

## The cloud will only get bigger

Brad Cherniak, Financial Post · Monday, Sept. 13, 2010

Most business people have heard the term "cloud computing" and generally accept it as the next big wave in the evolution of how businesses, large and small, operate.

Although Canada lags the adoption curve, cloud technologies will be a key driver of information technology growth and have a significant impact on business in general, according to IDC, a Framingham, Mass.-based research firm. For the most part, we are just starting to put our finger on what the cloud really is and has to offer. Although Canada accounts for only 3% of total worldwide IT investment, the future is brighter: IDC survey results show 6% of Canadian firms use cloud infrastructure today, with that number forecast to rise to 20% by 2013.

Cloud computing essentially is the movement of IT infrastructure from a physical server or hard drives on companies' premises to off-site, centralized platforms run by third parties. The notion of the cloud has migrated or evolved from strictly a means of distributing software to covering most infrastructure needs.

Aside from reducing operating costs and thereby boosting profits and reducing business risk, small to mid-sized businesses that deploy in the cloud are less capital-intensive and more nimble, able to scale upward and downward more easily as sales dictate. They can tweak or add features to their product/service offerings much more easily.

Angels, angel groups and hybrid angel/venture capitalists have flourished in reaction to this trend, while traditional VC giants have struggled with their high-capital-deployment models.

On the flipside, the reduced infrastructure requirement lowers the barrier-to-entry to the industries that deploy it, which has broad and complex implications that are yet to be fully understood.

One impact of technology on business more generally has been the blurring of the lines between market segments and even industries, with such things as business process outsourcing and contract design and production services becoming more and more responsive, sophisticated and high quality.

This will only be accelerated as the use of cloud computing increases. Businesses will be even less encumbered by production and infrastructure considerations and more focused on identifying, reaching and expanding their customer bases. Businesses become more idea-driven, even ephemeral, and companies large and small will have an increasingly complex task in evaluating on an ongoing basis who is a competitor, a potential collaborator or partner, or irrelevant to their business and growth strategy.

The most immediate challenge SMBs face today however is to figure out how and to what extent to deploy the cloud in their businesses. If they don't, their competitors will, so the trend cannot be ignored. Once this is done, companies can better focus on their evolving business strategies and resulting new capital requirements and financing strategies.

All this being said, there is plenty of chatter and discourse about the cloud, but little practical advice about how to get into it. This is particularly true for SMBs who do not have the budgets to hire IT consultants to figure it out for them.

Toronto-based Scalar Decisions Inc., an IT solutions company and a long-time client, aims to be a leader in the space in Canada. Its goal is to articulate on a national basis exactly what the cloud is, and what it means for companies.

Scalar is wrapping its practice around the cloud, building it from the ground up in a virtualized -- versus legacy -- technology model, partnering with the most innovative manufacturers in the space. The focus is on optimizing the cost/benefit model for companies, which is particularly critical for SMBs.

They will host a Cloud Summit in Muskoka on Sept. 21 to 22. Unlike other events touching on the topic, customers and end users will come together with thought leaders and key suppliers to talk about the cloud and key trends, and to dig deeper into cloud architecture to enable companies to think about exactly how they will put their infrastructure on the cloud. For more information on the event, visit [scalar.ca](http://scalar.ca).

"Speed to market is one of the biggest advantages the cloud provides, but it also means that if you don't move now, your competitors will," says Nigel Wallis of IDC Canada, who will be a presenter at the summit.

The envelope for Canadian SMBs in the area of cloud computing will only be pushed out by initiatives like this. It will take time and effort, as the subject is still in its infancy.

This has broader implications for the state of Canada's innovation gap, which is a hot topic of debate among governments and businesses alike.

I don't think the gap will be closed by grand government strategies or blue ribbon panels alone. Rather it will be done organically in the private sector, which will incorporate and master paradigm-shifting trends, such as the cloud, one company at a time.

Read more: <http://www.financialpost.com/cloud+will+only+bigger/3515801/story.html#ixzz0zPvYJxra>

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