Survey Reveals Concern with Cloud Costs, Yet Companies Boost Budgets

By James Maguire, Posted May 8, 2019

Reflecting the growing importance of cloud computing, a Datamation survey reveals that even as companies worry about rising cloud costs, they plan to boost budget.

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In a sign of how vitally important cloud computing has become to today's businesses, a *Datamation* survey revealed that companies are greatly concerned with cloud costs – yet most still plan to boost their cloud budget.
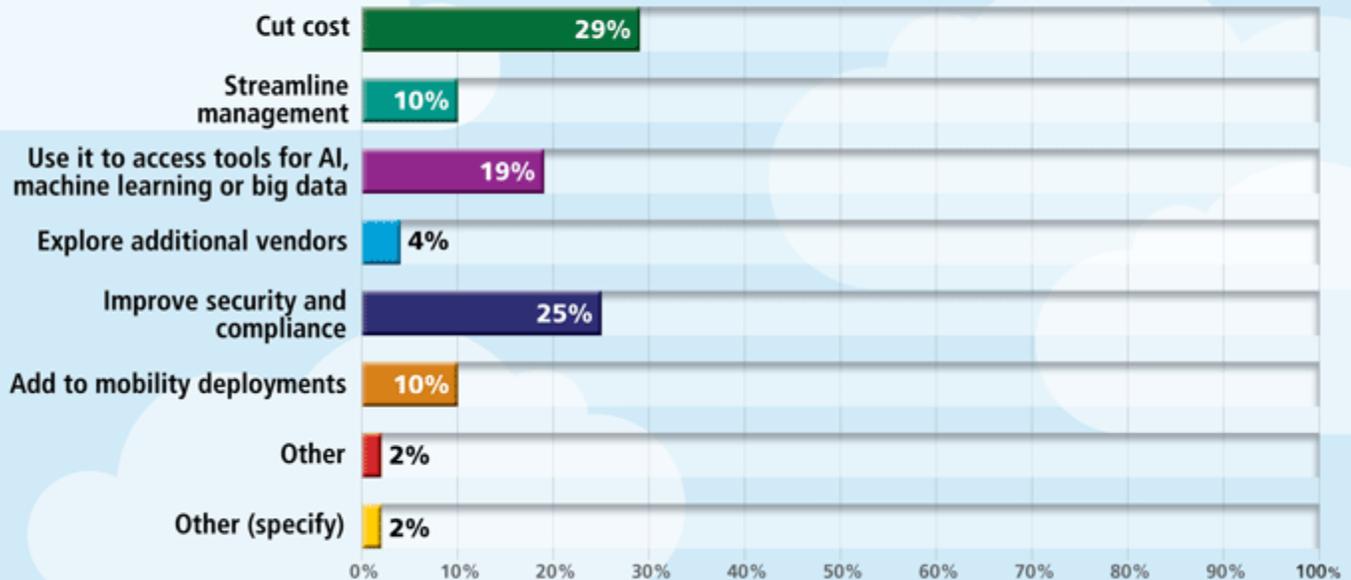
Entitled *State of the Cloud, 2019*, the wide-ranging cloud survey provides an in-depth portrait of how companies are approaching cloud computing. It includes trends about the following:

- How companies view cloud benefits and challenges

- Trends in emerging cloud technologies like Serverless and Containers

- The rise of multicloud computing

Among these many findings, a desire to cut costs emerges as a key theme, even as companies plan to spend more on cloud. This apparent contradiction reflects the fact that, in a business environment that requires complex tools to remain competitive, the cloud is now absolutely primary – no matter the expense.

STATE OF THE CLOUD, 2019

What Is The Top Priority For Your Company's Cloud Strategy In The Year Ahead?

- Cut cost — 29%
- Streamline management — 10%
- Use it to access tools for AI, machine learning or big data — 19%
- Explore additional vendors — 4%
- Improve security and compliance — 25%
- Add to mobility deployments — 10%
- Other — 2%
- Other (specify) — 2%

- **Cutting costs** was the top priority, at 29 percent. Many companies face a growing monthly invoice from cloud providers as they access ever more cloud-based storage and compute, and they deploy more mission critical applications to the cloud. Employees continue to launch shadow IT projects, adding yet more costs to the cloud bill.

- **Improve security and compliance**, 25 percent. Security and compliance rise in importance as a greater volume of sensitive data is stored in the cloud, particularly in cloud and healthcare scenarios.

