

EXECUTIVE BRIEF

UK CLOUD ADOPTION TRENDS FOR 2015

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Underwritten by:

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This Executive Brief is a summary of the white paper: The Normalisation of Cloud in a Hybrid IT Market UK Cloud Adoption Snapshot & Trends for 2015

DEFINITION

- Hybrid IT is an approach to enterprise computing in which an organisation provides and manages some information technology (IT) resources in-house but uses cloud-based services for others.

KEY POINTS

- A 2014 survey of 250 senior IT and business decision makers across small to medium sized businesses and public sector organisations in the UK was commissioned by the Cloud Industry Forum (CIF). Its purpose was to reveal trends in the end user community with respect to adoption of cloud services.
- Of the surveyed organisations 20% had 5 to 20 employees and 8% had more than 5,000 employees. The remainder of the organisations fell in between with the largest percentile (26%) having 51 to 200 employees.
- The surveyed organisations operated in a variety of sectors from IT and technology (15%) to hospitality (1%).

IMPORTANT DATA

- The vast majority of organisations (79%) consider the cloud as part of their IT strategy. 72% of organisations consider the cloud when refreshing infrastructure. 61% of organisations run Windows Server 2003 for which support will terminate in July 2015.
- 78% of organisations report running IT with in-house staff. 22% use a managed service provider with the highest concentration of these among organisations with less than 20 employees.
- The survey found that the primary business objective in migrating to the cloud was increasing flexibility in access to technology (80%) and increasing speed of access to technology (79%).
- The major inhibitors to migrating services to the cloud were reported as lack of budget (37%) and investment in legacy systems (34%) followed by security and privacy concerns (31%) and difficulties integrating legacy systems with cloud services (27%).
- 75% of organisations surveyed stated that they had security concerns in migrating specific applications to the cloud. 59% reported concerns over data protection and 47% cited as a reason for not using cloud services that they had investments in on-premise systems.
- 9% of respondents reported cost savings in using cloud services but 18% anticipated cost savings in the next 5 years. The greatest number reporting expected cost savings were organisations with under 20 employees.
- 47% of organisations reported that they had a significant competitive advantage using cloud services. Among public sector organisations 71% reported that they had some advantage.
- Almost half the organisations surveyed that did not already use cloud services reported that they anticipated using cloud service applications within the next 12 months.

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IMPORTANT DATA

- 64% of organisations already using the cloud said that they expected to increase their use of cloud services over the next 12 months.
- 67% of organisations reported that the adoption of the cloud is driven by IT as a strategy while 33% believed that it was driven by business operation needs.
- 29% of public sector organisations reported that adopting cloud services resulted in reduction of IT staff. In the private sector only 13% reported this.
- 69% of companies who have adopted cloud services made use of a trial before purchase. This model was used the most in small businesses and public sector organisations.
- 55% of organisations do not anticipate migrating their full IT estate to the cloud. 8% reported that they would move their entire IT services to the cloud as soon as it was practical.
- 48% of respondents reported that their primary approach to IT was on-premise services. 10% reported that they were primarily thinking of the cloud and 41% said that they considered a hybrid mix of cloud and on-premise services as their primary approach.
- Primary reasons for not moving specific applications to the cloud were security concerns (75%), data protection considerations (59%) and prior investment in on-premise services (47%).
- Asked whether the NSA PRISM data scandal affected their concerns about data privacy most surveyed organisations (43%) responded that they were somewhat concerned. 11% said that they were significantly concerned and 5% said that they were extremely concerned.
- 56% of respondents said that the PRISM debacle did not cause them to do anything differently with regard to data privacy. 32% reported that they had changed the way that they secured information.
- Surveyed IT professionals and business leaders reported that they were required to store data in a specific location because they had concerns over security (70%), they were bound by regulation (52%) or the size of their database was incompatible with available bandwidth (40%).
- 43% of respondents said that they were required to store data on-premise. 44% said that they were required to store it in the UK.

NEW INSIGHT

- Only 2% of organisations using cloud services believed they had experienced a breach. This suggests concern over security is unfounded.

SUMMARY TREND

- Larger private businesses show the highest rate of cloud adoption at 80%. Of organisations with less than 200 employees 75% use cloud services. 68% of public sector organisations report that they use at least one cloud based service.
- Organisations primarily use hosted or cloud services for web services, email, CRM, data backup and data recovery. Lesser but significant use was reported by survey respondents for video conferencing, collaboration, HR, and data storage.

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**SUMMARY
TREND**

- First time cloud adoption by private organisations is driven by flexibility in delivery mode. Among public sector organisations cost savings is the major driver for cloud adoption.
- Hybrid IT, comprised of cloud services and on-premise architecture, is the norm among businesses. It is not now considered a transitional phase in full migration to the cloud. The majority of businesses will for the foreseeable future retain hybrid IT services.
- Most organisations prefer to work with Cloud Service Providers (CSPs) that are publicly certified and adhere to an industry code.

TAKEAWAYS

- Fear, uncertainty and doubt are rife in adoption of cloud services. Concerns range from data security, data privacy and data sovereignty to loss of control, dependency on internet access (bandwidth and availability) and contract lock-in.
- By the end of 2015 90% of UK businesses will be using at least one cloud service.
- Current users of cloud services will increase the number of applications they use especially in the light of refreshing IT replacing Windows Server 2003 in July 2015.
- Cloud services contracts will become standardised in dealing with data sovereignty and protection, service levels, liability and data recovery at the end of contract.
- Try-before-you-buy will become the norm for cloud services.
- Security concerns for cloud services raised by the PRISM event will not affect cloud adoption rates.

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The Cloud Industry Forum was established in 2009 to provide transparency through certification to a Code of Practice for credible online Cloud service providers and to assist end users in determining core information necessary to enable them to adopt these services.



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