

by Jill Gilbert

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# 2015 Forecast: A Bright Future for the Cloud

As I write this, many organizations are approving their 2015 budgets. IT leaders are optimistic about the economy and predict a 3%–4% budget increase over 2014. How will they spend their IT dollars? I'll put my money on the Cloud, as it allows organizations to be more flexible, innovative, and responsive.

Cloud computing is the virtual delivery of shared resources, utilized by end users as a service. It can help organizations reduce service costs, deliver quickly, and ensure data security and compliance.

An estimated 91% of organizations use some form of Cloud solution, and the size of the Cloud market is staggering. The public Cloud

services market will exceed \$180 billion by this year, and will account for one of every seven dollars spent on packaged software, server, and storage in 2015.<sup>1</sup>

## Cloud Is a Top Priority

Survey after survey show the Cloud as the number 1 or number 2 IT priority for 2015. In its top 10 technology

trends for 2015, Gartner Inc. says, "it's all about the Cloud." In its 2014 predictions, rival Forrester Research confirms, "the Cloud joins the Formal IT Portfolio—whether IT likes it or not." In its 2015 predictions, Forrester says that chief information officers (CIOs) will accelerate Cloud adoptions when they realize that Software as a Service (SaaS) and Cloud platforms are application services that organizations can

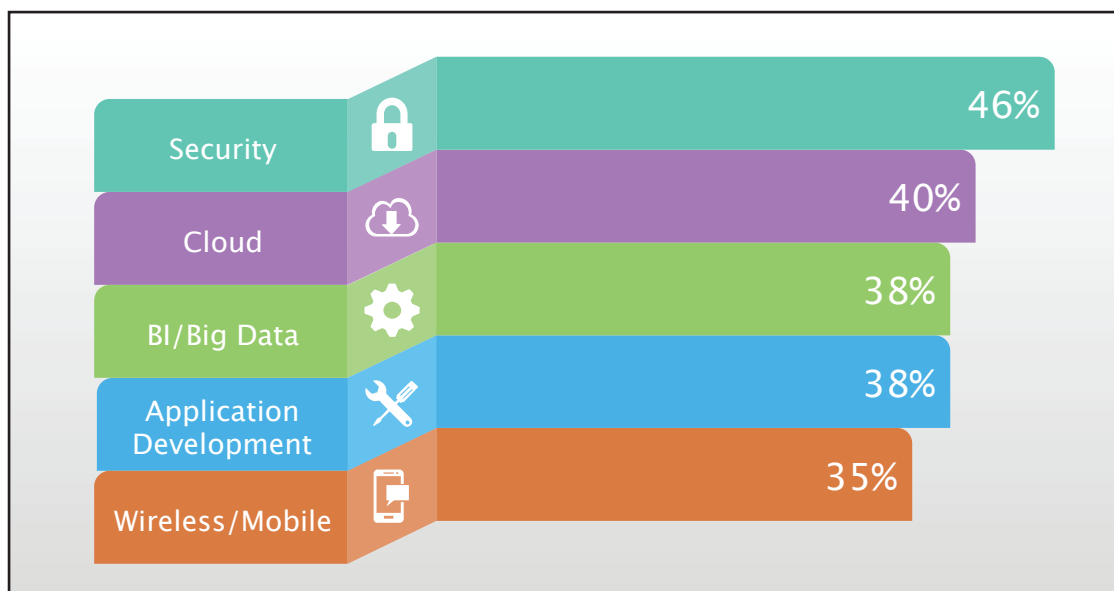


Figure 1. IT spending priorities for 2015.

