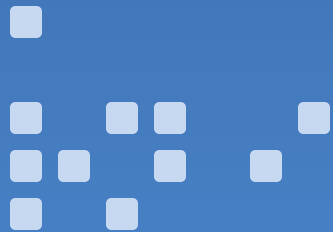


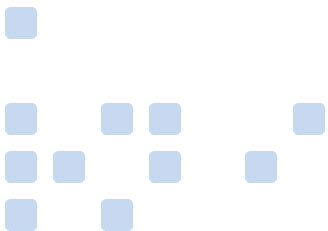
Seeing Through the Fog

The Current State of Cloud Computing from an
Independent Development Perspective



Why are we here?

- SmarterTools has built and marketed hosted and service-delivery applications since day one. Our software is used by more than 15M users in tens of thousands of hosting environments around the world to deliver email and Web site statistics as a service.
- Soon, our SmarterTrack customer service software will be deliverable via SaaS. We are building the infrastructure now to support this effort.
- Shameless plug? No – unique perspective.



Promise and Possibilities

1. Scalability
2. Peak Load Capacity
3. Limit Capital Expenditures
4. BETA and Testing Costs
5. Geographic Independence
6. Device and OS Neutrality
7. Multi-tenant Utilization
8. Infrastructure Costs
9. Consistent Performance
10. Enhanced Reliability
11. Better Security
12. Sustainability



Promise and Possibilities

1. Scalability

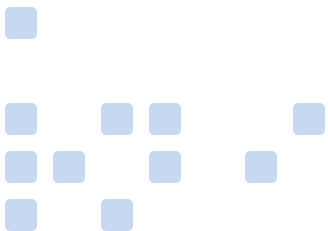
Absolutely

(Think small business ramp up, political campaigns)

2. Peak Load Capacity on the fly

Absolutely

(Annual meetings, viral videos, software version releases)



Promise and Possibilities

3. Minimize Capital Expenditures

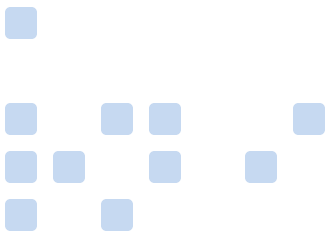
Absolutely

(On-demand infrastructure, similar to SmarterTools Software Lease Program. Some smaller cloud operations require minimums and/or commitment terms—most do not and competition will demand that none do.)

4. Lower BETA and Testing Costs

I Think So

(Publishing and updating in real time gains more flexibility and speed.)



Promise and Possibilities

5. Geographic Independence

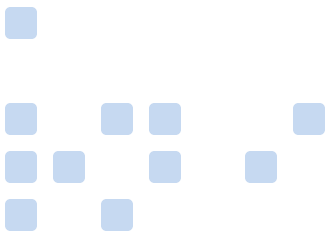
Sort of

(Not limited by your geography, but certainly by the geography of Your chosen Cloud data centers – the Cloud is not a real “cloud”. Specific device independence is achieved.)

6. Device and OS Neutrality

Yes

(Most Clouds will support Windows, Linux, and even Solaris. This egalitarian approach will allow broader reach and let individuals and companies use/manage software on multiple platforms with lower costs.)



Promise and Possibilities

7. Multi-tenancy Enhancing Utilization

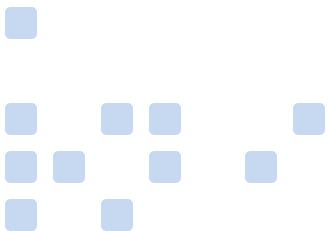
Jury is Out

(BusinessWeek article suggests 10-20%
at this point.)

8. Centralization Lowers Costs

In Theory

(Utility and space costs offset to some
extent by add-on charges, but yes.)



9. Consistent Performance

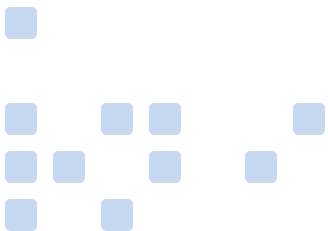
Mostly

(Bandwidth limitations, “nasty” neighbors, and network loads will still impact performance.)

10. Enhanced Reliability

Questionable

(At this point, probably similar to—or even a bit less than—other professional hosting environments. Will likely improve over near term: [http://wiki.cloudcommunity.org/wiki/CloudComputing:Incidents Database](http://wiki.cloudcommunity.org/wiki/CloudComputing:Incidents_Database))



11. Better Security Through Centralization

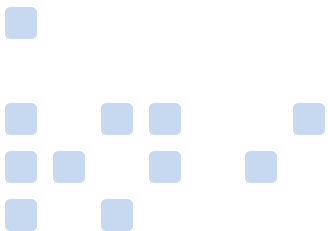
Not So Much

(Probably neither more nor less secure than other options.)

12. Sustainability – The “Green” Argument

OK

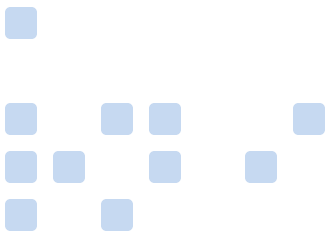
(More a philosophical advantage than an economic one. “Green” advantages related to marginal efficiency gains per machine and kilowatt.)



Is Cloud Computing in SmarterTools Future

Yes, but not quite yet.

- We believe that Cloud Computing is an important development with revolutionary potential
- The unique requirements of each Cloud Platform make them distinct—each with its own strengths and weaknesses
- Applications will need to be developed specifically for each cloud—this is an important one-time up-front cost to be considered
- SmarterTools is laying the foundations to support cloud computing as we go forward



“Just as the OS is being subverted by the advent of browser-based/Web-based applications, independent Cloud platforms will be subverted by the need for cross-cloud compatibility. Efficiency will demand it if Cloud computing is to ultimately succeed. Therefore there will eventually be a **‘Cloud of Clouds’** delivering computing capacity seamlessly and transparently.”

Additional References

Gartner say Cloud Computing will be as Influential As E-business:

<http://www.gartner.com/it/page.jsp?id=707508>

What's In A Name? Utility vs. Cloud vs. Grid:

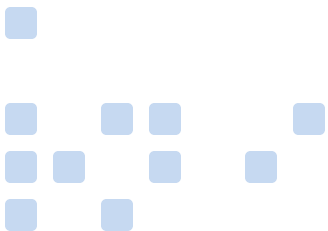
<http://www.datacenterknowledge.com/archives/2008/03/25/whats-in-a-name-utility-vs-cloud-vs-grid/>

With Their Heads in the Clouds:

<http://www.fool.com/investing/high-growth/2008/07/29/with-their-heads-in-the-clouds.aspx>

Wikipedia:

http://en.wikipedia.org/wiki/Cloud_computing



Thank You!

Jeffrey J. Hardy

Vice President of Business Operations

SmarterTools Inc.

www.smartertools.com

jhardy@smartertools.com

623-434-8050 ex. 7012

