

Corporate Cloud Computing Trends

Cloud Budgets to Increase in 2017

About This Report: A February survey of 927 members of the 451 Global Digital Infrastructure Alliance focused on cloud computing trends, including overall spending, adoption, and top projects.

Overall IT Spending vs. Cloud Spending. Cloud spending remains strong and continues to outpace overall IT spending. A total of 53% of cloud users expect spending to increase over the next 90 days, only 2% expect a decrease. In comparison, 40% expect an increase in their overall IT spending vs. 10% expecting a decrease.

Adoption. Cloud adoption remains strong, with 60% of respondents indicating either *Initial Implementation* (31%) or *Broad Implementation* (29%) of production applications. Just over a quarter of the respondents are either *Running Trials/Pilot Projects* (15%) or *Discovery and Evaluation* (12%).

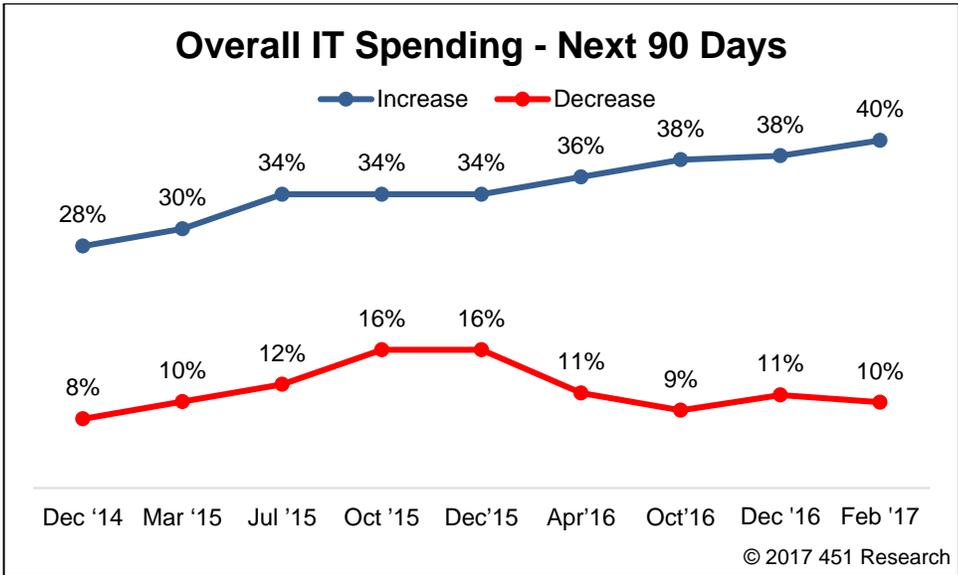
Top Cloud Projects. Respondents were asked to pick their top cloud computing related projects over the next 12 months and *Cloud Security* (37%) topped the list followed by SaaS for *Application Modernization/Migration* (33%) and *Technology/Infrastructure Refresh* (32%) was a close third.

Budgets. Cloud budgets are growing with 89% of respondents expecting their cloud budgets to increase in 2107. Only 3% expect a decrease. This strong increase is mirrored across companies of all sizes.

