Wanclouds’ 2024 Cloud Outlook

Introduction

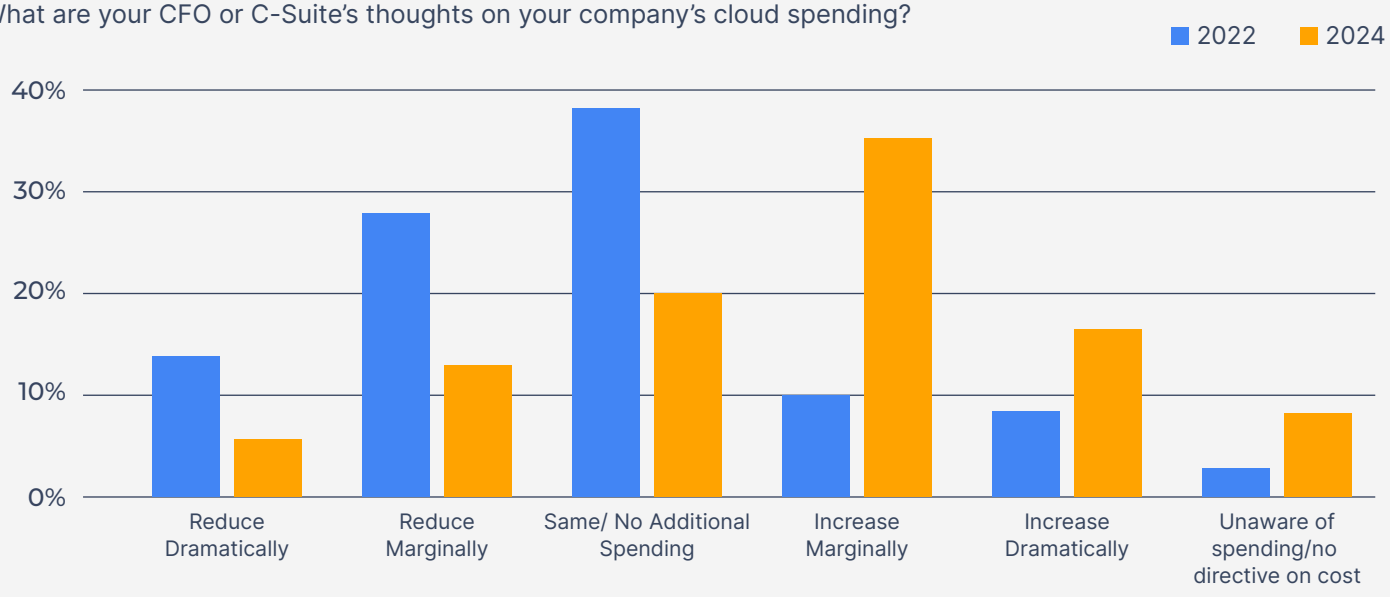
The advent of artificial intelligence (AI), ongoing economic pressures, and evolving compliance regulations make for an engrossing cloud computing landscape in the year ahead. On one side, organizations are being challenged to leverage the transformative power of the cloud to expedite production and drive success. On the other, they're under immense pressure to optimize and fend off worsening cybersecurity threats while keeping in line with strict regulatory and data security requirements.

The cloud landscape has changed significantly in the last few years that have followed the massive migration to the cloud during the pandemic. To strike the right balance between mobility, security, and costs, businesses are no longer betting all their chips on single cloud environments. Instead, they're taking a much more strategic hybrid or multi-cloud approach that leverages the benefits of seamlessly using workloads across clouds and on-premise.

To better understand enterprises' plans for utilizing the cloud in 2024, Wanclouds recently surveyed 500 U.S. IT decision-makers to inform its 2024 Cloud Outlook. Here's what we found.

Shifting Tides: C-Suites Kickstart Cloud Spending Rebound

What are your CFO or C-Suite's thoughts on your company's cloud spending?



More than half (53%) of U.S. IT decision-makers say their C-Suite has given them the directive to increase cloud spending in 2024, including nearly 1-in-5 (17%) who are planning to increase spending dramatically.

