

REPORT REPRINT

Cloud remains top enterprise transformational technology as reliance on hyperscalers grows

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Among enterprises, cloud remains the most transformational technology, playing a key role in enabling emerging technologies such as AI, machine learning and IoT. It is transitioning from being a stand-alone IT initiative to more of a foundational element of further IT initiatives.

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Introduction

Cloud remains the most transformational technology for enterprises, playing a key role in enabling emerging technologies such as AI, machine learning and IoT. In other words, cloud is transitioning from being a stand-alone IT initiative to more of a foundational element of further IT initiatives. 451 Research's Voice of the Enterprise (VoE): Digital Pulse, Vendor Evaluations 2020 survey finds that enterprises plan to increase use of cloud-based technologies across public cloud, SaaS and private cloud, while relying more on hyperscale cloud providers as a result of the COVID-19 pandemic.

451 TAKE

In the year since the first case of COVID-19 was detected in the US, enterprises have had to adapt to a greatly changed business landscape. This has called attention to how technology enables resiliency, flexibility, and agility in times of enormous change and digital transformation – where enterprises apply new technologies to business processes in order to better serve customers, respond to market trends and create disruptive innovations of their own. We have seen cloud technology help enterprises achieve these business outcomes and act as a catalyst to unlocking the potential of other strategic technologies, such as AI/machine learning and IoT. Cloud remains a top priority as not only a transformational technology for enterprises, but also with regard to vendor strategy – plans to rely more on public cloud and hyperscale cloud providers have emerged as direct outcomes of the COVID-19 pandemic.

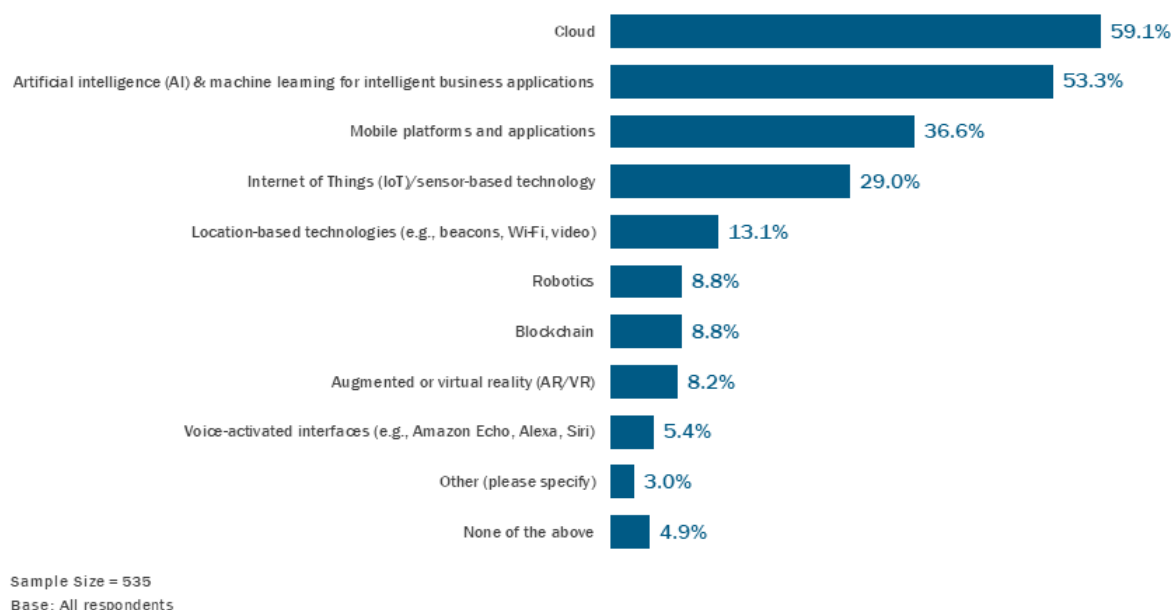
Cloud has key role in enterprise digital transformation

As specific enterprise needs change, cloud remains the most transformational technology to their business operations (see Figure 1). More than half of respondents (59%) to 451 Research's VoE: Digital Pulse, Vendor Evaluations 2020 survey expect cloud will be the most transformational technology over the next two years, up from 52% in 2019. Respondents also identified machine learning (53%) and mobile platforms and applications (37%) as key technologies expected to have a transformational impact on business operations through 2022. Reliance on cloud continues to grow even as other technologies vie for wallet share and enterprises consider the long-term effects of COVID-19 on their IT strategies, planning for a higher proportion of cloud-based technology in IT environments and heavier reliance on hyperscale public clouds.

Figure 1: Cloud, AI/ML and Mobile Poised for Transformational Impact

Source: 451 Research's Voice of the Enterprise: Digital Pulse, Vendor Evaluations 2020

Q: Which of the following technologies (up to three) do you expect to have the most transformational impact on your organization's business operations by 2022?



Cloud technology aligns with business priorities emphasized by the COVID-19 outbreak, including agility, flexibility and digitization of customer experiences. Enterprises see the impact of the pandemic driving use of cloud-based technologies over the next 12 months, with 53% of respondents planning to use a higher proportion of cloud in their overall IT environment. Only 3% of respondents plan to use a lower proportion of cloud.

