cloud
altitude report

A study into the drivers of cloud adoption among enterprises worldwide

canopy
the atos cloud

Make believe or make clear?

The cloud is portrayed as either a technological panacea or impenetrable labyrinth, depending on which side of the debate you fall.

For every Gartner Hype Cycle study suggesting that cloud computing is descending into a "trough of disillusionment", there is an IDC study declaring that the public cloud market will grow at five times the rate of the IT industry as a whole. In the face of these contradictory forecasts, it's hard to know which way to turn. So, we've partnered with industry analyst, Ovum, to conduct a survey of senior IT professionals to bring you the low-down on the cloud market from your peers' perspective.

The unbiased research asks about the most important factors in making cloud a success, revealing that 27% cited board level support and an understanding of the true business impact. We put migration under the microscope with 34% saying that they had experienced limited support. And vendors are scrutinized on what they can improve on, with 37% pointing to a lack of fully managed services.

This uncensored opinion, from corporate IT leaders in Europe and North America, is your ticket to re-imagining your business in the cloud and operating a hosted model at a safe altitude. Tackle your first or next hosted project with confidence as we bring the cloud back down to earth with some revealing and jargon-free insights from your fellow ICT professionals.

This report will become your trusted companion as you navigate an increasingly cluttered and competitive cloud market. At the very least, it will alert you to the smoke signals that others have left as they have deployed cloud technology with varying degrees of success.

Contents

Clear the runway

Often the best way to evaluate your cloud vendor's offer is to determine what is missing from it. We asked our sample exactly that question and the overwhelming response is two things: **Managed Services** and **Migration Support**.

The market appears to be operating at a dangerously low altitude when it comes to the provision of these particular cloud services with more than two thirds (67%) of IT decision-makers highlighting these common gaps. When you factor in that almost a third (30%) also missing out on true end-to-end services, it's clear that providers of hosted solutions will increasingly be selected on the basis of their portfolio breadth.

In contrast, cloud vendors and integrators have upped their game when it comes to providing client training support with the fewest number of respondents (25%) highlighting deficiencies in this area. However, the high (negative) value of scores across all answers indicates that cloud providers are either struggling to cover all the bases, or deliberately becoming more specialised.

Expectations

What is clear is that clients have high expectations and that a broader base of supplier cloud competency is preferred by corporate customers managing large projects with varied needs and significant complexity.

Research highlights:

37% and 30% want complete managed services and end-to-end solutions - portfolio breadth is key

33%, 31% and 25% want migration support, business and technical expertise, as well as training support – cloud transition handholding is 2nd top issue

28% and 26% want innovation and reporting – providers not only need to innovate but also show they have done so. Users want to keep an eye on them.
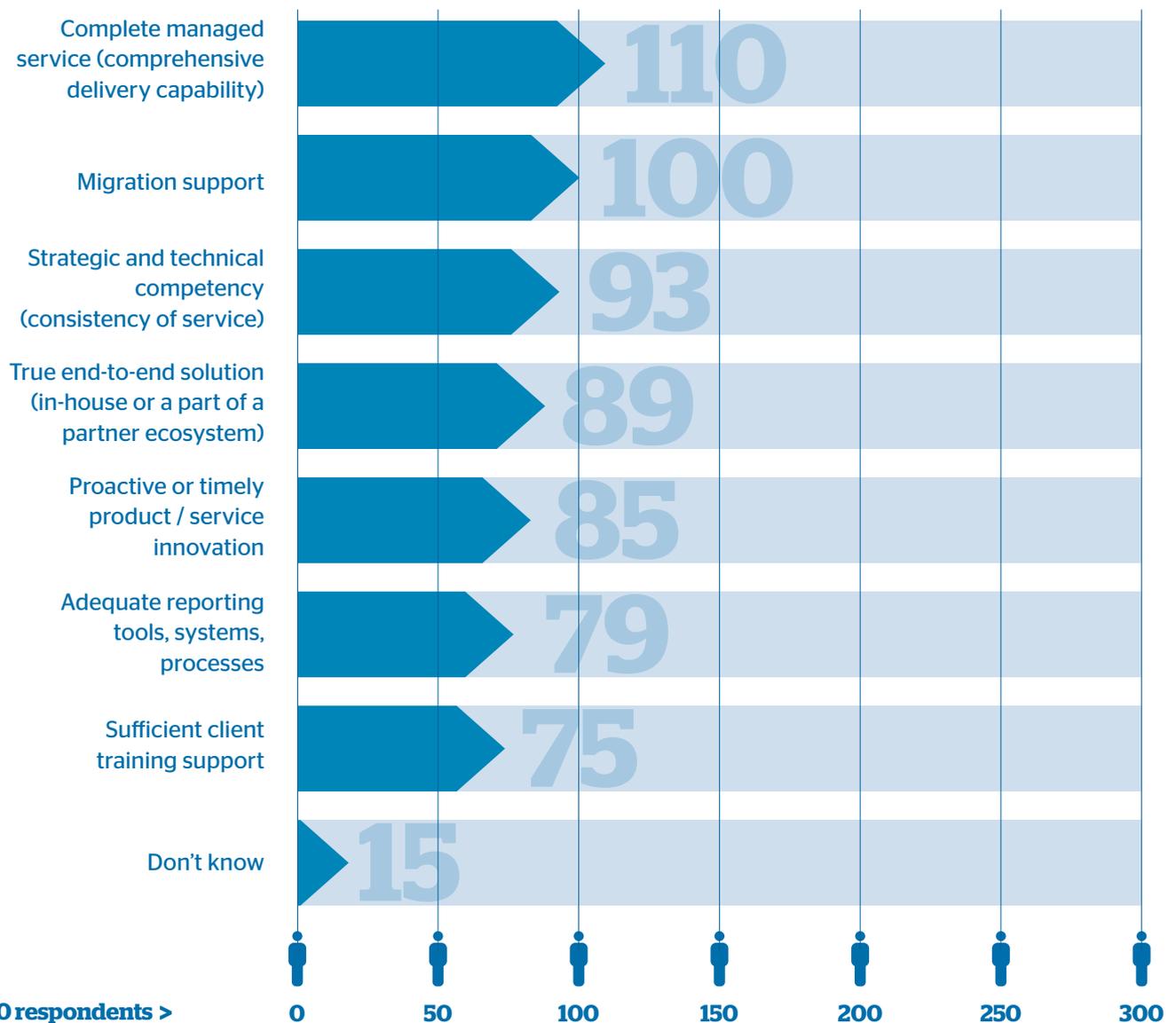
37% want complete managed services

33% want support with cloud migration

28% want to see innovation

What are the most common capabilities that are missing in cloud vendors or integrators offer?