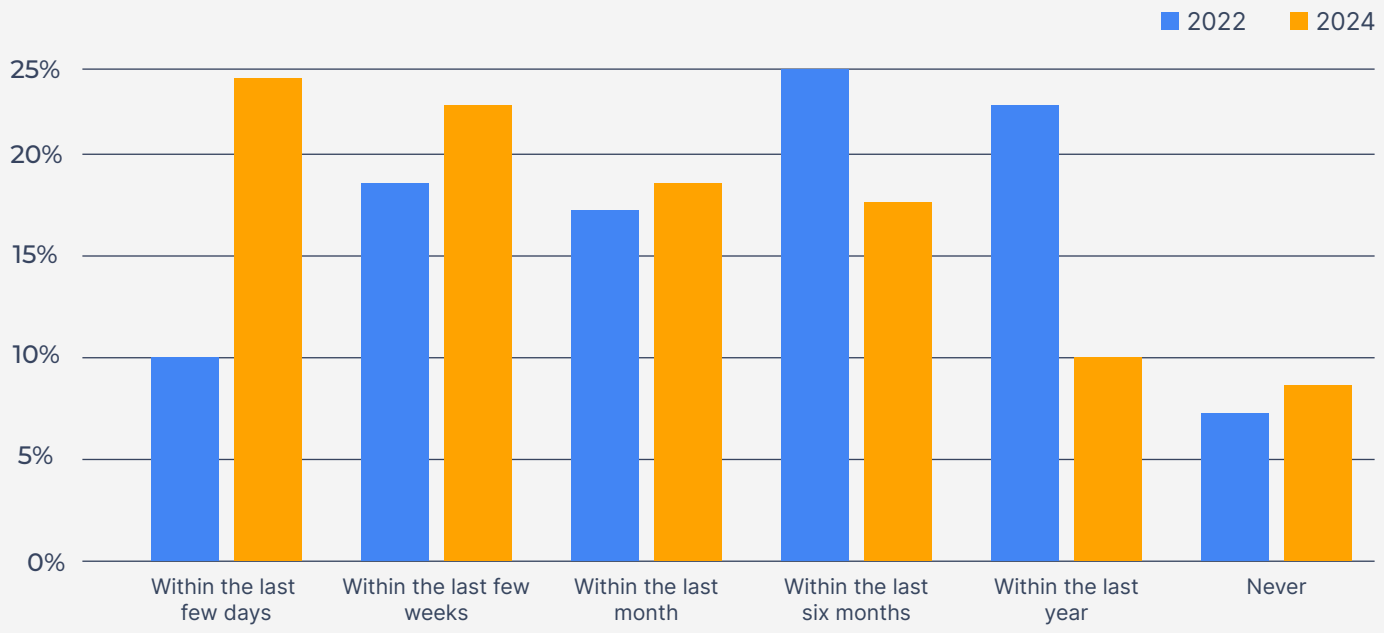
This is a notable surge since Wanclouds' ***last C-Suite survey*** over a year ago when just 17% of respondents said their plan was to increase cloud spending for 2023. In fact, over 40% of those surveyed ahead of 2023 had orders to decrease their cloud budget.

The decision to amplify cloud investments this year reflects its indispensability for many organizations today, even as ongoing recession fears and economic conditions spook C-Suites and are causing them to pull back budgets in other areas. The reverse course and rebound in spending from the second half of 2022 may also indicate that C-Suites feel as if they have adequately resized their cloud footprint, costs are back under control, and they are now setting their sites on scaling again. That scaling may also be driven by generative AI initiatives, which require significant cloud resources and budget.

That's another reason why even as C-Suites are prepared to fork up more cash, they're paying remarkably close attention to how IT decision-makers are spending this money.

