CHAPTER 10

MID-TIER BUSINESSES MUST EMBRACE THE CLOUD IN THIS CYBER-HACKED WORLD

BY GREG HANNA

Hurricane Sandy may go down as one of the worst disasters in history. It was the largest hurricane of 2012 and second-costliest U.S. hurricane ever. It created a huge path of destruction and left nearly half a million people without power.

Many businesses were among those left powerless during the aftermath of Hurricane Sandy. One of those was a law-firm that lost power for a week-and-a-half after the storm. Thankfully, the firm had just implemented a full Cloud solution, which put 100% of the company's IT securely into the Cloud. While the office was closed due to the power outage, the firm was as productive as normal because all employees were able to work remotely, securely and seamlessly, mostly from the comfort of their own home. The managing partner was even able to work from a Starbucks close to the office, in case he needed to get to the paper files. If this firm had not been fully integrated into the Cloud, it would have suffered major financial losses like most companies in New England and New York were experiencing due to Hurricane Sandy.

WHY THE CLOUD?

Computer/mainframe sharing from a centralized, highly-secure and redundant facility is not a new concept. IBM began this model in the

late 1950's with mainframe time-sharing speaking to teletype terminals. In the 1980's and 90's every company in the world began to embrace the personal computer and built their own in-house "datacenters" and computer resource sharing via local-area and wide-area networking. As internal demands increased and computer access became a lifeline for all companies, small-to-medium enterprises (SME) began spending hundreds of thousands of dollars on equipment and man-power to support and maintain an IT beast that could not be tamed. Fast forward to 2010, businesses finally woke up and realized the IT "companies" they had built within their organizations were costing a fortune. In comes the Cloud, eliminating the need for in-house and outsourced IT services and allowing companies to focus on their core purpose, which is generally not IT.

BENEFITS OF THE CLOUD

Through use of the Cloud, a company can take full advantage of millions and millions of dollars' worth of hardware, software, and services, without having to own any of it. This unparalleled access levels the technology playing field across business of all sizes, enabling an SME with fifty users or more to enjoy the benefits of Fortune 100-level computing resources and services, while actually saving money in the process.

In addition to disaster protection and greater access to resources, the Cloud provides businesses with virtually limitless capacity and storage and a system that never goes out of date and is always maintained. It also serves as a very strong defense against cyber-crime. Use of the Cloud keeps businesses focused on business, instead of being slowed down by needs for greater capacity, speed, protection, and technology upgrades. The Cloud frees a company from the never-ending technology hardware and software re-fresh cycle, while at the same time providing enterprise-level logistics, processes, and world-class 24/7 service and support.

THREE WAYS COMPANIES CAN TAKE ADVANTAGE OF THE CLOUD

- **The Private Cloud**

  This is a system a company hosts internally from its own data

centers or rents from an outside hosting company, through the use of an isolated, dedicated infrastructure. The advantages of the Private Cloud are it uses a business's internal assets, provides greater physical control, and offers a sense of security. The disadvantages are that this is the most expensive option, requiring a company to hire internal or external specialists to manage, fix, upgrade, and maintain it. If disaster recovery and business continuity are desired it is necessary to invest in two separate locations, doubling your investment. Security should be managed full-time. While this method can provide a sense of being secure, it usually is a false sense of security. The problem is the security for these systems is typically only a single firewall appliance and some intrusion detection and prevention appliance or software added-on to the firewall itself.

- **The Hybrid Cloud**

  With this option, the company keeps some technology and services internal and hosts other services with a Cloud provider, generally a public Cloud provider to keep the costs down. An example of Hybrid Cloud is outsourcing the email system (Microsoft Exchange for example) to a Cloud Provider and keeping everything else internally. On the positive side, this creates all the Cloud advantages for the app(s) put into the Cloud, reduces total cost of ownership, and creates a decent ROI, for the Cloud apps. Negatively, all the apps left internally experience the same problems found in a Private Cloud setup.

- **The Public Cloud**

  This option is the most advantageous to a company. Financially, it eliminates capital expenditure investments every three to five years for new servers, software, storage, and services. The Public Cloud offers dramatic flexibility. Need ten users? They can be turned on in under 10 minutes. Laying off fifty users? Turn them off and save 50 times your monthly cost per user. More storage, better security, up to date Microsoft Office, and 24/7 support are all included.

ELEVEN REASONS WHY SMALL-TO-MEDIUM ENTERPRISES MUST MOVE TO THE CLOUD NOW

As a business leader, you probably only think about IT when there is an immediate problem. That's not unusual. However, more and more

companies are recognizing the IT system they have in place is not capable of providing the benefits they need at affordable prices. Ask yourself, have your investments in IT provided your company the following benefits?