Capability	Value
Complete managed service (comprehensive delivery capability)	110
Migration support	100
Strategic and technical competency (consistency of service)	93
True end-to-end solution (in-house or a part of a partner ecosystem)	89
Proactive or timely product / service innovation	85
Adequate reporting tools, systems, processes	79
Sufficient client training support	75
Don't know	15

total positive answers 646

300 respondents >

0 50 100 150 200 250 300

Migration

When it comes to migration – the major pain point in any cloud project – the answer to why vendors are coming up short in customers' eyes is clear. Almost seven out of 10 (69%), claim that their cloud partner provides a less than fully managed service. And, although a quarter of the sample does get comprehensive support, it was felt to be "expensive".

Most organisations (26%) appear to favour, or at least currently operate, a part managed service model coupled with internal training support provided by their vendor / integrator. As detailed earlier, this appears to be delivered effectively by vendors.

The question is therefore, are providers making clear the full impact of the migration process, the limitations of their support and, more importantly, the value it provides? Irrespective of this, it appears as though clients favour a full or part managed services model – with internal resources filling the void where applicable. In short, the outsourcing model is alive and well – albeit in a narrow spectrum of deliverability.

Research highlights:

Vendors' portfolio of cloud migration services is not broad enough. Most (34%) have experienced managed cloud migration support in a limited/niche context. 26% have experienced partly managed cloud migration support. Only 25% have experienced a fully managed portfolio.
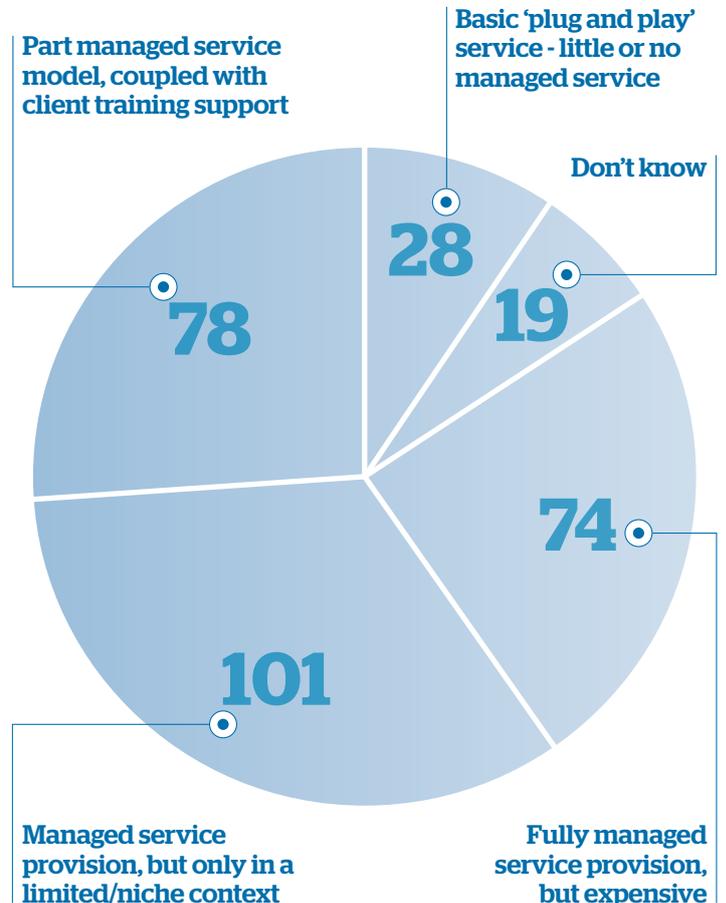
On the other hand, only 9.3% have experienced basic cloud migration support so vendors have made good progress, even if not enough for some of their customers.

34% have experienced managed cloud migration support in a limited/niche context

26% have experienced partly managed cloud migration support

25% have experienced a fully managed portfolio

What is your experience of cloud vendors in terms of their actual level of cloud migration support?

Part managed service model, coupled with client training support

Basic 'plug and play' service - little or no managed service

Don't know

78

28

19

74

101

Managed service provision, but only in a limited/niche context

Fully managed service provision, but expensive

300 respondents

Strategic expertise

Strategic support or consultancy is certainly one area where the current cloud market is operating well, with almost half of survey respondents (49%) declaring that their partner aligns their products and services to the organisation's cloud strategy or even, in some cases, helps to define it.

There are some areas for concern though, with a third of buyers experiencing fluctuations in strategic alignment (in some cases yes, in some cases no). Potentially even more worrisome is the fact that almost a fifth (19%) are relied upon to fully integrate cloud systems internally or, worse still, have no known strategy in place to align with.
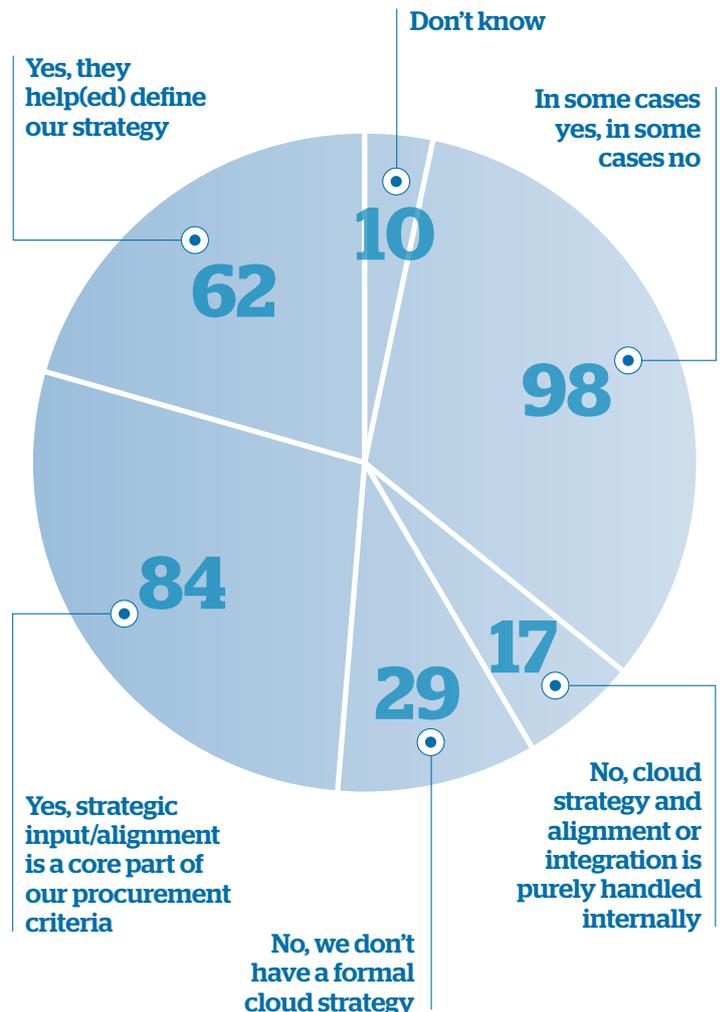
Research highlights:

Only 10% do not have a formal cloud strategy: positive development

Mixed results when it comes to vendor alignment: 33% say yes and no; 28% say alignment is core to choosing vendor; 21% say that vendor helped define strategy

Only 6% handle cloud strategy internally: most users are right to seek help

Is your cloud vendor aligned to your cloud strategy in the delivery of their solutions?