Cloud Costs Are Now Under the Microscope

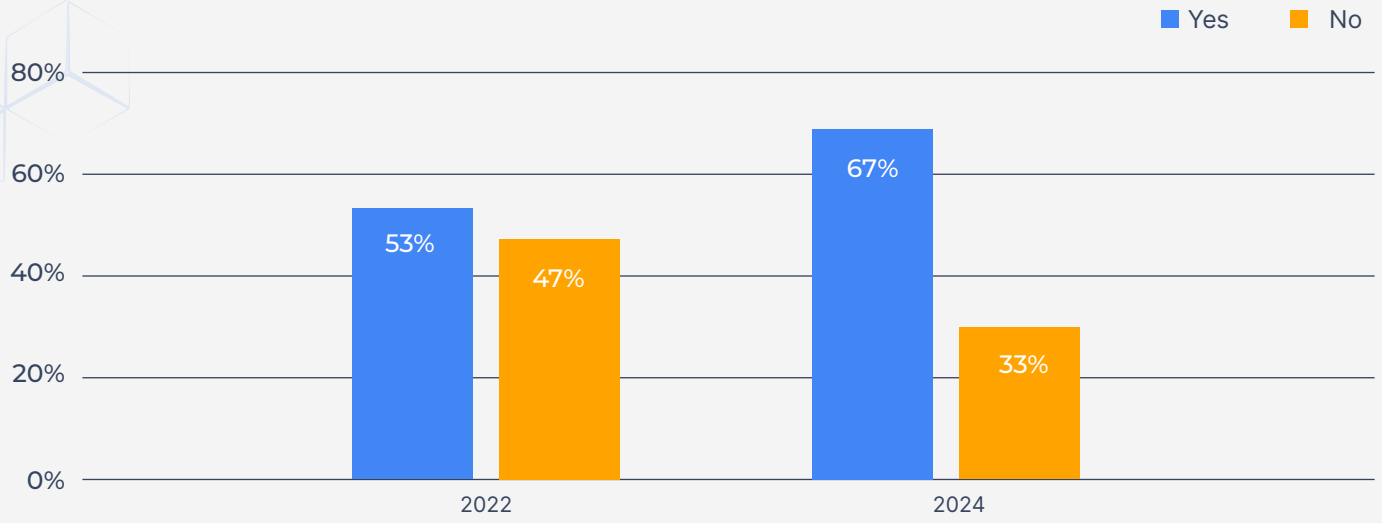
When is the last time you've done an assessment of your overall cloud spend?



Enterprises utilizing the cloud are now assessing their overall cloud spending on a much more regular basis than they were in late 2022. When we asked U.S. IT decision makers when was the last time they conducted an assessment, nearly a quarter (24%) said they'd done so within the last few days, and 23% said they'd done so within the last few weeks. This is a stark shift from 2022 when the same question uncovered that the vast majority (48%) of organizations had not assessed their cloud spending for up to six months to a year!

The need for regular cloud spend assessments is certainly prevalent in our data. 67% of IT decision-makers admit that their business has been hit by unexpected cloud costs in the last six to 12 months — a worrying statistic that shows the sticker shock of unplanned costs is getting worse despite closely monitoring spending. When we surveyed organizations in 2022, 53% said this was something they experienced.

Have you gotten hit with unexpected cloud costs over the last 6-12 Months?



This raises an important question about future cloud spending. Sure, C-Suites have signed off on upping their investments for 2024. But if they get wind that their money is being spent inefficiently, will decision-makers be forced to scale back? Or – even more concerning – are C-Suites painfully unaware that a portion of their cloud budget is going to things like storing forgotten or idle resources, a costly pain point we've heard countless times?

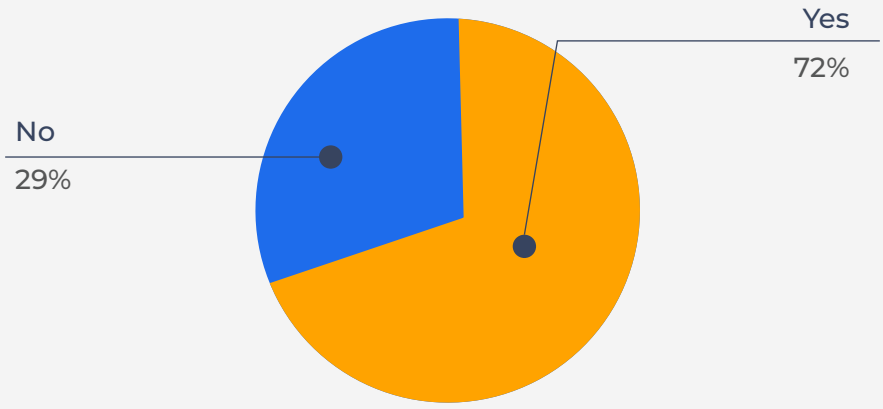
This is all despite 68% of U.S. IT decision-makers saying they have improved their cloud cost optimization in the last few years. This paradox raises questions about the efficacy of current strategies and the need for continuous improvement.

84% of Enterprises Are Utilizing Hybrid or Multi-Cloud Environments

The adoption of hybrid and multi-cloud environments has emerged as a prevailing trend among enterprises. Our research reveals that 84% of organizations utilizing the cloud are now deploying within hybrid or multi-cloud frameworks, signaling an embrace of diverse cloud infrastructure to meet evolving needs. Just 9% of IT decision-makers say they are now deploying on a single private cloud and 7% note they are running their applications on a single public cloud.

