



Enterprise Cloud Adoption Survey 2014: Summary of Results

March 2014

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- Detailed findings
- Appendix – demographics

Context and methodology

Context and objectives

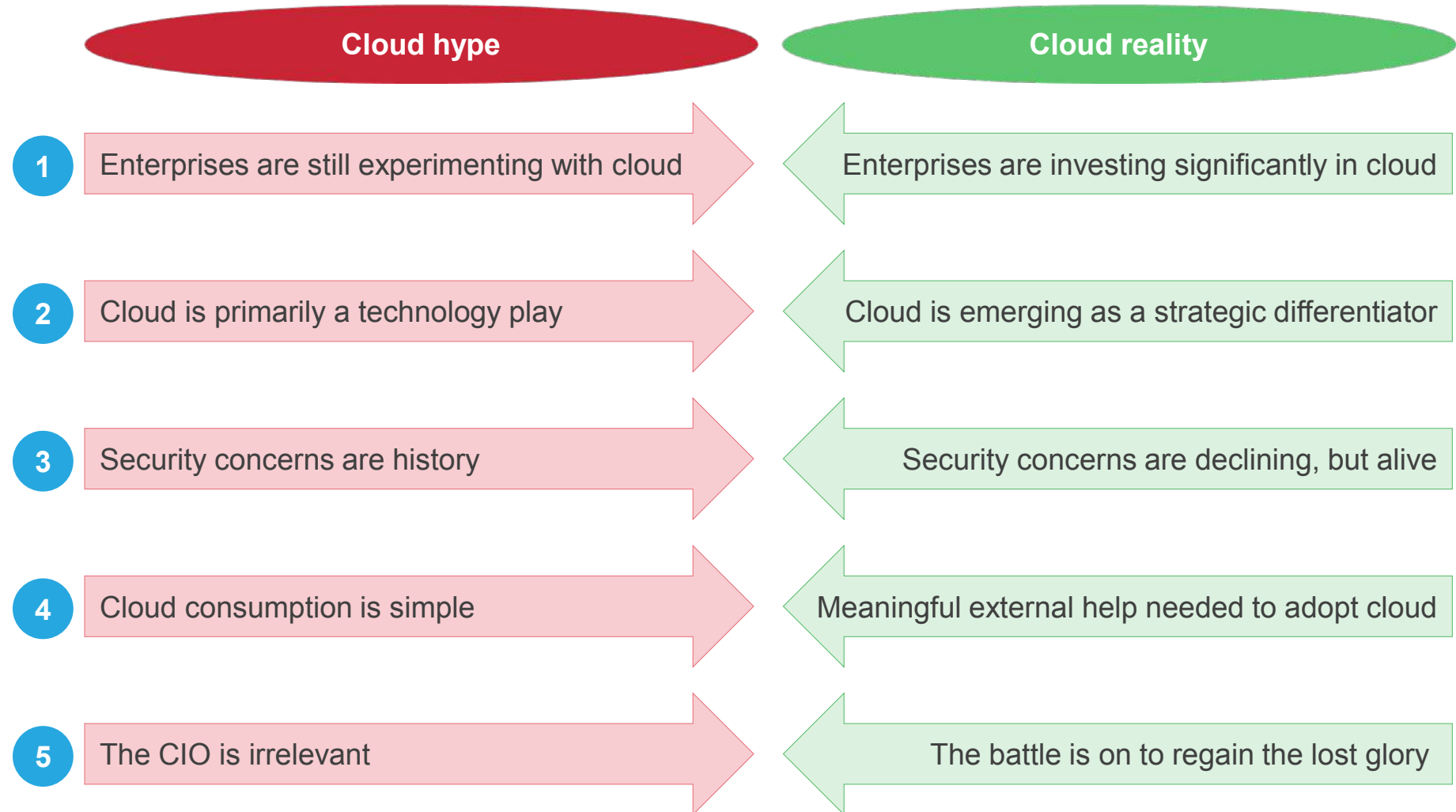
- Cloud Connect and Everest Group conducted the third annual Enterprise Cloud Adoption survey
- The results of the survey will be presented at the Cloud Connect Summit @ Interop in Las Vegas on March 31 and April 1, 2014
- Primary objectives of the survey:
 - Identify broad-based cloud adoption patterns
 - Identify the value derived from cloud services for enterprises
 - Identify decision-making patterns for cloud adoption

Methodology

- Cloud Connect and Everest Group jointly created an online survey for the purpose of this study
- Survey invitations were sent by e-mail to three primary groups of cloud market stakeholders:
 - **Cloud enterprises:** Enterprises that have adopted or are seeking to adopt cloud solutions
 - **Cloud service providers:** Providers of cloud solutions (products and services), including ISVs (Independent Software Vendors) and service providers
 - **Cloud advisors:** Consultants and third-party advisors who work with cloud enterprises and provide guidance on cloud adoption strategies
- Survey responses were aggregated and analyzed; wherever possible and insightful, viewpoints from different market constituents have been contrasted
- The focus of the study is on evaluating the viewpoint of the cloud enterprise. Given the sample size of cloud enterprises and the random sampling methodology, analysis by different segments within the enterprise community has been presented wherever possible and meaningful

Enterprise cloud adoption: Distilling hype from reality

Primary findings of the survey



Key findings (page 1 of 3)

Is cloud a strategic differentiator?...A resounding yes!

Hype: Enterprises are still experimenting with cloud and therefore, spending little money

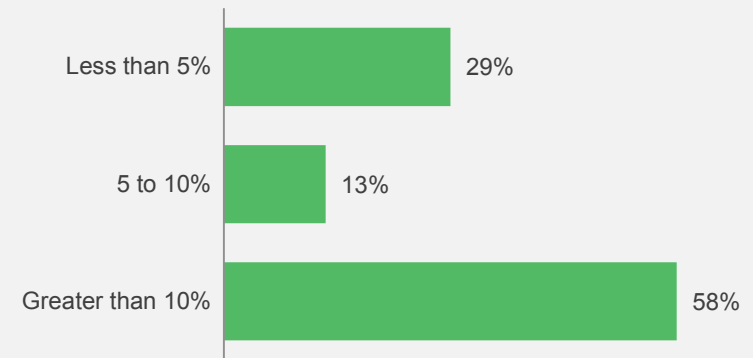
Reality: Around 58% of the enterprises spend **more than 10% of their annual IT budgets on cloud services**. This reflects that enterprises are realizing the value proposition of cloud