Don't know

Yes, they help(ed) define our strategy

In some cases yes, in some cases no

62

10

98

84

29

17

Yes, strategic input/alignment is a core part of our procurement criteria

No, we don't have a formal cloud strategy

No, cloud strategy and alignment or integration is purely handled internally

300 respondents

Summary

So, while vendors in the main appear to be strong on strategy alignment, but less so on migration, managed and end-to-end services, there remains a stubborn minority of customers that are under-utilising the cloud by not maximising the benefits of a cloud strategy.
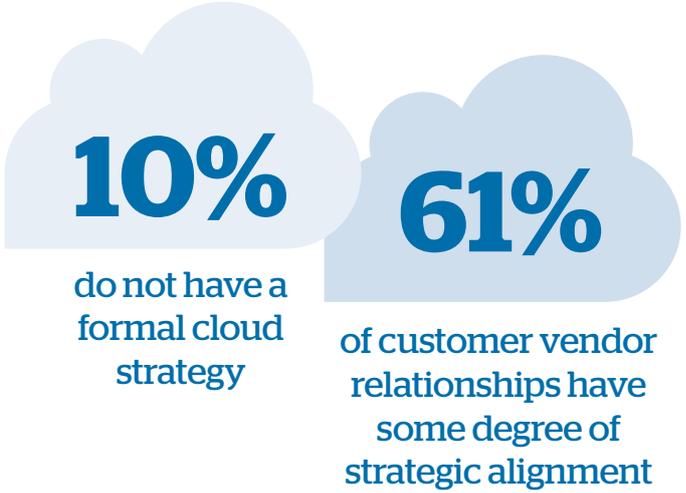
10%
do not have a formal cloud strategy

61%
of customer vendor relationships have some degree of strategic alignment

What do I need to make clear?

> Confirm whether your preferred cloud partners can meet all of your needs and if there are genuine alternatives (buy right or buy twice)

> Establish how much internal training, skills and resources will be required to support the full or part managed service arrangement with your supplier (get the balance right)

> Ensure that your partner understands your IT and business strategy and that they can comfortably align with it (avoid putting square pegs in round holes)

Systems check

So, once the broad brush elements of supplier selection are resolved, what are the specific concerns in-house ICT professionals have when they look to outsource cloud solutions? The overwhelming answer is 'adaptability'.

Very nearly two thirds (65%) of clients fear being locked into "non-competitive", "long-term" or insufficiently "flexible" arrangements with their partner (or associated vendors).

While this is not altogether surprising – given the relatively immature, quickly-evolving and competitive nature of the market – the irony is that cloud computing is all about delivering flexibility. The report indicates that this is largely due to the less than flexible approach that vendors have.

This dominating issue, to an extent, dilutes any concerns customers have over suppliers "security" (13%) capability, which demonstrates that the market is less reactionary to the media hysteria around datacentre outages and breaches and more reassured by the practical solutions offered by the best-of-breed cloud suppliers and consultants.

Client concerns

It is also worth noting that pricing and SLA accountability issues are ranked particularly low on the list of client concerns, which highlights that cloud solutions are offering value at the point of delivery. The question is whether the enterprise market is enjoying sufficient in-life support and flexibility of service and terms from their partner ecosystem.
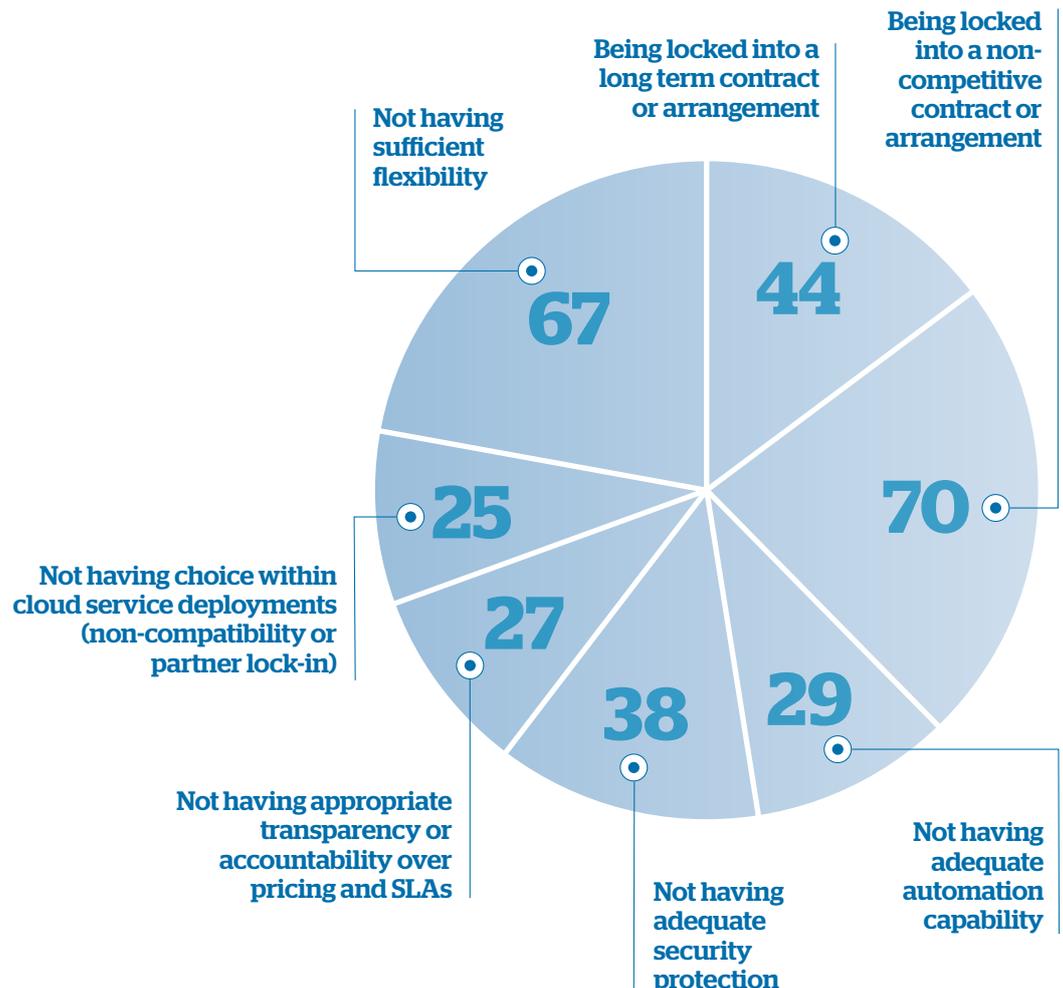
Research highlights:

Adaptability is key for customers who fear being locked in a non-competitive (23%) or long-term (15%) contract, without enough flexibility (22%). Indeed, the irony is that cloud computing is all about delivering flexibility. Evidently, the market has still to be convinced as a result of the less than flexible approach that vendors have.

