

Virtual servers begin to intrigue smaller businesses

5 July 2012, By Mary Diduch

With the growing buzz around cloud computing - and its benefits of ramping up efficiency while cutting information technology costs - some smaller companies are beginning to weigh its pros and cons, while acknowledging it as the next inevitable IT progression.

According to a 2012 survey by Edge Strategies and Microsoft, a major cloud provider, about 30 percent of small to mid-sized companies are using some [cloud services](#), which allow part or all of businesses' computing needs - like Web-based applications, backup services, [data storage](#) or other functions - to be hosted online rather than on in-house servers.

"I'm seeing more and more businesses that are interested in learning about cloud computing and more and more that are using it," said Tzvi Mayerfeld, president of CMIT Solutions in Clifton, N.J., which offers cloud [computing services](#).

Cloud computing allows consumers to pay one monthly fee that covers only what they use. This can save money by avoiding expensive hardware and maintenance costs when a [business](#) grows and needs more [computing power](#), and the technology can update itself without bringing in a tech expert, Mayerfeld said.

Because of this, cloud services work best for startups without a lot of capital, running Web-based applications or businesses that need to guarantee remote access to work applications. It can also ensure that data remains accessible in the event a catastrophe destroys an office, because cloud-based applications and services can still operate. Cloud also works well with companies that don't have the proper space for IT equipment, said Jhovanny Rodriguez, vice president of Synetek, a Hackensack-based managed IT services and [cloud computing](#) provider.

Cloud also can be advantageous for businesses that face unpredictable demand, such as an e-commerce site that needs to expand its capacity only for holiday spikes, explained Vladimir Zwass, distinguished professor of [computer science](#) and management information systems at Fairleigh Dickinson University.

Data Screening, a background-checking company in Clifton with four in-house staffers, does most of its business on the cloud, Vice President Kimberly Slezak said.

The company has been using Synetek for about four years for cloud email spam and backups. For background checks, it uses a cloud-based, online application that allows staff and clients to access information and place requests anywhere. The company also uses Salesforce.com, an application that logs sales data and manages files through the cloud, Slezak said.

"Now I'm available 24/7," she said. "It's not a matter of me telling a client, 'I can't get this done for you because I'm at home.' I can just log online to do it."

Slezak said converting to cloud has saved them money. Otherwise, major in-house equipment could cost them around \$3,000 upfront, and it's more expensive and cumbersome to develop their own sales and background-checking software.

For some companies, it doesn't make sense to switch to a completely - or partially - hardware-free world, like if a business doesn't have the best Internet connection or it has systems that need to talk to one another or to machinery, Rodriguez said.

Clifton-based digital printing company Nextwave Web does not use cloud services, because it sends large graphic files to on-site printing machines.

"It's quicker having them on a local server," said Isa Suqi, one of six Nextwave Web partners.

However, Suqi said his business may consider cloud services in a few years, as the But becomes more standard.

For many businesses, hybrid-type solutions might fare best, like having some on-site servers for daily functions or email, but also cloud services to back up data or handle specialized applications that might otherwise be too expensive, said Rodriguez, advising that companies consult with IT professionals.

But the perception that cloud services always cut costs is not true, Rodriguez said.

Businesses could pay more if they reach a certain number of users accessing the cloud, then making it cheaper to own in-house equipment. It could be more worthwhile, especially for start-ups, to begin in the cloud and then bring some services on-site.

Prices also vary widely depending on a company's needs. A simple cloud backup service like Mozy can be about \$20 a month for businesses. But more complex operations such as data recovery can be thousands of dollars, Mayerfeld said.

Zwass also advised that businesses work with established providers such as Rackspace or Amazon Web Services, or local providers that use them, because they are more reliable, secure and less likely to go under and take consumers' information with them.

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