

EXECUTIVE BRIEF

BEGINNER'S GUIDE TO BUYING CLOUD SERVICES

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**This Executive Brief is a summary of the white paper:
An Introduction and Guide to Buying Cloud Services****CLICK TO ACCESS
THE FULL WHITE PAPER****INTRODUCTION**

- Cloud Computing is a part of IT infrastructure that enhances data storage as well as hosting and running of IT services and applications on demand with use-based pricing.
- Cloud Services are flexible, scalable and cost effective.
- Cloud-based applications and services are IT resources that can be used without a customer having to own or maintain them.
- Cloud-based resources and solutions delivered via the internet can be contracted for flexible use and pre-defined levels of service.
- The Cloud allows IT service delivery that can be adapted to the requirements necessary for agility in business.

IMPORTANT DATA

- Over 62 per cent of UK organisations have used at least one Cloud Service. 92 per cent report customer satisfaction.
- Three out of four organisations that have purchased a Cloud Service report that they will acquire more in the next year.
- 13 per cent of organisations that have not yet adopted Cloud Services report that they will do so in the next few years.
- With increasing Cloud use, Cloud Service Providers (CSPs) are modifying and expanding their service models.
- With the rise of complexity in service models by CSPs, brokerages and aggregators are being formed to provide single point guidance to customers.
- Third party guidance in acquisition of Cloud Services ensures confidence that the CSP will deliver the expected service.
- A particular danger in independently acquiring Cloud Services is the frequent use of click-through contracts with unacceptable clauses and use agreements.

KEY POINTS

- Business agility may require expensive IT resources that an enterprise would not consider purchasing. Purchasing these resources on an as-needed basis as a service makes them cost effective.
- The Cloud permits purchasing new IT resources quickly, as required, with the capacity to abruptly change usage patterns.



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KEY POINTS (CONTINUED)

- Cloud Services allow an enterprise to add or remove applications, services and resources as business needs change.
- The Cloud permits new approaches to business through linking with third party services such as secure credit card payment services and the social media world.
- The Cloud allows a company to integrate a range of applications and services to create a suite of business IT services tailored to their specific needs.
- For companies requiring operational flexibility, the Cloud offers access to Infrastructure-as-a-Service and flexible demand data centres.
- Cloud data storage can be structured to fit an enterprise's needs. Storage strategies can be developed with specialist service providers.
- Cloud Service providers now include ones that are adept at integrating on-premise technologies with Cloud Services.
- Cloud Services allow for instantaneous upward or downward scaling that can be temporary or permanent depending on a company's needs.
- Cloud Services delivered over the internet allow for the integration of a range of devices into the operational environment.
- A growing suite of system management tools available from CSPs ensures the correct running of the Cloud environment in accordance with individual governing policies.
- Many potential users of the Cloud question its capacity to ensure data security and data sovereignty. Maintaining the highest level of security is central to the business of every CSP.
- A reputable Cloud Service Provider will have acquired certification that should be investigated in detail by customers seeking reliable security.
- Security in the Cloud involves company-wide policies implemented through monitoring tools, automated management and control systems. This permits instantaneous response to deviations in 'normal behavior' of users.
- The reduced cost of IT infrastructure because it is not owned by an enterprise makes the Cloud a significant option for small and medium sized businesses.
- Off-loading some or all IT infrastructure to a CSP results in significant savings in operational expenditures.
- An advantage of Cloud Services is the predictable and controllable cost using either the model of subscription payment or pay-per-use.
- There can be significant savings in energy costs in using Cloud Services over using on-premise servers as these costs are included in the service fees. Further CSPs use the latest hardware that is energy efficient.

