To Operate Smoothly, Businesses Need Clouds

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It is a myth that there is no room for innovation during a period of economic instability. History proves the opposite. Even in the midst of the Great Depression, approximately 70 new research laboratories were established annually in the United States. Furthermore, such high-tech companies as Hewlett Packard were founded during that period. Currently, we are witnessing increasing interest in innovation as well. Intensive discussion about cloud computing started in 2008, when the U.S. recession ceased to be just a pessimistic forecast and became reality.

Why are innovations so important for overcoming the consequences of the crisis? I shall try to explain using clouds as an example.

Cloud computing is an evolution of corporate IT systems that helps to achieve two objectives: first, get rid of the "burden" by transferring capital expenditures into operational ones and, second, improve flexibility and business responsiveness to market challenges. Public and private clouds are the best models to fulfill these two tasks.

Public clouds are similar to high-tech outsourcing: A customer receives the necessary computing capacity on the server, one or several services and sometimes the whole infrastructure as a service. For instance, cloud-based call centers already comprise IP telephony, voice recording and analysis, workforce management systems and voice menus. Public clouds may be attractive for companies that want to reduce capital expenditure. For example, a major retailer decided to transform all accounting records into electronic format. The retailer estimated the cost of creating high-performance servers and storage and scanning and recognition systems and decided to outsource the whole business process to an integrator. Tons of documents were digitalized and an electronic archive was created. As a result, the customer's users can connect to the integrator's cloud using a standard browser in order to find the necessary documents and the IT unit does not need to worry about

acquiring and amortizing the infrastructure created.

Public clouds also allow for the quick and legal overcoming of barriers established by internal security policies. For example, a German car manufacturer deployed the terminal workplaces of its marketing staff in the cloud and thus ensured secure access to media and social content. Today, YouTube and Facebook have become important channels for company promotion. However, strict regulations enforced by the company's headquarters prohibited any employees from accessing such websites. Now, the company's marketing employees are able to use the necessary resources while access is still controlled via built-in monitoring systems that allow for the tracking of user activity.

Public clouds make businesses more dynamic and are often used for start-ups when an IT system is to be created from scratch. However, if a customer has well-developed infrastructure and is concerned about outsourcing its critical services to external companies, private clouds may be a good option. Scalable enough, private clouds help companies to accelerate "time-to-market," which is a critical competitive advantage. One leading Russian telecom firm decided to introduce a new seasonal tariff in order to attract new subscribers. Yet, the company lacked computing resources to promptly ensure secure and efficient operation of the billing system. The infrastructure upgrade would need long-term preparation: tenders for the purchasing of hardware and software, certain solution developments and commissioning into a production environment. As a result, the seasonal tariff time-to-market would increase dramatically. Private clouds can help in such situations.

To use or not to use clouds? Of course, to use! The question is whether a public or private cloud is the better option in each particular case. Considering the benefits of both types of cloud and implementation experience, I believe that the best option for major companies is to apply a hybrid scheme where business critical systems operate in the cloud environment of their own data center while non-core or irregular services are outsourced to a public cloud provider. This solution allows for the killing of two birds with one stone, with companies being able to reduce their financial burden while at the same time keeping the business fit and up and running.