



Survey Finds Businesses Have Big Plans for Cloud Computing

Version 1.0 | January 13, 2010

Contents

Highlights of Survey Results.....	3
Respondent Demographics	4
Familiarity with Hosting and “Cloud Computing”	5
Planned Usage of Cloud Computing Services Is High.....	6
What Do Survey Respondents Believe Will Be the Impact of Cloud Computing?	7
Respondents Rate Their Top Reasons for Using Cloud Computing	8
Barriers Cited for Adopting Cloud Computing.....	9
A Significant Percentage Expect to Implement IT Services in the Cloud in Their Companies	10
Survey Respondents Rank the Apps Best Suited for the Cloud.....	11
Importance of Four Key Cloud Features Is Ranked.....	13
Respondents Cite Their Preference for Contract Terms and Pricing Model	14
How Do These Executives Want to Learn About Cloud Computing?.....	15
What Are the Outsourcing Plans of Those Surveyed?	16
Respondents Report a Significant Percentage of Their Companies' Infrastructure Is Virtualized.....	17
Gauging a Preference for a Virtualization Hypervisor	18
What Is the Preference for an API by Users of Cloud Computing?	19
About the ReliaCloud Cloud Computing Service.....	20
About Evalueserve.....	20

During the months of June - July 2009, ReliaCloud, in partnership with Evalueserve, conducted a survey on the topic of Cloud Computing. There were 150 executives who responded, all of whom were sole decision-makers or part of a decision-making team. Of these:

- **36% had a CXO, Owner, President, or Vice President title**

- **30% were technical decision makers**

The survey respondents represented a cross-section of small and mid-sized businesses, from a variety of industries. (More details in "Demographics.")

ReliaCloud retained Evalueserve, an independent research firm, to conduct 150 quantitative interviews and deliver analysis stemming from the aggregated and cross-tabulated data. Evalueserve executed a rigorous selection and screening process to ensure the eligibility of all respondents, and conducted audits and logic tests to validate all the data. Evalueserve is an accredited member of multiple internationally reputed market research standards organizations. As such, the research was conducted in adherence with well-established industry standards.

Methodology: The survey was conducted online. A total of approximately 4,000 people were sent a copy of the survey on July 1st, 2009, and were asked to reply by July 15th, 2009. A total of 150 people did reply with a completed survey questionnaire.

Invitations were sent to individuals who were involved in an IT related job function working with companies/firms with more than 11 employees across different industries. Representative sampling was administered to ensure various employee ranges that were included in the questionnaire.

A nationwide representative sampling was used to get completes from all states. We did not control the number of interviews by state or region.

Highlights of Survey Results

- **75% of respondents said management at their companies has made cloud computing a priority.**

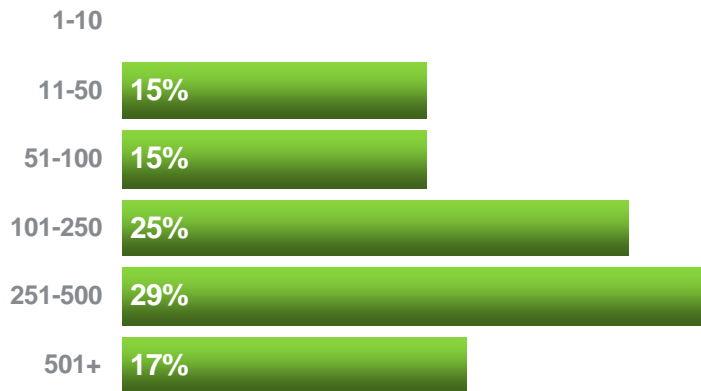
- **95% of respondents rate cloud computing either a "radical shift" in how technology services are provided or say it will have a "definite impact."**

- **55% of respondents estimated that 40-80% or more of their IT services will be delivered from a cloud computing platform once it is implemented in their organization.**

Respondent Demographics

Company size was fairly evenly distributed across those responding to the survey. There was a distinctly higher distribution of firms with more than 100 employees than those with less than 100, and almost one-half of the respondents were with firms of more than 250 employees. About two-thirds of respondents represented companies with annual revenue between \$100-500 million.

How many employees are there in your company?



What was your company's annual revenue in the last financial year?



