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## Cloud goes business class

Geoff Nairn



US cloud storage company Dropbox has teamed up with [Microsoft](#) in the latest move by cloud sharing services to expand beyond the cut-throat consumer market and boost their appeal to business users.

The deal with Microsoft provides a simple way for mobile workers to use Microsoft Office files on Android and Apple devices via the Dropbox app.

Dropbox already offers a Dropbox for Business service, which in July reported it had 80,000 corporate users, while rival Box recently unveiled its Box for Industries strategy, which turns Box into a business-focused cloud collaboration service tailored to the needs of specific industries such as pharmaceuticals.

“For the past five years, we have been driving [Box] towards [companies],” says David Quantrell, its senior vice-president. The US company, whose long-awaited share offering is currently on hold, says it has 280,000 business customers and 27m individual users.

Both Box and Dropbox charge businesses \$15 a month for each user, with a minimum of three and five users respectively. Larger organisations typically negotiate what fees they pay.

Microsoft and Google also offer cloud file-sharing services for businesses. Google Drive for Work, for example, includes tools for IT departments to manage users and secure devices, and complies with US regulations protecting data in the healthcare, government and education sectors.

This focus on the needs of business users reflects the increasingly tough economics of the consumer cloud storage market. Analysts estimate that only 1 to 4 per cent of consumers with a free storage plan upgrade to a paid plan, while the continuing price war means the price per gigabyte drops regularly.

Many workers worldwide already use cloud storage services such as these at work, often installed on their own mobile devices. But, typically, they use their own personal accounts without the consent of their IT departments.

According to Ovum, a research company, 89 per cent of employees who use file sharing technology do so using unmanaged consumer services. This creates big security and compliance risks for companies, particularly if confidential data are stored and shared in the public cloud.

IT departments know that if they impose restrictions on popular file-sharing sites that are too harsh, they risk a backlash from users.

“If the IT department blocks access to Dropbox, for example, employees will complain that they cannot get their work done,” says Richard Edwards, principal analyst at Ovum.

Many IT departments would prefer employees to use traditional enterprise file-sharing programs, such as Microsoft SharePoint, say experts. But employees increasingly want to use the same cloud services at work as they use at home and access them on different devices. Many workers seem to find cloud storage services are not just easier to use but are also more flexible than file-sharing systems developed for companies.

“Traditional systems were not designed to allow documents to be shared externally and on mobile devices, which are central requirements today,” says Alastair Mitchell, co-founder and chief executive of Huddle, a vendor based in the US and the UK.

Huddle pioneered cloud-based collaboration for the corporate market and says 80 per cent of UK central government departments use its service.

At first sight, Microsoft’s tie-up with Dropbox makes sense for Dropbox, which gains a powerful partner to enter the business market,

but not as much for Microsoft. Dropbox for Business is, after all, a direct rival to Microsoft's own cloud storage service, OneDrive for Business.

But analysts say Microsoft is more interested in extending its Microsoft Office franchise beyond the PC to mobile workers and most of them use Dropbox not OneDrive.

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