



The sky's the limit:

How medium-sized businesses can capitalise on the cloud to propel business growth

A white paper by Pegasus Software

Cloud: a definition

The term Cloud Computing refers to software, platforms and infrastructure that are sold as a service, on a remote basis. So instead of your hardware and software sitting inside your company's network, it is provided by another company and accessed from any device which has an internet connection. It allows organisations to pay for the software in regular monthly payments, eliminating upfront investment.

Most of us use cloud computing in our daily lives without even realising it. Web-based e-mail, such as Hotmail, has become commonplace, and most people are happy for their e-mails to be stored and processed through a server located in an unknown location, as long as it's easily accessible from a web browser.

Cloud computing comes in different forms; there's no one-size-fits-all. Infrastructure, software or platforms can all be accessed via the cloud, offering flexibility and choice.

Different types of cloud computing

- **Software as a Service (SaaS)** means you use a complete application which runs on a third party server.
- **Platform as a Service (PaaS)** means you access web-based tools to develop your own applications and these then run on external hardware and software.
- **Infrastructure as a Service (IaaS)** means you can access hardware such as servers or storage over the internet.

The silver lining

Despite its relative infancy, cloud is growing at a rapid rate. According to analyst IDC, big data technology and cloud computing demand will push global IT spending beyond \$2tn in 2014, with cloud spending set to rise by 25% to \$100bn. And earlier this year, IBM committed \$1.2 billion to build out its global cloud computing presence.

Cloud can offer numerous benefits for organisations of all sizes, but for SMEs in particular, cloud represents a very strong fit. It comes with negligible capital investment and low up-front costs as there's no need to purchase hardware or increase IT headcount. As well as averting the minefield of securing CapEx approval, the overall Return on Investment (ROI) in the medium to long term is significantly greater as upgrades are handled by the provider and a reliance on consultants and project teams is negated.

Operationally, IT resources can be spent on demonstrating the value of technology in increasing profitability rather than looking after servers. Users see uptime as a prerequisite, not a value-add. If this objective can be achieved by a third party while internal IT people focus on improving productivity, driving customer loyalty, increasing agility or exploring opportunities with social media, the ROI on IT resources is amplified substantially.

Deployment is much quicker than an on-premise software implementation, and software updates, maintenance and upgrades can be made quickly and simply with minimal downtime, facilitating agility to allow a business to respond to market opportunities and focus on growth. Risk is also reduced as information is backed up in the cloud rather than on-premise servers, so in the event of a disaster or disruption, business continuity and recovery of data is assured.

Perhaps most importantly, none of these benefits are at the expense of software integrity. The robustness, functionality and associated business benefits are commensurate with the on-premise counterpart.



Expediting benefits

For fast-growing medium-sized organisations, deploying an integrated solution in the cloud can expedite these benefits even further. Through having one solution which supports all departments across a business, including finance, sales, customer services, procurement, manufacturing and supply chain, an entire business can be run, effectively by one screen, whether on a PC or mobile device. Real-time information can be shared and departments are more closely connected to support better, more informed decision-making and greater visibility of performance.

A cloud deployment means you can take advantage of this kind of integrated solution without budgeting for additional IT people - or indeed purchasing servers that are not used to their capacity. Together these represent a powerful proposition for medium-sized growing businesses.

Customer experience

A. Warne Plastics manufacturer

“Our business is highly complex and issues such as compliance and traceability are very high up on the management agenda,” comments Susan Moore, Company Secretary and Director, A.Warne. “Through switching to Opera 3 in the Cloud, not only do we benefit from Opera 3’s core features such as brilliant, detailed reporting, and live visibility of stock which has eliminated our need to shut down production for an annual stock-take. We now have greater visibility of our costs, reduced risk as we no longer have responsibility for maintaining our own servers, and upgrades are undertaken seamlessly which means we can dedicate even more time to growing the business. The ability for staff to access the system remotely is also a huge benefit, enabling greater flexibility. Looking ahead, we plan to utilise more functionality within the CRM capabilities of Opera 3 to enhance our customer service and profitability, and truly maximise the value that Opera 3 can offer.”

Susan Moore
Company Secretary and Director, A. Warne

Weathering storms

But as with any new technology proposition, cloud comes with some concerns. Handing over control to an external entity can sit uncomfortably with some. Many point to data security as a risk as cloud means putting valuable information and intellectual property (IP) in the hands of a third party. It is therefore fundamental that when considering cloud, you scrutinise a provider's security policy before moving forward with a deployment. Ensuring security in the cloud is two-fold. Cloud providers must take measures to assess potential threats and implement effective security controls and end user organisations must co-operate appropriately.

Providers must demonstrate a robust, proven approach which is in line with industry standards. Specifically providers should demonstrate compliance with ISO-27001, the first internationally recognised standard for a securely designed information management system. And no vendor should ever rely upon a single security method or device. Expect a multiple layer approach with overlapping security controls, and ensure that every location is running the latest anti-virus software. Measures to protect the physical infrastructure and buildings should be in place. Finally, look at the proposed structure of the cloud network, as Independent cloud networks which exist separately from corporate networks provide additional security against data corruption.

However in any partnership there must be input from both sides and the user organisation must take steps internally to ensure that data is stored and transferred securely, with staff training and operational processes updated to ensure data is protected at all times.

Cloud pros

- Lower upfront costs
- Reduced infrastructure costs
- Scale up at short notice.
- Only pay for what you use
- Third party is responsible for maintenance and potential problems (against SLAs)

Cloud cons

- Greater dependency on service providers
- Loss of control over systems
- Potential privacy and security risks
- Dependency on a reliable Internet connection

Deployment

As with any IT project, it is important to scope out specific requirements at the outset, set realistic expectations and timelines, and clearly define roles and responsibilities. Ensuring support both internally and externally is crucial in planning new services and removing redundant applications.

When evaluating processes, look at exactly how existing processes can be improved and scope out a detailed business case before commencing the project.

For most organisations looking at using cloud for the first time, it is often best to have access to people who can advise you, and manage the transition with you, identifying best practices along the way. Evaluating your cloud vendor fully against your specific requirements, as well as understanding the cost structures, data security measures and implications of switching, is fundamental and therefore your partner choice is the most important step.

Capitalising on cloud

The benefits of cloud are hugely compelling. It allows you to buy in only the services you want, when you want them, cutting the upfront capital costs of computers, consultants and peripherals. The company you enlist become responsible for maintaining and upgrading systems and ensuring system security and reliability. Capitalising on cloud to deploy an integrated solution which supports your entire business from a single screen amplifies these benefits even further.

While concerns around data security prevail, through ensuring that providers can demonstrate the right credentials and evaluating them against rigorous criteria, these can be alleviated to pave the way to a substantial ROI, boosted profitability, and the ability to exploit business growth.



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