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KEY POINTS (CONTINUED)

- In the fast-changing global marketplace companies are in a constant state of transformation. Dynamic enterprise requires equally dynamic IT infrastructure and this is to be found in the Cloud.
- The fastest, most flexible and cost-effective way companies can respond to changes in project management, marketing, sales and accounting is through the use of Cloud delivered services.
- There are different deployment models for the Cloud. One is a private Cloud accessible only to a business or its authorised users. A private Cloud can be created on-premise or hosted by a third party.
- A CSP may offer a Private Cloud as an IaaS solution so a customer's IT team can manage the solution and maintain security.
- A Private Cloud has the potential disadvantage of being delivered on-premise and thus will be a capital project for which the customer is fully responsible.
- The Public Cloud Service deployment model has the advantage of providing pre-packaged services that are an alternative to building Cloud Services from scratch.
- The most straightforward Public Cloud Service involves the use of each server as a multiple virtual server. This multi-tenanted infrastructure has a downside in that customers lack control over the use of specific resources and have to share the same physical resources.
- The Hybrid Cloud and Hybrid IT deployment model for Cloud services has the advantage of ensuring the security and sovereignty of data. This model is, for the foreseeable future, one that will be preferred by organisations wishing to utilise legacy applications on on-premise systems.
- Cloud Services involves a set-up that requires a customer to supply the skills necessary to make the system work. The solution to this problem is provided by the Infrastructure-as-a-Service (IaaS) model.
- Cloud Service Providers who offer IaaS can expand their service by providing a complete service platform meeting a customer's needs. The Platform-as-a-Service model (PaaS) provides tools to ensure customer-specific applications will run and will integrate with database systems. Applications can be built without legacy constraints and the platform allows for flexibility and scaling.
- The Software-as-a-Service (SaaS) model has been developed among Cloud Service Providers to deliver everything a company needs to accomplish a specific IT task. This means that the customer does not need to build, run or maintain any IT resources beyond those required to connect work to the online service.
- The SaaS delivery model of Cloud Services puts all the responsibility for management and delivery of services on the CSP thus freeing a customer to concentrate on core business development.
- The SaaS model for Cloud Service delivery has the advantage, particularly for small and medium sized businesses, that it can be set up and running in a short period of time.
- SaaS involves no capital investment, is adaptable to all business needs and offers secure data storage and use.

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KEY POINTS (CONTINUED)

- In contracting for SaaS, a company must consider the question of 'lock-in' that has for a long time been the practice in application business software.
- Whatever delivery model is chosen for Cloud, customers must be diligent in investigating a potential CSPs reputation and certification. Further a contract with a CSP requires diligent, detailed consideration.

TAKEAWAYS

- Contract review and negotiation with a CSP should include examination of renewal conditions - automatic renewal or variable options for new projects. Liability for data loss must be considered as well as business continuity and disaster recovery services.
- Contract negotiation with a CSP must cover service resilience and termination and service level criteria including up time and response time.
- In considering the use of a CSP, no matter what delivery model is chosen, an organisation must consider governance, that is, the structures and processes that ensure that IT sustains and extends corporate strategies and objectives. Ensuring that a cloud service offers little risk to management, shareholders and partners is paramount.
- Clearly defined governance targets that direct the alignment of IT strategy with business strategy, that in turn sets enterprise goals, are necessary before considering contracting with a CSP. The questions surrounding data sovereignty must also be clearly dealt with in negotiating a contract with a CSP.
- A contract with a CSP needs to be examined with respect to the management of the software portfolio. This is of concern as a matter of governance with the rise of 'bring your own client device' in the business world.
- There exist today a number of standards applicable to CSPs that deal with issues around governance. They include certifications of security, environmental, operations and quality standards. These standards of certification should be examined when considering using a CSP.

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“
OFF-LOADING SOME OR ALL IT INFRASTRUCTURE TO A CLOUD SERVICE PROVIDER (CSP) RESULTS IN SIGNIFICANT SAVINGS IN OPERATIONAL EXPENDITURES.”

“
THE HYBRID CLOUD AND HYBRID IT DEPLOYMENT MODEL FOR CLOUD SERVICES HAS THE ADVANTAGE OF ENSURING THE SECURITY AND SOVEREIGNTY OF DATA.”

“
THE FASTEST, MOST FLEXIBLE AND COST-EFFECTIVE WAY COMPANIES CAN RESPOND TO CHANGES IN PROJECT MANAGEMENT, MARKETING, SALES AND ACCOUNTING IS THROUGH THE USE OF CLOUD DELIVERED SERVICES.”

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vs

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The Cloud Industry Forum was established in 2009 to provide transparency through certification to a Code of Practice for credible online Cloud service providers and to assist end users in determining core information necessary to enable them to adopt these services.



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