Business Perspectives on Cloud Computing

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Digital Trends 2011, Athens
Green ICT and Cloud Computing

Agenda

- Assessment
  - Financial, Risk, Strategic
- Adoption
- Challenges
- Guidance

Two views of technology evolution

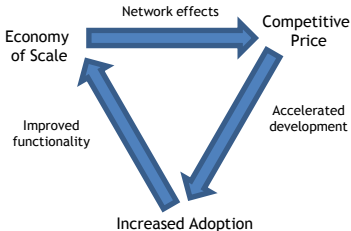**No pivotal innovation   vs.   Very disruptive impact**

THEN
- Application Service Provider
- Web Hosting Service
- Managed Hosting Service

NOW
- Software-as-a-Service
- Platform-as-a-Service
- Infrastructure-as-a-Service

Multi-tenancy. Virtualization.
Utility billing. These aren't new –
just a gradual evolution.

Network effects

Economy
of Scale

Competitive
Price

Accelerated
development

Improved
functionality

Increased Adoption

The right conditions can create market
disruption for evolutionary improvements.

Financial Assessment

- Software
- Hardware
- Facilities
- Operations

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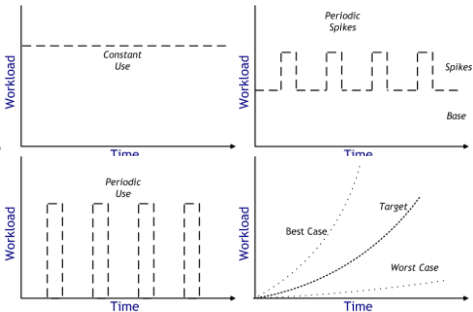
Risk Assessment

- Data leakage
- Data loss
- Service loss
- Compliance
- Lock-in

- Rogue clouds
  - Employee dissatisfaction
  - Unmanaged applications
  - Insecure data
- Competitive disadvantage
- Internal risks

Strategic Assessment

- IT Support
  - Intellectual Property
  - Knowledge Management
  - Service Delivery
- Agile Enterprise
  - Core competency
  - Modular services
  - Ecosystem

Mergers

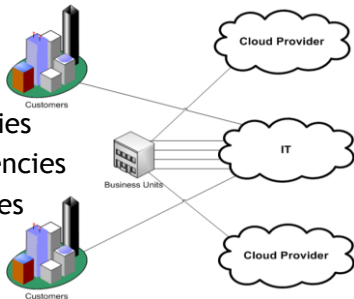Horizontal Integration

New Products

Joint Ventures

Outsourcing

New Markets

Vertical Integration

Private to hybrid evolution

- Resource Efficiencies
- Operational Efficiencies
- Sourcing Efficiencies

Candidate applications

- Low risk, high return
- Test and Development
- Externalised applications
  - Isolate threats, malware
- Redundancy
  - Geographical
  - Organizational
  - Technological

Design challenges

- Integration
- User management
- Reliability
- Governance / SLAs
- Security

**The most common cause of failure
is underestimating these challenges**

Concerns and risk mitigation

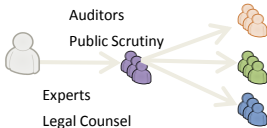| Risk	Mitigation
Data leakage	Encryption
Data loss	Multi-source, backup
Vendor lock-in	Standards, multi-source, backup, exit strategy
Service loss	SLA, audit, certifications
Compliance	SLA, audit, certifications

New trust basis

- Personal observation
- Personal experience
- Human Insight

Employees

Contractors

Partners

Suppliers
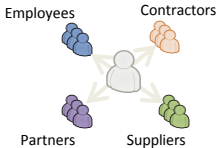
Physical Segmentation

Access controls

- Public verification
- Contracts
- Compensation

Auditors

Public Scrutiny

Experts

Legal Counsel

Virtual Segmentation

Encryption

Access controls

Words of Advice

- Start early
- Engage everyone
  - Users, HR, Legal, Procurement,...
- Be skeptical of the skeptics
- Find Quick wins
  - Cheap, low-risk
- Prepare for the long term

Summary

- Assess cloud computing from financial, risk and strategic perspectives
- Be prepared for disruption
  - Requires new trust strategy
- Don't underestimate the challenges
- Accept the inevitable

Thank you!
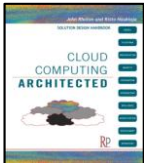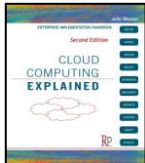
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