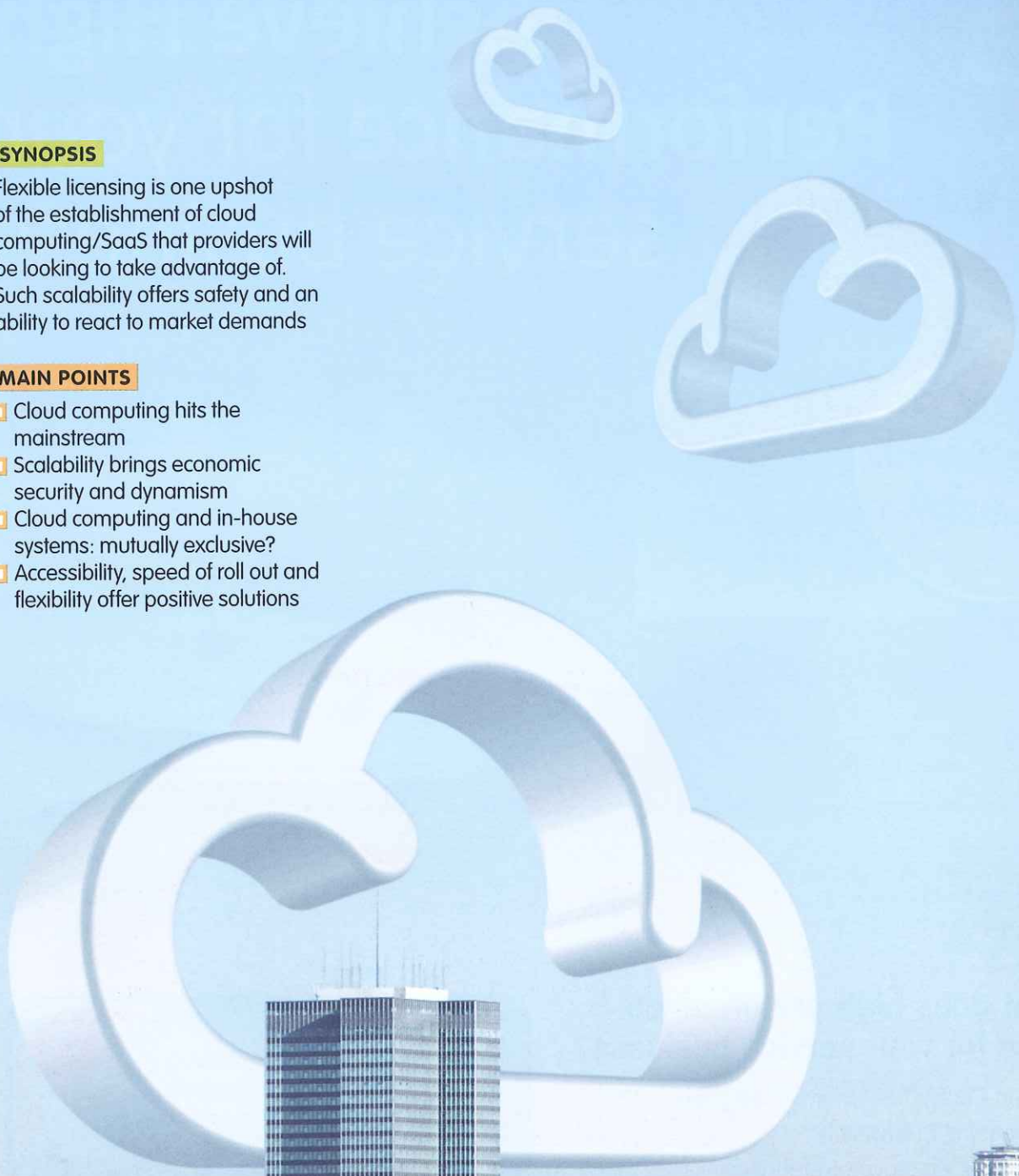


SYNOPSIS

Flexible licensing is one upshot of the establishment of cloud computing/SaaS that providers will be looking to take advantage of. Such scalability offers safety and an ability to react to market demands

MAIN POINTS

- Cloud computing hits the mainstream
- Scalability brings economic security and dynamism
- Cloud computing and in-house systems: mutually exclusive?
- Accessibility, speed of roll out and flexibility offer positive solutions





cloud watching

As cloud computing materialises as a feasible solution for many providers, Saul Sherry examines the robustness and flexibility it can offer in the world of service management

At the moment, companies with successful field service offerings have either weathered one of the harshest economic periods in a generation, or have taken advantage of a gap left by those who didn't make it. Either way, as markets look for stability the looming shadow of a possible double-dip is never too far from anyone's mind. It is in this environment that new economies are forged, and former weaknesses assessed and dismantled.

The economic basics

The emergence of service management software in a Software as a Service format has become an appealing prospect on both limited contract projects and in full time support teams. Having your IT needs managed externally means you can rely not only on an experts' knowledge, but also their infrastructure and hardware. To this end, the economic device of scalable resources is starting to look like the sensible, managed growth solution in the (hopefully) post recession world.

