



VMware Cloud Adoption Study

Executive Summary
May 2012

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About the research

- The VMware Global Cloud Adoption study 2012 was conducted on behalf of VMware by IDG Research Services.
- This survey was conducted globally among IT decision-makers at enterprise companies (1,000 or more employees in North America, and 250 or more employees in Latin America, EMEA and APAC) to better understand cloud computing adoption, implementation practices, challenges and perceived benefits. A similar survey was conducted globally in 2010, and comparisons between the two data sets are drawn where applicable.
- Respondents were required to be employed at the management level or higher with involvement in the purchase process for cloud computing solutions at their organisations. Respondents were also required to be employed at companies who are currently considering, planning, evaluating, piloting or utilising computing infrastructure or applications via the cloud, and that have implemented or are considering cloud computing initiatives beyond Software as a Service (i.e. Salesforce.com, Dropbox, etc.).
- The survey was administered online. All surveys were programmed in the native languages of the countries involved.
- The study was conducted globally across 12 countries during February and March 2012, with a total of 1,128 qualified responses: 423 in North America, 50 in Latin America, 455 in EMEA (in UK, Germany, France, The Netherlands, Italy, Sweden, and Russia) and 200 in APAC (China, Japan, and Australia).
- The margin of error for a sample of 1,128 is +/- 2.9 percentage points at the 95% confidence level.

Objectives

VMware commissioned the study in order to benchmark and compare enterprise adoption of cloud computing around the world, and to better understand how enterprises were progressing on their maturity from virtualization to public, private or hybrid clouds. VMware also wanted to see how cloud computing was changing as a priority within enterprises and what impact this has on the budget they were allocating to it. An understanding of where enterprises were reluctant to move to the cloud was also investigated.

A similar study was commissioned in 2010 so that progress and changing attitudes could be compared over the last 18 months.

Overview

Enterprises are maturing in their use and deployment of the cloud. Whereas just a few years ago enterprises looked to the cloud primarily as a means to cut costs, now there is a clear recognition of the transformative impact the cloud can have on core operations of the business. The following study clearly validates that enterprises across EMEA have entered the next phase of their cloud and virtualization deployments. A significant shift is taking place in the way enterprises think about their IT infrastructures, with cloud at the heart of this evolution.

With this increased adoption of cloud applications, however, comes greater scrutiny and a need for tighter management particularly with the emergence of hybrid cloud models – where computing power and applications move between private and public clouds. Enterprises now face a different set of challenges. As they look to embrace cloud computing more completely, the challenge evolves from technical to cultural. The need to bring together people, processes and technology in order to shift cultural perceptions and preconceptions of the role of IT within the business will be imperative in delivering the required results and creating significant value for the business.

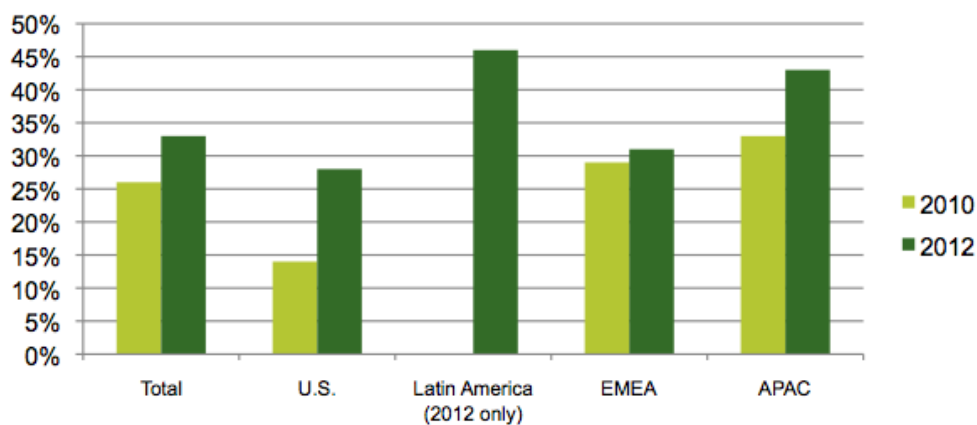
The management of this change must be seen holistically – going beyond the technical requirements to encompass a more strategic and business operational view of what value the business needs IT to help its people deliver.