By Tracy Corbo

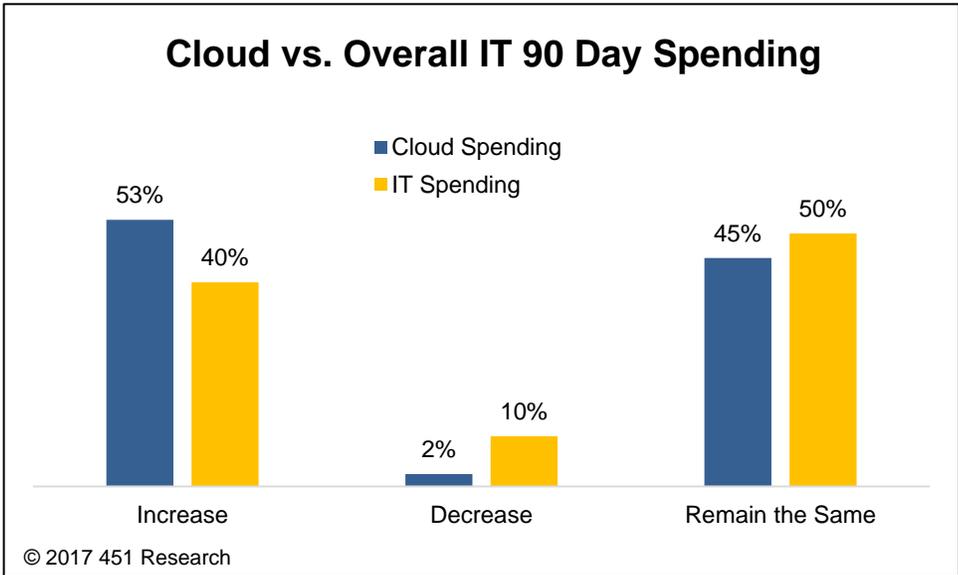
Overall IT Spending – Next 90 Days

We asked respondents about their organizations' overall IT spending and found 40% expect it to increase over the next 90 days – up 2 pts from the December 2016 survey. Another 10% expect a decrease (down 1 pt from previously).



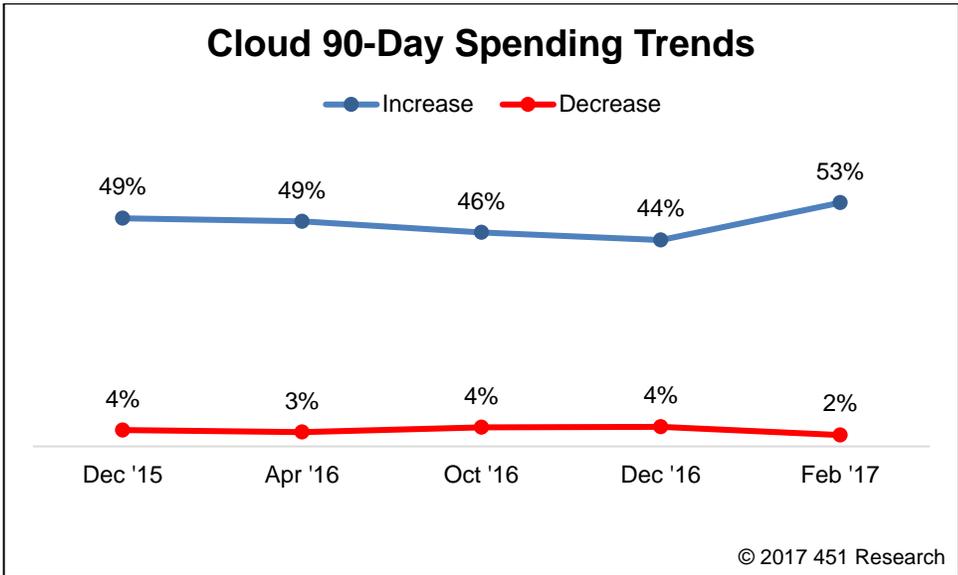
Cloud Spending – Next 90 Days

Cloud vs Overall IT Spending. Cloud spending continues to outpace overall IT spending over the next 90 days, with cloud spending increases 13 pts stronger than overall IT.



