

Cloud Computing For SMBs

How Small and Mid-Sized Businesses Can Utilize New Technology to Increase Operational Efficiency

Trends in Cloud Computing

In a recent research study titled, "The State of SMB IT", Spiceworks examined the trend of small and mid-sized businesses (SMBs) adopting cloud-based solutions. Cloud computing is the practice of hosting computer processing and data storage on remote servers. The company found that 48% of SMBs have moved core applications from local-based systems to the cloud and that 19% plan to do so in the next 6 months. While web and email hosting have been adopted at the highest rate, 16% of SMBs plan to rely on the cloud for data backup and recovery, and another 13% will store all of their data on remote servers. Surprisingly, cloud-based logistics management solutions have both the lowest adoption rate and the lowest planned adoption rate. This can be attributed to the complexities associated with logistics management, which historically required heavy investments in hardware and substantial amounts of processing power. Today, with cloud technology, businesses have the ability to solve complex problems on a mass scale and at a comparatively low cost. **This paper will address how cloud technology allows SMBs to tackle new problems, how today's infrastructure allows for a seamless transition to cloud applications, why heavy capital expenses in technology are no longer necessary, and how the cloud helps keep business data safe and secure.**

Ability to Tackle New Problems

Cloud technology allows SMBs to tackle new problems that were simply too costly to address before. Particularly, businesses now have the ability to improve on commoditized business processes, or, those processes that are common industry practices. Companies like Oracle and SAP have generated billions in revenue by designing efficiency and automation systems to enhance these processes for large companies, but these systems have generally been too expensive for SMBs. Take, for example, the logistics of dispatching and routing field service technicians. A full solution to this problem would require a scheduling and employee/truck selection module to be integrated with a routing algorithm, a method of communicating with techs in the field, invoicing, and automatic log-keeping. Proprietary systems of this capacity required a heavy investment in local servers, networking, and processing power. However, with cloud technology, all of the computing power and data storage can be hosted on a remote server, eliminating the need for expensive on-premise investments. Software companies that take advantage of economies of scale can offer cloud-based solutions to commoditized business processes for a multitude of SMBs and pass cost savings onto the users. The only tools businesses need to access these capabilities are a computer and an Internet connection.

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Seamless Transition to the Cloud

Today's technological infrastructure allows SMBs to transition into cloud-based systems seamlessly and without hassle. A browser and/or mobile-based cloud solution requires nothing more than computers, Internet access, and cell phones, each of which have been standard in the workplace for over a decade. Field service companies that use spreadsheet packages such as Excel for managing their operations will find that most cloud applications are set up to facilitate simple data importation. Additionally, many business-centric cloud applications integrate with accounting systems like QuickBooks, providing an easy way of expanding upon existing office efficiency capabilities. Continuous upgrades are easily facilitated by Internet-based deployment allowing many cloud providers to publish updates as frequently as two times per month at no extra cost to the user. This offers a significant improvement over the traditional "shrink-wrapped" software model in which updates are released every few years and are accompanied by significant upgrade fees.

Cost Savings

Up-front capital expenses are no longer necessary with cloud software. Traditional software packages require the business to pay for individual licenses, for installation and implementation, for training, and for any other miscellaneous fee that the vendor deems necessary. Cloud software is typically delivered through a business model known as Software as a Service (SaaS). The SaaS model allows users to pay for solutions to operational problems on a subscription basis in proportion to back-end processing costs. In accounting terms, this transfers cloud software costs from being categorized as capital expenses to operational expenses, allowing businesses to pay as they go and free up investment capital for important projects or purchases. Cloud computing helps businesses save capital in other ways too. IBM's Kristof Kloeckner claims that his company's cloud initiatives have helped customers reduce IT labor costs by 50% and improve capital utilization by as much as 75%. SaaS companies perform much of the IT functions associated with their applications, work that previously required costly IT consultants. Cloud computing also allows businesses to reduce their carbon footprint by replacing inefficient local servers with cloud computing farms, resulting in a 95% drop in energy expenditures.

Data Safety and Security

SMBs that move to the cloud no longer need to worry about the safety or security of their data. Many business owners fear a computer crash, knowing the entirety of their business data could be lost. Data centers that cater to cloud companies are constantly backing up data across multiple geographic points (in the industry, this is called redundancy) ensuring that multiple copies of users' data are available in case of an emergency. This was one of the most important factors for the City of Los Angeles when they moved to Google Apps, a cloud-based business productivity suite. City officials feared that a devastating earthquake could destroy their servers and that they could lose important government data. By moving to the cloud, L.A. city officials are now confident that their data will be available no matter what happens. Microsoft's Azure platform has gone through the process of receiving a SAS 70 certification, representing the highest standard of data security. Companies that seek this certification must be audited for at least six months, during which time the auditor checks that the provider's internal controls ensure the security of its users' data.

It's easy to see that cloud technology can drastically improve the way SMBs do business. To find out more about how FoundOPS can help your field service business harness the cloud, visit www.foundops.com.

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