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**NEW RESEARCH: CLOUD COMPUTING SEEN AS A VIABLE OPTION BUT
70 PERCENT OF AUSSIE BUSINESSES HAVE NO PLANS TO ADOPT THIS YEAR**

SYDNEY – 24 February, 2009 – The vast majority of Australian business and IT executives believe that cloud computing is a viable technology option to cut costs and improve business flexibility, but 70 percent have no plans to adopt it within the next 12 months, according to new research commissioned by Avanade.

Despite the majority having resisted this new technology, of the 20 percent of companies surveyed that were using cloud-based systems, nearly half (44 percent) had increased their usage as a result of today's economic downturn after seeing the significant benefits it can bring.

The global survey, conducted by an independent market research firm, interviewed more than 500 C-Level and IT executives in 17 countries in North America, Europe and Asia about their attitudes and concerns around using cloud computing.

Although there was widespread recognition that cloud computing was a real technology option (69 percent) rather than 'hype' and despite growing evidence that cloud-based systems have the potential to lower costs, the study revealed that most companies were reluctant to move away from their internally owned and managed IT systems.

The survey found that the vast majority of Australian companies (80 percent) were not using cloud computing systems at this time. Furthermore, it confirmed that the large majority (70 percent) of those that currently depend on internal IT systems had no plans to switch to cloud-based technologies in the next 12 months.

"Our experience is that most enterprises are contemplating cloud computing in a strategic sense, but are not yet ready to implement. The survey results confirmed this, highlighting fears about security and loss of control over systems and data," said Craig Dower, Managing Director, Avanade Australia. "This echoes the adoption of many fundamental technologies that have become widely used in the enterprise, including the

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Internet, email and instant messaging. In each of those cases security and loss of control threatened adoption. Cloud computing is no different.”

Importantly, in this economic environment, costs were not a high barrier to change. The majority of Australian executives who took part in the survey (73 percent) indicated that they were turning to new technologies to cut costs and remain competitive, rather than cutting back on their technology uptake to save money.

“By turning to cloud computing for certain technology needs, instead of owning and managing all IT systems, companies can gain the ability to free up resources to focus on strategic business initiatives - helping them serve customers better, improve business performance and win market share,” said Mr. Dower.

While companies were concerned with security and data protection with cloud-based systems, the study also revealed that business and IT leaders recognised the benefits of cloud computing for saving money and building a flexible IT infrastructure. Respondents recognised that cloud computing allows companies to:

- Focus on the core business (51 percent)
- Improve their ability to be flexible (58 percent)
- Decrease upfront IT costs (capital expenditures) (51 percent)

“Cloud computing will be part of the next wave of IT evolution. Ignoring the cloud won’t make it go away. Companies need to continually consider and embrace new technologies in order to remain competitive in this global market. Our mission is to help them navigate this change and realise the benefits of these new technology options, at a pace that makes sense for them,” said Mr. Dower.

Overview of key local findings:

- 73 percent of Australian respondents were familiar with the term cloud computing compared to 61 percent worldwide.
- C-level executives and IT decision makers agreed that cloud computing was a viable technology option (69 percent).
- 73 percent of those surveyed were likely to adopt rather than cut back on new technologies in this uncertain economic environment.
 - 44 percent stated cutting costs as the key reason and 29 percent stated the key reason as staying ahead of the competition.
- Of those companies that used some form of cloud computing, 44 percent reported that they had increased their investment in the technology as a result of the economic downturn.
- 62 percent of those surveyed reported security as a concern when it comes to using software offered over the internet and 56 percent reported loss of control over sensitive company documents or data as a concern.
- 80 percent of companies were not using cloud computing systems at this time.

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- 70 percent had no plans to adopt cloud computing within the next 12 months.
- 25 percent of companies indicated that their company was likely to begin using cloud computing in the next 6-12 months.
 - 6 percent of companies were beginning to plan or test cloud computing.
- 78% of companies that had migrated to cloud computing technologies used it to manage and deliver business applications such as CRM.
 - 78% of respondents were using cloud computing for collaboration sites such as wikis.
 - 67% were using cloud for email such as hotmail and Gmail.
 - 56% were using cloud for HR services like recruitment management.
 - 44% of respondents were using cloud computing for data storage.

About Avanade

Avanade is a global IT consultancy dedicated to using the Microsoft platform to help enterprises achieve profitable growth. Through proven solutions that extend Microsoft technologies, Avanade helps enterprises increase revenue, reduce costs and reinvest in innovation to gain competitive advantage. Avanade consultants deliver value according to each customer's requirements, timeline and budget by combining insight, innovation and the talent of our global workforce. Avanade, which is majority owned by Accenture, was founded in 2000 by Accenture and Microsoft Corporation. Avanade has more than 9,000 professionals serving customers in 22 countries worldwide. Additional information can be found at www.avanade.com.

About the Survey

The 2009 Cloud Computing survey, conducted by Kelton Research, interviewed 502 C-level executives and IT decision makers across 17 countries in North America, Europe and Asia-Pacific. For more information on this study and Avanade's cloud computing expertise, please visit www.avanade.com.

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