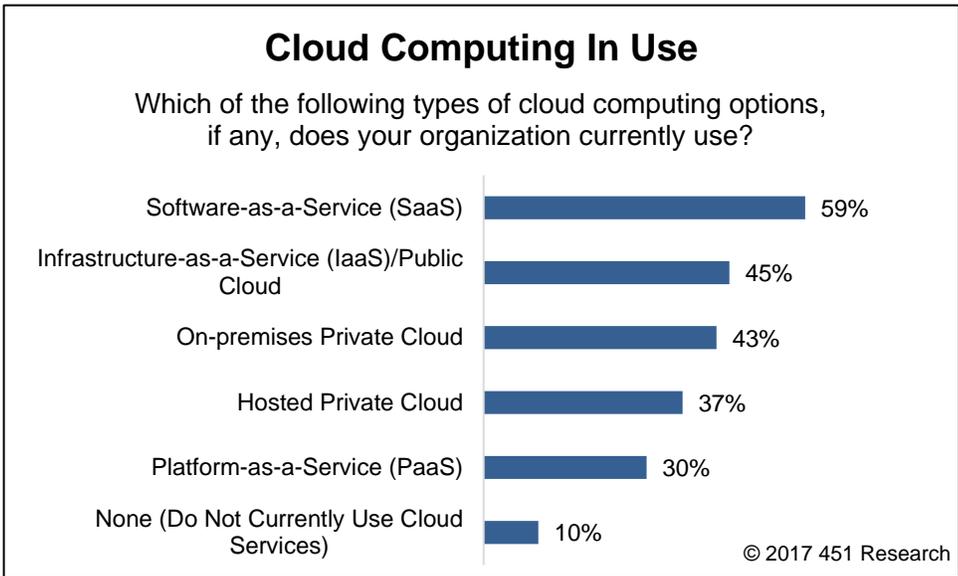
Cloud Spending. Focusing specifically on cloud spending, 53% of respondents expect their organizations' cloud spending to increase over the next 90 days (up 9 pts from previous), compared with only 2% who expect a decrease (down 2 pts).

As the following chart shows, the level of cloud spending growth has remained extremely strong over the past year.



Cloud Computing Adoption and Top Projects

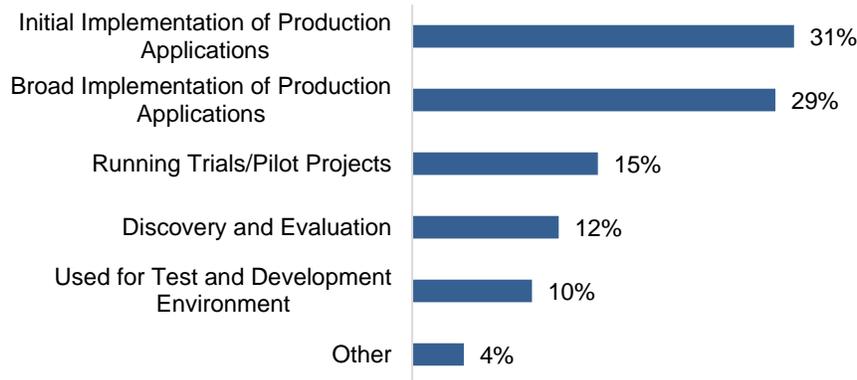
SaaS (59%) remains the most popular type of cloud computing in use, followed by *Infrastructure as a Service* (45%) and *On-Premises Private Cloud* (43%).



Level of Adoption. Overall adoption remains strong, with 60% of respondents indicating either *Initial Implementation* (31%) or *Broad Implementation* (29%) of production applications. Just over a quarter of the respondents are either *Running Trials/Pilot Projects* (15%) or *Discovery and Evaluation* (12%).

Adoption of Cloud Models

Which of the following best describes your organization's adoption of cloud computing models?

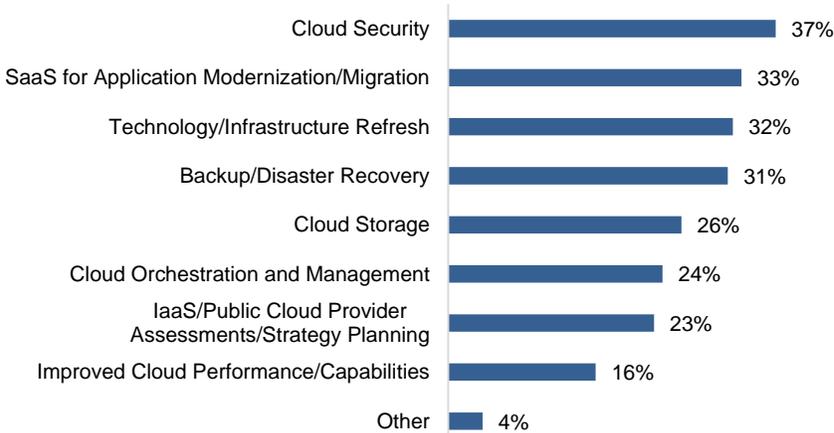


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Top Cloud Projects. Respondents were asked to pick their top cloud computing-related projects over the next 12 months and *Cloud Security* (37%) topped the list followed by *SaaS for Application Modernization/Migration* (33%) and *Technology/Infrastructure Refresh* (32%) was a close third.