- Anytime, anywhere, any-device access
- Budget predictability
- Consistently good user experience
- Disaster recovery
- Proven and testable business continuity
- Robust cybersecurity

If not, it is time to join the Cloud revolution and allow your company to concentrate on your core business. Consider these eleven reasons to move to the Cloud:

1. **Lowered IT Costs:** This is probably the single most compelling reason why companies choose to move their company to the Cloud. Companies I've worked with have realized savings from 20% to 52% when moving some or all of their IT to the Cloud. These savings come from reduced or completely removed costs associated with the following:
   - Hardware (servers, storage, laptops, and workstations)
   - In-house IT support and/or outsourced IT consulting
   - Software licensing
   - Upgrades

   Once a company moves to the Cloud, it no longer needs to write large checks every one, three, and five years. Capital expenditures disappear and are replaced with much lower costs and higher ROI operating expenditures. With the Cloud you only pay for what you need, when you need it.

2. **Savings on Capital, Staffing, and Services:** Once a company moves to the Cloud, it no longer has to spend tens or hundreds of thousands of dollars on servers, storage, operating systems, and infrastructure, all of which are generally obsolete within 6-12 months of purchase. A company no longer has to install, update, and maintain software and support the system overall. This is particularly attractive for companies who are wasting a lot of money on external IT services and/or internal IT staff. Companies that are new, expanding, or facing a major IT upgrade, and don't want to incur the heavy outlay of cash required for purchasing

and supporting an expensive computer network will benefit from The Cloud. The Cloud takes the variable capital, operating, and human resource expenses off the income statement and replaces them with a predictable, scalable, single line-item under monthly utility expenses.

3. **Advanced Cybersecurity:** Cloud platforms are far more robust and secure than your business network, because they utilize economies of scale to invest heavily in security, redundancy, and failover systems making them far less likely to go offline. Instead of a single or several cyber-threat prevention devices, the Cloud uses redundant clusters of these devices, which are constantly monitored and fine-tuned to thwart threats. If you lost your password today, or if your employees share passwords and someone leaves, your company is vulnerable. Cloud systems use 2-factor authentication (2FA), which protects your company from lost passwords, easy passwords, and hacked accounts. For example, with 2FA, after you enter your password you need to accept a connection request on your mobile device that is unique to you and changes every 60 seconds. Cloud companies' have many clusters of firewalls, IDS and IPS systems, a Security Operations Center (SOC), and use Security Information and Event Management (SEIM) technology to create actionable items from terabytes of security log data. Cybersecurity is part of a quality Cloud service and is done on a massive, industrial grade scale.

4. **Instant Encryption:** Although data encryption is critical, it is a mystery to most. Internally managing devices, SSL certificates, and multiple pathways to information is a nightmare. Thankfully, Cloud platforms eliminate these issues. All data is encrypted in-flight (when traveling from one computer or one site to another) and at rest. These are both important as unencrypted in-flight data can be captured in clear-text format and data at rest can be hacked or physically stolen by taking the drives, servers, or devices. Given the option, it's worth every penny to add-on both email encryption and whole disk encryption. Email encryption will automatically protect your company from damages when an employee accidentally sends personally identifiable information or confidential information to a third party. Whole disk encryption will protect your company from significant damages that arise

when something, even seemingly simple, happens. For example, a company with 75 employees recently had to pay millions of dollars in damages and credit monitoring for the "potential" disclosure of records when one of their employees left their laptop at a bar after a Friday happy hour. Within a year, the company had less than 10 employees on staff.

5. **24/7 Data Security:** Let's suppose the data your applications are accessing and the documents you are writing never "leave" the data center. It looks as if the documents and databases are physically installed on your PC, but they're not. A huge advantage of a well delivered cloud system is that your applications and documents are usable at lightning speed (sometimes even faster than if installed locally) and are all safe and secure in the Cloud data center away from hackers, harm, and theft.

6. **Compliance:** Another significant benefit the Cloud offers is the ability to mostly or entirely handle a company's IT and data security compliance requirements by simply being in the Cloud. Cyber-crime is growing exponentially and federal regulations imposed on healthcare, financial, and insurance institutions are driving billions of dollars into regulatory compliance requirements for businesses who work with or in these regulated industries. HIPAA, SOX, and PCI are just a few compliance challenges facing businesses. Each of these compliance audits and certifications cost between $25,000 and $65,000 annually, and for larger companies those costs increase by factors of 10 and 100, respectively. The good news is all reputable Cloud companies undergo these same audits. The benefit to you, if your IT is in the Cloud with a compliant Cloud provider, is that your company can "ride" on the compliance certifications of your Cloud provider for those areas relevant to your IT compliance.

