



PUBLIC CLOUD COMES OF AGE

← Public cloud services are seeing significant uptake in the Middle East.

AFTER A LONG PERIOD OF PROMOTION AND HYPE AROUND PUBLIC CLOUD SERVICES, REGIONAL PROVIDERS REPORT THAT THEY ARE FINALLY SEEING AN INCREASE IN UPTAKE, AS ORGANISATIONS OVERCOME THEIR RESERVATIONS AND TAKE THE BENEFITS OF CLOUD SERVICES TO HEART

BY KERI ALLAN

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Dahmash: Laws to regulate the cloud service sector are growing as the technology itself develops.

In recent years there has been more and more hype around public cloud services as providers shout from the rooftops about the opportunities they present. But has this hype translated into an uptake of services?

The answer appears to be yes – businesses in the Middle East are now much more willing to embrace public cloud services. Interest continues to grow and although uptake has been slow to date, public cloud project numbers have recently begun to ramp up.

“Compared to other regions of the world, adoption of public cloud services in the Middle East has been slower, but there is definitely an upward swing,” notes Louay Dahmash, Head of Middle East, Autodesk.

“As more businesses become aware of the benefits of cloud services, we’ve noticed an uptake that has significantly increased in just over the last year,” agrees Michael Skairjeh, managing director, Blue Ridge IT. “I believe this to be in direct correlation with customers now experiencing the resulting savings on CAPEX, ease

of deployment and scalability cloud solutions offer. Additionally IT departments are getting the requests from their senior management and end users themselves who want to be able to work from anywhere, at any time and through any device.”

“From businesses that are striving to provide end customer service to governments that look at citizen service delivery, the potential is huge,” adds Dahmash. “In some countries, such as the UAE, Kuwait, Saudi and Qatar there is a policy level commitment to make the region the fastest growing and most efficient market in the world, for which, efficient cloud based services will become key.”

Comments from providers are also backed up by figures from analysts: “Gartner predicts that the MENA public cloud services market will generate \$462.3 million in revenue during 2013, marking a 24.5% increase from 2012,” notes Rajesh Abraham, director, Product Development, eHosting DataFort.

So who are the customers, and what are they buying? Providers report public cloud adoption by companies both large and small and across all segments.

“Mid-market organisations that need rapid scalable services, without the need for heavy upfront capital and resources are turning to the cloud. Also, large enterprise organisations with existing services that are reaching end of life are being replaced with the cloud,” highlights Xabier Ormazabal, senior director, head of UK Marketing, Salesforce.

Many providers have noted that the top users of public cloud services are SMBs, and first time customers are often focusing on services such as email and web security, SharePoint hosting and CRM. The larger enterprise customers appear to focus more on services such as test labs, migration tests and proof of concepts as well as their non-critical IT application requirements.

“We are seeing increased interest and momentum as it pertains to Office 365, Windows Azure, MS Dynamics CRM, Cloud HR & Payroll, and Project Management online especially in the SMB arena. These are customers who immediately want to realise the cost savings and faster time to market that the Cloud offers. Beyond this market, other verticals in the cloud target scenario are government, education, financial, and telecommunications.



“CLOUD IN MIDDLE EAST NEEDS BIGGER PROMOTION, NOT ONLY AROUND SAAS BUT ALSO IAAS AND PAAS. IT COMPANIES IN THE MIDDLE EAST NEED TO DEVELOP THEIR CLOUD EXPERTISE AND KNOWLEDGE.”



Customers have come to understand the cost, deployment and scalability benefits of using cloud services, says Skairjeh.



Vendors need to educate customers that their data is safe in the cloud, to raise consumer confidence, Smith says.



Sahni: Reputable players and reliable broadband are helping to address user concerns and barriers to adoption.



“Organisations consider using public cloud when they are engaged in projects involving team collaboration, testing code for software development projects built in-house, CRM and for providing standardised applications such as email and Office applications to a large employee base,” notes Skairjeh.

“Business process services (BPaaS) is the largest segment in terms of uptake of cloud services accounting for almost 38% of the market,” Dahmash continues. “In the coming few years some of the highest growth will be in the SaaS segment, where cloud-based office suites and ERP solutions will grow rapidly. Growth in SaaS will be supported by strong growth in cloud application infrastructure services. Service providers, regional telecoms operators and system integrators are proactively moving towards public cloud.”

Even as public cloud services continue to progress towards mainstream adoption, there are still many concerns from potential customers including data privacy and security worries, lack of control and local ISP performance and availability.

