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Adoption Profile: Private Cloud In North America, Q1 2016

by Lauren E. Nelson
February 16, 2015

Why Read This Report

What's the future of private cloud? In North America, private cloud interest and adoption is alive and well. Many North American organizations fall short of a true cloud, but the intent is there. More are hitting key milestones, and tech managers cite developer enablement as their primary goal and a top driver. This report provides infrastructure and operations (I&O) pros with the latest adoption data for private cloud.

This is an update of a previously published report. We've updated it to include data from Forrester's Global Business Technographics® Infrastructure Survey, 2015, which included 1,383 business and technology decision-makers in North America.

Key Takeaways

Private Cloud Is Still The Preferred Enterprise Deployment Model
Relative to hosted private and public cloud alternatives, private cloud continues to remain North America's preferred deployment type among I&O professionals.

Test/Dev Is Now The Road Most Traveled
Forrester sees four unique private cloud visions among enterprise adopters. In 2015, the most popular North American approach focused on providing developers with test and development resources to prevent unauthorized public cloud usage.

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with Glenn O'Donnell and Andrew Hewitt
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Notes & Resources

Forrester leveraged data from Forrester's Business Technographics Infrastructure Survey, 2015 in the formation of this report.

Related Research Documents

Adoption Profile: Private Cloud In Europe, Q1 2016

Four Common Private Cloud Strategies

Predictions 2016: The Cloud Accelerates

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Private Cloud Can Help You Differentiate Your Business

Cloud computing is widely recognized as a key advancement in digital business development. Its simple, fast, and flexible consumption make it ideal for many dimensions of your BT agenda. While much of the industry hype and real action revolves around the public cloud market, private cloud is increasingly central to the BT agenda for any digital business. As an I&O professional, you play a central role in the development and execution of the entire cloud strategy, especially private cloud.

North American Private Cloud Adoption Is Vibrant And Growing

In 2015, North America experienced an increase in private cloud adoption. As our Global Business Technographics Infrastructure Survey, 2015 shows, 41% of North American enterprise infrastructure technology decision-makers' firms have adopted internal private cloud, up from 30% in 2014. In addition to the overall adoption number, we also analyzed top drivers for adoption, approaches to private cloud, and the tendency to use private cloud in conjunction with other cloud deployment types.

Forrester found that while cloud is progressing in North America, technology managers still struggle with its more profound attributes, developments, and benefits. Advanced virtualization — a cloud prerequisite but not true cloud — is still a common "private cloud" approach. Despite this persistent cloudwashing, North American private cloud adopters are seeing a higher level of true cloud success than ever before.

Forrester's Global Business Technographics Infrastructure Survey, 2015 highlights the following US and Canadian private cloud adoption trends:

› **Private cloud is still on the enterprise agenda.** In 2015, North American enterprise private cloud adoption increased from 30% in 2014 to 41%, with another 23% planning to adopt within the next 12 months (see Figure 1).[1] When asked about infrastructure priorities for 2016, 59% of decision-makers at enterprises said they consider building a private cloud a high or critical priority.