The question of gaining approval for outside management is simplified. In many cases the switch to an externally managed system

goes beyond changing from CAPEX to OPEX, by bringing costs down from the moment of implementation.

Even if existing in-house systems seem to be able to cope with the strain of initial service management software set up, there are still a myriad of benefits to be found by 'going outside'. There is no security when the system is your own. Who will compensate you when systems die? More importantly, how will you cope with an increase in demand?

This is a question which seems to have taken hold in UK businesses over the last year. When Service Management magazine last discussed SaaS, it became clear that other territories had been quick to adopt cloud-based solutions while the UK was reluctant. Does this indicate our conservatism, or their gung-ho?

With the benefits of such service becoming clear, are companies finally willing to explore new-tech options?

"If you choose the managed approach," says David Upton, managing director at DA systems, "all you need is an internet connection and all of the expenses in the in-house method become included, as fixed and predictable costs."

"We look to utilise cloud services where pos- >

cloud formation

A brief history of the cloud – the dot.com bust's silver lining

'Cloud Computing' is one of the buzz concepts for 2011, erupting from underground tech murmurings to a full blown solution and investment opportunity. As with most new tech offerings, if we currently have access to it, it means it had trod a long hard path of development to get to us. So, where do clouds come from?

1960s

Award winning American computer scientist John McCarthy publicly stated his vision that "computation may someday be organized as a public utility".

1966

The Challenge of the Computer Utility is published. Written by Douglass Parkhill, the book envisions almost all of the characteristics that currently define cloud computing.

The switch to an externally managed system goes beyond changing from CAPEX to OPEX, by bringing costs down from the moment of implementation

sible to provide secure access to numerous locations in a reliable manner," says Barry Smith, head of IT at Foster + Partners, a global architect firm. Recently adopting FrontRange Solutions' new SaaS as a solution to their IT service management needs, Foster + Partners' decision aligns with what a lot of companies have already discovered about stepping into the cloud.

"We believe that by using this solution we will save time and investment by being users instead of administrators of the solution," said Smith. "This allows Foster + Partners IT to focus on where we can add value to our business whilst FrontRange focus on what they are expert at."

IT management is the perfect first call for many companies looking to offload their management burdens. As technology advances, the lists of services that can be switched to this modular on-demand basis are starting to become clear. Additionally, SaaS solutions invoke securities that users of the systems are obliged to offer their customers; as providers of a service they are bound by the SLAs they offer, but as a subscriber they are also entitled to the security offered to them their their providers' SLAs.

"The bar has risen to very high levels in terms of the quality, availability and security of managed services – all driven by the threat landscape that has evolved over the past few years," says Upton. "Businesses are demanding increased service performance and availability, coupled with reduced exposure to perceived security threats that an in-house approach would struggle to replicate."

The true value of scalability

So, with the economic case for the installation of outsourced provision made, what of the added value? It is in the inherent robustness of a scalable system that the real economic benefits can be found. The nature of business can be trying, with decisions made in one quarter compromised by developments in the next. One day's action plan made redundant by the next's emergency agenda.

To support their recent £100 million Highways Services contract with Southampton City Council, Balfour Beatty Workplace have employed an on-demand system. "Although we are fairly clear on numbers for the Southampton contract, the flexible licensing capability does offer us a certain security," says Nigel Gibbons, head of ICT at Balfour Beatty Workplace.

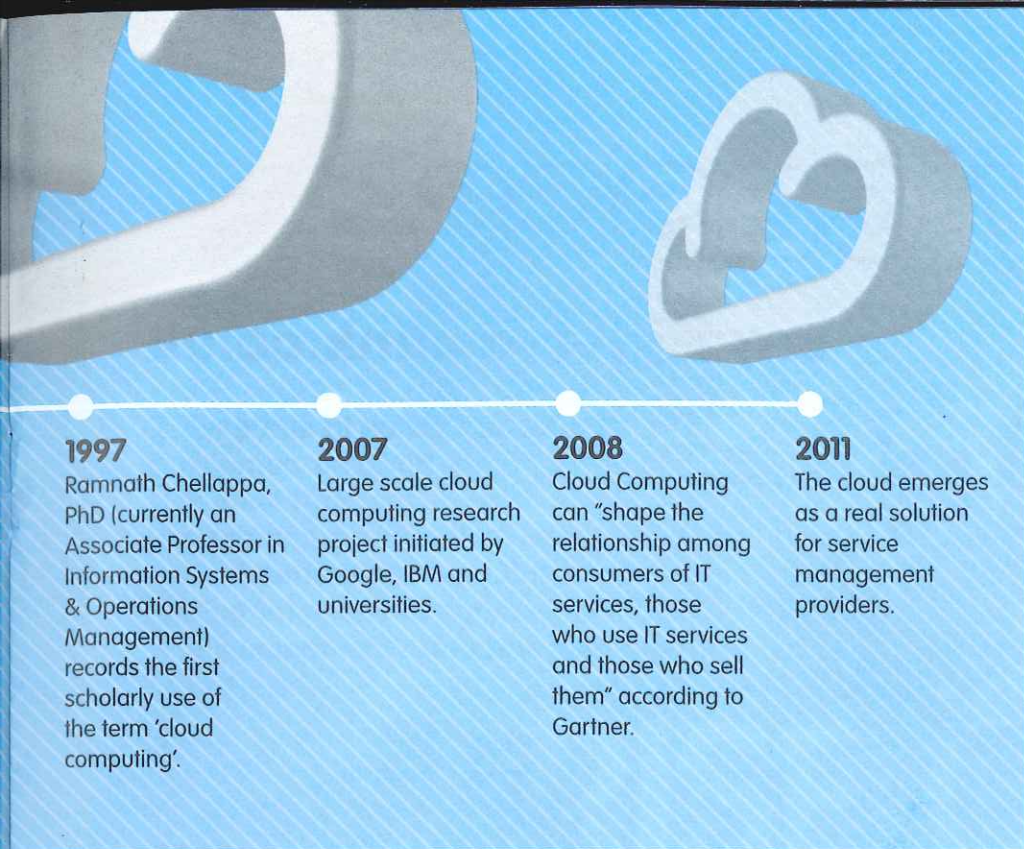
Provided by Pitney Bowes Business Insight, the Confirm OnDemand system has already helped to reduce hardware, implementation and management costs. Importantly, the list of benefits includes flexible licensing. As the project involved entering a five-year agreement, Southampton City Council and Balfour Beatty Workplace both needed to be assured they wouldn't be spending on licenses they didn't need.

