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The Business Benefits of Achieving Greater Cloud Adoption

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Executive Summary

Cloud adoption is growing, but relatively few organizations have advanced cloud strategies

Achieving greater levels of cloud adoption allows organizations to materially improve strategic allocation of IT budgets, lower IT costs, reduce time to provision IT services, increase revenue, and improve ability to meet SLAs

Private cloud adoption is greater than public cloud. Additionally, private cloud/OpenStack adopters are more likely to expect better business outcomes
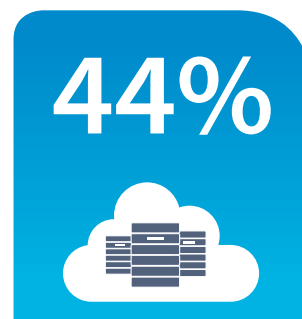
IDC sees web-scale public cloud making way for enterprise-class "provider-based cloud"

Cloud Adoption Strategies

44%
Opportunistic/
Ad Hoc

25%
Optimized/Managed/
Repeatable

32%
No strategy
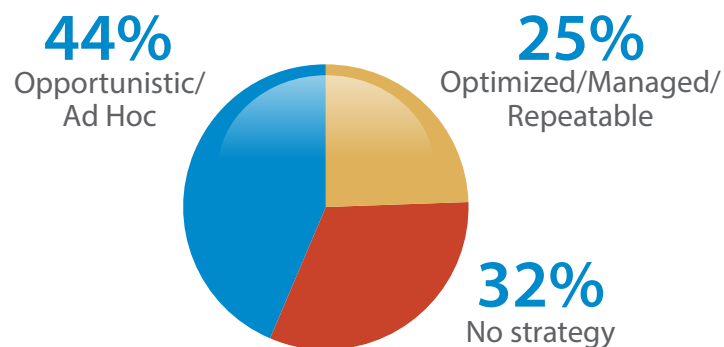
See page 5 for definition of cloud adoption levels

Using or Firm Plans to Implement

44%
Private cloud

37%
Public cloud

83%
Want to work with their major incumbent provider to carry current operations to the cloud

Study Methodology

IDC's 2014 CloudView study interviewed Director-level and above respondents from a global sample of 19,080 enterprise executives responsible for IT decisions. Of this sample the full survey was conducted on the 3,643 respondents actively using cloud for multiple workloads

Job Title

- 12% LOB VP/Director
- 35% IT VP/Director
- 53% C-Level Executive

Geography

- 12% Latin America
- 27% Asia/Pacific
- 28% North America
- 33% EMEA

Employee Size

- 10% 10,000
- 28% 1,000-9,999
- 22% 1-99
- 40% 100-999

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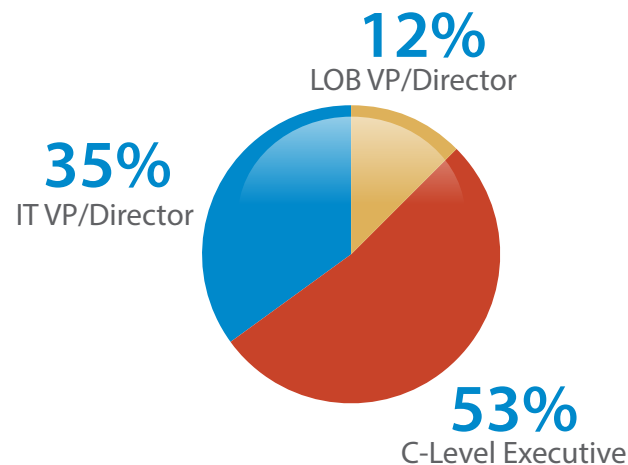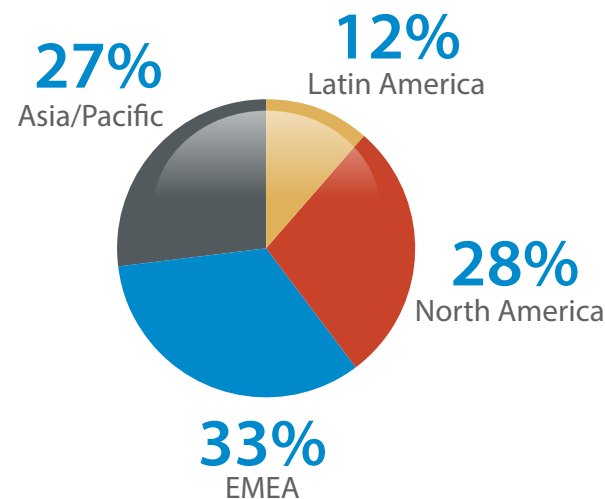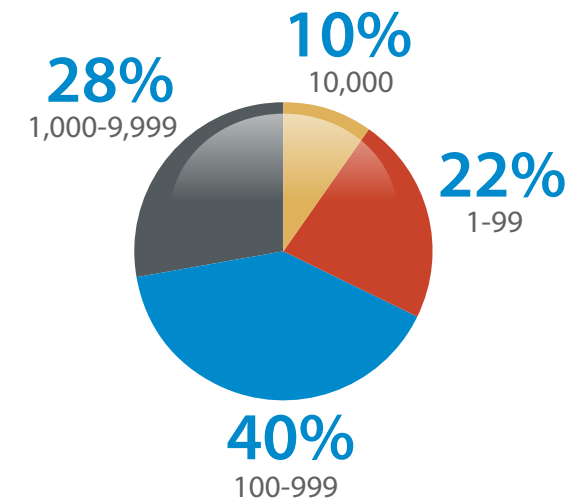
Nearly Half of Organizations Are Using or Planning to Implement Private Cloud