Security and automation concerns follow closely with 13% and 10% of answers. Security is surprisingly low. Automation in increasingly important and will rise in the scale of concerns.

Pricing and SLA accountability issues are lower in the list (9%) followed by deployment/lock-in issues (8%).

23%
fear being locked into a non-competitive contract

22%
worry about an inflexible contract

13%
worry about inadequate security protection

▶ What are your primary concerns when outsourcing cloud solutions?

Not having sufficient flexibility

Being locked into a long term contract or arrangement

Being locked into a non-competitive contract or arrangement

67

44

70

25

27

38

29

Not having choice within cloud service deployments (non-compatibility or partner lock-in)

Not having appropriate transparency or accountability over pricing and SLAs

Not having adequate security protection

Not having adequate automation capability

300 respondents

The cloud inside the business

Now, turning to the internal view of performance when it comes to cloud – which core skills or competencies are missing within the enterprise, according to senior ICT leaders? In short, it's the fundamentals that require most urgent attention. Namely, "an overall understanding of the nature / impact of cloud computing". Almost a quarter (23%) of respondents observed this need as a priority, followed by competencies in "cloud architecture and design" (22%).

With over half of the sample citing these two answers, it's clear that an understanding of the business impact is just as important as the technology impact. While it's pleasing that clients are preoccupied with mastering the most important aspects of the cloud, it's disappointing that so many are struggling with the fundamentals.

What this highlights, of course, is that the enterprise will continue to lean on the vendor / integrator market to plug these internal gaps in knowledge or resource. But also, more crucially, that careful selection of these partners is vital and should predominantly be based on breadth and depth of competency. Interestingly, the third top answer is "cloud procurement" – which further underscores the predicament for CIOs.

Research highlights:

Overall understanding of the nature and impact of cloud computing is the top answer (23%). Not surprising. Business impact understanding is as important as technical impact.

From a technology point of view, cloud architecture and design skills are rightfully ahead (22%) of cloud implementation (17%) and management (13%).
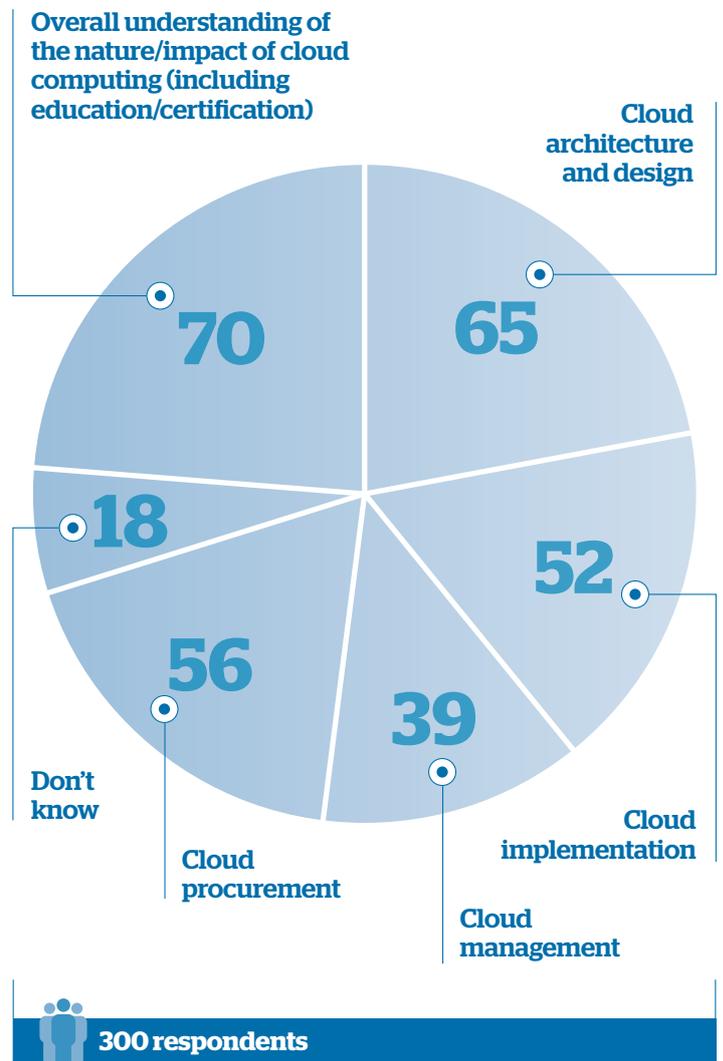
Cloud procurement (19%) has the top 3 spot.
It is indeed key to choose and control providers.

23% agree understanding the impact of cloud requires most development

22% agree cloud architecture and design is in most need of development

17% think implementation of cloud needs developed most

> ## Within your organisation, which cloud-based skills or competencies require the most, or most urgent, development?

Overall understanding of the nature/impact of cloud computing (including education/certification)

Cloud architecture and design

70

65

18

52

56

39

Don't know

Cloud procurement

Cloud management

Cloud implementation

300 respondents

How decisions are made

With issues over inadequate supplier performance and internal skills shining through in our research findings, how involved are board level stakeholders when it comes to cloud investment decisions and in which areas?

Looking at the data, we can observe that most of the 'C-suite' look at cloud from a financial point of view (34%), followed by its impact on operations (29%).

While this prevailing trend is unsurprising, it reveals that less than a quarter (24%) examine cloud investment from a "risk management, security, or compliance" perspective. This runs counter to what many believe within the market and suggests to CIOs that cost and return are the trump cards to play when pitching cloud investment projects to the executive team for approval.

