

Analyst: Cloud SLAs are "mediocre" at best

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Third-party insurance market to emerge.

A market for new business continuity insurance policies could emerge to address what analysts call "mediocre" service level agreements (SLAs) from cloud computing providers.

According to Yankee Group analyst Camille Mendler, the security and reliability of cloud services are currently the main barriers to uptake.

Citing the firm's study of 46 cloud services from 41 providers, Mendler highlighted a "mediocrity" of public cloud SLAs.

Only 54 percent of providers surveyed offered an SLA. Some 43 percent notified customers of changes to contract terms and only nine percent gave over 72 hours' notice before maintenance took place.

While she believed cloud computing to be as significant as the "industrial revolution of the 19th century", Mendler said there remained implementation issues, including: holistic service management; next-generation data centres; security; dual-stack IP; interconnect; and a high-speed network.

"The concept of cloud computing is not the issue; it's how it's assured," Mendler said.

"It's pretty much the wild west in terms of public cloud environments ... few cloud services are road-tested for mission-critical reliability."

Salesforce.com's platform director Peter Coffee said cloud computing SLAs should call for "transparency, specificity and immediacy" when dealing with disruptions.

Like its fellow cloud computing giants Google and Amazon, Salesforce.com boasts high redundancy and more than 99.9 percent uptime. Coffee said it would take "two major meteor strikes" to disrupt its service.

Even so, he recognised a demand for risk mitigation that these companies could not fully address.

"Insurance is something you do as a business decision," he told *iTnews*.

"I believe that we will soon see a marketplace for business IT risk management that is way more efficiently priced."

Coffee did not expect Salesforce.com to venture into that arena, saying: "We are in the business of writing really efficient code, not the business of risk."

The Altium example

Sydney-based software company Altium claims to be the first company in the world to use Salesforce.com as a business platform, and not simply a CRM tool.

By replacing on-premise systems with Salesforce.com's platform, Amazon's S3 and Google Apps, Altium has cut back from 55 on-premise servers to 30.

The company's CIO Alan Perkins planned to use only a "half dozen" servers eventually.

With its 15 worldwide offices, as well as clients, reliant on Altium's IT systems, Perkins said it had "mitigation procedures" in place in case of disruption.

Altium performed periodic downloads of its Salesforce.com data for both risk mitigation and business intelligence purposes.

Because a majority of its business is in China, the company also was particularly concerned with its use of Google Apps there, and performs periodic backups of its Google Docs and Gmail data.

"Outages are inevitable in anything computing related, we have a number of mitigation procedures if cloud services go down," Perkins told *iTnews*.

"Occasionally, they [cloud services] do go down for five to 15 minutes, and it could be very damaging for us because our customers rely on our systems," he said.