule out the possibility of outages caused by massive, widespread use by millions of subscribers. Perhaps, no such scenario is more famous than those suffered by Google's popular Gmail system, which has crashed several times over the last year, leaving millions of people without email access for periods of time. Finally, applications run "in the cloud" are typically not looked at for business valuation purposes – you're neither building equity in your business nor building equity towards an on premises software solution should you one day need to bring your applications in house.

The concept of cloud computing allows you to outsource a potentially huge portion of your IT in order to simplify your workflow and help stabilize your budget, but that convenience is not without compromise. While you may be looking to

move your IT into the cloud, it's important that you keep your expectations, and your outlook, firmly grounded. There are far too many arguments, for or against cloud computing, to explore in one article, so take the time to contact an IT consultant to talk about all of your options.

Until next issue,
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