

Saugatuck Cloud IT Management Survey Summary Research Results

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Summary Findings - Part I

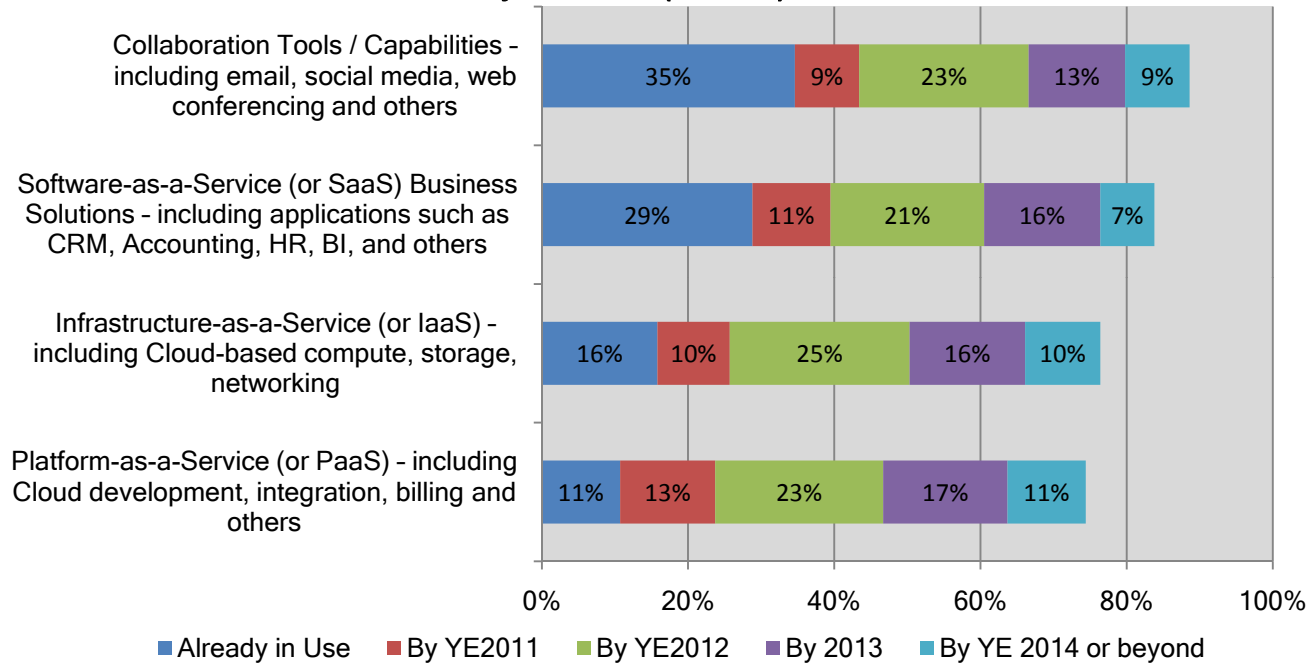
- Adoption of Cloud-based solutions, including SaaS, will be widespread across all categories through 2014 when Collaboration, SaaS, IaaS and PaaS will all achieve over 70 percent adoption.
- Greater than 50 percent of enterprises plan on using Cloud or SaaS-based IT Management solutions to manage their IT environment. Most workloads will be on-premises-based, internal private Cloud, or hybrid/integrated workloads. A smaller percentage of enterprise respondents will be using Cloud-based tools to manage “Cloud-based only” workloads.
- The degree of current satisfaction with on-premises IT management tools is in the mediocre range (55 percent - 68 percent), by no means a ringing endorsement of the status quo.
 - It is reasonable to expect enterprise buyers will acquire new SaaS-based IT management tools, given the aggressive Cloud acquisition timeframes expressed and the finding that enterprises expect to acquire SaaS IT management tools to manage complex, hybrid, Cloud and on-premises workloads.
- Responses of enterprise buyers indicate that a majority are aware that SaaS-based IT management solutions that can help them manage their IT environments and meet their business/technology objectives.
 - The top four areas that enterprise buyers plan to deploy SaaS-based IT management tools are *Data backup, Email system, Email archiving* and *Communication* tools (e.g., notification, event management).
- The top benefits that enterprise buyers expect from SaaS-based IT management solutions are clearly focused on *reducing the costs of infrastructure and IT support*, as well as *enabling faster, more rapid deployment*, and to *provide greater flexibility and agility*.
- Security issues led the list of top concerns that enterprise buyers have associated with deploying SaaS-based IT management.
 - While this is consistent with other Cloud surveys that Saugatuck has conducted over the past eight years, buyers are also now expressing concerns about data and regulatory requirements, lock in and service levels - all indicating a more evolved and pragmatic approach toward SaaS-based IT management tools, as they seriously consider acquiring them.

