



State of the Cloud

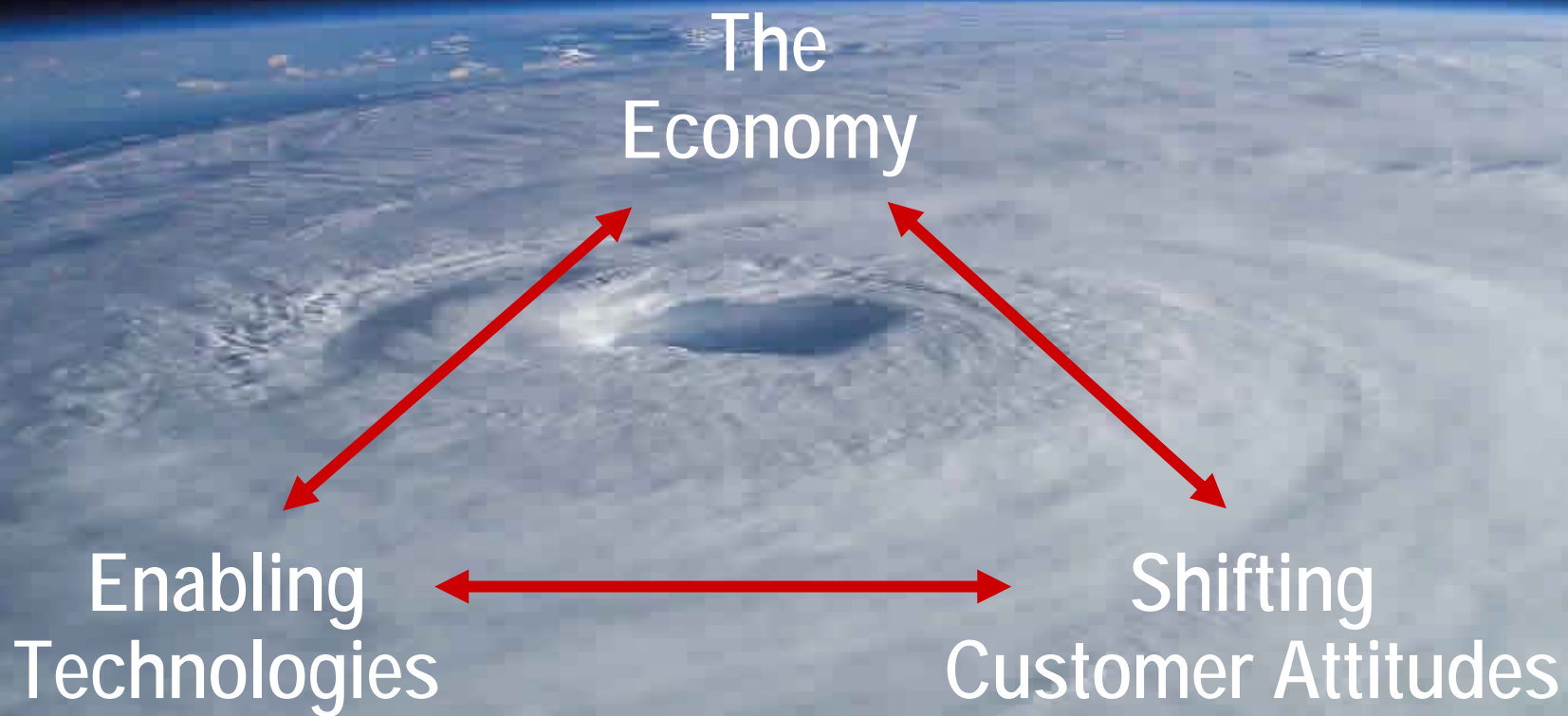
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Today's Perfect Storm





The Shortcomings of Legacy, On-Premise Apps

■ Deployment Challenges

- 31.1% of SW projects cancelled before completed.
- 52.7% of projects cost nearly 190% of original estimates.

■ Operational Costs

- Maintenance & management costs = >10x license fee.
- Escalating hardware & staff support costs.
- Over provisioning and under-utilization of SW licenses

■ Economic/Budgetary Pressures

- Need to reduce IT costs and increase business benefits.
- Need to increase utilization to gain greater ROI.



