EXECUTIVE VIEWPOINT

Frank Gens is SVP and chief analyst at IDC. In this role, he guides IDC’s research into broad IT industry trends, particularly the strategic adoption of technology by Global 2000 businesses and the industries in which they compete. Here is his take on the cloud and the evolution of business.

Q: What technologies in the last decade have played and will play the most significant role in the evolution of business?

A: There are several technologies that are key to this next wave of creating competitive advantage, together forming almost a platform on which innovators and developers can create new solutions, new innovations. This “third platform” is based on the cloud as the new core, mobile technologies as the new edge; and then on top of that, big data, analytics and social technologies—all creating value on top of that cloud foundation.

Q: How can business realize the full potential of IT to transform the organization?

A: First, it takes the ability to feel very comfortable with the third-platform technologies, including the cloud, as part of the new raw material for innovating in business. The second to-do for business leaders is to look at those technologies and think about “Well, what kind of new offerings, new value, can we create in our marketplace with these new technologies?”

Q: What is the cloud’s potential to foster the evolution of business?

A: Sometimes people think of the cloud with regard to its ability to lower cost, and of course, the cloud has done a lot in that area. But the biggest impact is the cloud’s ability to accelerate the rate of innovation for the business and for industries. Anyone who uses the cloud in an IT setting—say software as a service (SaaS)—knows this, because when we get software through the cloud, we get updates, new features, at three to six times the rate we had with traditional software. We’re not talking about patches or bug fixes; we’re talking about driving new waves of innovation out to the market at a rapid rate. Companies that don’t use the cloud to drive this new value and innovation to the marketplace won’t keep up with the market.

Q: It sounds like you’re positioning the cloud as a major disruptive and enabling force in business.

A: The evolution of business for the next several years is, in a way, going to be defined by what the cloud enables. The cloud is enabling a tripling in the number of new developers and innovators who can create business value through IT. Together, they are going to create about a tenfold increase in new killer applications. Probably two-thirds of those are going to be focused on specific industries.

Q: What about lingering security concerns about the cloud?

A: People think the cloud is an insecure place, and nothing could be further from the truth. Cloud service providers have some of the most sophisticated security tools and experienced staffs on the planet. And the latest advances in security software are now being delivered through software as a service, through the cloud, which means that more businesses have access to it, more simply, and you have faster updates to that software.

Q: Cloud spending is going to soar in the next two years. What will be the impact on business of this spending?

A: Cloud investments are going to be critical for accelerating the rate of innovation, development and new roll-outs to the market over the next several years, in every industry. We’re already seeing organizations reduce the time to get offerings to market by a factor of 10 or more. The more new offerings you develop, the more likely you are to hit new winners, new big-bang products and new campaigns. In addition, many companies are creating industry-centered cloud communities and innovation communities, where they are inviting in other companies to create new innovations together.

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