



Given that the economic outlook in many parts of the world seems uncertain:

- ***What's your philosophy on maintaining a focus on innovation?***
- ***How do you encourage and foster a growth mindset with your employees and partners?***
- ***What do you do as CEO to keep your organization focused on customers and value?***

Innovation is a key driver to many critical components of our business, including the motivation of employees and the satisfaction of customers. Innovation keeps employees interested and performing at the peak of their abilities. They are driven by helping customers derive more business value for their company. Innovation is also the driver for our customers to achieve new efficiencies and competitive differentiators. A perfect example of innovation is our cloud-based systems, where information is available real time, and from anywhere, for fast decision making with the critical facts and metrics at hand.

Cloud-based systems enable the roll-out of new features exponentially faster than on-premises solutions, driving the rate of innovation to new levels. Traditional on-premises software requires testing of multiple configurations with sometimes hundreds of combinations of operating systems, databases, applications, browsers, hardware, etc. Inevitably, the software will work well with one subset of combinations but not with others, causing endless testing cycles and slow or delayed product launches.

The cloud eliminates that barrier as solutions only need testing on one platform, so solutions hit the market faster and customers are able to take advantage of the benefits earlier. Most cloud-based solutions are not satisfying new green field opportunities. These systems are improving on existing business requirements with increased productivity effectiveness through better ways to interact, automate and report information – which leads to enhanced business results. So the innovations are more focused on driving additional value and ROI.

From a human perspective, cloud-based systems encourage employees and partners to think out-of-the-box to develop solutions that solve old problems in a completely new way, keeping innovators motivated to develop new solutions while helping to build up their skill sets for the future. Because cloud-based systems are pay-as-you-go, they also inspire employees to provide higher levels of customer value as they work to consistently exceed customer expectations. At Intacct, for example, we specifically tie all employee bonuses to customer satisfaction goals.

The cloud is a natural place to go to drive innovation throughout the organization. Whether the company is a cloud software provider, a client company, or a user in the company, the speed in which the cloud delivers solutions benefits every level of the value chain.

What is the future for hybrid cloud strategies?

Although many on-premises companies have chosen hybrid cloud strategies to offer their software solutions, hybrid models are really only effective as a stop-gap in the short term. A hybrid cloud model is best suited for transitional periods but at some point these companies must commit fully to the cloud or they are doomed to fail.

Some of the main benefits of cloud computing, such as scalable capacity and lower capital expenditures, are lost in hybrid deployments. The development activity behind the firewall requires a large capital investment and IT resources, yet still faces limited elasticity due to infrastructure constraints.

Perhaps the most devastating effect of the hybrid strategy is the drag on the release cycle. As mentioned earlier, the cloud enables rapid innovation and faster releases of new technology by only requiring development and testing on a single platform. Companies that have both on-premises and cloud versions of their solutions get stuck having to test for all configurations, which ends up putting a ball and chain on their cloud offering. Often, up to six new releases of an application can be released on the cloud in the same amount of time it takes to release one new on-premises version. This either results in a large gap between the functionality of the two solutions or the dual strategy will slow the innovation of the cloud system. With the hybrid model IT resources within a company are stretched thin managing the on-premises implementation and configuration, instead of focusing their efforts on creating strategic process flow differentiators.

Companies who have had the best results with a hybrid strategy are those that only use it in the short-term to establish themselves in the cloud. A common practice includes first developing a solution behind the firewall, and then deploying it in the cloud – with the ultimate goal to convert totally to a cloud solution. On the other hand, companies who have tried to deploy solutions in both arenas, long term, have failed to gain a true foothold in the cloud space due to the additional cost and resources required to maintain both a cloud and on-premises solution. In

these cases, cloud solutions end up being limited to small projects or to address niche requirements.

One reason companies often cite for resisting deploying solutions in the cloud is because of perceived security risks. However, it has been proven that successful cloud providers are better equipped to handle security issues than most organizations would be able to do on their own because they can amortize the costs and resources over thousands of companies. Not only are they able to protect data better and deliver increased accessibility via service level agreements that are superior to those that can be obtained internally, they are also able to invest in all best practices because of the amortization of costs. Cloud companies have proven they plan and implement security practices such as SSL, encryption, failover, backup and access controls better than can be done by typical in house IT resources and the results are highly secure, state-of-the-art data centers with outstanding availability.

As software providers more swiftly enter the cloud market, they will quickly see that hybrid models will only hinder their success and that growth and innovation can only be achieved with a full commitment to the cloud.

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