Top Cloud Computing-Related Projects

What are your organization's top cloud computing-related projects or initiatives in the next 12 months? Please select up to 3.



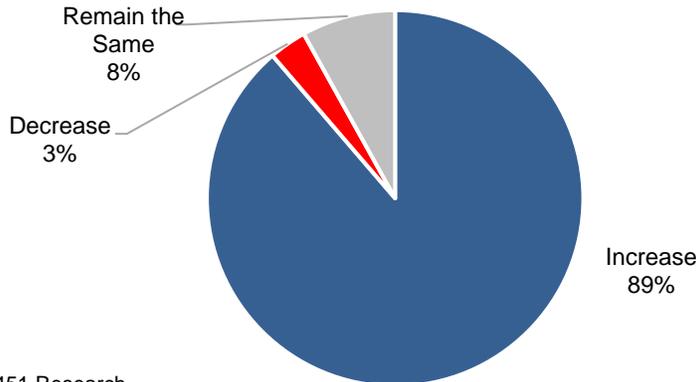
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Cloud Budgets

Cloud budgets remain strong with 89% of respondents expecting their cloud budgets to increase in 2017. Only 3% expect a decrease. This strong increase is mirrored across companies of all sizes.

Cloud Budget Changes

By what percentage do you expect your organization's cloud computing budget to change in 2017 compared to 2016?

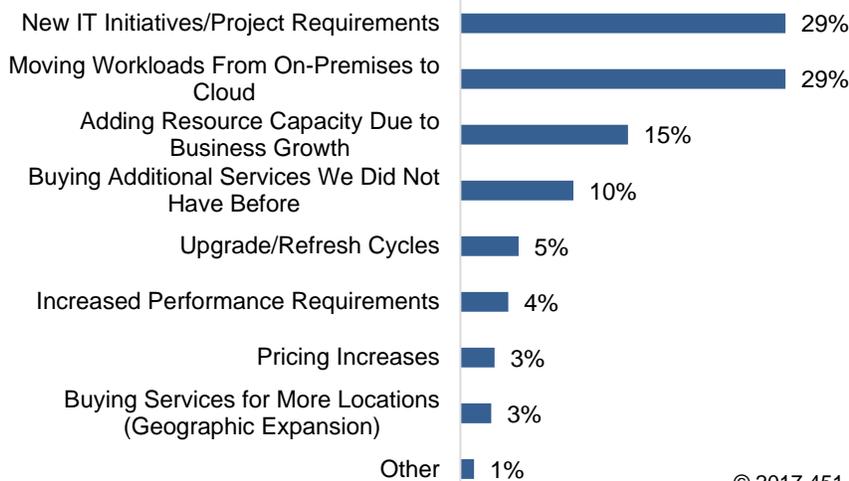


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Reasons for Budget Increases. Respondents that indicated an increase in 2017 cloud budgets were asked what the top reason is for those budget increases and 29% said *New IT Initiatives/Project Requirements* and another 29% cited *Moving Workloads From On-Premises to Cloud*.

Cloud Budget Increases

What is the top reason for the increase in your organization's cloud computing budget from 2016 to 2017?

