These are enabled through new business models – virtualization. Virtualize everything you can virtualize. Virtualization enables you to reduce cap spending, reduce spending on power and floor-space, but it does not address the cost of labour. Mike went on saying that virtualization drives your labour expenses up in an IT environment – "when you virtualize, you actually create additional images as you move your workload into virtualization. Firms suffer image sprawl after they virtualize and costs to manage your IT environment based on number of images you have – you have to dedicate people to administration and labour", he said.

Cloud adoption

The cloud is the extension of the Internet. Enterprises started in the Internet by building intranets. Through intranets, you get a good handle on the technologies and security models in a sheltered environment before leveraging in the public environment. You will see this same progression in cloud for large companies, although virtually every company today uses cloud services – in security (spam filters), in collaboration (web conferencing etc.). We see large enterprises adopting private clouds moving more heavily into public.

For small- and medium-sized enterprises (SMEs) moving very quickly into cloud as soon as high-quality services are available (Salesforce.com, which has scaled up very quickly from SMEs into enterprise). This is how we see the adoption of cloud taking place.

What is a hybrid cloud?

Mike went on explaining to take analytics as an example of hybrid clouds. E.g. Banks run real-time analytics as well as some big analytics jobs they need to run weekly, which requires a lot of capacity. Large firms have to bring all this capacity in-house or wait a very long time for the results. With hybrid clouds, people could build a private cloud (or a traditional environment) to run workload inside and then at times when they needed peak load, we could spill over into the public cloud for an application interface, which would enable us to pay for extra capacity when