

Cloud Computing: What it means for the **non-technical** business owner

Douglas R. Askam

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While current technology trends make effective use of cloud computing, the “cloud” is a concept that many business owners find difficult to grasp. What many don’t realize is that they are already using the cloud. Internet-based technology allows you to use applications and store data with offsite providers, and reduces your reliance on in-house technology and infrastructure. By joining the cloud, you can do business anywhere you have an internet connection, and enjoy 24/7/365 technology support.

As the technology world innovates, its language continues to evolve. New phrases leave many of my clients scratching their heads, nervous about disruptive changes they will soon be forced to adopt. The latest phrase confounding many business owners is “cloud computing.”

Once in a while I am surprised when a new phrase pops up to describe an existing technology. In the case of cloud computing, whether we are using a new technology or not, most end-users at their office computer may not notice being in the “cloud” or understand what the phrase means.

What is cloud computing?

Cloud computing refers to Internet-based technology or applications, usually as opposed to downloaded software. Instead of being stored on your computer or in-house on your server, the software or application is hosted by an offsite provider, allowing the end user to access it through their web browser.

While the cloud computing term is relatively recent, the ability to access technology or applications through the Internet has been around for years. Providers were known as Application Service Providers (ASP) that “hosted” the application.

The real change that cloud computing brings is a wide variety of web-based technologies. During the ASP years, business applications were limited to specific businesses or industries. Today, cloud computing offers applications that span a much broader range. An increasing quantity of applications is now available in

the cloud where they can be accessed without download, simply through a web browser on a computer or Smartphone.

So rather than defining a new technology, cloud computing refers to where a technology resides. In the past when I’d purchase a new accounting system, I would receive CDs to install on my office server down the hall. Today I can purchase or “rent” a new accounting system and all I need to access it is a web browser, an Internet connection and a username and password.

What caused the cloud excitement?

Recent technology innovations, data center construction and a rent-versus-own theme have paved the way, prompting many organizations to make a strategic move to the cloud environment.

Data centers provide offsite server housing, reducing hardware burdens for organizations and allowing for more streamlined hosting. The boom in these virtual solutions can be attributed to vastly faster data transfer speeds through the Internet and an increasingly mobile, Smartphone society. Higher security needs and an ability to expand or reduce server capacity on-demand has also driven many businesses to offload server requirements to virtual providers.

New companies are continually cropping up in the industry, creating competitive desktop productivity tools that provide word processing, spreadsheet and email software that does not need to be installed on the office network. Many of these companies rely on an annual or monthly rental model

for the sale of their business application. Developers of these products have proven this model to be far more effective than off-the-shelf software solutions, which are purchased one time for a higher price.

What does cloud computing offer the business owner?

Initially, cloud computing can reduce the need for computer hardware and infrastructure in the office. Software applications hosted or provided by a company in another location, such as a data center, allow the business owner to reduce the quantity of in-house servers and infrastructure. This may also lead to a reduction in technology personnel needed.

When discussing the reduction of computer hardware, software and technology personnel in the office, the immediate response is often an assumption that technology costs will be reduced. There are many benefits to cloud computing. But as I always stress to my clients, the elimination of costs is not one of them. While there may be much less hardware, software and technology personnel in the office, those items have simply been offloaded and are supporting your needs from a remote location, such as a data center.

I don't want to be in the cloud.

Despite its benefits, I continually have clients who do not want to be in the cloud. What surprises many is that their personal life may already be in the cloud. Can you answer "yes" to any of the following questions?

1. Do you have personal email account that you access through the Internet and a browser on your computer or mobile device?
2. Do you purchase products from the Internet?
3. Do you use or access social media applications through the Internet?
4. Did you prepare your individual tax return using an Internet-based software application that maintains your tax information in their data files?

If you answered yes to any or all of the above questions, you are personally in the cloud. Is your business in the cloud? Can you answer "yes" to any of the following questions?

1. Do you perform any on-line banking, bill pay or fund transfers from your computer device?
2. Do you use a payroll processing service where employee and payroll data is entered and stored on the service's web site?
3. Do you work from home and access your office network through your Internet browser?
4. Do you access your office network applications from a remote office or a coffee shop through your Internet browser?

If you answered "yes" to any of these questions, welcome to the cloud. You have arrived.

Are there benefits to the cloud?

Applications in the cloud can generally be accessed from a browser anywhere in the world. If your business requires employee mobility with field offices, travel or working from home, cloud opportunities provide your business access to systems and software without the implementation of a remote access infrastructure, remote access tools and internal employees to support and maintain that infrastructure.

Additional benefits could include fewer technology employees that need to be supervised by the CEO or CFO, a more secure offsite data backup and storage facility and – perhaps one of the most overlooked benefits – 24/7/365 technology support.

Where do I start?

Changes in technology infrastructure should involve a planning process and employees from specific functional areas of the business. Many factors need to be addressed, including existing processes, systems and business applications. The first step is developing a strategic approach to putting your toe into the clouds. The following is an example of a basic, cloud transition plan:

- Create an inventory of applications and hardware, including the age of equipment.
- Document the business reasons for a potential change.
- Develop a document of expected benefits from a move to the cloud.

- Come to an understanding of the effect on technical and non-technical staff.
- Gather an understanding of how a change would affect current business processes and the opportunities to improve.
- Align the strategic technology plan with the overall strategic businesses plan.
- Identify applications used by the business that are available in the cloud.
- Align those business applications with the business requirements.
- Understand that cost to be in the cloud may not be less than your current infrastructure and technology staff.
- Understand that contractors and professional services that utilize engineering and CAD drawing files may have a difficult time with those applications in a cloud environment.
- Consider that access to business applications through the Internet may have limitations for offices in remote areas of the United States and the world.
- Consider that large, more established businesses would have a substantial investment in their current infrastructure and technology staff. There must be good reason to discard that investment and implement a new technology delivery platform.
- Understand that even today there may be business applications that are not Internet enabled or work well through a remote access environment.

- Understand the risk of having critical business applications and data files on the servers of another company, in a data center that is inaccessible to the business owner.

It takes time for some business owners to become comfortable with the loss of control over technology. This comfort will often come with an understanding of the cloud provider's internal controls, security and encryption, and disaster recovery capabilities.

Doug Askam is a partner with EKS&H Business Consulting, providing management consulting services in the areas of business strategy, business technology and financial performance improvement. He can be reached at daskam@eksh.com or 303.940.9400.

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