The Cloud Has a Silver Lining

Be the Service Provider of the Future
Forces Impacting the Service Provider

- Regulatory: Trailing
- Consumer: Empowered
- Internet Protocol: Leveling
- Competition: Intensifying
The Implications

Economic
- Types of products, services
- Cost structure
- Transactions

Institutional
- Relationships with other organizations
- Interactions impacted by regulation

Social and Cultural
- Boundaries altered or removed
- Nature of interactions
- Beliefs, norms, values
Banking Transformation
Banking Transformation

1920 Pre-regulatory
- 30,000 small, retail
- Capital < $1m
- Tied to local economy
- 550 failures per year

1930-1980s Regulatory
- Stability
- Less competitive
- Less innovative

1980-1990s De-regulation
- Rate ceiling repealed
- Interstate allowed
- Mergers allowed
- Retail and investment

2000s Global Banking
- < 7,000 US banks
- More innovative
- More competitive

What was 3-6-3 rule?
Banks decline / **Branches increase**

Why is this Counter-intuitive?

**Source:** FDIC Office Structure Information
Airline Transformation
Airline Transformation
Perishable Product

Domestic Passenger Growth

Canada: 80% (right scale)
US: 225% (left scale)

U.S., Canadian 1983 dollars

## Software-based Service Innovation

### REDUCE COSTS

#### Automation and Self-service

**Banks**
- 24-hr banking: ATM, phone, online
- Reports, paperless statements

**Airlines**
- Booking, seat assignments, baggage, check-in
- On-board: order meals on-screen

### INCREASE REVENUES

#### Behavior-based services

**Banks**
- Mobile, bill-pay, e-checks
- Linked accounts

**Airlines**
- Rates for preferences: early booking, day-of-week, seating
- One-time usage rates: lounge access; preferred check-in
- Charge for baggage, blankets, pillows
Telecom Transformation
A New Broadband Business Model

Business change built upon network transformation

Content

The Cloud

Data Center

Subscriber

Broadband

Marketing

Customer Service

Operations and Administration

Plant and Engineering

Voice

Marketing

Customer Service

Plant and Engineering

Voice

Operations and Administration

Plant and Engineering
New Cloud Business Models

- **Internal IT** (manages everything)
  - Applications
  - Data
  - Runtime
  - Middleware
  - OS
  - Virtualization
  - Servers
  - Storage
  - Networking

- **Infrastructure** (as a service)
  - You Manage

- **Platform** (as a service)
  - You Manage

- **Software** (as a service)
  - Vendor Manages

Vendor Manages: Software
You Manage: Infrastructure
Internal IT manages everything.
The Forecast Calls for Clouds

### Consumer
- Multiple Internet-connected devices in the home
- Increasingly wireless-based
- Increasingly mobile – services must move with them
- Time is a premium

### Small Medium Business
- Lack resources to manage and secure networks
- Lack IT expertise
- Lack of capital for network infrastructure
- Increased business risk
Home Services Demand

Remote IT Services
“Genius Squad”
- Home networking
- Virus protection
- Software upgrades
- Backup and Recovery

24-hr Home Security
- Surveillance and monitoring
- Notification alarms and response

Energy and Environment
- Remote control and monitoring
- Lights, water, gas, smart-meter, A/C

Behavior-based Services
- Sports-fan, gamer, telecommuter, retired
- Peak vs Non-Peak broadband packages
Protection From a Company Over 100 Years Strong!

You hear about it all the time. But the stories of tragedy never really hit home until something happens to you. Why wait any longer? Now’s the time to secure your valuables and your future with a security system from On Guard Security!

Families:
A noise in the backyard at midnight. A baby with a dreadfully high fever. A stranger at the door.

Seniors:
There’s no need to feel alone or vulnerable. With On
Business Services Demand

Cloud IT Services
- Hosted VoIP services
- Hosted storage
- Backup, recovery, business continuity

SLA Reliability
- Service assurance and monitoring

IT Security
- Virus, malware, recover deleted items
- Hosted firewall in cloud
Security Suites

If you don’t have a complete network security solution, you’re leaving your business network wide open to the enemy. Prevent attacks from destructive viruses, worms, malware-laden websites, and lost or deleted email messages with three competitively-priced Security Suites.

HickoryTech’s Software-as-a-Service (Saas) Security Suites can keep your entire network protected, your employees safe, and your business in compliance. Choose the combination of Security Suites that best addresses the unique needs of your organization:

- Email Protection
- Web Protection
- Email Archiving
The Cloud Opportunity

**Economic**
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What Lies Ahead
Myths and Misperceptions

▸ I can’t increase my prices.
  ▣ Create perceived value: e.g. time, convenience, guarantees
  ▣ “One size fits one”

▸ All customers have equal value.
  ▣ Facebook knows the IP address: You know the customer
  ▣ Personalization minimizes churn

▸ I have no flexibility.
  ▣ Exploit your position: it’s your cloud, leverage it!
  ▣ Natural extensions to your operational strengths / services