

**Global Study:
Hybrid Cloud – From Hype to Reality**



Executive summary

Technology has gained critical mass in enterprises in several ways. Historically the IT department, with clear orders and budget from the CIO, would buy, deploy and strictly control any technology used by employees. Then the “[Consumerization of IT](#)” brought consumer technologies into the workplace that were cheaper, more mobile and easier to manage, and the era of BYOD (Bring Your Own Device) began.

What Exactly is Hybrid Cloud?

The U.S. National Institute of Standards and Technology defines hybrid cloud as being composed of two or more distinct cloud infrastructures (public, private or community) that remain unique entities, but are bound together by technology enabling data and application portability.

Now we see a third pattern of technology adoption in the enterprise, this time driven by C-level executives. These executives, who are outside of IT, [manage up to 37 percent of technology budgets](#) and they aren’t concerned with controlling technology use or managing their own personal technologies. They are, however, focused on championing select new technologies, which they believe offer a competitive advantage and help their organization focus on issues that are core to growing the business and improving the customer experience.

Our research shows hybrid cloud falls squarely in this last adoption pattern. Indeed, new data shows C-suite optimism is propelling hybrid cloud adoption toward a tipping point in the next three years.

Avanade’s “Hybrid Cloud: From Hype to Reality,” a global study of 1,000 C-level executives, business unit leaders and IT decision-makers, shows that businesses of all sizes, in all geographies, claim interest in adoption of hybrid cloud. However, there is much confusion about the potential that hybrid cloud solutions offer, and the approach needed to make this aspiration a reality. Despite the confusion, companies are overwhelmingly optimistic about the promise of hybrid cloud and its strategic value to the business, with 69 percent of respondents believing that it should be one of the biggest areas of focus for their company in 2015.

Key findings from the research include:

- **Companies the world over expect that a majority of their applications and services will be deployed in a hybrid cloud environment within three years.**
- **Within that same timeframe, an overwhelming majority of companies indicate that they would move some of their most critical business applications – data and analytics, office applications and customer-facing services – to a hybrid cloud solution.**

But that doesn’t mean the road to get there will be easy. Companies will need to confront a number of barriers to adoption, including security and privacy concerns as well as costs and skills needed to implement. Most importantly, companies will need to shift away from using cloud solutions reactively, and instead develop a strategy that enables them to tap into the speed, scale and efficiency that cloud can offer.

For IT professionals globally, playing a key role in developing a hybrid cloud strategy represents an opportunity to align with C-level strategic priorities. Hybrid cloud’s inherent flexibility and ability to be customized to an organization’s unique requirements will give IT a better control point to guide enterprise adoption of cloud services – and in doing so, provide greater value for the business.

Read on for a full analysis of the findings from Avanade’s global study.

75 percent of respondents in the C-suite agree that implementing a hybrid cloud strategy should be one of their biggest areas of focus in 2015.

Highlights

Avanade's global study, "Hybrid Cloud: From Hype to Reality" shows that C-level executives have strong interest in, and adoption plans for, hybrid cloud in the next one to three years. And other respondents – business managers and IT decision-makers – overwhelmingly agree that hybrid cloud will be a focus for their companies in 2015. Even though the journey to hybrid cloud has potential barriers in costs, control and security, hybrid cloud offers IT departments and business managers the opportunity to pursue business advantage, drive growth, and perhaps most importantly, align their operations with the strategic priorities defined by the C-suite.

Tipping point for hybrid cloud adoption

Public cloud has historically been adopted by lines of business and end users rather than implemented as a strategic IT initiative. However, with hybrid cloud, interest and adoption appear to be driven in particular by C-suite optimism:

- 72 percent of C-level respondents say they'd be likely to adopt a hybrid cloud solution within the next three years. This planned adoption rate for C-level executives is 14 percentage points higher than that of IT leaders.
- 76 percent agree that in the same timeframe, more critical applications for their businesses – including data and analytics, office applications and customer-facing services – will be hosted on hybrid cloud than on public cloud services.

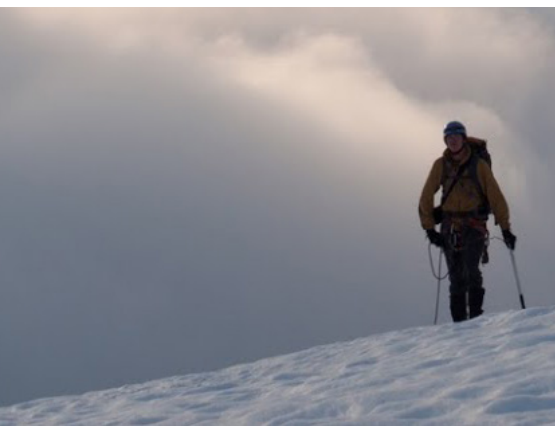
More broadly across the organization, 65 percent of companies would downsize all their data centers *tomorrow* in favor of public or hybrid cloud-based solutions if this were possible.

