

On-Demand Computing

New to this year's monthly DARTS survey is a series of questions regarding on-demand computing. It's quickly becoming one of the most talked about segments of the industry, therefore well deserving of careful inspection and review.

We asked our SURF members if they have centralized and restructured their internal IT infrastructure to pool resources so they can offer on-demand capacity for important applications. They replied:

- "Yes, and I am glad we did": **25%**
- "Yes, and I am sorry we did": **7%**
- "No, but we plan to in the future": **32%**
- "No plans": **36%**

We then asked about the use of commercial on-demand grids (such as those offered by Sun and IBM) to provide resources for temporary peaks in processing. We found that 14% of those surveyed have used them and were satisfied with the service. Another 5% have done so but were not happy. And 23% have not done so, but plan to do so in the future.

As shown in Figure 3.0, internal personnel currently manage 80% of strategic business applications. The rest is primarily divided among *software-as-a-service (SaaS) providers and external service providers. A SaaS provider is a firm that owns and operates the application, such as Oracle E-Business Suite On Demand, Salesforce.com, WebEx, etc. An external service provider is anything other than SaaS that runs the application (this includes providers such as IBM, EDS, HP, as well as other consultancies that run applications at their facilities or within a company's own IT center and firms that offer contracted service personnel, etc.).

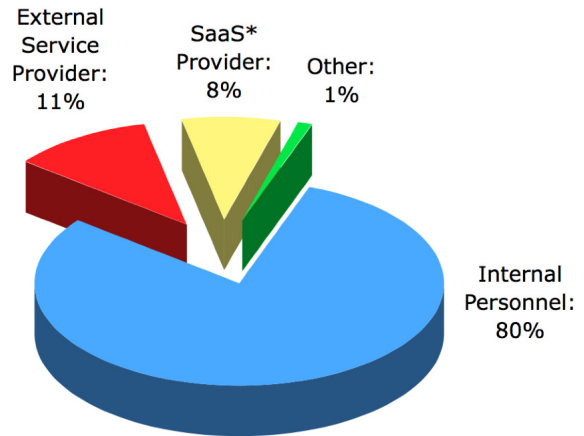


Figure 3.0

Looking at spending, however, we find that 73% of spending is on internal personnel, 13% on external service providers, 8% on SaaS providers, and 6% other.

When it comes to wireless services, only 56% are performed internally with 28% provided by an external service provider (the remainder was not applicable).