

Are Indian Small Business Geared for Cloud Computing?

Written by Babu Shanmugham
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With globalisation and rapid advancement in technology, cloud computing remains a sure way to cut down costs and scale up profits for medium and small scale enterprises.

The Indian small businesses are indeed geared to cloud computing, and it is the market imperative that they adopt cloud computing sooner than later. Going by the renewed initiative taken by the central government and private sector giants like IBM, HP, CISCO and TCS, it is not premature to conclude that they have attained the required mass to embrace cloud computing. Although many impediments remain in place, cloud computing is not an option but a necessity dictated by the market. Before we look into the details, let us look into the benefits and challenges faced by small businesses.

Cloud computing benefits and challenges:

Simply put in layman terms, cloud computing is all about using computer resources that are available remotely in the internet or vendor's premises. The computer resources could be hardware, software or a platform itself. The resources are not purchased, but the user pays a fee based on his need. Three broad categories of cloud computing includes the following:

- 1) Infrastructure as services (IaaS)
- 2) Software as services (SaaS)
- 3) Platform as Services (PaaS)

Benefits:

Cost cutting:

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Investment in IT infrastructure is not only huge but also beyond the reach of small businesses, but this scenario has completely changed due to the advent of cloud computing. Now, they are able to access and use the infrastructure with only a fraction of the cost involved without actually owning the resources.

Cloud computing has provided the opportunity to replace IT capital expenditure with operational expenditure which can be varied based on the usage. There is also no need to spend on additional manpower to maintain these resources or plan disaster recovery strategy as the licensed resources are not in-housed.

Flexibility:

Cloud computing provides round the clock update and access, and this provides a great competitive edge in today's dynamic market. Employees can access the resources from the laptops and mobile devices, which not only saves time but also money.

Scalability:

Based on the market demand, the user can upscale or downscale his IT needs. This benefit also helps to manage and control the cost better.

Productivity:

Since the IT resources are managed by the vendor, the user has additional time and money left to concentrate on his core functional area. This advantage gives the user the needed leverage to increase his productivity and efficiency.

Challenges:

The common challenges faced by the MSMEs include the following:

- Low penetration and adoption due to lack of awareness
- Low bandwidth, particularly more in rural areas
- Inadequate in-house management capacity: lack of skill, proper training and assistance
- Frequent power cuts
- Security challenges
- Lock in risks
- Unavailability of customized solutions tailored to the needs of small businesses.
- Legal and regulatory issues

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Although the above challenges look disturbing, necessary measures have been adopted to address these measures by the government and the private sector. A look at the few of those measures listed below would reiterate the fact that Indian small businesses are indeed geared to cloud computing.

Government Initiatives:

Both the central government and state governments are laying out adequate IT infrastructure to ensure that the right ecosystem is in place. The main thrust is given through Promotion of Information & Communication Tools (ICT) in MSME sector. The main objective of the scheme is to enable them to adapt ICT tools and applications, and the thrust is mainly given in the rural areas. This scheme is currently undergoing modification to include cloud computing approach also. Additionally, data connectivity in rural areas is becoming a reality with BSNL providing broadband connectivity up to the taluk level.

Apart from this, the Department of Information and Technology is planning to set up a national cloud that link up data centres across all states. Mr. Kapil Sibal, the Union Communications and IT minister, has recently added that the central government is evolving a policy framework for cloud computing and also emphasised that the main area of focus in SME sector would be at the cluster level. The cluster based approach has an advantage of commonality of purpose and vision.

Private sector measures:

With the current cloud computing market in India worth USD 800 million and small businesses having a major chunk of it, all the major players are making inroads by creating necessary infrastructure and designing new services, tools and platforms. The companies have understood that customization is the need of the hour to penetrate this cost sensitive sector.

Lack of customization tailored to the needs of the small businesses has been lacking for a while, and the companies are making the necessary amends to their strategy by fine tuning their functionality and repackaging their products. In recent years, they have developed dedicated channels and flexible pricing structures.

Although most of the initiatives discussed above can overcome the challenges, a lot more needs to be done on the legal and regulatory side. However, the current initiative by the

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government and the private players leave ample scope for small businesses to explore and embrace cloud computing.