Key Findings

European enterprises to spend a third of IT budgets this year on cloud computing, modernising their current technology infrastructure

Cloud computing is clearly a priority for EMEA enterprises, with almost one third (31%) of IT budgets being allocated to cloud computing over the next 18 months. This proportion is comparable with the global average of 33% of total IT budgets and represents a sizeable increase from 2010 where the global figure was 26%, reflecting the growing importance of the cloud to the enterprise.

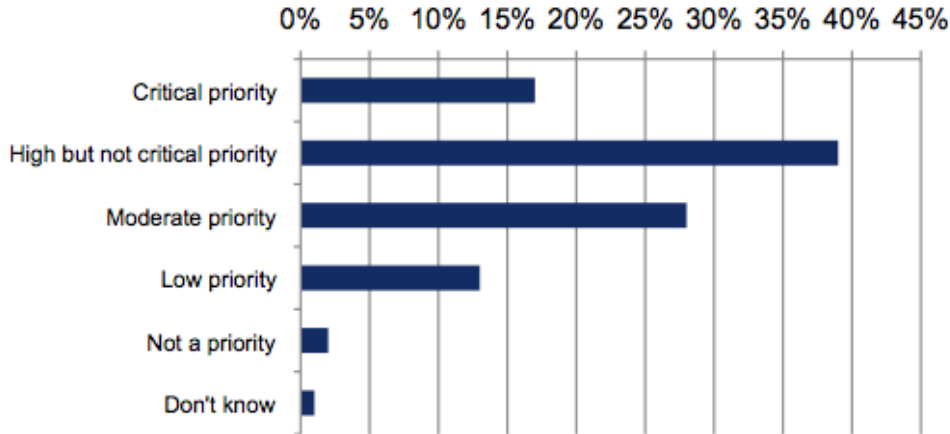
Proportion of IT budget allocated to cloud computing



Cloud adoption a priority as business apps move to the cloud

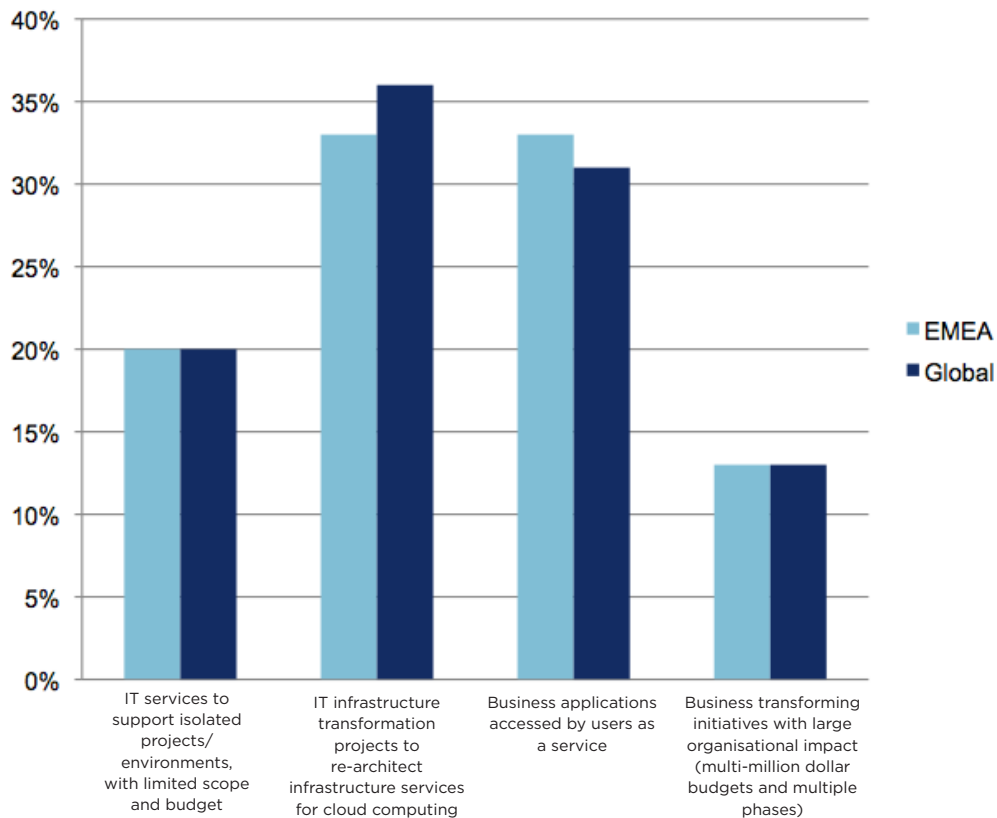
The vast majority (84%) of enterprises across EMEA consider cloud computing to be a priority right now, with over half (56%) ranking it as a critical/high priority over the next 18 months. With around a third of the IT budget going towards cloud computing, we can see that enterprises are allocating significant investment, reflecting the growing strategic priority of cloud computing to enterprise IT. Moving to the cloud is embedded in the IT strategies of most companies today.