On-Demand Has Become Mainstream



twitter



YouTube™ Broadcast Yourself



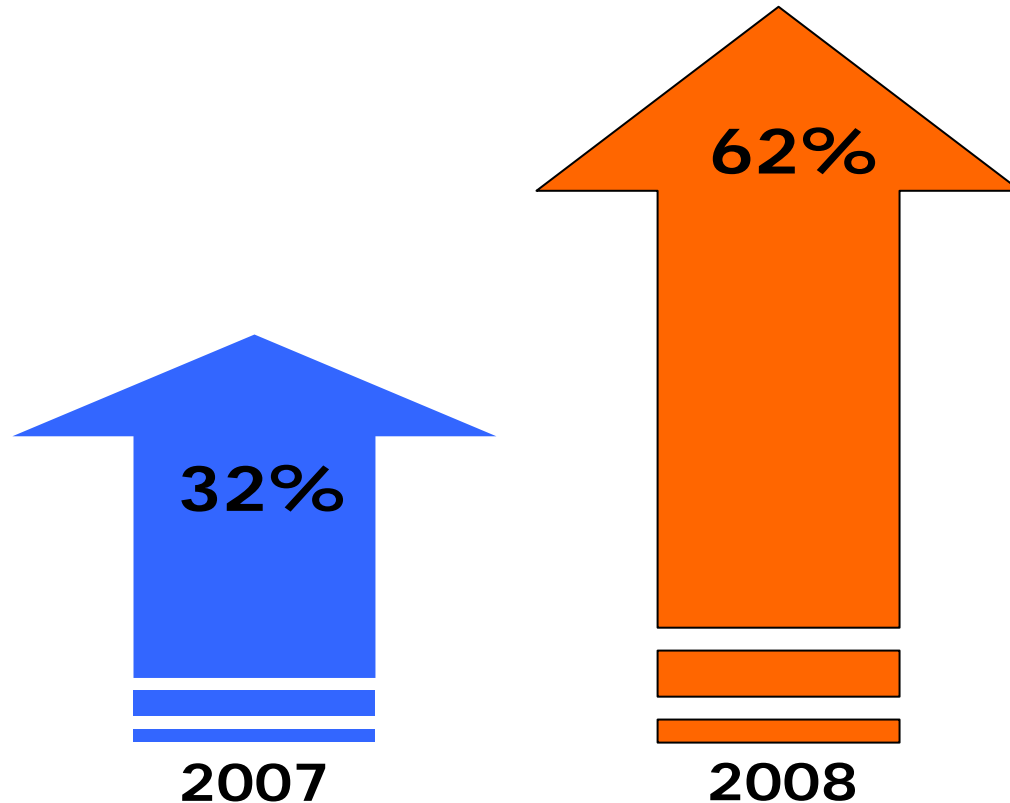
The New Generation Thinks & Communicates Differently





