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Internet-based solutions are helping South Florida companies save money, page 14

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ahead in the clouds

Internet-based solutions are helping South Florida companies save money, page 14

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For the past several years, cloud computing has been all the buzz in tech circles. Now mainstream South Florida companies are catching on, using the cloud to trim technology costs, share files from remote locations and even run their phone systems.

"It just makes life easier," says Bob Berkowitz, president of Multivision Video and Film in South Miami, who uses cloud computing to back-up data, collaborate on projects and manage his accounting.

But what, exactly, is "it"?

In simple terms, the "cloud" is the Internet. Traditionally, companies have stored and processed data on a company-owned server in a company-owned location. Cloud computing allows firms to store and process data via the Internet on servers owned and maintained by someone else.

At its most basic is Google Docs, a free service for anyone with a Gmail account that allows users to create, store and share files. On the complex end of the spectrum are government files secured on private servers dedicated to their exclusive use.

In between are the services used by most businesses — company payroll systems run by third parties like Peoplesoft, back-ups of company files, or online shopping systems like PayPal. Even Apple's new iPad owes its sleekness to the idea that massive memory isn't required when a machine can connect to the cloud.

The advantages are clear: Instead of spending money to upgrade hardware and increase capacity as needs change, a company can simply pay for increased computing power — like a utility.

And because data is stored in "the cloud" of the Internet, it serves as a disaster recovery solution — a serious concern in hurricane-prone South Florida.

That's one reason why data centers that sell cloud services, such as Terremark Worldwide, Peak 10 and Host.net, say South Florida clients are leaping into cloud technology.

"Not only is it our fastest growing segment line, but it's growing at an increasing rate," said Monty Blight, vice president of managed services at Peak 10, a data center with an office in Fort Lauderdale.

Still, cloud computing is a small percentage of Peak 10's business. Some companies aren't familiar with its advantages; others are concerned about the loss of control that comes when they depend on software that isn't customized for their use. Others aren't comfortable about having their back-up data commingled with the data from other companies.



BERKOWITZ

Those fears are no different than those about using your credit card on the Internet, said analyst Ben Pring of the technology research firm Gartner.

"People said, 'Oh, I'll never put my credit card on the Internet. It's not secure.'" Pring said. Today, "we put our credit cards on the Web without batting an eyelid."

Over time, the cost and convenience of having a business managed on the Web will win over security skeptics, Pring predicted. In fact, in 2009, questions about cloud computing ranked No. 1 as the most popular topic among Gartner clients.

Berkowitz's experience at Multivision shows why.

Since moving to Basecamp, a Web-based program for collaborating and managing projects, his team no longer wonders where to find a particular digital video file; project files and details are stored online. Some accounting is managed via online software. Data is backed up on multiple platforms, including one at Terremark Worldwide's data center in Miami.

"It saves you time," Berkowitz said,

"because a lot of the time you're screwing around with the computer in the backroom instead of doing your work."

Even his phone system has gone to the cloud. Instead of using a phone storage closet to manage the lines for his 20 employees, Multivision outsources to IPFone, based in North Miami. Its services include access to advanced technology, such as answering his work phone from an iPhone app, and having all work voicemail translated to his e-mail as both text and an audio file.

The area that used to be his phone room now can serve as a break nook. "It's the perfect place to put a refrigerator," he said.

The cost brings a bonus too: Set up for a the IPFone system costs about \$6,000 for 30 lines, compared to installing a traditional business telephone system at \$21,000. The monthly fees for 30 lines would be about \$500 less on IPFone, according to the company.

Saving money was also the spur for Fame Inc., a Fort Lauderdale-based financial aid service provider for small to medium-sized private colleges. In the past, when Fame updated its financial aid software every year, the firm had to manually manage the change for each of its 1,200 clients.

A year and a half ago, the company started making its software accessible to clients via the Web — joining the \$8 billion a year industry of other software makers that put subscription-based applications online. Now, instead of buying more computers when Fame grows or hiring manpower to install software for additional clients, the company uses services from Host.net's data center in Boca Raton.

The savings are eye-popping. Fame's Chief Executive Cid Yousefi, said the company spends about \$30,000 a year on various cloud services rather than the \$1 million-plus price tag he estimated it would cost to do the work internally.

But for large organizations, running all systems on a hosted cloud system can be more costly than using the same technology in house.

When the Miami-Dade school district

•TURN TO CLOUDS, 16G

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Despite advantages, security risks concern some

needed an upgrade, instead of installing and powering 702 physical servers, it consolidated to 61 servers housed in a central location that share the burden of tasks like payroll and grades. A hosted service would have charged a separate fee for every student's file.

"It's kind of like leasing or buying," said Debbie Karcher, chief information officer for Miami-Dade County Public Schools.

Her team converted the district's system to a virtual system, meaning it uses the same wizardry as a hosted cloud service, but is all done at a district office. The cost for creating the system was about \$1.2 million — but presented a savings of \$440,000 per year in energy bills and payroll.

The district's cloud solution was a plus for the environment, too. The carbon emissions saved with less servers equates to taking 63 cars off the road, or planting 825 trees.

Karcher said the biggest challenge in going virtual came from vendors, who insisted their programs would not work this way. But her team proved it would.

For Miami Jewish Health Systems, the money savings and convenience are critical as they move patient charts to a digital format to meet the healthcare reform deadline and qualify for Medicare and Medicaid incentives.

Chief Information Officer Shubho Chatterjee found that doing so via the cloud saved about 7-10 percent over making the change internally.

But Chatterjee didn't want to trust medical records in a public cloud — meaning the data is housed with that of other companies on a single server. To assure the information couldn't co-mingle with another company, he chose to spend more have have dedicated servers hosted at centers in Texas and Georgia.

"Quite honestly, the risk issue will always be there for quite some time," Chatterjee said. "The system is only as strong as its weakest link. To mitigate the risk, you have to be very vigilant with your service provider."

Still, cloud computing depends on human input — and humans can make mistakes, as Realtor Rex Hamilton of Coral Gables almost learned the hard way.

For years, Hamilton has used Mozy to access his work from any computer in the world. He always uses the service to back-up personal and work data.

As a back-up to his back-up, he also stores his information on an external hard drive. That hard drive saved him when a file name mix-up left him backing up a demo file to the Web rather than his client database.

"You need to realize that things happen," he said.