How good is your cloud cover?

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Camille Mendler, Vice President – Global Service Strategies, Yankee Group, reveals at 2010 NetEvents APAC Press Summit, Singapore that cloud computing, the cloud computing model will do for us all, is increase the consumption of IT in new and perhaps better ways because it is such a compelling and efficient and logical way of consuming IT.

I want to state to you that history can actually tell us a lot of things about why cloud computing is important. In fact, I would like to say to you that cloud computing, of which, I confess, I am a true believer in cloud computing, that it is nothing less and no different that what happens in the 19th century, the industrial revolution of the 19th century, which was triggered by a number of inventions. And one of the most important inventions was the coal-fired steam engine.

Before the coal-fired steam engine, we consumed coal but in completely different ways. And there was this rather dour-looking Victorian gentleman called William Stanley Jevons, in the 19th century, studied the coal industry. He studied how the consumption of coal changed and grew exponentially after the coal-fired steam engine was invented. And what his legacy to history and to us is something in economics and in business that's known as the Jevons Paradox. I don't know how many people are listening to the translation. I apologise to the translators for some of this. I hope you're doing a good job on this.

But the Jevons Paradox states that an invention that improves the efficiency of the usage and consumption of a particular product also increases the volume of consumption. And in the 19th century, that invention increased the volume of consumption of coal. And what I would like to say that cloud computing, the cloud computing model will do for us all, is increase the consumption of IT in new and perhaps better ways because it is such a compelling and efficient and logical way of consuming IT.

Now, there are many, many issues around it which we're going to debate today in the panel. But such is the expected volume of consumption of cloud computing resources that already today there are several companies that think we need to trade cloud computing resources much like pork bellies, much like orange juice. And you can see examples of this already today. Some companies believe that the cloud is the new commodity. And, as you can see from examples such as Amazon out there, the type of commodity in the cloud is going to be the virtual machine instance. And people like Amazon are already providing what are known

as spot markets, where you can bid to buy virtual resources. That's very, very different from the way we bought IT before.

But I think before you go and call you stockbroker or your banker and make some purchases in virtual assets, virtual machine instances, what you ought to do, if you're an enterprise certainly, is remain calm. A good statement for life actually, but also applicable to how you buy ICT.

ICT, a cloud is only one part of ICT. Now it is going to be, in my view, the new operational model. But the type, the way you buy ICT is not going to change. You still have to be concerned about what went before, the things that concerned you before about things like governance, risk, and not least compliance issues. And the problem is that as the cloud, people talk about the cloud on a generic basis as a commodity, they're not really thinking about what are actually very vast differences in types of cloud and how cloud services specifically are being provisioned, provided to enterprises, various consumers. Vast differences out there.

Today is not the day that we're going to make definitional discussions, though I will probably thrown a nasty one over to Orange Business Services soon about certain definitions. But here is a view of investments in cloud computing services. A variety of different types. Through this type of survey, and this is a survey largely of multinational enterprises, you can see that investment is happening in cloud computing services, a variety of cloud computing services. But in fact when it comes to large enterprises, only one in five is investing into what's known as public cloud services. And public cloud services are things like what Amazon does and a number of other players. There are some very considerable differences between public and private cloud services. And this is where I'm going to ask Eric to just maybe talk a little bit about characteristics.