Hype: Cloud is relevant only for technology needs

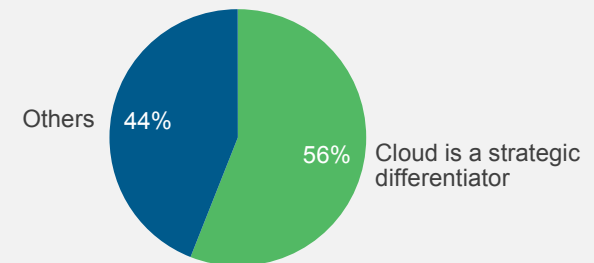
Reality: About 56% of enterprises consider **cloud to be a strategic differentiator** which enables operational excellence and accelerated innovation

- Across verticals, enterprises are faced with a multitude of challenges that compel them to transform their operating models. For example:
 - **Financial institutions** are grappling with evolving regulatory environments, poor financial health, and the need for multi-channel capabilities to grow their customer base. With increasing pressures to improve cost-to-income ratios and reduce time-to-market, financial institutions are looking at cloud services to accelerate innovation
 - The **retail** industry continues to evolve as millennial consumers expect multi-modal delivery and payment options, digital shopping experience, etc. Retailers are also faced with the challenge of optimizing their infrastructure costs to manage seasonality and leveraging cloud services to improve operational efficiencies

Percentage of annual IT spending on cloud solutions / services 2014; Percentage of responses



Percentage of enterprises that consider cloud to be a strategic differentiator 2014; Percentage of responses



Key findings (page 2 of 3)

Will better security perception continue to drive private cloud adoption? ...Not for long

Hype: Security concerns are a thing of the past

Reality: Enterprises **still consider better security / greater control over assets and data** to be one of the most important factors in opting for private cloud solutions. However, this scenario is expected to change as public cloud providers are making considerable investments to strengthen their security architecture

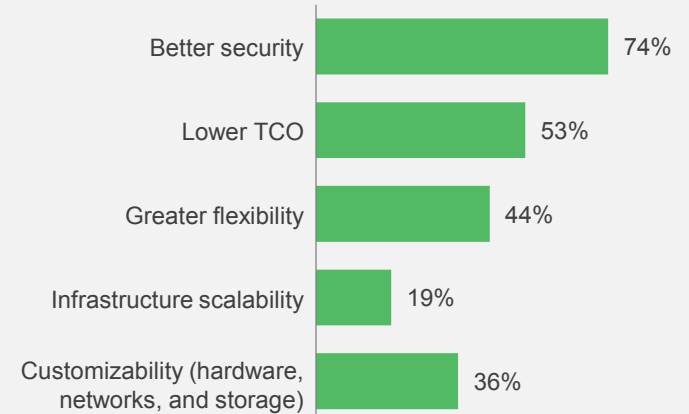
- Enterprises now **have limited interest in private vs. public debate**
- The emerging belief is that as long as business and regulatory requirements are met, the deployment model is irrelevant
- The **IT environments of enterprises in the future should be looked at as a hybrid mix**, rather than a binary private/public cloud environment

Hype: Cloud consumption is simple

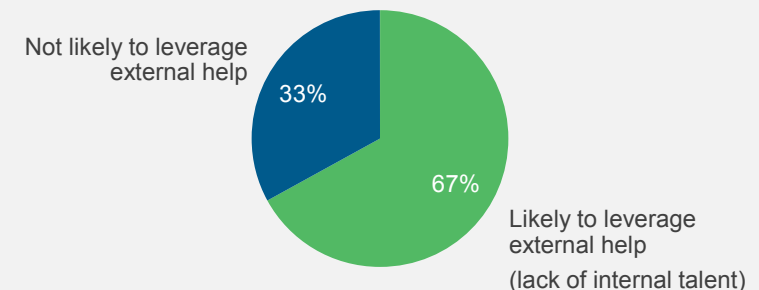
Reality: More than **65% of enterprises believe they need external help** to deploy cloud solutions

- Most **enterprises lack internal IT skills** and expertise to deploy and manage private cloud solutions
 - They are likely to engage third-party service providers, especially for consulting services and implementation of private cloud
- Cloud solution providers need to adopt a business process approach while assisting enterprises in their adoption journey. The business case for process improvement is more important than focusing on deployment models

Reasons for preference of private cloud solutions
2014; Percentage of responses



Percentage of organizations that are likely to leverage external help for setup and management of private clouds
2014; Percentage of responses



Key findings (page 3 of 3)

Are CIOs irrelevant? They are fighting hard and regaining lost glory

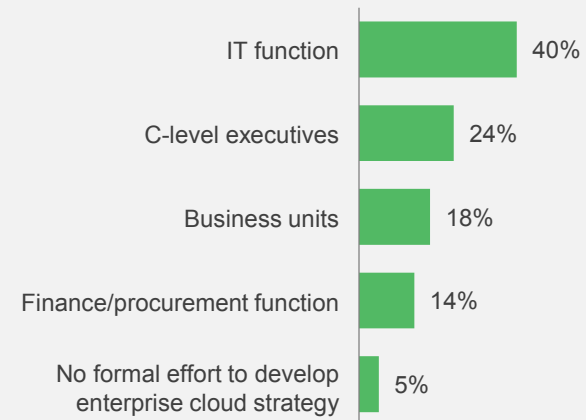
Hype: The CIO is no longer relevant

Reality: With the **increasing adoption of cloud services for critical workloads**, CIOs are regaining lost ground

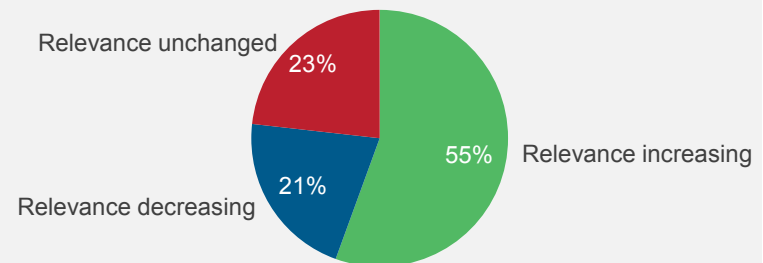
- Business Units (BUs) / CMOs have increasingly become key stakeholders in cloud adoption owing to the fact that various workloads earmarked for cloud migration are directly linked with sales and marketing operations
- However, as cloud adoption matures beyond vanity consumption to mission-critical workloads, **business owners are realizing that they cannot work without IT**
- Consequently, **CIOs are fighting, and winning the battle for relevance**. Over 75% of enterprises believe that the role of IT is increasing or is unchanged
- However, CIOs need to reinvent themselves to engage and collaborate with business users
 - Need to broaden their horizon and **go beyond the “ease of access” vs. “tight control” debate**
 - Need to accept the thankless job of **introducing a sense of sanity in the anarchy of “cloud everywhere”**