	Private cloud	Public cloud
Currently using	27%	24%
Firm plans to implement	17%	13%
Education/evaluating	27%	28%
No interest/don't know	28%	35%

■ Currently using
■ Firm plans to implement
■ Education/evaluating
■ No interest/don't know

57% of organizations are using or planning to implement some form of cloud
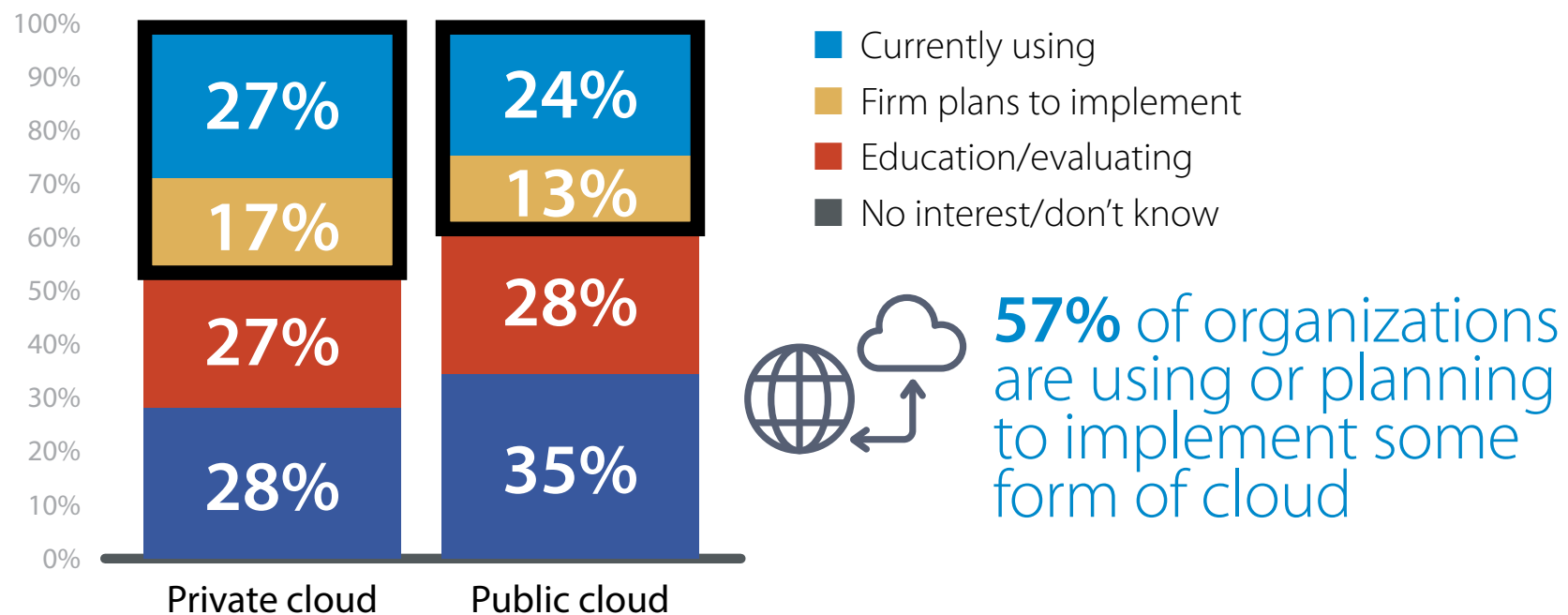
Q: How would you best describe your organization's current or near-term plans to use public cloud or private cloud solutions to support production workloads and services?

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Figures may not add to 100% due to rounding. N=19,080 (Overall sample universe, full survey was conducted on the 3,643 respondents using cloud for more than 1-2 small workloads.) Source: CloudView Survey, IDC, 2014.