At the same time, there continues to be much confusion about the real potential that hybrid cloud offers. When presented with a list of four factual statements about hybrid cloud, more than half (55 percent) of C-level executives, business unit leaders and IT decision-makers were unable to identify all the basic attributes of hybrid cloud. Even IT decision-makers, who should be closest to the issue, are confused. So what are the most misunderstood facts about hybrid clouds among all stakeholders?

- 65 percent didn't know that hybrid cloud provides the ability to burst (scale up and down) as needed.
- 61 percent didn't know that hybrid cloud can include multiple public clouds, enabling the placement of workloads on the lowest-priced cloud solution.
- 54 percent didn't know that hybrid cloud includes distinct public and private clouds.

Real or perceived security and privacy concerns

When cloud computing was introduced, companies took time to adjust. Many were confused about what the cloud was, and whether or not they could trust it. As hybrid hype becomes a business reality, what are the likely challenges on the road to hybrid?



Whether real or perceived, security and privacy concerns are the biggest barriers to adoption and implementation of cloud solutions today. More than half (53 percent) of respondents see security as a barrier to implementation of hybrid cloud. However, while many companies have their reservations, confidence in cloud security is growing rapidly. In fact, 60 percent of respondents admit that public cloud solutions are more secure now than they were three years ago. And when asked which was more secure for hosting their company's applications and data, 61 percent named cloud-based or some combination of cloud-based solutions, over on-site data centers.

In reality, because hybrid cloud is inherently flexible and customizable to an organization's requirements, it may in fact better mitigate security concerns and other issues that are slowing adoption and implementation.

Potential to generate competitive advantage if the organization is ready

Despite concerns about the barriers to implementation, organizations—and the C-suite in particular—are optimistic about the promise of hybrid cloud and its ability to differentiate them from the competition. Consider, for instance, that 77 percent of C-level leaders believe hybrid cloud will give them a competitive advantage and 76 percent believe it will allow them to focus on core growth opportunities. Three-quarters (75 percent) of respondents in the C-suite agree that implementing a hybrid cloud strategy should be one of their biggest areas of focus in 2015.

More than one-third of respondents (39 percent) indicate that customization and flexibility were advantages of hybrid cloud over public-only cloud, with nearly half (47 percent) of C-level respondents recognizing this benefit. Improved security (cited by 38 percent) and improved user experience (29 percent) were also acknowledged as significant advantages of hybrid cloud over public-only models.

At the same time, there are differing views on organizational readiness including the lack of a strategic adoption plan. In fact, 58 percent of respondents currently do not have a hybrid cloud strategy in place. But there's more. Even those companies with a hybrid cloud strategy don't have defined steps for implementing cloud-native applications (73 percent), application migration (64 percent) or even a cloud management platform (63 percent).

Empowering IT departments

The C-level optimism that's driving interest and adoption of hybrid cloud also offers a unique opportunity for IT professionals. Avanade's April 2014 [IT Without Boundaries](#) report showed technology budgets and decision-making migrating away from IT departments and IT taking on new roles in the enterprise. In an increasingly digital world, companies now expect IT to look inside and outside the organization to identify new innovative technologies that will enable better business results.

Hybrid cloud is no different. Today, most companies are not yet developing applications to truly leverage cloud-native capabilities. Indeed, 71 percent of companies are simply using the cloud infrastructure to run existing applications. IT professionals therefore have an opportunity to align themselves more closely with their organizations' strategic priorities and help their organizations realize the true benefits of cloud solutions.

A majority of respondents admit that public cloud solutions are more secure now than they were three years ago

