

# 4,500 S'pore firms on Microsoft's Office cloud

Tiger, NTUC Unity, TeleChoice put 2,000 staff on the firm's Web apps

By VICTORIA HO

IT HAS been a year since Microsoft launched the cloud version of its Office suite of products, and now hosts 4,500 customers in Singapore.

Among them are a few high-profile wins that include Tiger Airways, NTUC Unity Healthcare and TeleChoice.

The three large clients have placed a total of 2,000 workers on Microsoft's Web apps.

John Fernandes, director of marketing and operations at Microsoft Singapore, told BizIT that large customers form about 10 per cent of the 4,500 customers, while 90 per cent are small companies in the five-to-10 man size.

Typically, Web apps appeal to smaller firms which are turned off by the costs associated with setting up and maintaining IT equipment. These include owning and running servers, and acquiring software for document editing and email.

Vendors serving Web apps through a browser, on the other hand, charge a subscription fee for use. This offloads the maintenance to the vendor, although the issue of data sovereignty and it being located on vendors' hard-

ware tends to put off some large firms. Banks, for example, are bound by compliance regulations mandating that their data is kept in-house, preventing them from going to the cloud.

One of the new customers, TeleChoice, moved about 250 of its 500 staff over to Office 365, after a test phase covering 100 people.

Wong Keng Wan, senior IT group manager at TeleChoice, said about 55 per cent of the firm's IT budget typically goes towards maintenance, technology refreshes and software licences. He expects cloud apps to start taking up a larger proportion of the budget, moving about half of the existing traditional spend over.

## Guarding dominance

The SGX mainboard-listed firm already uses some cloud services from other vendors for its human resource management software, as well as operational applications, and the telephony system for some of its business units.

Mr Wong expects helpdesk and network management to move to a subscription cloud service next.

He said the load on TeleChoice's full-time IT staff has been lightened by about 30 per cent with the cloud.

Office 365 is the Web-accessible version of Microsoft's Office suite of email and document-editing software, as well as its SharePoint and Lync collaboration products. The content is hosted on Microsoft's Singapore-based servers and users access the software via a browser.

Microsoft's software can also be configured to sync offline documents with online versions.

The software giant has generally avoided separating cloud and non-cloud offerings, choosing to term its Web apps as "software plus services", indicating that they are meant to augment installed versions.

Part of the reason Microsoft was pulled into the cloud game was rising competition from new players such as Google, which isn't a traditional office software player but shook up the market with its introduction of free, Web-based office suite Google Docs around 2007.

Google has since wrapped its Docs, email product and other enterprise-targeted Web apps into its Google Apps service, which is also charged by subscription.

Hao Lu, senior product marketing manager at Microsoft Singapore, said that TeleChoice was considering moving to "another

email provider", in order to respond to staff demand for more email space.

The company was already a customer of Microsoft's, using Exchange 2003, so it moved to the online version with 25Gb of space, he said.

Its head of IT, Mr Wong added that the familiar interface of Office 365 was also a factor in its decision to go with the vendor's cloud.

Microsoft is counting on its domination of the installed office software market as its edge in the cloud trumping the same look and feel for its online versions.

## Market share

Gartner said that globally, Microsoft had 94 per cent of the business market in 2010 - a figure that has held steady for years. It estimated document rivals OpenOffice and Google Docs at about 2 per cent share.

Office is Microsoft's most valuable division, accounting for nearly 37 per cent of its total value, according to a *Forbes* report.

Microsoft has also introduced several more tiers of licensing flavours into Office 365, from its early predecessor, Business Productivity Online Services.

Mr Fernandes said Office 365 comes in tiers ranging from US\$2 to US\$22 per seat per month, ranging from basic emailing on the low end to the full suite of document sharing and unified communications.

## New firm aims to ride high in wireless domain