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*A true IT Services Company*

## On Cloud In Vogue!!!

*What is in it for us? Why is it a buzz word? Where is the Indian cloud market heading? Is it just “On Cloud In Vogue” thing? These are few fundamentals questions which every decision maker in India and in the developing world has in their minds. The paper here puts forward a humble initiative to explore the potential of the idea, the current service providers in India and what lies ahead for the concept.*

*Happy reading.....*

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More often than not a change is reactive, predominantly stemming from compelling systemic forces but definitely requiring lost of energy to get over the inertia to make the change a habit. “Cloud Solution” is one such innovation which it seems has the potential to be the thing for next gen but surely needs good amount of ground work to be done before it catches the eye. Though the idea was conceptualized more than a couple of decades back, the momentum gathered some steam in recent past.

### **The Steam behind the Cloud:**

Last couple of years saw the business scenario shift from a seller’s paradise to the buyer’s arena bringing in the pressing need to optimize resource exploitation. Though this can be intuitively thought of as “The Need” for going the cloud way, by no means this is only driver. After much discussion with entrepreneurs, friends & decision makers, and the old & wise in the market, five prominent drivers which I could construe as the steam behind the cloud would be the following;

- a) **Increasing Cap-ex:** Spiraling IT infrastructure setup and operation cost with growth is the major crippling factor in setting up an IT infrastructure. With this model in place, seemingly end-users will be able to completely eradicate the initial heavy investment on hardware and will also be able to avail the software services like any other subscription service.
- b) **Efficiency:** Despite having invested heavily in creating the infrastructure, the infrastructure is un-utilized for more than 50% of its capacity. Improved efficiency without having to worry about creating new infrastructures for each new application is one such brilliant opportunity which makes this service a formidable offering.
- c) **Agility:** Agility is one factor in the industry these days which differentiates between the leaders and the second best. The service provides the much necessary wherewithal to compete better in the market to the small and medium enterprise.
- d) **Demand for Storage & Management:** Ever increasing demand for data storage and management is yet another challenge, as it diverts the much necessary capital towards non-core investments.
- e) **Operation and Maintenance challenges:** Along with the infrastructure comes the much necessary cost of maintaining and keeping it up-to-date. This not only requires competent dedicated manpower but also valuable working capital. The initiatives not only promises “pay-as-you-use” services but also reduces multi-skilled manpower requirement.



## The Target Market:

If we are to believe Steve Ballmer, CEO Microsoft, India will not only see a surge in cloud computing but also become the service hub of cloud computing for the world. Only time will disclose its potency, but as of now both global and Indian harbingers are considering the mammoth Indian SMB sector as the potential market which can make or break the rules of IT industry in India.

While trying to understand the contribution of SME to the Indian GDP, varied results surface, primarily because of the difference in definition assumed. But the one factor which remains unchanged is its huge potential. Assuming Zinnovs research study as the base, we have about 60% of the GDP coming from the SME, which is close to \$650bn, and the contribution is set to increase over the period.

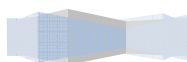
Gartner believes that the overall cloud computing business in India will touch \$One billion mark by 2014. As per Springboard research, Indian SaaS market is already the fastest growing market in Asia-Pac with 60% CAGR and will clock about \$350mn by 2012. As per Gartner, about 90% of the Indian market is now covered by SaaS and the remaining 10% by IaaS and PaaS.

### I.

Service Provider	Cloud Offering	Cloud Type
Cynapse India	Cyn.in	IaaS + SaaS
Infosys Technologies	Cloud based offering for Auto Sector	SaaS
Netmagic Solutions	Cloudnet, CloudServe, & Private Cloud	IaaS
OrangeScape	Orangescape Cloud	PaaS
Reliance Data Centre	Reliance Cloud Computing Services	IaaS+PaaS+SaaS
Synage	DeskAway	SaaS
TCS	ITaaS	IaaS+SaaS
Wipro Technologies	W-SaaS	SaaS
Wolf Frameworks	Wolf-PaaS	PaaS
Zenith InfoTech	PROUD	IaaS

Source: Business Standard, ET, Techno-pulse

Having (to some extent) understood the model, the end users are a bit skeptical due to lack of complete understanding. Adding to the haze is the concern of data security, supply chain and modus operandi. One of the key concerns which I could understand from some of my friend entrepreneurs is “what if due to some reason the service gets terminated?” End users need to have a parallel data storage facility in place to mitigate



the risk of having its entire critical data on cloud. Literally the user has a noose around its neck.

Hopefully in the next few years, as service providers master the business model, the market will educate itself to reap the most from cloud. However, with time and more frequent usage I am sure such concerns will get ironed out, but till that time it will be a wait and watch game for the industry.

### **The Indian Cloud market SWOT:**

The SWOT analysis of the Indian cloud market reflects a pretty attractive pursuit, albeit with some very sincere caveats. Though these threats may sound big hurdles at this juncture, the model intrinsically has the capability to address and overcome them successfully.

<b>Strength</b> <ul style="list-style-type: none"><li>• Converts IT Capex to Opex</li><li>• Pay as use model</li><li>• Scalability</li></ul>	<b>Weakness</b> <ul style="list-style-type: none"><li>• Model Nascence</li><li>• Still a hazy concept</li><li>• No All in One solution</li></ul>
<b>Opportunity</b> <ul style="list-style-type: none"><li>• Largest SME sector</li><li>• ~\$1.08bn market by 2015</li><li>• 60% CAGR of SaaS from 2008/12</li></ul>	<b>Threat</b> <ul style="list-style-type: none"><li>• Data Security</li><li>• Lack of control on data</li><li>• Skepticism over service guarantee</li></ul>

I personally feel that the lack of awareness, the threat of data security and service guarantee will hold the initial rush in India. However, once these problems are taken care of it has every possibility to be a revolutionary solution not only for the small and medium but also large enterprise as well.

Simplicity is something which should be at the core of any product or service to be successful, and for that the product/service should have become a habit not an experiment for the end user, hence it will definitely take some time to cross the experiment phase and get into the stream of usual affairs for the end user. After all they will be the one shelling out their hard earned money to avail the service.