IDC Categorizes Organizations Using Five Levels of Cloud Adoption

Lower Adoption ← → Greater Adoption

Ad Hoc
- Beginning the process to **increase awareness of cloud technology** options
- Turning to cloud because of immediacy of need, often unauthorized

Opportunistic
- Experimenting with **short-term improvements** in access to IT resources through cloud
- Consider cloud for new solutions or isolated computing environments

Repeatable
- Enabling more agile access to IT resources through **standardization and implementation of best practices**
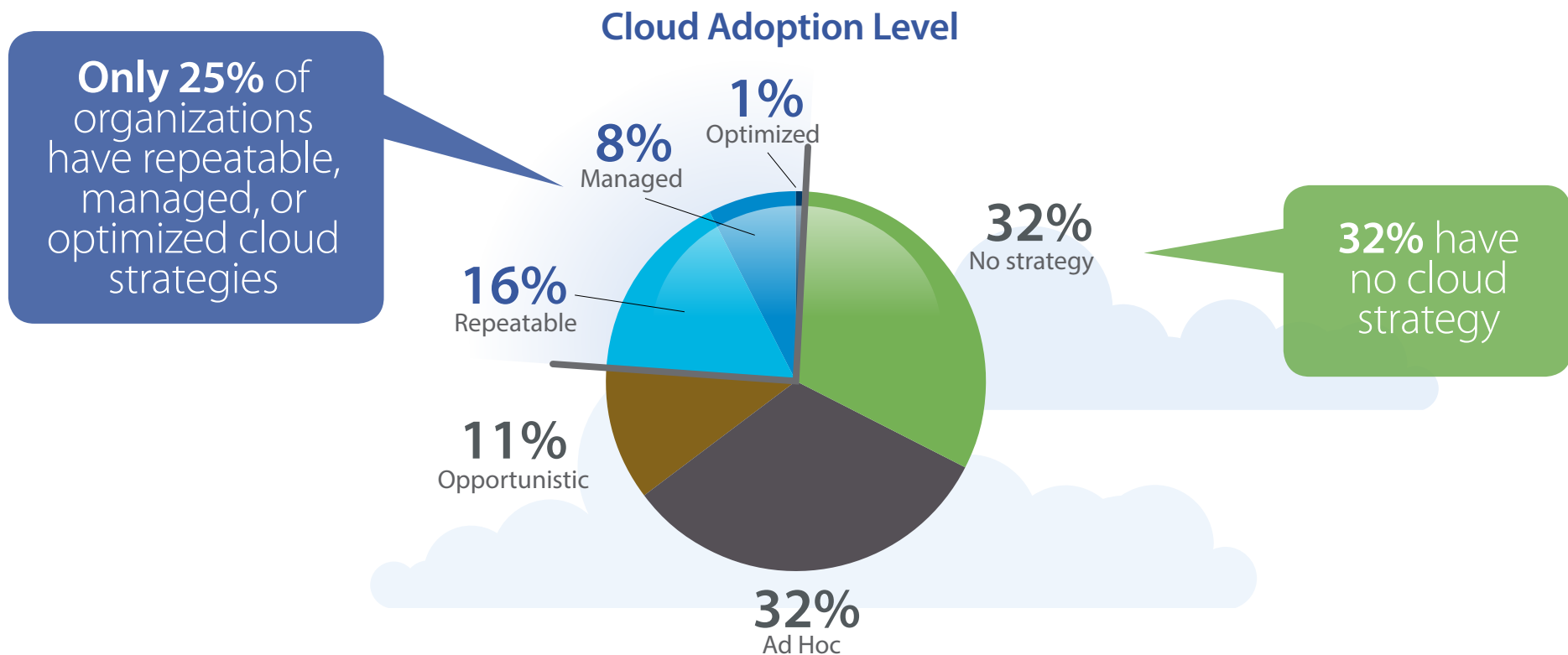- Relying on self-service portals to access cloud services

Managed
- Implementing a **consistent, enterprise-wide best practices approach to cloud**
- Orchestrating service delivery across an integrated set of resources

Optimized
- **Delivering innovative IT-enabled products and services** from internal and external providers
- Drive business innovation through transparent access to IT capability, based on value to business, and transparent cost measures

	Ad Hoc	Opportunistic	Repeatable	Managed	Optimized
	% Using	% Using	% Using	% Using	% Using
Public cloud	85%	72%	80%	89%	94%
Private cloud	60%	56%	67%	91%	95%

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Most Organizations Are Still Attempting to Improve Their Cloud Strategies

Cloud Adoption Level

Only 25% of organizations have repeatable, managed, or optimized cloud strategies

32% have no cloud strategy

1% Optimized

8% Managed

16% Repeatable

32% No strategy

11% Opportunistic

32% Ad Hoc

Figures may not add to 100% due to rounding. N=19,080 (Overall sample universe, full survey was conducted on the 3,643 respondents using cloud for more than 1-2 small workloads.) Source: CloudView Survey, IDC, 2014.

