

Understanding Cloud Computing

What is Cloud Computing?

Cloud computing broadly describes off-premise, on-demand computing where the end-user is provided applications, computing resources, and services (including operating systems and infrastructure) by clouds services provider via the Internet. The hosting industry came out of the need for software and computing services that were managed internally, but were made more economical and accessible through the economies of scale of a hosted implementation.

Most service providers offer cloud computing in the form of [VPS hosting](#), [shared hosting](#), and [software-as-a-service \(SaaS\)](#). Cloud services have long been offered in the form of SaaS, such as Microsoft Hosted Exchange and SharePoint.

Large-Scale Operations

Computing clouds consist of thousands of servers located at data centers running tens of thousands of application instances accessed by millions of users at the same time. Such large-scale operations make pervasive automation an absolute necessity. Further, in order to provide secure access to computing resources for various user roles — cloud operators, service providers, resellers, IT administrators, application users — computing clouds need to have delegated administration and self-service capabilities.

Cloud computing significantly changes the way applications are delivered, managed and integrated. Compared to traditional computing, cloud computing operates on a larger scale, attracts a variety of users accessing services and application within a single cloud, and comes with the inherent "lights out" dependency on the cloud service providers.

Cloud Benefits

Cloud computing is efficient and offers opportunities for increased revenue and new channels for independent software vendors (ISVs), telcos and VARs (in the form of SaaS). It offers on-demand services where customers can pay for what they use, and adjust resources to what they need with no long-term commitment.

For hosters, cloud computing provides tremendous growth potential. The cloud services industry is growing rapidly and is forecasted to be 9% of all IT spending by 2012. Plus, the industry buzz is changing from hosting to cloud computing and SaaS, and your customers will begin to expect you to be an expert in these areas.

Types of Clouds

Parallels envisions a world where the majority of computing will move to five different types of clouds over the next five to 10 years. There will be proprietary platform clouds that provide various platform services — provided by Google (Type 1), Microsoft (Type 2) and other large IT players (Type 3) such as IBM, Apple, HP and Amazon.

Then there are services clouds (Type 4) where we envision thousands of clouds services providers offering a variety of services. Examples are web and application hosting clouds, vertical industry clouds (ex: government clouds, healthcare clouds, etc.), ISV clouds (ex: business intelligence, CRM, etc.), telecommunication services (ex: voicemail, VOIP). Finally, there will be clouds run by enterprise IT (Type 5) that will provide services for internal use and by employees and partners.

Platform Clouds

Type1: Google cloud
Type2: Microsoft cloud
Type3: Other clouds (ie: IBM and Apple — Amazon, Facebook, Adobe and more)

Services Clouds

Type4: Channel clouds of service providers — telcos, web hosters, ISVs, SaaS players
Type5: In-house clouds of large companies (Fortune 1000)

The competitive economics of computing today require that businesses transform themselves into Type 5 clouds or outsource to Type 4 clouds. To meet this need, Parallels creates solutions, ecosystems and partnerships with service providers and businesses to build and operate efficient services clouds. In addition, Parallels has been investing in SaaS to enable independent software vendors and service providers to [offer SaaS applications](#) built on industry standards enabled by our software. To understand more about SaaS relates to cloud computing, read our ["What is SaaS?"](#) article.

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