How would you rate cloud computing as a priority at within your organisation over the next 18 months?



As a further indication of the growing importance of cloud computing in EMEA, enterprises are running business apps in the cloud and are using the cloud to transform their business. Many enterprises have therefore entered the next phase of their virtualization/cloud deployments - going beyond costs savings and infrastructure efficiencies to recognising how virtualization and cloud applications can transform their business.

What stage best describes your organisation's current use of cloud computing?



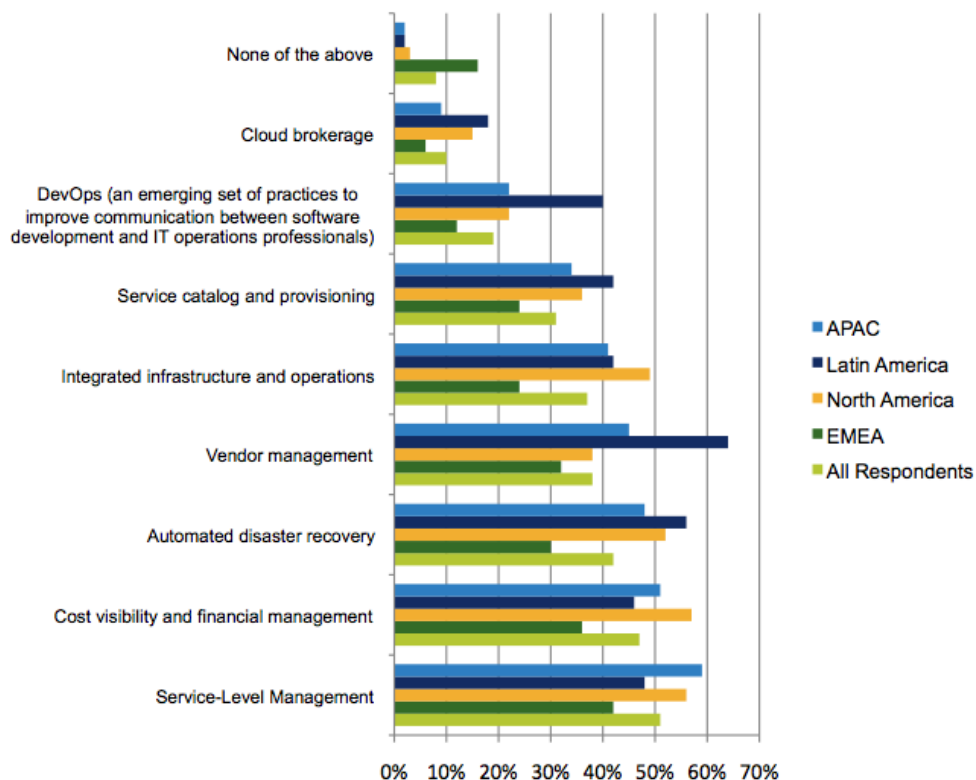
With virtualization and the cloud increasingly being used for business applications, how organisations manage the cloud is becoming more critical. Enterprises now face a different set of challenges. As they look to embrace cloud computing more completely, the challenge evolves from technical to cultural. They need to bring together people, processes and technology in order to shift cultural perceptions in order to deliver the required business results and managing this fundamental change in the enterprise.