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Companies Expect Cloud to Drive Key Business Outcomes

Expected Cloud Impact Over Next 2 Years

	Positive impact	No change	Negative impact
Strategic allocation of IT budget	54%	29%	17%
Increase revenue	53%	28%	20%
Meet service level agreements	29%	56%	16%
Cost of IT operations	28%	46%	26%
Customer experience	25%	51%	24%
Agility	25%	54%	21%

0%   20%   40%   60%   80%   100%

Greatest expected future impact on strategic business outcomes

Expectations for operational and cost-control KPIs have already been baked in

- Positive impact
- No change
- Negative impact

Q: Which of the following best describes your belief about these Key Performance Indicators (KPIs) within the next 2 years from your use of public, private or hybrid cloud services?

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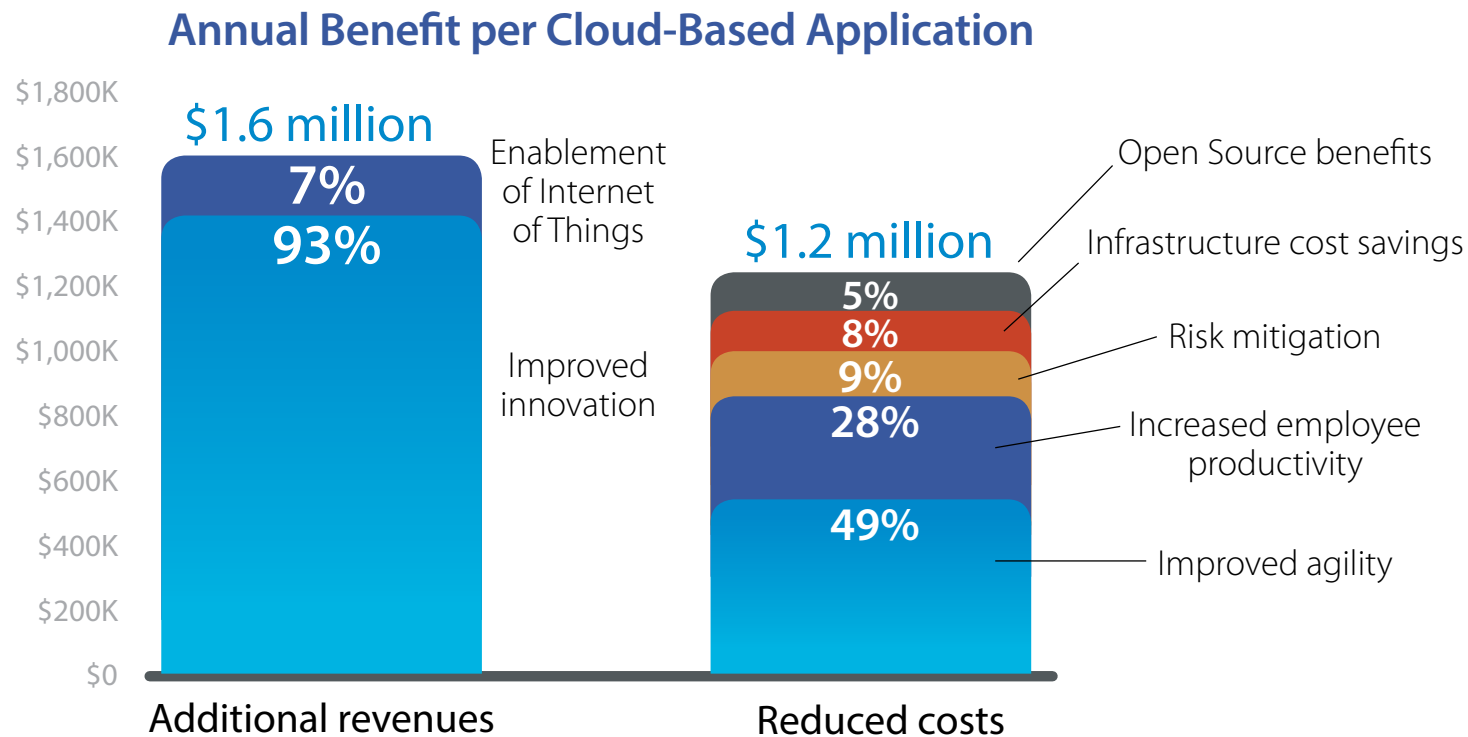# Increasing Cloud Adoption Can Yield Significant Benefits

Average KPI Benefit of Moving Up Levels of Cloud Adoption

	Ad Hoc to Opportunistic	Ad Hoc to Repeatable	Ad Hoc to Managed	Ad Hoc to Optimized
Revenue Growth	0.1%	1.4%	4.0%	10.4%
IT Cost Reduction	13%	29%	48%	77%
Strategic Allocation of IT Budget	16%	56%	100%	200%
Time to Provision	27%	47%	76%	99%
Meeting SLAs	43%	63%	69%	72%