“One of the greatest barriers to adoption is that clients are worried about data control — where their data is going to be located, who has access to that data and how much of it can be accessed,” says Elyas Kashfi, operations manager, The Cloud Gulf. “Another barrier is people’s perception of security, where they fear that having data in the cloud makes it insecure, which isn’t true.”

One recent Blue Ridge IT customer, Vinoth Thangavelu, senior web developer at the National Catering Company, believes that only a few core IT companies in the region are well versed in cloud and feels more should come on board. Thangavelu also believes that well-established providers should do more to educate the region’s

A LAWLESS SECTOR?

There is still some confusion as to whether there are adequate laws in place to govern data privacy and location issues in the cloud. In many countries and regions there are strict data protection regulations in place, plus government agencies are currently working to address legal concerns, but providers are also doing what they can to reassure potential customers by getting certified in certain global standards.

“Generic compliances such as PCI, SAS70, ISO and HIPPA provides an umbrella assurance for customers, even though these standards are international,” notes Jatin Sahni, vice president, Large Enterprise and Business Solutions Marketing, du.

“Being a relatively new and evolving technology, laws regulating the cloud environment can hardly be expected to remain static. This is more so in emerging economies where cloud is a relatively recent phenomenon,” explains Louay Dahmash, Head of Middle East, Autodesk.

“While laws governing e-commerce, and consumer data protection are in place, regulations concerning the cloud environment are still evolving since it creates new dynamics in the relationship between an organisation and its information. This creates new challenges in understanding how laws apply to a wide variety of information management scenarios. Regulators need to keep pace with the developments in this technology and work closely with service providers to understand the issues that need to be addressed,” he notes.

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IT professionals and vendors in order to build stronger trust.

“Cloud in Middle East needs bigger promotion, not only around SaaS but also IaaS and PaaS. IT companies in the Middle East need to develop their cloud expertise and knowledge because there are only a few companies like Blue Ridge IT that have hands-on public cloud experience. They need to invest in R&D so they can implement cloud [projects] in a smoother manner,” he says.

“Also providers such as Microsoft and Rackspace etc. should conduct more technical conferences on cloud implementation methodologies,” he adds.

Providers are listening to clients concerns and appear to be doing everything in their power to solve issues, provide clarity and improve offerings.

“With availability of quality cost effective broadband and credible players offering secure and reliable products backed by SLA’s, concerns and barriers are being peeled away one by one,” explains Jatin Sahni, vice president, Large Enterprise and Business Solutions Marketing, du.

“Providers now offer a greater level of control of the cloud instance through informative portals and alerts, security certifications (SAS70 Type2, ISO) and back-to-back SLAs to assuage some of the key concerns of customers around cloud. [What’s] key is the hosting of localised in-country instances of cloud, to assure customers of data privacy and concerns relating to foreign governments getting access to their data,” he adds.

Providers are also breaking down barriers by arranging implementations that allow customers to slowly adjust to a new public cloud service bit by bit, stopping them from feeling overwhelmed by one large dramatic change to IT functions.

“One way for providers to help customers overcome barriers to adoption is to roll out the service incrementally, business unit by business unit. That way, customers can gain firsthand experience of the agility the cloud provides in a way that is not mentally overwhelming,” notes Goksel Topbas, Server and Tools Business Group Lead, Microsoft Gulf.

Clearly customer understanding is key to overcoming barriers to adoption, something that providers are taking very seriously.

“Vendors need to educate customers and users as to the benefits and assure them that their data and processes are safe. The channel also has a part to play in understanding the financial benefits for both them and their customers. Investment in skills and training is fundamental and essential,” says Dan Smith, Head of Integrated Marketing for the Middle East and Africa region of Xerox’s Developing Markets Operations.



Customers are clearly impressed with their efforts, as highlighted by recent Salesforce and Blue Ridge IT clients.

“Through discussions with different IT partners, among them Microsoft, Oracle and Salesforce, we were given assurances and enough evidence to believe that public cloud is a secure resource to help our business,” says Bilal Fakhouri, managing director UAE, for environmental solutions provider averda.

“On top of the documentation provided showing the security certifications and affiliations, Salesforce liaised calls with customers to provide the necessary feedback and reviews. The account manager provided full support when it came to the technical and business issues, and several meetings took place in our regional office to tackle and overcome averda’s critical concerns.”

“As our strategic cloud partner, we had many consultations with Blue Ridge IT that clarified all our major concerns and they helped us build our own cloud solution,” highlights Malek Khader, Head of IT Operations at Juma Al Majid Group.

Through education and relationship building, providers are helping to break down public cloud services adoption barriers. With uptake looking more positive than ever before it appears that they’ve found the perfect solution. It’s a win win for all involved as providers get sales and customers revolutionise their IT functions. ■