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CLOUD COMPUTING: A STEP CHANGE FOR IT SERVICES

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■ Cloud Computing – a Step Change for IT Services

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Agenda

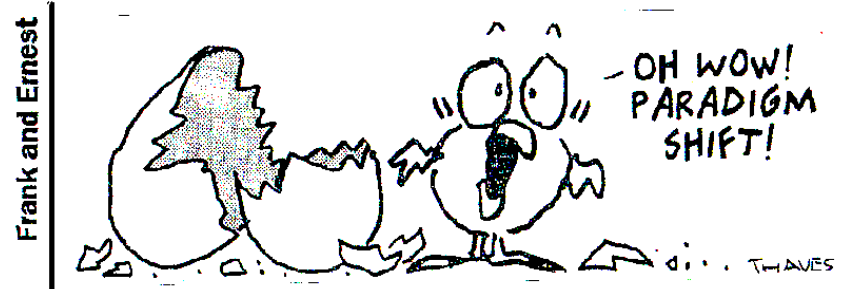
- Introduction
- Cloud Services and IT Buyers
- Key Considerations for the Mid-Market



■ Introduction

What is Cloud Computing?

- Is it a step change or simply business as usual in an ever-changing world?
- If cloud computing is a step change then it is a change that makes a significant difference in the size or value of something or the way in which something is done
- My view is that it is analogous to the shift to client/server computing and has been gathering market acceptance for more than a decade





How are we defining Cloud Computing?

- In the US (which is where most of the cloud “gorillas” are headquartered) the National Institute of Standards and Technology (NIST) has produced a definition which may become the global definition. It is as follows:
Cloud computing is a model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction.

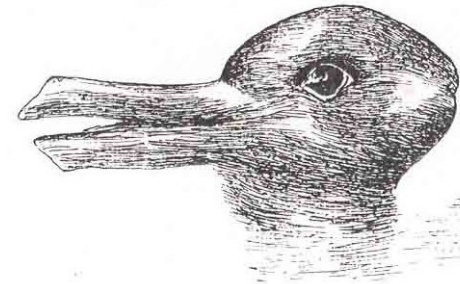
The essential characteristics of the model are:

- On demand self-service provisioning
- Ubiquitous network access
- Multi-tenanted architecture
- Elasticity of usage
- Pay per use

So what does that look like in reality?

NIST has also come up with four deployment models:

- ***Private cloud: operated solely for the use of a single organisation***
- ***Community cloud: operated for a specific community that shares infrastructure***
- ***Public cloud: a cloud infrastructure made available to the general public***
- ***Hybrid cloud: the cloud infrastructure is a composition of two or more clouds (private, community, or public) that remain unique entities but are bound together by standardized or proprietary technology that enables data and application portability (e.g., cloud bursting).***