Even moving from Ad Hoc to Opportunistic yields immediate benefits; however the benefits accrue, the higher you move up the cloud adoption curve.
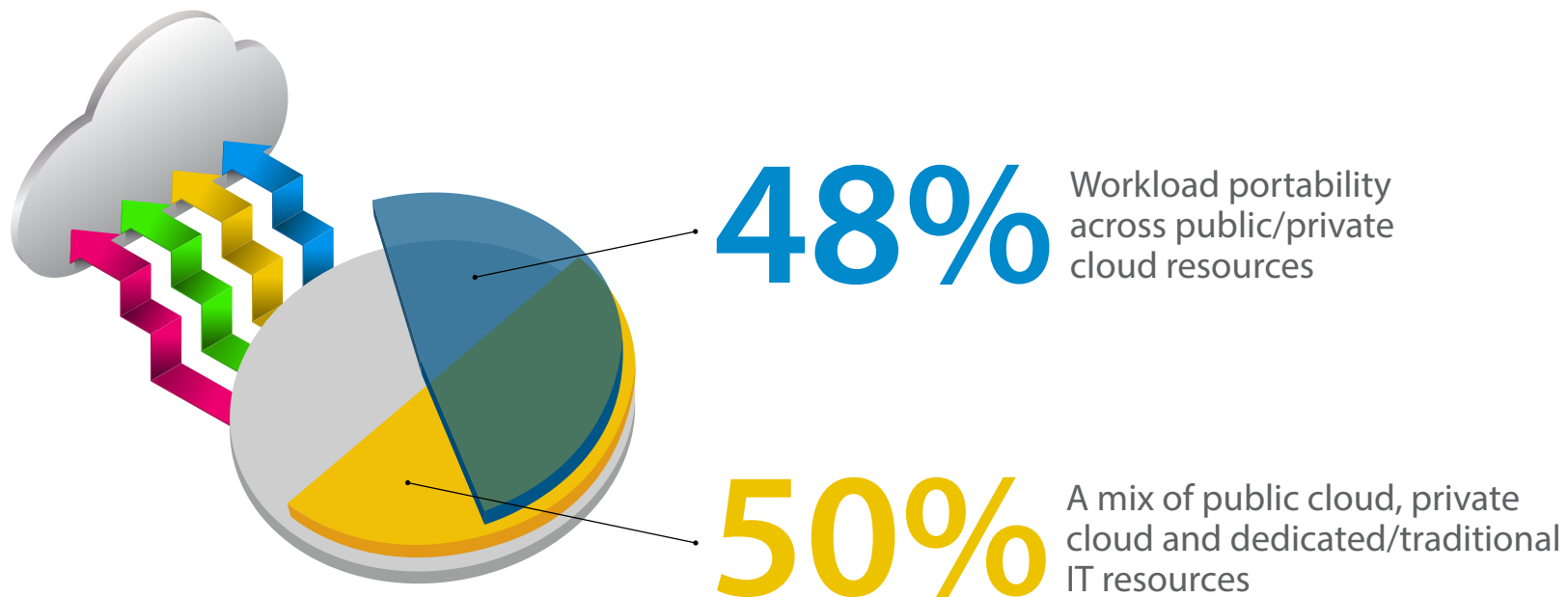
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Greater Cloud Adoption Leads to Millions of $$ in Benefits

Annual Benefit per Cloud-Based Application

$1.6 million

7% — Enablement of Internet of Things

93% — Improved innovation

Additional revenues

$1.2 million

5% — Open Source benefits

8% — Infrastructure cost savings

9% — Risk mitigation

28% — Increased employee productivity

49% — Improved agility

Reduced costs

$1,800K
$1,600K
$1,400K
$1,200K
$1,000K
$800K
$600K
$400K
$200K
$0

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64% of Cloud Adopters Are Using Some Form of Hybrid Cloud

% of Cloud Adopters Saying Their Strategy Includes:

48% Workload portability across public/private cloud resources

50% A mix of public cloud, private cloud and dedicated/traditional IT resources

Q: Under which of the following definitions of "hybrid cloud" has your organization adopted a hybrid cloud strategy? (Multiple responses allowed.)

