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Cloud Adoption in the Enterprise

Distilling Facts from the Hype

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Enterprise Cloud Adoption Survey 2014

*Cloud Adoption in the Enterprise
Distilling Facts from the Hype*



Focus of this Presentation

- Establish facts vs. hype of enterprise cloud adoption
- Adoption trends by application workload
- Stakeholder involvement in cloud investments
- Deployment model preferences (private/ public) by application workload
- Cloud provider mindshare

Sources for today's presentation

**2014 Enterprise Cloud
Adoption Survey**



Everest Group
CLOUD VISTA

- Third annual enterprise cloud adoption tracking survey
- Fact-based research focused on enterprise cloud market and all layers of the cloud stack



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Why do another cloud survey?

Our goal is to better understand enterprise cloud adoption trends and dynamics through gaining a 360° view of the market

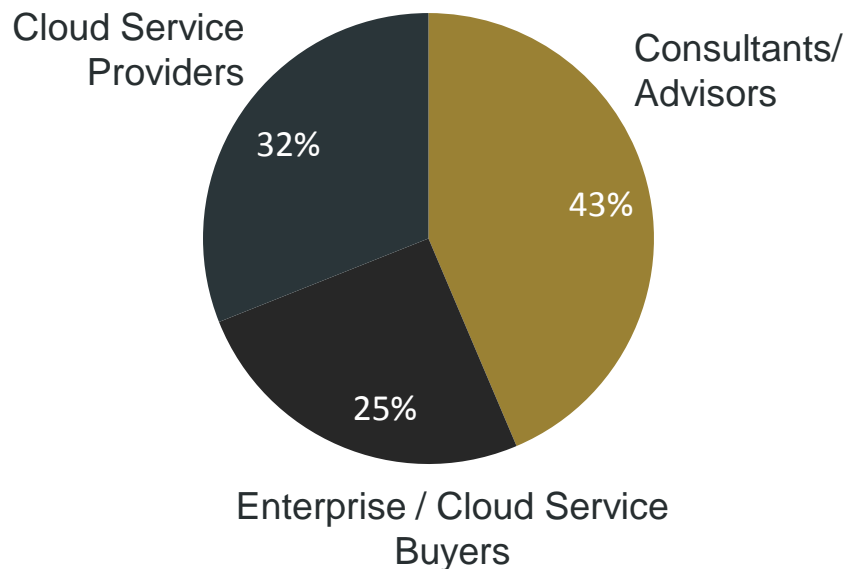


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- **Provide facts on the enterprise cloud adoption market**
- **Peel back the onion on adoption patterns**
- **Identify cloud market trends and disconnects**

