

By GENE STOWE Tribune Correspondent

No pie in the sky



Cloud computing puts technological advances within reach, even for small businesses

Tribune Photo/MARCUS MARTER

A. J. Walters, of Information by Design, says, "This is a good time to get on board with cloud computing, because it's had enough time to mature in a variety of ways." He's shown Dec. 8 leading a seminar called "Taking the Fear Out of Technology: Cloud Computing."

Cloud computing is the clear and coming technology for a host of business applications, experts told owners of small and medium businesses at a seminar hosted at the Chamber of Commerce of St. Joseph County.

"Cloud Computing 2009," a.k.a. "Cloud Computing for Dummies," was sponsored by the North Central Indiana Small Business Development Center, which expects to host every-other-month events next year under the heading "Taking the Fear Out of Technology."

Last week, A. J. Walters and Grant Neely of Information By Design compared cloud computing with century-old telephone service — subscription

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No TBW

Because the TBW staff is taking some time off to celebrate the holidays, there will be no Tribune Business Weekly next week. We will return with a publication Dec. 28.

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based with additional services available for additional fees, off-site, serving a host of users from a shared application.

"Cloud computing is an emerging, evolving architecture," Walters said. "There are changes every day. Over the last seven years, we've seen this trend of cloud computing evolve."

"This is a really good time to get on board with cloud computing because it's had enough time to mature in a variety of ways."

The approach, also called software-as-service, can lower capital and operating expenses, reduce IT management responsibilities, and enhance security and backup compared to in-house systems — making technologies once limited to large corporations available to small- and medium-sized businesses.

Walters and Neely defined cloud computing as "access to a resource as a service over the Internet on a utility basis" — "In general, think about the model that Ma Bell put in place over the last 100 years," Walters said.

The experts gave a brief history of technology, from the pre-Internet "Dark Ages" with operations on-site to the TCP/IP protocol that led to the Internet with its system of alternative communication routes. Improvements in wide area network (WAN) security and speed because of fiber made the change possible.

"The whole concept of cloud computing arose from the idea of drawing the Internet as a cloud," Walters said.

Cloud computing holds promise for cutting costs at a time when the digital universe is expanding rapidly but upwards of four-fifths



ABOVE: Mary Jan Hedman, executive director of the St. Joe Valley Metronet, pictured during the seminar "Taking the Fear Out of Technology: Cloud Computing." says the Metronet's bandwidth can help save capital costs for area companies that are considering technological advancements.



LEFT: A. J. Walters discusses cloud computing at the seminar Dec. 8. Tribune Photos/MARCUS MARTER

of business IT budgets goes to operational maintenance rather than developing business value.

"Cloud computing promises to help IT deal back maintenance cost so they can spend more money on developing business value," Neely said, adding that tight capital budgets make the routine-payment service attractive.

Spending on cloud computing increased to \$9.6 billion this year and continues to accelerate. By far, e-mail and collaboration make up the largest use of the technology, some \$3 billion worth. Among others, the City of Los Angeles, the District of Columbia and the University of Notre Dame have moved that ac-

tivity into the cloud. Google alone has more than 2 million clients with 20 million users for its cloud-based e-mail and collaboration service. The second-largest cloud computing sector involves Client Relationship Management solutions.

The approach is capturing a broad range of business activities, partly because consumers are becoming increasingly Internet-savvy and smartphone.

Internet-based business models range from home video providers (on demand or by mail) to bill payment, travel planning to utility supply ordering.

"I don't lick very many stamps any more," Neely

said. "I pay almost all my bills over the Internet. That's cloud computing, by the way. Every one of those businesses is doing business differently than they did a few years ago."

"The whole business paradigm is changing. It's pretty hard to do some of the things you do from a business perspective and not be using cloud computing, as we call it."

Drawbacks to cloud computing can include delays for distance or congestion, higher costs with some plans, application integration for larger companies that need integration among numerous applications, limited capacity to customize plans and locked-in agreements with

vendors, although other approaches also usually come with such agreements.

Mary Jan Hedman, executive director of the St. Joe Valley Metronet, said that the vendor-neutral Metronet's vast bandwidth can overcome some of the drawbacks for local businesses.

One employer with 25 employees needed upgrades in hardware and IT support to overcome e-mail problems and decided to use an offsite service, accessing the Internet with Metronet connectivity and saving the capital costs, she said.

Another small organization accessed a service to get the resources it needed

for beefing up its sales system, rather than buying and installing the system.

Walters and Neely said businesses interested in cloud computing should inventory their IT investment — including licenses, capital expenses, depreciation schedules and costs — and rank them in terms of both business value and cost.

Then evaluate possible cloud-based services, starting with the high value, high cost items on the list, carefully compare cloud components to the on-premises products, and compare different cloud services to each other, perhaps taking a 30-day trial before making a commitment.

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