SaaS Adoption Beyond a Tipping Point

**% of
Respondents
Using SaaS**



Source: THINKstrategies/Cutter Consortium

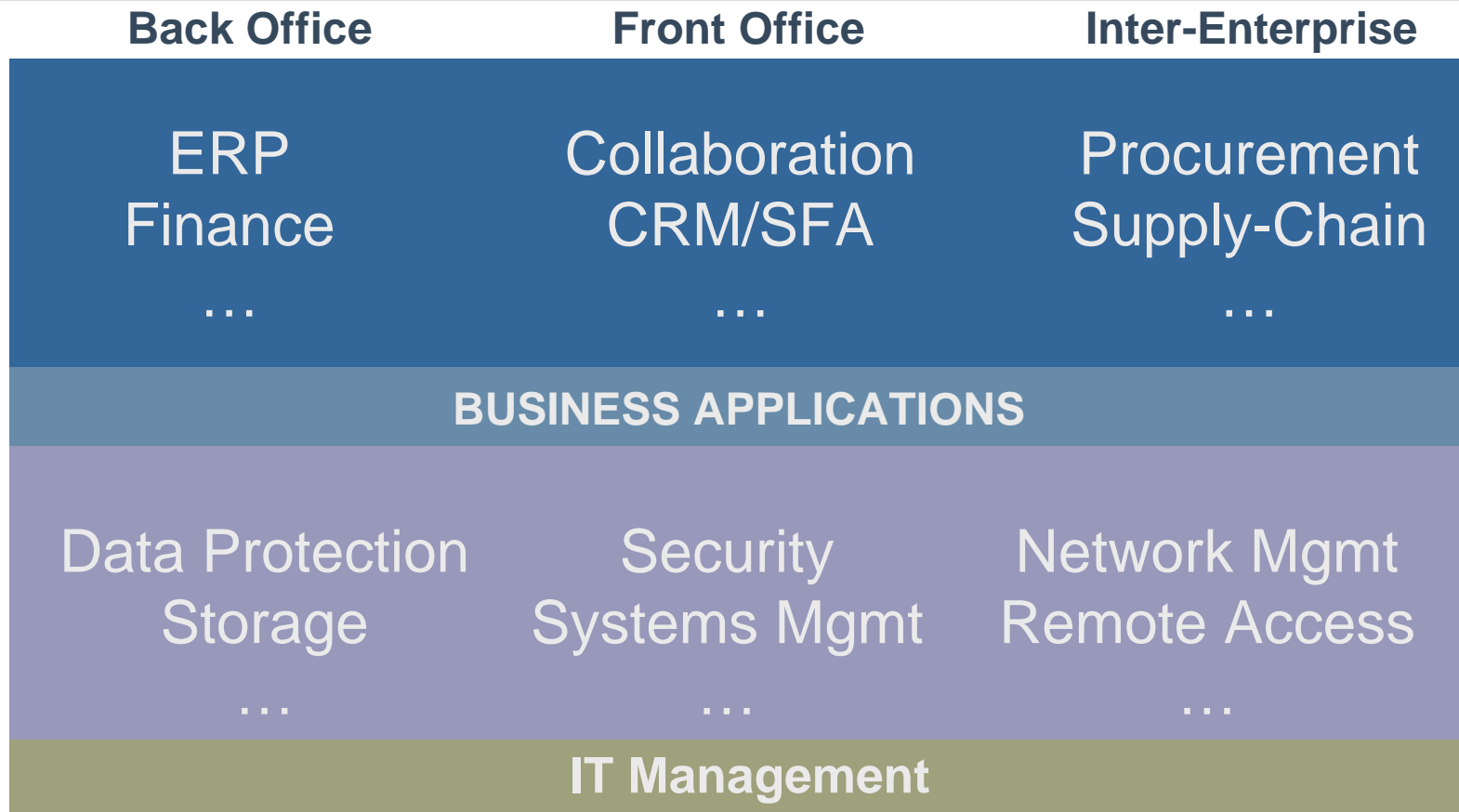


Customer Satisfaction, Renewal & Referral Rates

> 90%

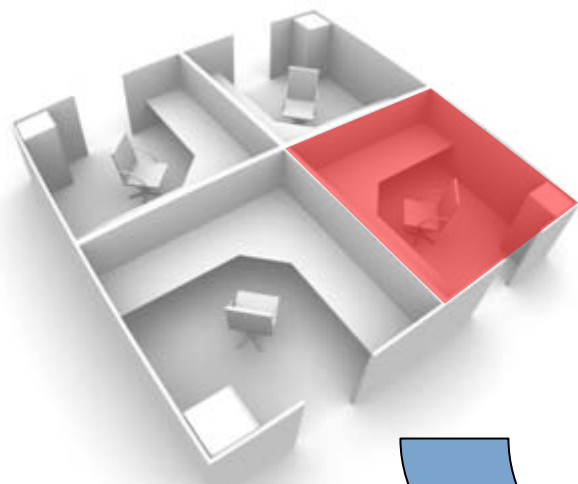


SaaS Expands from Business Apps to IT Management

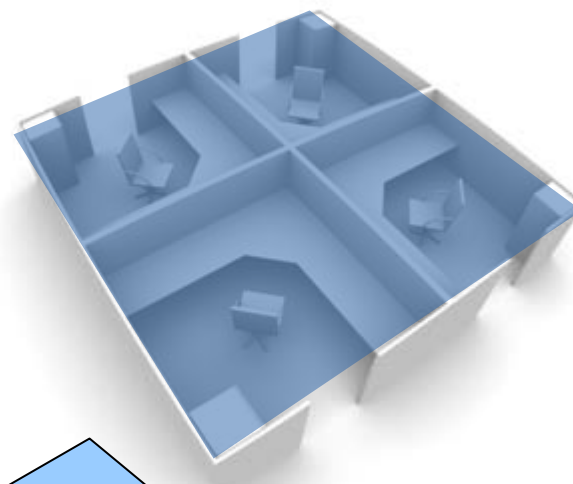




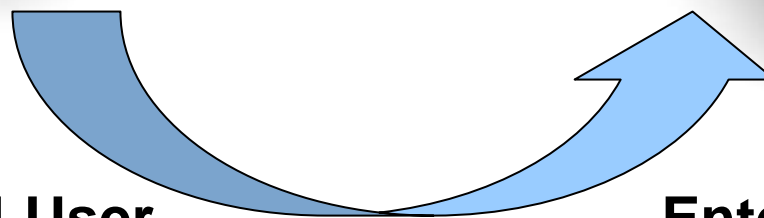
Shifting Adoption Patterns



**Unilateral End-User,
SBU Adoption of
SaaS Solutions**