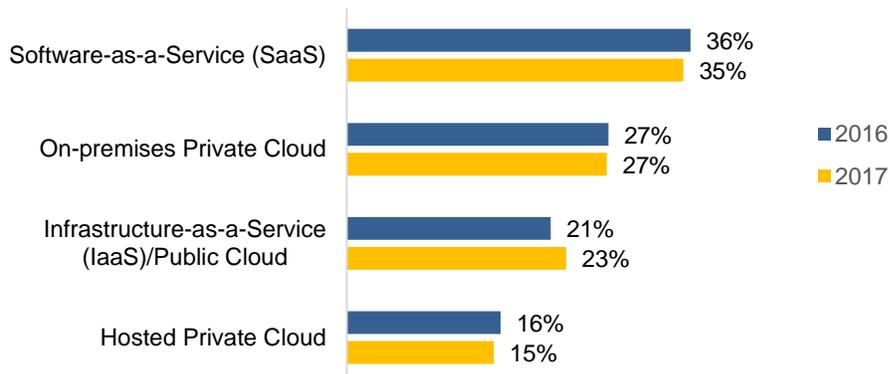


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Budget Distribution. The distribution of cloud budgets appears to be fairly consistent from 2016 to 2017 with *SaaS* remaining the budget leader followed by *On-premises Private Cloud* and *IaaS/Public Cloud*.

Cloud Budget Distribution - 2016 vs. 2017

Approximately how was your organization's 2016 total cloud computing budget distributed across the following deployment models?
(Mean)



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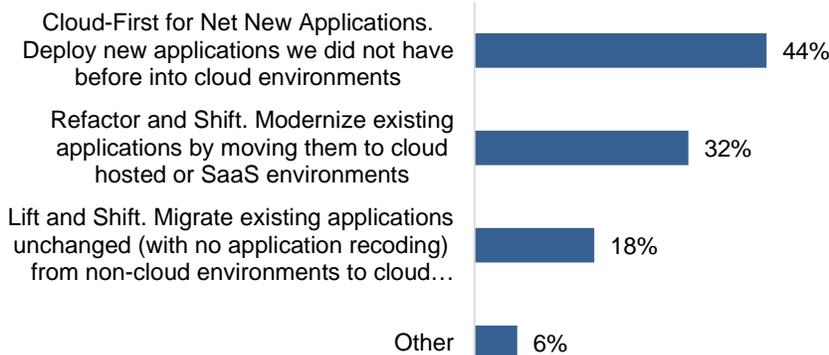
A closer look by company size shows smaller organizations (1-249 employees) plan to allocate 42% of their 2017 budget to *SaaS*, while the top cloud budget choice for very large organizations with over 10,000 employees is *On-premises Private Cloud* (38%).

Applications in The Cloud

Cloud First. To better understand attitudes toward cloud, respondents were asked to select what best describes their primary approach to cloud-based application deployments. *Cloud-First for Net New Applications* (44%) takes the lead with *Refactor and Shift* (32%) second and *Lift and Shift* (18%) a distant third.

Cloud App Deployment

Which of the following best describes your organization's primary approach to cloud-based application deployment today?



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Apps in Cloud. Currently, a third (33%) of applications are running in the cloud with that number expected to rise to nearly half (49%) in two years.

Percentage of Apps Running in Cloud Now and In 2 Years

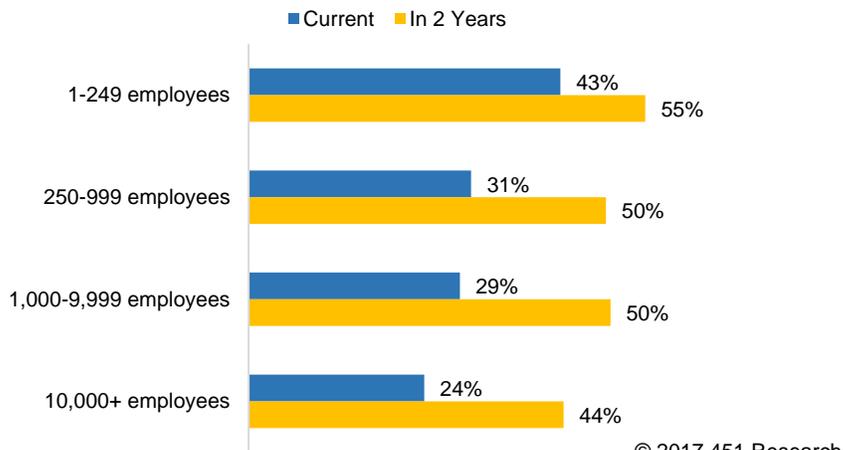
Thinking of all the applications your organization runs, what percentage are currently running in any cloud computing environment?
(Mean)



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Size Matters. A closer look by company size shows that smaller companies lead the way in applications running in the cloud. Smaller companies with less than 250 employees are running 43% of their applications in the cloud today in contrast to very large organizations (10k+ employees) who are only running about 24% of their applications in the cloud today.