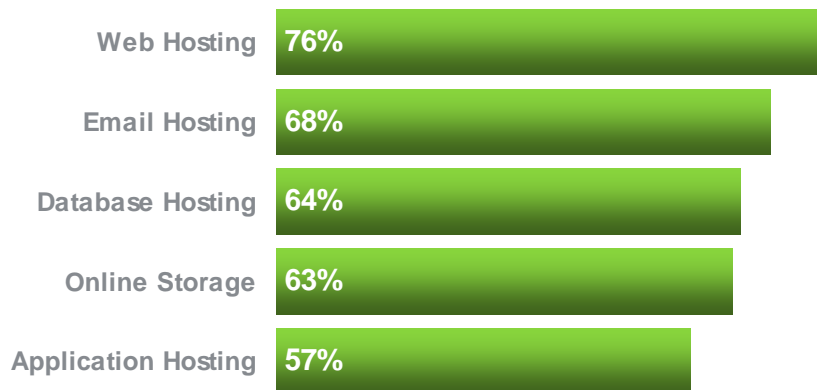
Familiarity with Hosting and “Cloud Computing”

A large majority of the survey respondents said they generally understand the term “Cloud Computing.” In approximately the same percentage, respondents already use the services of one or more outside hosting providers for various aspects of their IT infrastructure and/or certain of the IT services they provide to their constituents.

Are you familiar with the term “Cloud Computing”?



What services is your company currently receiving from a hosting provider?



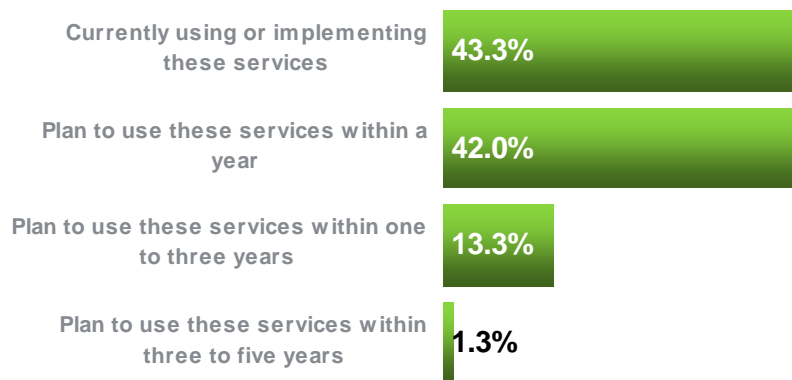
For the above question, multiple selections were allowed. Since such a high percentage of respondents were currently using a hosting provider in some capacity, they were thus familiar with the benefits of having internal IT functions extended to an outside firm. Their familiarity with this practice shows that the survey was being directed to the intended audience.

Planned Usage of Cloud Computing Services Is High

Indeed, a Sense of Urgency Is Apparent

An amazing 85% of the survey respondents said they are either already using cloud computing services or plan to within a year. The remaining 15% plan to within one to five years. And, by a 3 to 1 margin, more respondents said cloud computing has been called out as a “priority” by their management than not. Three-fourths of them can thus be assumed to already be actively planning or carrying out at least test or pilot projects, if not active production type implementations of IT services in the cloud.

Which of the following best describes your company's plan for using Cloud Computing services?



Has Cloud Computing been identified as a priority by your organization's leadership?

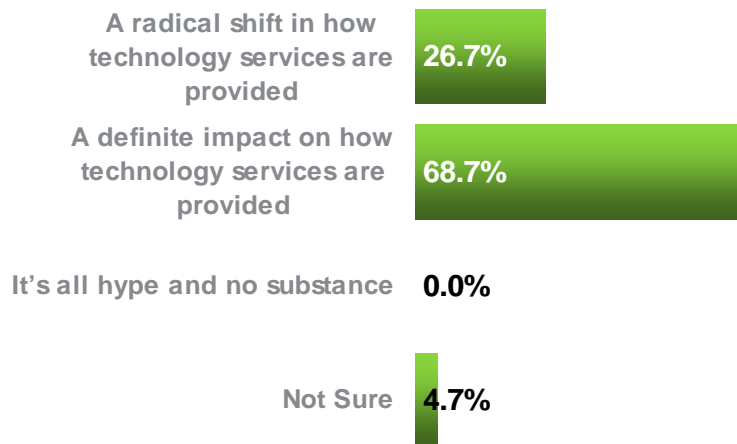


It is interesting to discover, on a more detailed analysis of the survey data, that an even higher percentage of respondents at firms larger than 250 employees (76.8%) said cloud computing was a management priority than at firms with less than 250 employees (74.7%). That would seem to go against the common perception that smaller firms may be more likely to be the early adopters of cloud computing. The takeaway: large firms understand the cost-saving benefits of cloud computing, too.

What Do Survey Respondents Believe Will Be the Impact of Cloud Computing?

Most observers would agree that cloud computing has been the most hyped IT buzzword of 2009. One could assume, then, that at least some decision-makers who responded to this survey might be skeptical. On the contrary, not a single one answered that that cloud computing was “all hype and no substance.” In fact, more than one-fourth rated the concept as a “radical shift” in their world, and another two-thirds said it would have a major impact on how their firms provide technology services.