Indeed, there's significant momentum behind the adoption of hybrid cloud strategies. In fact, 72% of organizations plan to migrate more business-critical applications to hybrid cloud environments in 2024 compared to 2023.

Do you plan to migrate more business- critical applications to hybrid cloud environments in 2024 than you did in 2023?



There are many reasons why this is likely the case. Firstly, hybrid cloud environments offer a flexible infrastructure enabling businesses to scale resources up and down to ensure optimal performance without over-committing resources. Enterprises can seamlessly shift workloads or automate the multi-cloud migration of containers across clouds. This is critical for supporting AI workloads as multi-cloud environments enable enterprises to meet the data and compute requirements necessary to train AI models.

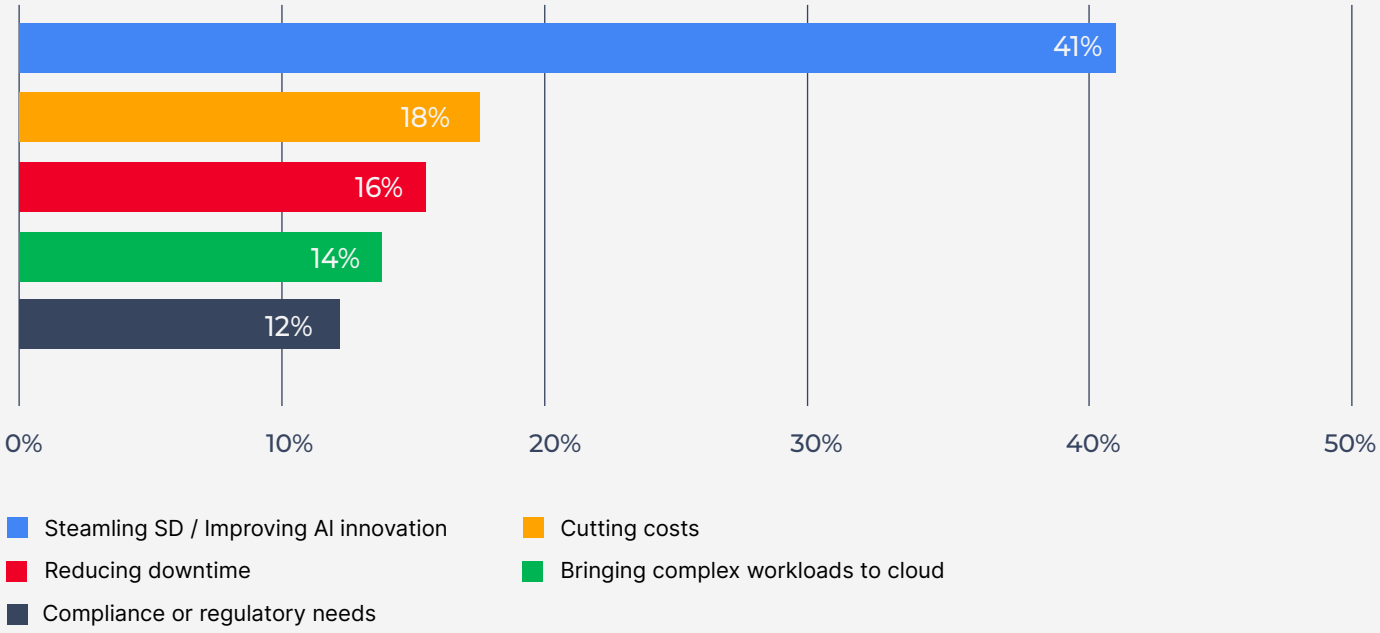
They also enable organizations to optimize costs by strategically deploying workloads based on factors like data sensitivity, compliance requirements, and performance characteristics. In addition, there are two more compelling reasons organizations are moving their most business-critical applications to hybrid environments: business continuity and compliance.

It's likely that they're retaining their most sensitive data on-premise or private infrastructure to address security concerns, while still leveraging the benefits of the cloud for their less sensitive workloads. Perhaps this is why over half (52%) of IT decision-makers plan on migrating some workloads from the cloud back to on-premise this year.