As a final point on this specific data set, it's pleasing that less than 1 in 10 (9%) have no board-level involvement in cloud decision-making or approvals. So, while non-IT directors are preoccupied with financials, rather than the overall business impact of the cloud, at least the vast majority are actively involved to some degree. CIOs should, therefore, be mindful of finding ways to expand their boardroom peers' interest, knowledge and engagement in cloud projects going forward.
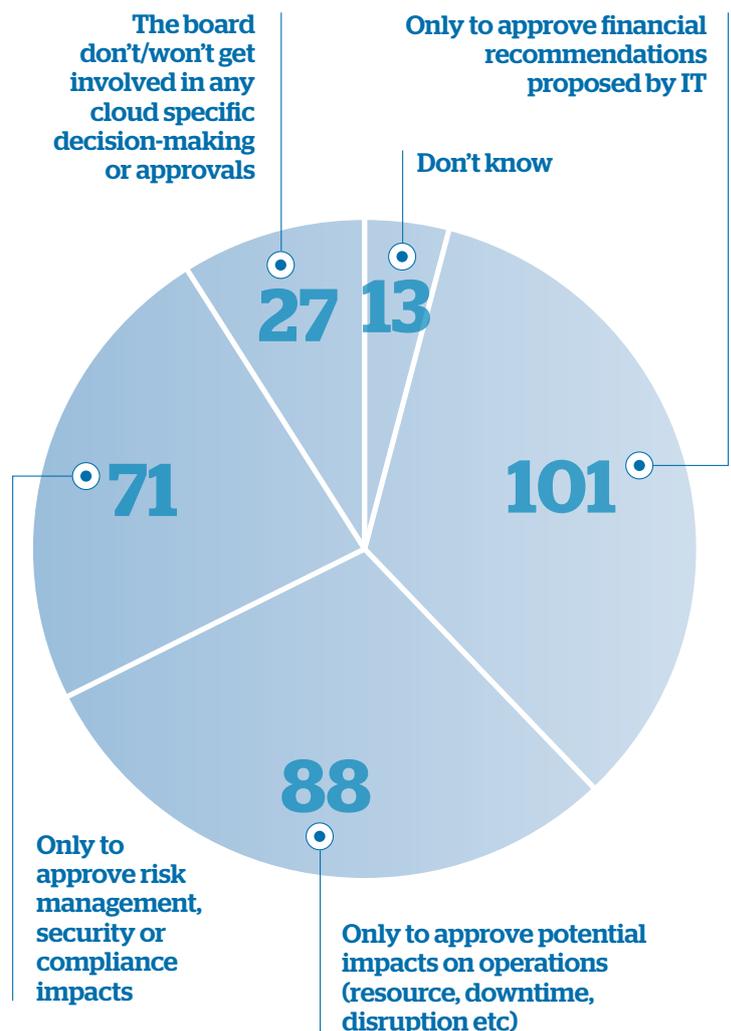
Research highlights:

The board mostly look at cloud from a financial point of view (34%), followed by impact on operations (29%). Unsurprising. But the board also needs to be involved in analysis of business impact.

Only 24% say that the board looks at cloud from a risk, security and compliance point of view. Slightly surprising considering the perceived level of concern around these issues.

Only 9% say that the board is not involved in cloud investment decisions.

To what extent do board level stakeholders impact on cloud investment decisions?

The board don't/won't get involved in any cloud specific decision-making or approvals

Only to approve financial recommendations proposed by IT

Don't know

27 **13**

71

101

88

Only to approve risk management, security or compliance impacts

Only to approve potential impacts on operations (resource, downtime, disruption etc)

300 respondents

What do I need to make clear?

> The need for adaptability from your partner – avoiding any whiff of lock-in from extended, inflexible contracts. Check that your agreements will flex to accommodate new players in the marketplace, innovative technologies and changes within your business profile

> Compel board level decision-makers to consider not just the financial impact of the cloud, but the broader business effects (both positive and negative)

> Up weight internal skills to ensure that projects run smoothly from the outset and that outsourcing providers are involved where they offer best value – cloud strategy and design. This also means addressing internal procurement practices – not just technical cloud competencies

OVUM

In association with

Plotting a path

Now, let's look ahead towards the future of public, private and hybrid cloud projects within the enterprise segment.

What strategies are likely to be adopted and in which sequence of events?

Well, firstly, it is worth noting that only 6% of ICT professionals do not plan to pursue any form of cloud solution. This endorses the widespread view that, although there are issues in terms of internal and external delivery of cloud computing projects, the benefits far outweigh the pains.

Stakeholders appear to be marginally undecided on which cloud solution to adopt first but, if there is a winner, then it is public cloud. More than a third opt for this solution first (36%) with hybrid a close second (30%) and private (21%) lagging a little behind.

Whether this is sensible or misguided is unclear, but it's safe to say that private cloud projects are more complex and require both external and internal parties to be working in harmony.
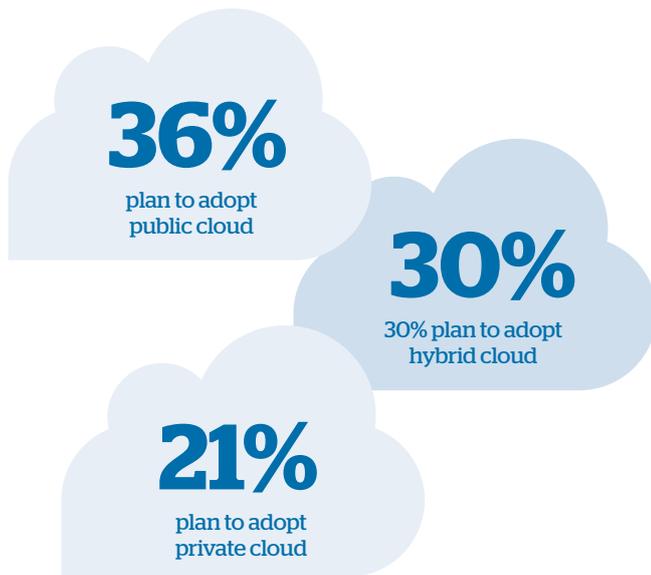
Complexity