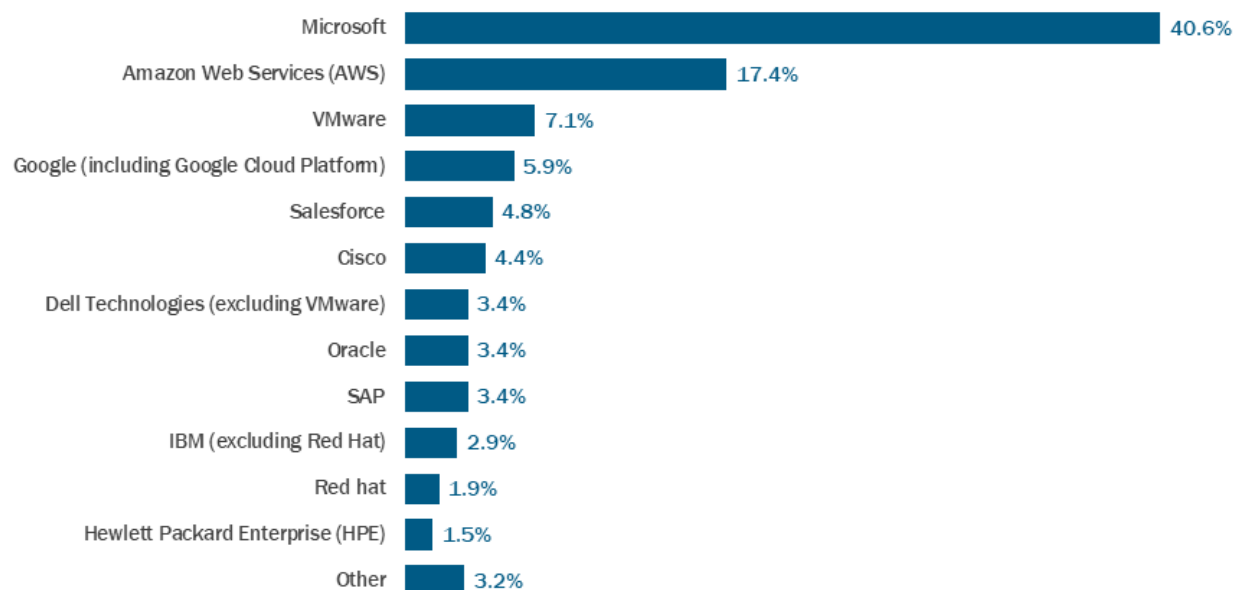
Hyperscale vendors favored as public cloud use climbs

A look at the most popular IT vendors in use by enterprises today further illustrates the importance of cloud technology and how closely it ties in with overall strategic plans in the next two years. When asked which IT vendors enterprises use in any capacity, most VotE respondents (90%) said they use Microsoft, followed by VMware (60%), Cisco (56%) and AWS (51%). The portfolios of these vendors skew heavily toward cloud-based technology – public cloud, private cloud, SaaS and networking are critical components of an enterprise cloud environment. When looking at the list of the most strategic IT vendors, the picture becomes even more cloudy (as in, cloud vendors are even more important – see Figure 2). Forty percent (40%) of respondents indicate that Microsoft is their organization's most strategic vendor, followed by AWS (17%) and VMware (7%). Microsoft remains the top vendor when respondents were asked to identify their most strategic cloud vendors. Forty percent (40%) of respondents said Microsoft is their most strategic cloud vendor, followed by AWS (29%), with both cloud providers ahead of Google Cloud Platform (6%) by a wide margin. Moreover, enterprise strategies for vendor engagement over the next few years highlight how critical cloud technology will continue to be – 41% of respondents plan to consolidate IT vendors by directing their spending to a smaller number of more strategic vendors.

Figure 2: Microsoft Is Most Strategic Vendor for Enterprises

Source: 451 Research's Voice of the Enterprise: Digital Pulse, Vendor Evaluations 2020

Q: Overall, which of the following vendors would you say is the most strategic for your organization?



Sample Size = 524

Base: Uses IT vendor(s) or service provider(s)

As the portfolios of individual cloud capabilities continue to expand and offer an ever-growing list of services that support strategic digital transformation initiatives, a relationship with a cloud vendor can be a solid basis for exploring how technologies like machine learning, mobile applications and IoT fit into an existing environment and help to achieve desired business outcomes. Hyperscale cloud vendors can directly serve a range of workloads and environments, making them key partners for enterprises as they adapt to a new way of working.

Digital Pulse survey respondents tell us they plan to rely more on hyperscale public cloud providers (68%), SaaS (60%) and private cloud (47%) as a result of the pandemic. Only 10% of respondents are planning to rely more on nonhyperscale public cloud vendors. As enterprises evaluate how vendors are equipped to support their business through the next phases of the pandemic, large vendors may offer additional peace of mind with regard to payment flexibility and stability. Still, enterprises continue to implement hybrid and multicloud approaches that protect them from vendor lock-in and expose them to the unique features of multiple platforms.