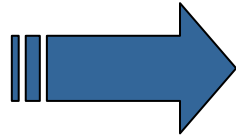


**Enterprise-Wide
Acceptance and
Adoption of SaaS**





Recent Mega-Deals



= 500,000 suppliers

"We evaluated a number of alternatives, but Aravo SIM was the best commercially-available solution capable of meeting our complex, global needs" - *SVP and CIO of GE*



SIEMENS

= 420,000 end-users

"The Enterprise Cloud Computing business model is a strategic direction for us. It not only lowers IT costs, and creates faster end to end processes, but can also grow with our requirements both globally and locally."

- *Head of Corporate IT, Siemens AG*

SuccessFactors
People Performance



New Government View

"I'm all about the cloud computing notion. I look at my lifestyle, and I want access to information wherever I am. I am killing projects that don't investigate SaaS first."

President Obama's CIO, Vivek Kundra, WSJ 3/9/09



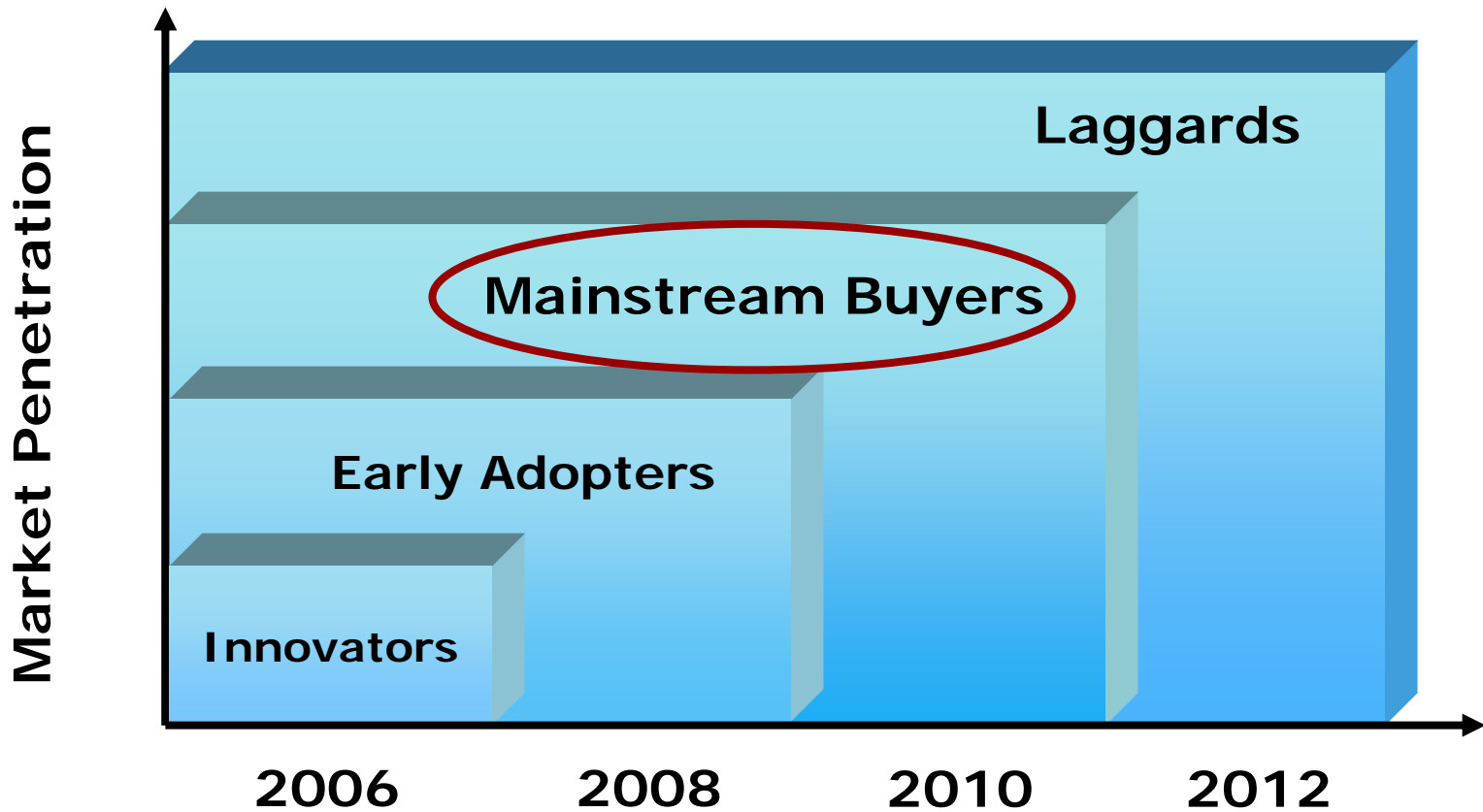
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Market Adoption Forecast

