

other competitors actions. These terms of simple, chaotic, complex and complicated have quite precise meanings and I'd recommend the reader spending some time becoming familiar with the work of Dave Snowden and the Cynefin framework.

Despite all of this, we try to grab for simple truths. In 2008, this was commonplace in the world of cloud computing mainly due to the confusion that existed. I thought I'd use a few "simple truths" that turn out not to be either simple or true to illustrate some climatic patterns that are worth knowing about.

Efficiency will reduce our budgets

One of the most common ideas was that cloud computing would reduce IT budget expenditure. It's a notion that if cloud computing is more efficient then then we will spend less on IT. Sounds simple, sounds obvious and yet it is so wrong.

I gave a talk at IT@Cork (in 2008) on how this assumption ignored creation of new industries, componentisation and price elasticity effects. By increasing efficiency and the reducing cost of providing infrastructure then a large number of activities which might have been economically unfeasible become feasible. Furthermore, the self-service nature of cloud not only increases agility by enabling faster provision it also enables user innovation through provision of standardised components (the componentisation effect). Building a house is faster with bricks than a clay pit. This in turn can encourage the creation of new industries in the same manner that the commoditisation of