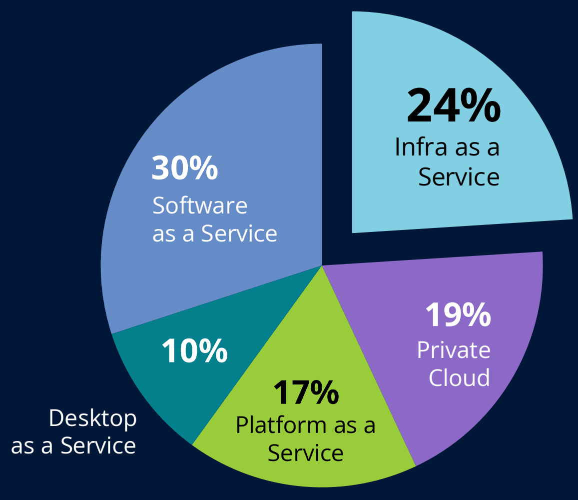
ISG® Cloud Market Lens Study

The State of the Cloud Market

- 17% of IT budgets are allocated to cloud services spending.
- **IaaS** has seen the greatest increase in spend over the past 2 years, with the proportion on private cloud decreasing.
- Driven by AI demand, cloud spending is anticipated to grow across all categories, including private cloud.
- The chart shows cloud spend by category.



The Growth of Multi-Cloud

1/2 of Apps Are Cloud-based Today

Cloud migration has continued apace. eCommerce, ITSM and BI/analytics apps have the highest adoption. BI/analytics and AI development are the highest priorities for the next two years. The speed of migration across applications has led to enterprises managing multi-cloud, multi-provider environments.

	2022	2024
# of Public Cloud Providers*	1.8	3.2
# of MSPs Engaged for Cloud*	2.0	3.6

**These numbers are the mean*

Cloud Ecosystem Performance

Cloud SLAs Lack Business Value Metrics

Only 16% reported that innovation was an SLA in their cloud contracts. Compared to **70% for security compliance**, this shows a focus on IT over business value metrics. Despite typical cost savings of 10-15%, enterprises want providers to play a greater role in ongoing cost management through cloud services.

Top Performing*

Cloud security compliance	**3.51**
Service uptime/availability	3.48
Privacy/regulatory compliance	3.42

Lowest Performing*

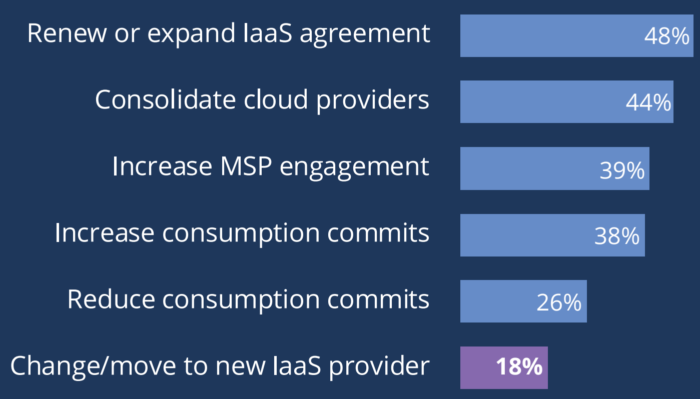
Innovation delivery	2.78
Migration timelines	2.71
Cost management	2.68

**Mean on a 1-5 scale*

Expected Cloud Changes in 12 Months

AI Fuels More Cloud Spending

Enterprises expect to spend more on cloud to support AI demand in a smaller ecosystem. **Few want to switch providers,** and only 15% expect to expand their number of cloud providers. We expect incumbents that partner with clients for cost management and to speed up cloud-based innovation will win.



250 decision makers interviewed
G2000 companies in N. America, EMEA & Australia

Board-level (34%), sustainability (25%)
and ops & business leaders responsible for cloud (41%)

Contact us to find out more about this study. If your organization needs help navigating the technologies, processes and culture needed to refocus your cloud initiative, ISG can help.