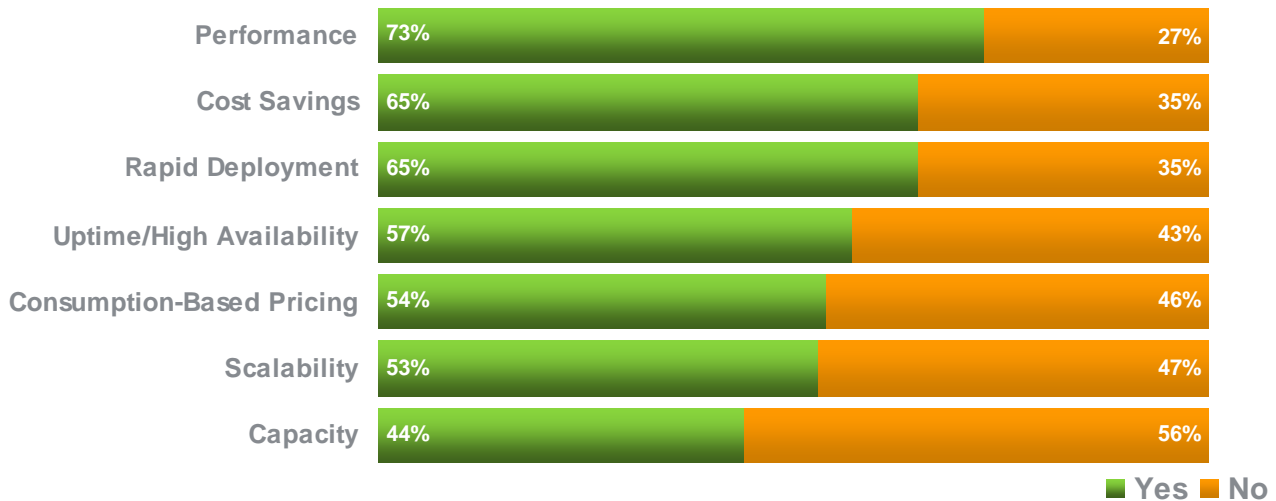
What do you think will be the affect – or has been the affect – of cloud computing on your business?



Respondents Rate Their Top Reasons for Using Cloud Computing

The survey asked respondents to select from several choices to cite the reasons why they are now using cloud computing, or plan to. Multiple selections were allowed. It is interesting that the most popular answer reflects the perception by these executives that they will actually get better performance from a cloud computing service than from their own, internal data center. The second most popular answer was the one that would be most expected – saving money – which was tied with those answering they expect to be able to more rapidly deploy IT services in the cloud than they could with their own, internal operations.

What are the reasons you are using – or plan to use – Cloud Computing?

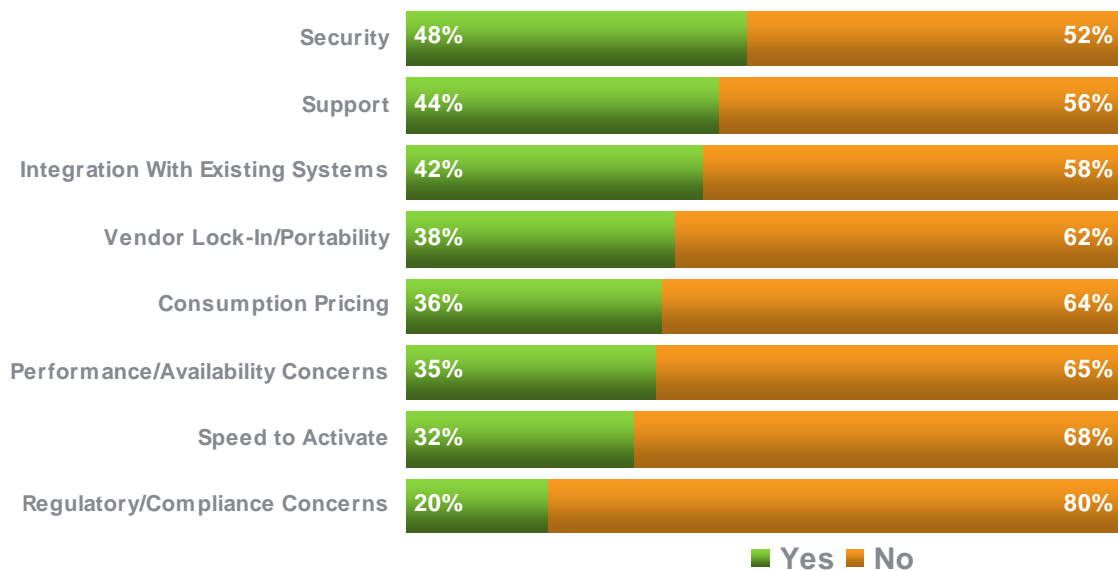


More than half of the respondents also expect they will achieve greater uptime using cloud computing services than they could expect with their internal computing resources. A slightly smaller number indicated they like the pricing model of cloud computing – which is often described as “pay as you go,” or pay only for what you use.