Maybe the fact that so many will be opting to go hybrid from the outset is a signal that the global market has matured to the point where ICT professionals are broadly comfortable with all forms of cloud computing.
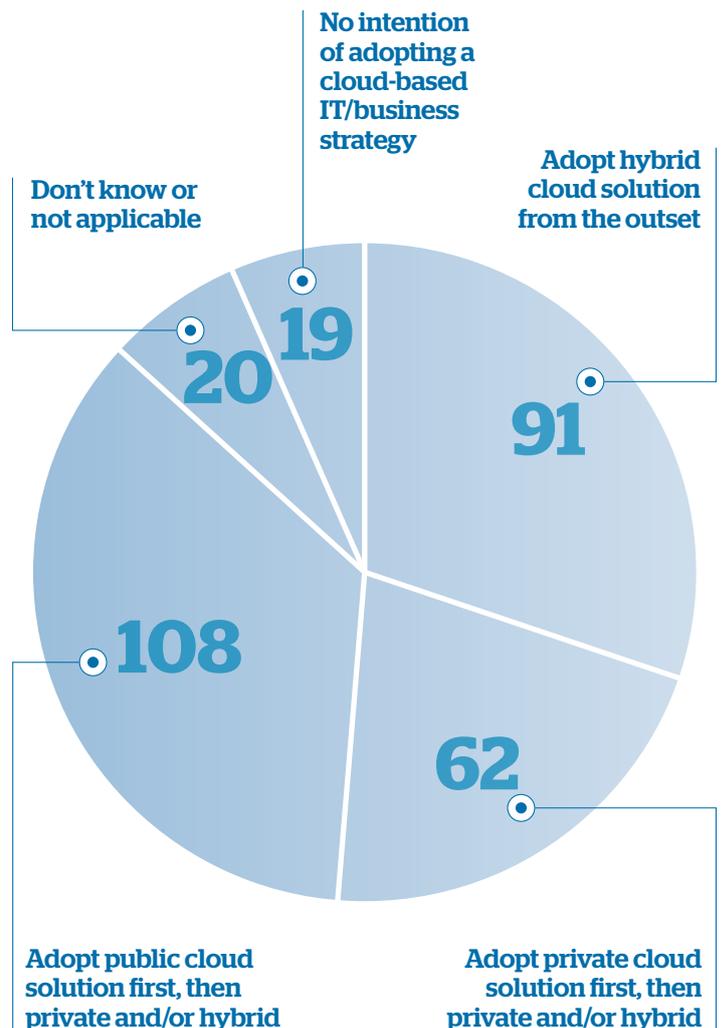
Research highlights:

Clear results: public clouds are ahead (36%), but followed relatively closely by hybrid clouds (30%). Private cloud-first strategy is a distant third (21%)

Only 6% do not plan to adopt any cloud.

36%
plan to adopt
public cloud

30%
30% plan to adopt
hybrid cloud

21%
plan to adopt
private cloud

> ## How do you envisage that your cloud strategy will play out in the future?

No intention of adopting a cloud-based IT/business strategy

Don't know or not applicable

Adopt hybrid cloud solution from the outset

19

20

91

108

62

Adopt public cloud solution first, then private and/or hybrid

Adopt private cloud solution first, then private and/or hybrid

300 respondents

Public or private cloud?

Picking up on this above point – how do our senior IT professionals view the respective operational challenges of public versus private cloud environments?

A sizeable majority (60%) are clear in their belief that transitioning to the private cloud requires a greater mastery of different cloud disciplines. Combine this with a further 31% who think that private clouds need more careful integration of the solution stack and it's clear that as cloud projects becomes more complex, a deeper and broader level of expertise is required in a variety of cloud domains.

To further validate this, almost a quarter (23%) observe that self-building a private cloud is more complex than migrating to a public cloud environment. Almost 1 in 5 (17%) go further and suggest that private cloud changes the operating model more significantly than public.

All of this underscores the very valid point that private cloud provides innumerable benefits, but the process of getting there is more involved and has a greater bearing on the entire business function. This should not be considered negatively as private cloud solutions are intended to be transformational – not just a mirror of physical, legacy ICT architectures.
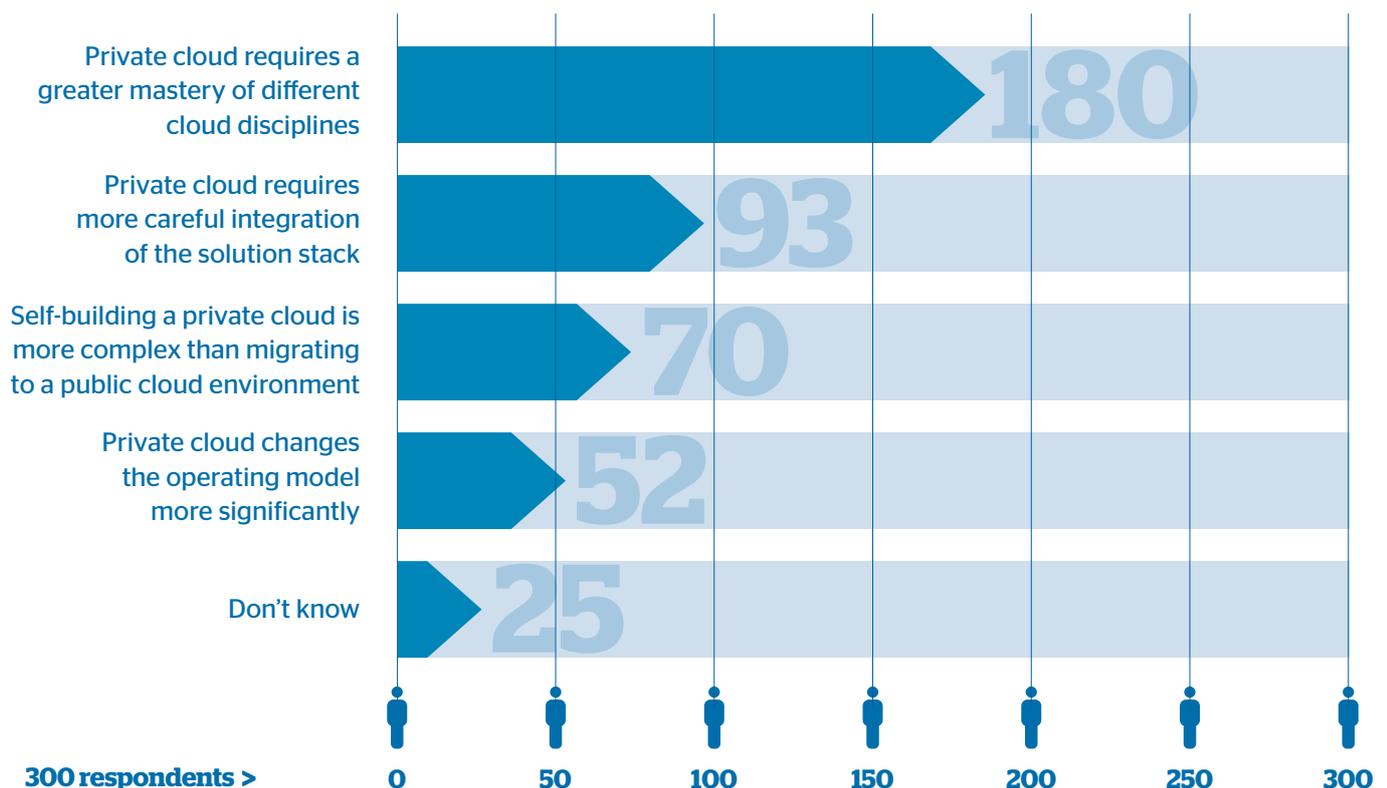
Research highlights:

Clear results: 60% of answers point out that the key operational challenge for private clouds is the need to broaden and deepen their expertise in a variety of cloud domains. 23% acknowledge that it is more complex than migrating to a public cloud.

