

Benefits of Cloud Hosting For SMBs

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Cloud hosting has been talked about a lot recently — some would argue its hype, others that it is confusing technical talk. So, what exactly do we mean by cloud hosting, and how will it impact the traditional model of solutions that have for decades been on-premise and based upon the advice and established relationships of VARs and systems integrators?

By way of definition, a cloud-based solution is online, dynamically scalable, agile, resilient of hardware failure, and, most important, paid for based on usage. This revolution in computing is changing the way software is developed, is redefining supply models, and truly offers end-user benefits of reduced costs and increased availability. What is more, unlike most technology advances that are often championed and funded by the enterprise, the cloud-based model of pay-for-what-you-use makes the benefits immediately real to SMBs and enables early adoption of technology.

Looking deeper, hosted cloud services are typically provided on a virtualized platform. This utilizes technology to offer virtual private servers (VPS) in a manner that works and operates in the same way as physical or dedicated servers. These servers still provide full control to the customer, allowing any application or software to be installed and managed, and can be networked and coupled with security solutions (such as firewalls and load balancing). The key difference for virtual servers over dedicated servers are that they share the hardware components (CPU and RAM) with other virtual servers and that their specification can easily be upgraded without reconfiguring the hardware or software already installed.

Cloud computing brings about a number of significant advantages to customers, which, in turn, provides excellent opportunity for VARs in terms of supporting customer adoption. Some key benefits of cloud are:

- **No significant upfront capital investments:** SMBs purchase the hosted services that they need to run their business on a subscription model, paying monthly or annually as needed. In a tight economy, freeing businesses from having to make large CAPEX payments can enable them to free up resources and finances, and more effectively focus on new capabilities and projects (again, VARs can support and deliver).

- **Enhanced availability and security:** Cloud computing services are mostly managed by companies that run state-of-the-art data centres, with full 24/7 on-site engineers. These facilities have significant investment to reduce the risk of loss of operations through power failure or network outage, which can often be superior to servers hosted on-premise. The monitoring and technical services also ensure optimized operations and fix times.
- **Resilient infrastructure:** By utilizing the latest virtualization technology, some cloud computing services now offer virtual servers that will continue to function even when key components (such as CPU, RAM or disk drive) fail. In these circumstances, the hosted platform identifies the problem and switches the virtual server to another, fully functional component, typically without loss of data or service.
- **Least-cost operations:** With cloud computing services fully scalable at any time, businesses need only buy the server power they require now, and as their business grows they can simply upgrade their virtual servers at a click of a button, without having to reconfigure servers or copy data over. This provides the business with a flexible and agile platform to launch new services, or quickly expand existing services as required.

Since cloud computing enables SMBs to quickly move to a more reliable, flexible, and economical platform, what's stopping them? At the moment, it is largely an issue of education. Recent research of the UK SMB sector established that 58% of SMBs don't know what cloud computing actually is, and, of the few that do, some don't believe they are getting the benefits that they should be from the platform. Furthermore, fears over security of data, interoperability between vendors, and, commercial confidence in cloud suppliers can obscure clear decisions to adopt despite the compelling commercial benefits. These uncertainties provide a necessary and tangible role for the VAR to educate, select, and provide cloud based services to complement its on-premise portfolio and thereby continue to demonstrate value and relevance to its customer base.

SMBs will definitely move to hosted infrastructure — it is a matter of when, not if. The commercial, operational, and financial benefits are too attractive to resist, though we strongly believe it is not an all-or-nothing proposition but that a hybrid on-premise/online model will prevail. In what will become a demand led market, the supply chain will have to adapt to ensure its ongoing role and to ensure loyalty and protect and evolve revenue streams.