

Smart firms sail ahead in the cloud



Microsoft's Scott Dodds explains how the cloud is opening new markets for technology firms and cutting costs for their customers

computing for many years, delivering a new model for processing, storing and accessing information. At the same time it is changing how buyers like Interfleet purchase and administer their IT services, moving from "buy upfront" to "pay per use" and from desk-bound usage to ubiquitous access. Strikingly, about a fifth of this year's Tech Track 100 companies offer cloud services or use cloud computing themselves, according to Fast Track research.

For growing ventures like those in the league table, cloud services bring the capacity, platforms and applications to match much larger companies without having to make a big investment in hardware and IT staff. Ambitious firms can use the cloud to enhance existing systems whenever new projects require more capacity, or to downscale if demand falls away. Cloud-hosted applications can also help companies like Interfleet improve communications and productivity by allowing staff and customers to connect and pool information.

Taken together, these advantages can deliver significant returns. Take Easyjet, for example. The low-cost airline is planning to allow ground staff to upgrade customers' seats or take payment for excess baggage from mobile terminals linked to Microsoft Azure. The programme, dubbed Halo, will use a virtual private network to plug mobile devices into the Azure cloud on the internet. Ultimately, the plan is for the application to include check-in and retail services, such as buying tickets, as well as customer services such as last-minute amendments.

Over the past 12 months,

demand for cloud computing among its business clients as they discover how outsourced services can cut costs and promote flexibility, according to business development director Paul Bryce.

For example, when Interfleet Technology, a rail consultancy, wanted a system to manage train maintenance and repair records, it quickly understood the benefits of a cloud-based solution. Node4

built a real-time system, hosted by one of its data centres and accessible from any device at any location. Instead of investing in expensive new hardware, Interfleet now pays Node4 a monthly fee for server capacity that is managed and maintained by experts. The arrangement saves money and gives peace of mind, according to Bryce.

We at Microsoft think the cloud is the biggest trend in

What do we mean by cloud computing? Most simply, it is a way of delivering software and applications to individuals and businesses through a network. Think of it as a utility like electricity or gas, but in this case computing is being piped into the building. Businesses don't need to buy software and servers because software is delivered over the internet. This can bring a number of advantages, such as cost savings, flexibility and the ability to shrink or expand your IT capacity in line with business needs.

The cloud has generated a lot of excitement, but is it changing how computing is delivered?

We are finding that the pace of change has accelerated over the past year. For example, Node4, part of a new wave of technology firms that work in the cloud, attributes its rapid growth to the global reach of computing as a service.

The company, at No 80 in the Tech Track 100 and a Microsoft partner, has recorded a sharp increase in revenue since it added data hosting and other cloud services to its internet and telephony arms. Sales at the firm have risen 43% a year in the past three years to £8.9m in 2011.

Node4 has noted rising



Easyjet check-in: being enhanced by mobile terminals



Peter Bauer and Neil Murray of Mimecast, which offers cloud-based email services and is backed by Index Ventures

Microsoft has made significant strides towards its goal of becoming a leader in the field, and bringing the financial and operational benefits of the cloud to the market. We already deliver globally-scaled cloud services such as Hotmail, Xbox Live and Windows Update to more than a billion individuals and 20m business users. More than 41,000 partners worldwide are now authorised sellers of Microsoft Online Services, up 250% in the year to July. By the end of 2011, 90% of Microsoft's 40,000 engineers will be working on cloud applications and services.

What's more, we are committed to supporting Microsoft partners — of which there are 23 in this year's Tech Track 100 — as they embrace cloud services and help us bring its benefits to users all over the world. Mimecast, a Microsoft partner at No16 in the league table, provides cloud-based email

archive, continuity and security services for Exchange and Office 365.

Of course, the benefits delivered by cloud computing are not confined to end-users. As more clients recognise the advantages of shifting to the cloud, lucrative new markets are emerging for companies like those in the Tech Track 100 that are developing new cloud services. Indeed, consultancy ventures now advise 37% of all small businesses considering a switch to the cloud, according to a Microsoft study published last March, rising to 49% of firms with up to 250 employees.

Take Control Circle, the managed services company at No 66 in the league table. The company, a Microsoft partner, has broadened its offer in recent years to include cloud services, helping to improve sales by 48% a year from £4.1m in 2007 to £13.3m in 2010.

Shifting applications to the

cloud can help companies focus on their core business rather than back-office technology, according to Control Circle's chief executive Carmen Carey. For example, mobile instant messaging business Palringo, which handles 15 billion messages a month for its clients, recently approached the company to advise on improving security. Instead of designing a bespoke system to sit on Palringo's infrastructure, Control Circle installed a cloud-based service that monitors unusual activity and protects against malicious attacks intended to flood and disable the firm's IT. As a result, Palringo protects its systems with no expensive overlay on equipment.

We think the cloud will bring huge benefits to growing businesses over the coming years. By 2015, enterprises around the world will have invested a total of \$112 billion on software, platforms and

infrastructure as a service, according to a forecast by Gartner, the IT advisory firm.

But we also recognise that while some companies and sectors will be early adopters, others will be more cautious as they consider the cloud's cost and security implications. We understand that customers must move at their own pace. That is why we have developed a unique hybrid model that enables companies to blend their existing in-house Microsoft products with our new cloud-based services.

Microsoft is committed to supporting businesses like those in the Tech Track 100 as they and their customers seize the huge opportunities that cloud services bring. As Control Circle's Carey says, it's a technology whose time has come.

■ Scott Dodds, general manager, business strategy and marketing at Microsoft UK, was talking to Catherine Wheatley