Barriers Cited for Adopting Cloud Computing

Respondents were asked to rate several reasons why they thought cloud computing might face resistance in being adopted immediately. Multiple selections were allowed. By far the most commonly voiced concern was Security (not unexpected), followed closely by Support, and then Integration With Existing Systems.

Please select all the barriers to adopting Cloud Computing immediately.

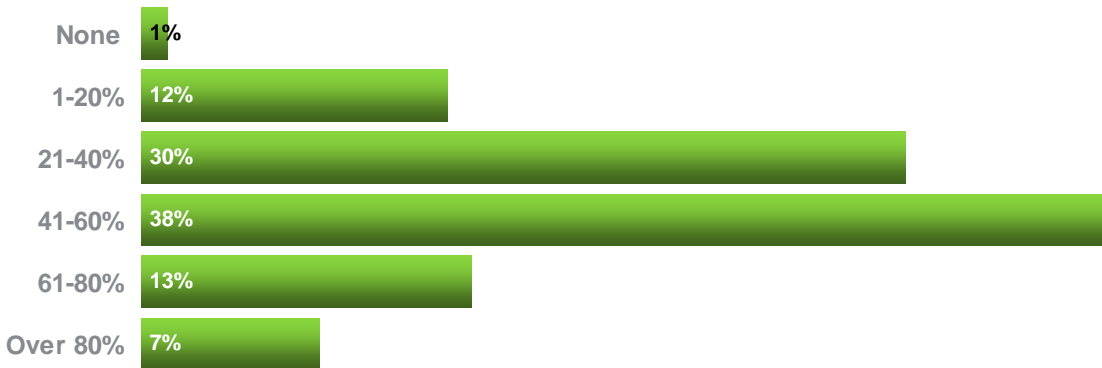


The second least cited barrier was Speed to Activate, presumably because most people know that a cloud computing server can be set up very quickly. The least cited barrier of all was Regulatory/Compliance Concerns, which was selected by only 20% of the respondents. However, this can be a critical factor for many companies that must comply with regulations requiring them to prove the geographic location of their data (for example, in what state). Important note: when companies use cloud computing services provided by large vendors, such as Amazon Web Services, which has multiple data centers worldwide, they find out these vendors cannot tell them where their data is hosted geographically at any given time. With the ReliaCloud service, this is not an issue.

A Significant Percentage Expect to Implement IT Services in the Cloud in Their Companies

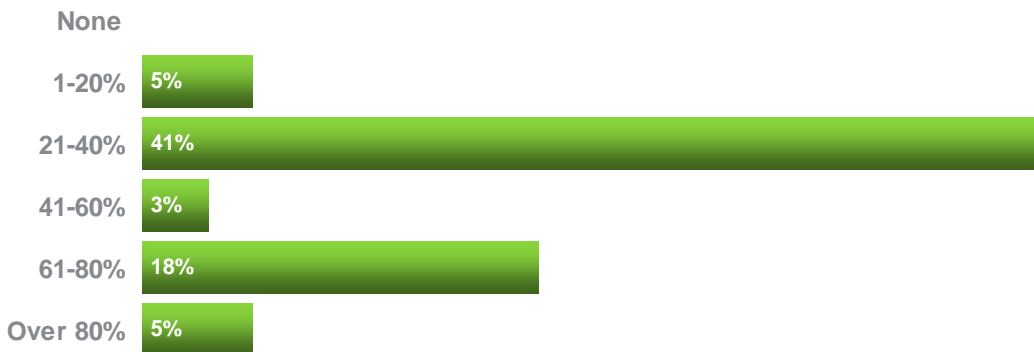
Respondents were asked two ways how much of their own company's IT infrastructure (IT services) they think will be delivered via the cloud. First, they were asked to what extent that would happen in the next year, as a percentage of their overall IT services. An impressive 81% said that their percentage would be in the range of 21%-80%.

What percentage of your IT services do you estimate will be delivered from a Cloud Computing platform in the next 12 months?



When asked a different way – based on when their firm actually implements cloud computing – the above percentage rises from 81% to 91%. This difference reflects the fact, one would assume, that some of the respondents' companies may not necessarily implement within the next year, but nonetheless will use the cloud in a significant way once they do.

