

Shore to shore: IT, the fifth utility

by Jim Fagan, VP and managing director, Rackspace Asia-Pacific

Cloud computing provides more than managed services, it brings new business environment where entrepreneurship can flourish. It dramatically lowers the entry barrier for start-up businesses or for business expansion. It allows building proof of concept to show potential investors a live version of the new business model. It allows innovators to focus on their products and marketing. This new 'Cloud Economics' considerably lowers the opportunity costs, shifts financing from CAPEX to OPEX and provides capacious headroom and flexible scalability at minimal cost, on a per use fee.



Jim Fagan, VP and managing director for Rackspace Asia-Pacific, oversees Rackspace Hosting and Fanatical Support in the APAC while managing sales, marketing, channel and data centre operations. Jim Fagan has spearheaded the company's expansion since 2008 (when Rackspace first entered Asia), and his commitment to industry-leading SLAs, new partnerships and achieving unparalleled customer experience have helped Rackspace become a popular and well-regarded leader in the region. He joined Rackspace in July 2006 as the director of financial operations where he built an organisation of financial professionals and assisted the company with its rapid growth as well as its IPO on the New York Stock Exchange.

Prior to joining Rackspace, Jim Fagan served as finance controller for Dell's Managed Service business and was responsible for the financial management and pricing structure of Dell's newly formed services division. He spent nine years at Dell, primarily providing finance planning, pricing and operational finance support to Dell's global Fortune 500 business. He brings more than 13 years of financial and operational IT product and service industry experience.

Jim Fagan holds a BS in Finance from Villanova University as well as an MBA from Arizona State University's WP Carey School of Business. He was a Division I competitive swimmer and team captain of the Villanova University Big East Conference Champion men's swim team.

From time to time, when I'm sitting in an aeroplane, I think about the movie "Up in the Air". I'm not thinking about how the main character feels most comfortable jetting from city to city, or how he's racking up millions of frequent flier air-miles, or how he has the awful task of firing good people on the ground. No, from time to time, I'm thinking of a certain scene where the lead, played by actor George Clooney, informs a person he's just sacked that "anybody who ever built an empire or changed the world sat where you are now". Some people might find that line glib or offensive, and I can understand that, but I'm taken with the idea that no matter a person's

circumstance, no matter where they are sitting, they can build an empire or change the world. What I'm truly proud of is that I work in an industry that offers anyone, no matter their station, the ability to better their lives and the lives of others.

You see, I work for an IT company during a time where IT is no longer about the office IT guy. You remember the office IT guy, the colleague cast to the Siberia of your office, left alone in an air-conditioned, server-filled room situated near the company toilet. Yup, that IT guy, the person we'd beckon when our computers crashed and Control-Alt-

Delete wasn't enough. Thankfully, IT is no longer about the office IT guy. IT has grown-up, left the back rooms and became something that is part of our daily lives. IT is now about us.

From our private email accounts to the websites we surf, to the connectivity we crave, to the apps we download, IT is now an in-demand commodity - much like the water we drink, the electricity and gas we consume, and the telephones we dial. Thanks to the phenomenon known as Cloud computing, IT has arrived, and opened its arms to everyone around the planet.

Cloud computing is an IT innovation that forgets no one. It pools together all IT resources (applications, platforms, and IT infrastructure), places them on shared servers and gives any user access to all of it online. Cloud offers ease, scalability and pennies-on-the-dollar affordability. One example of Cloud computing is your free email account, which is stored on a shared server and retrieved over the Internet. With Cloud, IT is now easily consumable, low cost and available to all, making it truly the fifth utility.

Around APAC, Cloud has already created opportunities for a new class of entrepreneurs and start-ups. For example, if you want to open five shops in one APAC country, you no longer have to buy multiple servers and pay a system administrator to fix any problems. Instead you can sign up with a Cloud provider, spin up a server quickly and begin your IT journey. You could even save more costs by deciding to sell your merchandise solely online.

Cloud spawns a brave new world of entrepreneurship - with no prohibitions attached. Local companies have blossomed online without having to pay tens of thousands of dollars for servers and expensive bandwidth costs. By sharing servers, these new companies pay only for what they use and do so with international bandwidth and easy scalability. They're carving out a name for themselves - both at home and abroad.

That's great, but what about folks looking to expand start-ups and needing more money to grow their enterprise? Well, Cloud helps here, too. Businesspeople wishing to create empires have great courage and they're chasing their ideas, but they undoubtedly need cash. It doesn't have to be much, but they need it. Five to ten years ago, visionaries had to have even more cash because creating a company's IT framework was outrageously expensive. You had to buy servers yourself, create big physical infrastructures or a collocated environment with a big upfront cost. So, not only were you selling it to investors or asking the bank to loan you money, saying, "Hey, this can work - I can make money; it's great", you were also sitting there thinking, "I need a half million dollars in IT infrastructure costs to even show you that this can work".

Today, it's different. Entrepreneurs are having a field day. They can go out and put their dream on a Cloud server for a few 100 bucks. Now, they already have your proof of concept out and, with that, you can show people a live version of your business model that's already out in the marketplace with features and functionality. When start-ups ask for money, it's no longer focused on IT. The conversation has changed to marketing potential, possible partnership deals and other business opportunities. If you're a private investor, a venture capitalist or a bank, that changes the discussion. Sinking half a million dollars into IT infrastructure that doesn't differentiate your investment, that just gets a business up-and-running, that's scary.

Accordingly, over the past few years, the traditional business economic model is changing into one-based on Cloud. Many industry leaders call it 'Cloud Economics' - and here's all you need to know:

1. Cloud is lowering opportunity costs and making businesses more efficient. It's critical to have a website up, to have a site that runs well, and to have a site that can scale. IT is a commodity, and while you're not going to get a competitive advantage with the technology it's a must do, it's a cost for entry that must be as low as possible.
2. Cloud is shifting all business models from capital expenditures to operating ones. With little IT costs, there's extra flexibility in any business model and additional cash to spend.
3. Cloud has allowed businesses to drop all worries about spikes in online traffic. For years, this was a major headache from a budgeting perspective as businesses didn't know how many servers were needed for operation. The dilemma was whether to spend millions of dollars on hardware that may not fully be used or to worry about spending too little and deal with outages. Now, extra Cloud servers can be used on demand at little cost.

By living and practising Cloud Economics, you have a roadmap to creating, expanding and improving your business. Right off the bat, you're saving 30 to 70 per cent of your IT costs, and shifting those funds to new equipment, salaries, administrative costs, what have you. With Cloud Economics, many of your fixed IT costs

are gone. Now, you're just paying for a per use fee. Whether you're a professional in Sydney, an artist in Hong Kong or a dreamer in Singapore, you don't have to wait. Your time is now. Thanks to IT and Cloud Economics, no matter where you're sitting or how you got there, you can build an empire, change the world - or better still, do both. ●



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