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Capgemini report shows global Cloud adoption moving into mainstream

Study finds responsibility for Cloud initiatives shifting from IT to the business, but reveals companies proceeding with caution as they navigate through complexity and uncertainty

Paris, 29 November, 2012 – Capgemini, one of the world’s foremost providers of consulting, technology and outsourcing services, today announced the findings of a worldwide survey examining the global uptake of enterprise Cloud and its key drivers and barriers. The report, ‘*Business Cloud: The State of Play Shifts Rapidly: Fresh Insights into Cloud Adoption Trends*’ reveals that while the Cloud market cannot yet be defined as fully mature, 81 per cent of organizations are using Cloud technologies to some degree and are either maturing or are close to maturity in terms of their Cloud adoption¹. However, while a third of companies (32 per cent) agree that the IT department is currently the main driver of Cloud adoption, responsibility for driving Cloud adoption is increasingly shifting away from the IT department to the business. Already 45 per cent of all organizations report that individual business units are ultimately responsible for Cloud adoption strategies.

The survey of 460 IT leaders and senior business managers at major enterprises² worldwide highlights the growing strategic importance of Cloud, with over three quarters (76 per cent) of companies now having a formal strategy in place for Cloud. However, confusion still exists around who should be the main driver of Cloud adoption strategies within an organization. The Board is seen as both a driver (29 per cent) and a blocker (28 per cent) suggesting that in many cases, benefiting from the Cloud is still being hindered by a lack of appropriate senior level understanding and commitment.

“It is safe to conclude that by now the benefits of the Cloud are clear and widely understood. The adoption of Cloud from an enterprise perspective is however set for major change, increasingly taking a truly strategic role in the organization - a phenomenon we call ‘Business Cloud’. The initiative for

¹ As part of the research, one of the questions was ‘Where is your organization in terms of Cloud adoption?’ Respondents who replied 100% would mean fully mature- having fully adopted Cloud across their business while 1% would mean just embarking. ‘Maturing’ companies were classified as those that fell between 51% and 70% as defined by this scale.

² Major enterprises defined as having more than 10,000 employees

driving Cloud solutions is shifting from the IT department to the business unit as companies focus more on tangible business value,” said Ron Tolido, Senior Vice President and Chief Technology Officer of Applications, Continental Europe, Capgemini. “The Cloud has rapidly established a new benchmark in terms of how easy, quick and flexible solutions should be available to the business and it puts the alignment between business and IT in a whole new perspective.”

However, migration to the Cloud is being impacted by persistent concerns around Cloud adoption, with over **40** per cent of respondents citing continued fears around security as an impediment to the uptake of Cloud and only **56** per cent saying they trust the Cloud for storing data. Over a third (**35** per cent) also cited issues with data sovereignty around the physical location of data stored in the Cloud as a key barrier to adoption, particularly in EMEA. As a result, the report highlights still a preference for private Cloud solutions: **40** per cent of organizations cited their preference for off-premise and partner-hosted private Cloud solutions and a further **26** per cent cited a preference for on-premise private Cloud solutions.

Faced with concerns around the security, manageability, quality of service and regulatory compliance, companies are proceeding with caution in their adoption of Cloud-based services, taking a step-by-step approach and migrating only specific areas or applications into the Cloud as and when they need to. As they seek to work with specialist providers to support the needs of specific departments or functions, the majority of companies (**72** per cent) are working, or planning to work, with more than one vendor.

However, currently migration to the Cloud is largely focused on new applications that support ‘cutting edge’ areas of business, rather than legacy applications. With the focus on new applications for **78** per cent of organizations, it is clear that Cloud technology is underpinning real change within major enterprises around the world. Migrating legacy applications to the Cloud can be expensive and may not deliver the benefits that organizations seek, but moving new applications to the Cloud will allow organizations to respond more rapidly to changing demands and competitive pressures, creating real agility and differentiation within the business.

As a consequence, the report highlights a need for a more ‘orchestrated’ approach to the Cloud landscape as businesses try to navigate the rapidly evolving ecosystem of Cloud providers, platforms and solutions, trying to stay away from more complexity and management challenges.

Paul Nannetti, Global Sales and Portfolio Director at Capgemini said: *“Cloud is a new source of business agility, placing the power of information technology closer to the business than ever before. Today, we no longer talk about the journey to the Cloud, it’s the Cloud-enabled journey that matters.”*

For a full copy of the report please go to: www.capgemini.com/business-cloud-report

About the survey

Capgemini's study, '*Business Cloud: The State of Play Shifts Rapidly: Fresh Insights into Cloud Adoption Trends*' comprises 460 in-depth interviews with large enterprises (defined as having more than 10,000 employees) around the world, which took place during June and July 2012. An equal selection of IT and Line of Business decision makers participated in the survey. 46 per cent of respondents were based in EMEA, 22 per cent in North America, 22 per cent in Asia-Pacific and 11 per cent in South America. Respondents were from a variety of different industry sectors including: telecommunications and media, manufacturing and automotive, energy and utilities, financial services and retail. Countries involved in the study were: US, UK, Germany, France, Netherlands, Sweden, India, China and Brazil.

About Capgemini

With more than 120,000 people in 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2011 global revenues of EUR 9.7 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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