Summary Findings - Part II

- While 19 percent to 25 percent of enterprise buyers already have or will acquire SaaS-based IT management tools by YE2011 (depending on solution category), these same enterprise buyers appear ready to deploy SaaS-based IT management tools in even larger numbers in 2012 (23 percent) and 2013 (18 percent), and generally across all categories. By YE2014, cumulative enterprise deployment of SaaS-based IT management tools will range from 68 percent to 80 percent, across the various tools categories.
- Enterprise buyers strongly prefer an integrated suite of SaaS-based IT management solutions over “best of breed” SaaS solutions, by a margin of 59 percent to 41 percent. This is likely because of the preference for efficiency of managing the whole integrated suite over managing the parts.
- Enterprise buyers strongly prefer buying direct from a large, established provider, but also favor to some degree the option of buying from a managed services provider or a Cloud hosting provider. Local and regional VARs and SIs, Telco providers and business consultancies are the least-favored procurement options.

Cloud IT Adoption

How soon do you expect to see your company acquire the following Cloud IT solutions for use in production systems? (n=273)



Source: Saugatuck Technology, Inc.

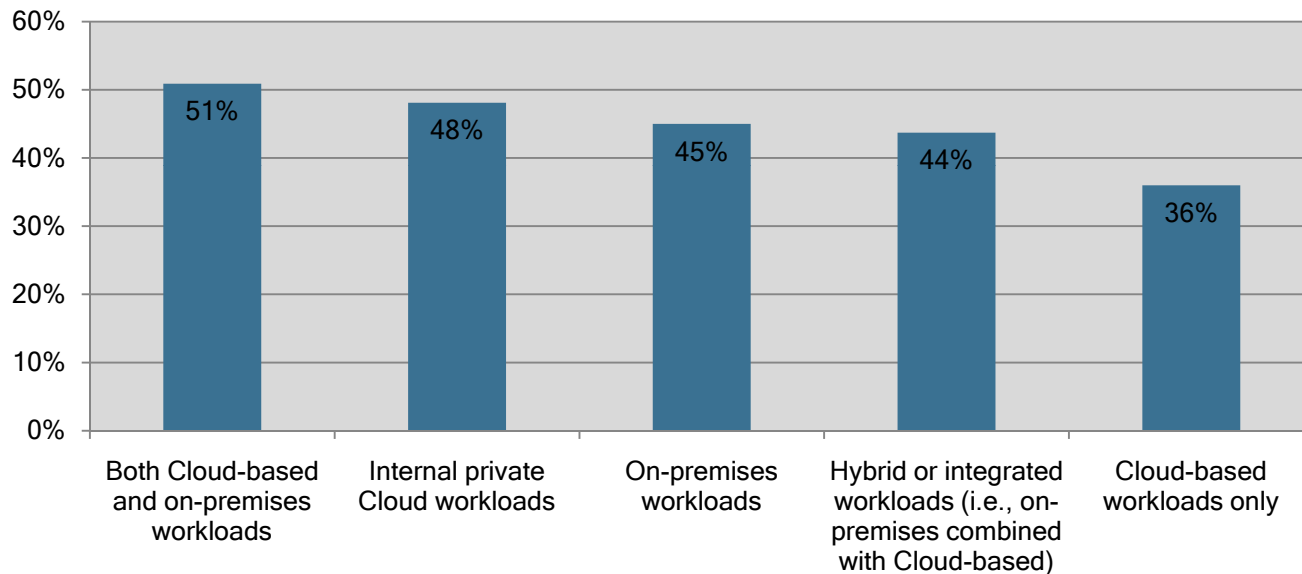
Notes on the Data

- High percentage of “Already in Use” drives Collaboration Tools to rank highest in actual and planned adoption overall.
- Percentage rankings indicate few plans for adoption “By YE2011” and “By YE2014 or Beyond,” and comparatively high adoption plans for 2012 and 2013.

