The Cloud: Myths & Definitions
A business perspective on Cloud Services

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Cloud Business Services have been made possible by a new generation of IT capabilities called Cloud Computing. However, much of the value these innovations can deliver to your business will happen outside of the IT department.

This short briefing note will give you an overview on Cloud. It will enable you to engage in the current discussion on how best to exploit the potential for value that Cloud Business Services can bring to every business right now.

The Cloud: A very short history.

A combination of; high bandwidth, widely available internet access, plus improvements in the ability of software to share space on hardware platforms, gave rise to **Cloud Computing Services**. High volumes of shared IT hardware, in large purpose-built data centres, in low cost locations, create huge economies of scale. Inside the enterprise, IT departments are beginning to take advantage of cloud computing.

Meanwhile, outside the enterprise, new and existing technology companies are exploiting cloud computing to deliver **Cloud Business Services.** These organisations are competing with the IT departments inside their target customers to serve business users.

Cloud Consumer Services like Dropbox and Skydrive have evolved in parallel, building on the success of the internet email services we are all familiar with. These are important in driving the uptake of Cloud Business Services because they have educated end users on what is possible, and they set a very high standard for ease-of-use.

Therefore, Cloud Computing Services are to Cloud Business Services what the transport infrastructure is to the logistics industry. And, in the same way that you don't need to be concerned about road engineering when you buy Logistics Services, you don't need to understand the details of Cloud Computing when you address Cloud Business Services.

Definition of Cloud Business Services.

Cloud is a very popular term and is often used inappropriately to sprinkle a bit of marketing magic and bring a hint of modernity to a range of services. Also, Business Services provided by third parties have been around for a very long time. However there is a short list of key characteristics with define a true Cloud Service. Adding one more characteristic makes it a Cloud Business Service.

Hope or Hype?

McKinsey's view in the medium term is that large mature organisations will have a business services split of 80% Legacy + 20% Cloud... whereas younger growing organisations will be 80%+ Cloud Services.

Source McKinsey Webcast 2013

Navidus *Consultants help our clients* **use the cloud to create business value**.

We know **where the value can be found** *in your business .*

Our methods **integrate Legacy and Cloud** *solutions.*

Our approach is value driven, we contract for **business outcomes**.

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Cloud Service =
On-Demand + Accessible + Elastic + Ubiquitous

On-Demand – The service is charged on the basis of volume of consumption, usually on a per user basis.

Accessible – every individual in your organisation can consume the service directly, if required. Often the adoption is self-service.

Elastic– The user numbers can increase or decrease as required. The number of users can go from one to thousands with no material set up delay.

Ubiquitous – The service is available anywhere there is internet access, and on many different device types.

If all of the above are true it is a Cloud Service. For the service to be a Cloud Business Service we need to add:

Standard Processes – The service supports standard business processes, which are essentially the same in different businesses.

The key distinction between Cloud Computing Services and Cloud Business Services:

Cloud services are typically subdivided along a continuum as
        IaaS > PaaS > SaaS > BPaaS

While the boundaries can be somewhat blurred, this classification is a very useful model, and is a standard used in most discussions on Cloud.

The first two; Infrastructure as a Service (IaaS), and Platform as a Service (PaaS), are Cloud Computing Services. They are used by IT professionals to support business processes which are unique to the business in question.

Software as a Service (SaaS) is sometimes mistakenly described as a Cloud Computing Service, probably because "software" sounds like it might be computing. This is not correct. Because it is consumed "as it is sold" by the third party. There are standard business process flows inherent in the SaaS product. These processes may be configured, but may not be customised by the SaaS user.
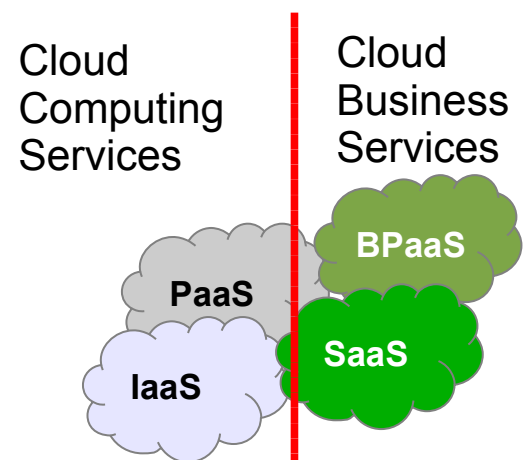
Business Process as a Service (BPaaS) is more obviously a Cloud Business Service. What distinguishes it from SaaS is the fact that you are also buying resources who deliver the process

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- Kraft Foods CIO Mark Dajani

environment that will just drive to average [business] performance? To empower employees to do it their way [using Cloud] is a huge deal. It's an inevitable reality. As I see it, there's a bigger risk associated with not doing that."

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Cloud Computing Services | Cloud Business Services

BPaaS

PaaS

SaaS

IaaS

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outcomes, whereas SaaS is a tool which your internal resources use to deliver the process outcomes. What distinguishes BPaaS from BPO (Business Process Outsourcing) is i) the design of the process is the responsibility of the BPaaS service provider and ii) The same BPaaS is used by by many companies often across different industries.

Myths that matter in the Cloud Business Services debate.

Myth 1 - Using the Cloud creates IT security risks.
The majority of IT security issues are created by user behaviour, not technology. Where Cloud Business Services are deployed in the back or middle office, the degree of security is usually improved.

Myth 2 – Using the Cloud makes Big Data analysis easier.
Big Data means the analysis of very large amounts of data to gain business insights. Cloud is very powerful tool to address the compute and storage demands for big data. However, Cloud services can create new data boundaries, and place important data in the care of 3rd parties. It can either help or hinder a Big Data strategy. Proceed with caution.

Myth 3 - Data in the Cloud can 'leak' to foreign jurisdictions in breach of regulations, or where data protection is weak.
Good Cloud Service providers are very clear about which jurisdiction data is held in, and their service contracts will address this issue. If you know what you need, you can have it.

Conclusions:

You don't need to understand Cloud Computing to exploit Cloud Business Services.

Cloud Business Services can create real value in most businesses.

Deploying Cloud Business Services is the responsibility of the various Business Functions with IT in the role of consultants.

> "Cloud computing is often far more secure than traditional computing, because companies like Google and Amazon can attract and retain cyber-security personnel of a higher quality than many governmental agencies."
>
> Vivek Kundra, former federal CIO of the United States

> Our Cloud Solution delivered 30% sales increase without adding to the management. Also, automating the billing process freed up staff... generated an immediate ROI of 15x.
>
> - NetTel Partners

This briefing paper is prepared by Navidus Consulting LLP
Your pilot when navigating the Cloud.

This paper forms part of a series of briefing notes which can be accessed at navidusconsulting.com

For more information contact:

Kieran Sheedy *Managing Partner*

kieran.sheedy@navidusconsulting.com

Twitter: @kieranjsheedy

Tel: +44 7710 069 462