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Cloud Computing Opportunities for Mid-market Companies

AN INTRODUCTION TO CLOUD SERVICES AND AN OPPORTUNITY ANALYSIS FOR COMPANIES TO IMPLEMENT CLOUD-BASED STRATEGIES

INTRODUCTION

The need to grow, compete and innovate has driven IT leaders of mid-market companies to adopt cloud computing solutions. A recent Tech Poll /Tech Priorities Survey conducted by *CIO Magazine* shows that 51% of CIOs plan to increase their IT budgets in 2014, with a focus on public cloud computing spend. A further 29% of CIOs surveyed are actively researching cloud computing services, and 18% are piloting them.

Why has interest in cloud computing increased exponentially? According to Rick Villars, vice president of data center and cloud for technology research firm IDC, cloud's adoption has been driven by three major factors: scale, complexity and speed. The explosion of mobile devices is also a key factor in the ramped up need for cloud computing services as these devices require large data centers to enable them.

Cloud computing solutions allow for rapid deployment, limited up-front expense, "pay as you go" pricing models and the opportunity to leverage ongoing improvements from providers. What follows is an overview of cloud computing, including key steps for planning and implementing a successful cloud migration.

IDC predicts that cloud computing will be a \$107 billion industry by 2017; up from \$47.4 billion in 2013.

DEFINING THE CLOUD

Cloud computing represents infrastructure, platforms and software that are sold "as a service" via the Internet. These services are hosted by a third-party service provider; are charged on a consumption basis; scale and shrink seamlessly to meet variable user demand, and are delivered in a manner that is completely transparent to the end-user. The major models of cloud computing services are Infrastructure-, Platform- and Software-as-a-Service (IaaS, PaaS and SaaS, respectively):

- 1. Infrastructure as a Service (IaaS):** In the most basic cloud-service model, IaaS providers offer computers (usually in the form of virtual machines), and on-demand resources such as a virtual-machine disk image library, file-based storage, firewalls, load balancers, etc.
- 2. Platform as a Service (PaaS):** In this model, cloud providers deliver a computing platform that may include an operating system, programming language execution environment, database and web server.
- 3. Software as a Service (SaaS):** This is a complete business application, providing a full suite of tools to support a business function (e.g., hosted e-mail, Salesforce.com, QuickBooks Online, etc.).

BUSINESS VALUE OF CLOUD OFFERINGS

Regardless of the category, most cloud offerings share a common set of attributes tied into the needs of mid-market enterprises.

- **Speed to Implement** IT projects often take months to implement and include a rigorous requirements process that consumes not only IT staff time, but also line-of-business resources. **Typical cloud solutions can be deployed and customized to a client's requirements within a matter of days or weeks.** This short implementation cycle can generate impressive payback calculations with much less impact on internal resources.
- **Affordability** Cloud solutions are typically paid for on a monthly or "pay as you go" consumption basis. As a result, **cloud solutions represent a much smaller resource commitment than more traditional IT solutions**, which often include large up-front investments in hardware, software and staff. This keeps strategic investment dollars available to support core business initiatives.



- **Continuous Improvement** Since most cloud providers offer services based on a single, common system, **improvements made to this system are deployed to everyone**. This approach spreads the investment cost over a large number of users, while enabling all users to leverage the very best suggestions of both the provider and its full customer base. It also results in functional improvements happening much more rapidly than with more traditional solutions; often occurring on a monthly, weekly or even daily basis, compared to quarterly or annually for more traditional IT solutions. Finally, successful deployment of these improvements is the sole responsibility of the service provider; as a “tenant” on their system, you are simply along for the ride . . .
- **Availability** Unlike traditional IT solutions, **cloud-based offerings are not dependent on the availability of your infrastructure or support resources**. Most cloud providers will commit to having their services up at least 99.9% of the time, with clearly specified windows for updates and maintenance, as well as financial penalties for failure to meet these commitments. This set-up allows the customer to have a constantly available system without being forced to depend upon internal support resources.
- **Fewer Technical Resources** Since the cloud solution provider is responsible for ensuring the functionality and availability of their solution, **cloud customers are able to dramatically reduce their internal support requirements**. This allows them to free up resources to focus on more strategic aspects of the business. Internal resources no longer need to be assigned to installing patches, planning and implementing upgrades and modifying systems to meet changing business needs; these activities are now the cloud provider’s responsibility.
- **Customization** Despite the “multi-tenant” nature of cloud offerings, a cloud customer is not necessarily required to fit their business into a “one size fits all” solution. **Good cloud-based solution providers offer a broad range of system options**, typically available through

a simple drag-and-drop or mouse click, to adjust the system to meet an organization’s specific needs. Additionally, options that are not immediately available but in demand within a customer set may be quickly addressed in a future release.

- **Integration** There is a growing ecosystem designed to allow users of various cloud solutions to integrate those offerings into a larger workflow or business solution. **These integrations will allow organizations to effectively customize their solutions** by choosing the best option for their business and then deploying pre-packaged integration “widgets” to create unique combinations that meet their unique requirements. While this remains an emerging area of the cloud services marketplace, it holds significant promise for the future potential of cloud-based solutions.

According to IDC, the cloud’s 23.5% compound annual growth rate is five times faster than that of the broader technology market.

