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Go virtual?

By Christopher Elliott

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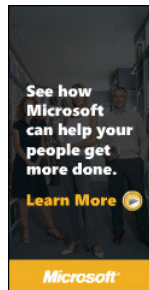
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Randi Smith-Todorowski's business was in the wrong place at the right time.

Atlas Martial Arts, the business she co-founded in Scottsdale, Ariz., was thriving. But the local economy wasn't. "The enthusiasm was there," she says. "But people were cutting back on luxury items, taking second jobs and traveling for work."

So with the end of their five-year lease imminent, Smith-Todorowski and her partner did what an increasing number of businesses are doing: they took their business virtual.

Into the cloud

It's hard to say precisely how many businesses are giving up bricks-and-mortar storefronts for Web sites, or moving "into the cloud" in tech parlance. Counting them is inherently difficult, says Daniel Meyerov, the chief executive of Los Angeles-based OnlyBusiness.com.

But there's anecdotal evidence from Meyerov and other experts that more businesses are taking a path into the cloud.

"It hit me when I got something in the mail from my alma mater, the University of Florida, about a complete online MBA," says Smith-Todorowski. "The world is really ready for the online Black Belt."

That's when she had the idea of turning Atlas (www.atlasmartialarts.com) into a "virtual" academy. For a monthly membership subscription fee, students would have access to Kung Fu and Tai Chi videos, and could learn their chosen martial art at their own pace. In addition to saving on office rent, Smith-Todorowski and her partner have managed to dramatically expand the reach of their business. "We've been able to enroll members nationwide and internationally from as far as Spain," she says.

Is your business ready to head for the cloud? Here are nine questions to ask before you do.

- 1. Is your business viable online?** "You'd be surprised at how many people jump in without doing research," says Angela Jia Kim, co-founder of the Web site Savorthesuccess.com. Have a clear understanding of what you do, what you offer your customers, and most importantly, if you can still make money doing it online. Some businesses won't cut it online. Better to find out now before you give up the store.
- 2. Are your employees ready?** If your people aren't on board, you may be in for a rough ride into the cloud. "This can be a real challenge," says Karri Flatla, an Alberta-based Internet marketing consultant. "It takes a shift in thinking. They're not just logging in to fire off a random e-mail or surf the Web." Being virtual means leveraging the Web for sharing, learning and interacting as a team.
- 3. Do you have a plan?** Making a virtual business is more than giving up a lease or creating a Web site, say experts. Andy Abramson, author of the book "Working Anywhere" says the three most important pieces of advice for a company contemplating a move to a virtual space is: Plan, plan, plan. "Know what you're about to do and what working virtually will be like," he says. For example, make sure you tell family members, especially children, that the workspace is not a play space, and that interruptions are a distraction.
- 4. Are your vendors up to the challenge?** Selling a product or service online is easier said than done. Even if your research suggests that going virtual can be done, a bigger question is: Can it be supported by your vendors?

Scott Kinka, a senior vice president for network services at Evolve IP in Wayne, Pa., says vendor selection is the single most important issue when a business looks to the cloud.

"Many providers can't or do not ensure any kind of quality on services available over the 'Net," he says. "So your virtual users will be in the position of supporting their own technology in the event of issues. Or they'll have to suffer poor quality."
- 5. Are you ready to grow?** Taking a company virtual can translate into lots of opportunities. Chief among them, the opportunity to grow. "Many businesses forget to consider, 'What if we're hugely successful?'" says Mitzi Montoya, a professor of marketing and innovation at North Carolina State University. "This seems like a great problem to have. But it's not necessarily." Some businesses suddenly find themselves facing a fire hose of customer demand that they can't serve. The solution? Manage the scale of your virtual business before it becomes an issue.
- 6. Do you have the right team?** Employees who have worked in an office their entire career may have a difficult time adjusting to life in a virtual company. If they can't be retrained, they may need to be replaced.

Maureen Miller, president of the virtual marketing firm Total Marketing Concepts, describes the right "virtual" team as a group of people who can work independently and require "very little" oversight. "If I can pay someone to do it for less than my hourly billable rate, I outsource it," she says. That includes technical support, receptionist services, her executive assistant and bookkeeper.
- 7. Do you have a good consultant?** Don't try to go virtual without a competent adviser. David Rice, the chief executive of Phoenix-based technology consulting firm TrueCloud, says you should pick someone with "a proven track record" who can guide your company to its goal. "There are lots of small partner or VAR consulting firms that can help you easily put together a blueprint for the services you require," he says. (There's a list of accredited Microsoft Small Business Specialists [here](#).)
- 8. Do you have the right tools?** A virtual business often requires a new set of tools and applications. For example, when Daniel Guillory closed the physical office of his consulting firm, Innovations International, he had staff working from their homes in San Francisco and Salt Lake City. "Our old premise-based phone system could never have met our business needs," he says. So he opted to use RingCentral (<http://www.ringcentral.com/>) which offers corporate phone services. He also discovered a service called Elance (<http://www.elance.com/>) that has a cloud-based platform to handle project management. For company-wide file sharing, he used a service called Egnyte (<http://www.egnyte.com/>).
- 9. Do you really want this?** Having a physical office, an actual store, is comforting to both customers and employees. Are you ready to do away with that?

"Breaking away from how business is done can be frightening," says Curt Clinkinbeard of the Famee Foundation, a Topeka-based non-profit that offers customer management and marketing training. "We tend to hold onto the old ways of doing business, because we don't want to appear foolish." But today's technology lets you move away from it quickly and less expensively than ever. So really, the question is: Do you have the guts not to do it?

"Doing business on the Internet is definitely the way to have a global reach," says Smith-Todorowski, the martial arts instructor. Indeed, businesses owners who have successfully gone "virtual" say they're happy they did. Their costs are

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Christopher Elliott writes about business travel and mobile computing, and publishes a [weekly travel newsletter](#). You can [e-mail](#) him or visit his [Web site](#).

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