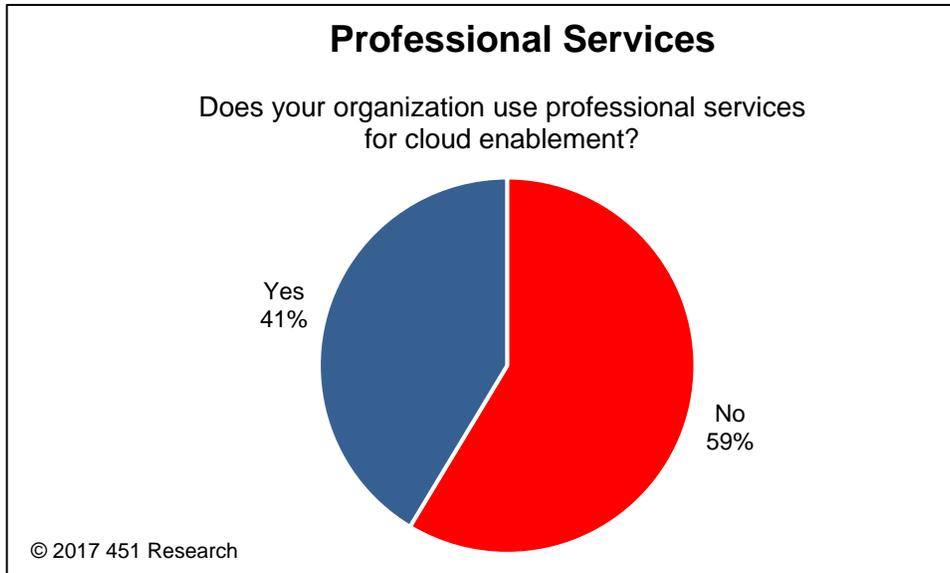
Percentage of Apps Running in Cloud By Company Size



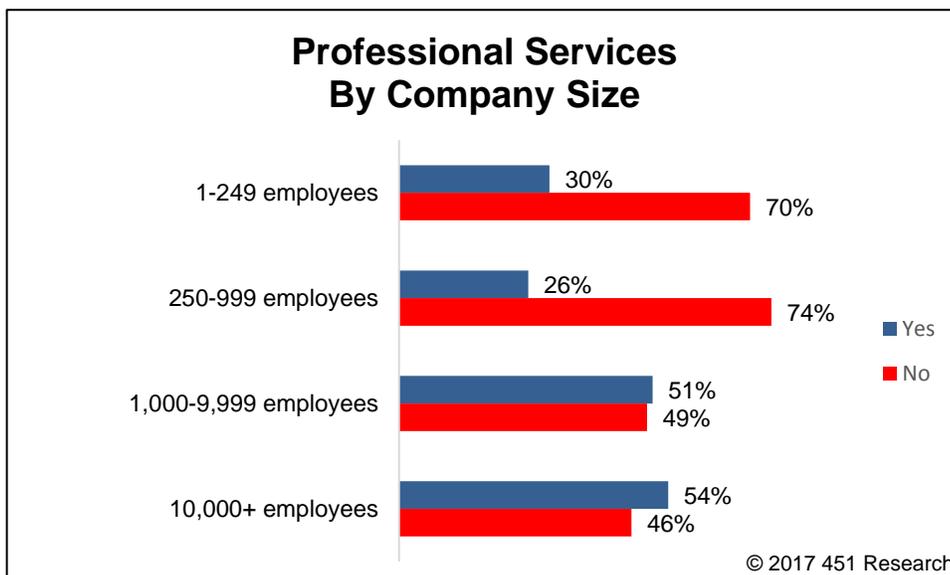
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Professional Services

The survey also asked if organizations are using professional services for their cloud enablement and it turns out that they are almost evenly split, with 41% indicating that they do use professional services – while the other 59% said they do not.