Management seen as a critical success factor

Despite the need for more advanced management, enterprises in EMEA are lagging slightly behind the rest of the world in terms of the deployment of cloud management tools. Of all the advanced virtualization management features to be critical for managing the cloud for example, companies in EMEA apparently need the most convincing, with awareness of their importance sitting consistently behind the global average for most of the required tools by at least 10% in each case, including functions such as service-level management (42% in EMEA vs. 51% globally); cost visibility and financial management (36% vs. 47%) and automated disaster recovery (30% vs. 42%).

Management tools become more important as business applications are deployed in the cloud, as they help to achieve the fine balance between maintaining tight control and security over an increasingly dispersed IT infrastructure, whilst not impeding on the flexibility and agility of the cloud services themselves. Cloud management interfaces must become more intelligent, automating all of the hardware changes required to manage datacenter resources, including server deployment and storage management.

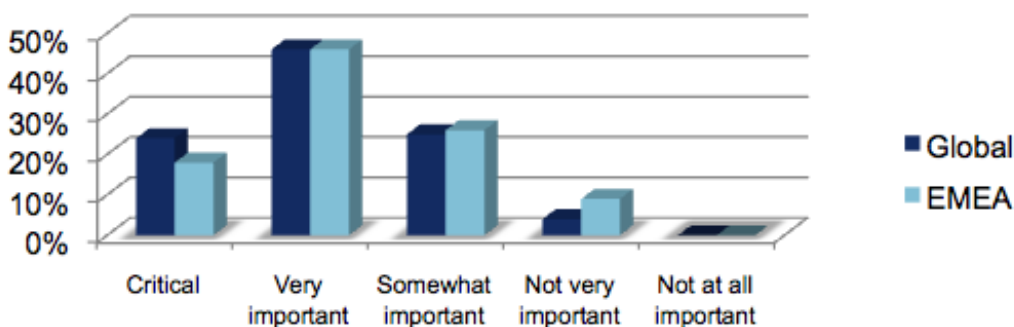
Please indicate which of the following advanced management features you believe are critical to manage your cloud infrastructure environment



Virtualization continues to be seen as an enabler for cloud computing

64% of companies in EMEA (70% globally) consider virtualization to be a highly important enabler of the cloud, reflecting the view that virtualization is the foundation for cloud services.

How critical is virtualization to enabling cloud computing at your organisation?



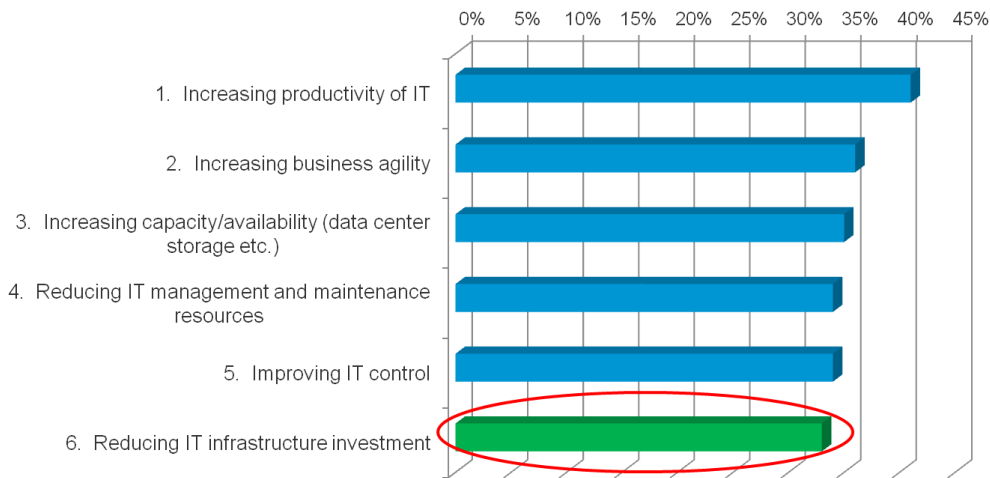
Critically this view is strongest among those companies with direct experience of cloud computing and virtualization, as 81% of those who have deployed the cloud cite the importance of virtualization in the deployment vs. 68% of those who haven't. This is because these companies have experienced first-hand the business transformation opportunities offered by the cloud.