Survey respondents

100% = 213





Key Findings from the Survey

Cloud Hype

1 Enterprises are still experimenting with cloud

2 Cloud is primarily a technology play

3 Security concerns are history

4 Cloud consumption is simple

5 The CIO is irrelevant

Cloud Reality

Enterprises are investing significantly in cloud

Cloud emerging as a strategic differentiator

Security concerns are declining, but alive

Meaningful external help needed to adopt cloud

A battle is on to regain the lost glory

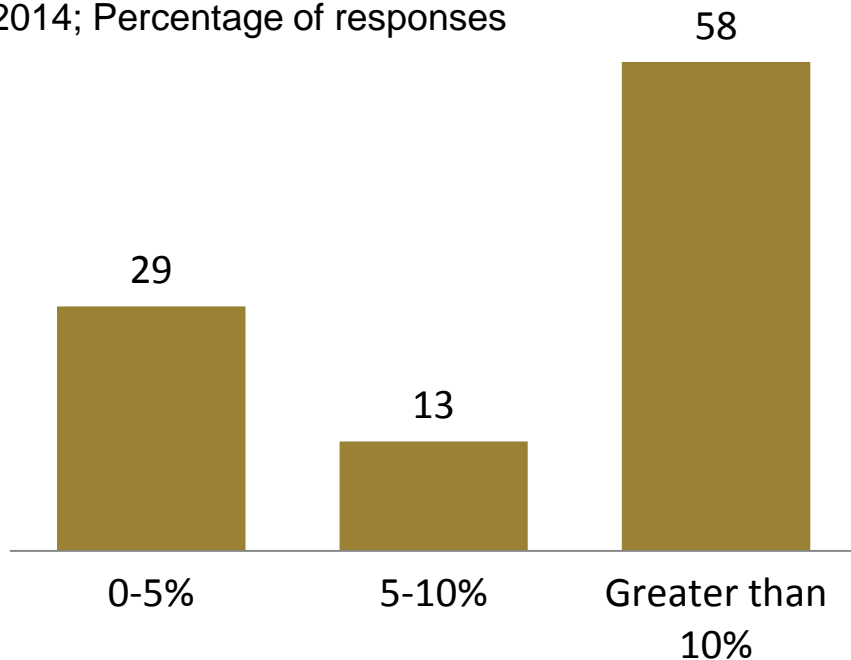


Enterprise spending on cloud reaching non-trivial proportions

58 percent of enterprises are spending greater than 10 percent of their IT budget on cloud solutions and services; SaaS continues to drive cloud adoption