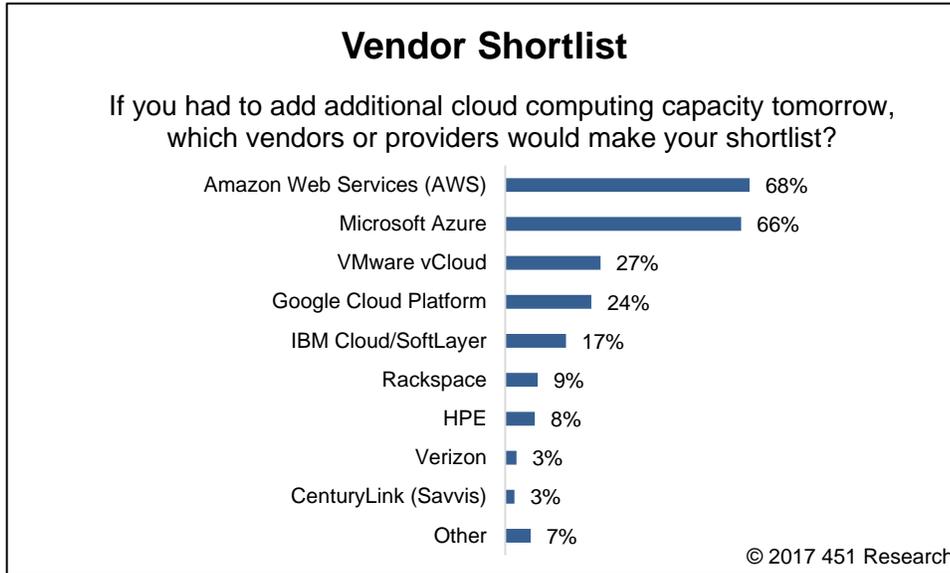


Drilling down by company size, nearly three-quarters of respondents from smaller organizations (<1,000 employees) do **not** use professional services for cloud enablement. In contrast, half of larger organizations (>1,000 employees) use professional services.



Cloud Services Providers

Vendor Shortlist. Respondents were asked who would make the shortlist if it was necessary to run out and purchase additional cloud compute capacity tomorrow and *Amazon Web Services* (AWS (68%)) topped the list, with *Microsoft Azure* (66%) second. *VMware Cloud* (27%) came in a more distant third.



The 451 Global Digital Infrastructure Alliance is a group of highly qualified enterprise technology and IT professionals who work in leading companies of select industries. The Global Digital Infrastructure Alliance regularly surveys its members on a range of business and IT topics, and converts the information into proprietary quantitative and qualitative reports.

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Appendix: Definitions

<p>On-Premises Private Cloud</p>	<p>Infrastructure in a company's own datacenter(s) that is configured for resource pooling, automation and orchestration. May also include self-service, catalogs, metering and chargeback.</p>
<p>Hosted Private Cloud</p>	<p>Infrastructure deployed with a hosting provider but NOT shared with other customers, which is configured for resource pooling, automation and orchestration. May also include self-service, catalogs, metering and chargeback.</p>
<p>Public Cloud Infrastructure (IaaS)</p>	<p>Multi-tenant infrastructure that is shared with other customers. It is configured for resource pooling, automation and orchestration. May also include self-service, catalogs, metering and chargeback.</p>
<p>Software-as-a-Service (SaaS)</p>	<p>Finished business or consumer applications accessed over the Internet. All aspects of the application are managed by the provider including security, availability, performance, development and maintenance.</p>
<p>Platform-as-a-Service (PaaS)</p>	<p>A hosted application development and deployment environment that typically includes a set of tools, libraries and services configured as a solution. This solution typically supports the entire application development lifecycle, including coding, testing, deployment, runtime, hosting and delivery.</p>