CNET News: Microsoft Vahé Torossian: Cloud Computing Helps SMBs Expand Global Vision
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In China, 99% of the businesses are small-to-medium businesses (SMBs), the major players of China's economy and grow very actively and rapidly. However, new SMBs in China only have a short lifespan of about 3-4 years on average. Vahé Torossian, a SMB expert from Microsoft, hopes to deliver a cure for Chinese SMBs.

CNET recently interviewed Vahé Torossian, Corporate Vice President of the Worldwide Small and Midmarket Solutions and Partners (SMS&P) Group at Microsoft. As an 18-year Microsoft veteran, Vahé Torossian has taken many management positions and has unique understandings on SMB market. He points out that the rapidly growing SMBs make great contribution to Chinese economy, but they also face great challenges and have an average lifespan of only 3-4 years. "With advanced technologies and solutions such as cloud computing, SMBs can live longer."

SMBs must increase IT investment

Vahé Torossian said that, compared to SMBs in other regions, Chinese SMBs have a relatively lack of basic IT infrastructure and relevant equipment, hence they are not as good in learning the latest technical development trends, improving technical capabilities and seizing business opportunities as their counterparts.

"Microsoft pays much attention on the development of SMBs in China and focuses on finding the root reason for the short lifespans of SMBs. Over the past 12-14 months, we researched related markets worldwide. The SMBs that we have visited have a fairly good understanding of their issues and current situations, and over 60% responded that they plan to dramatically increase IT investment by at least 50 percent over the next 18 months. The result also shows that Chinese SMBs have already realized their own needs and have started to increase IT investment to improve competitive edge."

Vahé Torossian appreciated the fact that Chinese SMBs increase IT investment but he also said, "when increasing IT investment, SMBs increase investment on broadband connectivity, interconnection and access, which causes customers to pay more attention on security."

SMBs don't have to be IT expert

"Obviously, SMBs want to enhance cash flow and the ability to find new customers by increasing IT investment. SMBs, especially in Western Europe and United States, hope to better use internet to find customers faster to generate more profit," said Vahé Torossian.

To this end, SMB owners don't have to position themselves as, or become, IT expert. The major task of SMB owners is to ensure their businesses benefit from technical development and efficiently reach the budgeted target, and they would need many solutions and also to integrate them. They have to decide whether to do it locally, in the cloud or on Internet; whether to do CRM or productivity; whether to invest their own server infrastructure or not.

"As a company which has been providing services for enterprises and SMBs, Microsoft, together with many of its partners, can play a critical role, and SMBs can leverage our strengths to rip maximum benefit from their IT investments."

Cloud Computing expands SMBs' global vision

During the interview, Vahé Torossian mentioned "SMBs will develop better in cloud era", which would prove to be correct if we listen to him very carefully, because SMB's IT is in line with cloud computing. Since SMBs don't have to become IT expert, cloud computing allows them to put more efforts on business and customers development.

Vahé Torossian pointed out that cloud computing has been adopted broadly in most countries such as United States, UK, France, Germany and Australia and it provides the following core benefits for SMBs. First, it can help SMBs to find more customers. Generally speaking, SMBs have very specific business which might be as simple as selling a bottle of water while their customers also have very specific needs and can be positioned very accurately. Microsoft cloud computing can help SMBs find more customers in a very cost-effective way.

Second, cloud computing can help SMBs expand customer base, because it can fundamentally change the way SMBs locate their potential customers in a certain region or country or even broader areas. In the past, SMBs mainly seek customers in their own region.

"As cloud computing develops, many SMBs start eyeing the global market, and here is a good example. There is a very tiny family-based wine company in western France, which used to sell at most 2000 bottles of wine in its best season each year, mainly in the western and eastern regions of France. After using Microsoft Office 365 and a series of collaboration and CRM tools, it takes only six weeks to sell 2000 bottles when it used to take 18 months because they are now finding customers worldwide. The company can now also receive orders for next year, allowing them to plan and expand production. This is unimaginable in the past, because the flexibility of cloud computing gives SMBs more capabilities to position customers."

Microsoft helps Chinese SMBs grow

Vahé Torossian met with many customers in China and made some interesting observations: "Over the past several years, software piracy in China dropped dramatically, from 89% in 2008 to 78% in 2010. The drop of piracy is related to cooperation between many parties, and there are many reasons behind it."

First, it's the government's efforts. Second, businesses are increasingly aware of the value of genuine software and the risk of pirated software to business data and business development. Third, today's Chinese youths are actively innovating, which has got great support by the government. "Today, China's efforts to encourage innovation are admirable. In the 12th Five-Year Plan, Chinese government emphasizes the importance of innovation, SMB and technology development in the advancement of Chinese economy. Actually, it is the first time the government put together government support and the roles of technology and SMBs."

Vahé Torossian pointed out there are 150 million SMBs worldwide and 40 million in China, and the number of genuine software products used in China is 500,000, so SMB has indeed become one of Microsoft's fastest growing segments.

According to Vahé Torossian, Microsoft has many programs worldwide to promote the development of SMBs. For example, the annual Imagine Cup is a technical competition for young students, with 100,000 participants this year, through which Microsoft provides tools and support to young people who want to start their own businesses. "Two days ago, I just visited Dalian University of Technology whose Care Everyone team won this year's Imagine Cup, a remarkable effort for winning such a world famous award. Over the past several years, Microsoft invested $50 million and resources to support 650 startups, creating more than 3000 jobs."

New success by deploying Microsoft solutions

By providing necessary IT tools, Microsoft enables SMBs that uses e-commerce to grow. Many well-known China's e-commerce sites like Dangdang.com and Vancl are Microsoft's customers. Dangdang.com hopes to manage its user network in 32 provinces and regions, and to ensure more than 100,000 users great shopping experiences every day. By deploying Microsoft SQL Server, Dangdang.com manages its user database with much improved operation efficiency and stability. Their warehouse can also deliver nation-wide orders on the next day, with new products easily managed with scalable IT infrastructure.

Vancl is an emerging e-commerce company. With the dramatically increased online and phone orders, as well as logistics applications, Vancl is challenged with the ability to efficiently handle a great number of transactions and address storage problems. By using Microsoft SQL Server to manage datacenters, Vancl can deploy more efficient systems to process orders and reduce operation cost. More importantly, the company can ensure a flawless core operation.

Since establishment, Changjiang Design Institute has finished many critical projects like The Three Gorges Project and South-North Water Diversion Project. However in projects involving global collaboration, the institute is challenged to realize IT support across different sites. In addition, in order to support its expansion and new business applications, the institute needs to procure more servers and other hardware, which would push up operation and maintenance cost. The institute built a complete solution with various Microsoft products including Hyper-V, Exchange and OCS communication platform as well as advanced technical solutions like Office SharePoint, successfully improving employees' productivity and reducing IT operation cost.