# Enterprise Cloud Services – Annual Report 2015: "Contracting Remains Cloudy"

Cloud and Infrastructure Services
Annual Report: March 2015 – Preview Deck


EGR-2015-4-PD-1434

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1 Banking, financial services, and insurance

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# Background and scope of the research

**Background of the research**

- This research analyzes cloud adoption across global service engagements from 2011 to 2014. It provides the global cloud services market size and insights into the prevailing trends and developments in cloud adoption from infrastructure and application perspectives
- The report primarily focuses on cloud infrastructure transformation, application transformation, and application implementation. It will be useful to the buyers of IT services to understand the key usage of cloud models within enterprises and benchmark them against relevant industries, peer sizes, geographies, etc.
- It will also be useful to the cloud service providers to analyze their roles, drivers of cloud adoption, leading industries, and buyer types, and then design their offerings accordingly
- This research does not focus on the stand-alone deployment of cloud solutions by a buyer's internal team (e.g., SaaS[1] implementation), but analyzes those deals that involve global service providers offering cloud-related services

**The scope of the analysis includes:**

- Overview of the cloud deal trends from 2011 to 2014
- Analysis of cloud trends
  - Deployment models and use cases
  - Buyer adoption (by cloud deployment model, geography, industry, and size)
  - Roles played by cloud service providers
- Key challenges faced by enterprises while adopting cloud services
- Outlook for 2015-2016

1 Software-as-a-Service

# Summary of key messages (page 1 of 2)

With enterprises increasingly realizing the potential of cloud services in terms of business agility and operational efficiency, cloud has now become an integral part of enterprises, and its adoption has hit a "steady state". However, cloud adoption is not turning out to be a completely smooth sailing for enterprises, as significant concerns around cloud contracting transparency, security, and vendor lock-in continue to persist.

This research provides fact-based trends impacting the cloud services market. It analyzes multiple aspects such as overall cloud service market size and growth estimates, deal size, cloud deployment trends, buyer adoption trends, and outlook for 2015-2016. Buyers will gain by understanding these trends and evolving their sourcing portfolio accordingly. Service providers will benefit by aligning their strategy to cater to these trends.

**Some of the findings in this report, among others, are:**

**Major highlights and key trends**

- Cloud contract evaluation has become a painful exercise for enterprises due to the vast variations in the pricing, configuration, and service clauses in the contracts offered by different service providers
- Enterprises are still confused with the elementary question – what do the terms "cloud platforms" and "PaaS" actually mean?

**Cloud engagements: Overview**

- In 2014, about 11% of the global services engagements signed included cloud-based delivery
- Realizing the contracting flexibility provided by cloud, enterprises are mostly committing to medium-term deals, thereby looking to prevent technology lock-in

**Deployment trends**

- Buyers continue to hold back from transforming their existing applications landscape and leveraging cloud principles to the extent they ideally should
- Increasing focus on business agility is pushing enterprises to move business-critical workloads to the cloud



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# Summary of key messages (page 2 of 2)

**Buyer adoption**

- Continental Europe led cloud services adoption in 2014
- Increasing internet of things (IoT) and smart metering adoption within the Energy & Utilities vertical resulted in an increased demand for cloud services in this industry segment

**Provider roles**

- Possessing in-house IP and platforms provides a distinct advantage in this first-generation cloud services market

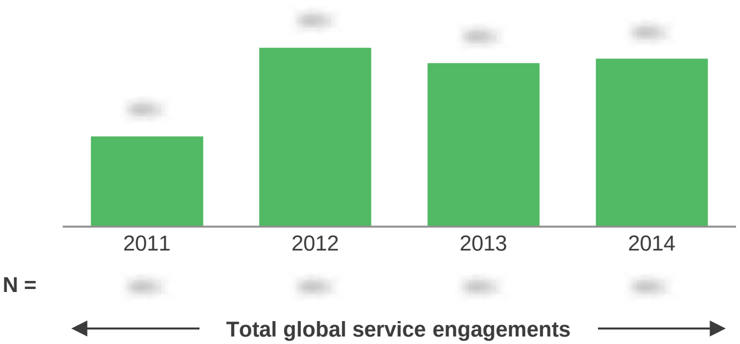
**Outlook for 2015-2016**

- Adoption of cloud services will act as a natural trigger for buyers to have a complete relook at their existing applications portfolios
- PaaS will also witness greater alignment with container technology going forward, with enterprises looking for more faster and cheaper mechanisms for developing applications

