

News Release

MEDIA CONTACTS:

Avanade: Charlie Zaragoza
(206) 239-5893
Charlie.Zaragoza@avanade.com

Edelman: James Boike
(206) 268-2213
James.Boike@edelman.com

GLOBAL STUDY: RECESSION HAS LITTLE IMPACT ON CLOUD COMPUTING ADOPTION; C-LEVEL EXECUTIVES, IT DECISION MAKERS REPORT MORE THAN 300 PERCENT INCREASE IN PLANNED USE

Companies Choosing Hybrid Path to Cloud Adoption; U.S. Adoption Faster than Global Counterparts

SEATTLE—October 21, 2009—Cloud computing is no longer just a buzzword. A recent study commissioned by Avanade, a business technology services provider, shows a 320 percent increase over the past nine months in respondents reporting that they are testing or planning to implement cloud computing. This is the first data that indicates a global embrace of cloud computing in the enterprise.

The study also found that while companies are moving toward cloud computing, there is little support for cloud-only models (just 5 percent of respondents utilize only cloud computing). Rather, most companies are using a combination of cloud and internally owned systems, or hybrid approach.

“For very large organizations, the hybrid approach is logical and prudent,” said Tyson Hartman, global chief technology officer at Avanade. “No one is going to rip and replace decades of legacy systems and move them to the cloud, nor should they. Additionally, at this stage of cloud computing maturity, not every computing system is appropriate for the cloud.”

This study is the second large-scale survey of cloud computing adoption, surveying more than 500 global C-level executives and IT decision makers in 17 countries comparing attitudes from an earlier study this year. Other key findings in the September 2009 survey show:

- The worst recession in decades has had little impact on the implementation of cloud computing. More than 70 percent of companies report that the economic downturn has either helped (13 percent) or had no effect (58 percent) on efforts to implement cloud computing.
- Companies are under equal pressure to innovate and save money and, many are turning to new technology as a way to do this. The vast majority of respondents (85 percent) report that their company’s rate of new technology adoption is either increasing or staying the same (83 percent in the United States).
- In the United States, companies are embracing cloud computing at a higher rate, despite a more cost-conscious mindset. More than 23 percent of U.S. companies are beginning to plan and test the use of cloud computing (compared to 10 percent globally).
- More broadly, global companies reporting no plans to adopt cloud computing have declined to 37 percent from 54 percent. The gap between companies planning or testing cloud computing and those with no plans to implement is shrinking quickly from nine months ago. Companies now planning or implementing cloud computing have more than tripled to 10 percent of global respondents.

“It is clear that cloud computing is not an all-or-nothing proposition. There is an adoption curve that is taking place. Companies are moving to take advantage of the cost savings and flexibility that cloud computing brings to the enterprise,” said Hartman.

Online Services Gaining Momentum

Another important finding of the survey is that online services, such as software as a service (SaaS), are quickly gaining acceptance. This online services model is beginning to fundamentally change how IT

services are consumed and provisioned in large organizations. More than half of respondents report that they are currently using SaaS applications. In the United States, that number increases to more than two-thirds (68 percent).

“For businesses, this trend toward software as a service has distinct business benefits including increased operational elasticity, IT cost reductions and increased connection with various stakeholders,” Hartman said.

While SaaS is making major inroads, nearly one-third (30 percent) of respondents reported more than a day of business had been lost due to a service outage. Despite that issue, SaaS is seen as a resounding success globally—93 percent of companies view their experience as successful. Other key SaaS findings show:

- The majority of respondents say they have been using SaaS for a year or less (60 percent).
- Globally, there is a 2:1 ratio of respondents who prefer SaaS delivered internally (or as private services) versus from third-party service providers. There is an even greater disparity in the United States, with a 4:1 ratio in favor of internal SaaS deployments.
- And, although the technology may be new to most users, one-third report using three or more SaaS providers.
- Finally, nearly two-thirds of respondents (more than 62 percent) are looking to increase their use of SaaS over the next year.

“From our viewpoint—based on the work we’ve done with customers and what the research reinforces—the future of cloud-based solutions lies in this hybrid approach of using cloud and internally owned systems. In the same way that email and the Internet have permeated businesses with early resistance, SaaS and cloud will continue to take hold,” Hartman said.

About Avanade

Avanade provides business technology services that connect insight, innovation and expertise in Microsoft technologies to help customers realize results. Avanade’s services and solutions help improve performance, productivity and sales for organizations in all industries. The company applies Microsoft expertise from its global network of consultants, drawing on the right mix of onshore, offshore and nearshore skills, which together are designed to help deliver results faster, at lower cost and with less risk. Avanade, which is majority owned by Accenture, was founded in 2000 by Accenture and Microsoft Corporation and serves customers in more than 20 countries worldwide with more than 8,600 professionals. Additional information can be found at www.avanade.com.

About the Survey

The Cloud Computing survey was conducted by Kelton Research, an independent research firm, between August 26, 2009, and September 11, 2009, on behalf of Avanade. The 502 respondents include C-level executives, business leaders and IT decision-makers from 16 countries in North America, Europe and Asia-Pacific. For more information on this study and Avanade’s cloud computing expertise, please visit http://www.avanade.com/people/thought_detail.aspx?id=79.

Avanade and the Avanade logo are registered trademarks or trademarks of Avanade Inc. Other product, service, or company names mentioned herein are the trademarks or registered trademarks of their respective owners.

###