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Private Cloud Adopters Expect Better Business Outcomes
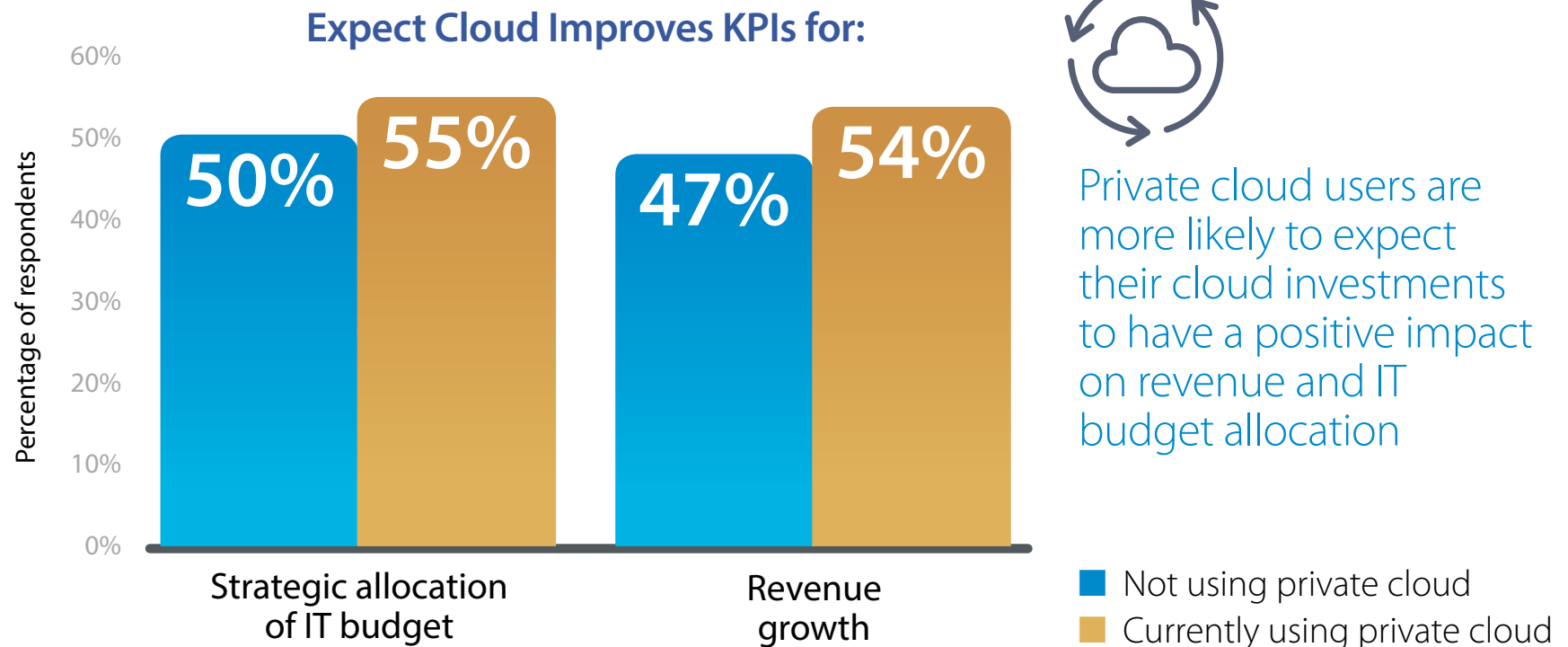
Expect Cloud Improves KPIs for:

Percentage of respondents

60%

50% **50%** **55%**

40% **47%** **54%**

30%

20%

10%

0%

Strategic allocation
of IT budget

Revenue
growth

Private cloud users are more likely to expect their cloud investments to have a positive impact on revenue and IT budget allocation

■ Not using private cloud
■ Currently using private cloud

Q: Which of the following best describes your belief about these Key Performance Indicators (KPIs) within the next 2 years from your use of public, private, or hybrid cloud services?

N=2,378. Source: Sponsored Business Value Extension to CloudView Survey, IDC, 2014.

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OpenStack Is Important and Correlates with Better Expected Outcomes

Expect Cloud Improves KPIs for:

- Percentage of respondents (y-axis: 0% – 70%)
- Meeting SLAs: **34%** (important), **21%** (not important)
- Revenue growth: **57%** (important), **40%** (not important)
- Strategic allocation of IT budget: **58%** (important), **43%** (not important)