Percentage of annual IT spending on cloud solutions/ services

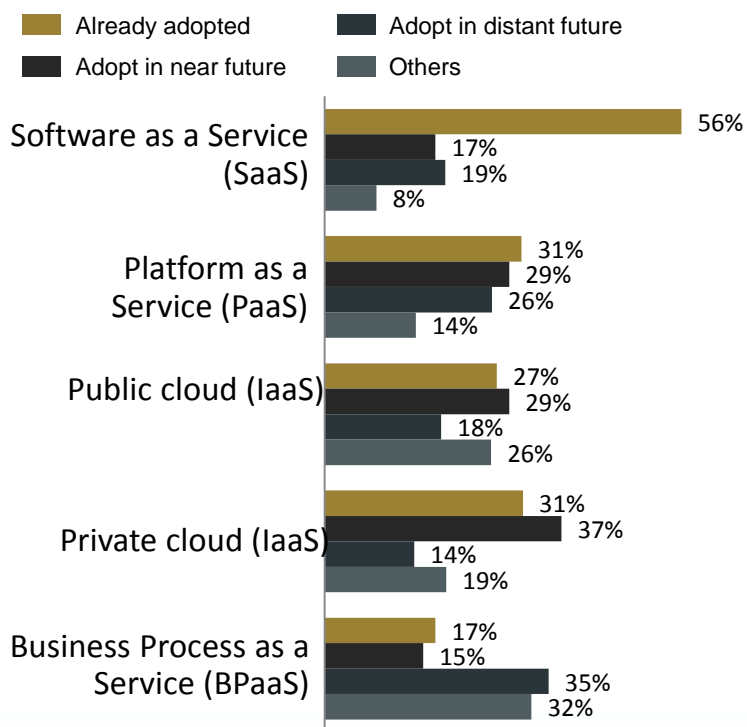
2014; Percentage of responses



Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014

Enterprise Cloud adoption trends

2014; Percentage of responses

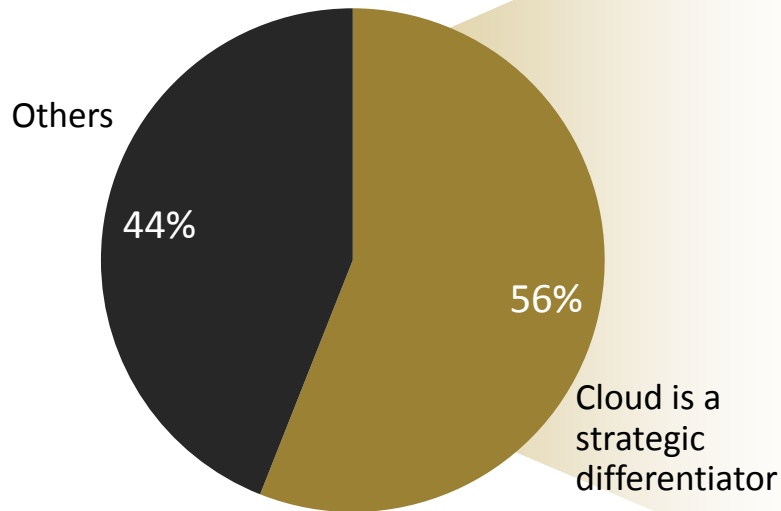




Cloud's ability to create strategic impact will accelerate growth

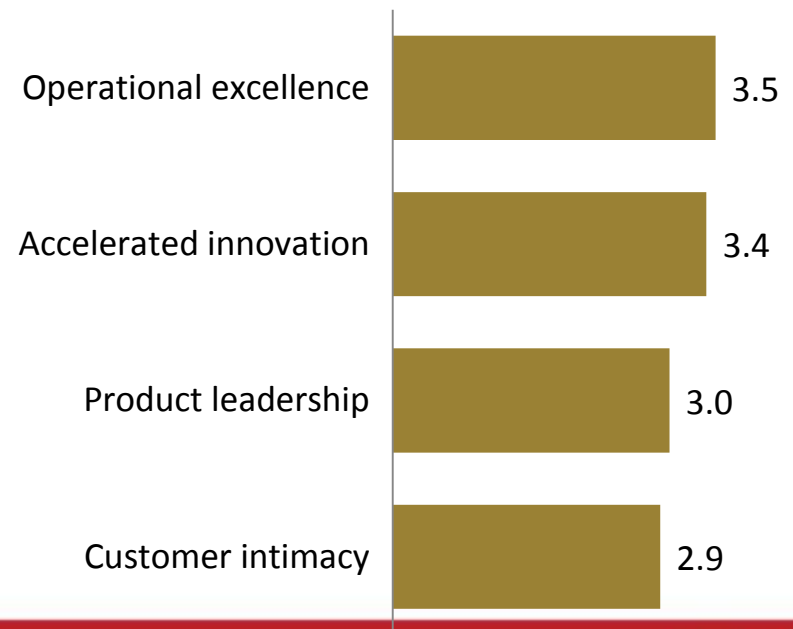
56 percent of enterprises view cloud as a strategic differentiator that enables operational excellence and accelerated innovation

