Cloud Computing & Rise of Virtual Organizations

Cloud computing has helped organizations shift their focus back from non-core to core business activities. But can this business model sustain them in the long run?

Himanshu Joshi, Faculty, International Management Institute, Delhi & Pallavi Dhyani, Business Analyst, NIIT, Delhi

With the advent and a subsequent sprawl of the Internet into, possibly, every facet of life, there has been a radical shift in the way organizations do business today. The traditional organizations that turned digital some years back are now, bridging the physical barriers and slowly turning into virtual organizations. The Internet has played the role of a catalyst in bringing about this transformation and with the technological sophistication experienced over the years, has helped in blooming the virtual world. Then there have been, of course, the changing needs of the organizations, their employees, customers, investors and regulators that have dictated the change to bring about the order of this new world.

An offspring of the Internet, the Cloud, has enabled the established organizations to shift their focus from the maintenance of their infrastructure back to managing their core business. Smaller organizations too have been released from the constraint of investing in a sound infrastructure before their business can kick start. The Cloud has enabled companies to expand their reach into unknown territories; reaching and supporting a remote customer in real-time was never as achievable before. For competitive edge, through the Cloud, organizations are able to link and integrate, unifying their core competencies to function as a single organization, commonly known as the Virtual Organization. The rules of the game have changed.

Rise of the global Cloud champions

The concept of application hosting has been in prevalence for as long as three decades. Of course, earlier the applications were put up on the Web for a subsequent download, local installation and use. Going a step further from Cloud computing and the idea of hosting a Cloud for application sharing and distribution, a number of companies today have opened their Cloud infrastructure to other companies for development and deployment and thus creating what is called as PaaS. Google can be a great example to quote here since it not only offers its set of commodutized services

over its Cloud (SaaS); it has also opened up its Cloud infrastructure to host third party applications on top of their own. Another good example can be Microsoft which has been slowly charting its way to Cloud computing over the last several years, releasing SaaS products like Windows Live and Office Live and most recently, Office 365 – an online version of their desktop products.

Apart from Google and Microsoft, Amazon, Yahoo, and Symantec too have made significant investments in Cloud computing services. Another similar undertaking is Adobe Photoshop Express (to edit and manage photos online) and online services like creating PDF files, converting PDF to Word, online form, sending large files and hosting online meetings. Some popular examples of business models on Cloud include ebay.com and salesforce.com. The industry sectors where Cloud computing is extensively being used are financial institutions, insurance, telecommunication, manufacturing, technology, education and government.

Adoption of Cloud computing in India

Davis Partners, a global leader in Cloud infrastructure and hosted IT solution for enterprise and Bharati Airtel, a leading global telecommunications company joined hands to launch a major Cloud computing initiative in India. This initiative involves Airtel providing World-class data center facilities, unsurpassed bandwidth capacity along with World-class network connectivity and Davis providing its technical expertise to offer best-in-class Cloud services.

Tata Communications, one of India's leading enterprise telecom service company has been investing heavily in IaaS. Last year it launched InstaCompute, which offers enterprises the choice of being able to buy basic computing services and pay for it depending on usage. The company's core infrastructure is provided by Cloud.com, the leader in Open Source Cloud computing software.

Adoption of Cloud computing among schools, colleges and universities is also gaining momentum. In a quest to offer high quality education content and instruction to ▷