Saugatuck Insight: Adoption of Cloud-based technologies are growing very rapidly, with 70 percent or more of enterprises adopting Collaboration, SaaS, PaaS and IaaS solutions by YE2014. The relatively high percentage of Collaboration Tools “Already in Use” likely results from the inclusion of email and web conferencing in the category. Nevertheless, the relative intent-to-purchase timeframes line up very well with surveys of the past two years.

Cloud IT Management: Plans to Use

Please indicate your level of agreement with the following statements: My company is considering using SaaS or Cloud-based tools to manage our IT environment, for the following types of workloads (current and in future): Agree + Strongly Agree (n=273)



Source: Saugatuck Technology, Inc.

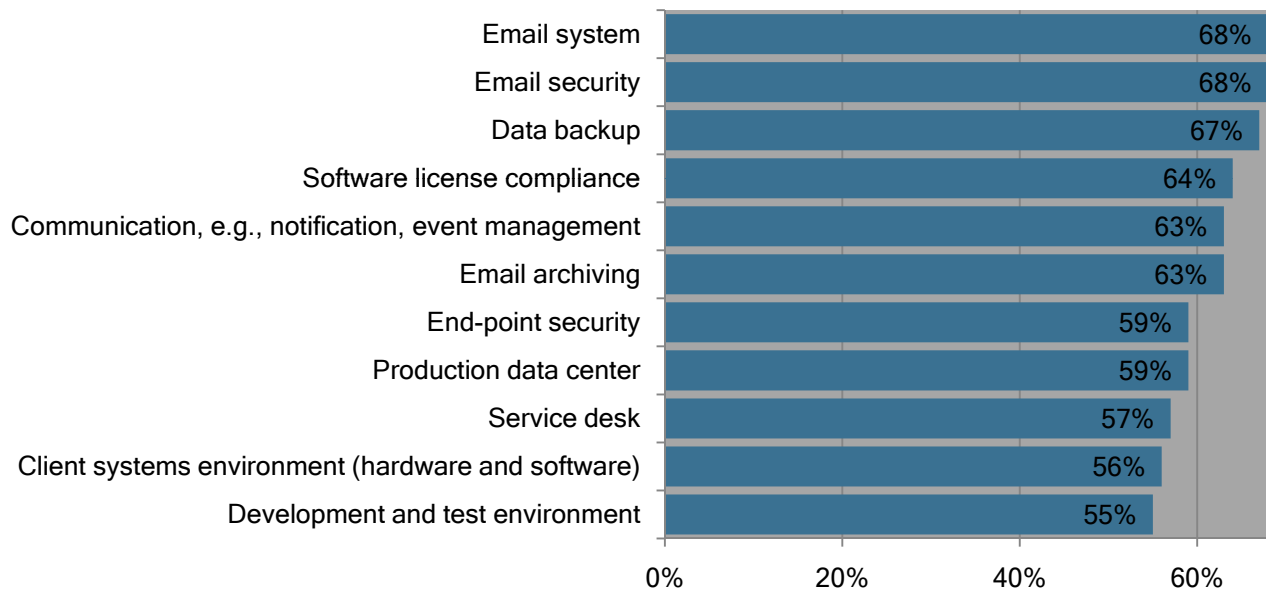
Notes on the Data

- Respondents indicated the highest degree of inclination to use SaaS or Cloud-based tools to manage “Both Cloud-based and on-premises workloads”.