Percentage of enterprise 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

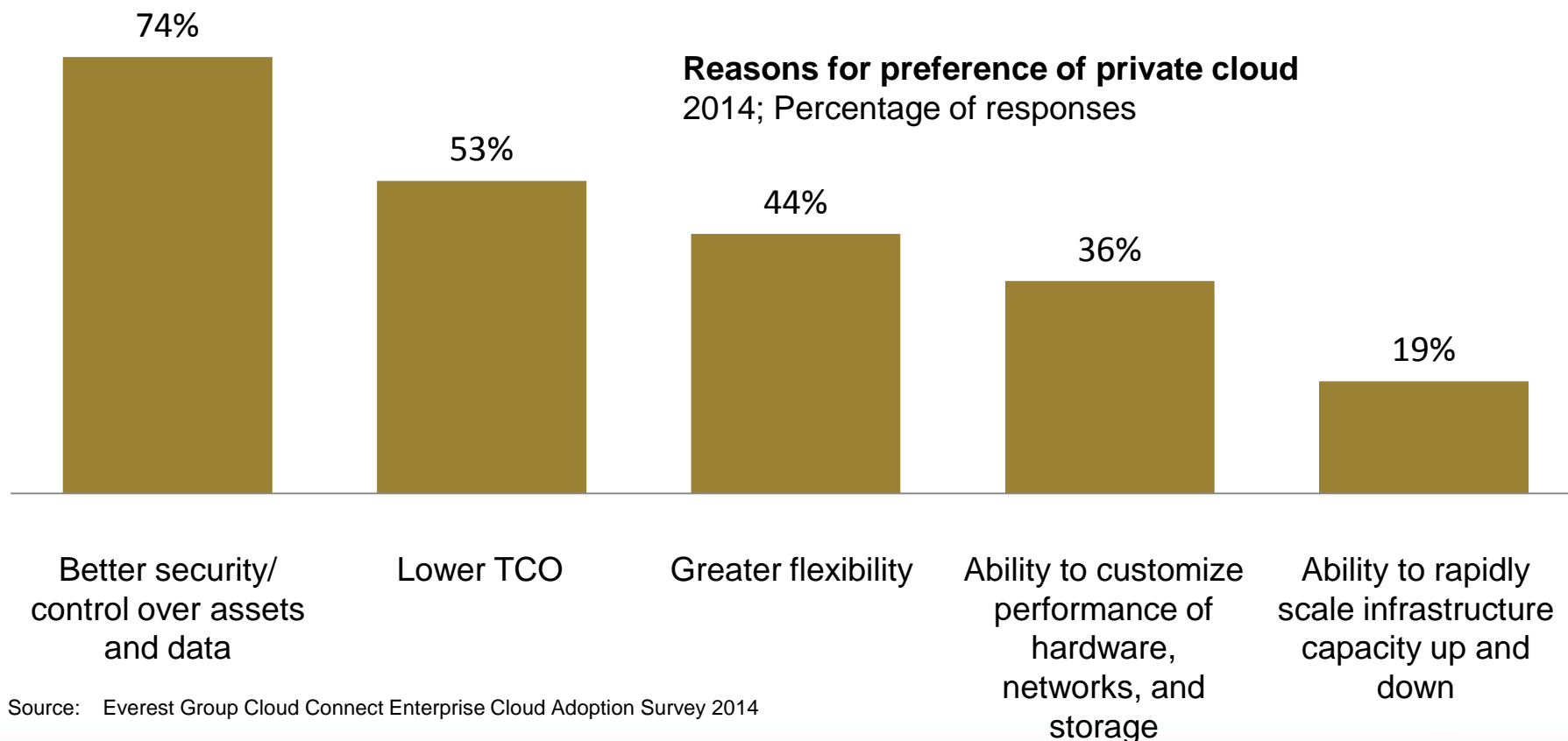


Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014



Security remains the primary driver for private cloud adoption

Two-thirds of respondents with private cloud implementations believe they have better security and control vis-à-vis public cloud



Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014



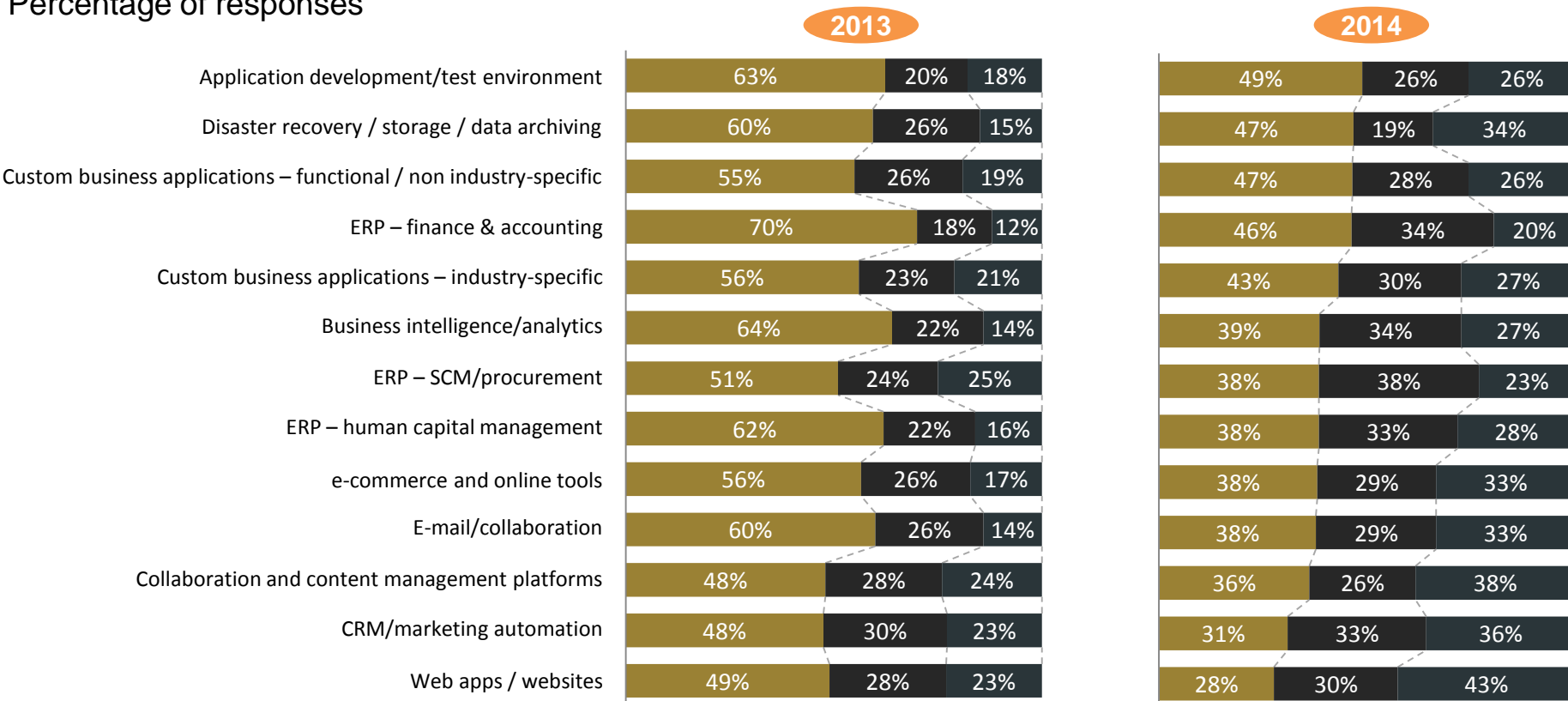
Hybrid is the way forward versus a binary public vs. private choice

The indifference towards private vs. public is apparent in the shift in preferences across workloads

Cloud deployment model – enterprise preferences

Percentage of responses

Private cloud Indifferent Public cloud



Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014

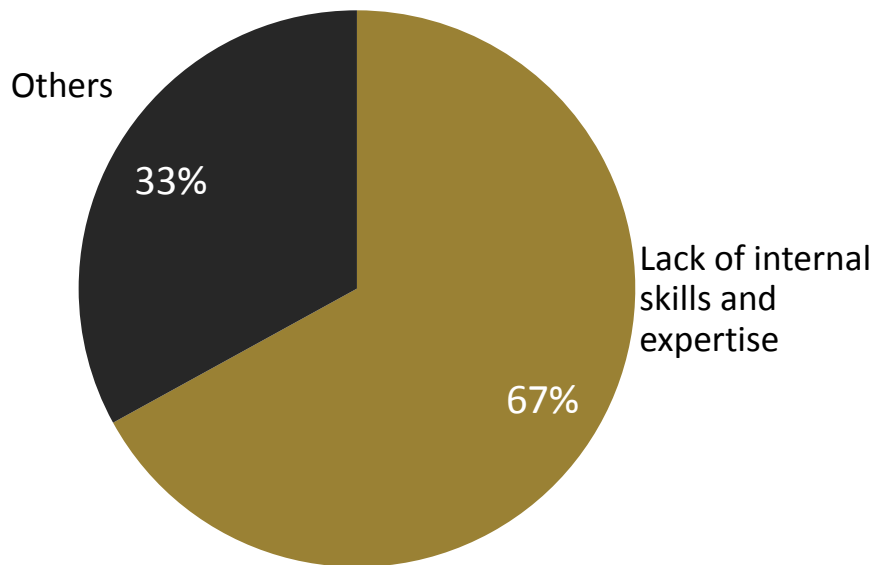


Lack of expertise is key limiting factor for private cloud growth

Two-thirds of enterprises believe that lack of internal skills and expertise is impacting the organization's readiness for private cloud

