

CONTACTS:

Janessa Rivera
Gartner
+ 1 408 709 8220
janessa.rivera@gartner.com

Robert van der Meulen
Gartner
+ 44 (0) 1784 267 892
rob.vandermeulen@gartner.com

Gartner Says the Road to Increased Enterprise Cloud Usage Will Largely Run Through Tactical Business Solutions Addressing Specific Issues

***Three Factors Will Significantly Impact Enterprise Cloud Adoption in the Near to Midterm Future
Cloud Strategies Will Be Discussed at Gartner Outsourcing & Strategic Partnership Summit 2013,
9-10 September, in London***

STAMFORD, Conn., August 29, 2013 — Although the use of cloud services is growing faster than the overall enterprise IT market, it is still a small part of overall IT spending, according Gartner, Inc. A recent Gartner survey on the future of IT services found that only 38 per cent of all organisations surveyed indicate cloud services use today. However, 80 per cent of organisations said they intend to use cloud services in some form within 12 months, including 55 per cent of the organisations not doing so today.

Gartner conducted a survey of 651 organisations across nine countries to understand end-user organisations' use of external service providers for IT services. The objective was to better understand how organisations are shifting from the use of traditional technology products to new technology delivered as cloud services.

"Given that the use of cloud services currently constitutes only a very small part of the vast enterprise IT market, strategic planners should not make the mistake of taking current cloud use cases to be predictors of future cloud use," said Gregor Petri, research director at Gartner. "Cloud computing is set to have a considerable impact on business in the future which is reflected in the survey finding that around 60 per cent of organisations plan increased investment over the next two years to five years, while only 6 per cent plan to decrease investments in cloud services."

Mr Petri highlighted three key factors that will significantly impact enterprise cloud use in the near to midterm future. The first of these is the fact that the road to increased cloud usage will be through tactical business solutions addressing specific problems, not through broad, strategic infrastructure replacements. Today's cloud market is still very much formed by early adopters and innovators addressing specific use cases. Market adoption of high-tech services and solutions typically does not develop from early adopters to the majority market in a straight line, and also for cloud computing we will see distinct differences in how the next wave of buyers will adopt new solutions.

A second factor that Gartner said will influence cloud uptake is the reality that the business impact of cloud services increases as they continue to move up the cloud services value chain, from infrastructure services to business process services.

"While rehosting, recoding or recompiling existing applications to run on infrastructure as a service (IaaS) or platform as a service (PaaS) cloud services may have limited impact on the rest of the organisation, replacing existing applications with higher level cloud services will have a much bigger impact on the way organisations organise their business processes to serve their customers," said Mr Petri. "The impact becomes even larger once companies start to explore the new possibilities cloud services offer to

reimagine the way they service their customers. This reimagining can entail replacing traditional offerings with completely digital services and products."

The final factor impacting enterprise cloud use is that the introduction of cloud solutions will lead to a more diverse solution portfolio with widely varying implementation and migration timelines. Individual applications can be rehosted to run on IaaS, recoded or recompiled to run on PaaS, replaced with corresponding SaaS applications or the business process can be resourced altogether. The life cycle of these cloud services can vary from months to decades with implementation timelines being impacted by several factors including the availability of alternatives, the degree of business criticality, and the complexity of the workloads.

The market potential of the use case is also an important factor. In some cases, highly critical and complex applications may actually be the first to be moved to cloud computing, especially if those applications are broadly used and thus form an attractive provider opportunity. This wide variety of timelines and approaches leads to a complex reality, with many different resource requirements, benefits profiles and potential outcomes, all needing to be individually planned, managed and monitored. This, in turn, makes cloud computing a quickly developing field with many unknowns and uncertainties and little shortcuts of silver bullets.

More detailed analysis is available in the report "Three Factors Will Significantly Impact Enterprise Cloud Use in the Near to Midterm Future." The report is available on Gartner's web site at <http://www.gartner.com/resId=2568317>.

Mr Petri will discuss cloud migration strategies at the Gartner Outsourcing & Strategic Partnerships Summit 2013, held from 9-10 September in London, UK (www.gartner.com/eu/outsourcing). Members of the media can register for the UK event by contacting laurence.goasduff@gartner.com.

Information from the Summit will be shared on Twitter at http://twitter.com/Gartner_inc using the hashtag #GartnerOUT.

About the Gartner Outsourcing & Strategic Partnerships Summits 2013

Disruptive forces (cloud, social, mobile and information) have created a new imperative for organisations' sourcing strategies to evolve. At the Summits, Gartner analysts will help delegates shape strategies that effectively align with their business and strategic partners, and tailor approaches to develop innovative sourcing strategies, contracts and relationships.

About Gartner

Gartner, Inc. (NYSE: IT) is the world's leading information technology research and advisory company. Gartner delivers the technology-related insight necessary for its clients to make the right decisions, every day. From CIOs and senior IT leaders in corporations and government agencies, to business leaders in high-tech and telecom enterprises and professional services firms, to technology investors, Gartner is a valuable partner in more than 13,000 distinct organizations. Through the resources of Gartner Research, Gartner Executive Programs, Gartner Consulting and Gartner Events, Gartner works with every client to research, analyze and interpret the business of IT within the context of their individual role. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, USA, and has 5,500 associates, including 1,402 research analysts and consultants, and clients in 85 countries. For more information, visit www.gartner.com.

###