We believe it takes just one disaster with business owners using cloud services to understand the value of CIO and the IT function. A number of businesses are learning this the hard way

Stakeholder involvement in cloud solution purchase
2014; Percentage of mentions in responses



Role of corporate IT as pertaining to cloud services
2014; Percentage of responses

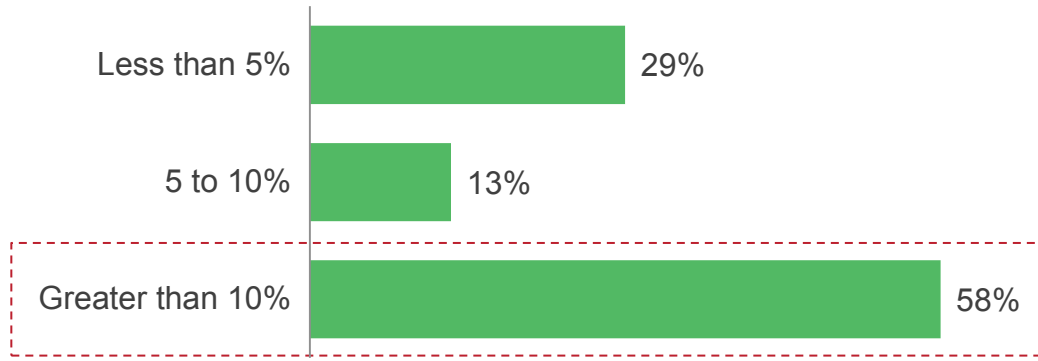


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- **Detailed findings**
- Appendix – demographics

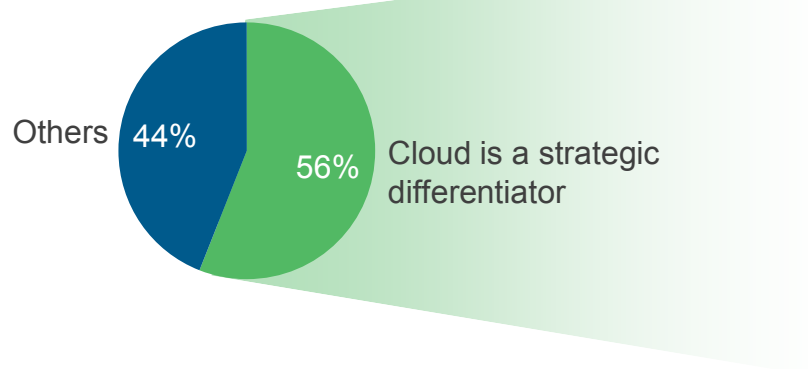
Cloud computing is emerging as a strategic business differentiator, which is why enterprises are spending on it

Percentage of annual IT spending on cloud solutions/services
2014; Percentage of responses

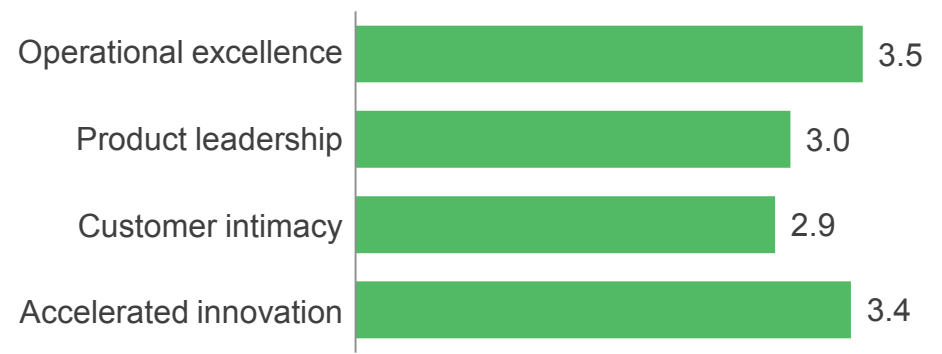


Cloud spending will continue to grow as more enterprises recognize the value proposition. A significant number of “fence sitters” will be converted soon, and the industry will witness a “step change” in cloud spend

Percentage of organizations that consider cloud to be a strategic differentiator
2014; Percentage of responses



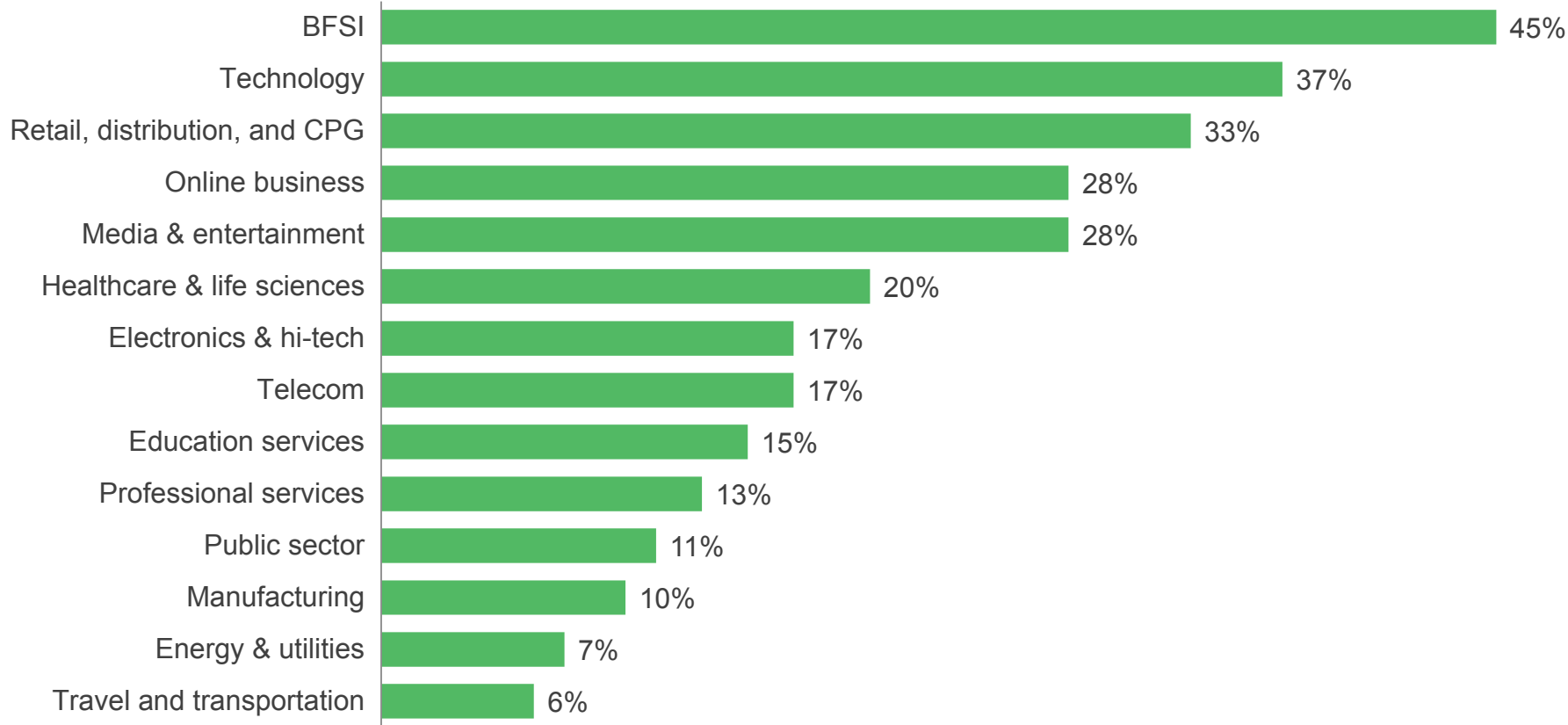
Relative perception of what cloud helps an enterprise achieve
2014; Mean rating
1 = Don't agree; 4 = Strongly agree



Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014

BFSI¹ and technology are the leading industry verticals for cloud adoption

Existing cloud adoption by industries²
2014; Percentage of respondents



1 Banking, Financial Services, and Insurance

2 Indicates percentage of respondents who believe the respective vertical to be amongst the top three industries driving cloud adoption

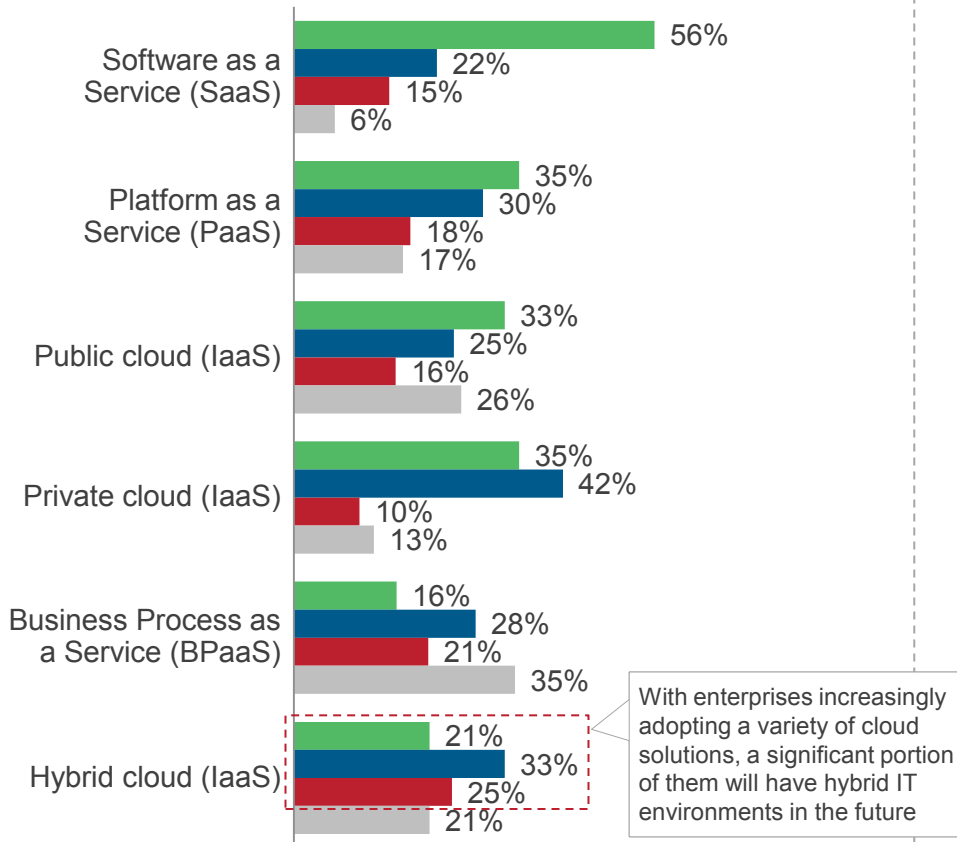
Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014

Contrary to popular belief of a “preferred” cloud model, enterprises are consuming a variety of cloud solutions; the future is “hybrid”

Enterprise cloud adoption trends by cloud layer

2013; Percentage of responses

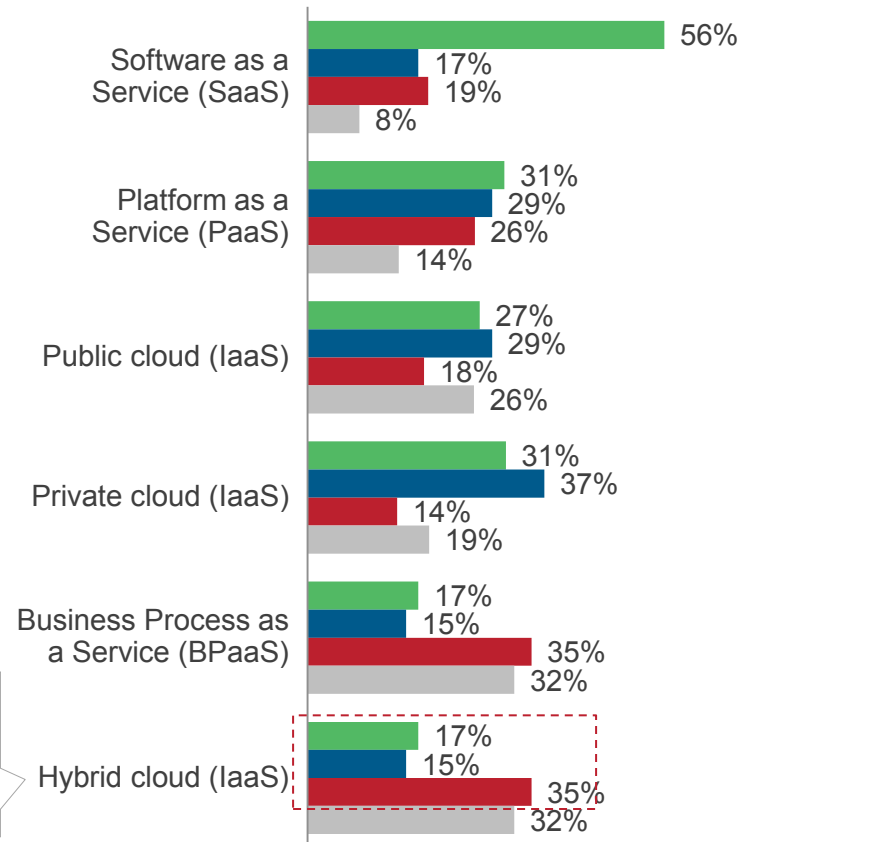
■ Already adopted ■ Adoption in distant future
■ Adoption in near future ■ Others



