

CLOUD COMPUTING

REDUCE COSTS AND IMPROVE PRODUCTIVITY

SUMMARY:

Despite the term first being coined in 1996, it has taken almost 20 years for “cloud computing” to become mainstream.

And even though it has been widely adopted for personal use thanks to companies like Apple, Google, and Microsoft, the use of cloud computing in small and medium businesses (SMBs) is not as prevalent. This lagging adoption by SMBs begs the questions: “Why?” or “Why not?”

This paper is one of a pair of whitepapers focused on answering those questions. First, it defines cloud computing. Then it outlines five reasons why a business owner should consider adopting cloud computing.

However “all that glitters is not gold”. In another whitepaper, we address the question of “why not” and outline five risks associated with cloud computing in a business environment.

BACK TO BASICS

What exactly is “cloud computing”?

For anyone who saw the Terminator movies, “cloud computing” may conjure images of Skynet, an all-powerful artificial intelligence whose goal it is to wipe out the human species. If this is your perception of cloud computing, rest easy, cloud computing is not Skynet!

“Cloud” simply refers to the Internet because the Internet is usually drawn as a cloud in network diagrams. So “cloud computing” simply means “Internet computing”; or using the Internet to perform a function that would normally happen on your computer.

From a personal standpoint, using the cloud usually means storing your information on an Internet server that can be accessed from any device, anywhere.

Going one step further, with information stored in one central location, that server can make sure that the information on all of your devices is constantly synchronized.

This means that with cloud computing, your devices essentially become an extension of the Internet server to which they are connected. This is one of the reasons why devices like smartphones and tablets can seem to be as powerful as regular computers.

For anyone who is old enough to remember, the concept of cloud computing is similar to mainframe computers used in the 1960’s, 70’s, and 80’s – one large central computer with many terminals connected to it. The terminals could be local or remote; and often were in different cities.

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Figure 1 - Cloud computing

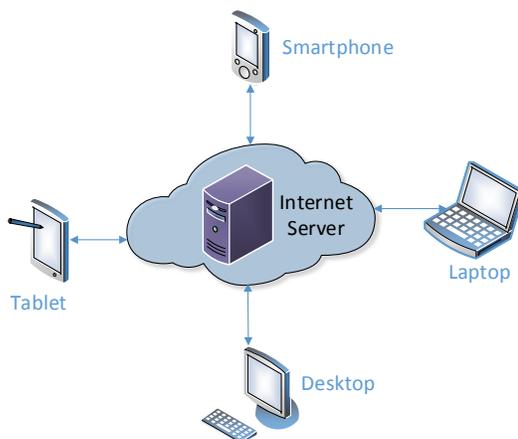
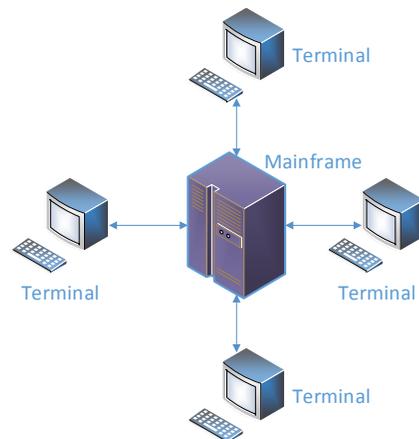


Figure 2 - Mainframe computer



Is cloud computing the same thing for business use that it is for personal use? Businesses have stored information on servers for years. Those servers were accessible remotely and some of them could even keep everything sync'd. So what's different?

The key difference is that in cloud computing, the server is located somewhere on the Internet instead of at your facility. As a business owner, it means transferring some or all of the functions of your server to a server on the Internet. It also means taking advantage of servers on the Internet to perform functions that your server can't.

IT HEADACHES

As a business owner, why should you move your server “to the cloud”? To answer that question, let’s consider some of the challenges with an in-house server:

- It may or may be accessible from outside the office.
- It was expensive to install and has ongoing cost to maintain it.
- Adding functionality can be difficult and costly.
- You need to protect it from outside threats.
- The information on it needs to be backed up so that if there is a meltdown, it can be used to get you running again.
- Etc., etc.

Chances are that as a business owner, you have someone looking after these things for you, either in-house or an outside IT services company. In either case, it all boils down to cost and usability. If cloud computing could reduce cost and increase usability, moving to the cloud becomes very attractive.

It makes even more sense if your server is aging and is nearing the time it would need to be replaced. Instead of re-investing in a new server, you could migrate functionality to the cloud and retire the old server.

ASPIRIN FOR IT HEADACHES

Here are five ways that cloud computing can address the headaches associated with doing everything in-house.

1. Little or no up-front cost.
2. Services are subscription-based.
3. You can access your information from anywhere, even if your old server didn’t have this capability.
4. Services can be easily added or removed.
5. Even more of your IT can be outsourced.

1. UP-FRONT COST

Depending on what you need, there may be little or no up-front cost to start using a cloud service. Many personal cloud services are free; so if your business can utilize an out-of-the box personal cloud service, there are no costs.

However, businesses often need cloud services that are more demanding than the personal services. In these cases, cloud companies may charge a one-time setup fee.

Either way, compared to implementing your own server, the up-front cost for cloud computing is significantly less.

2. SUBSCRIPTION-BASED

As with up-front costs, there may or may not be ongoing monthly fees. If there are fees, they are usually dependent upon factors such as what services you are using, the number of users, and the amount of space your information takes up each month, etc. Again, the ongoing costs are generally less than maintaining an in-house server.

Cloud services are provided on a subscription basis. Duration of the subscription varies between providers (i.e. month-to-month, annual, etc.); but the point is that you have flexibility.

3. ACCESS ANYWHERE

From a productivity standpoint, even if you currently have remote access capabilities with an in-house sever, it’s rare that everyone has remote access capabilities. However, cloud computing by it’s very nature is accessible from anywhere; so all of your staff would have access from anywhere.

4. EASILY EXPANDABLE

If you need to add more users because your business is growing, you simply need to add another user to the cloud service without having to worry about licensing. The cost of the licensing is included in the monthly fee you pay to the service provider.

And if you need new functionality to be more productive, you don't need to build that functionality on your own because the cloud services provider already has it built and has it working. You just need to sign up for it and voilà, you have it.

5. OUTSOURCING

You may already be outsourcing IT services; but cloud computing takes this one step further and outsources your equipment as well.

With cloud computing, the maintenance and backup of the equipment are no longer your responsibility – they're included in the monthly fee you pay for the service.

If something breaks, they fix it without additional cost. If something needs to be upgraded, they do it and you may not even know about it. If something needs to be replaced, they do it; and again, you may not even know about it.

CONCLUSION

Cloud computing is not a new concept; but it is finally becoming available and useful to SMBs. With cloud computing, a business owner can

1. Reduce or eliminate the up-front costs associated with implementing services in-house.
2. Reduce or eliminate the ongoing costs related to those services.
3. Always have access for everyone, regardless of location.
4. Add or remove functionality easily.
5. Sleep better at night knowing that someone else is responsible for keeping things running.

So why wouldn't a company move to cloud computing? There are a number of reasons. Before you make a decision to move to the cloud, we recommend that you also familiarize yourself with the risks and consult with a professional.

The risks associated with cloud computing are discussed in this whitepaper's twin called "Cloud Computing: All That Glitters is Not Gold", available from www.birmingham.ca.

To determine if cloud computing is right for your business, contact our consulting group or a no-cost evaluation:

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