Get Your Head in the Cloud:
5 Things Companies Need to Know

By Jeff Horst, KS&R Senior Project Manager

If a truck ran over your laptop, would it matter?

In the future, it probably won't. You'd still have to replace your laptop, but, thanks to the cloud, your data, documents and applications would remain intact. Cloud-based products and services are becoming the norm. Each of us is relying less on our own personal computers and more on the combined power of distributed computer models.

Many of our clients develop cloud-based products and services, and they have similar questions: What are consumer and corporate attitudes towards the cloud? Do they understand what it is? How much will they pay? Will they accept a "virtual" product that they don't actually own?

Here's what we've found:

1. People are more used to the cloud than you may expect

Facebook, Hotmail, Flickr, YouTube: many consumers already use cloud-based services and feel comfortable storing data like photos, emails, contacts and video virtually. For B2B customers, cloud services like salesforce.com, IBM SmartCloud, and MySAP are used daily by millions to access, input and analyze company information.

Our research has shown that regardless of technical background, most people can identify with the cloud concept, and utilize these products with ease.

2. People appreciate – and have come to expect – the usability benefits of the cloud

Going back to the example of a truck destroying your laptop, that's a major appeal of the cloud: your information isn't as vulnerable as it would be if it were on a single computer. Can't get to the office? Access your data from a virtual desktop. Want a book? Download it to your Kindle. Need to share something? Send someone a link to a file-sharing service such as YouSendIt. Many don't mind not "owning" or being able to "hold" a physical object like a book or a CD. For them, anywhere-access is more appealing than physical ownership.

Both individuals and business customers don't want to go back to the times when they couldn't work virtually for a day or two, or could lose all their work with a software crash. They not only enjoy the flexibility and accessibility of the cloud: they've come to expect it.

3. Customers understand the value of the cloud

It's easy to comprehend how free applications – such as Gmail, YouTube and Twitter – appeal to consumers. But it's more difficult to assess whether and how much people will pay for cloud-based services.

Good news for B2B cloud applications: business decision makers see their value and will pay for it. They welcome the low up-front and maintenance costs, the scalability, the pay-as-you-go consumption, and the anywhere access it provides. Longer-term, they appreciate that their applications are continuously updated and that they are less bound by long-term contracts and commitments. They like having the ability to reallocate IT staff's time to be more strategic, rather than be dominated by maintaining day-to-day system functionality.

4. Trust is crucial, and complicated

While most people understand the value of the cloud, they need to trust the provider of the product or service, or they won't use it. The issue of trust is similar for both consumer and corporate use: "What if the system goes down?" "What if someone steals my information?"

ABOUT THE AUTHOR

Jeff Horst is a Senior Project Manager at KS&R specializing in the software and technology space. With more than 15 years of market research experience, he assists our technology clients with assignments such as new product/service development and the testing of value propositions, messaging, and advertising.

These are valid concerns. Financial and governmental institutions are particularly vulnerable to trust issues, as are any cloud-based service providers that house highly proprietary information.

Trust is further complicated by the fact that a company offering cloud-based services needs to supply customers proof and reasons to believe they are trustworthy. It's more than being transparent about privacy and security policies. It's continuously communicating how those policies are being implemented, and providing customers a corporate-wide image that conveys stability, honesty, and reliability.

5. Proper positioning is key to introducing cloud-based products to customers

People are comfortable using the cloud, and most understand and enjoy the basic benefits. However, they won't use – or pay for – just anything. They need to both see value in the offering and feel confident about its security.

KS&R regularly conducts client-specific market research to eliminate the guesswork about:

- Customers' wants and needs; how cloud-based services fit into their everyday lives and/or businesses

- Thoughts on price and how much customers would be willing to pay

- Competitive insights

- Specific concerns about trust and security

- Proper and effective positioning messages

Know Your Customer Before Launching into the Cloud

As more cloud-based products and services come to market, we now know that customers understand cloud computing as a category, so companies don't need to spend a lot of time or effort convincing customers about the general benefits. Customers don't mind not "owning" a physical product or paying a monthly fee – but they want to know it's going to be there when they need it.

Finding out more about customers' needs, concerns and willingness to pay will help companies position their cloud-based offerings so they address the attributes and messages that matter to customers the most. Companies will be able to communicate value and trust in the right way, so that their cloud-based services become an essential and integrated part of their customers' daily lives.

How do your customers view cloud-based offerings? Contact KS&R to find out more.