



Unless you have been spending your last few years on a warm and sunny beach by the Equator with no internet access, you have most likely heard of the Cloud. No, not the one that rains but the one that pours. Almost every newspaper, magazine, or channel that deals with technology carries at least one article on the Cloud. So there can really be nothing new to say. You've probably heard it all. However, I am yet to meet a CEO or CIO who can clearly explain to me what the Cloud really is and what it means to their enterprise.

When it comes to Cloud in enterprise today there are really three main camps. First, that says there is no such thing as the Cloud. These are complete disbelievers who would

prefer to call it anything but cloud, but who do recognise that technology and computing is evolving like it always has. Maybe they just don't want to call it the Cloud. The second camp is the one that feels the Cloud is really a fad or a nice sticker to put on your old wares (dedicated hosting servers or virtualisation) and sell it as long as people will buy it in the name of the Cloud. And then there is the third camp: One that truly believes that the Cloud is something new and its here to stay. Well, I am from the third camp and I invite you for a tour of our camp.

First, of course, understand that Cloud is the last leg in the first era of computing innovation where 'computing' becomes a 'utility' like water or electricity, available at the click of a button, anytime, and pay as you use.

State of the Cloud

The adoption of the Cloud in enterprise is likely to happen in three main Waves. The first wave of adoption is already well over our heads. It started sometime in 2010 and is likely to last till 2014. In this phase most of the organisations are heavily virtualising their desktop infrastructure and moving vendor provided software to the Cloud. The second wave is likely to start sometime in 2013 and should last till 2018. In this wave most of the Enterprise Business Applications (important but not mission critical) will likely move to the Cloud. According to Information Week, over \$6.9 billion was invested in Cloud start-ups in 2011 alone, a 68% increase over the investment in 2010.

Our camp predicts that the third wave will likely start in 2017 and last till 2022. It is assumed that in this phase all computing including mission critical applications will move to the Cloud. It is important to note that the term 'move to the cloud' does not necessarily mean that things will move into some place outside the Enterprise. It could very well be Private, Captive or Hybrid Clouds of different Enterprises.

Use of the Cloud

For companies today the big question today is not whether to move to the Cloud but what to move to the Cloud. More and more enterprises are exploring Cloud based solutions for email, collaboration, procurement, document management, voice, back-up and disaster recovery. Cloud is also a big enabler of another key and starting trend called Big Data.

Cloud can be used to cheaply crunch vast amount of data to generate valuable insight into consumer demand, sentiments and usage which can become a firm's competitive advantage.

Value of the Cloud

Cloud provides the ability to not only consolidate your infrastructure, it also provides the possibility of reducing spend of software license costs for databases, operating systems and application servers. For example, a top tier financial institution on Wall Street which spends close to \$1 billion

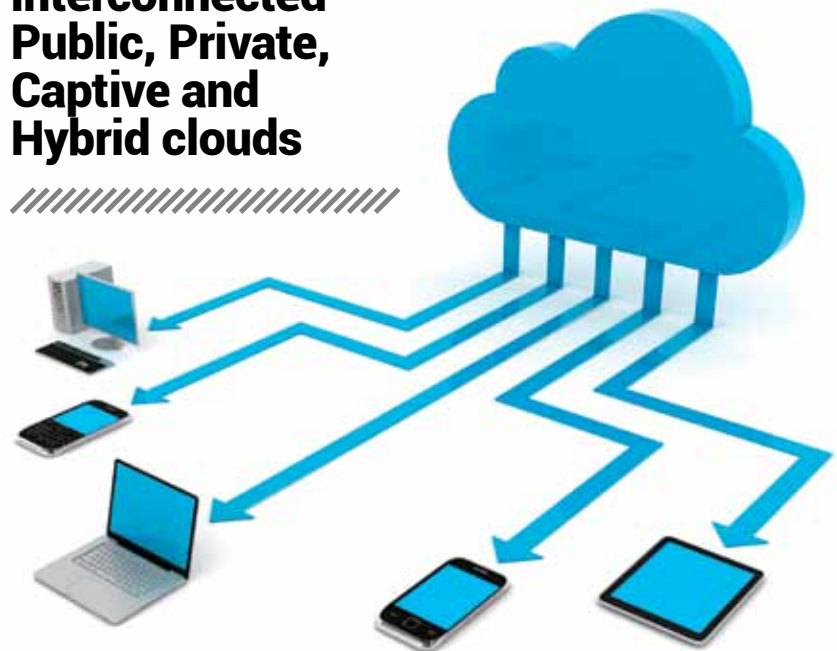
in software licenses and related costs could easily save over 20%, i.e., \$200 million by making open source based Clouds as their first choice. Cloud also helps reduce storage costs. Further, Cloud also reduces the need for IT Services. This save could easily add another \$150 m for an enterprise with a \$1 bn spend on IT services.

Challenge of the Cloud

Security is usually the biggest CIO concern. Its proportion, however, may be overblown. The cloud today is as secure as your own enterprise, if not more. Also, add good liability protection in your cloud contract and you will be fine.

Yes, a highly distributed and interconnected system could have challenges. However, these concerns are unfounded.

The computing world in 2022 will be made of fully interconnected Public, Private, Captive and Hybrid clouds



Author of *Cloud Basics - The Paradigm Shift* which has been recommended as a 'must read' by the CIO of the World's Largest Stock Exchange, the NYSE Euronext, the writer is a US based private investor and entrepreneur. He is also the founder of *Guzool.com*, a Cloud venture.