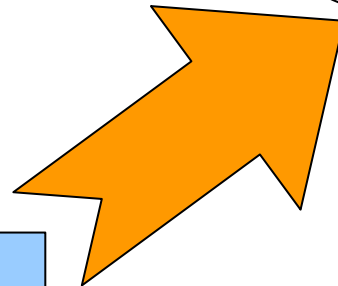




Moving from SaaS Apps to Cloud Computing

Gartner.

**"Top Strategic
Technology for
2010"**



**Cloud Computing
Services**

***But what
does "cloud
computing"
mean?***



NIST Definition of the Cloud

Cloud, Defined

"A model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction."

Essential Characteristics

- On-demand self-service
- Ubiquitous network access
- Location-independent resource pooling
- Rapid elasticity
- Measured service

Delivery Models

- Software as a service
- Platform as a service
- Infrastructure as a service
- Rapid elasticity

Deployment Models

- Private cloud
- Community cloud
- Public cloud
- Hybrid cloud

Data: National Institute of Standards and Technology, draft definition, version 14



Cloud Use Cases

- ✓ Seasonal business cycles
- ✓ Spikes in demand
- ✓ Test/Dev
- ✓ Non-Core Apps
- Production Requirements?



Platforms-as-a-Service (PaaS)



CPU and
Storage



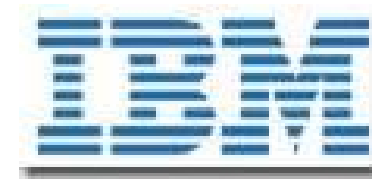
Web
Applications



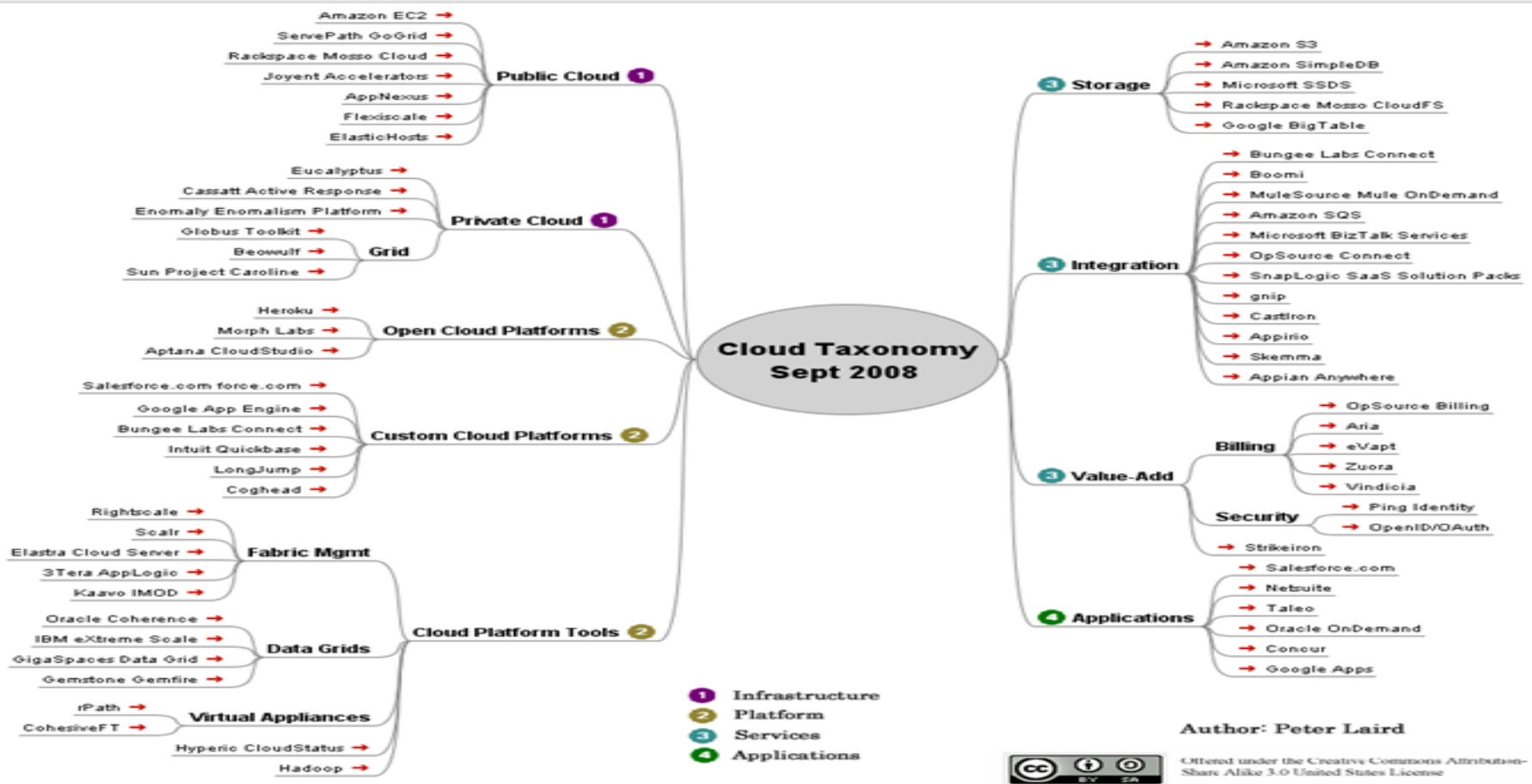
Enterprise
Applications



Social
Applications



Users Must Solve Cloud Complexities





Key Customer Concerns

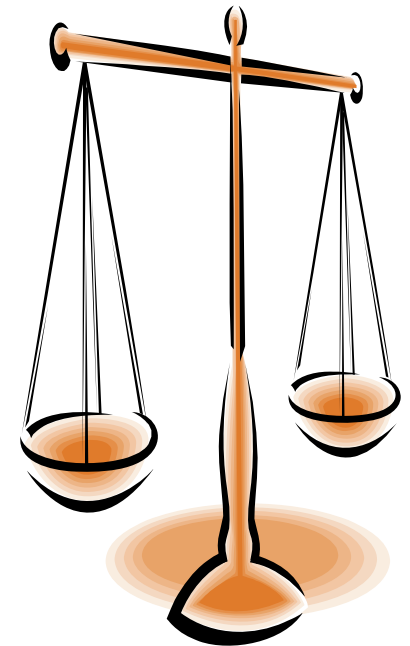
- ✓ Reliability
- ✓ Security
- ✓ Privacy
- ✓ Customization
- ✓ Compliance
- ✓ Integration
- ✓ ***Customer Support***





Living in a Hybrid World

- Companies prefer choice.
- Businesses seeking combination of on-demand/on-premise solutions.
- Cross-platform integration possible.
- Variety of appliances and applets becoming available.
- Cloud ***location-independence*** becoming bi-directional.