■ OpenStack is "important"
■ OpenStack is "not important"
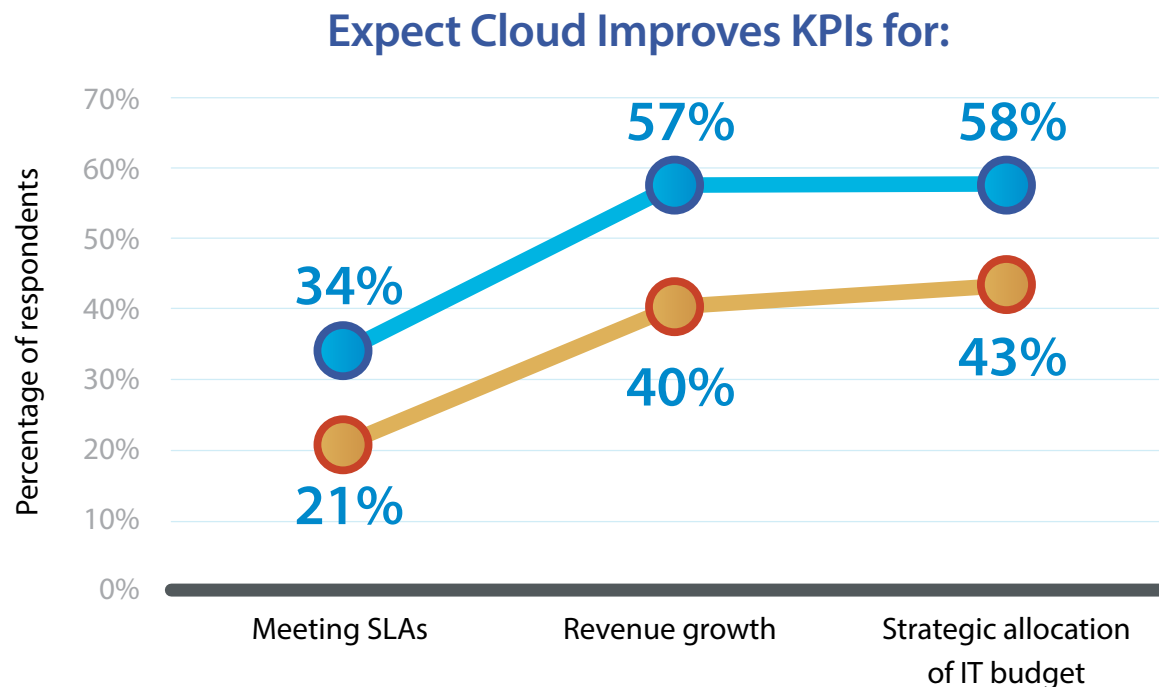
65% of cloud adopters say OpenStack is important to their cloud strategy (via open source and/or commercial distributions)

Respondents for whom OpenStack is a more important part of their cloud strategy had higher expectations for cloud to improve key KPIs than those for whom OpenStack was less important

Q (IDC Business Value Custom Survey): Which of the following best describes your belief about these Key Performance Indicators (KPIs) within the next 2 years from your use of public, private, or hybrid cloud services?
Q (CloudView Survey): How important are the following Open Source and standards projects to your organization's cloud strategy? [OpenStack] (Top-2 box and bottom-2 box scores shown.)

N=2,378. Source: Sponsored Business Value Extension to CloudView Survey, IDC, 2014.
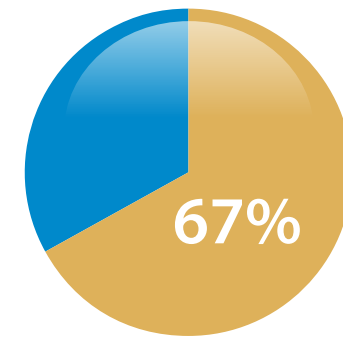
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Hybrid Cloud Requires Workload Portability, Security, and Policy Automation

33%
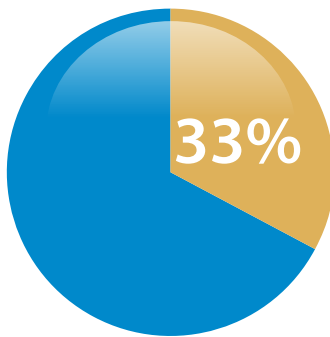
Have portable workloads that can automatically burst and load balance across public and private cloud

47%
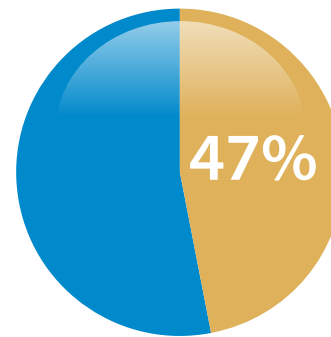
Have security concerns about adopting public cloud; security was the #1 concern

67%

Expect workloads to automatically migrate between providers based on locations, policies, and governance principles

Q: Under which of the following definitions of "hybrid cloud", has your organization adopted a hybrid cloud strategy?

Q: Which of the following best describes your organization's main concerns about cloud and are IMPORTANT INHIBITORS for your organization in considering services or technologies?

Q: Please note the extent to which you agree with the following statements about your organization's use of external cloud vendors (5-point scale, strongly agree to strongly disagree, top 2 box shown.)

N=3,463. Source: CloudView Survey, IDC, 2014.

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Most Organizations Expect to Act as IT Service Brokers

% of Respondents that Expect:

70%

The ability to migrate applications and data from our data center to a public cloud and among multiple cloud providers

64%

To have 2 or more major cloud providers (Infrastructure, Platform, and Applications) to meet our needs

64%

To act as brokers of IT services and dynamically aggregate, customize, and integrate public and private cloud services

Most organizations expect to act as IT service brokers to retain control over workload placement while diversifying their choice of cloud providers

Q: Please note the extent to which you agree with the following statements about your organization's use of external cloud vendors (5-point scale, strongly agree to strongly disagree, top 2 box shown.)