# Cloud services continue to be an integral part of the global services engagements

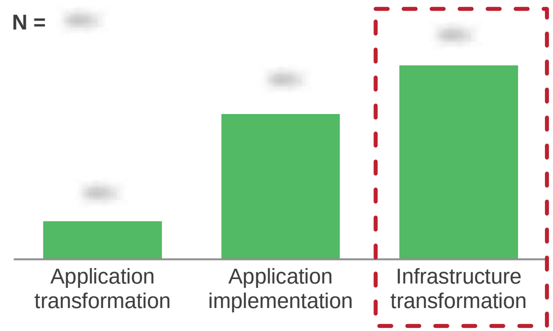
## Adoption of cloud in global services

**Trend in cloud-related global service deals**
2011-2014; Percentage of deals



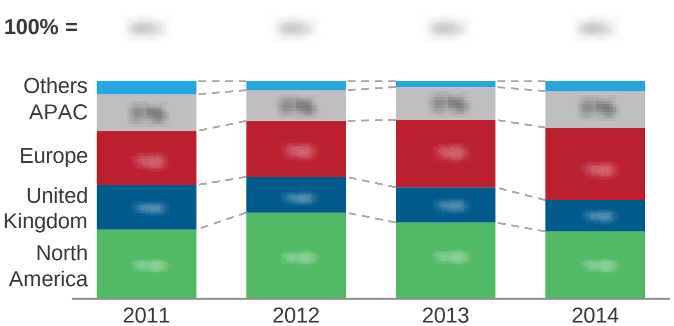

## Deployment of cloud solutions

**Driver of cloud adoption**
2014; Percentage of deals




## Cloud adoption and opportunity across regions

**Distribution of cloud deals based on buyer geography**
2011-2014; Number of deals




## Contract evaluation challenge


Source: Everest Group (2015)

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# Cloud and Infrastructure Services research calendar

Published | Current

| Topic | Release date |
|---|---|
| Enterprise Cloud Infrastructure Services – PEAK Matrix Assessment and Profiles Compendium | November 2014 |
| Infrastructure Services – PEAK Matrix Assessment and Profiles Compendium | December 2014 |
| Optimizing IT Service Delivery: Technology is the Answer | February 2015 |
| Enterprise Cloud Adoption – Solving the Pricing Conundrum | March 2015 |
| Upcoming Contract Renewals – Infrastructure Services | March 2015 |
| Enterprise Cloud Services – Annual Report 2015: “Contracting Remains Cloudy” | March 2015 |
| Workplace Services – PEAK Matrix Assessment and Profiles Compendium | Q2 2015 |
| Workplace Services – Market Update | Q2 2015 |
| Workplace Services in Europe – PEAK Matrix Assessment and Profiles Compendium | Q2 2015 |
| Contracting for Cloud | Q2 2015 |
| Infrastructure Services – Annual Report 2015 | Q2 2015 |
| Private Cloud Services – PEAK Matrix Assessment and Profiles Compendium | Q3 2015 |
| Private Cloud Services in Europe – PEAK Matrix Assessment and Profiles Compendium | Q3 2015 |
| Infrastructure and cloud automation – managing tomorrow’s IT | Q3 2015 |

# Additional Cloud and Infrastructure Services research references

**The following documents are recommended for additional insight on the topic covered in this report. The recommended documents provide either additional details on the topic or complementary content that may be of interest:**

1. **Enterprise Cloud Infrastructure Services – PEAK Matrix™ Assessment and Profiles Compendium** (EGR-2014-4-R-1278); 2014: This Everest Group research provides a comprehensive assessment of cloud delivery capabilities of IT service providers and system integrators specifically for cloud infrastructure services such as scale of operations, adoption across enterprise segments and geographies, types of services provided, and domain investments

2. **Infrastructure Outsourcing – Annual Report 2014: "The Future is Software"** (EGR-2014-4-R-1137); 2014: This annual research deep dives into the infrastructure outsourcing landscape. It provides data-driven facts and perspectives on the overall market. The research covers IO adoption trends, demand drivers, and buyer expectations. The research analyses buyer challenges, trends shaping the market, and also provides an outlook for 2015 for the broader IT as well as IO market

For more information on this and other research published by Everest Group, please contact us:


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## At a glance

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