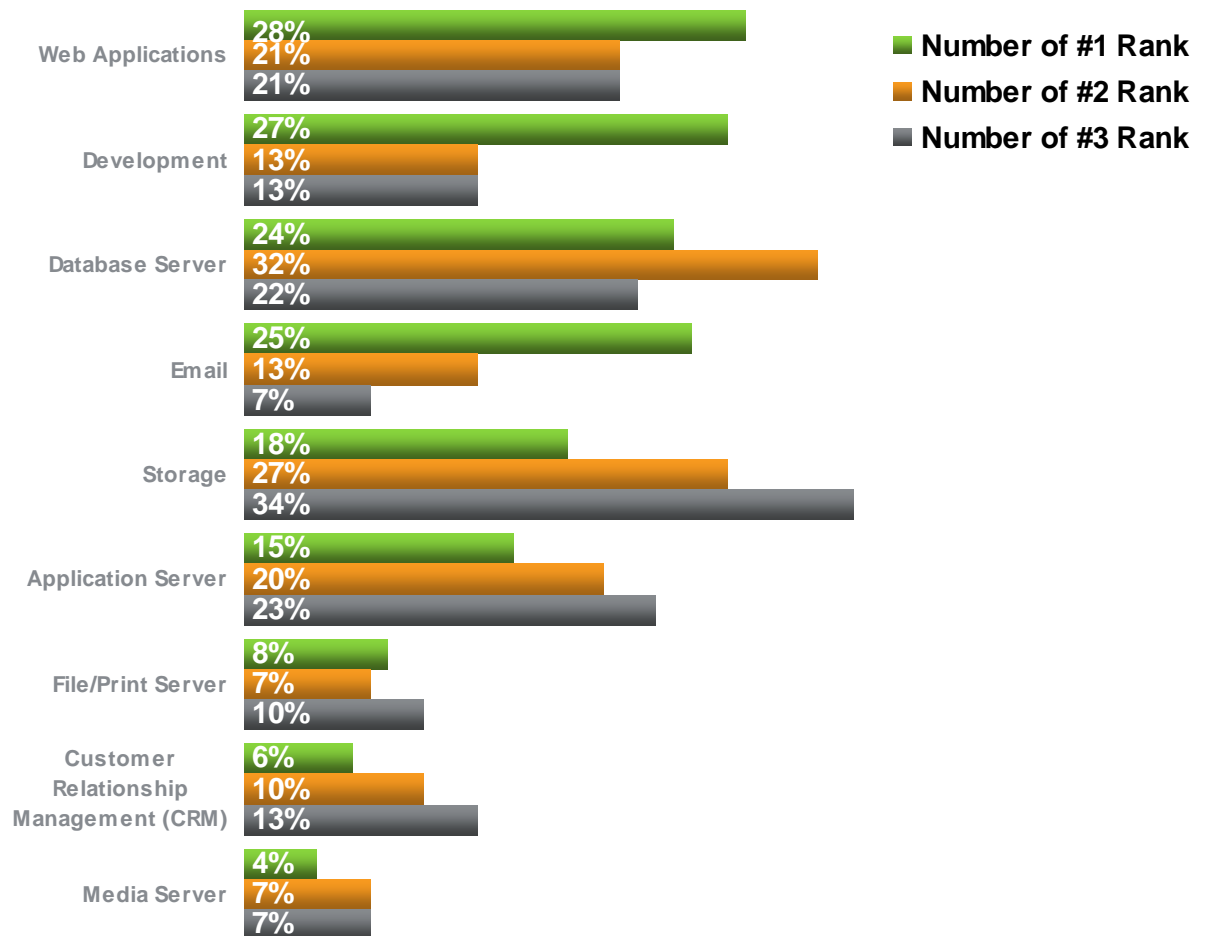
What percentage of your IT services do you estimate will be delivered from a Cloud Computing platform, once it is implemented in your organization?



Survey Respondents Rank the Apps Best Suited for the Cloud

When asked to rank the top three applications at their company they thought would be most appropriate for the cloud, it is not surprising that Web Apps came out on top in the #1 ranking. But it is also instructive to see that respondents ranked an array of other apps quite highly. When #1, #2, and #3 rankings are added together, Database Server and Storage ranked even higher than Web Apps.

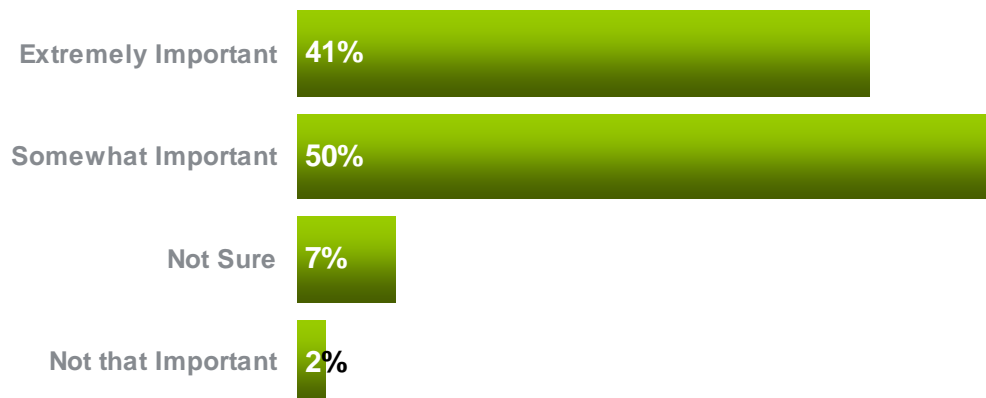
Please rank the top three applications you think are best suited for a Cloud Computing environment.



