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## Cloud Computing Is Changing How Businesses Work, KPMG Finds

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Cloud computing, which businesses began adopting in order to reduce costs, is now starting to change the way companies work, according to a report to be released Monday by accounting firm KPMG International.

Four out of five businesses are moving or plan to move some of their computing needs to remote networks known as clouds, according to the survey of more than 900 global companies by KPMG. One in 10 report they are already running core information systems in the cloud.

Steve Hill, who spearheaded the research as vice chairman of strategic investments at KPMG, said in an interview many companies had discovered the cloud "quickly shifting from a competitive advantage to an operational necessity."

For example, one business cited in the report, a grocery, found it had fewer episodes of goods being out of stock after it linked its suppliers via a cloud ordering network. It also improved inventory turnover and increased profits.

Cloud computing refers to networks of virtual servers that allow individuals and businesses to access information from any Internet-connected device. That is become an advantage as companies increasingly require employees to be away from their desks. The cloud services industry is expected to generate \$177 billion in revenue by 2015, up from \$89.4 billion this year, according to a Gartner forecast.

The cloud also enables companies to flexibly rent computing power when it needs more muscle.

Researchers at Seattle Children's Hospital recently marshaled a cloud of 475 virtual computers in three data centers on two continents for a project comparing bacterial proteins.

Eugene Kolker, the hospital's chief data officer, said renting cloud services from Microsoft Corp. (MSFT), allowed the facility to update a database of more than 10 million proteins in six days, far less than the several months the project would have taken on in-house systems.

"What's remarkable about the cloud is you can do this type of work on demand," said Kolker. "We've never had information ability like this before."

KPMG's survey also showed three-quarters of the respondents were able to reduce costs. Nearly 40% said moving practices such as customer relationship management to the cloud was changing the way they deal with customers. About one-third said adopting the cloud was influencing their whole business model.

Deciding to move a business function to the cloud "is becoming more of a business conversation, not just a technology conversation," said KPMG's Hill. "The chief information officer is going to become a chief integration officer."

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