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Companies Trust Their IT Incumbents as Cloud Providers

IDC foresees the emergence of "Provider-Based Cloud," in which trusted IT infrastructure vendors emerge as cloud providers of choice
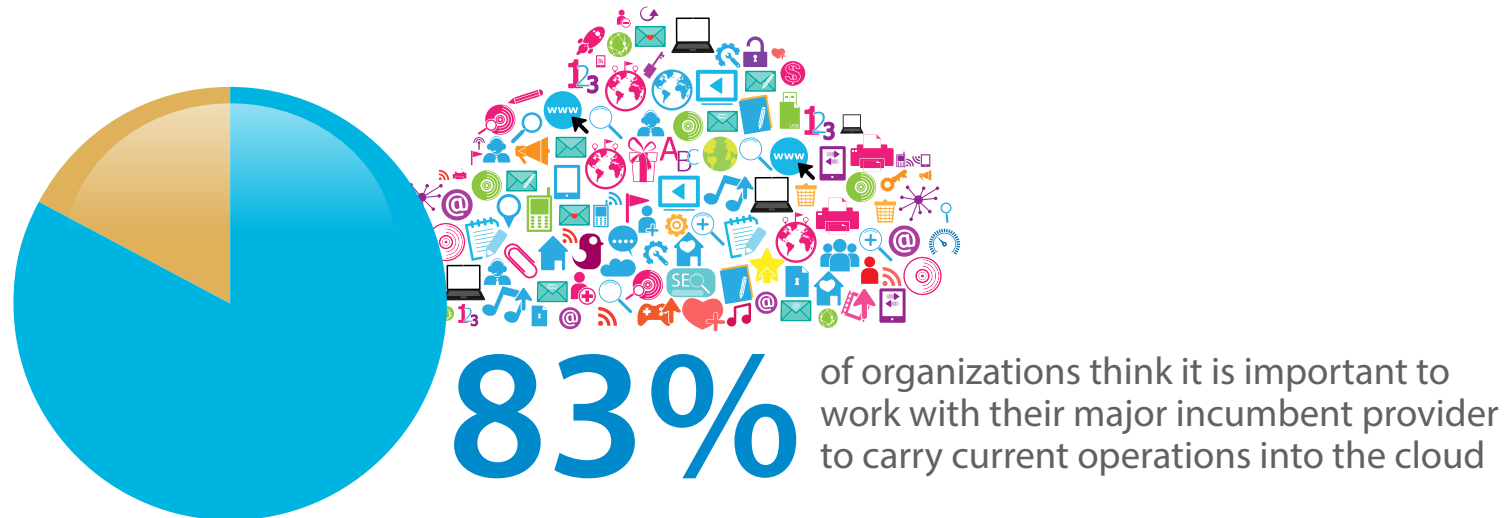
83%
of organizations think it is important to work with their major incumbent provider to carry current operations into the cloud

Q: Please note the extent to which you agree with the following statements about your organization's use of external cloud vendors: "It is important for my organization to work with our major incumbent provider to carry forward our current operations into the cloud" (5-point scale, strongly agree to strongly disagree, top 2 box shown)

N=3,463. Source: CloudView Survey, IDC, 2014

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Key Takeaways

Cloud adoption is growing, but few companies have advanced cloud strategies in place

- 57% of respondents are using or are planning to implement some form of cloud, but only 25% have repeatable, managed, or optimized cloud adoption strategies. There is significant room for improvement

Cloud adoption is driving significant benefits

- Achieving greater levels of cloud adoption yields dramatically improved revenue growth, more strategic allocation of IT budgets, lower IT costs, reduced time to provision IT services, and increased ability to meet SLAs. The benefits begin immediately and accelerate as you move up the adoption curve

- Respondents believe cloud will allow them to more strategically allocate IT budgets and improve revenue

Organizations studied are realizing $1.6 million in revenues and $1.2 million in reduced costs per cloud application

Key Takeaways (continued)

Private and hybrid cloud are a critical part of the mix

- Private cloud adoption is even more prevalent than public. 65% of cloud adopters say that OpenStack is an important part of their strategy

- Private cloud and OpenStack users are more likely to believe their use of cloud improves revenue growth, strategic allocation of IT budget, and ability to meet SLAs

Hybrid cloud requires workload portability, security, and policy-based control

- Most respondents expect to migrate data between public and private clouds, and have high security and policy requirements. Most expect to act as IT service brokers and need solutions that support these requirements

Web-scale public cloud is making way for enterprise-class "provider-based clouds"

- Respondents trust incumbent providers with their cloud services. IDC sees a growing potential for IT incumbents to deliver feature-rich cloud services fully managed by the enterprise with features such as mobile asset management, directory integration, and customer-managed encryption keys