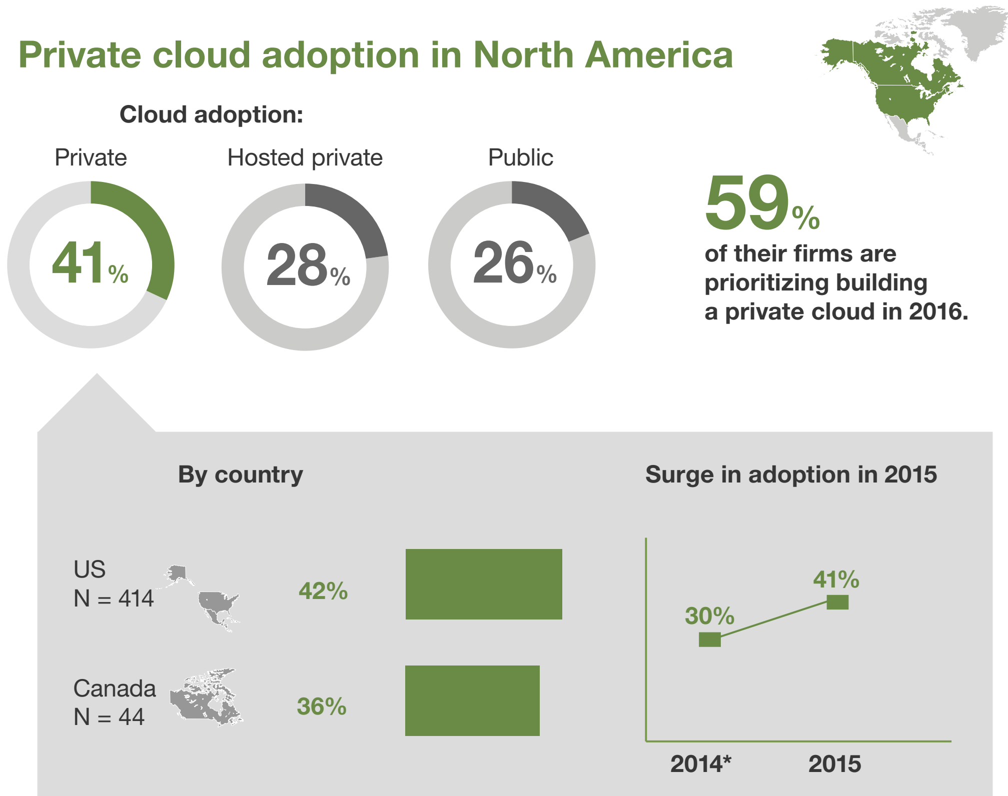
› **Top drivers and concerns remain consistent with 2014.** In 2014, improving infrastructure manageability and flexibility (80%) was most important for North American internal private cloud adoption. Other agility-based private cloud advantages, including faster and easier access to resources for developers (70%), came secondary.[2] This held true in 2015 with 80% selecting improved manageability; improved disaster recovery and business continuity (78%) and on-demand capacity and scalability (76%) fell slightly behind (see Figure 2). In 2015, security remains the top concern for private cloud adopters (27%), but obviously, it's not a barrier to entry (as these are private cloud adopters). Other concerns included privacy (22%), compliance (20%), vendor lock-in (16%), and complexity (14%).

› **North American firms focus on providing test/dev environments for developers.** Private clouds aren't all the same. Forrester sees four unique private cloud visions among enterprise adopters. In 2014, the most popular North American approach focused on enhanced virtualization (30%) with no plans to enable self-service access, followed closely by transformational clouds (28%) that sought to build a cloud that serves both systems of record and developer enablement use cases.[3] In 2015, only 26% said they have an enhanced virtualization approach, 25% said they have a transformational approach, and 28% said they approached private cloud from the standpoint of delivering fast resources to developers to deter public cloud usage (test/dev). While this isn't the most genuine approach to developer enablement, a North American focus on test/dev indicates the region is moving in the right direction (see Figure 3).[4] Although large-scale efforts are still the norm, our research shows an increased focus on smaller, more targeted approaches to achieve agility where it delivers the best initial returns.

› **Private clouds are reaching higher levels of success.** In 2013, only 39% of self-proclaimed private cloud adopters enabled self-service access, 24% had chargeback, 31% tracked resource usage, and 43% had policy-based automation of virtual machines for routine adjustments, without human review. Our 2015 private cloud picture is far more promising. Self-service access jumped up to 61%. A whopping 69% track resource usage and 52% have chargeback. An additional 55% support routine automated remediation of servers without human involvement. Although percentages should ideally be near 100%, this does show significant improvement from 2013. When I&O professionals whose firms have adopted private cloud were asked how they would make cloud easier to consume for business stakeholders, 24% chose self-service access.