Increased IT productivity, business agility, increased capacity / availability remain top drivers of cloud computing

Most enterprises have moved beyond cost reduction as their primary driver of cloud computing investment. Instead they are recognising more of the business transformative aspects, such as improvements to productivity, business agility and business continuity.

Increasing IT productivity and improving business agility are now the top drivers of cloud computing in EMEA, reflecting the region's growing understanding of the broader, business-changing benefits of cloud computing. In fact, EMEA is leading the world in its understanding of the broader benefits of cloud computing, as reducing IT infrastructure investment (i.e. costs) are now ranked in 6th place in EMEA. Looking at the world as a whole, cost savings are still ranked more highly (in 3rd place), indicating EMEA's increased maturity in this regard. See the following two charts:

Top drivers of cloud computing in EMEA



Top drivers of cloud computing. Global vs. EMEA

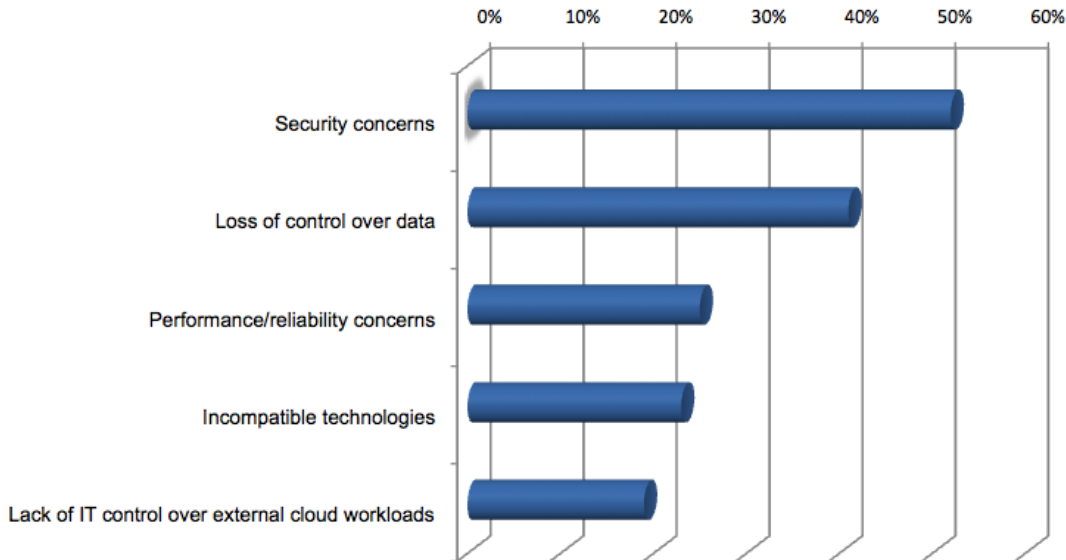


	All Respondents	North America	Latin America	EMEA	APAC
Increasing business agility	49%	62%	60%	36%	52%
Increasing productivity of IT	48%	53%	50%	41%	50%
Reducing IT infrastructure investment	44%	61%	36%	33%	35%
Increasing capacity/availability (data center storage etc.)	44%	54%	50%	35%	42%
Reducing IT management and maintenance resources	41%	51%	26%	34%	38%
Improving IT control	38%	33%	62%	34%	49%
Disaster recovery/business continuity	34%	42%	34%	24%	38%
Faster time to market	33%	44%	28%	26%	30%
Increasing user satisfaction	32%	38%	50%	23%	34%
Industry regulatory changes	15%	15%	16%	11%	24%
None of the above	1%	0%	0%	2%	1%
Don't know	2%	0%	0%	3%	1%

