

# Cloud Computing Set to Transform Russian Business This Decade

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June 25, 2012

**The**  **Moscow Times**



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Internet technology has helped to create new business models since the late 90s that have reshaped how companies do business today. Now, the adoption of cloud computing is producing a new range of business services that are much more comprehensive and efficient, and they will undoubtedly define the next decade of business. The qualities that define cloud computing include on-demand service, elastic capacity, and variable consumption; these qualities offer a powerful new way to deliver new business services and business models.

### **Prospects of Cloud Computing in Russia**

Worldwide spending on cloud computing is forecast to exceed \$150 billion by 2013, with Russian spending likely to be in the hundreds of millions of dollars. Since IT use in Russian companies is less developed than in the United States and Western Europe, proportionately fewer organizations in Russia have significant data center infrastructures and fully automated, core business processes. For many companies, the main question is what path to take when building IT structures for the future, and the choice of computing infrastructures and business applications potential offers unlimited opportunities.

An analogy that is often given to cloud adoption is the development of the telephone network in Russia. A comprehensive country-wide landline infrastructure was never established during the Soviet Union, so modern Russia almost entirely bypassed the capital-intensive development of a landline network and jumped straight to mobile telephones. Similarly, Russia could leap straight from a relatively undeveloped IT structure to a comprehensive cloud computing structure that is more economically efficient and advanced than other contemporary IT infrastructures.

## **New Business Models**

Cloud computing is a compelling new approach for enterprises to use in order to more effectively utilize IT. It helps organizations to radically lower their market entry costs, speed up solution implementation, and put in place new models that have an elastic scale and pricing. Initially, companies consider cloud-computing options mainly because they want to reduce capital expenditure on IT. Later on, however, the vision extends beyond the conventional cloud layers of infrastructure, platform, and software to a potentially revolutionary use of cloud computing throughout the business. Service providers are now using cloud services to compete in new ways, offering a complete business service — Business-as-a-Service — without cloud subscribers having to operate other systems or software. Several solution providers in Russia offer cloud services that provide comprehensive accounting, tax compliance or customer relationship services, and they are currently discussing new business models to make the most of dynamic supply and demand trends.

## **Management Impact**

Cloud computing can have a profound impact on both the IT and business models of a company, and it is crucial for technology and business leaders to understand the broader implications of cloud capabilities. The challenge goes beyond determining the right cloud vendor and implementation strategy. Policies on data management, security, risk, compliance, and even taxes can all be impacted by the adoption of a cloud computing system. The cloud revolution offers greater IT capability, agility, and flexibility, allowing for a dynamic scaling of resources that adapts to the pace of business changes. Overall IT spending can decrease as IT inefficiencies are reduced by using a pay-as-you-go model that requires fewer data center resources and lower maintenance costs. Perhaps most importantly, organizations are seeing rewards quicker with lower business start-up costs, projects taking less time, and improved results. The absence of specific tax regulation of cloud systems means tax structuring can be freer, as it was initially for U.S. and European companies. All of this means more opportunities for cloud services providers. Although still in its infancy, cloud computing has the potential to completely change the way we do business. At the moment, we are only aware of a fraction of the change it is capable of achieving.

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