



Stratus Technologies Joins North Bridge Venture Partners, GigaOM Research and Industry Collaborators to Unveil Results of 2013 Future of Cloud Computing Survey

Maynard, MA – June 19, 2013 – Stratus Technologies, the leading provider of high availability solutions, today announced its role as a collaborator in releasing the results of the third annual Future of Cloud Computing Survey, conducted by North Bridge Venture Partners, GigaOM Research and supported by 56 other collaborating organizations. This year's survey is the largest to date, examining viewpoints on drivers, inhibitors and opportunities in cloud computing across a sample of 855 respondents, including business users, IT decision makers and cloud vendors. More than a third of respondents were C-level executives within their organizations.

Cloud adoption continued to rise in 2013, with 75 percent of those surveyed reporting the use of some sort of cloud platform – up from 67 percent last year. That growth is consistent with forecasts from GigaOM Research, which expects the total worldwide addressable market for cloud computing to reach \$158.8B by 2014, an increase of 126.5 percent from 2011.

This year's survey finds several important shifts in why and how cloud computing is being used, obstacles to adoption, where cloud decision-making resides within organizations, and how the vendor landscape is changing. It also serves as a barometer for the industry's progression.

"Enthusiasm for the cloud continues to grow, moving beyond historical concerns such as security. But, what is also clear from this year's results is for cloud adoption to continue accelerating beyond its current pace, companies are going to be looking to vendors to enable always-on infrastructures that support their more critical business applications in this new environment. Companies need to take a hard look at which applications they are putting in the cloud, then, consider what's involved in managing this shift from a resource, skillset, cost and complexity standpoint. We know first-hand these considerations are not a one-size-fits-all answer and rewriting applications for the cloud will not be the solution many cases." – *Dave LeClair, Senior Director of Strategy at Stratus Technologies.*

Survey Highlights

- **Business is driving cloud adoption:**
 - Organizations average 52% current use of applications that advance business priorities, compared with an average 36% that use applications that advance IT priorities – underscoring the increasing value placed by organizations on facilitating the delivery of services beyond IT via the cloud
 - Of the 16 cloud application areas tracked (8 business cloud applications and 8 IT cloud applications), 4 business cloud applications (file sharing, business productivity, CRM/marketing and social business/collaboration) are in use by more than half of all organizations, yet not a single IT cloud application is in use by more than half of all organizations
 - Still, going forward respondents stated that 6 out of the top 7 fastest areas of growth in cloud applications will be in IT areas: Big Data, mobile, systems management, backup/DR/BC, helpdesk and security
 - Over two-thirds (68%) see greater migration to the cloud as bringing equal or better total cost of ownership (TCO) to the organization
- **Software-as-a-Service (SaaS) leads but fastest growth is in Infrastructure-as-a-Service (IaaS), which will give way to Platform-as-a-Service (PaaS) in five years:**
 - SaaS remains the most popular form of cloud service, used by 63% of organizations, up from 55% last year
 - However, the fastest growth today is in IaaS, with usage rising from 35% to 45%, a 29% increase over the prior year
 - The top cloud companies cited are brand name, infrastructure players, including Amazon, Microsoft, Google and Rackspace, but 300 companies had less than 2% of responses each, indicating that there are a large number of up and coming companies, and no single company has captured all of the momentum
 - Meanwhile, platform-as-a-service (PaaS) is forecast to grow the fastest in the next five years, with 72% of respondents expecting to use PaaS in their organization within that time
- **Agility and scalability are the primary drivers for cloud adoption. However, the need for cloud services to support mobility and the ability for continuous innovation to drive competitive advantage through more integrated business processes are all key drivers for the future.**
 - More than half of respondents cited business agility (54.5%) and scalability (54.3%) as the main drivers
 - Cost is close behind with 48% citing it as a driver