Challenges for private cloud adoption

2014; Percentage of responses



- 67% of organizations believe that they lack the internal talent to deploy sophisticated private cloud environments
- Consequently, enterprises 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

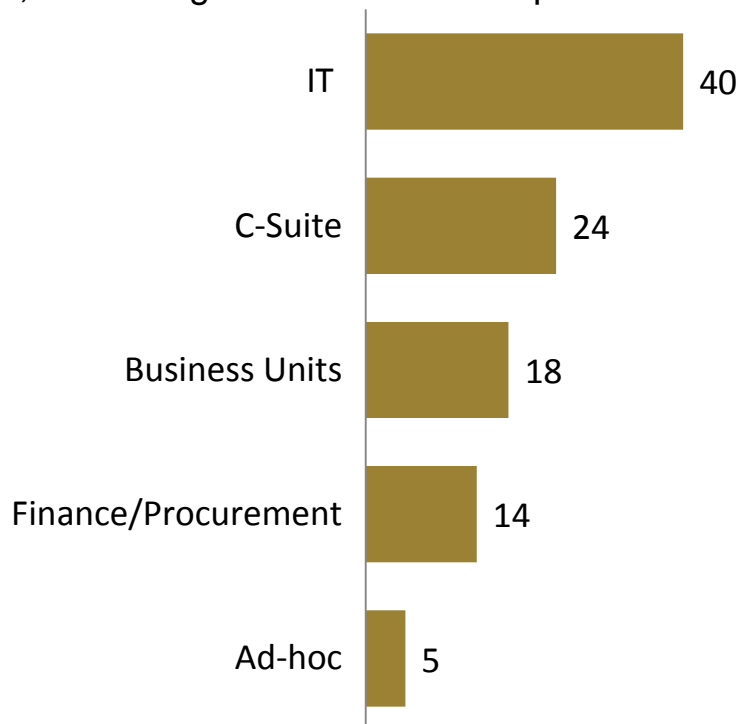
Source: Everest Group Cloud Connect Enterprise Cloud Adoption Survey 2014



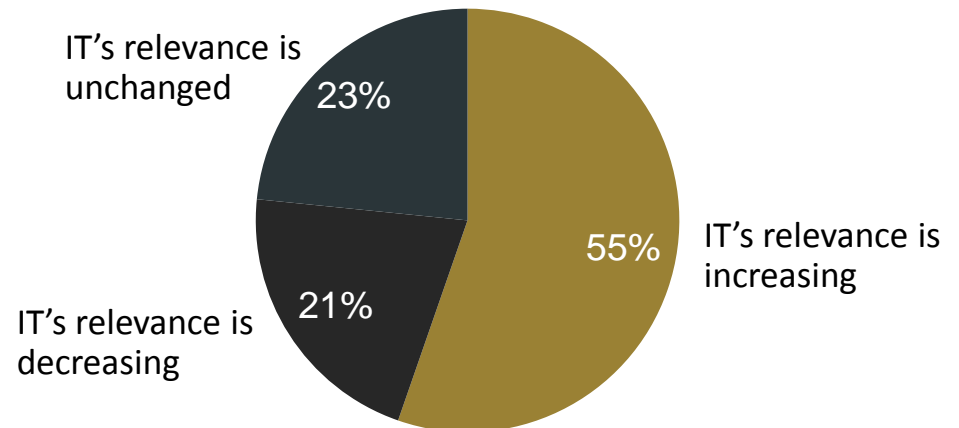
CIOs and enterprise IT are regaining lost ground

