Putting Your Faith in the Cloud

*Changing from traditional servers to remote data centres may seem like a risky move. **Doug Clark**, Cloud Leader for IBM UK and Ireland, talks to Criticaleye about how to manage the security fears and where the real advantages lie in cloud computing*

Rather than using traditional servers, the cloud provides computing as a service through a network – the internet – which can be scaled up or down according to the needs of the user.

IBM carried out a *global study* which looked at how organisations used the cloud to accelerate business performance. It found that companies that utilised the technology experienced significant growth.

So is the cloud really a game changer? **Doug Clark**, Cloud Leader for IBM UK and Ireland, spoke to Criticaleye about its commercial advantages and, given high-profile attacks by hackers on both businesses and celebrities, what risks it poses in terms of data and information breaches.

What are the benefits of using the cloud?

We surveyed more than 800 organisations in order to learn about the business outcomes being achieved through cloud. In this research we grouped the organisations based on their level of cloud adoption and whether they're experiencing competitive advantages from using it. We found three distinct sets:

- **Pacesetters** – they have deployed cloud on broad scale and are gaining competitive advantage over their rivals

- **Challengers** – these are on par with Pacesetters in achieving greater efficiency through cloud, but are still behind on differentiation and market responsiveness

- **Chasers** – those who remain more cautious when it comes to cloud. They're in the early stages or adoption and are not yet using it to drive competitive advantage.

> " *I think where people get confused is they think cloud is this all-consuming thing, but it's not* "

Overall we found that the Pacesetters had almost two times the revenue growth and nearly 2.5 times higher gross profit than their peers.

One of the main benefits and reasons for this is business and market agility and the opportunity to be far more flexible and dynamic than ever before. Generally, the cloud can enable a company to move from a capital expenditure (capex) model to an operating expense (opex) model.

Traditionally when an organisation wanted to implement change, for example launch a new product or start a marketing campaign, no doubt an element of that would be IT, and the time from inception to launch would take a long time, while you're ordering kits, waiting for them to arrive, setting them up and so on. However, with cloud you're able to set up the infrastructure quickly, sometimes within minutes.

Then there are companies using the technology in innovative ways, such as a shampoo company we are working with at the moment. For them, the cloud facilitates high-performance computing

which has enabled them to do, in one day, what would usually take them 40 days.

It also provides the ability to change direction; you can increase or decrease the infrastructure required. This is especially useful for seasonal businesses, like retail, where more capacity is needed at busy times such as Christmas, or for a gaming application that becomes a success and receives thousands of extra downloads. Just as quickly as you ramp the cloud up you can turn the service off, in case it's a failure. This can reduce the cost because you are paying for what the business needs.

Cloud has also been found to promote deeper collaboration and better decision making by allowing companies to access, store and gain insight from mountains of data and leverage analytics.

What are the perceived risks of moving to the cloud?

Security is not a new issue; the concerns have always been there, but there is no reason why cloud can't be as secure as traditional IT – you just might need to approach it slightly differently.

Most people think of Public Cloud, where your IT is hosted in a virtual environment up in the ether, but cloud can be onsite: you can have what we call Private Cloud or on-premise cloud, which in theory is the most secure. There may be a justification for this type of service, due to regulations for example, or because you have intellectual property that you need to protect.

The other type of Public Cloud is to have specific knowledge of where the physical server is, for example a particular data centre or 'rack' within a data centre, that may reduce security fears. Many ▶

companies are adopting a hybrid model where some systems are public; others are private, mixed with traditional local servers.

What kind measures do you need to deploy around the cloud?

You still need to have things like business resilience, disaster recovery and back-up services. I think where people get confused is they think cloud is this all-consuming thing, but it's not. Understand exactly what the cloud provider is offering. It's up to you to define the solution and what you want from it. Then you can start to put the safety mechanisms around it, like you would with traditional technology, so if the cloud does fail you've got systems in place to minimise risks.

There have been some famous outages and I think these will continue – you need to make sure you have a back-up in place.

Where is the cloud being adopted?

We're seeing cloud being utilised across the entire landscape in the UK and Ireland in very large enterprises. It's starting to take effect in the public sector, third sector, in international businesses and in SMEs. Financial services and retail companies may have been some of the early adopters but now other sectors are catching up.

Do you think boards should be taking more interest in the cloud?

It's not just down to the CIO; the entire business should be made aware of the capabilities of cloud because it is a game-changer. It's disruptive technology, and

> ## " *It's about matching the needs of the business with the IT for the first time* "

it's not just about capex versus opex, it's being able to have IT when you want IT.

Strategic discussions should be had about the challenges the business is facing and how cloud technology might be able to solve them. It's about matching the needs of the business with the IT for the first time in any of our careers, whereas previously you would have had to buy a number of servers and have spare capacity for when business took off.

Many businesses are starting to move workloads to the cloud, starting off with the easiest because there are some very complicated legacy systems out there that will be more difficult to migrate. But the systems that are moving are things that the CEO, the CFO, the CHRO, the CMO and the Chief Digital Officer are getting the maximum benefit from. For example: email collaborations, CRM systems and custom business apps.

What would you say to leaders reluctant to recognise the benefits of cloud?

I don't want to sound too threatening but I would say, watch this space. If you look at the research we did, if other

organisations are able to achieve the revenue and profit growth and be more agile than your company, then there's a high risk you could get overtaken or even bypassed as the market changes.

My advice would be to choose a workload or a project in the business that has got a high profile but is not high risk, then test that and learn how it works, by adopting a Cloud CRM system for example. If you choose the right kind of project you will come out with proof points that will then give you the confidence to try something else. It's about building solutions in different spaces and, once that is working well, you can back at the traditional methods and figure out how to migrate systems.

To drive your own competitive change through the cloud, I would also suggest setting ambitious objectives, taking a more strategic approach and broadening your collaboration base. ■

© Criticaleye 2014

Doug Clark
Cloud Leader
UKI
IBM

Doug is Cloud leader for IBM UK and Ireland and his mission is to help clients seize their full business growth potential and agility using cloud. He is part of a global team in IBM shaping and implementing the company's cloud strategy.

Contact Doug through:
www.criticaleye.net