Private Clouds

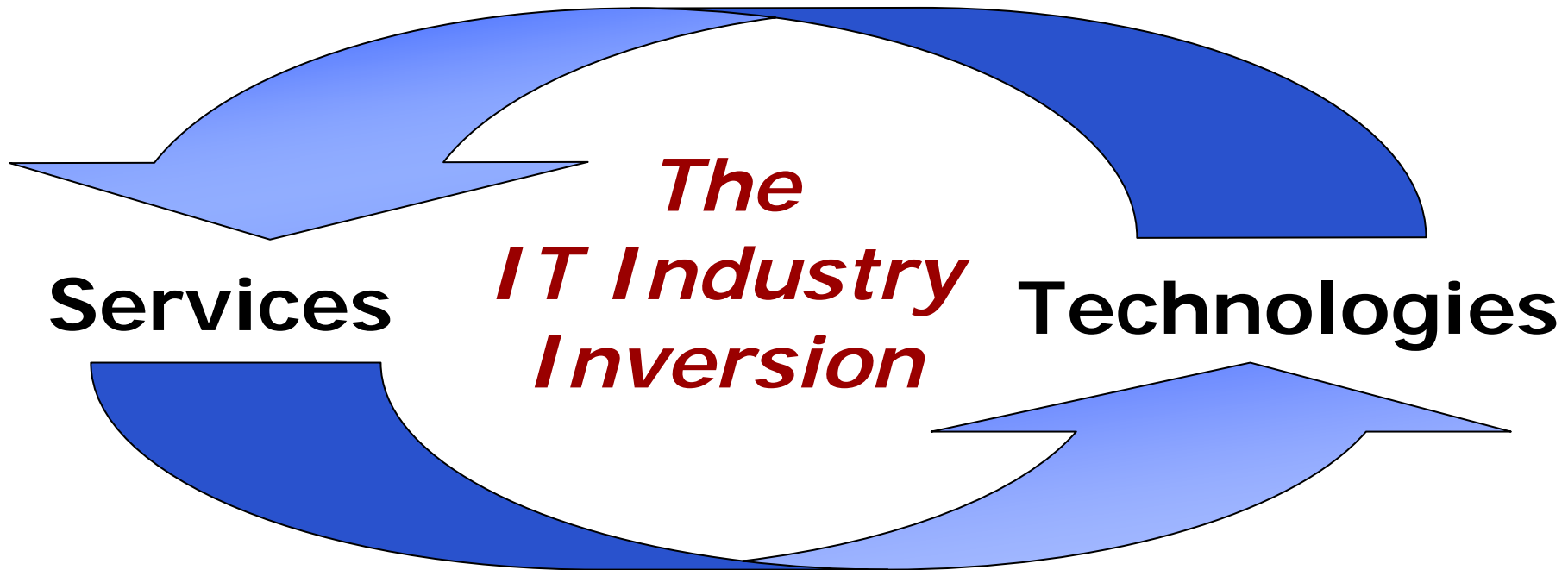
- Benchmarking Market Leaders
 - Amazon
 - Facebook
 - Google
 - Salesforce.com
- Adopting Best Practices
 - Standardization
 - Simplification
 - Automation
 - Agility