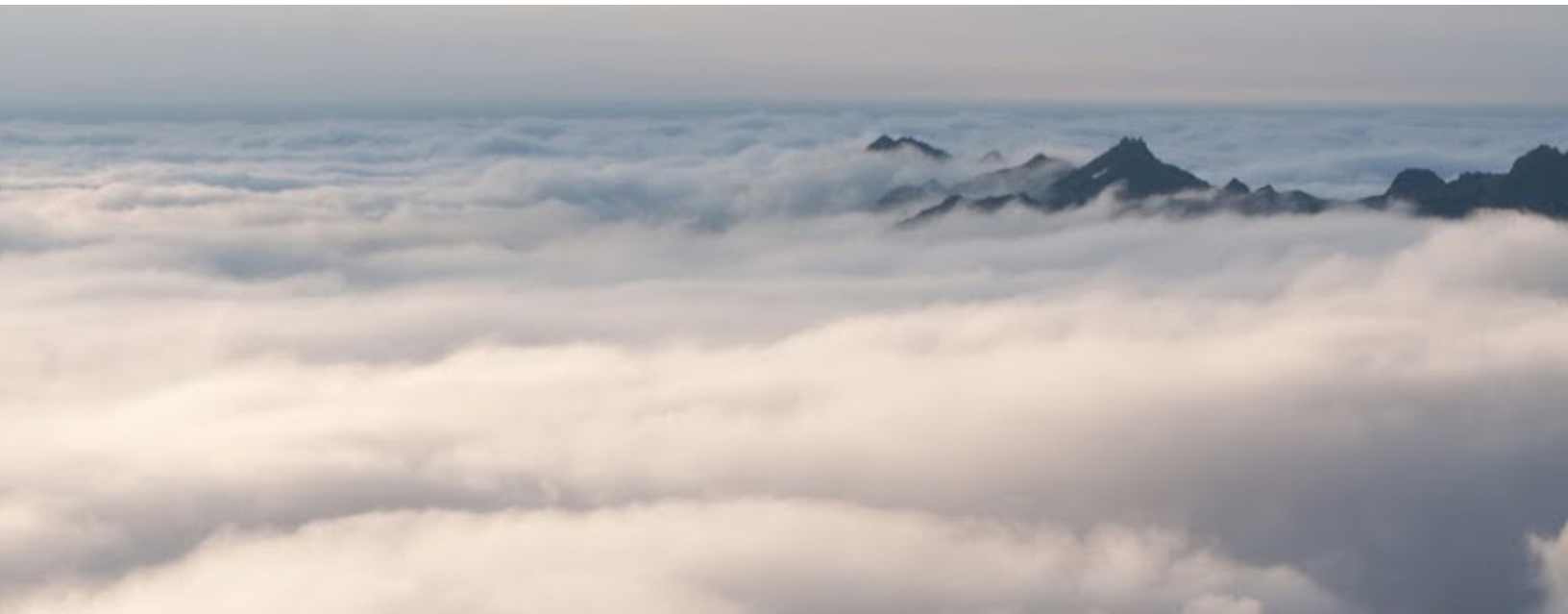
Views from an IT adviser

It's clear that cloud computing continues to disrupt and transform the way organizations work in the digital world.

Avanade believes that with improvements in security and privacy over the last three years, hybrid cloud is now poised to move from hype to reality, offering companies a competitive advantage that better positions their organizations to grow in the future.

There is much to be done of course. Confusion remains about the true potential of hybrid cloud; most companies have not yet developed a hybrid cloud strategy; and many are simply using the cloud infrastructure to run existing applications.

Using the building blocks of cloud today including Microsoft Office 365 and Azure, Avanade can help organizations build a hybrid cloud strategy for tomorrow, which will provide the speed, scale and efficiency needed to become a digital business. Find out more about Avanade's cloud story [here](#).



TWEET THIS!

Key findings from Avanade's global study "Hybrid Cloud: From Hype to Reality" included the following:

Click to tweet



69 percent of executives believe that hybrid cloud should be one of the biggest areas of focus for their company in 2015. C-level executives lead this charge with 75 percent calling it a focus area in 2015.

Click to tweet



73 percent agree that adopting a hybrid cloud solution will give their organization an edge over competitors.

Click to tweet



71 percent of companies are simply using their cloud infrastructure to run existing applications, meaning that they are not realizing the speed, scale and efficiencies that cloud solutions offer.

Click to tweet



Confidence in cloud security is growing rapidly. 60 percent of respondents agree that public cloud solutions are more secure than they were three years ago.

Survey Methodology

The Avanade research was conducted by Wakefield Research (www.wakefieldresearch.com) as an online survey to 1,000 C-level executives, business unit leaders and IT decision-makers in the following countries: 55 interviews in Australia, 20 interviews in Belgium, 100 interviews in Brazil, 100 interviews in Canada, 30 interviews in China, 20 interviews in Denmark, 20 interviews in Finland, 100 interviews in France, 100 interviews in Germany, 50 interviews in Italy, 30 interviews in Japan, 45 interviews in Malaysia, 20 interviews in the Netherlands, 20 interviews in Norway, 60 interviews in Singapore, 20 interviews in South Africa, 40 interviews in Spain, 20 interviews in Sweden, 10 interviews in Switzerland, 40 interviews in the United Kingdom, and 100 interviews in the United States. The survey was conducted between October 8 and 23, 2014 using an email invitation and an online survey.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 3.1 percentage points for the total sample from the result that would be obtained if interviews had been conducted with all persons in this universe represented by the sample.



About Avanade

Avanade helps customers realize results in a digital world through business technology solutions, cloud and managed services that combine insight, innovation and expertise focused on Microsoft technologies. Our people have helped thousands of organizations in all industries improve business agility, employee productivity and customer loyalty. Avanade combines the collective business, technical and industry expertise of its worldwide network of experts with the rigor of an industrialized delivery model to provide high quality solutions using proven and emerging technologies with flexible deployment models—on premises, cloud-based or outsourced. Avanade, which is majority owned by Accenture, was founded in 2000 by Accenture LLP and Microsoft Corporation and has 22,000 professionals in more than 20 countries. Additional information can be found www.avanade.com.

© 2014 Avanade Inc. All Rights Reserved.

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.

