TRENDS IN CLOUD-COMPUTING ADOPTION IN SOUTH-EASTERN EUROPEAN REGION

CLASS CONFERENCE 2012

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A NEW TYPE OF SALE
WHAT IS DIFFERENT IN SALES AND MARKETING?

On-Premise Software

Customers BUY it and USE it because they PAID for it

Cloud Services

Customers PAY for it (ONGOING) because they USE it
BUSINESS MODELS ANALYSIS – MOVING INTO THE ICT
BUSINESS IMPACT

CAPEX/revenues

Size of the business

EBITDA/Revenues

Telco model

ICT model

"Pure IT" model

New Business (IT)

Traditional business (TC)

0%

5%

10%

15%

20%

15% 30% 45%
**TRADITIONAL IT – A SHIFT OF POWER**

**TRANSFORMERS AND MARKET MAKERS**

**IT is finally in the driving seat 🎉**
- Solutions are standard
- Business processes need to be customized

**SI’s business models are under threat**
- There is nothing left to integrate
- IT IS a service!

**They have to reinvent their business model by becoming:**
- Cloud advisors
- Cloud Integrators
- BPM experts

**Customers have to change**
- Level of expectations
- Usage patterns
- Business processes
- We are specific approach 😊
WHAT ARE WE DOING?

Disclaimer: I am sure that you do know it’s just a joke.... :)

LET’S IMPLEMENT CLOUD COMPUTING SO I HAVE SOMETHING TO TALK ABOUT AT THE EXECUTIVE MEETING.

TELL THEM WE’RE EVALUATING IT. THAT WAY NEITHER OF US NEEDS TO DO ANY REAL WORK.

I LIKE IT WHEN YOU DO REAL WORK.

SORRY. I THOUGHT YOU WERE LEADING BY EXAMPLE.
**CLOUD USER SEGMENTS**

**CONSUMERS**
- Already enjoying the cloud for free
- Very unlikely to pay more than ZERO
- Paying by seeing ads mainly

**SMBs**
- It all started there
- Now have access to enterprise solutions
- Undergoing the privacy and security mind shift

**ENTERPRISES**
- Reduce risk
- Private clouds
- Leverage cloud bursting in the future - Hybrid clouds
- Reinventing the role of IT
## Example: InfoCumulus
### IT Services – Annual Cloud Spend

<table>
<thead>
<tr>
<th>Service</th>
<th>Provider</th>
<th>Cost/employee</th>
<th>TOTAL per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>File sharing &amp; backup</td>
<td>DROPBOX</td>
<td>100 / year</td>
<td>600 USD</td>
</tr>
<tr>
<td>Hosted Exchange</td>
<td>RACKSPACE</td>
<td>12 USD</td>
<td>=12<em>12</em>6=864 USD</td>
</tr>
<tr>
<td>CRM</td>
<td>ZOHO</td>
<td>12 USD/month/user</td>
<td>Free (Zoho partners)</td>
</tr>
<tr>
<td>CRM on mobile</td>
<td>ZOHO</td>
<td>3 USD/month/user</td>
<td>Free (Zoho partners)</td>
</tr>
<tr>
<td>Web</td>
<td>GoDaddy</td>
<td>NA</td>
<td>60 USD</td>
</tr>
<tr>
<td>Projektna suradnja</td>
<td>ZOHO</td>
<td>199 USD/ company</td>
<td>Free (Zoho partners)</td>
</tr>
<tr>
<td>App dev environment</td>
<td>ZOHO Creator</td>
<td>170 USD / company / month</td>
<td>Billed to clients</td>
</tr>
<tr>
<td>Time tracking and billing</td>
<td>Toggle</td>
<td>5 USD / month / user</td>
<td>=5<em>6</em>12=360 USD</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>1884 USD</strong></td>
</tr>
</tbody>
</table>

What remains in the local economy?
COMPETITIVENESS ON THE LOCAL LEVEL
ECONOMIES OF SCALE VS. ECONOMIES OF SCOPE

**SCALE** – Lowering the marginal cost with each new user

**SCOPE** – Lowering the marginal cost with each new product
WHAT IT REALLY MEANS?
CUSTOMER SEGMENTATION

Already lost

Don’t realize the IT benefits

Understand the IT benefits but still cost cautious

VALUE PROP: Why IT at the first place, and only later the cloud....

EXPLAIN WHY IT!

VALUE PROP: Reduce risk; opex to capex; time to solution; focus on important

EXPLAIN WHY CLOUD!
**How can we make the difference?**

... or .. **How to keep some of the „Cloud Money“ in the region?**

- Local regulations
- Customer data protection
- Localized applications
- *Example*: local HR apps, accounting, etc...

**Use the regulators**

- Expand the offering
- cross-sell & up-sell
- Attractive *app stores*
- Economies of scope and leverage of IT resources

**Consolidate ISV solutions**

- 1:1 sales
- Smart alliances – use existing channels (telcos, banks, industry chambers, IT companies)
- Billing systems

**Local business relationships**

- More *freemium* models
- Try and buy campaigns
- Bundles

**Buying models**

- ... in transaction
- ... in communication with SP
- ... in support
- ... in usage
- ... in billing

**Simplicity**

- IaaS is a hard sell
- Virtual servers with DB is still an IaaS
- Forget about PaaS
- Focus on SAAS !!!

**Services**
Cloud interoperability

Is the private cloud a cloud at all?

Global competition

SI transformation

Enablers vs. providers

Role of IT in the future
QUESTIONS & CONTACT

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