Executive summary

In 2014 cloud industry body CIIF reported 78 per cent of UK organisations have adopted at least one cloud-based service.

The study also found UK cloud adoption had grown by 61.5 per cent over the previous four years, with adoption rates at 75 per cent for small to medium sized organisations and 86 per cent for large enterprises. The report went on to predict a further high growth surge of cloud computing adoption in 2015.

The same year, KPMG substantiated the findings with its own report, which outlined an expanding cloud market carrying remarkable opportunities for businesses. KPMG went on to reveal 70 per cent of businesses they surveyed had already seen both cost and efficiency advantages of cloud materialise within their company.

Yet research by StratoGen has uncovered a potential stall in the adoption of cloud technology. The new study, which questioned 1,000 senior business executives, reveals over a third of UK businesses still host less than ten per cent of their IT applications in the cloud. In addition, concerns about mounting cloud costs are making business leaders hesitate before migrating to the cloud and, once they are using the cloud, slow uptime, speeds, and poor performance are causing user frustrations on a day-to-day basis.

Worryingly, it has been revealed that the frustrations and concerns UK business leaders have in regards to cloud hosting have led to one third being ready to remove all business applications from the cloud entirely.

This whitepaper delves into issues of cloud costs and performance in more detail and how organisations can protect their business applications with confidence, without breaking the bank. In turn, their customers benefit from a faster and more valuable customer service.
Transforming the future of cloud adoption

The vast majority of businesses today will have at minimum considered a move to the cloud. In recent years there has been a consistent murmur of being on the edge of mass adoption of cloud technology amongst UK companies. Yet despite reports in 2014, which predicted a surge in the growth of cloud over the coming year, there are still some real issues that need to be addressed.

Cloud usage in today's UK businesses

Over a third (36.47 per cent) of surveyed UK senior business leaders host less than ten per cent of their business’s IT application on the cloud, while three quarters (75.22 per cent) said less than half of their business applications are cloud hosted.

Looking at the other end of the scale, 1.98 per cent host all their IT applications in the cloud, which shows that just a small minority of companies are making full use of their mission-critical applications in the cloud.

So why has the growth rate of cloud adoption amongst UK businesses stuttering?

Cost concerns are slowing cloud adoption down

Having access to high performing cloud infrastructure without any initial CAPEX costs are just some of the benefits that should be synonymous with cloud computing. The OPEX model in particular, is one that resonates with a C-suite that’s looking for predictable spending as well as high quality compute power for its business.

However, the most common reason why businesses have not moved all IT applications into the cloud is the expense. Over a quarter (26.16 per cent) of respondents deemed the price of cloud hosting to be too high for them to move all IT applications into the cloud.

When it comes to cost, unexpected or hidden expenses are a pain point for businesses. In fact, a fifth (21.41 per cent) of cloud users cited costs as their main frustration with cloud computing. Hidden metered costs, migration challenges and the time associated with integrating cloud services with legacy systems, can increase the cost of cloud computing. When added to the fact that businesses may be managing multiple cloud platforms at once, these costs can go far beyond a simple, monthly subscription fee.

But it doesn’t have to be like that and not all cloud providers add hidden metered costs to their services. To manage the costs of cloud computing, UK businesses should work with a cloud service provider that will take the time to

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understand their business needs, and develop a platform with in-built scalability to allow for business growth, without surprising cost hikes. At the same time, there are other ways to reduce cloud computing costs. Working with an OpenStack infrastructure, for example, can reduce the risk of vendor lock-in and dramatically improve a business’s ability to control its cloud expenditure.

Concerns about cloud performance

Although cost may be a major priority for the C-suite, it is not the only concern among UK businesses when it comes to cloud. The research also highlights concerns with usability and performance. When asked what their greatest concerns are in regards to cloud services, 13.58 per cent said they are concerned their business’s employees are unable to be productive due to cloud downtime, resulting in a loss of earnings for the business. A further tenth of respondents (9.71 per cent) cited concerns about slow network performance when using cloud services in their organisation.

These concerns affect not only the C-suite, but also the wider business functions where employees may be using cloud to perform essential business processes and keep operations running.

Cloud uptime and frustrated users

When it comes to the current business use of cloud, the research highlighted usability and performance as key frustrations. In addition, for those organisations which have adopted cloud solutions, almost three quarters (73.84 per cent) reported experiencing frustrations with using cloud hosted applications during day-to-day operations.

Too much (planned or unplanned) downtime (10.52 per cent) and solutions which provide business users with insufficient availability (16.9 per cent) were amongst the frustrations cited by respondents.

Business users relying on cloud to perform daily business operations can understandably suffer if the cloud is not giving them the uptime they need, leading to a frustrated workforce and slower business performance.

A frustrated customer may not remain a customer for long

Worryingly, over a third of all respondents (33.5 per cent) stated they definitely would remove their IT applications away from a cloud hosting solution.