Enterprise cloud adoption trends by cloud layer

2014; Percentage of responses

■ Already adopted ■ Adoption in distant future
■ Adoption in near future ■ Others

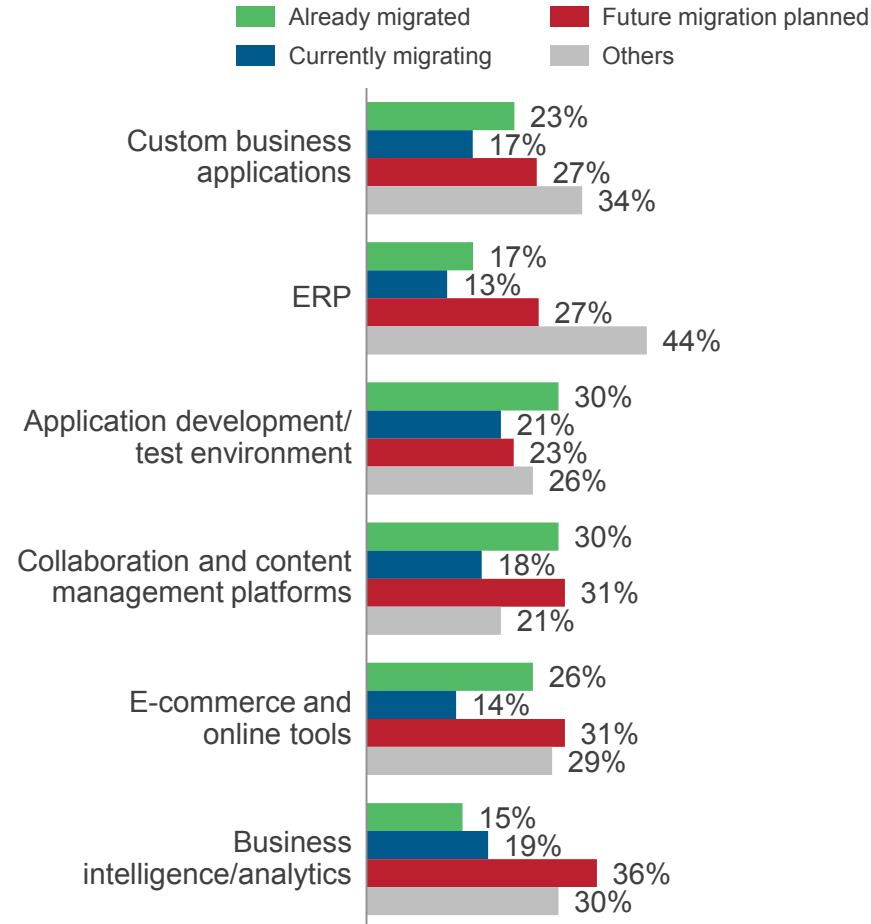


Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014

A large number of enterprises have migrated different workloads to cloud...

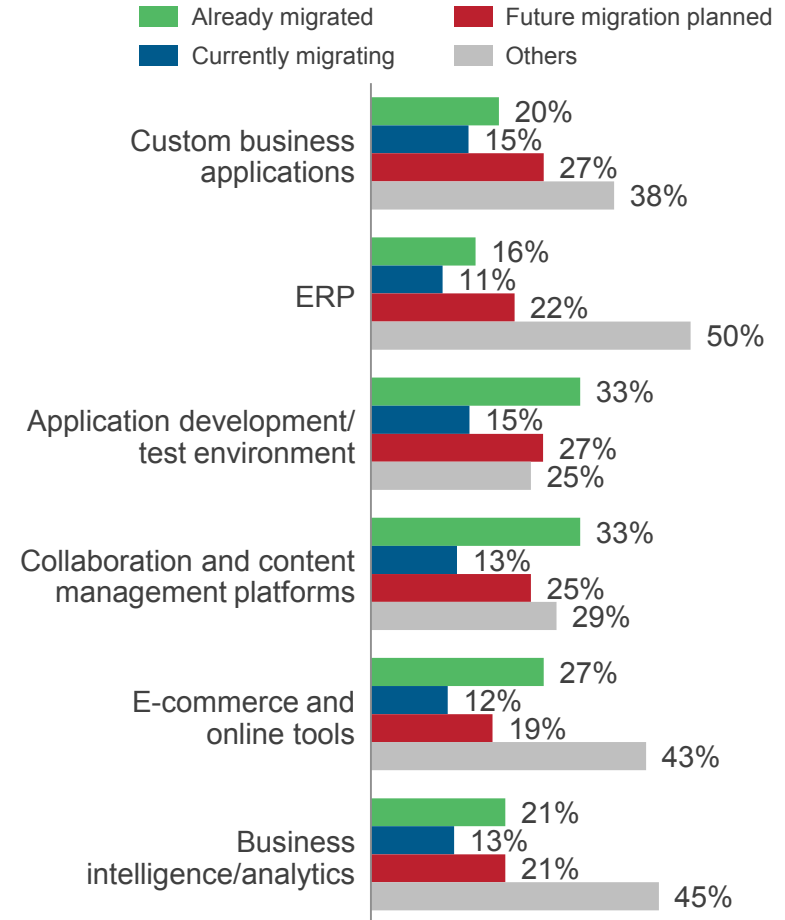
Enterprise cloud adoption trends by workload