Respondents Say Using Existing Server Images in the Cloud Is Important

An overwhelming 91% say it is extremely or somewhat important to be able to move existing server images to the cloud, as opposed to only creating new ones.

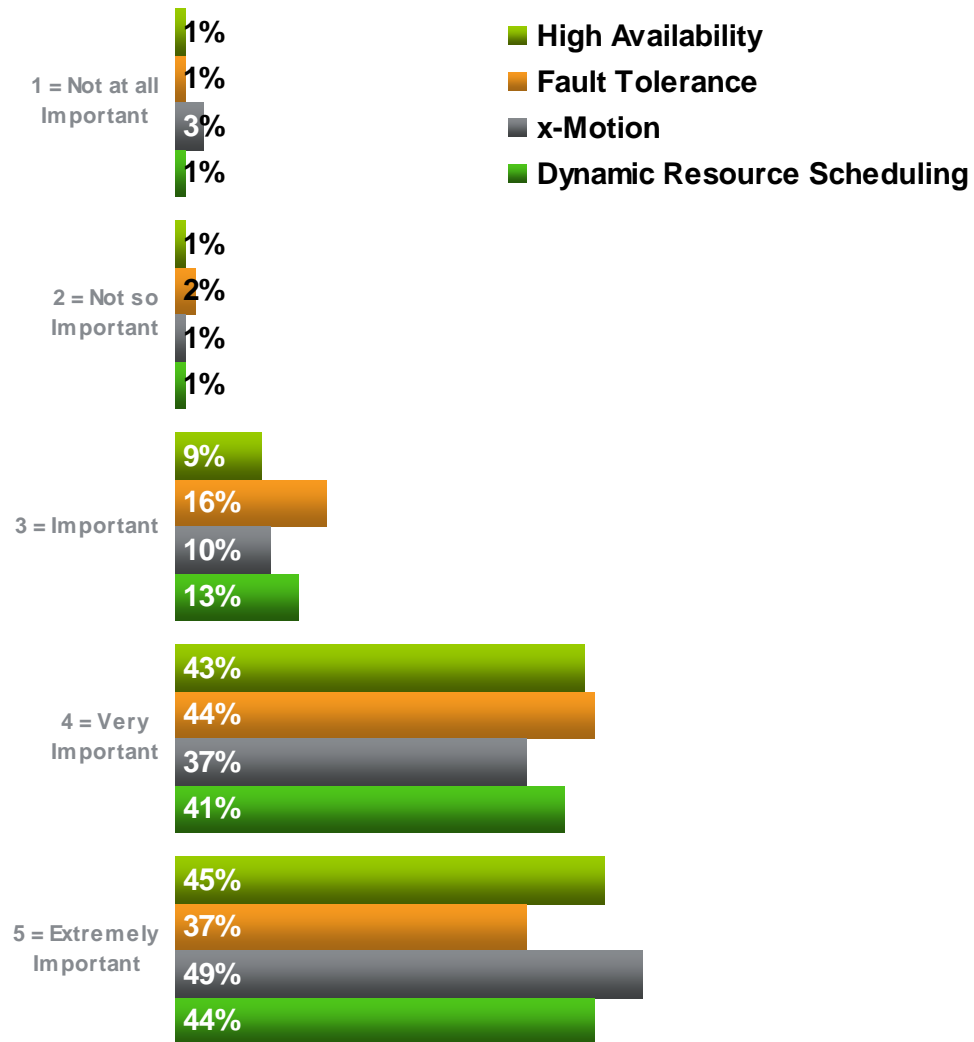
In a Cloud Computing environment, how important is it to be able to use an existing server image?



Importance of Four Key Cloud Features Is Ranked

Respondents were asked to rank, on a scale from 1 to 5 (with 5 being extremely important), what they felt was the importance of four of the most often cited features of cloud computing.

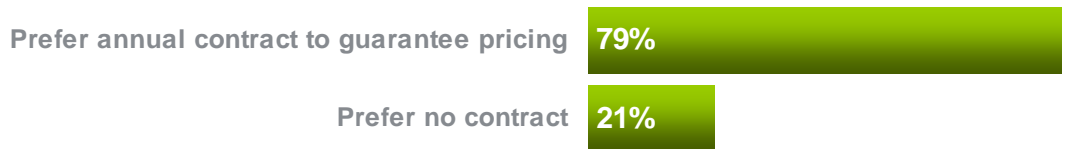
How important are the following features of a Cloud Computing environment?