This is crucial, especially in industries with stringent regulatory requirements. Moreover, by spreading workloads across on-premise and cloud environments, organizations can ensure redundancy and resilience, reducing the risk of data loss or downtime in the event of a disaster.

AI Development Driving Most Cloud Migrations

What are your biggest reasons for planning cloud migrations in 2024?



U.S. IT decision-makers have identified AI as a primary catalyst for their cloud migration (hybrid or any other) endeavor. When we asked them what their biggest reasons for planning cloud migrations in 2024 were, 41% said streamlining software development and improving innovation with new technology (AI, etc.).

Cloud environments offer a dynamic platform for software development, providing the necessary infrastructure, tools, and scalability to foster a collaborative and iterative development process. This is why, as more companies jump on the AI boom, they will undoubtedly look to the cloud to run their AI applications. As we noted above, most generative AI models today are trained and run in the cloud. However, the current challenge lies in setting up existing cloud platforms to meet the demands of large-scale AI applications. AWS, Microsoft Azure, and Google Cloud are currently working to optimize their platforms for AI.

Still, running AI applications demands heavy use of cloud platforms, which is sure to drive up costs. Organizations must strike a delicate balance between using the cloud for software and AI development and managing the associated financial costs.

Not surprisingly, nearly all of the 20% of IT decision-makers who noted they were actually planning to cut cloud costs in the year ahead are pointing to cost reductions as their biggest reason for planned migrations. Those cost-cutting needs got a boost in recent weeks, with Google eliminating cloud switching costs. In what may be a sign of more cloud interoperability and less vendor lock-in, Google Cloud customers can now migrate their data to another cloud provider or to on-premise without legacy data transfer fees. It will be interesting to see if the other cloud providers follow in their footsteps to enable more cost-effecient migrating across clouds in the years ahead.

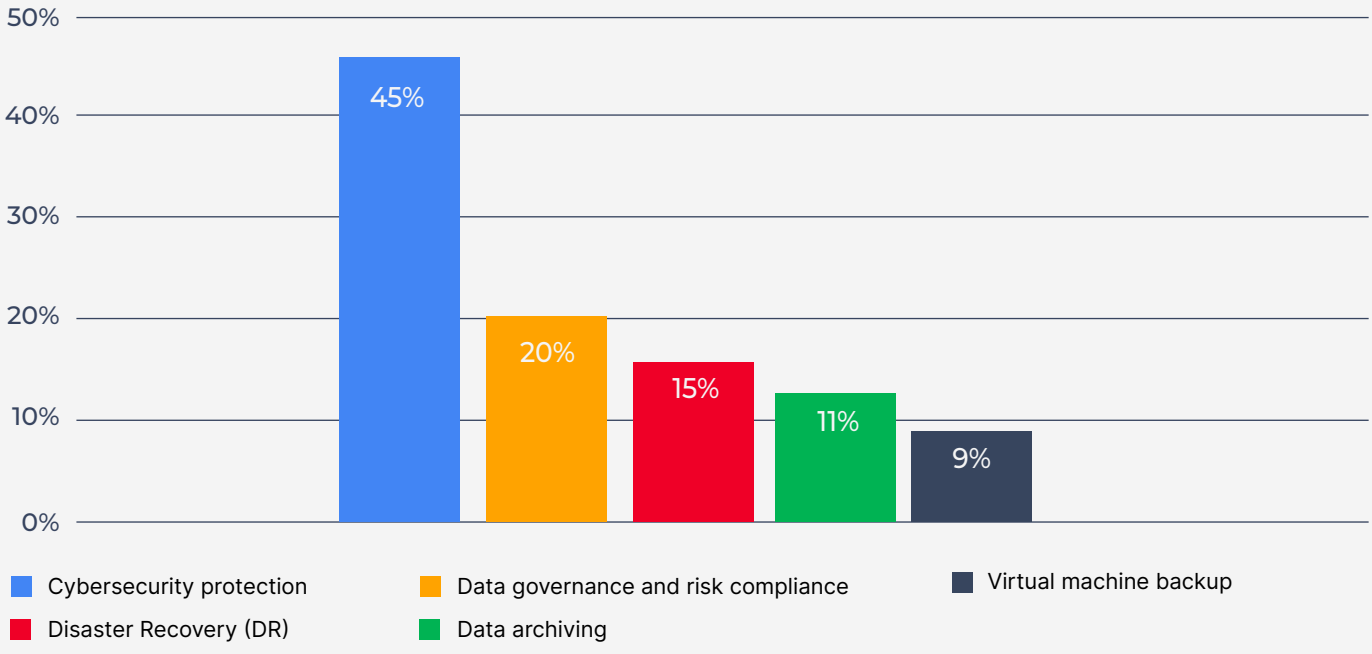
Defending Against Cyberattacks Tops Data Protection Needs

