Every company has own servers, they deploy the application in their own server. But nowadays, most of the applications are cloud based.  
Cloud ready – application we already have, we need to make some changes to existing application, make work with environment variables and config files to make it cloud ready. So that we can push the application into cloud to use cloud services, advantages are cost, scalability and less issues.  
If we want to use cloud services, we’ve to build the application as cloud native. To use all the features of cloud, build the application as cloud native.  
In order to achieve this, to develop the application for cloud, we’ve certain set of rules. Heroku created some standards, we’ve to follow the rules to build a cloud native application.  
Rules which has developed is called 12 Factor app.  


