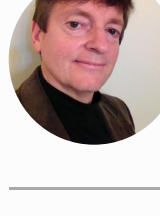


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6 Shining Examples of Cloud Computing in Action



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I track how technology innovations move markets and careers



Cloud computing means more than simply saving on IT implementation costs. Cloud offers enormous opportunity for new innovation, and even disruption of entire industries.

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Voices from the cloud: Apple's Siri uses cloud to do its thing. Photo: Apple

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There's no question that most businesses have been trying out cloud computing in one form or another in recent times. A new [report](#) from The Economist Intelligence Unit and [IBM](#) finds that among 572 business leaders surveyed, almost three-fourths indicate their companies have piloted, adopted or substantially implemented cloud in their organizations – and 90% expect to have done so in three years. And the number of respondents whose companies have "substantially implemented" cloud is expected to grow from 13% today to 41% in three years.

However, most companies have not yet recognized cloud's full potential. "Although cloud is widely recognized as a technology game changer, its potential for driving business innovation remains virtually untapped," the report observes. "Interestingly, while our research clearly reveals organizations intend to rely on cloud to enhance their business capabilities, only 38% cite cloud as a leading priority for the entire company. Rather, cloud is still viewed by many as an IT solution, with 62% citing cloud as a leading priority for their IT organizations."

The potential of cloud computing extends far beyond the walls of the IT department, report's authors, Dr. Saul Berman, Lynn Kesterson-Townes, Anthony Marshall, and Dr. Rohini Srivathsa, all with IBM, suggest. "Our survey results suggest that organizations are just beginning to understand the power of cloud to help drive business innovation. Only 16% of survey respondents currently utilize cloud for sweeping innovation, such as entering new lines of business or industries, reshaping an existing industry or transitioning into a new role in their industry value chain."

Interestingly, the authors recommend that companies evaluate whether their cloud strategies should involve becoming a cloud service consumer or a provider of cloud-based offerings – or include elements of both. Cloud platforms make it viable for organizations to play both roles, blurring the lines between consumers and providers, IT and non-IT companies -- and this may be the most disruptive element of all.

The Economist-IBM report provides some shining examples of companies that are employing cloud computing to not only cut IT costs, but also play a role in disruptive innovation:

1. Through cloud cost flexibility, online marketplace gains access to more powerful analytics online. This is the most obvious and first reason companies are attracted to cloud, and in the Economist-IBM survey, 31% said they like the cloud's "pay-as-you-go" cost structure. Cloud takes away the need to fund the building of hardware, installing software, or paying dedicated software license fees. This was the appeal for [Etsy](#), an online marketplace for handmade goods that brings buyers and sellers together and provides recommendations for buyers. "Using cloud-based capabilities, the company is able to cost-effectively analyze data from the approximately one billion monthly views of its Web site and use the information to create product recommendations," the report notes. "The cost flexibility afforded through cloud provides Etsy access to tools and computing power that might typically only be affordable for larger retailers."

2. Greater business scalability enables online video retailer to meet spikes in demand: Cloud enables businesses -- not just IT operations -- to add or provision computing resources just at the time they're needed. In the Economist-IBM survey, 33% of respondents see this as an advantage of cloud. [Netflix](#), for one, is taking advantage of cloud resources as it meets up and down demand for its Internet subscription service for movies and TV shows. "Because it streams many movies and shows on demand, the company faces large surges of capacity at peak times," the report explains. "As Netflix began to outgrow its data center capabilities, the company made a decision to migrate its Website and streaming service from a traditional data center implementation to a cloud environment. This move allowed the company to grow and expand its customer base without having to build and support a data center footprint to meet its growth requirements."

3. Greater market adaptability provides online entertainment platform the ability to reach any type of customer device. A third of the executives we surveyed believe cloud can help them adapt to diverse user groups with a diverse assortment of devices. That's been the experience of [ActiveVideo](#), creator of CloudTV, a cloud-based platform that unifies all forms of content – Web, television, mobile, social, video-on-demand – onto any video screen, be it set-top boxes, PCs, or mobile devices. "CloudTV leverages content stored and processed in the network cloud to significantly expand the reach and availability of Web-based user experiences, as well as to allow operators to quickly deploy a consistent user interface across diverse set-top boxes and connected devices," according to the report. "The CloudTV approach of placing the intelligence in the network, rather than the device, enables content creators, service providers and consumer electronics manufacturers to create new television experiences for their viewers."

4. Masked complexity enables access to services, no matter how intricate the technology they're built on: About 20% of respondents cite this as a benefit, demonstrating its still-hidden potential. Because complexity is veiled from the end user, a company can expand its product and service sophistication without also increasing the level of user knowledge necessary to utilize or maintain the product or service. For example, upgrades and maintenance can be done in the "background" without the end user having to participate. [Xerox](#), through its Cloud Print solution, enables "workers can get their desired content in printed form wherever they might be by using Xerox's cloud to access printers outside their own organization," the report says. "While printing from the cloud requires quite a bit of data management – with numerous files to be stored, converted to print-ready format and distributed to printers –the complexity is hidden from users."

5. With context-driven variability, "intelligent assistants" are possible. "Because of its expanded computing power and capacity, cloud can store information about user preferences, which can enable product or service customization," the report states. More than 50% of respondents to the Economist-IBM survey see this as an advantage for addressing fragmented user preferences. A classic example, the authors observe, is Siri, the cloud-based natural-language intelligent assistant on the [Apple iPhone 4S](#). Siri, which enables users to send messages, schedule meetings, place phone calls, find restaurants and more, employs artificial intelligence and a growing knowledge base about the user to understand not only what is said but what is meant. "In a nutshell, it leverages the computing capabilities and capacity of cloud to enable individualized, context-relevant customer experiences."

6. Ecosystem connectivity enables information exchange across business partners. About a third of survey respondents like how cloud better facilitates external collaboration with partners and customers. [HealthHiway](#), an online health information network that enables the exchange of health information and transactions among healthcare providers, employers, payers, practitioners, third-party administrators and patients in India. "By connecting more than 1,100 hospitals and 10,000 doctors, the company's software-as-a-service solution facilitates better collaboration and information sharing, helping deliver improved care at a low cost, particularly important in growing markets."

The examples cited above in the Economist-IBM report are mainly online or tech-savvy companies, but the doors of innovation and disruption are open to all types of businesses -- from shipping companies to box manufacturers to government agencies. Expect to see a lot of interesting ideas emerge over the coming years, made possible by cloud.



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I am an author, independent researcher and speaker exploring innovation, information technology trends and markets. I am also a co-author of the SOA Manifesto, which out...

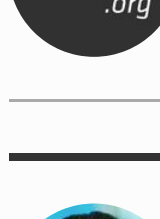
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