

Managed Clouds and Why SMB Customers Don't Chase Unicorns

If we look at the economy and distribution of wealth, we can see that there are some interesting statistics about what many call the 1%. Stretch a little further into the top 10% and you will find what they refer to as the champagne glass effect. In other words, the top percentile of earners have a disproportionate percentage of the overall wealth. So what does this mean to what I'm talking about here?

Is There a Champagne Glass Effect in IT?

Gartner has a well laid out graph to illustrate the overall spend of technology that is available here: <http://www.gartner.com/technology/metrics/>



source: <http://www.gartner.com/technology/metrics/>

This is less of the illustration of a champagne glass effect with the graph than it is showing the distribution of spending by industry. As you can imagine, and as could be correlated by other data, there are certain industries and company sizes that spend more on services and IT resources.

What is different about the spending at the "enterprise" level, is that it is often done on hardware, software, and cloud resources, with a strong reliance on internal IT resources to manage those resources. While we often focus on those enterprise success stories with high trust and amplified feedback loops between the IT and business teams, what about the rest of us?

Small to Medium Business: The 99%

In using the economic champagne glass as the example to illustrate the 1% versus the 99%, we can take the same view of technology spending and reliance on internal resources for technology development and management. I don't want say that everything in the SMB space can be painted with the same broad brush, but there are hundreds upon thousands of businesses ranging in size, and they will consume and provision IT resources much differently than the 1%.

We can even expand to the 90%/10% range really and still capture a lot of environments which are still heavily invested in the traditional IT model.

SMB Doesn't Chase Unicorns

The elusive unicorn of IT is that internal IT staffer, or contractor, or even an entire team of people who are working magic in the technology backing the organization. That magic, is really not magical at all. But the ability to attain that seamless end-to-end success in providing IT resources to meet business needs is just as elusive as a unicorn when you aren't staffed to be able to handle the tasks.

Cloud is often touted as the answer. It isn't. Cloud is an enabling technology and methodology to deploy business applications into, but requires the ability to create, deploy, and manage these applications into that cloud environment. With many companies (especially SMB) this is as elusive as

the fabled unicorn that so many seem to hold in high regard. So, what is the SMB customer supposed to do when they aren't prepared to staff up with internal resources in hopes of building these environments?

Managed Cloud

To many cloud pundits and DevOps advocates, this is the antithesis of cloud. That being said, I'm a cloud advocate, but I also have the view of being inside the SMB market through experience and through my exposure in social networks, conferences, and various community organizations.

If managed cloud is often frowned upon by many leaders in the cloud industry, the question is why?

As a fan and customer of [Rackspace](#), I have really loved their choice to heavily leverage the managed cloud as a key offering. For many SMB customers, this is precisely what we need. Some regard it as training wheels to get into the cloud, and if that is the case then I don't think that is such a bad thing.

I've made a note of the [great article by John Engates, CTO of Rackspace, here at VirtualizationSoftware.com](#) and through conversations with other Rackers like Cody Bunch and Ken Hui (recently moved to EMC), you can see that the presence at VMUG conferences is really highlighting their plan to show their distinct capability to run big VMware and OpenStack clouds for their customers.



Mike Kavis at Cloud Technology Partners wrote an article on the move by Rackspace here that talks about the concept and the shift towards more managed provisioning versus the panacea of self-provisioned IaaS.

More companies are rising up with the approach of bringing managed services as an offering to differentiate themselves from the big IaaS (Infrastructure-as-a-Service) providers like cloud juggernaut Amazon, as well as Google and Microsoft who are climbing the market share charts quickly behind them. It isn't that IaaS isn't good, but the point is that the market for IaaS business is shrouded by these three major players.

SMB + High Touch = High Trust

The path to adoption of more cloud resources and DevOps practices in the SMB market place is one that will be paved by the managed cloud route in my opinion. Organizations which have not got the resources nor the experience to create and consume services in cloud environments will find that the managed cloud path is one that leads to comfort with the new ways in cloud IT.

Is this a guaranteed path? No. Is this right for every company? No. That's right, I said it. At this point in time and for a long time to come, public and private cloud environments, managed or self-provisioned, are not going to be appropriate for many organizations.

In a year or two we can reassess the landscape a bit and make a judgement on things then. For now, I like that managed cloud feeling. It's nice when someone else is on pager duty for you ☐