- Mobility is the next major driver with a quarter of the respondents recognizing that mobility is powered by cloud services
 - And innovation (22%) as delivered continuously from the cloud is ultimately leading to competitive advantage (14%)
 - Cloud APIs are also cited as important this year as users look to move beyond stove pipe applications to more integrated business services
- **Security is starting to lose its label as the primary inhibitor to cloud adoption as other significant adoption issues arise:**
 - Though still the top inhibitor, security is declining year-over-year from 55% of respondents in 2012 to only 46% in 2013
 - At least as important to security, 46% described the management of IT as “more complex” with the growing use of cloud components, reflecting the immaturity of the cloud stack
 - Vendor lock-in (35%) and Interoperability (27%) continue to weigh on customer’s minds as they look for best of breed choices in the schism between a few large players and the long tail of alternative emerging vendors
 - Reliability (22.3%) and complexity (21%) were among the top inhibitors, reflecting real world obstacles to an “always-on” services infrastructure
 - Additional inhibitors include regulatory compliance (30%) and privacy (26%)
 - Cost is up sharply as a perceived barrier - almost 50% year-over-year – and is now cited by 28% of respondents as all of the above factors weigh in
- **Challenges to IT present opportunity:**
 - In response to the inhibitors to cloud adoption, a majority of respondents (55%) expect hybrid or multi-cloud providers to emerge to challenge the current cloud ecosystem in the next 2-3 years
 - In five years, more than three-quarters (76%) of respondents expect hybrid clouds to be the core of their cloud strategies overtaking public and private clouds
 - Nearly 40% of respondents expect to increase their training investment to support a cloud computing expansion in their organization
 - Despite the rise of cost as an inhibitor, surprisingly, more than half (53%) of respondents are neither tracking nor recording service costs

Supporting Quotes:

Michael Skok, General Partner, North Bridge Venture Partners

“Clearly, even in the 3rd year of our survey, we’re still very early in the cloud-computing revolution. Yet the [cloud formations](#) we identified in last year’s survey are clearly on an unstoppable rise. Self-empowered consumers and businesses are taking the lead, and in many instances,

regardless of IT. But IT is investing heavily both adapting internal infrastructure and adopting public infrastructure to respond on demand while managing the inevitable issues of compliance and regulation through hybrid approaches. And to realize the promise of the cloud, there is a clear call for the industry as a whole to help reduce complexity, and provide better interoperability.”

Describing a vision of Bring Your Own Cloud services (BYOC) and the new reality of what Skok calls “Boundary-less” computing and “Out-servicing” he continued:

“Cloud services are being adopted and used in a “boundary-less” way where users are seamlessly integrating them at home and work across all their devices. And in an increasingly mobile pattern of business today companies are compelled to accept and adopt this BYOC model. In fact businesses themselves are adopting the boundary-less approach as they look to disintermediate and squeeze money from their value chains, focus on their core competencies and “out-service” (outsource non-core services) via the cloud. With all this in mind they are looking to gain competitive advantage from a core benefit of the cloud, namely continuous innovation by passing it along to their customers in the form of faster time to market and responsiveness to market needs.” (For more including industry predictions, see [link to mjskok.com] blog post.)

David Card, Vice President of Research, GigaOM

"Technology buyers expect cloud adoption will make managing IT increasingly complex, yet the plurality also expect overall better cost of ownership. That's either wishful thinking or an intriguing opportunity for suppliers and systems integrators."

Supporting Links:

[Survey Results](#)

[Survey Results Blog](#)

[Twitter](#)

About Stratus Technologies

Stratus delivers uptime assurance for the applications its customers depend on most for their success. With its resilient software and hardware technologies, together with proactive availability monitoring and management, Stratus products help to save lives and to protect the business and reputations of companies, institutions, and governments the world over. To learn more about worry-free computing, visit www.stratus.com.

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About North Bridge:

Established in 1994, North Bridge is an active partner for early-stage entrepreneurs, providing seed-to-growth financing for innovative companies looking to disrupt big markets. North Bridge partners, many founders themselves, work with entrepreneurs to apply their expertise in the creation, operation and scaling of market-leaders. The firm has offices in Boston, Massachusetts and Palo Alto, California. To learn more about North Bridge go to www.northbridge.com.

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