Integration is the distant second challenge with 31% of respondents. It is growing as a concern as cloud implementation become more complex.

Change to the operational model is last, but not least, at 17%.

In comparison to public cloud solutions, what are the key operational challenges of moving to a private cloud environment?

Challenge	Value
Private cloud requires a greater mastery of different cloud disciplines	180
Private cloud requires more careful integration of the solution stack	93
Self-building a private cloud is more complex than migrating to a public cloud environment	70
Private cloud changes the operating model more significantly	52
Don't know	25

total positive answers 420

300 respondents >

0   50   100   150   200   250   300

Foundations for cloud success

Now, to the question of what are the most important things to have in place so that businesses can take full advantage of the cloud.

The survey sample is almost unanimous in its belief that three core elements are required. Equal top-billing (27%) goes to "a clear understanding of how/where/why cloud impacts the business" and "sufficient board level support or sponsorship". Marginally fewer (26%) state that they need a "commitment to ongoing investment".

Time, money, resource are therefore crucial, once the business has a base level of knowledge about their cloud strategy. Business executives are, indeed, critical to the implementation of any technology. But so is their ongoing support with an OpEx based ICT model like the cloud.

However, it appears the majority of enterprises still undervalue the importance of business culture with only 1 in 7 (15%) identifying this attribute as a key part of the cloud conundrum. It seems reasonable to assume from this that the IT function is still preoccupied with the delivery of technology, rather than what end users do with it.

Research highlights:

Understanding of business impact and board level support are the 2 tops answers head to head at 27%. Business issues and support from business executive are indeed critical to the implementation of any technology
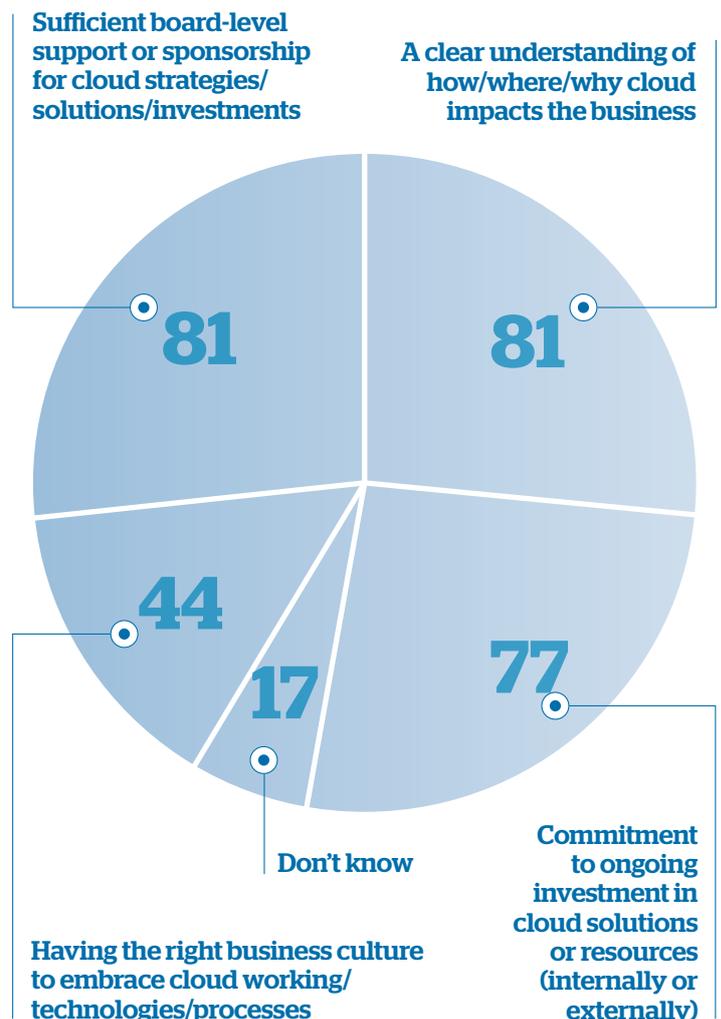
On-going investments is a close third with 26% of responses

Only 15% identify culture as a must have. They are mistaken: culture is critical.

Only 15% identify culture as a must have.

They are mistaken: culture is critical.

> ## Which of the following is most important to have in place to ensure that the cloud solutions can be maximised by your business?

Sufficient board-level support or sponsorship for cloud strategies/ solutions/investments

A clear understanding of how/where/why cloud impacts the business

81

81

44

17

77

Don't know

Having the right business culture to embrace cloud working/ technologies/processes

Commitment to ongoing investment in cloud solutions or resources (internally or externally)

300 respondents

Avoiding cloud wash

Much has been said about the so called "cloud wash" phenomenon – tricks of the trade that vendors use to deceive would-be buyers that their solutions are best-in-class, or even cloud products at all. So, in our final survey question, we ask our trusted professionals if they have ever been mis-sold or experienced such practices and, more importantly, what should be done to remedy the situation.

Our respondents were not unanimous – which suggest there is no single solution, but rather a combination of measures that the market and its regulators should adopt. However, the majority of enterprises believe that two measures are preferred. Firstly, a third believes that there is a requirement for "enhanced industry training" and secondly, "improved project delivery".

Vendors, it appears, can also make significant progress when it comes to providing "clearer terms of service" (26%) and "better marketing" (22%).