- **Using the cloud to access tools for AI, machine learning and Big Data**, 19 percent. This focus on AI, machine learning and Big Data is all but certain to increase in the years ahead, since these cloud-based data tools cannot – for most companies – be built in-house, and they are essential to remaining competitive.

- **Streamlining management**, 10 percent. It's no surprise that this is a key priority, given the complexity created by the proliferation of hybrid cloud and multicloud platforms.

- **Add to mobility deployment**, 10 percent. This reflects the central importance of mobile devices as a business conduit.

Furthermore, concern with cost was reflected in an additional survey question:

STATE OF THE CLOUD, 2019

What Does Your Company See As The Greatest Challenge Involved With Cloud Computing
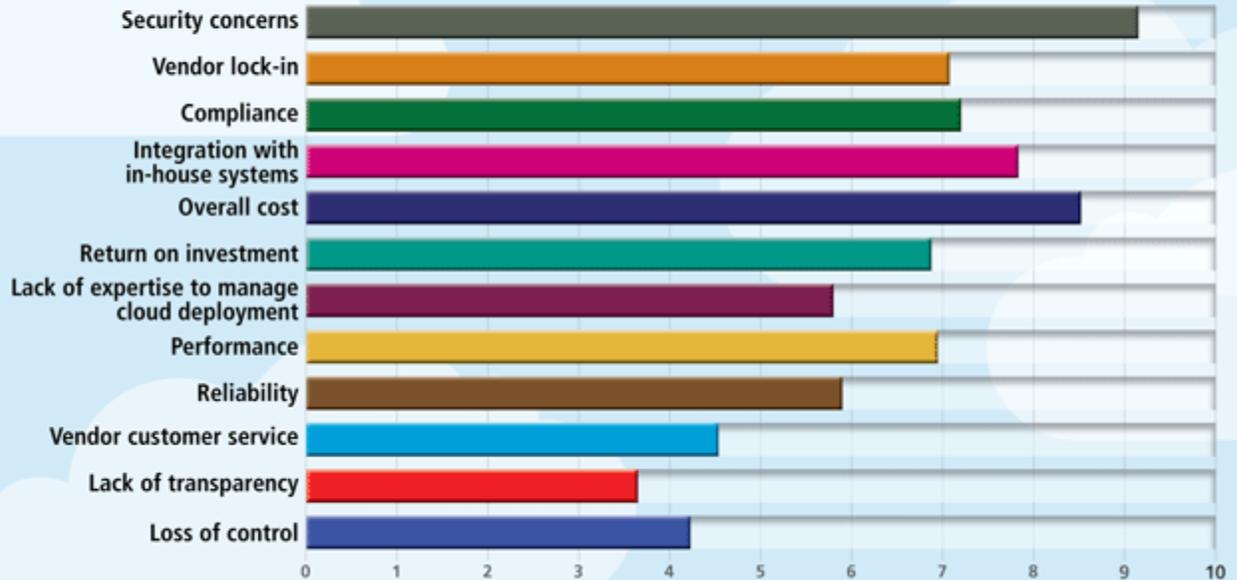
In response, cost was listed second only to security, which has been a perennial worry for companies since the very beginning of the cloud era.

This focus on cost reflects an unavoidable truth: As enterprise IT makes a generational change from the limitations of the in-house data center to largely limitless cloud platforms, companies pick from a full menu – but each item on the menu adds expense.

The menu of cloud options includes the standards like IaaS and PaaS and SaaS, of course. But it also includes faster, more agile functions like serverless and containers, which spin up cloud deployments into a system that is far more agile and responsive to market demands.

Additionally, companies are spending on cloud-based Big Data solutions, as well as artificial intelligence and machine learning products offered by cloud companies.

See more survey results about the greatest challenges of cloud computing.

In the next 1-2 years, do you expect your budget for cloud computing to:

