How to Select a Cloud Provider

Cloud Computing is currently receiving a lot of attention, both in terms of media interest and in terms of marketing budgets allocated by vendors. With the current high level of interest it seems that every IT vendor is presenting their 'Cloud' solutions to their customers and trying to persuade businesses to use their services. There are a number of commercial and technical benefits to buying and using a 'Cloud' solution which may be very attractive to you as a prospective purchaser.

This guide is not an introduction to Cloud Computing, to specific Cloud solutions or to the jargon used in the industry. For help with these please see other White Papers from Online50 at http://www.online50.net/whitepapers.html

This guide has been prepared by Online50 Limited. In this guide we present seven principles that should be applied when selecting a 'Cloud' provider. To help illustrate these principles we provide examples based on using Online50 as a supplier.

Seven Principles of Cloud Supplier Selection

When you purchase a 'Cloud' solution you are entering into a contract to subscribe to the particular service or services that you want to use. Implicit in this agreement is that your supplier will properly operate the service that you are subscribing to. This is not quite the same as other types of contracts which historically have been more prevalent in the IT industry where an initial purchase is made.

Scope of Solution (Understand what you are buying)

Make sure you understand the scope of the solution that you are buying – what is and what is not included – and any other solutions that the vendor may be able to make available to you. For example, if you are subscribing to use some Cloud based software (an accounting application for example) then your solution will almost certainly not include your ability to access the Internet (essential to use any Cloud service), the quality of your Internet connection, or any other software that you may want to use in conjunction with the software you are subscribing to. If these are important to you then determine if the supplier can provide solutions that cover these areas.

Illustration: Online50 provide online accounting software to many users. Our most popular offering is to run Sage 50 accounts (the UK's most popular accounting software that is normally installed on your local PC) online. This software supports integration with Microsoft Excel. If users want to integrate with Microsoft Excel using our service they can, but they must have an appropriate license to run Excel on our servers (where Sage 50 accounts is running). This is the same arrangements as are in place on your local PC – having a license to use Sage 50 accounts does not entitle you to run Microsoft Excel, even though the two applications work well together. In fact as we can also provide 'Excel 2 Sage' software that can update Sage 50 accounts from Excel (rather than updating Microsoft Excel from Sage 50 accounts) we support more integration than the standard software – but always with the proviso that you must subscribe to the licenses you want to use.

Illustration: To access any Cloud service you will need to have an Internet connection. At Online50 we normally do not provide Internet connections but if required we can provide a connection that is especially optimised for use with our services. If customers subscribe to this optional service then our responsibility extends to their Internet connection.

Scope of Operations

There are many different types of online working that are being called 'Cloud' solutions. Understand the service that you are subscribing to and what it is that your supplier is actually operating. For example if they are providing a software application then their operations will need to include the writing of that software but may not include the management of the servers that provide that software, or of the network that those servers are situated in. You should realise that as your contract is with your supplier, you will not have a contractual relationship with other parties that may be operating other portions of the service that your supplier is depending on.

Illustration: Online50 are a Service Provider. We specialise in providing access to hosted applications and our operations include the management of the whole network and all servers used to provide that service as well as the system software used to regulate the servers, provide access to the applications, and to support the correct operation of the applications .

Type of Supplier

Do you want to have a single supplier to look after all of your IT issues, or do you want to work with specialist suppliers who each look after different systems. Each approach is valid and has different strengths and weaknesses. You must determine which approach, and therefore which supplier, is most appropriate for you.

If you do not have the management resources in-house to manage different supplier contracts then choosing to outsource all of this will provide a convenient single contract. However you should be aware that you are effectively paying for the management of the diverse services as well as the services themselves and therefore it may well cost more to use a generalist supplier than specialist ones. Where you are using a supplier whose scope of operations does not cover everything needed for your services they will be relying on other companies to fulfil your service.

If your business has the management resources to manage diverse contracts, as well as the technical skills to identify which supplier has responsibility for any issue, then using specialist suppliers will enable you to use the solutions most suitable to your business and may be more cost effective than using a generalist supplier.

Illustration: Online50 can provide a range of services under a single contract. For all of the services we provide the hosting, day to day operation and management of these services is provided by our own staff using our own equipment. We have contractual arrangements with a range of other software providers to provide their software to users. This means that our users can have a single choice of supplier, and gives them the reassurance that the software we provide is implemented with the full knowledge and approval of the software authors.

Implementation Required

Depending on the service that you are using there may be some implementation required. The implementation will typically have three separate parts: what needs to happen for the supplier to initially provide the service to you; what needs to happen to make the service right for your requirements; and what needs to happen for the service to be properly and fully used within your business.

For example if you are moving from an existing in-house email system to a hosted email system you will need to ensure that your supplier has details of all of the relevant email addresses to be provided. You may want to transfer historical email data. You must ensure

that users have been properly equipped to access the new service at the point where it goes live. Your supplier should be able to help you identify what implementation is appropriate for the service you are buying and how to best complete the necessary implementation. Depending on the complexity of your requirements and the nature of the service you are buying they may offer charged consultancy services to complete that implementation.

