

The Cloud Levels The Playing Field

Denise Deveau, *Financial Post*
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Sam Vassa says if it wasn't for cloud computing, he wouldn't be in the payroll services business. The chief executive of PaymentEvolution in Toronto, has found a way to offer small and medium-sized businesses enterprise-class services at an affordable monthly rate: an average \$18 a month and free for businesses with five employees or less.

"The cloud is simply a way to let people access critical applications to run their business through a Web browser from anywhere," he says. "There is no reason small businesses can't have the same tools as larger organizations."

Running servers and applications can be an expensive proposition for many businesses, he adds. "What cloud does is remove the burden of IT and maintaining applications so businesses can service clients and make money."

Cloud services can also relieve the security headaches that come with managing in-house infrastructure. "It can be more secure than having an in-house infrastructure, because cloud services are professionally managed and hosted," Mr. Vassa says, "Providers end up putting a tremendous amount of security that businesses simply couldn't afford on their own, including biometric lockdowns, fire suppression systems and full replication of data at multiple data centres."

Subscribing to PaymentEvolution cloud services has allowed Todd Trowbridge, principal at Trowbridge Professional Corp. Chartered Accountants in Toronto, to expand significantly since he and two partners founded the firm in 2002. "We decided when we started that we would take advantage of new technologies. Since then we've grown to 22 people."

While the company had in-house systems, Mr. Trowbridge says processes were somewhat primitive in the beginning. "Everything was done internally, including backups, which was essentially passing over a USB key with a file. As we grew, we needed more server equipment and more complicated backup systems. The list went on and on. We got to the point where we had gone through three different servers and spent lots of money on IT services and equipment, which led us to cloud-based services."

And Mr. Trowbridge has gone beyond being a subscriber: He has partnered with the service to offer the same functionality to his clients.

"We can offer it as a service without having to do any internal IT development," Mr. Trowbridge says. "It's been a fantastic growth opportunity, especially for our international clients looking to set up operations in Canada. Without the cloud, we would never have been able to offer this, because we wouldn't have had the resources to go out and develop it on our own."

The flexibility of cloud services also allows him to customize his offerings without having to worry about updates or security. "They're the experts. We, or our clients, can just log in. Several different parties can access information without exposing our internal networks. That's a huge benefit. And it allows you to have predictability over your costs because you can break everything down to a monthly or per-user fee."

While payroll services is a somewhat specialized cloud application, more common ones include email services (e.g. Gmail or Hotmail), customer relationship management (e.g. salesforce.com) and even online banking. Most are competitively priced, ranging from free of charge to \$100 a month. Then there are extremely specialized services for very complex business needs.

Grocery Gateway for example uses cloud-based services from Descartes to manage its delivery functions, says Stephen Tallevi, co-founder and general manager. "This requires a complicated piece of software with a lot of algorithms behind it," he says. "You need real-time information to show you where deliveries are. It's very dynamic, and your system can't fail."

A subscription-based cloud service allows Grocery Gateway to use a sophisticated software platform without a huge upfront investment in software and licensing, he says. "Basically, you can convert a capital cost to a monthly operating cost. It's cheaper, you have flexibility and they take care of the upgrades and maintenance so it takes the pressure off our IT department.

"What the cloud has done is take what is normally large enterprise software and brought it to the smaller business user," Mr. Tallevi says.

"What's beautiful about it is it takes something very complex and makes it easy."