

The Year of the Cloud, 2010

Written by Bob Snyder
30 December 2010

As a summary of 2010, we should try to pull together what we have learned about cloud this year.

Everyone agrees "cloud computing" is overused as a term.



Only the rare few now think of cloud as a big nothing. Far too many still think cloud is an over-hyped concept, more about marketing than actual technology.

Consumer cloud leads the way (from public cloud infrastructure, there's Facebook, Zynga, Gmail and more from Amazon's EC2 and similar services). That's because consumers already accept the security and privacy trade-offs that come with the cool apps that cloud enables at an affordable cost.

And you could argue cloud was so successful with consumers solely because no one called it "cloud." The providers just sold the benefits of the service.

If the cloud changes everything, what's "everything?" **Cloud re-writes the rulebook for how companies approach projects** so IT budgets will never be the same.

Cloud means a dramatic increase in IT automation at the expense of hardware and human hands. No more ever-growing assembly of a concatenation of servers, storage devices and other boxes. No more infrastructure hardware refresh cycles for the company (but more user devices). Hardware reflects increasingly antiquated procedures. No further need of a large workforce to keep boxes running.

Lest you think hardware sales will disappear, imagine all the new datacentres that will pop up as a wave of service providers emerges, hoping to sell their flavour of cloud solution to a huge market. The boxes are moving out of high rent corporate offices and into farms and server ghettos.

And think of the influx of a myriad of devices (mostly mobile) to run cloud and the resulting need for integration. An example is the uptake of iPad for corporate use.

Cloud service providers will live and die by their web front-end, and service probably built with Linux, and built to support a scalable and shared infrastructure. These **providers will compete in a total Darwinian environment** that will make Jurassic Park seem like a town park. Because cloud is elastic and nimble, cloud allows corporations to switch services quickly depending upon the latest features and fashion (new emerging technologies or popular interfaces).

IT departments now begin to accept more automation in building new applications, making the same leap of faith (that consumers already take) towards the next generation of computing.

In exchange for giving up hardware and manpower, IT managers get an ability to deploy new applications at one-tenth the infrastructure cost of a traditional server-based platform. And they get an elastic infrastructure that app developers can tap into -- without IT guys getting in the middle.

The whole concept of the **cloud is about commoditizing computing capability**. This shifts the world from one in which businesses buy and then maintain their own computing capacity to one in which they pay for additional capacity as you need it.

Solution providers must switch from selling hardware infrastructure to corporates, to being **the interface that aids the companies in choosing, integrating and supporting those new cloud services.**□

Yes, solution providers can still sell user devices, some infrastructure kit, less and less traditional software...and SPs can make good money selling emerging service providers who are setting up datacentres to offer cloud services...

Because the shift to cloud will happen over five or more years.

Today and **for the foreseeable future we will be in a hybrid model.** Think it is as holding a hand of cards in any card game. Each company will chose which cards to discard and when...and each will draw new cards from pack (the cloud pack) to replace their old cards. At their own pace, and in their own way...no two corporates will do this in the same exact way.

As each new successful cloud service emerges, others will seek to share that success-- not necessarily by copying but by calculated segmentation. A Salesforce.com for enterprises begets a Zoho.com for SMBs. Each Zynga-like success will a launch a thousand games. A good app will inspire hundreds of thousands to populate an App Store. A good App Store will inspire hundreds of app stores... and so it goes.

Think of solution providers as controlling the card table, known in casinos as "the house." You bring the deck, you provide the shuffle, you turn over the cards, you offer advice on which cards to play and when (that's more than the casino does)...and you're there when they discard.

The fact that you provide this service for many companies gives you **an experience that any single corporate lacks** :
the experience to know what works and what doesn't, to know how to integrate and to anticipate likely problems, and to know when "to hold 'em and when to fold 'em."

The Year of the Cloud, 2010

Written by Bob Snyder
30 December 2010

Researchers predict that 15% of the channel will not be able to cope with this shift to utility computing. They are probably underestimating as they are leaving out the impact of many new solution providers who will start with cloud-only business, reducing the opportunity for existing SPs to switch over.

There's an old story about cannibals. Cannibals supposedly tell the best way to "cook" a human is to put them in water that comes slowly to a boil. The victims don't scream and shout the way they would if dropped into boiling water. The gradual increase in temperature lulls them, reduces their will to struggle...and soon it's too late.

The shift to cloud will be gradual and many solution providers will resist the need to change and feel confident that nothing serious will happen to their business. They will not, like others, go out and explore cloud services, start to use cloud internally, develop business models, train a new sales force to cloud, and not embrace cloud now. Those, dear friends, will be the 15% or more that wake up and find the cannibals are dining on the flesh of their former business.

Have a great New Year. **Welcome to 2011.**

An article we recommend: [Mark Cuban: Kick Your Own Ass](#)