As a bare minimum you will have to start using the service that you are subscribing to – what will be required to make sure that your staff can effectively use the service that you have subscribed to? Identifying these needs will ensure that you minimise the impact of any implementation, maximise the benefits and optimise your return on investment over the period of the contract.

Illustration: Where users are subscribing to our hosted Sage 50 accounts service their implementation will be no more complex than taking a backup of their existing data and restoring it onto the Online50 platform.

If users are subscribing to other services from Online50 there may be other considerations. For example – a hosted email service requires changes to the DNS administration of the users domain. Implementing a hosted CRM system will require the system to be properly configured to support the way the customer's company operates. Implementing Ambition Accounting – a larger accounting product to meet more demanding requirements – will typically involve a project plan to be prepared for the implementation.

Contractual Terms

Not all suppliers have the same contractual terms. Make sure you understand the terms that your supplier operates under and that these provide you with the service that you need. How long is the initial contractual commitment? What are the cancellation terms? Are there clauses that protect you in the event of under-performance by the supplier?

As you are subscribing to a service on an ongoing basis you should expect that a Service Level Agreement (SLA) is part of the contract. Normally this will include the processes that are followed when there are any faults, and provide timescales for responses from your supplier. It may also specify 'uptime' – the proportion of time that the service will be available. You should take care when looking at 'uptime' as the figures you see may be misleading. For example if a supplier of a web application specifies that there application will be 'available' 100% of the time, make sure you understand what they mean by 'available'. Does that mean that all features of the application will always work reliably and without error? You should expect that your supplier can explain how they meet the SLA – for example by having multiple systems available for you to use so that if one fails another system can still process your workload.

Illustration: Online50 provides end user contracts on a calendar monthly basis – they can be cancelled by the user at any time with one full calendar month's notice. Billing is variable according to use. We have an SLA which stipulates availability of the different facets of the service and details the service credits that are provided if those availability levels are not met.

Ongoing Support

How will your supplier offer ongoing support? Unless they are providing on-premise services (which by definition 'Cloud' solutions are not) they will not provide any on-premises support or support for your on-premise systems that you will use to access the service. They should, however, provide assistance in accessing and using the 'Cloud' services that they are providing. Will they provide telephone support? How quickly do they respond to support requests and is this governed by the SLA?

Illustration: Online50 provide telephone support to users from our UK based helpdesk. We also provide a support email address and an online trouble-shooting service if telephone support is not convenient. As we operate all of the infrastructure to provide the service we are able to identify and resolve any problems within our network – we can also often help to identify if an external problem is affecting users (for example if the quality of their Internet connection is poor.)

Track Record

When you subscribe to a 'Cloud' service you are contracting with a supplier to provide a service to you on a continuous basis. As far as is practically possible you should make sure that your chosen supplier has the expertise to deliver the service you are subscribing to and will still be available to supply that service for as long as you need it. This does not mean that you should never use a small supplier, nor does it mean that you should never subscribe to a brand new service or a service from a brand new company. Does the supplier have verifiable references for their service (other customers that you can speak to who are using their services)? Does the supplier hold recognised accreditations from relevant industry bodies?

Illustration: Online50 have been providing 'Cloud' solutions since 2001 – well before it was called the Cloud. We have customers of all sizes from single person companies to companies that turnover hundreds of millions of pounds annually. Our operations are independently audited and have been accredited to the International Standard for Information Security (ISO 27001). We hold accreditations from our main software vendors and have recognised partner status with them. We are members of the London Internet Exchange (LINX) and the European Regional Internet Registry (RIPE NCC).

About the Author

Rob Lambden is the founder and Chief Executive of Online50 Limited. A Physics graduate, his early career included time in sales, software development and product marketing. He started his first company in 1995, selling his shares to co-directors in 2000. In 2001 he founded Online50 Limited (then called IT Inside Out Limited). He has spoken at a number of conferences and events, including for the British Computer Society.

Online50 is a Service Provider that provides a range of online solutions, primarily to SME businesses and their accountants. The services we provide include online accounting services, office productivity and 'work anywhere' services, flexible infrastructure services, hosted Exchange email services and business continuity.

Online50 are market leaders in the online accounting market where they offer a range of solutions including their market leading service for access to the popular Sage 50 accounts software online. In the UK online accounting market Online50 are the only supplier that is a service provider and not a software vendor – we are independent of the companies whose software we make available whereas other suppliers are selling access to their own software and therefore focus on persuading people to use their software rather than providing excellent service to their customers.

To find out more about Online50 Limited and the services we provide please contact the Online50 sales desk on 0800 195 0835.

The Online50 service is operated by Online50 Limited, Sage authorised Application Service Partner, Microsoft Gold Certified Partner. Online50, the Online50 logo and Ambition Accounts are registered trademarks owned by Online50 Limited, other trademarks are acknowledged.