



CLOUD COMPUTING

Computing moves on

With the world's largest tech companies declaring that the 'cloud' is the future, is the relationship between business and technology about to change forever? **Dave Waller** investigates

THE WORLD of technology and computing is littered with jargon and business buzzwords, and as each new piece of kit arrives, more are added to the lexicon. From URLs and LAN to SEO and social CRM, it can be a befuddling place. Meetings used to bask in 'blue-sky thinking', now people can't see past the cloud.

Of course, every new thing is going to be the next BIG thing, and we often get hyperbolic forecasts – "Literally I will tell you we're betting our company on... this incredible transformation around the cloud," said one tech CEO in a speech earlier this year.

You'd generally be forgiven for dismissing such hype. But when the leader in question is Steve Ballmer, and he's betting Microsoft, the prospect becomes more compelling. The Windows giant has recently joined the likes of Google, Oracle and Amazon in pumping billions into the development of the cloud and its promise of cheaper, more flexible IT.

While the exact definition of 'cloud' can be murky (see page 41), it's really just an umbrella term for scalable IT services in which an external provider handles clients' systems in data centres, leaving them to use the platform remotely when they want. This may mean renting remote server space from a provider (Infrastructure as a Service or IaaS), or accessing virtual applications, like CRM systems, on a pay-to-use basis (Software as a Service or SaaS).

Get it right and the benefits are immense, as Dominos Pizza learned this year when it used Microsoft's Azure platform to scale up its site to cope with the intense demands of Superbowl Sunday.

"Cloud computing is a natural progression," says Chris Evans, MD of Foreshore. "But it will revolutionise the delivery of IT – costs of certain services will drastically reduce, and the infrastructure will move out of business premises."

Not only does cloud reduce the infrastructure burden for the end-user, you no longer need your own engineer looking

after 200 inboxes, moaning about you exceeding your limited capacity. Plus, of course, it's scalable. If you suddenly find yourself with 200 new staff needing extra software, you can pay as you use without the hassle of installations, and ditch it when you need to. And it needn't break the bank – Microsoft's Office 365 package will soon offer its Office applications as a cloud platform, for a mere £6.50 a month.

Storm warning

So what's not to like? Well for one there's the haziness of the term 'cloud'. To many observers, this lack of clarity is like the first clap of thunder that threatens business as it tucks into the picnic. And then there are questions over some of the providers. Plenty of less well resourced technology vendors have joined the frenzy, convincing companies to pay over the odds for non-standard services that may open them up to data loss and legal nightmares.

"The truth is distorted by those who are refiguring their product and putting the word 'cloud' next to it just to jump on the bandwagon," says Mark Loane, MD of CS Alliance. "The sales people are hyping it to death, and the vendors are doing what they think will make money, but it's not necessarily good for the companies they are selling to."

Loane is quick to support the cloud in principle, with well resourced provisions from established vendors. His issue lies with non-standardised services. There has been a trend among smaller vendors to develop such systems as



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managed desktops – where they promise to run everything virtually, and charge the princely sum of £100 a month. To Loane, this is a perfect example of the 'smoke and mirrors' being practiced by some providers – not least in the Channel Islands.

"Who do you think is putting the requisite effort into building the cloud?" he asks. "Microsoft has a \$9.5bn budget for R&D, whereas the £100 desktop is a localised system created by outfits without the resources to invest in things like security, back-up and proper service level agreements. It's a very, very bad idea."

The cloud is going the way of the electricity grid in 1920s America. One-man bands sprang up everywhere to supply power to small areas. When supplies were eventually standardised under a few big providers, users got the same power for less, and those small vendors disappeared.

That's not so bad when data's not involved. But it's likely that many cloud providers will go bust, and the lack of set standards could have dire consequences for companies trying to retrieve their invaluable data.

