

IN THE MIDDLE

Companies make steps to cloud, but hesitate on next big leap

Value-Added Resellers (VARs) play a critical role in the Canadian IT industry – they conclude more than 50 per cent of IT product sales, and act as an outsourced IT management team for thousands of public and private-sector organizations. We've asked senior managers from six leading VARs to weigh in on critical questions concerning the role of cloud computing in Canada – here are highpoints from their responses...

Q: There is a thought that virtualization is a “stepping stone” to deploying private clouds. Agree or disagree?

Our experts clearly believe that virtualization is an important first step in cloud adoption!

Anthony Wright, xwave: Agree. By removing the physical barriers between applications and hardware, virtualization has been largely responsible for catalyzing the widespread adoption of the cloud model. However, while a growing number of clients with virtualized environments are expressing interest in cloud computing, the transition is still gradual – i.e. occurring in terms of years rather than quarters.

Harry Zarek, Compugen: Yes – virtualization and the management tools that come with it are a prerequisite to build a flexible, utility like structure with the right pricing model...

Sheldon Pollack, OnX: I strongly agree. Virtualization is a mandatory component of cloud computing along with self-service provisioning, billing/metering and security. Companies that have been able to build a centralized, consolidated, virtualized environment are in the best position to deploy a private/enterprise cloud to their organization.

Doron Kaminski, Insite: Virtualization can be a stepping stone to private cloud deployment as most organizations want to experience the complete cloud benefit experience,

which also incorporates business continuity. If deployed correctly, virtualization would give an organization the benefit of IT efficiencies including business continuity.

Alex Topitsch, Soroc: Absolutely, virtualization is one of the first chances that we have had to put some sort of “IT abstraction” into practice. With virtualization in the data centre today, a directional shift has taken hold where applications are no longer tied to OSes, OSes are no longer tied to hardware, etc. With this, we can easily move entire workloads into infrastructure-based cloud offerings. To reach farther into the cloud offerings, such as SaaS, we now need to look at abstracting the application's workflow,



From left to right: Anthony Wright, VP, advanced technology solutions, xwave; Harry Zarek, president and CEO, Compugen; Sheldon Pollack, CEO and co-chairman, OnX Enterprise Solutions; Doron Kaminski, COO, Insite Computer Group; Alex Topitsch, director, advanced solutions group, Soroc Technology; Dave Mountain, VP sales, Mid-Range

processes, and data. Here we have a longer road ahead.

Dave Mountain, Mid-Range: I most certainly agree. In order to move either data and/or processing into a cloud structure it must first be in a form that is both compatible and organized. Most companies today are challenged with disparate systems. Virtualization is allowing companies to merge these into a more manageable, flexible and organized form, taking full advantage of and fully optimizing their technology investment.

Q: Your organization has helped a lot of firms adopt virtualization over the past few years. What proportion of your virtualization clients do you think are now ready to move to cloud infrastructures? And what are the characteristics of an organization that is ready to embrace cloud?

The skinny: cloud isn't yet for everyone, but there are Canadian organizations ready and able to move ahead.

Harry Zarek: This is a difficult question, as there are not only technical and operational issues but management and governance issues to be addressed. Customers need to have an open-minded approach with a responsive, forward looking philosophy.

Sheldon Pollack: I think in the next 12 months we will start to see the early adopters pilot private cloud offerings in their

organizations. Like with many technology offerings, the issue is more business process than the technology itself. Organizations have to be in a position where assets are not "owned" by the individual business units but instead are enabled in such a manner where they can "use" centralized computing resources to address their business workloads. Being in a position to self-provision computing resources on demand has a number of significant efficiencies for organizations of all sizes.

Dave Mountain: Our virtualization clients are now in a position to move forward and take their first steps into cloud computing. Some will use the cloud to reduce their internal IT support costs by offloading processing tasks and/or storage, while others will use the cloud for business continuity such as data recovery and high availability.

Alex Topitsch: I would say that even though there has been progress in the past few years in data centre virtualization adoption, relatively few clients are planning to move to cloud-based infrastructure services. Clients who are intrigued with cloud-based infrastructure offerings are often the ones who are responding to capacity issues. Absent capacity constraints, issues around data sensitivity and security will keep cloud offerings off the near to mid-term radar.

Doron Kaminski: Two years ago companies were skeptical about a move into the cloud, but today, more and more companies are

asking us how we can help them deploy a cloud infrastructure. A company that has virtualized may or may not be ready to move into the cloud. The concept of the cloud is different than virtualizing your current infrastructure. Organizations that are currently embracing the cloud are looking for specific attributes: some are seeking access to a secure, redundant external environment, some want to partner with a third-party organization to manage their infrastructure (and are willing to move into a private virtual cloud environment to achieve this), some are looking for cost cutting by moving into the cloud (though the ROI may not be immediate). Virtualization delivers different benefits: it can reduce power, equipment, and maintenance costs, increase reliability via multiple redundancies, facilitate rapid re-provisioning, and provide for longer hardware upgrade cycles.



