

# Get off of my cloud

Businesses remain deeply skeptical about the benefits of the cloud, especially when it comes to security

By NICK CLAYTON

As the much-hyped next big thing in information technology, the cloud in cloud computing seems almost too apt as a metaphor. Constantly moving and changing, impossible to pin down and the closer it gets, the harder it is to distinguish from fog.

It has divided opinion. On one side are those who believe the cloud represents nothing less than a revolution that will bring a golden age of cheap, efficient and agile computing on tap. Lined up against them are skeptics who have seen variations on these promises for decades, which have never been fully delivered. However, the single biggest concern weighing on the minds of those chief executives looking to embrace cloud technology is security. Once businesses are happy their data is truly safe in the cloud, only then will this technology transform the world.

## Utility computing

It's easy to see why supporters of cloud computing are so enthusiastic about its potential. It would remove the huge capital expenditure required to buy racks of servers, buildings to store them in and software to run on them. Without all this in-house technology, there'd be no requirement for staff to service them either. Paying for IT as it is used should also be more economical as organizations could eliminate the excess computing capacity and staffing currently retained to deal with periods of high demand or emergencies. Prices should also fall as cloud-computing vendors reap the economies of scale from sharing the data needs of large numbers of customers. Computing would become more or less a utility, available over the Internet when required.

But despite all the obvious benefits, the looming specter of data protection and security is never far from risk officers' minds. There are any number of security and privacy concerns that go with cloud computing, according to John Harris, chairman of the Corporate IT Forum. "How do you authenticate in the cloud? Who is responsible for data? Where are services being hosted? Where and how are they being backed up?" he says. "How can you be sure that the provider can be trusted to handle your data securely, effectively, and will adhere to your policies and regulatory requirements? It's a question of balancing the competitive cost of not using the cloud, against the risks of actually using it."

Using the Internet, handing data to a third party and then allowing it to mingle with data from other organizations induces a paranoid fear in many. As a result, security is reportedly the most common reason for not adopting cloud computing.

## Private cloud

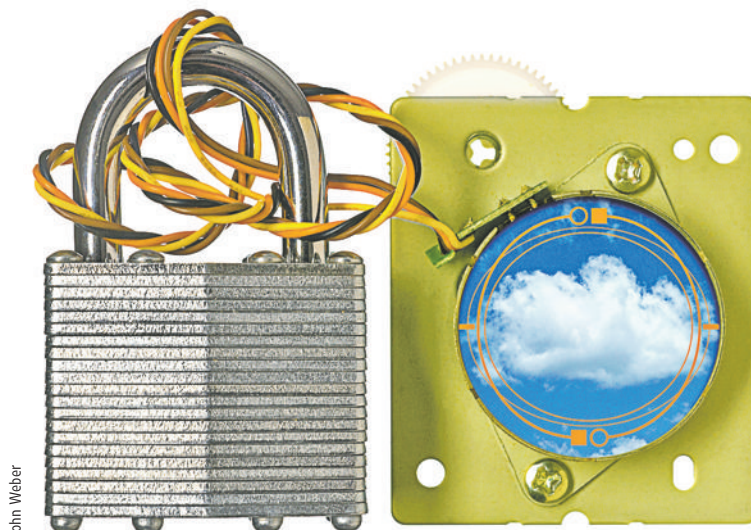
Unsurprisingly, vendors argue that such concerns are not justified. Klaus Hulse Andersen, area vice president of Western Europe for Microsoft, believes that the proof is in the pudding. "If you look at Microsoft in terms of the number of peo-

ple who try to hack us, there is only the U.S. government that is hacked more often than we are," he says. "So far nobody's got through."

Cloud computing is also being adopted for mission-critical operations in industries where security is an overriding concern. In the two years since trading technology firm

Wall Street Systems announced its cloud-based Electronic Settlement Network, a pay-as-you-go post-trade processing tool for the capital markets, it has signed up five mid-tier banks. "When we pitched the idea of outsourcing financial trading infrastructure to a third party, everybody

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John Weber