

What Exactly is Cloud Computing...and Why Should I Care?

Introduction

OK...so you've heard the buzz...everybody is talking about Cloud Computing. Microsoft is hyping it. Google is staking a huge piece of their future on it. Every technology start-up attempting to raise interest from the venture capital community is peppering their business plans with it. But what exactly is this mystical-sounding stuff? Computing in thin air? Computing in the fog? Is it vaporware? And, most importantly...why should you as an insurance agent care? We'll answer that main question and provide a simple definition of this mystical pizza in this article. So, grab a cup of java and read on!

What is cloud computing and where did it originate?

The word "cloud" in the term "cloud computing" is actually a reference to the graphic that folks most often use to represent the Internet in their communications. According to Wikipedia, the first academic use of this term appears to be by Prof. [Ramnath K. Chellappa](#) (currently at [Goizueta Business School, Emory University](#)) who originally defined it as a *computing paradigm where the boundaries of computing will be determined by economic rationale rather than technical limits*.

No technical limits...huh?

What was Prof. Chellappa actually saying in his original definition? Well, he was saying that through technological innovations like the Internet and high-speed networking, we will be able to enjoy the leverage of powerful tools and applications, but not really have to be experts in those tools and applications themselves.

Think about it this way...do you need to thoroughly understand the intricacies and technical challenges inherent in producing electricity to flip the light switch in your office? Do you care? No. You just flip the switch and expect light.

Let's continue with this analogy for a bit. What if you had to build your own mini power plant to produce the electricity you consumed in your particular office? You had to purchase the capital equipment needed, hire the experts to run the equipment, build the infrastructure to transport the electricity all around your company (maybe to multiple, geographically disperse offices) and purchase the raw materials to keep the plant running. Sounds extremely inefficient...right? Right. But businesses are doing this every day, day in and day out. The output however, is not electricity, but computing power.

The business of Information Technology

The entire business model of the Information Technology industry has been based on the complexity and scarcity of resources, just like every other traditional business model in history. Every breakthrough innovation starts off the same way. Complex systems demand highly skilled operators working in a central location where the problems are brought to the solution. Think about the beginnings of computing. It all started with computers the size of entire rooms and a staff of highly skilled technologists keeping them running. Computer programmers brought their problems (the computer programs) to the solution (the central computer). Computing was too expensive and complex to be trusted to just anyone, so these resources were locked away and shared on an as-needed basis only. What changed? Well, we figured out ways to make computing less expensive (think transistors) and smaller (think billions of transistors). And, before long, computers were fast and cheap and everybody could have one of their very own. But, what good were they? What could we actually do with them? Not much...until the Internet.

The investment in the infrastructure

With the advent of better, faster, cheaper computers came the evolution of the software industry. Through software applications, we realized that we could run our businesses more efficiently. And we realized that we could install networks of computers and these computers could be made to run bigger and more complex software that could help us manage our businesses even more efficiently. So, we all went out and bought more of them. We networked them in our offices and ran software packages to accomplish things like accounting and customer relationship management. But, we also needed the human resources to manage these computer networks and software applications. So, we hired an IT department. And, here we are today...with investments in computers, infrastructure and people...none of which is directly tied to our core business model. Think back to our electric power plant analogy...sound familiar? There's got to be a better way, you say? Correct. And that is cloud computing.

Lose the infrastructure...keep the functionality

Cloud computing uses the power of fast communication and inexpensive storage to bring application functionality to you without the infrastructure. In other words, you can flip the switch and get the light without producing the electricity yourself. The technology has advanced to the point of being able to send, store and manipulate mountains of data, the bits, (as in bits and bytes) quickly, while the capital equipment to do so has been consistently dropping in cost. So, how do you leverage this type of business model? You give away the capital equipment and sell the manipulation of the bits. That is the essence of the cloud computing business model.

So, how does this affect me again?

Well, as a purchaser of computing software, you should be aware that there is a better way. Instead of buying hardware, installing networks, installing software, making sure patches are loaded, data is backed up, and all of those old headaches, you should be thinking about our electricity model. Just purchase the functionality that you want. Don't install an infrastructure just to get the electricity. You should make sure that the software vendors you choose for important functionality support the cloud computing model. You should never have to load software on a computer in your office. You should get a URL, a username and password, an account and that's it. You should be able to access this software from wherever you happen to be in the world anytime you need. That is the most efficient, effective use of your most precious resource...time. And this time can be spent more productively running your business instead of running your computing infrastructure.

Summary

Cloud Computing is the wave of the future and should be in your plans as a business owner. In this article, we described Cloud Computing and why it makes the most sense to leverage this model in your business. The days of buying, installing and maintaining software are numbered, and there are good, practical business applications out there today leading the way into this new world of efficiency and effectiveness. To learn how ClearData International harnessed the power of the cloud to bring insurance agents the RelEvent™ prospecting platform, visit us at www.myRelEvent.com or drop us an email at info@cleardataint.com.