Market Dynamics

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Anthony Wright: Most clients will adopt particular services in the cloud first and gradually introduce more cloud components. In all likelihood, 10 per cent of our clients will have some cloud components deployed within the next 24 months. The penetration will then increase over the following two to three years.

Q: Are you planning to promote public cloud offerings in 2010 – and if so, to what kinds of clients?

The skinny: there are some differences in approaches apparent in our answers – some firms are moving forward rapidly, others are selective in their promotion of cloud offerings, and several will wait until 2011 to introduce production-grade cloud solutions.

Doron Kaminski: We primarily offer our own private virtual environment, but do work with third party public cloud offerings if warranted. More and more public cloud companies are offering solutions that cannot be found anywhere else. Any company supporting or implementing cloud services will require the flexibility of using both private and public cloud services. The issue that arises is support. If there is a failure, where has it occurred? Is it in the public or the private cloud? Is it within the organization's LAN, or is it perhaps an Internet issue? At the same time the cloud is trying to simplify IT, new complexities are arising.

Alex Topitsch: At this point we are not promoting cloud offerings for 2010, although we are positioning various private cloud strategic directions to feed numerous business cases for 2011-2012. As our clients are mainly in the financial vertical, challenges around data and access security, compliance, audit etc. need to be properly addressed and proven before cloud adoption can be entertained.

Anthony Wright: While various cloud strategies are currently under development, there are currently no plans for this kind of promotion in 2010.

Harry Zarek: Compugen will actively support

software vendors that are moving to software in the cloud, such as Microsoft.

Dave Mountain: We are promoting this year cloud offerings primarily in support of business continuity, in both HA (high availability) and DR (disaster recovery). Both of these lead directly to a private cloud provider.

Sheldon Pollack: OnX has been delivering a public cloud offering for nearly two years. We currently serve over 1,000 customers – primarily SMB in nature from around the globe. While the business model has proven to be interesting, public cloud to the SMB has some pitfalls including credit card fraud, spammers on the network and a general requirement to protect computing resources against undesirable users.

Q: There are a number of different kinds of cloud offerings on the market, including Infrastructure-as-a-Service, Software-as-a-Service, and desktops delivered through the cloud. What cloud offerings do you think will have the greatest impact over the next few years?

The skinny: our experts see potential for cloud in many areas. Infrastructure and disaster recovery (DR) have clear, near-term benefit, as does Software-as-a-Service (SaaS) in specific application areas. There are some questions on how desktop currently fits, but general agreement on the potential...

Harry Zarek: There will be a variety of approaches. Currently, specific applications such as CRM and services software work in the cloud, as do applications that have large variability in demand such as seasonal and retail applications; we're betting on business continuity and disaster recovery for mid-market customers will be in the cloud as well.

Dave Mountain: Infrastructure will clearly be the leader as it truly is more cost effective to use remote management and full or partial hosting. Software in the cloud will become prevalent too, but not to the same degree as infrastructure due to the many variants and compatibility issues. Desktop processing is becoming so inexpensive and

commoditized and is the key to connection and access to the cloud, so it is unlikely to ever be delivered as such. The old idea of network computing (NICS) will never come back into play.

Doron Kaminski: Infrastructure-as-a-Service encompasses almost all aspects of the cloud. If you are offering this service you are or at least should be offering support for all facets of the cloud. The end customer is looking for that all-encompassing level of support, that single phone number to "break glass in case of emergency."

Alex Topitsch: With the direction towards a more flexible and securely engineered desktop environment, cloud based virtual desktop solutions will have a large impact on the SMB and enterprise desktop strategic thought pattern in the near to mid-term. Numerous large-scale enterprises are seriously investigating virtual desktop adoption. If a cloud service was available to offer a virtual desktop cloud service at a price point lower than the enterprise could deliver, we would begin to have a compelling case to move desktop services into the cloud. Data location and access security issues will have to be resolved, but these challenges are not show stoppers and are solvable today. There are a couple of serious desktop cloud offerings available today which are certainly peaking the interest of our client base.

Anthony Wright: Looking at our particular lines of business and our client portfolio, we see infrastructure-as-a-service (IAAS) as having the greatest impact...

Sheldon Pollack: I believe that all of these offerings will gain traction over the next 12 months. SaaS is already well on its way as a proven success model. We are quite bullish on DR in the cloud and back-up in the cloud business models. At this point, though the economics are strong, we believe that desktop in the cloud is not ready for "prime-time" due to latency/user experience issues. That being said, private virtual desktop infrastructure is very compelling for certain applications – primarily call centre use. ■