- **Cloud Services and IT buyers**



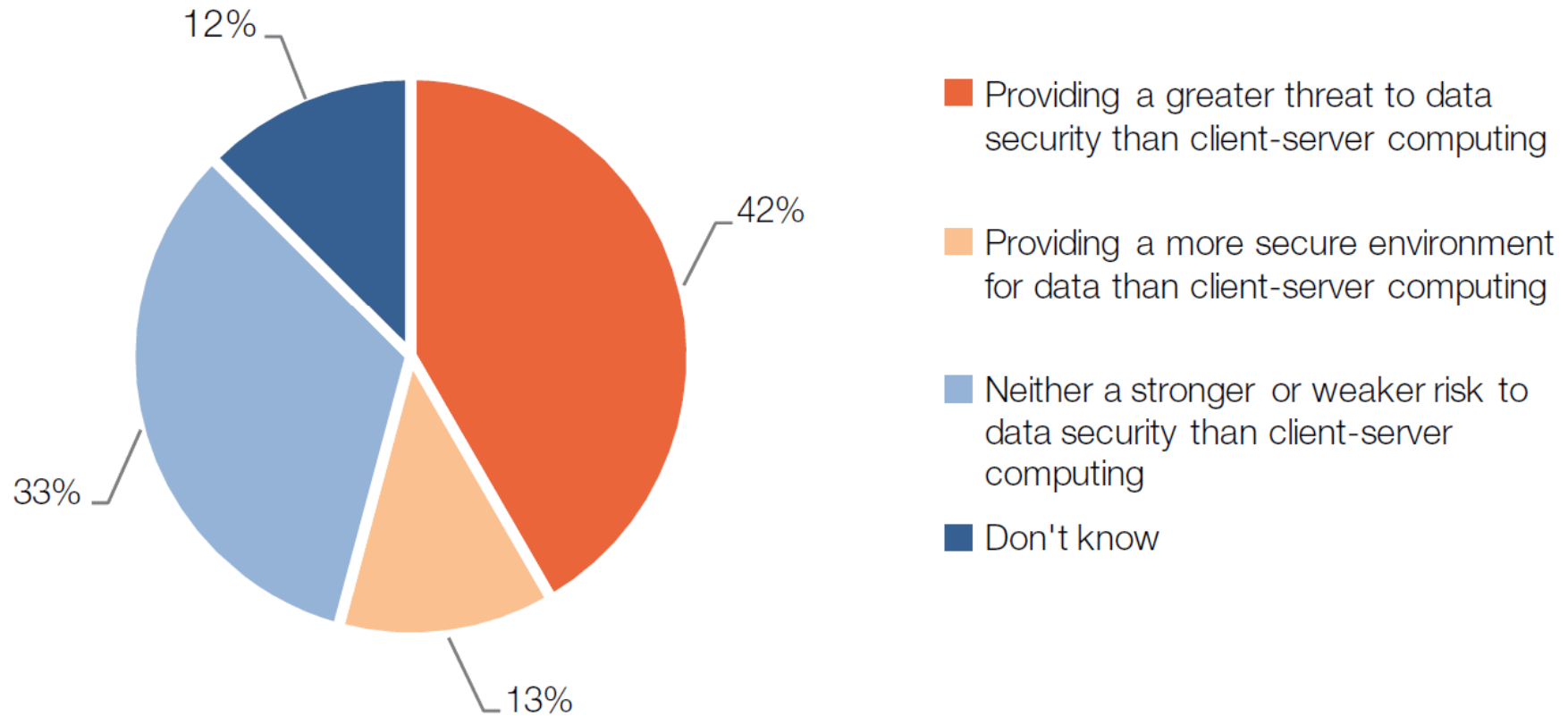
Cloud Computing and FUD

- **FEAR** about the levels of security achievable in the public cloud
- **UNCERTAINTY** about the extent to which small innovative, open source SaaS players can be relied upon by organisations,
 - as well as about making the business case for Cloud
- **DOUBTS** – but not about the technology *per se*. The biggest IT Director challenge is to understand how their role is changing because of cloud computing



Cloud and Security

Fig 6.2.1c – Security: A diminishing fear for adoption of Cloud Computing?





Key Drivers for Cloud Services

■ Cloud Computing is “cheap”

- “We use Basecamp as a project management service and this was a business decision based on the quality of the software and it is cheap, I paid for it on my credit card.”
- “We use Google Apps and Lotus Live, and source code management is done via CollabNet and the driver for this was to find a cheap and effective way to deliver something for a disparate development community located in Far East, E. Europe, US and Nottingham.”
- “For cloud services we should be thinking of real commodity services where suppliers can be swapped out every couple of years to keep up with the most competitive deals. Cloud is not a partnership approach.”

■ Cloud Computing enables flexibility

- “SaaS is a time to market issue, you can execute quickly, buy custom technology and deploy as you want. For example the add-ons to the Salesforce.com portal.”
- “We use a private cloud for a development programme over a number of projects for reasons of speed and flexibility – its quicker than going to an external service provider. But we do use Salesforce.com, Google analytics from external suppliers.”



Key Inhibitors for Cloud Services

■ Regulation

- “In the insurance sector the cloud as an application platform is no go until there is PCI compliance in the cloud.”
- “In the financial services sector you have to know where the data centre is located to pass FSA regulations and so that limits my interest.”

■ Legacy systems (*and providers!*)

- “I don’t think of the traditional IT supplier organisations as being natural providers of cloud services because they struggle with the commoditisation of traditional revenue streams and licensing models.”
 - “But can you trust vendors to be around for any period of time if their business is built on free open source code and what happens to your service if they disappear?”
- “It only really makes sense to move new application sets to the cloud, it is too challenging to migrate legacy apps to the cloud (iSeries).”
 - “You might at the point of a system refresh.”



■ Key Considerations for the Mid-market



Virtualisation and Cloud Computing

- **Mid-market is leading adoption of virtualised infrastructure**
 - Most organisations are at an early stage in adoption
 - The mid-market is most bullish about adoption of virtualisation technology

- **Mid-market organisations are poised to lead adoption of Cloud solutions**
 - Because there is a low cost of entry and an array of solutions to chose from
 - Less complex decision-making processes within mid-market organisations



Cloud and the Mid-market advantage

- **Adopting Cloud solutions offers advantages to mid-market organisations**
 - Enhanced agility over larger enterprises
 - Ability to act as a consistent and coherent global entity
 - Easier to get access to “shared service” provision via community clouds

- **But an investment in virtualisation is not a Cloud Computing strategy**
 - Typically investment in virtualisation has not referenced which business processes need to run on which type of infrastructure
 - What solutions will be sourced from public clouds and which will be hosted private cloud services?



The impact on the IT Department

■ Strong growth in external service provision

- The majority of new solutions used from 2010 onwards will be delivered as a service
- There will still be a requirement to manage and maintain internal systems but this will decrease significantly over the next decade

■ What does this mean for “internal IT?”

- Depending on the speed of adoption of Cloud within your organisation the requirement for IT management will decline
- The IT Director role needs to morph into a different role. Maybe an information management role, or a business technology innovation role – whichever makes sense for your organisation



■ Questions!