As cloud moves beyond “low hanging” fruits to strategic workloads, business users are recognizing the need for active participation of the IT function

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



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

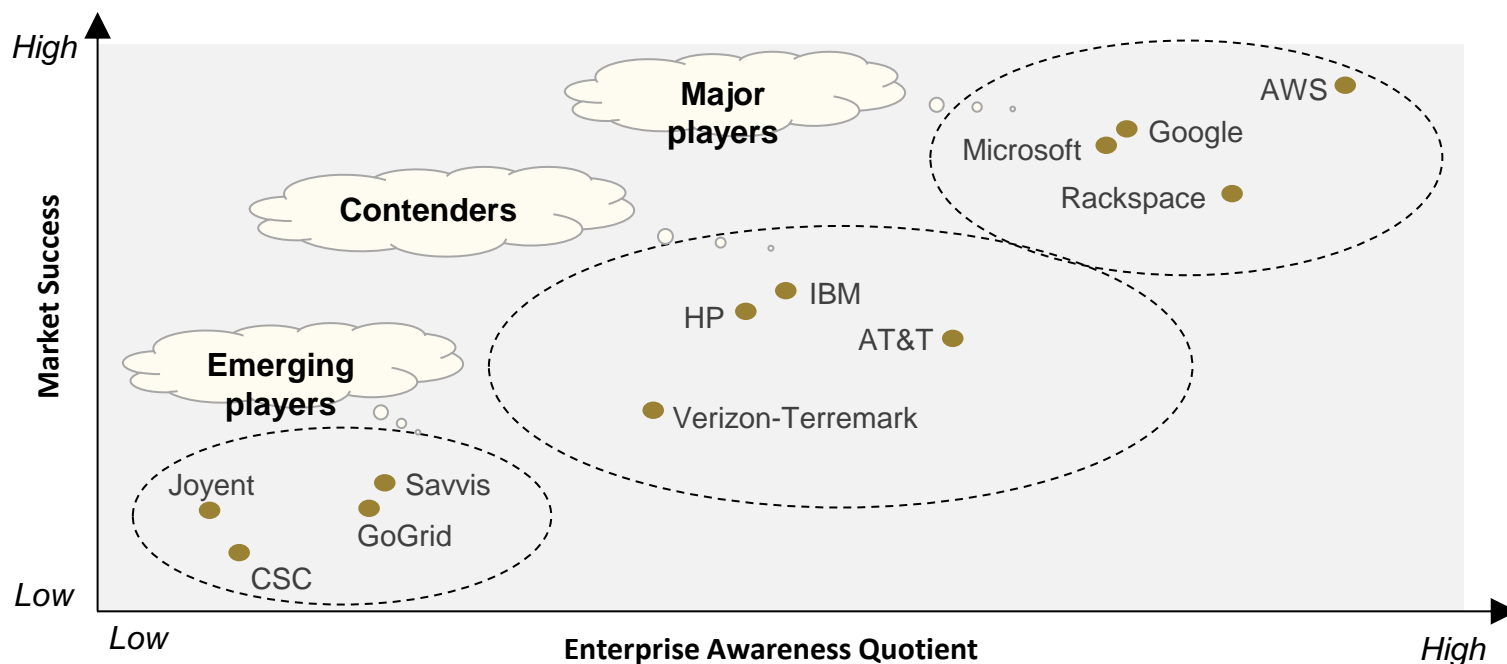




AWS enjoys leading market share followed by Google & MSFT

AWS remains the public cloud leader; Rackspace has achieved significant awareness in the enterprise segment

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



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Recap of key messages

Enterprise spending on cloud has reached non-trivial proportions

Majority of enterprises view cloud as a strategic business differentiator

Security concerns while declining are not dead

Hybrid is the way forward for cloud adoption in the enterprise

CIOs are regaining lost glory

Standards-based benchmarking will accelerate market maturity



Empowering the Cloud-enabled Enterprise



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- Complimentary 21-page survey summary report
- More details in addition to today's presentation
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