



THE REAL REASON THE CLOUD IS WINNING

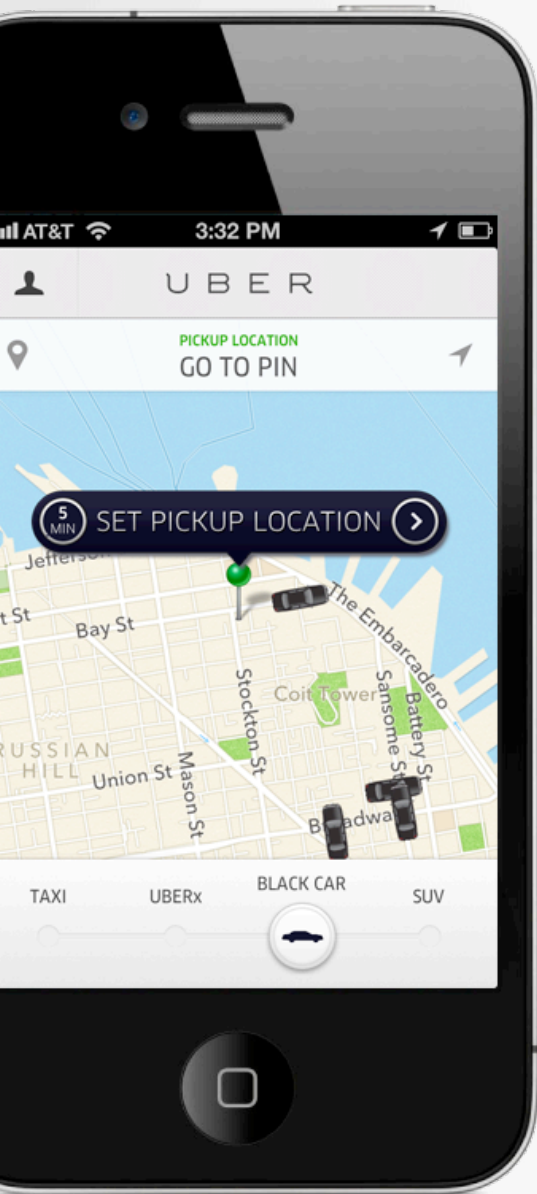


The battle between cloud services and on-premises applications is over. According to analysts at Gartner, the market for public cloud services will grow to \$207 billion by 2016—nearly 60% the size of the market for enterprise software.

"Companies' comfort level and willingness to adopt the cloud is hitting an acceleration point," Matt Murphy, a partner at the venture capital firm Kleiner Perkins Caufield & Byers recently told Bloomberg.

The cloud has proven itself capable of securely handling trillions of transactions a month. It's delivered increased flexibility to businesses that want the functionality of sophisticated software applications without large upfront investments in infrastructure and ongoing maintenance costs. It's shown that it can scale to meet the needs of businesses of any size—the corner bakery now runs its business on one of the world's largest supercomputers thanks to Amazon web services. In many cases, the cloud has also turned out to be the more economical choice, especially when the total cost of ownership of an application and its infrastructure is factored in.

But that's not the real reason the cloud is winning. Companies are turning to the cloud because it makes it possible for them to create value for their customers and investors



faster than ever before. They are building applications in weeks instead of months, and launching new companies in months instead of years.

The secret behind all this speed is technology's equivalent of Legos. These are services that exist in the cloud that you can snap together, so you don't have to rebuild the wheels and crank shafts and carburetors that make big websites go.

Software People use these building blocks to solve problems before their competitors with traditional enterprise installations even figure out what's wrong. With these blocks, Software People create connections between the cloud and the billions of sensors and actuators that power everyday devices like the phone in your pocket. The result: compelling new user experiences that keep their companies a step ahead.

Software People aren't just developers. They are anyone who sees the world through a lens of software. They are anyone who looks at the world, sees a problem, and asks how can software solve this problem? It's not just skill set, it's a mindset, and the cloud is a key assumption.

Take Travis Kalanick. He's an entrepreneur who lives in a San Francisco, a city where it's almost impossible to get a cab. Travis decided he wanted to be able to push a button on his phone and have a town car pick him up. Who wouldn't?

Being a software person, Travis co-founded Uber, a company that taps into the sensors and actuators in a smartphone and combines them with the cloud to create a dispatch



system that matches working town cars with people who want a ride. Uber is now available all over the world, from Amsterdam and Berlin to Singapore and Sydney. Everyday, you'll find people tweeting about how much they love Uber's service.

Software People are also using the cloud to change the definition of what's possible inside traditional enterprises. They are rolling out everything from new security services to new call centers that are more flexible and cost less than their on-premises equivalents. For example, Intuit prototyped a two-factor authentication solution for its payroll services in just an afternoon, before putting it in place to protect the accounts of more than one million small businesses. Instead of distributing hardware tokens, Intuit sends verification codes via voice or SMS to its customers' phones. The messages cost just a penny a piece—far less than the cost of managing an equivalent on-premises solution and a tiny fraction of the millions of dollars a similar system would have cost to deploy.

Conclusion

The cloud is winning because it changes the game. App by app, it's taking over the \$1.8 trillion market for IT. Instance by instance, it's virtualizing the server market. API by API it's replacing huge enterprise installations with cooperative services. Software People were the first to realize this and as a result they are pulling ahead of nearly everyone else. Thanks to the cloud, Software People are changing the world. Isn't it time you joined them?