Respondents Cite Their Preference for Contract Terms and Pricing Model

Though it is not surprising that most firms would like to have an annual contract, to guard against price increases during the year, it is interesting to see, in the second question, that a vast majority to firms selected “monthly” as their pricing model choice. In fact, cloud computing providers price their server models by the hour – that is already recognized as a standard in the industry. Perhaps the overriding preference cited in this survey for a “monthly fee” reflects the desire to be billed monthly, or have one's credit card charged only monthly instead of on a daily basis.

What are your thoughts regarding contracts for Cloud Computing?



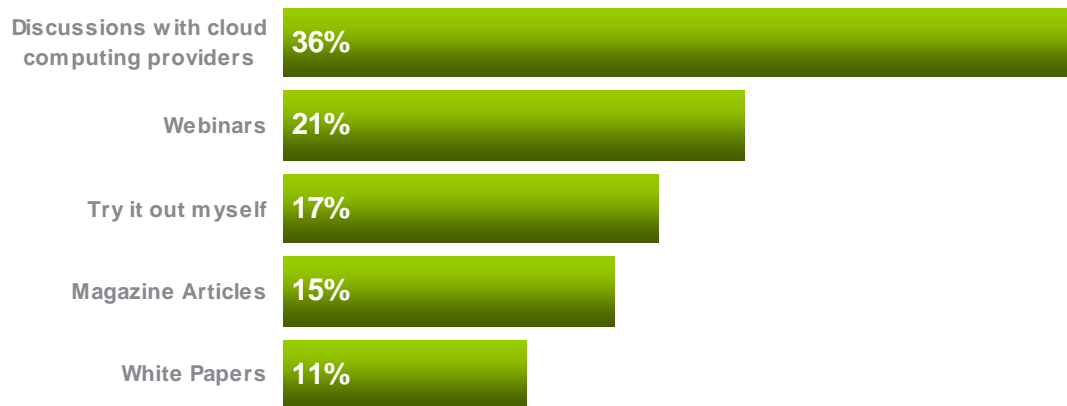
Which of the following pricing models would you prefer for Cloud Computing services?



How Do These Executives Want to Learn About Cloud Computing?

The survey asked respondents to select the way they would most prefer to learn about cloud computing. More than one-third chose the option of one-on-one discussions with representatives of the providers themselves. About 1 in 5 chose webinars, and 1 in 6 said they would prefer the self-directed approach, simply trying out the service for themselves.

Which of the following is your preferred mode of learning about Cloud Computing?



What Are the Outsourcing Plans of Those Surveyed?

An equal percentage of those surveyed answered yes to this question as no. Surprising, the remaining one-fourth said they were not sure, suggesting they are still considering it – which is a fairly large portion of undecideds.

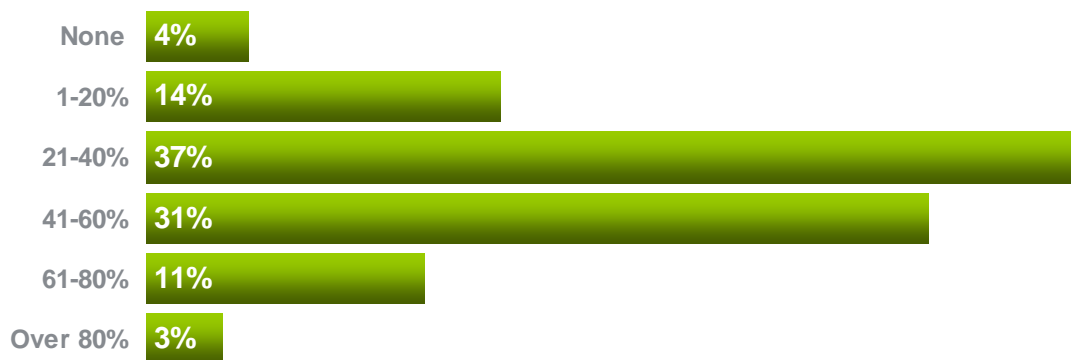
Do you have any plans to outsource your data center infrastructure?



Respondents Report a Significant Percentage of Their Companies' Infrastructure Is Virtualized

To show how far virtualization technology has advanced in recent years, only 4% of those taking the survey chose the answer "None" for this question. On the other end of the scale, an almost equal number said a whopping 80% or more of their infrastructure was virtualized. Impressively, almost 7 in 10 (68%) report that somewhere between 20-60% of their companies' infrastructure is already virtualized. Thus, it is not surprising these executives seem so amenable to adopting cloud computing, which is so heavily enabled by virtualization technologies.

