

Startups head to the cloud

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Nick Simonite

Sam Decker, front, is relying on cloud computing to power his startup, Mass Relevance Inc.

Visitors to Mass Relevance Inc. are likely to first see several coders on both sides of a table hunched over their laptop computers.

What they won't see, amid those techies' cups and conversation about the latest features in development, are server rooms or desktop computers. Like many such early-stage companies, they use servers and software that operate elsewhere and stream into the office via the Internet.

Cloud computing — sharing information technology resources via the Internet — is becoming so commonplace and taken for granted that companies barely notice it anymore. In just three or four years, server rooms have gone the way of telephone landlines and fax machines.

But **Sam Decker** remembers when it was different.

The CEO of Mass Relevance, which manages Twitter messages for clients, is a veteran tech entrepreneur who has done stints at startups and established companies such as Dell Inc. (Nasdaq: DELL). So he remembers stacks of servers. But when launching Mass Relevance last year he went to the cloud for software and the Web for most other tools to save startup costs.

Instead of being hardwired, his office is simply plugged in.

Rather than desktop computers and telephones, the company's 10 workers use laptops and smartphones. The Grasshopper service handles voicemail messages. And instead of physical servers and software, the company relies on Amazon EC2 and the Google AppSpot, respectively.

Files are written and shared through Google Docs and Dropbox. GoToMeeting is used for conference calls.

In addition to avoiding up-front costs of physical assets, the approach enables Mass Relevance to be self-supportive. It operates without a full-time IT worker monitoring a network and signing on new workers, Decker said.

"With cloud services, because it has to be self-service, they build them as such," he said. "There's nothing on my laptop except for the [Internet] browser and Dropbox." Despite its proliferation, cloud computing isn't for everyone.

Larger companies that already operate older information technology networks may not enjoy the cost benefits of a nascent company that hasn't invested in such infrastructure, said **Frank Ridder**, research vice president at Connecticut-based Gartner Inc. Besides enabling startups, cloud computing is fueling a growth in local data centers.

Last year, Austin-based Data Foundry Inc. announced it is building a \$150 million, 250,000-square-foot data center near Austin-Bergstrom International Airport. The data center, which is scheduled to be completed in June, is expected to provide more than 100 megawatts of power and use more than 10 telecom providers.

Chief Technology Officer **Edward Henigin** said customers are from a various sectors, but they all depend on IT.

Chicago-based Hostway Corp. began operating an Austin data center in 2004, which now employs 22 workers. The most common customer is a Web-based company that wants to eliminate or reduce the number of on-site servers, Executive Vice President and General Manager **John Martis** said.

The approach also enables such businesses to be ready for spikes in traffic because they only pay for the amount of power they use, he said.

Like Mass Relevance, Austin-based storage listing service Sparefoot Inc. uses nearly all cloud and Web-based tools.

Sparefoot CEO **Chuck Gordon** said nearly all startups today operate with cloud computing. Although the strategy saves in infrastructure costs, there is a trade-off when a company doesn't control its own servers.

"When something is wrong, you can't really do anything about it," Gordon said. "We have had times when everything goes down for five minutes. That means we're not making money for five minutes."