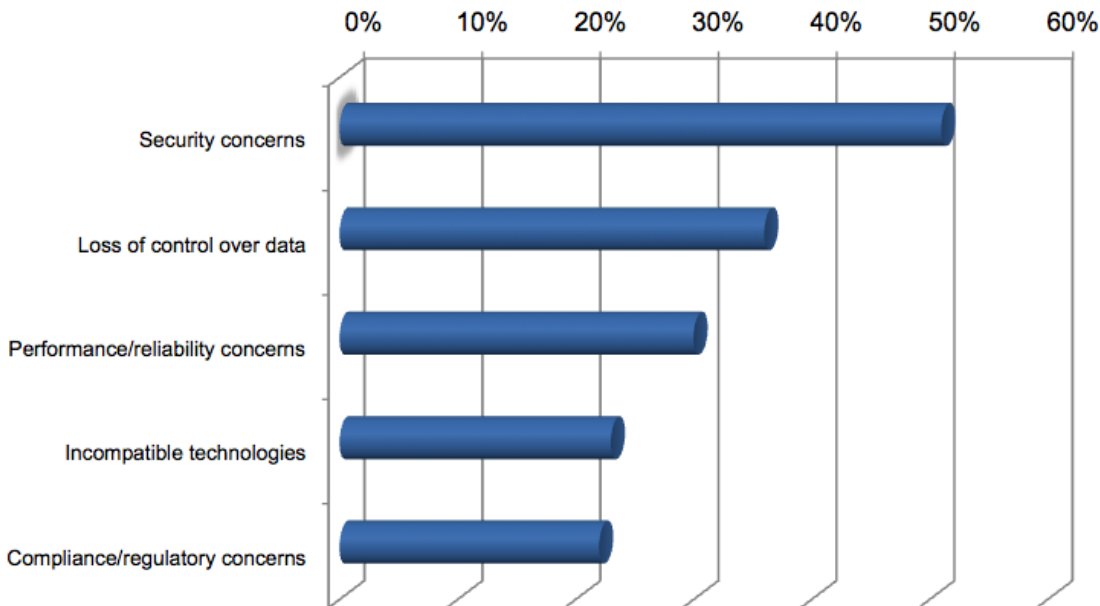
Security identified as top barrier to cloud computing in EMEA and globally

Control of data and security remain the biggest barriers to cloud computing in enterprises around the world, including EMEA. This should not however be a major surprise, since security and control of data will always be paramount to enterprises, and not just within IT. The increased demand for business applications such as Exchange, Oracle & SAP to run in a cloud environment will continue to drive the need for data security to be discussed at board level. Once again a mindset shift is required. CIOs must focus less on hardware/device specific security and focus on securing the data that is delivered to the devices. Only with this new approach can IT organizations achieve the efficiency, control and compliance they need to transform their business and remain competitive.

Considering the stage your organization is currently in with regard to utilizing computing infrastructure or applications via the cloud, what are your organization's top five challenges or barriers with regard to cloud deployment? (EMEA top 5)



Considering the stage your organization is currently in with regard to utilizing computing infrastructure or applications via the cloud, what are your organization's top five challenges or barriers with regard to cloud deployment? (Global top 5)



Summary & Conclusion: A new mindset is needed

As enterprises progress into the next phase of cloud computing, they face a very different set of challenges from when they first began exploring the cloud. The challenge is now evolving from primarily technical to an increasingly cultural one. The need to bring together people, processes and technology in order to shift cultural perceptions and preconceptions of the role of IT within the business will be imperative in delivering the required results, and creating value for the business. The management of this change must be seen holistically – going beyond the technical requirements to encompass a more strategic and business operational view of what value the business needs IT to help its people deliver.

About VMware

VMware is the leader in virtualization and cloud infrastructure solutions that enable businesses to thrive in the Cloud Era. Customers rely on VMware to help them transform the way they build, deliver and consume Information Technology resources in a manner that is evolutionary and based on their specific needs. With 2011 revenues of \$3.77 billion, VMware has more than 350,000 customers and 50,000 partners. The company is headquartered in Silicon Valley with offices throughout the world and can be found online at www.vmware.com.

About IDG

IDG Research Services specializes in marketing and media-related research. We offer extensive experience in quantitative research for advertising agencies, media companies and technology marketers.

Our strategically focused research team can partner with you to explore brand awareness and perceptions, define key market segments,

understand usage and adoption of emerging technologies or services, create or validate messaging around a particular product or service, measure customer satisfaction, test new creative, measure advertising effectiveness or recall, and more.

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