Module 8

Using the cloud to reduce your costs

Advances in technology are giving small and medium businesses significant cost-saving benefits through using digital services on an as-needs basis. Instead of traditional infrastructure, central servers for software and storage accessed through the internet (the cloud) are becoming a more affordable solution.

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PART ONE:
WHY TRADITIONAL COMPUTING COST
MODELS ARE BEING
CHALLENGED

Part 1: Why traditional computing cost models are being challenged

Twenty years ago, businesses managed all their IT assets on site, using in-house servers and desktops. With advances in cloud computing, all this can be managed online, and an ever-greater number of functions are being automated, removing the burden of manual work from many employees. This allows them to focus on other areas of business, helping to boost overall organisational and client value.

PART TWO:
A CHANGE IN THE WAY
IT SERVICES
ARE SOURCED

Part 2: New Information Technology services

So what does this mean for you?

1. **More for less:** The speed and capacity of computing hardware is continually improving. This means there will always be newer, better services available for your business. For example, huge amounts of data storage are now affordable and accessible.

2. **Greater reach:** The widespread availability and use of mobile computing devices such as smartphones and tablets have changed the way people use software applications, with usage supported from almost any geographical location.

3. **Specialist providers:** Most businesses are taking advantage of high-speed broadband and other advanced connectivity solutions. This allows businesses to source IT services online by third-party specialist providers anywhere in the world.

4. **Added resources:** The development of IT services means that many jobs once done by hand are now being automated. For employees, it allows them to focus on other value-adding tasks, which can be more beneficial to both your business and customers.

5. **Money in the bank:** Storing and managing data can be a big expense to small business, especially when handling large amounts of sensitive client information. Cloud-computing provides access to IT services directly over the internet, meaning businesses of all sizes can reduce the amount spent on hardware, software and associated infrastructure.

6. **Collaboration:** People can work on the same document at the same time, providing quicker speed to market and quicker communications. It can also bring about easier communication with suppliers and third parties to your business by sharing collaborative documents and folders.

Part 3: Moving your applications to the cloud

Rather than buying technology and product licences outright, businesses that use cloud computing can do so on a subscription basis. This means they simply 'pay as they go'.

Popular cloud services include:

- Productivity and file sharing: Office 365, Google Drive and Dropbox
- Customer relationship management: Salesforce, Zoho
- Online collaboration and progress tracking: Asana, Trello, Basecamp, Sharepoint, Slack, Yammer
- Data storage: Amazon Glacier

Benefits of cloud computing

Your cloud computing services provider may support hundreds of thousands of different companies and organisations, all managed through a data warehouse. This means they may have the funds behind them to continually improve their services and products. Because of tough competition in this market, cloud firms are increasingly trying to deliver innovative solutions at more affordable prices.

Another positive is that cloud computing is flexible and scalable. During busy periods, for example, you can rapidly grow your computing capacity. In quieter times, you can just as quickly shrink it back. Or, if you're starting up a website, you can test its impact and close it down, all in a matter of days.

Smaller businesses have the most to gain. They no longer have to stretch their budgets developing IT infrastructure. Instead, they can subscribe for advanced IT services – something that would previously be beyond their means – and access them from a cloud computing provider under a user-pays agreement.

Part 4: Data sensitivity and customer privacy

Where does your data live?

Cloud computing services host data locally in Australia or in warehouses offshore, like the United States or Singapore. Offshore sites are generally much cheaper, while still being professional, reliable and secure.

Offshore data may be available to the government of the area where your warehouse resides. If you feel your customers won't be comfortable with data about their business being held offshore, you may need to find a cloud supplier that guarantees data residency in Australia.

The Australian Government can also access data stored in warehouses under certain circumstances.

Further resources

If you're thinking of moving your applications to the cloud, check out these resources first. All information was current at the time of writing.

Digitalbusiness.gov.au - A guide for small business, including information about cloud computing myths, security information, and legal tips.

Products.office.com/en-au/business/office - Office 365 for online collaboration and document creation.

Google.com/drive - Google Drive for online collaboration and document creation.

Salesforce.com/au - Salesforce.

Dropbox.com - Dropbox for file storage.

Aws.amazon.com/glacier - Amazon Glacier for file storage.