7. **Automatic Disaster Recovery and Backup:** The servers in your office or data center are extremely vulnerable to a number of threats including viruses, human error, hardware failure, software corruption, power outage, and physical damage from fire, flood, or other natural disaster. In the Cloud, your office or data center could be totally unavailable and all you would need to do is grab a laptop or mobile device and you'll be back up and running

immediately. This would NOT be the case if you had a traditional in-house network and were using tape drives, CDs, USB drives, online backup services, or standard disk-to-disk devices to back up your system.

8. **Enhanced Business Agility:** The Cloud makes any-sized business agile. It makes setting up new employees faster, cheaper, and easier. If a company uses a seasonal workforce or has a lot of turnover, Cloud computing will not only lower the costs of setting up new accounts and having elastic licensing costs, but it will make it infinitely faster.

   For example, my company currently provides the Cloud platform for a local firm that brings on an average of 10 summer interns each year. With a traditional network setup, they would have to purchase expensive PCs and software licenses for these temporary workers and then pay to maintain and upgrade them throughout the year. Using Cloud computing, these interns use their own laptops and log into the network securely. The firm ONLY pays for those workers' licenses during the time when they are interning. When September comes around, the firm no longer pays for those licenses and support used by the summer interns. Using this model saves the firm approximately $27,000 a year in hardware, software, and IT services.

9. **Improved Employee Productivity:** In today's always connected society, if you make it easy for an employee to work from their favorite mobile device, they will, no matter what day of the week or time of day. This drives increased revenue, profitability, and customer satisfaction. Cloud computing takes the mobility out of the specific device and inserts it into the user. In other words, it's not the device that's mobile, it's the user. This makes which device an employee chooses to use, and from where they choose to use it, irrelevant. Any device, anytime, anywhere is truly flexible and mobile.

10. **Reduced Real Estate Costs:** The Cloud is an offsite system that will save on real-estate costs. Real-estate is expensive and with the economy turning around, the cost per square foot won't be coming down any time soon. Smaller companies can reclaim the

server room and companies who own and rent data centers can save tens of thousands per month.

11. **Greener Technology:** The Cloud is a greener technology that will save a business on its electric bill. For some smaller companies, the power savings may be too small to measure. However, a larger company with a datacenter or server room can realize considerable savings by no longer having to cool a server room and keep the servers running 24/7. One of our clients had four cabinets of servers and storage costing them an average of $5,700.00 per month for power and cooling. This cost was eliminated when they moved to the Cloud.

SUMMING IT UP

There must be a reason both IBM and HP have stepped away from selling servers to the SME marketplace. The reason is simple. There is a dramatic and disruptive shift in the technology of how businesses will consume IT. The shift has already begun and will explode through its momentum phase over the next five to seven years. Companies have finally begun to wake up and realize they need to focus solely on their product or service to be profitable. IT is an expensive distraction. Companies are moving, and will continue to move 100% of their IT apps, servers, storage, and services out of their company and into the Cloud. If your company hasn't already, now is the time to move to the Cloud.

About Greg

Greg Hanna is an entrepreneur, speaker, best-selling author, and seasoned business executive. Leveraging his 30 years of industry experience, Greg helps CEO's, Presidents, and owners apply the appropriate blend of security, reliability, performance and savings to their IT system, enabling them to achieve their critical business initiatives. Greg has a long history of identifying, developing and launching leading-edge technology services, years ahead of industry adoption.

Greg is currently the President and CEO of TOSS Corporation, the IT industry's most in-demand Cloud computing company specializing in highly effective technology strategies bringing true efficiency, agility, and increased productivity to U.S. based businesses. He is a graduate of the University of Rochester, and his business passion is helping companies get out of the technology business by providing them with his IT as a Utility® platform, which is an enterprise-class Cloud delivered IT system complete with provisioning portal, cybersecurity, and 24/7 service and support. Greg's customer service philosophy is, "If each client feels like they are the only TOSS client, we've succeeded."

Greg is the author of Computers Should Just Work! He has been featured in many publications including The National Law Journal, Journal of Investment Compliance, Cybercrime: Current Perspectives, and has been a featured speaker at numerous ALA, ILTA and other Legal, Healthcare and IT events and conferences.

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