Source: ComputerWorld CIO Survey 2014.

leverage to create new user experiences and greater efficiencies that maximize profitability and derive trends that result in business insights.<sup>2</sup>

According to the latest CIO survey, the Cloud and IT security tie for the top IT priorities for IT executives in 2015. The Cloud jumped to the top of the list from fifth place last year.<sup>3</sup> Other research supports this: the ComputerWorld Forecast Study 2015 shows IT security and the Cloud as the top two priorities, with business intelligence (BI)/big data, application development, and wireless/mobile rounding out the top five (see Figure 1). What is more interesting to me than the priorities is that Cloud projects are the single most important technology initiatives.<sup>4</sup>

Industry analysts predict a continuing, healthy growth in use of the Cloud. The 2014 IDG Enterprise Cloud Computing Survey<sup>5</sup> found that

- Implementing Cloud computing increases IT flexibility, innovation, and responsiveness;
- Cloud investments continue to increase, with larger organizations investing more than small-to mid-sized businesses;
- 56% of companies are still identifying IT operations that can move to the Cloud; 38% have identified IT operations that they are comfortable hosting in the Cloud;
- IT must be engaged in Cloud selection projects;
- Cloud providers must create and communicate security policies to buyers; and

- Consistent performance and uptime are key vendor selection criteria.

### Pace of Adoption on the Rise

Most of us use the Cloud every day at work and in our personal lives, without even thinking about it. We use it for e-mail and office applications, social networking, and electronic content management. Cloud vendors see the pace of adoption picking up speed. This is good news for customers, with Cloud subscription prices expected to drop in 2015.

Not long ago, when the Cloud was an emerging technology, many organizations thought it too risky to move key IT operations to the Cloud, stating information security, data availability, and uptime concerns. Instead, they insisted on applications hosted on premises, behind the company firewall. Today, the Cloud is a maturing technology, ready for the market majority. Companies that remain overly cautious about moving to the Cloud are behind the curve, missing out on competitive opportunities.

### Why Cloud?

The core business of few companies is IT, so it makes sense for corporate IT organizations to focus on serving the needs of the business and applications, rather than the infrastructure. The Cloud is a virtual storage platform, as well as a software applications infrastructure, that allows companies to operate mobile and Web applications that automatically scale to meet their needs. Cloud

‘The adoption curve is accelerating and we’re seeing it coming from a variety of companies...the Cloud is bigger than any market out there if you think about the potential for adoption, even bigger than the advertising market.’

—Barak Regev, Google Cloud Chief, EMEA



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## The Cloud Is Smoking Hot!

To give you an idea of how hot the Cloud is, here are several recent tech sector developments...

- Apple continued to move forward with its strategy to increase adoption in the business world, announcing its enterprise mobility offering with IBM.
- Microsoft increased Cloud storage for Office 365 subscribers for 20 GB (gigabytes) to 1 TB (terabyte) per user, then quickly said, “what the heck, how about unlimited storage?”
- Microsoft, working with Dropbox, announced plans to integrate Office applications and Cloud storage.
- Google announced an upgrade to its Cloud platform, along with price cuts.
- Cisco Systems forecasts growth for the Cloud’s share of data center traffic.
- The CEO of SAP discussed the company’s Cloud offerings. The software giant will have its own Cloud and will work with other Cloud providers like Amazon, Microsoft, and IBM.

computing uses a large network of remote servers to allow centralized data storage and online access to computer services or resources. Organizations use private, public, and hybrid clouds.

Cloud computing is arguably one of the most disruptive fields ever in technology management, according to Forrester Research.<sup>6</sup> Yet all types of organizations take advantage of the Cloud.

According to IBM, the Cloud offers five advantages:<sup>7</sup>

1. It offers better insight and visibility.
2. It makes collaboration easy.
3. It can support a variety of business needs.
4. It allows for rapid development of new products and services.
5. The results are proven.

I offer a few more advantages:

6. It can deliver a better user experience.
7. It may not require new investment; rather, it may reflect a shift in infrastructure spending.
8. It allows scalability.
9. It shifts software licensing from the enterprise model with the need for product upgrades to a pay-as-you-go subscription model with vendor-provided upgrades.

Moving to the Cloud is no longer a tech fad, it is a reality. As an IT infrastructure, the Cloud supports many initiatives, from inexpensive data storage to enterprise applications, mobile apps to collaboration. And then, to the Internet of Things (but that’s a topic for another day). The issue is not when, but how, organizations will make the move to the Cloud. **em**

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