CLOUD MIGRATION

With the potential of cloud offerings described above, it’s no wonder that organizations are increasingly adopting cloud solutions at rapid rates. But how does an organization begin the process of moving from a traditional IT infrastructure to a cloud-based infrastructure? While every situation has its own complexities, HOSTING has established a proven and proprietary methodology for a successful cloud computing migration. Included in this approach are eight key steps:

1. Assess your current environment: Seek out areas of the business that are not currently meeting expectations, have new compliance obligations, or are not providing the flexibility or functionality needed to support evolving demands. Look at common infrastructure services (such as e-mail, collaboration, web hosting, etc.) that are currently performed internally.

2. Identify opportunities: Develop a list of candidate functions and services that could potentially be delivered more cost-effectively. Target opportunities may include projects that would require significant capital requirements if deployed internally, infrastructure that requires 24 x 7 x 365 monitoring and support, and infrastructure that requires true business continuity and disaster recovery capabilities.

3. Review available options: As the market for cloud services continues to grow, it’s difficult to keep track of all available options. Resources are available to help identify candidate services to meet almost any need. Develop a short list of service options for each of the opportunities identified.

4. Determine the risk/reward for each opportunity and option: Evaluate each opportunity and option on a risk/reward basis, considering time to implement, capital required if deployed internally, cost to migrate, availability requirements, recovery requirements, and potential financial savings. Document the expected return of each for the opportunities identified.

5. Prioritize: Using the risk/reward analysis from step four, identify those opportunities that represent the most reward for the least amount of risk. Many organizations begin with infrastructure opportunities (such as moving to a hosted or managed e-mail service) or business functions that are not currently meeting the needs of the business.





6. SSS: Start Small and Simple: Start with the top of your list, identify the right service option, and plan your first migration. Start small, with a pilot and a small target audience, and build on early success. As your team becomes more familiar with the migration process, move on to larger opportunities.

7. Measure Your Results: Be sure to track performance against the expectations determined in step four. **Success can only be achieved by meeting or exceeding an agreed-upon set of criteria.** Funds for the next project will come much easier if you can document the success of prior projects. Whenever and wherever possible, quantify the impact on the business in cost savings, cost avoidance or revenue enhancement.

8. Continue On: With one success behind you, begin to prioritize remaining projects, understanding that a complete assessment may be required on an ongoing basis to ensure that evolving business needs continue to be met.

As an industry-leader in cloud computing services, HOSTING guides companies through these critical steps, enabling them to offload the “headaches” of building and managing a cloud solution. Our proven lifecycle process includes design, build, and migrate phases to virtually assure the successful on-boarding of new customers and applications. Comprehensive project plans including implementation steps and checklists, testing and reporting, milestones and meetings, team assignments, contingencies, and so forth. We also provide our customers with live, expert technical support 24 x 7 x 365.

THE BOTTOM LINE

When moving to a cloud-based infrastructure, there are a few key issues that will likely need to be addressed:

- **Costs** While the ongoing costs of cloud-based services are typically less than an equivalent service delivered internally, there may be some costs associated with the transition to the new service, as well as “sunk costs” associated with current investment in infrastructure. While most can be addressed with an appropriate migration plan, these costs should be considered when evaluating the transition.
 - **Current Staff** At its heart, cloud computing is really about moving capital expense (CAPEX) to operating expense (OPEX). The infrastructure and offerings must still be managed, albeit often at a higher level. Experience has shown that most mid-sized organizations have far more to do than can be accomplished. A migration to cloud services simply relieves the team of low-level tasks, freeing them to focus on more strategic initiatives.
- HOSTING's cloud solution architects create custom, comprehensive project plans that include implementation steps and checklists, testing and reporting, milestones and meetings, team assignments, contingencies, etc. HOSTING not only provides the infrastructure and tools to run and manage your cloud, we also provide as much professional services guidance as your business requires.
- **Security** In this data-driven economy, companies need to ensure that their cloud service provider has the expertise and resources to protect their most critical assets. Companies who experience breaches often suffer intellectual property loss, customer and revenue attrition and irreparable damage to their brand reputation. The HOSTING Advanced Solutions security assessment offers complete and verified analysis of the entire IT environment to prepare for unforeseen threats – **without unnecessary investment in hardware or software.** HOSTING provides companies with a comprehensive assessment of the five critical aspects of the cloud environment including: security, recovery, capacity, performance and availability.



SUMMARY

Leveraging the cloud can create near-term payback, enhance an organization's agility, reduce the need for limited capital budget dollars, and significantly reduce internal support and technical requirements. As mid-market enterprises continue to take advantage of the expertise and economies of scale available in the cloud, the number of cloud service providers continues to multiply. Therefore, it's essential for companies to carefully assess and evaluate the diverse offerings available to them.

HOSTING has helped thousands of global customers achieve success in the cloud. Rather than focus on equipment, speeds and feeds, we collaborate with companies to identify real business opportunities. We then design a custom cloud solution that helps them achieve their specific business goals. Engage with HOSTING and move to the cloud with confidence.

ABOUT HOSTING

HOSTING helps organizations design, build, migrate, manage and protect their cloud-based environments. Leveraging enterprise-class networking and connectivity technologies, HOSTING provides the highest levels of compliance, availability, recovery, security and performance. HOSTING owns and operates six geographically dispersed data centers under an ITIL-based control environment validated for compliance against HIPAA, PCI DSS and SOC (formerly SAS 70) frameworks. The company's 3,000 global customers represent a variety of industries including software, healthcare, retail, media and entertainment, financial services, technology and government.

HOSTING's cloud-enabled solutions were recently recognized by Gartner Group, placing in the Top 10 in the Managed Hosting Magic Quadrant in both “ability to execute” and “completeness of vision” – in 2012 and 2013. For more information, please visit www.HOSTING.com.