2013; Percentage of responses



Enterprise cloud adoption trends by workload

2014; Percentage of responses

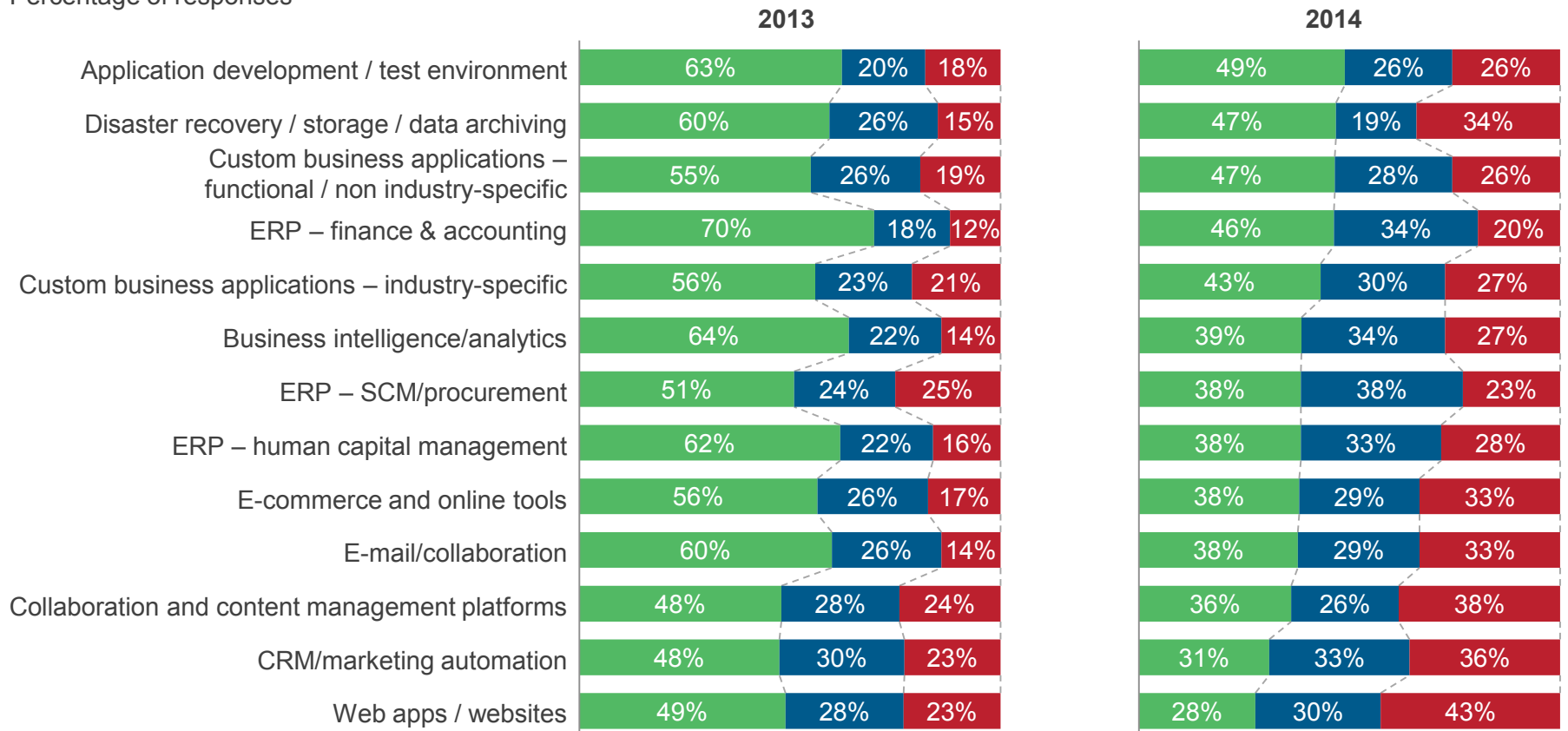


Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014

...however, their indifference towards private/public debate is apparent in the shift in preferences across workloads

Cloud deployment model – enterprise preferences
Percentage of responses

Private cloud Indifferent Public cloud

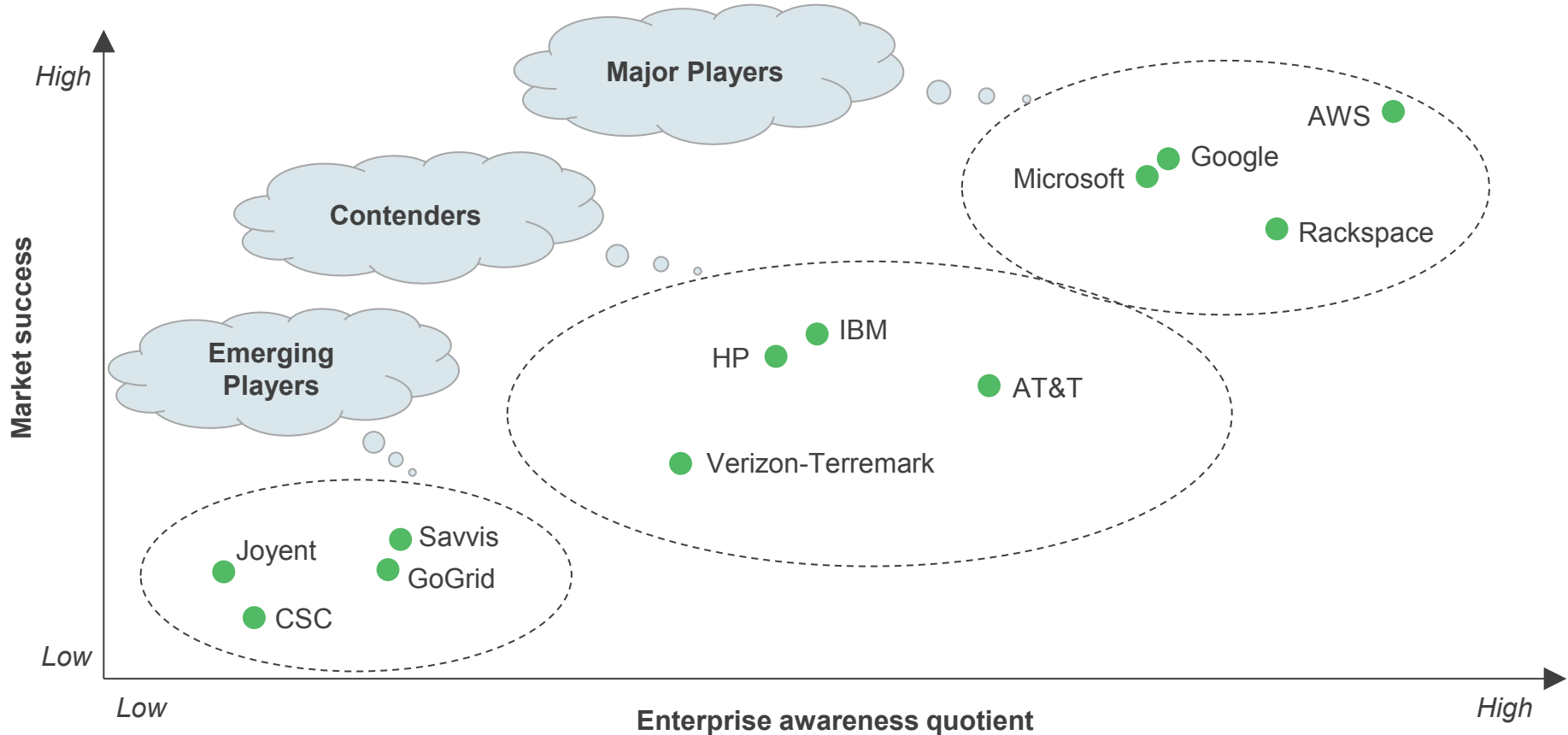


Enterprises now view cloud as a consumption model and have limited interest to debate the deployment model

Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014

Platform service providers are aggressively targeting the public cloud market to offer full suite of services

Market success and enterprise awareness quotient of public cloud providers
2013 and 2014 combined

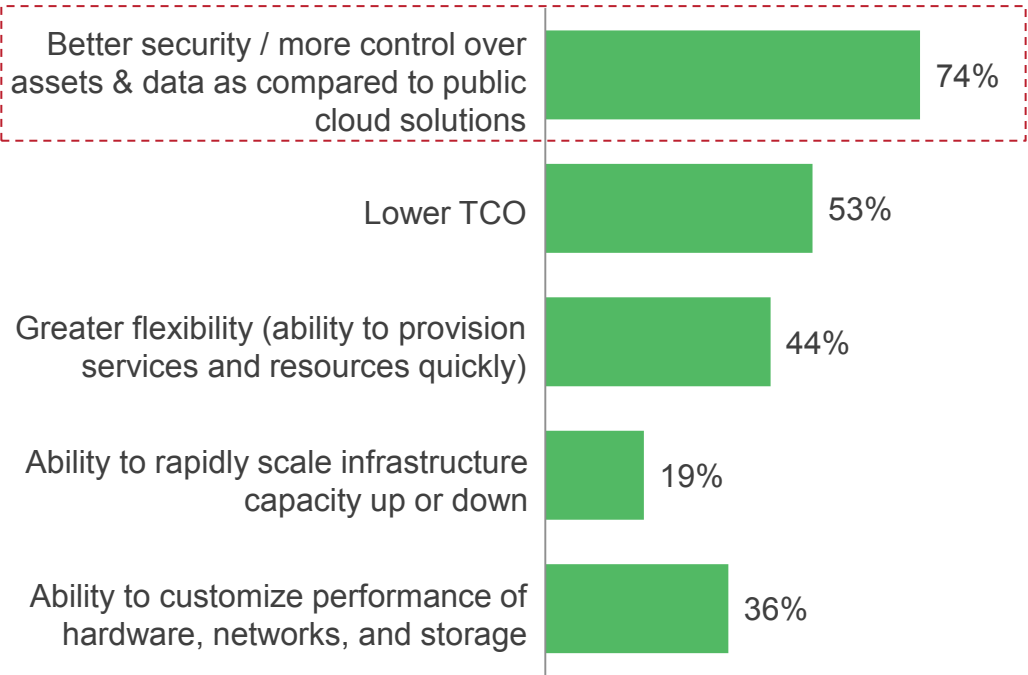


Note: "Market success" denotes the quantum of enterprises using or considering cloud solutions from the respective service providers. "Enterprise awareness quotient" denotes the quantum of enterprises currently aware of (but not necessarily planning to use) cloud solutions from the respective service providers

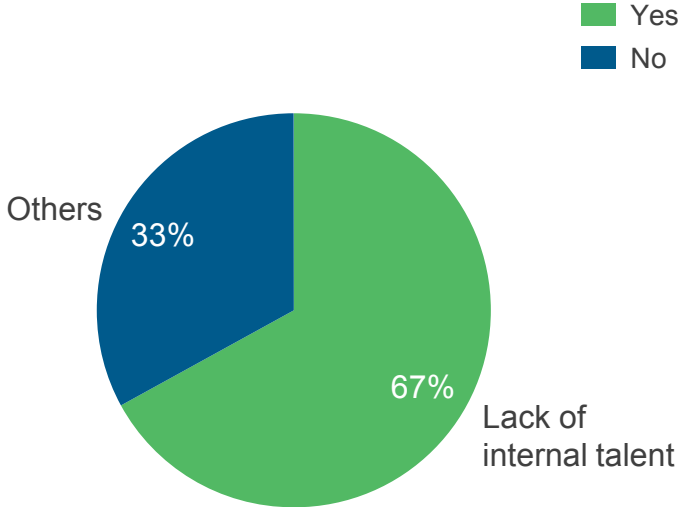
Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014

Private cloud continues to thrive due to a perception of better security, however, the lack of internal talent within enterprises may hinder broad-based adoption

Reasons for preference of private cloud solutions
2014; Percentage of responses



Challenges for private cloud adoption
2014; Percentage of responses

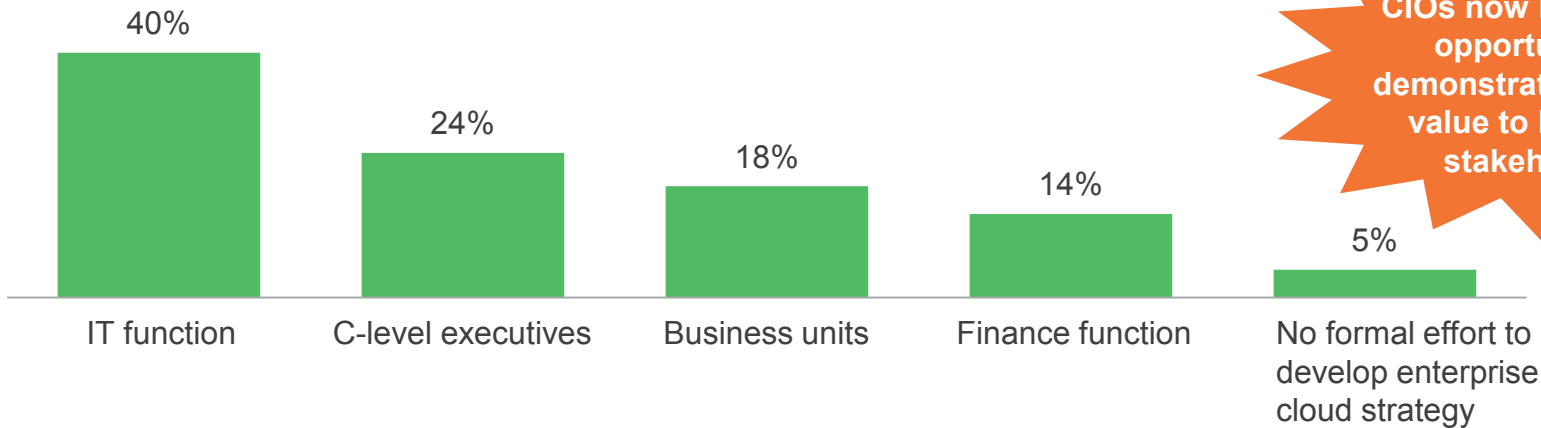


With increasing investments from public cloud providers in enhancing their security levels, the public vs. private debate is likely to diminish