Another third (31.14 per cent) said their frustrations and concerns in regards to cloud services may also lead them to remove all their cloud-hosted IT applications off the cloud.

These results indicate the continued growth of cloud adoption may stall.

However, businesses can take confidence in the cloud by selecting to work with one that can guarantee 100% uptime. A provider which has certified engineers on hand 24x7x365 will be able to prevent downtime and match infrastructure needs with its customer’s business priorities as they evolve. When a business grows, its cloud solution should be able to scale to the necessary number of nodes to keep frustration to a minimum and uptime (and business growth) to a maximum.
Conclusion: time for a confidence boost

Analysis of the research study has highlighted three key factors which are contributing to the potential stall in both the adoption and growth of cloud technology amongst UK businesses – cost, a lack of confidence in performance and security, and concerns about the times ahead.

Money matters
Cost is a key stumbling block in both the adoption and growth of cloud technology amongst UK businesses. High costs were pinpointed as both the greatest barrier against cloud adoption and also the biggest frustration in terms of its usage.

When any company makes an investment, particularly in technology, the anticipated return must be carefully considered before any outlay is made. Investment in the cloud is no different. At the start of a cloud integration project the upfront cost is measured against both the expected short and long term value. However, all too often problems occur after a business has been moved to a cloud platform and then hit with unexpected costs. This is clearly knocking confidence when it comes to managing cloud solutions.

A vote of no confidence
At the same time, UK businesses today have a distinct lack of confidence in the cloud’s ability to deliver the performance and uptime required. Trust issues in regards to the uptime of the cloud were highlighted as reasons as to why businesses haven’t moved IT applications to a cloud hosted solution.

Meanwhile insufficient availability and too much planned or unplanned downtime were pinpointed as key frustrations with the cloud. This lack of confidence is further intensified by an absence of support to quickly get applications back up and running if downtime is experienced.

To truly instil confidence, cloud solutions must prove the business value being provided.

Cloud gazing
Given the apparent lack of trust and confidence business leaders have in cloud technology, we may start to see a move toward businesses wanting to have a tighter grip of their cloud hosting. Therefore, we could see the adoption of more private cloud hosting solutions, which can enable companies to feel more in control and assured by having a solution solely for their own data and applications rather than for multiple organisations.

Having experienced cloud, businesses are now demanding greater uptime speeds, better efficiencies and higher performing infrastructure. Confidence in cloud needs to be lifted, in order for the UK to truly benefit from this technology. For more information about how to bring an end to cost concerns and uptime frustrations click here, or talk to the StratoGen team about its OpenStack Private Cloud solution.

After reading this whitepaper, you’ll understand how StratoGen can:

1. Control cloud computing costs with an OPEX model
2. Guarantee performance with 100% uptime
3. Improve business and employee productivity

Visit: www.stratogen.net/ucp to find out more #ucp2015

33.5% of respondents would remove all cloud-hosted IT applications because of frustrations and concerns in the technology
About StratoGen
Private Cloud

StratoGen understands businesses worth building are worth protecting.

**StratoGen Private Cloud is powered by OpenStack technology.**

The solution delivers the agility and efficiency of a public cloud combined with increased security, control and performance, without businesses having to take on the burden of designing, deploying and managing their own infrastructure.

The technology is designed to scale to the individual needs of growing businesses with 100% API uptime guarantee and 24x7x365 technical support.

By ensuring there are no large upfront costs with predictable, fixed monthly price and no hidden metered payments, businesses and their customers are given the confidence to put their enterprise data into StratoGen’s hands.

Businesses ultimately benefit from having more time to focus on what they do best: innovating to grow their company and deliver great customer service and value.

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**About Access Group**

StratoGen is part of Access Group, a leading author of fully integrated business management software. The portfolio spans solutions for ERP, finance, HR, Payroll, warehousing, business intelligence, professional service automation and manufacturing. More than 5,000 UK businesses and not-for-profit organisations use Access solutions to improve their performance, profitability and drive growth, unlocking their business potential through improved business insight.

Vertical focus and industry-specific solutions differentiate Access in the market and templated solutions make for rapid and easy deployments. Using Access software to automate operations, streamline processes and share real-time business information anytime, anywhere, businesses can benefit from significant performance improvements.

Access is one of the top five fastest growing UK software developers in The Sunday Times Buyout Track 100 2012 and featured in last year’s Profit Track 100. On-going commitment to excellence, customers and employees has also placed the company among the UK’s top employers in The Sunday Times’ 100 ‘Best Companies to Work For’ 2014.

**Accreditations and memberships:**
- Microsoft Gold Certified Partner
- Institute of Chartered Accountants in England and Wales (ICAEW)
- Business Application Software Developers Association (BASDA)
- Access’ software is recognised by HM Revenue & Customs
“It’s not just about saving money, as we don’t mind paying for a bit more quality, but with StratoGen we get the best of both worlds, tremendous support and good value for money.”

Paul Gibbs, Head of Support, IT Energy