Can Cloud Computing Help Enterprises Weather the Economic Storm?

Description: The rapid pace of proliferation of the term "cloud computing" is nothing short of astonishing. However, many doubts remain regarding the exact scope and definition of the term or the long-term impact of the business model it denotes.

Scope

- Defines cloud computing, describes its model of operation and provides a classification of cloud computing services.
- Considers drivers and inhibitors of cloud computing adoption in the context of the current global recession.
- Outlines the emerging competitive landscape for cloud computing services and related technologies.
- Recommends the stance that enterprises, technology vendors and service providers should adopt regarding cloud computing.

Highlights of this title

In merely 18 months the neologism "cloud computing" has gone from obscurity to pervasiveness. Although elusive to define, the emerging paradigm is clearly capturing the imagination of the IT market. It is believed that the level of interest in the alternative models of IT consumption is driven by the ongoing commoditization of IT technology.

Datamonitor defines cloud computing as an IT consumption pattern that relies on abstracted resources delivered as utility services. Such approach to IT generation, delivery and deployment allows for a more efficient way to carry out IT tasks due to the inherent benefits of services over products.

While the current global recession will accelerate take-up of cloud computing, the nature of computing resources and a slew of migration challenges mean that the adoption will not be universal. Nevertheless, it remains clear to Datamonitor that the cloud computing model will play an increasingly important role in the future.

Key reasons to purchase this title

- Gain a clear, detailed and comprehensive understanding of the emerging cloud computing paradigm.
- Identify dominant market trends in order to evaluate opportunities created by the shift to cloud computing.
- Optimise your cloud computing strategy to capitalize on the short, medium and long-term opportunities cloud computing will create.

Contents:

Overview
Catalyst
Summary
Introduction to Cloud Computing
The term cloud computing is quickly becoming ubiquitous
Cloud computing is a new pattern of IT consumption but it is proving elusive to define
Cloud computing overlaps with many adjacent categories, rendering the definition difficult
Cloud computing: an IT consumption pattern based on the delivery of commoditized resources as a service
IT commoditization has occurred through the history of computing. Cloud computing may resemble the mainframe era, but it is a fundamentally different phenomenon. Cloud computing marks the culmination of the commoditization process. Outsourcing, hosting, and ASP services persist with the management of identifiable resources. Electricity provides the most powerful analogy with cloud computing. Both electricity and IT are enabling technologies that went from strategic to commodity assets. Unlike electricity, computing is a far more complex phenomenon and far less fungible resource.

The cloud computing taxonomy
Software-Platform-Infrastructure (SPI) model offers the basic cloud computing classification. Further refinement of the SPI model should not rely on the proliferation of as a Service neologisms. Detailed taxonomy schemas focus on segmenting the infrastructure layer. The fabric/instance spectrum captures variations in the granularity of computing services provision. Do private clouds exist? Ownership should not be the central tenet of cloud computing. Technologies enabling local or hybrid cloud infrastructures are readily available. Economies of scale dictate that the public/private gap will matter, but bridging the divide will be possible.

Benefits of cloud computing
The benefits of cloud computing are the benefits of services over products. Cloud computing allows enterprises to focus on their core business processes. Cloud computing closes the gap between IT capacity and IT demand. Elasticity is not built into the cloud computing model but ease of provisioning mitigates this effect. Variable costs and usage-based models are the principal benefits of cloud computing pricing. Capex/opex accounting strategies do not describe the full range of cloud computing pricing. Cloud computing is associated with a broad range of pricing models based on variable cost. Cloud computing could act as a deflationary force in the enterprise technology IT market. The combination of elasticity and utility pricing engenders IT new economics.

Inhibitors to cloud computing adoption
Trust and migration to an unfamiliar model are the primary inhibitors to cloud computing. The substitution of products with external services renders the issue of trust extremely acute. The question of trust in cloud service providers also relates to the emotional issue of lock-in. Until legal implications are better understood trust issues will continue to be raised. Each cloud service model is associated with a specific set of trust challenges. Cloud service adoption and management challenges are currently potent inhibitors. Matching workloads with the optimal mode of IT delivery may be difficult. The business case for cloud computing is often compelling, but may be hard to formulate with precision. Enterprises procurement and spend management practices will have to evolve to accommodate the cloud. The migration of business processes to the cloud is not frictionless. Cloud services need to remain dynamic without disrupting existing enterprise IT architectures.

Conclusion: benefits and inhibitors of the cloud computing model

Competitive Landscape
The roll-out of cloud infrastructures is an opportunity for commodity hardware vendors. Migration into the cloud will boost thin clients, netbooks and handhelds. Cloud infrastructure services
Online retailer Amazon.com has emerged as the early leader in infrastructure provision. GoGrid leads the wave of hosting providers offering instance-based cloud computing infrastructure. Others could offer cloud infrastructure services, but may prefer to compete in software or platform layers. Infrastructure management platforms have emerged as the critical part of the cloud infrastructure stack. Cloud platform competitive landscape is particularly vibrant. Proprietary development platforms backed by SaaS vendors are proving popular with ISVs and users. Platforms supporting generic development frameworks may lend more control to developers. A long tail of standalone platforms relies on intuitive proprietary development and execution environments. SaaS vendors now feature in virtually every segment of the enterprise application market.

Datamonitor Opinion
Those that manage to harness the cloud computing model stand to benefit. Cloud computing is here to stay, albeit not as the sole model of IT consumption. The Global Recession will accelerate the adoption of cloud computing. An elastic model that relies on flexible, usage-based pricing will be particularly attractive in the downturn. Unchecked proliferation and inadequate management of cloud computing services can fuel the backlash. Successful vendors will capitalize on short-term opportunities and prepare for long-term implications. Vendors may not have to venture into cloud services, but strategic adjustments will be necessary.
Recommendations
Action points for enterprise technology vendors
Action points for enterprise IT decision makers

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