The increasing use of hybrid and multi-cloud environments, which increases enterprise attack surfaces, further amplifies the importance of cloud security. As does the increasing use of AI. When deploying AI applications in the cloud, there's often a convergence of machine learning algorithms and sensitive datasets. Protecting these datasets becomes paramount, as any compromise could lead to significant consequences, including privacy violations, intellectual property (IP) theft, or regulatory non-compliance.

It seems this is very much on the minds of businesses when it comes to their cloud migration strategy, with nearly a quarter (24%) foreseeing providing consistent security, availability, and compliance will be their biggest challenge in 2024.

The past few years have highlighted how vulnerable cloud environments are to cyberattacks. Hackers honed in on the cloud in 2023, targeting and ***delivering malware to cloud applications*** at a historic rate. Unsurprisingly, 71% of IT decision-makers believe that sophisticated cybersecurity threats such as ransomware will become a bigger threat to their uptime in 2024. This heightened awareness has pushed 45% to make protecting against these advanced attacks their top data protection priority this year.

For 2024, what will be your top data protection priority?



Data governance and risk compliance (20%) and disaster recovery (DR) (15%) round out organizations' top three data protection priorities for 2024, both of which go hand-in-hand. Failure to have a disaster recovery plan can result in compliance violations and hefty fines. For example, it's mandatory under HIPAA's Security Rule to have a contingency plan in place, including a disaster recovery plan.

Of course, neglecting to implement an effective DR strategy has other consequences, too. Without a DR plan,

organizations risk significant data loss in the event of disasters, cyberattacks, or system failures. In fact, U.S. IT decision-makers identify these risks and the fact that their DR plan is on-premise, as the biggest problem with their current disaster recovery plan or solution. This is followed by it's too complex to manage (18%) and it's too expensive (12%).

This can result in the loss of critical business information, customer data, and intellectual property. The lack of preparedness for downtime can also lead to prolonged disruptions in business operations, impacting productivity, revenue generation, and customer service.

As for the type of disaster recovery plan or solution organizations currently adopt, warm DR is growing in demand and usage (34%). Warm DR involves maintaining a secondary site with essential infrastructure, but it is not running in real-time. Data replication is periodic, and systems are brought online only when needed. It's a far more optimal option than Hot DR, which is used by 17% of respondents, and Cold DR, which is used by 14% of U.S. IT decision-makers.

Warm DR recovers data much faster than Cold DR, which is essentially a minimalistic form of disaster recovery that isn't operational until it's needed. It's also a more cost-effective option than Hot DR for most small to medium-sized enterprises since it only synchronizes data periodically.

Looking Ahead

It's clear that organizations' cloud usage is evolving at a rapid rate. As we gaze into the future, several key trends emerge: How businesses use the cloud will be largely driven by their ability to develop and deploy AI applications; C-Suites are willing to invest more money in the cloud even if they're spreading applications between the cloud and on-premise environments; And there will be a much tighter focus on what they're spending their money on, to help curb unexpected and unwanted costs.

As organizations ensure a smooth synergy between the cloud and these key considerations, the effectiveness of their migration, disaster recovery, and cost optimization strategies will be crucial. As businesses navigate this evolving landscape, the ability to balance hybrid environments, ensure business continuity, and optimize spending will determine their competitive edge.

About Wanclouds

Wanclouds is a leading multi-cloud SaaS, solution, and managed service provider. It helps enterprises with cloud deployments, migrations, and protecting their cloud infrastructure in time and cost-efficient ways. The company's cloud Migration as a Service (MaaS) and Disaster Recovery as a Service (DRaaS) reduce the financial investment and remove the technical complexities that halt or delay businesses from migrating on-premise to the cloud, moving across clouds, or setting up backup and restore protection. Its SaaS-based automation suite VPC+ provides a single pane of glass for managing and protecting multi-cloud environments through a centralized cross-cloud solution. Wanclouds is headquartered in Santa Clara, CA. For more information, visit: ***https://www.wanclouds.net/***