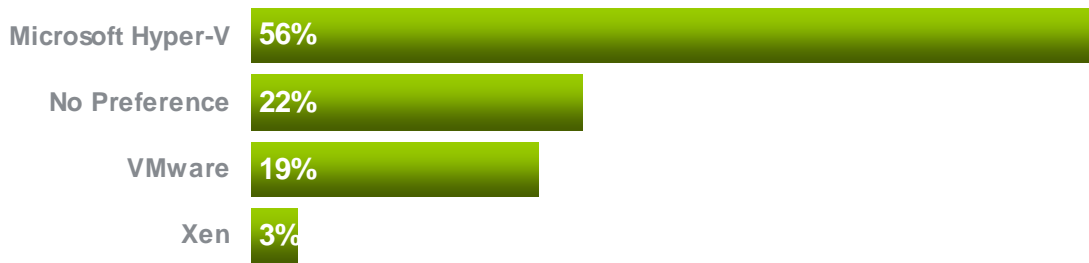
What percentage of your current infrastructure is virtualized?



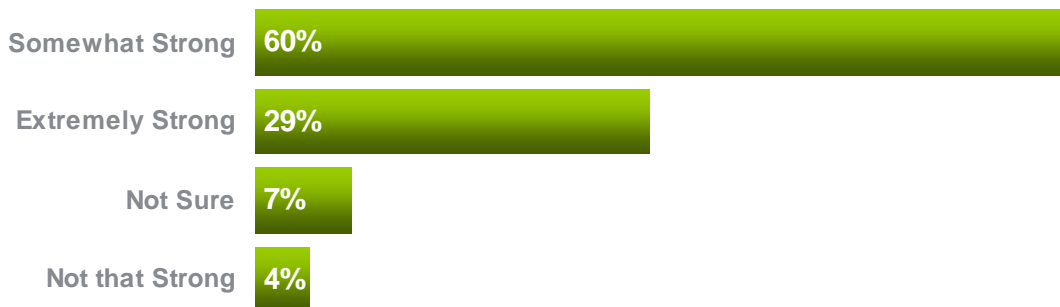
Gauging a Preference for a Virtualization Hypervisor

As can be deduced from responses to the previous question, those surveyed were largely quite familiar with using virtualization to manage their IT resources. In asking which flavor of hypervisor was preferred, there was a heavy bias in this set of respondents toward Microsoft. The originator of the modern virtualization movement, VMware, was surprisingly named by less than 1 in 5. Xen was named by a very small sample, while more than 1 in 5 say they are not tied to any one brand. In their answers to the second, related question, an overwhelming 89% of respondents confirm just how serious they are about their preferred hypervisor.

Which of the following do you prefer for a virtualization hypervisor?



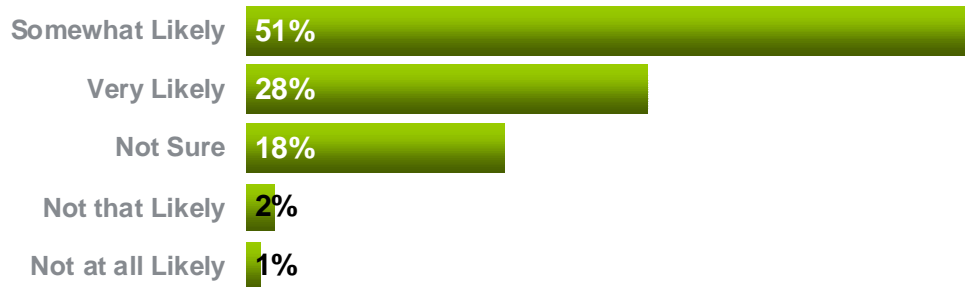
Regarding your preference for a virtualization hypervisor in the above question – how strong is your preference?



What Is the Preference for an API by Users of Cloud Computing?

An application programming interface (API) is an interface that a software program implements in order to allow other software to interact with it, much in the same way that software might implement a user interface in order to allow humans to use it. For example, ReliaCloud service has an API that provides all the tools a customer needs to create their own interface and directly control the functionality of their Cloud Server(s). This survey asked the following question, and almost 4 out of 5 respondents reacted favorably to using such an API.

Please select how likely would you be to use a published Application Program Interface (API) to automate the sizing up and down of your cloud infrastructure?



About the ReliaCloud Cloud Computing Service

ReliaCloud encompasses a set of highly reliable, secure cloud computing services, the first two of which are Cloud Servers and (coming soon) Cloud Storage. ReliaCloud Servers are complete computing environments that you can provision 24 hours a day, with full administrator access. Once you register for an account, you can begin building new cloud servers immediately.

Email

sales@reliacloud.com

Web Site

www.ReliaCloud.com (includes video tutorials)

Social Media Follow us at:

www.Facebook.com/ReliaCloud

www.Twitter.com/ReliaCloud

About Evalueserve

Evalueserve is a global research firm with over 2,000 professionals. The company specializes in technology and telecommunications, and also covers several other sectors such as financial services, energy, biotechnology and consumer goods. Research centers are in India, China, Romania and Chile, which lend coverage of emerging markets, access to economical professional services, and “follow-the-sun” service.