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Looking through the clouds

by Gianni Anchois

A tale of misplaced beliefs

Meet Jack.

Jack is the CIO of a large multinational enterprise company. He's got an aggressive plan to reduce the amount of money spent on supporting his IT infrastructure and the applications running on it. He also needs to modernise the key revenue-generating apps. Oh, and he has to deploy the next generation of on-demand IT services that will enable his company's business units to grow and win on the market.

Jack goes shopping.

There are plenty of options on the market. Private Cloud. Public Cloud. Hybrid Cloud. Everything-as-a-service. On demand. Utility based computing.

And there are also plenty of players. Global IT manufacturers. Outsourcing companies. Telco providers disguised as Cloud providers. Local IT boutique shops. IT departments.

And of course THAT annoying bookseller. Slightly confusing and quite overwhelming...

Of course Jack is in an ideal position. On a bear market with so much offer and modest demand, Enterprise IT today is a buyer's playground.

Is it? Of course it is.

Actually, if you look at the behaviour of some of the players, you might be tempted to think differently: they seem not to get it. Here's a couple of my favorite "catch-22" situations:

1. The cloud provider will not invest in datacenter development if there are no clients. Clients will not be won if there is no datacenter to show off and test. Duh?

2. Reservation based cloud services (see note 1). The cloud provider will determine a certain client's needs, and establish a narrow fluctuation of available resources. And then make those resources "reserved" for the client. With penalties for over-usage AND under-usage. Duh?

Is too much choice enough choice?

There are many more, unfortunately. But Jack is actually a close friend of mine, and he calls me up and asks my opinion. So on a cool spring evening, I sit down and come up with the following "5 thoughts for providers of cloud services and facilities":

1. It's time for an innovative cloud services model. The sell-build-deliver model does not work in this space. Cloud providers should invest upfront in terms of machines and capabilities if they are serious about delighting their clients.

2. It's also time for a more professional approach to cloud datacenter management. You need to develop an algorithm that guarantees every "shared" server — one that is not dedicated (and fully paid for) to a client — to be at 90% usage minimum, for 100% of the time. I suspect there is a lot of wasted processing power in even the best managed cloud data-centers today, precisely because of the lack of such an algorithm.

3. Cloud providers need to apply real time metering and invoicing — up and down the usage spectrum. Low peak hours should be charged at rock bottom prices, like utility companies do when discounting electric energy at night. If we can get consumers to load and run their washing machines off- peak, why can't we ask companies to do the same and reward them accordingly?

4. Providers should apply lower fares the more the client uses the cloud based resources. You should encourage clients to use more, not penalize them if they use less. You've got hundreds of machines and processing cycles sitting idle, waiting for someone to use them. Put your spare capacity to work. Give some of it away for free, or at least for very little money. And stay profitable.

5. Cloud providers should get over competing on features. Look, in this space everybody's got the same stuff. Instead, innovate on commercial terms. Take care of the legal fine print. Encourage companies to test-drive your facility, don't make it difficult and expensive. You want to have clients queueing up at your cloud datacenter's doors, not the other way around (i.e. your sales reps imploring clients to come and try).

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Countries like China and the European Community are both planning National Clouds to support and enable a massive user push. TelCos are aggressively developing their business model to become providers of cloud services, on their own or by partnering with other IT players. Newcomers are entering the market with disruptive enterprise cloud propositions.

You don't want to be left behind. Good luck, Jack.

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(1) It works like this. The client makes an assessment of IT needs in terms of servers, storage, network, processing power, etc. He also establishes for how long he will need those services, and what of kind of "fluctuation" he foresees. For example, let's say he purchases a reservation for 100 servers. With a fluctuation of 20%, he might need 120 servers at peak time and 80 servers at low time. So the price is calculated and the client pays. Now, what happen if, for example, the client stays at the bottom threshold — 80 servers — for a certain amount of time? Is he credited the money for the 40 servers he's not using? The answer currently is — sorry, no.

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