Cloud Services & The IT Industry Inversion

Now



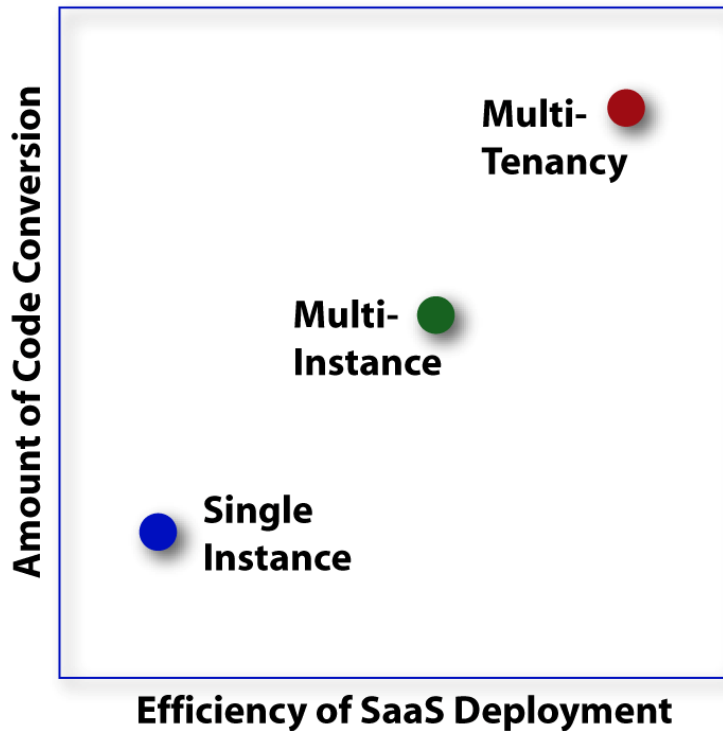
Services

*The
IT Industry
Inversion*

Technologies

Past

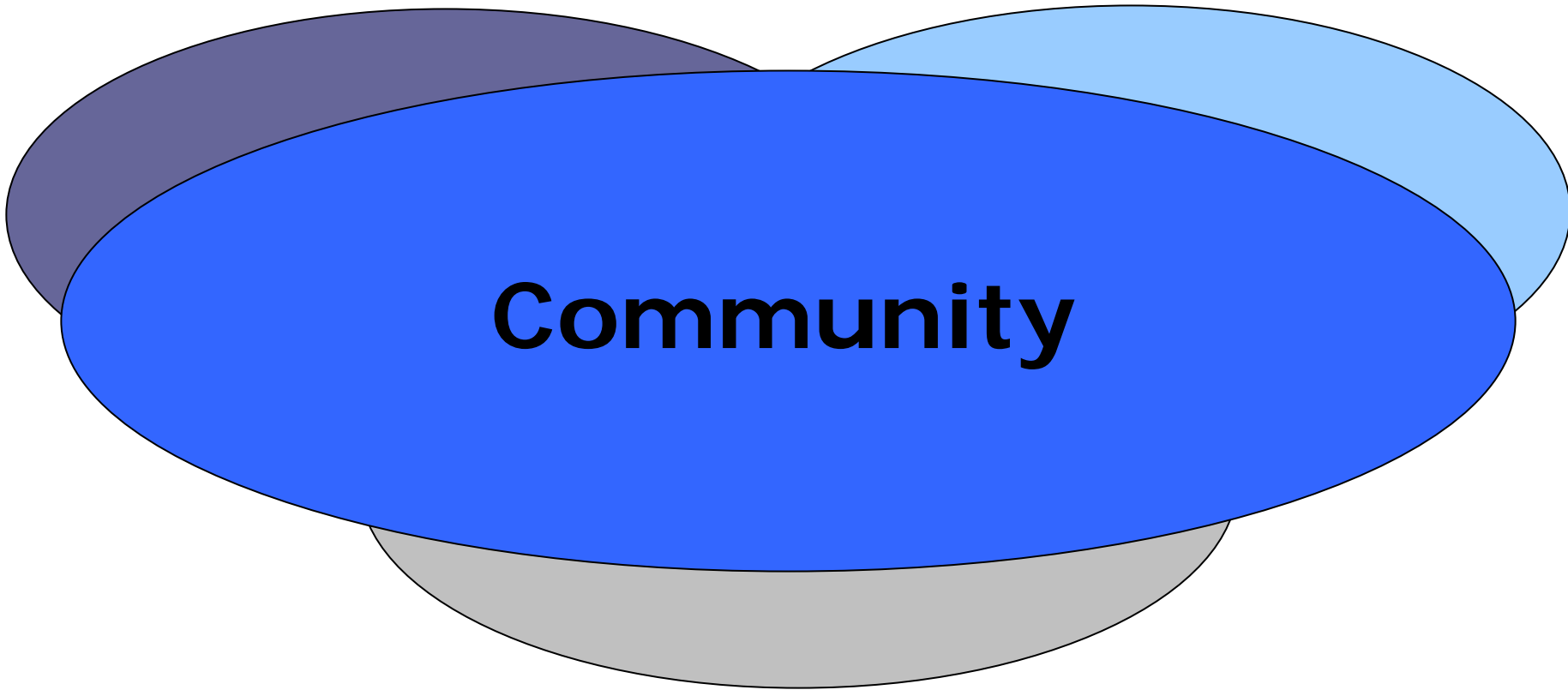
Key Challenges Facing Established Vendors



- Re-architecting applications
- Re-structuring revenue models
- Repositioning marketing
- Re-orienting staff/corporate culture
- ***Surviving economic uncertainty & market shakeout***



Added Dimension of Cloud Computing





A New Level of Value

- Dynamic clearinghouse of solutions
- Continuous updates, new ideas
- Real-time, aggregated data
- Meaningful benchmark studies
- Practical best practices forums
- Greater customer intimacy



Redefining the Industry

**IT
Services**

**Business
Services**

**Information
Services**



New Cloud Players?

- Banks
- Insurance Companies
- Retailers
- Accounting Firms
- Lawyers
- BPOs



Cloud Computing Market Evolution

v1.0

- Focus on individual user
- Standalone point apps
- Horizontal applications
- Emphasis on ease of use/price
- One size fits all, minimal customization
- Limited interoperability
- Cloud only
- Emphasis on lower TCO
- Proliferation of providers
- Best-of-Breed Win

v2.0

- Focus on the enterprise
- Scalable, secure platforms
- Vertical/industry solutions
- Emphasis on added functionality
- Multiple configurations, greater flexibility/versatility
- Greater integration capabilities
- Bi-direction location independence
- Emphasis on higher ROI
- Industry shake-out & consolidation
- Strategic Sources Win



Thanks!

