

Business/News & Views®

Clouds in Your Future

By: David W. Weatherholt, MBA

It was a cold and dark overcast afternoon. The gloomy gray clouds were a tangle of dingy cotton mired in the tree tops....wait a minute, that's not what I mean. During a recent conversation with a friend, who is working on a PhD in information technology (IT), a casual reference was made to "cloud computing." I'm usually up-to-date on the technology industry, not a geek, but aware of changes and trends. But I found myself asking, "What is a technology cloud, and why am I out of sync?" As it happens the term "cloud" is a slang techno-term for information on the Internet. All the data sort of reside out there... in a cloud.

Everywhere you look, software and computing service solutions reside in cloud-based computing. In the past, the benefits of technology upgrades were often elusive, but cloud solutions produce measurable results both in operating efficiencies and an actual return-on-investment (ROI).

Several years ago while heading a major software implementation project, the software developer we were working with came out with a new version of their product. The system we were implementing was a complex and expensive food software management system, including inventory, job costing, menu planning, production scheduling, point-of-sale and order entry. There were a number of problems to implement a complex software system across eighty physical locations, with hundreds of end-users who used a variety of different platforms and operating systems. Most of these end-users had little to no experience with computers, and some actually needed to be taught how to use email.

The software vendor had just developed a product delivery system for their software using the Internet or "cloud computing." They did not refer to it as cloud computing but instead used the term "application service provider" (ASP) i.e. providing a server farm to house our software. This meant that instead of using our own internal *scheduling challenged* Information Technology department, we were always at the end of their line, we jumped to the head of the server access line using an ASP. This turned out to be the perfect solution, although our IT department felt threatened, it eliminating the huge and expensive problem of upgrading hundreds of different platforms with memory and operating systems. We were still using Windows 3.1 and 95 on some of these systems, and the ASP solution leveled the technology playing field. We simply needed Internet access and the installation of small client-server file.

In the not too distant past, implementing a software system usually meant upgrading hardware, installing the software on this new equipment, training, and the always difficult task of managing change. The cost of the new equipment and software were easy to identify, but the cost of staff training and change management are difficult to determine, making calculating ROI on technology investments difficult. The benefits of using cloud computing are easily measured, resulting in an accurate ROI calculation. These benefits include:

A. 10600 Cutter Circle Anchorage, Alaska 99511-0385 USA T. 907.360.9241 F. 907.344.4806

E. david@bnewsviews.com W. www.waconsult.com

Business/News&Views®

Clouds in Your Future

By: David W. Weatherholt, MBA

1. **Business Focus** - In the above example, using a cloud application was a perfect solution and worked very well with all of the various systems and people. But most of all, it broke the strangle-hold that IT had on our department. This new freedom allowed us to focus on sales and reduce product costs.
2. **Faster Implementation/Upgrades** - Since you are buying access to an on-demand cloud system, the installation and configuration time are drastically reduced. In certain cases, software implementation is five times faster than traditional software solutions.
3. **Minimize Hardware Differences** - Using a web-based, on-demand cloud system simply requires access to the Internet using a web browser. This levels the playing field in terms of hardware: marketing can use Apple products, Accounting can stay in the Windows environment. It's a hardware win/win.
4. **Mobility** - Cloud based solutions are web-based and generally accessed with a web browser. Companies with a distributed or mobile workforce can provide simple secure access to applications over the web and avoid the complexities of remote access.
5. **Reduce Costs** - A subscription based, multi-tenant model of cloud computing solution generally has lower upfront costs and lower total cost of ownership. For example, compare the cost of a Google Gmail implementation to a Microsoft in-house Exchange server solution. The Microsoft solution requires an upfront investment in licensing, hardware, and labor to configure. Then the in-house systems requires monthly maintenance and support costs plus expensive upgrades¹.

Daily, we are exposed to commercials promoting cloud products, such as computer backup, photo storage, social media, desktop access, conferencing and accounting services. Although cloud computing has a number of advantages, it is still relatively new and as such will continue to evolve. Recently, I converted a client to an online accounting system from an old server based system. They were excited about the cost savings, security and mobility of the on-line system. Unfortunately, the online software did not have all of the functionality of their old system, requiring too many work-a-rounds. This was disappointing, but eventually conversion to the cloud will be completely seamless. It is certain; clouds will be part of your future.



Let me know if you have any comments, questions, or suggestions.

Write David W. Weatherholt at david@bnewsviews.com

¹ D. Rosenfeld, Technology Outlook: Mostly Sunny with Clouds Rolling In, Caturano and Company, March 2010

A. 10600 Cutter Circle Anchorage, Alaska 99511-0385 USA T. 907.360.9241 F. 907.344.4806

E. david@bnewsviews.com W. www.waconsult.com