



“CLOUD Computing”

rains bottom-line results

By Ruth Wood-Steed

The term cloud computing evokes thoughts of something dreamy, impractical. But it's far from that. In fact, cloud provides clear bottom-line benefits:

- 1) reduced total cost of ownership of information technology (IT) infrastructure,
- 2) scalability, and
- 3) increased computing availability. So what is cloud computing?

Bryan Doerr, Savvis' chief technology officer, says cloud computing is, "a form of IT infrastructure-managed service," with IT infrastructure comprising servers, storage and networking equipment. Most entities have traditionally handled IT infrastructure and management, including applications, in-house. While it isn't unusual for companies to collocate much of their infrastructure to a data center that provides power and connectivity, rather than having it occupy their own office space, many have retained

management and maintenance responsibilities in-house. With cloud computing, they also can relinquish management and maintenance by purchasing computing capabilities as a service.

David Brown, president of St. Louis firm Datotel, explains: "...the user can consume and get access to those IT services they need in a similar fashion to the way they consume electricity today from the utility company. No longer is there a need to have those servers on-site in their office."

While cloud computing isn't a totally new phenomenon, Datotel's evolution since its founding in 2004 illustrates cloud's rapid growth. Initially providing only colocation services to its mostly St. Louis client base, Datotel has added additional services at clients' request. Roughly half of the firm's resources now provide outsourced data center space, with the remainder being cloud compute offerings. Says Brown: "It's a very fast-growing segment for us. Colocation's still fast-growing, but cloud computing services are really taking off."

How does cloud computing reduce the cost of ownership? Brown explains that many firms use only approximately five percent to 10 percent of their server capacity, maximizing usage at about 20 percent. He adds:

"So why pay for all that unused capacity? There's a different way of doing it, and cloud computing helps do that...just pay for what you use."

As for scalability, many larger companies have multiple marketing initiatives and Web sites corresponding to different brands and promotions. These are typically spread out

24 hours a day, seven days a week, 365 days a year, unlike those of many of their clients.

Doerr says that Savvis' Project Spirit, which contributed to Savvis' winning the Regional Chamber and Growth Association's 2009 Spirit of St. Louis Technology Award and whose beta version will be issued in late 2009 or early 2010, goes even farther. Spirit's

He explains further: "Just imagine in your enterprise, not every application or every usage of IT infrastructure has the same value. Some usages are actually quite limited in value...(while others) might be very mission-critical. If that application stops working, their business might not be functioning well or at all, and so there's a range of importance levels within the enterprise associated with applications."

In a somewhat cloud-like arena, Savvis and Thomson Reuters recently began offering a hosted version of Thomson Reuters' data

feed and application solutions to the financial vertical market. Bill Fathers, Savvis' senior vice president and managing director US, explained that Thomson Reuters' customers were asking Reuters for a hosted version of their solutions, "By offering these solutions hosted in one of Savvis' data centers, they're able to offer the solution

over a number of different content and creative companies which are partnering with the company to produce whatever it is they're trying to imbed in their advertising content. Doerr says consolidating that into a very quickly delivered cloud infrastructure can reduce the cost of having multiple, independently operated, small sites. Cloud also allows scaling capacity up when sites are initially fielded and need to accommodate the initial surge of interest, and down as promotions age and the demand curve decays, rather than scaling everything based on the initial need.

Brown illustrates how smaller companies also benefit from scalability: "Your technology should ideally change to match your business needs....It's very easy for the customer on our platform to scale up their resources. For example, when a customer closes a new million-dollar deal, doubling their revenue and adding 10 more employees, they can have these resources just turned up and they're on for them. It's not a case of waiting for hardware to come in, configuring it, training people and so on. It really helps them get to market faster."

Cloud computing also increases availability. High-availability data centers such as Savvis' and Datotel's operate

three grades of service allow companies to "map your application and its relative importance to your business through a grade of service that has variable and different cost structures, different support levels and different features. You can pick the kind of service that best fits your application and tailor your cost structure accordingly."

DAVID Brown

president, Datotel

It's a very fast-growing segment for us. Colocation's still fast-growing, but cloud computing services are really taking off.

You can pick the kind of service that best fits your application and tailor your cost structure accordingly.



BRYAN Doerr

chief technology officer, Savvis

in close proximity to a lot of the exchanges and sources of liquidity that these applications are trading on. So there's a very powerful network effect between colocating or physically locating customers' applications with exchanges that these applications are trying to trade on." Fathers anticipates initially offering this service in Chicago, New York, London, Singapore, Tokyo and Frankfurt.

While the term cloud computing may evoke images of some ethereal, dreamy solution far from applicable to the business world, it clearly is the opposite. Cloud is a way for businesses to have the computing infrastructure they need to build their business and serve their clientele without the hassle and expense of maintaining an internal computing infrastructure. ■