"That kind of flexibility is invaluable," says Gibbons. "As an example, in the summer months we might take on a dozen more surveyors to undertake data collection. By simply increasing our licenses for the duration of the data collection, we ensure that valuable resources are not spent on a short-term project."

David Upton agrees: "If you employ the expertise of managed service for your application, you also enjoy the benefits of an adaptable and scalable infrastructure – without the pain. The vendor should proactively monitor the service and scale of the infrastructure as required." This would follow a customer retention initiative employed by many mobile phone companies; suggesting a switch to a different (often cheaper) plan if it is more suited to an established pattern of usage.

The robustness of such a system is becoming a must throughout different industries, as TAAP Limited have been discovering. One client of theirs, Shelter (the housing and homeless charity), initially set up with 10 licences and has gradually increased up to 70. Meanwhile, the

The vendor should proactively monitor the service and scale of the infrastructure as required



1997

Ramnath Chellappa, PhD (currently an Associate Professor in Information Systems & Operations Management) records the first scholarly use of the term 'cloud computing'.

2007

Large scale cloud computing research project initiated by Google, IBM and universities.

2008

Cloud Computing can "shape the relationship among consumers of IT services, those who use IT services and those who sell them" according to Gartner.

2011

The cloud emerges as a real solution for service management providers.

'up and down' approach of licensing is starting to become a more pertinent issue. "We have the intention to go down that route in the near future", says Angela Walker, marketing manager at TAAP Limited. "We've got requirements from new clients who wish to have a 'core' of licences, with the ability to add more temporarily for busier periods. This could include charities recruiting more fundraisers for specific events, or field service organisations that need to provide for temporary staff or short-term contracts."

In an unpredictable business world, flexible licensing grants a buffer. "This means you have predictable costs that can be budgeted accordingly for your future expansion," says Upton. As consumers continue to demand more and more, such a buffer allows risks to be taken which can result in having an edge in your market. Like other elements of scalable service management software, it provides the safety of unspent capital while not limiting scope for growth. Jenny Plaster, head of marketing at B2M Solutions, says: "Partners are able to deliver gains in efficiencies and save costs, while end-user organisations benefit from the flexibility and affordability they need to be competitive. With security concerns over using 'The Cloud' diminishing and demand growing we are collaborating with an increasing number of partners to build out their service models using SaaS."

Not all black and white

Before we all get carried off by the concept of cloud computing solutions, we need to make sure we are not blindly following hype. To be worth your salt shouldn't you be able to

maintain those SLAs on your own? You have infrastructure to use, why be scared of seeing what you can manage with it?

One argument is that cloud computing, like most tech developments, will work best as augmentation to established systems, rather than an out and out replacement.

"There is a view that applications must be either on-premises or on-demand," says Simon Morris, VP, Global Marketing, ClickSoftware. "Whilst this is a valid choice for many of our customers, there is a third option which is particularly beneficial to service management - the hybrid.

"In most instances, service organizations have an existing and successful investment in on-premises service management software. To rip it out and replace with a cloud-only solution may not be the best option during the current economic climate. Why not have the best of both worlds?

"Say for instance a utility company needs to engage with sub-contractors. The scalability, configurability, and rapid implementation times of a cloud service that can be bolted onto a core on-premises solution would have numerous benefits in this situation. It would fully utilize the established system whilst also managing spikes in service demand without investment in capital infrastructure."

However these solutions manifest themselves, our cloud-based future is looking bright. There are early adopters who have established their systems in the ether, and the first reports back are positive. The accessibility, speed and flexibility of a solution which brings expenditure costs down, are not to be ignored. □

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