

JOINING THE BIG DOGS

COMPETE WITH THE BIG DOGS WITH CLOUD COMPUTING

RISETECH PARTNERS



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For small firms, the internet was a great leveller. Small businesses, even the tiniest startups, could suddenly access wide markets they never could have penetrated before the World Wide Web. Geography and the need for deep pockets to build real-life distribution points retail or otherwise no longer presented barriers to market entry. Similarly, the cloud now offers another breakthrough for small businesses. Before the cloud, the expense of an in-house IT infrastructure hardware, software, upgrades and labor created a mashup of capital expenses and high fixed costs that just were out of reach of most small firms.

However, with the cloud, small firms can be part of the massive aggregated IT infrastructure and benefit from the economies of scale that previously only benefited large firms.

How does the cloud help small firms? Let's count the ways.

First, big capital expenses. No matter how minimal your technology needs, a certain amount of your business is completely reliant on technology. Systems fail, and no business can afford to be offline. That means spending money for mirrored servers and other redundant hardware.

Second, small businesses that experience cyclical sales peaks may end up having expensive, unused capacity for parts of the year. Also, small firms may be unable to ramp up quickly to meet new demands and opportunities, and therefore leave money on the table. IT expansion takes time, planning and immediate cash.

Third, there is labor. Small firms cannot benefit from economies of scale when it comes to IT labor support. Clearly, everyone needs 24/7 support, but to maintain that level of staffing would mean IT labor resources go unused, as they sit just waiting for a disaster to occur.

In short, the traditional IT model doesn't work well for a small firm. However, the cloud has upended that completely. Now, even the smallest business can have a complete, backed up and redundant IT infrastructure with 24/7 support. By moving to the cloud, all of those capex and labor expenditures are shared among thousands of small to large businesses. Vast economies of scale mean lower costs for the small business owner, an opportunity that never existed until the cloud.

In the end, the cloud creates a disrupting model that allows the small firm to benefit from all the advantages of available technology without the cost barriers of in-house IT support.. Before the cloud, only large established firms with deep pockets could afford the infrastructure. Now anyone can enter the market.

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