STATE OF THE CLOUD, 2019

**In The Next 1 to 2 Years, Do You Expect Your Budget For Cloud Computing To:**
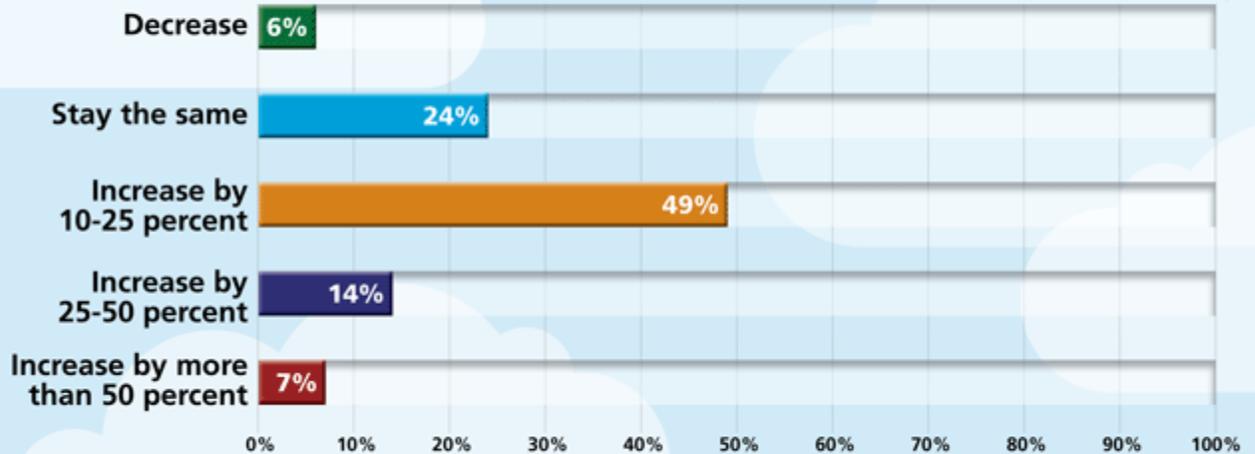
In a survey response that reveals exactly how important the cloud has become, a hefty 49 percent of respondents expect to spend 10-25 percent more on cloud – a significant increase.

And 14 percent of companies plan on spending 25-50 percent more, with a 8 percent planning to boost spend by more than 50 percent. Only a mere 6 percent of respondents plan on decreasing cloud spend.

This increase in planned spend can be seen as a contradictory of enterprise's hopes to cut costs. Indeed, it's an ongoing business struggle. As seen above, "streamlining management" is a top priority; companies seek to lower any costs they can with efficient management. Yet finally, they must admit that deeper investment is called for, in light of the enormous advantages offered by cloud.

STATE OF THE CLOUD, 2019

Do You Consider The Applications You Deploy To The Cloud To Be Mission Critical?

No
30%

Yes
70%
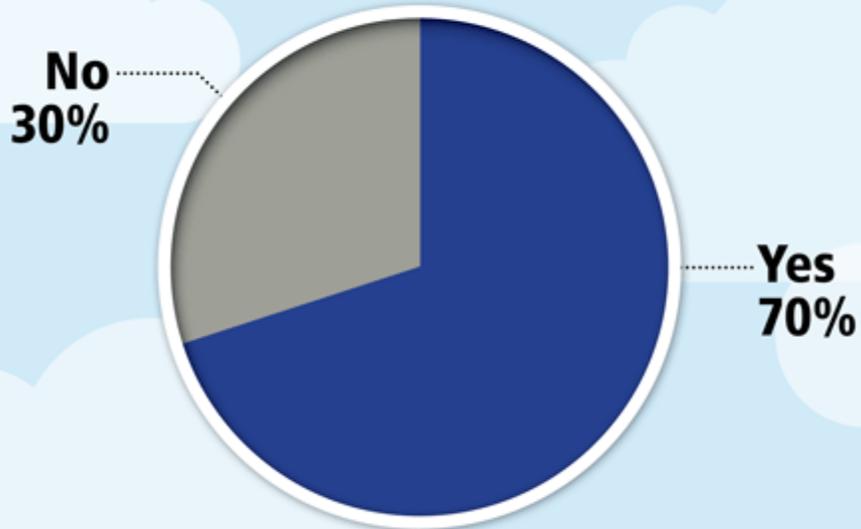
Significantly, a full 70 percent of respondents say that the applications they house in the cloud are mission critical. This is a major change from the early days of cloud, when companies deployed only peripheral applications to cloud. In those early days, cloud technology was largely untrusted. And this survey shows that cloud security remains a big concern, so full trust is not yet earned.

In sum, the *Datamation* survey reveals that in cloud computing – a nascent technology just a few years back – has in 2019 made big strides toward becoming the dominant platform for enterprise IT. Cloud costs may be high – cost is a top challenge – yet businesses are committed to investing what it takes to build a robust cloud deployment. The cloud, in other words, is simply that critically important.

Survey methodology: Conducted in April, 2019, the Datamation survey was taken by 108 qualified technology professionals from a wide spectrum of industries, including financial services, retail, technology and healthcare.