› **Hybrid clouds are becoming more popular.** Among private cloud adopters, 58% cited using a public cloud platform as a high or critical priority for 2016, with 32% having already adopted a public cloud platform in addition to private. Private cloud adopters reported that an average of 12% of their servers are in a private cloud environment, and 8% are in a public cloud.[5] As enterprises adopt a mix of cloud and non-cloud services, they will be faced with the hybrid cloud challenge, solving problems for their particular business demands and sourcing scenario.

FIGURE 1 Private Cloud Adoption In North America Increased In 2015

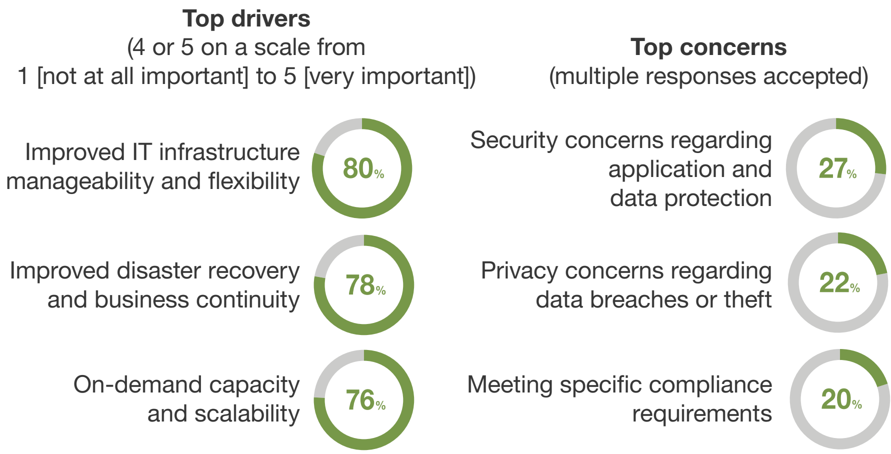


Base: 458 North American infrastructure technology decision-makers (1,000+ employees)
*406 North American infrastructure technology decision-makers (1,000+ employees)

Note: adoption numbers exclude “piloting” response in 2014
Source: Forrester’s Global Business Technographics Infrastructure Survey, 2015;
*Forrester’s Business Technographics Global Infrastructure Survey, 2014

FIGURE 2 Top North American Drivers And Concerns For Private Cloud In 2015

"How important were the following in your firm's decision to adopt hosted private cloud? What are your firm's concerns, if any, with hosted private cloud?"



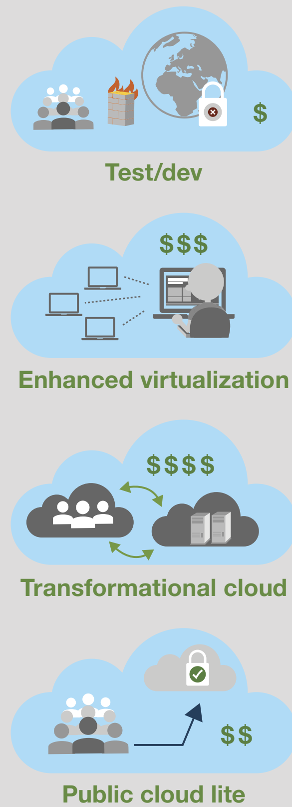
Base: 294 North American infrastructure technology decision-makers whose firms are planning to or have implemented internal private cloud (1,000+ employees)

Source: Forrester's Global Business Technographics® Infrastructure Survey, 2015

FIGURE 3 Test/Dev Takes The Lead In 2015

"Which of the following best describes your company's internal private cloud approach?"