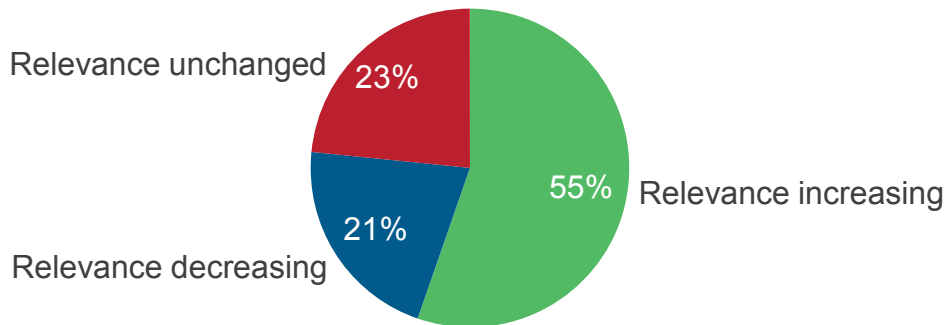
Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014

With the increasing adoption of cloud services for critical workloads, CIOs are regaining ground they had lost earlier

Stakeholder involvement in cloud solution purchase
2014; Percentage of mentions in responses



Role of corporate IT as pertaining to cloud services
2014; Percentage of responses



As cloud moves beyond “low hanging” fruits to strategic workloads, business users are realizing that they cannot consume meaningful cloud services without an active participation of the IT function. Over 75% of enterprises believe that the relevance of IT is increasing or is unchanged

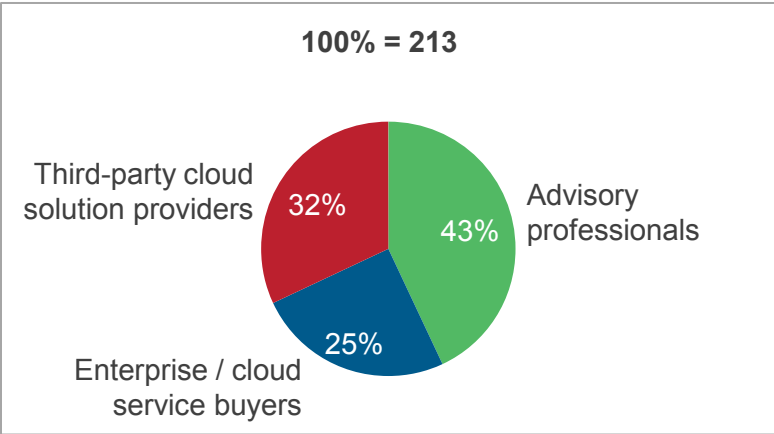
Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014

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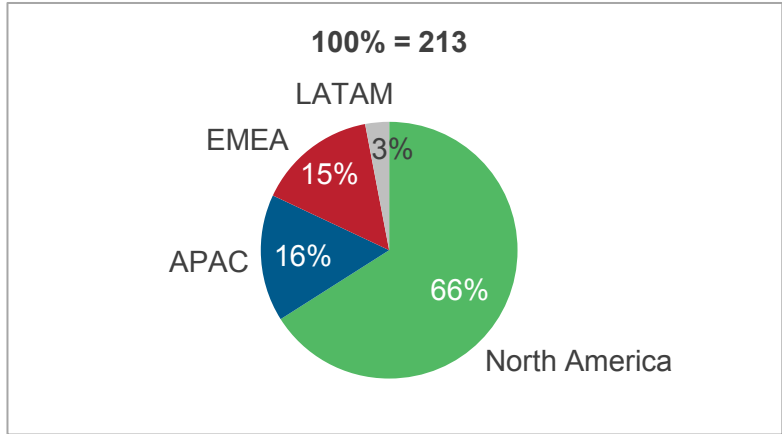
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Survey demographics

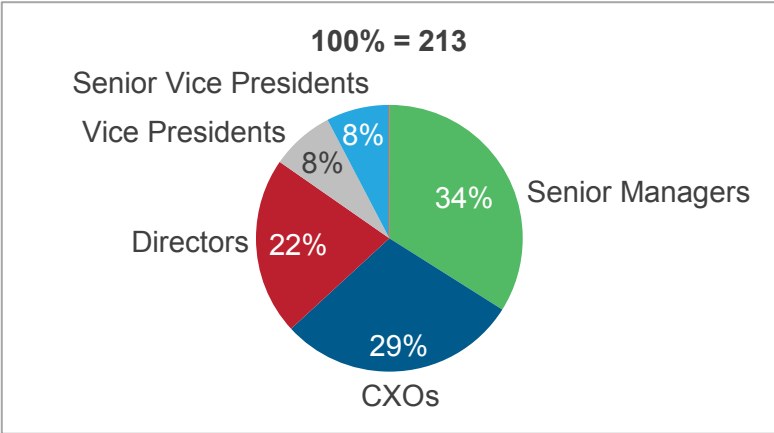
Number of respondents



Responses by geography



Responses by job title



Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014

About Cloud Connect

Cloud Connect, produced by UBM Tech, is the defining event of the cloud-enabled enterprise and the only venue where attendees learn how to leverage the cloud ecosystem to develop new services, revenue streams, and business models. As both a conference and an exhibition, Cloud Connect's goal is to chart the course of cloud computing's development by bringing together enterprise technology and business stakeholders with cloud service providers and solution innovators. Cloud Connect offers in-depth boot camps, panel discussions, and access to a host of industry experts, all designed to help organizations weigh their cloud options and drive business transformation. For more information visit: www.cloudconnectevent.com



At a glance

- With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
- Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches
- Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms in six continents across all industry categories

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