Staying safe

Even before that, there's the sticky issue of security. "There are understandable concerns about putting your company's crown jewels onto an infrastructure that is accessed by the public and potentially your

competitors," says Tim Bullock, Chairman of BCS Jersey. "Very strong security and policies can segregate different client environments, but it is a concern that will be a difficult one to overcome."

While opportunistic vendors could crop up anywhere, the sensitive nature of some Channel Islands' business makes the area a captive market. Thanks to the legal and reputational risks of unintended disclosure, if a Channel Islands company wants to use the cloud, they'll have to use a local host.

Luckily there are reputable firms here too. Foreshore and Jersey Telecom have, says Loane, got the right approach, offering a monthly pay system for IaaS, a natural extension of their existing commitment to hosting clients' hardware. Other users can't get at your data, it's stored locally, and they've invested millions in the correct systems.

"Security is a prime concern of ours," says James Hampson, Head of Business Solutions at Jersey Telecom Group. "Our patented process is stringent and robust. Companies can't just turn up with their credit card and get access to our cloud. We take three months analysing and auditing everything that's happening on their network first."

The Group has wisely chosen to partner a company with strong cloud credentials – Virtustream is an American cloud start-up that's attracted investment from heavy-hitters like Intel.



Sunshine ahead

So is the future looking bright for the cloud? Yes, if companies use it sensibly. The cloud removes the need for the risky storage of systems in the office – entrusting them to hosts like Foreshore makes total sense. As does using SaaS where it's appropriate, for certain non-core business functions. But it would be wise to beware the 'cloud' touts pushing managed desktops as the must-have solution.

Unfortunately for the smaller vendors, their jig may be up, as the mighty Microsofts and Googles close in. Unless, that is, they can provide truly useful bespoke systems tailored to local business needs.

"We have been building a cloud infrastructure that delivers services to companies with commercially highly sensitive data that requires an offshore environment," says Foreshore's Evans. "The rest will become a commodity, and Jersey cloud providers will struggle to compete against bigger providers who will ultimately offer a cheaper service."

Will there be some cloud success stories in 2010? "Absolutely," says Loane. "But there will be a shakedown as vendors realise they need to educate, and provide 24-hour support, proper security measures, exit clauses and reliable proven systems." And, of course, turn down that hot air.

As Channel Islands business considers what utility computing means to them, they should heed one thing – even if you're head's in the cloud, you really need to keep your feet on the ground. ■

DAVE WALLER is a freelance business journalist



What is the cloud?

IF YOU find the cloud concept somewhat fluffy, you're not alone. Even Microsoft's CEO Steve Ballmer isn't above asking: "What the heck is the cloud?"

The National Institute of Standards and Technology lists several 'Essential Characteristics' in its definition of the cloud – it's an on-demand self-service, involving broad network access and the pooling of resources. You can scale it up and down as you want, and you pay for what you need when you need it.

There are, however, different 'service models'. With Infrastructure as a Service (IaaS) and Platform as a Service (PaaS), a service provider rents out space on their infrastructure, so you don't need a cupboard full of computer kit in your office. With IaaS, the host stores your hardware on their racks; with PaaS, the provider handles more – including database management and security.

Software as a Service (SaaS) has emerged more recently. Here the provider hosts virtual software applications and licenses them out to users. Much like Facebook, you don't need to install anything – you just access the application 'in the cloud'.

Finally there are four 'deployment models' – private cloud, which is more costly but more secure as the data is accessible by only one organisation; community cloud, used by a group with similar requirements; public cloud, accessible to many, with some risk that data could be accessed by undesirables; or hybrid, a combination of all the above.

Most experts favour the hybrid model – putting harmless data up in a public cloud, while keeping sensitive data safe in-house or with well-regarded local IaaS providers. Thus making your cloud concrete.

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C5 Alliance has offices in: JERSEY Tel: +44 (0)1534 780400 Fax: +44 (0)1534 785401 GUERNSEY Tel: +44 (0)1481 266750



www.c5alliance.com