It is also worth noting that almost a quarter (23%) would go so far as to suggest that "greater regulation" was required to nullify the incidence of cloud wash across the industry. 1 in 6 (17%) felt this should result in the "prohibition of jargon", while a surprisingly small number (13%) call for "simpler pricing models". This latter point illustrates that, commercially at least, the industry is getting is right.
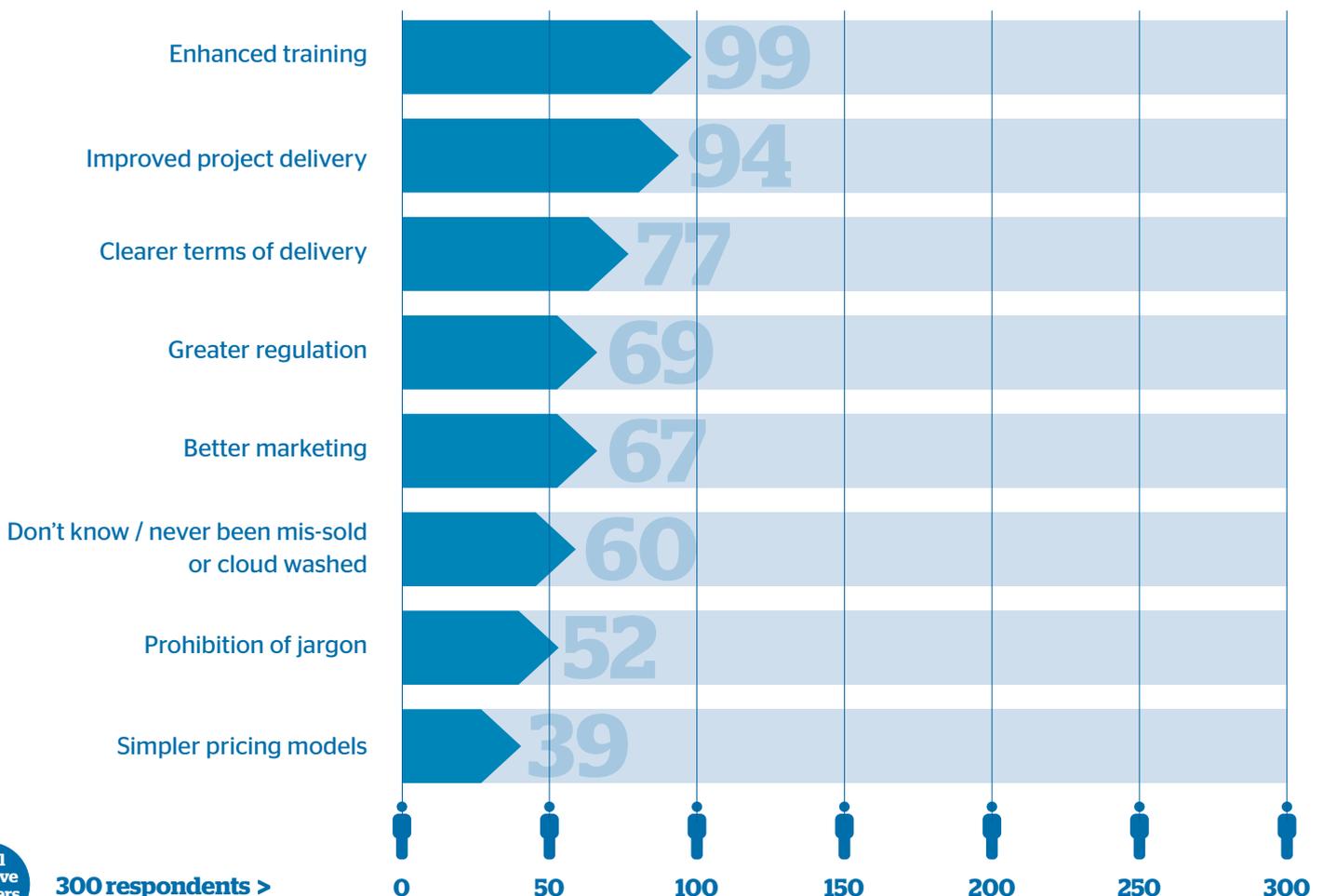
Research highlights:

No surprise: training is key for 33% of respondents

Vendors need to do better in terms of project delivery (31%), terms of service (26%), marketing (22%)

23% also expect governments to play a part via greater regulation – 17% would like jargon prohibited.

Pricing is not an issue when it some to cloud washing

▶ Have you ever been mis-sold or experienced so called "cloud washing" by vendors/integrators? If so which of the following measures would help prevent such practices?

Measure	Value
Enhanced training	99
Improved project delivery	94
Clearer terms of delivery	77
Greater regulation	69
Better marketing	67
Don't know / never been mis-sold or cloud washed	60
Prohibition of jargon	52
Simpler pricing models	39

total positive answers 557

300 respondents >

0   50   100   150   200   250   300

Conclusions

It's important to understand your reasons for turning to the cloud. You need to be sure of the long-term benefits of a given solution and weigh them carefully against the manpower and change management required.

For many their next cloud venture will use public or hybrid models, with private solutions reserved for future projects requiring longer more intensive planning.

That's not to say any single cloud solution is right for everyone, or that the sequence of adoption is pre-defined for you. But it might be that a more open, less complex configuration like the public cloud, is a good stepping-stone where learning and up-skilling will inform your onward journey.

Having the right people, processes and technologies in place to take full advantage of the private cloud's transformative power is a pre-requisite. Our research shows that the vast majority of ICT professionals use some external managed services support. But it's also clear that these organisations are ramping up the internal resource too – via formal training, recruitment and, crucially, on-the-project learning.

If you wade through the vendor market's jargon and over-stated service propositions – there is an ecosystem of credible vendors and partners, that you can tap into with confidence.

It would therefore be sensible to look beyond your existing partners to specialists in the form of cloud solution you require, ensuring they have the full complement of skills, services and solutions you need. Be careful to avoid niche operators that will provide a partial answer and leave you with unresolved problems.

Ultimately, with your ears and eyes open to the challenges and opportunities, you will be better placed to convince internal stakeholders that your next cloud project is not only worthwhile, but also essential in forging a clear path to business prosperity.

What do I need to make clear?

> When dealing with more complex private cloud projects, you need to deal with credible partner specialists with pre-configured solutions that will make migration and integration a smoother process

> It's vital to make sure the business is with you on your cloud journey – from the boardroom to the shop floor – the entire organisation holds the key to the realisation, or not, of your vision. Think and act on their terms – motivate, incentivise and, most of all, make it clear what's in it for them (and the business as a whole)

> Make sure your cloud partner is properly informing you – be on healthy alert for over-inflated promises as these are the hallmarks of cloud wash. While industry regulation remains patchy in this regard, it's up to you – as cloud project leaders – to remain objective and grounded

About Canopy

Canopy, an Atos company partnered with two of the biggest leaders in IT—EMC and VMware, is a one-stop-shop solution for Cloud-computing. Built upon a tight eco-system of best-of-breed technology, we are focused on bringing the benefits of Next Generation IT and cloud delivery to large organizations. Security sits at the height of the Canopy solution philosophy and is based on pre-built environments on the strongest technology foundation. Using industry leading automation tools,

Canopy allows enterprise companies to achieve their business goals and service levels in a multi-tenant or a dedicated single-tenant environment.

Canopy was specifically created to enable business enterprise to evolve to Next Generation IT or cloud at their own pace.

 Canopy enables aggressive firms to immediately transition to cloud yet helps more cautious companies evolve their IT and slowly integrate into the cloud. Regardless of your technology roadmap, Canopy offers a comprehensive cloud platform with choice, flexibility and agility.

The research

The Cloud Altitude Report is based on a research study carried out by industry analyst Ovum. 300 senior IT decision makers were surveyed from medium to large scale enterprises in the US, UK and the Netherlands.

For more information:
Please contact **canopy@canopy-cloud.com**

canopy-cloud.com