

General Information

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Current Cloud Successes & Failures

Cloud Computing Can Work Wonders, Although It's Not For Everyone



Cloud computing offers processing power and speed to market that make it beneficial for many small and medium-sized enterprises, but there are also instances when cloud computing isn't the best strategy.

“The cloud enables consumption based on what is required at the time of subscription, without a lot of upfront investment. It thereby enables a pay-as-you-grow model, bringing down the TCO dramatically and making it affordable for SMEs to adopt the service,” says Anupam Sahai, president of eGestalt (www.egestalt.com).

SMEs that are succeeding with cloud-based systems say they are doing so because the cloud enables them to leverage what resources they do have, be they security, hardware, or personnel resources. However, cloud computing doesn't work for everyone. Here is a look at some of the current successes and failures in implementing cloud computing.

■ Doing More With Less

Marc Chaikin, CEO of Chaikin Stock Research, credits cloud computing for enabling him to

Key Points

- Cloud-based applications are enabling small companies to benefit from much more computing power than they could afford if they were housing all the hardware and software themselves.
- Charities and service organizations, with fewer resources than private firms, are finding that cloud-based services help with their fundraising activities.
- Some companies find that some applications run better in-house, particularly applications that firms use frequently.

launch tools that enable investors to make more informed financial decisions.

“By using the cloud, we were able to use our resources for product development and marketing,” Chaikin says. “If we hadn’t used the cloud, we would have been using resources for hosting applications, cooling, hardware, and communication lines. We would have been stuck in an endless loop of hardware purchases and upgrades, getting a T1 or T3 line and managing that facility. We didn’t have the resources or the management for that.”

Chaikin Stock Research looked at larger cloud providers but chose to go with a smaller company that focuses on financial professionals, providing better speed and security than other solutions, according to Chaikin, who points out that both are essential for an investment environment.

Chaikin has some technology savvy but lacks the resources to handle all of the investments and updates needed to provide his services to his clients; however, some emerging businesses have even less in terms of technical know-how and financial capital to run the in-house systems they would need to make their businesses viable if not for the cloud, according to Rob Dieterle, senior vice president and general manager of Smart Online.

Smart Online provides all Internet-related services, including accounting, ecommerce, Web site, subscription management, and motivational books and products, for a direct sales organization that sells household products and related goods and services to consumers.

Many of these salespeople have little or no training in sales. Many are doing this for additional income while holding down a full-time job, Dieterle says. So the sales organization, which includes 5,000 members, relies on the cloud-based system to provide its products and services as well as to track all of this information for the heads of the organization and for their “downlines,” many of whom Dieterle says are just starting out.

Smart Online recently started providing similar services for charities, which have many of the same issues in terms of restricted resources, Dieterle says. Because of their limited resources, charities need to actively seek donations to continue their work. One of the more popular fundraising programs for many charities is shopping programs in which the charity receives a percentage of the sales, including “market day” grocery programs and programs that provide gift cards for various retailers. Those programs tend to do most of the ordering via paper forms for donors/buyers.

Smart Online’s program is geared toward online shopping, with a virtual mall that enables donors/shoppers to buy what they want online with a portion of the proceeds going to the charity the donor designates. The charities don’t have the resources to operate an online mall themselves, Dieterle says: “They need the technology in order to succeed.”

Online fundraising is imperative for charitable and service organizations today, says Gerry Holmes, director of IT for the Canadian Cancer Society, which has handled fundraising through cloud-based services for a few years. Givers provide sponsorships for runners in charity runs and participants in other fundraising events through online donations.

“The complexity and security for credit card donations is much higher than we could provide on our own,” Holmes says. Cloud computing lets the organization maximize its resources. For more information on the Canadian Cancer Society’s cloud experience, see the “Success With Private Clouds” sidebar.

■ Cloud Isn't Always The Answer

Despite the many successes companies are having using the cloud, it's not for everyone.

Such was the case with a Chicago-based project engineering company, according to Jeremy Treister, owner and president of CMIT Solutions (www.cmitsolutions.com), a managed service IT firm that helped the company with many of its IT needs.

“About two years ago, [the project engineering company] had grown to the point that they needed Web-based document management,” Treister explains. “They had different teams in different locations across the country.”

Using Microsoft SharePoint document management and BlackBerry Enterprise Server in the cloud enabled the remote teams to communicate effectively. But the problem was that the home office, which had daily needs for different Microsoft programs that were running in the cloud, was seeing too much latency in the operation of the applications, according to Treister.

“The majority of their work was done in the office. But using the cloud, they always were dependent on an Internet connection,” Treister says. “We provided a faster pipe to the Internet, but that didn't help with their daily office needs.”

Treister found that there were too many hops before the person in the office could access and use the cloud-based applications. Additionally, there were delays once the application was in use. So, CMIT took the Microsoft Exchange Server and BlackBerry Server out of the cloud and installed it onsite. The remote users connect securely via the Internet and have no more latency than they experienced using the applications in the cloud, according to Treister. ■

by Phil Britt

Success With Private Clouds

A private cloud can provide many of the same synergies as the public cloud. Such was the case for the Canadian Cancer Society, says Gerry Holmes, the organization's director of IT.

“When I arrived here four years ago, we had 40 different offices. We were experiencing tremendous challenges trying to keep up with the servers in the field,” Holmes says. So the organization chose to go to centralized rather than distributed data processing, moving servers from the remote offices to a central location, with access via a private cloud.

Latency was a concern, Holmes says, but the organization found success

with a WAN optimization solution that uses caching to limit the need to resend duplicate packets, enabling the technology to communicate quickly over the WAN.

By using the WAN optimization solution and installing VMware to virtualize the data center, the organization has gone from 40 servers distributed throughout the organization to only eight, all located in a central location. Maintenance, hardware, and software costs have all dropped. Phone costs are likely to drop, as well, thanks to a new VoIP system, which Holmes says was much easier to install with the centralized, private cloud configuration.