Priority		Type of cloud
Our priority is delivering fast resources for developers so they don't use a public cloud.	28%	Test/dev
Our priority is improved IT management of virtual resources, not enabling self-service access to our developers.	26%	Enhanced virtualization
Our priority is transforming our entire IT environment where we optimize our systems of record and empower developers.	25%	Transformational cloud
Our priority is delivering a public cloud internally. Workloads are built in the cloud and remain in the cloud.	21%	Public cloud lite



Base: 294 North American technology decision-makers who have implemented or are planning to implement internal private cloud (1,000+ employees)

Source: Forrester's Business Global Technographics® Infrastructure Survey, 2015

Recommendations

Clarify Private Cloud And Roll Up A More Complete Hybrid Strategy

The unclear definition of private cloud in North American enterprises impedes the whole pursuit of cloud services that promote a better BT agenda — which Forrester defines as the cross-role strategy and actions for applying technology, systems, and processes to win, serve, and retain customers. Without a clear strategy, your technology management effort is at risk of marginalization. I&O professionals can ensure a solid position in business growth with the right strategy. Develop a complete cloud strategy that includes the right balance of public and private cloud services:

› **Use Forrester's maturity assessment tool to measure your own cloud fitness level.** This tool — found in the cloud computing playbook — will help you understand your organization's state of functional development in cloud computing.[6]

› **Use Forrester's Business Technographics data to benchmark your relative progress.** The data in this report is a starting point only. Dig deeper to gain more insight into various geographic, industry, and demographic perspectives.[7]

Supplemental Material

Survey Methodology

Forrester's Global Business Technographics Infrastructure Survey, 2015, was fielded to 3,592 business and technology decision-makers located in Australia, Brazil, Canada, China, France, Germany, India, New Zealand, the UK, and the US from companies with 2 or more employees. This survey is part of Forrester's Business Technographics and was fielded from May 2015 to June 2015. ResearchNow fielded this survey on behalf of Forrester. Survey respondent incentives include points redeemable for gift certificates. We have provided exact sample sizes in this report on a question-by-question basis.

Forrester conducted Forrester's Business Technographics Global Infrastructure Survey, 2014, a mixed methodology phone and online survey, in June and July 2014 of 3,190 business and technology decision-makers located in Australia, Brazil, Canada, China, France, Germany, India, New Zealand, the United Kingdom, and the United States from companies with two or more employees.

Forrester's Forrsights Hardware Survey, Q3 2013, was fielded to 2,306 IT executives and technology decision-makers located in Canada, France, Germany, the UK, and the US from SMB and enterprise companies with two or more employees. This survey is part of Forrester's Forrsights for Business Technology and was fielded from June 2013 to August 2013. ResearchNow fielded this survey online on behalf of Forrester. Survey respondent incentives include points redeemable for gift certificates. We have provided exact sample sizes in this report on a question-by-question basis. Each calendar year, Forrester's Forrsights for Business Technology fields business-to-business technology studies in more than 17 countries spanning North America, Latin America, Europe, and developed and emerging Asia. For quality control, we carefully screen respondents according to job title and function.

Forrester's Business Technographics provides demand-side insight into the priorities, investments, and customer journeys of business and technology decision-makers and the workforce across the globe. Forrester collects data insights from qualified respondents in 10 countries spanning the Americas, Europe, and Asia. Business Technographics uses only superior data sources and advanced data-cleaning techniques to ensure the highest data quality.

We have illustrated only a portion of the survey results in this document. To inquire about receiving full data results for an additional fee, please contact data@forrester.com or your Forrester account manager.

Endnotes

1 In 2014, respondents could answer "piloting," but we have since removed this option.

2 Source: Forrester's Business Technographics Global Infrastructure Survey, 2014.

3 Source: Forrester's Business Technographics Global Infrastructure Survey, 2014.

4 Forrester wrote a detailed piece on these four types of private cloud. To learn more about the characteristics for each type, please see the "Four Common Private Cloud Strategies" Forrester report.

Source: Forrester's Business Technographics Global Infrastructure Survey, 2014 and Forrester's Global Business Technographics Infrastructure Survey, 2015.

5 Source: Forrester's Global Business Technographics Infrastructure Survey, 2015.

6 To understand how your enterprise stacks up in terms of maturity among the current cloud computing landscape and the road map you should adopt to improve, see the "Assess Your Cloud Maturity" Forrester report.

7 For a detailed understanding of the metrics in which you should gauge your cloud adoption success, see the "Benchmark Your Enterprise Cloud Adoption" Forrester report.

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