Saugatuck Insight: These responses indicate significant numbers of enterprise buyers are currently considering SaaS-based IT tools for managing various combinations of Cloud and on-premise workloads. The relatively smaller percentage of enterprise respondents considering using Cloud-based tools to manage “Cloud-based only” workloads suggests most workloads will be on-premises based, internal private Cloud or hybrids/integrated workloads.

On-Premises IT Management: Meeting Business/Technology Objectives

Please indicate your level of agreement with the following statements: My company's current on-premises software solutions contribute to our ability to manage our IT environment and meet our business / technology objectives: Agree + Strongly Agree (n=273)



Source: Saugatuck Technology, Inc.

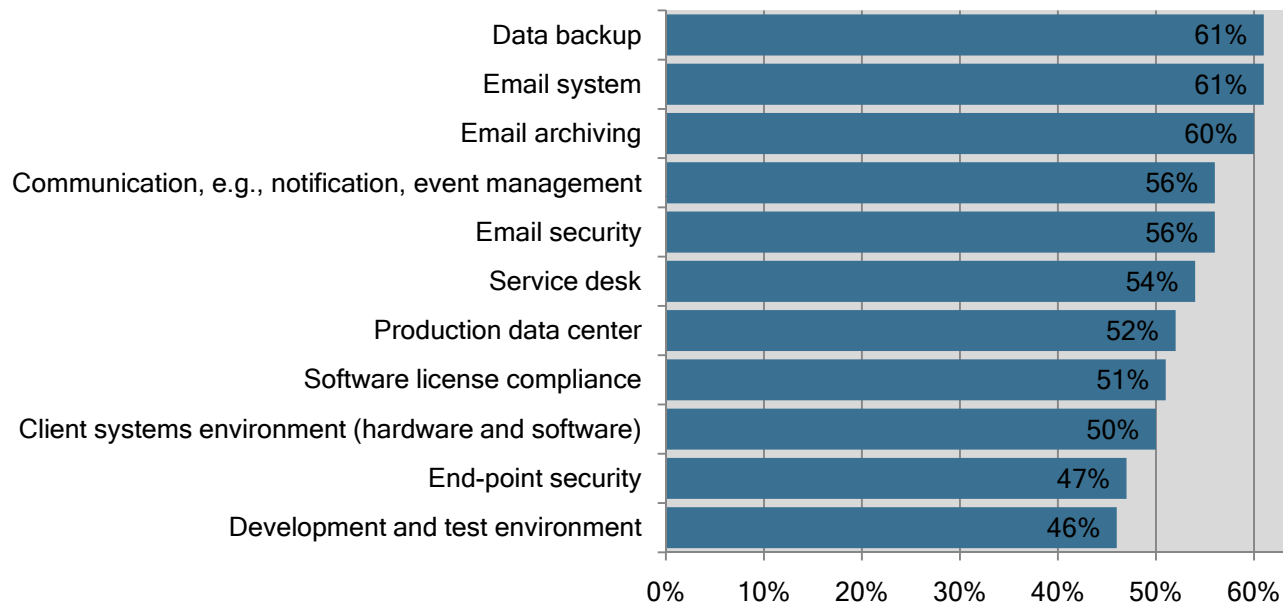
Notes on the Data

- Respondents perceive current on-premises software does contribute somewhat to managing the IT environment and meeting their business objectives, ranging by category from 55 percent to 68 percent.
- There is only a small variation (13 percentage points) across the possible responses for current on-premises software solutions.

Saugatuck Insight: The degree of current satisfaction with on-premises IT management tools is in the mediocre range (55 percent - 68 percent), by no means a ringing endorsement of the status quo. Recalling the Cloud acquisition timeframes from earlier slides and the expectation that respondents will acquire SaaS IT management tools to manage complex, hybrid, Cloud and on-premises workloads, we would expect a favorable opportunity for SaaS-based IT management tools.

Cloud IT Management: Meeting Business/Technology Objectives

As a follow-up to the previous question, SaaS-based solutions that we already own (or might acquire can) contribute to our ability to manage our IT environment and meet our business / technology objectives: Agree + Strongly Agree (n=273)



Source: Saugatuck Technology, Inc.

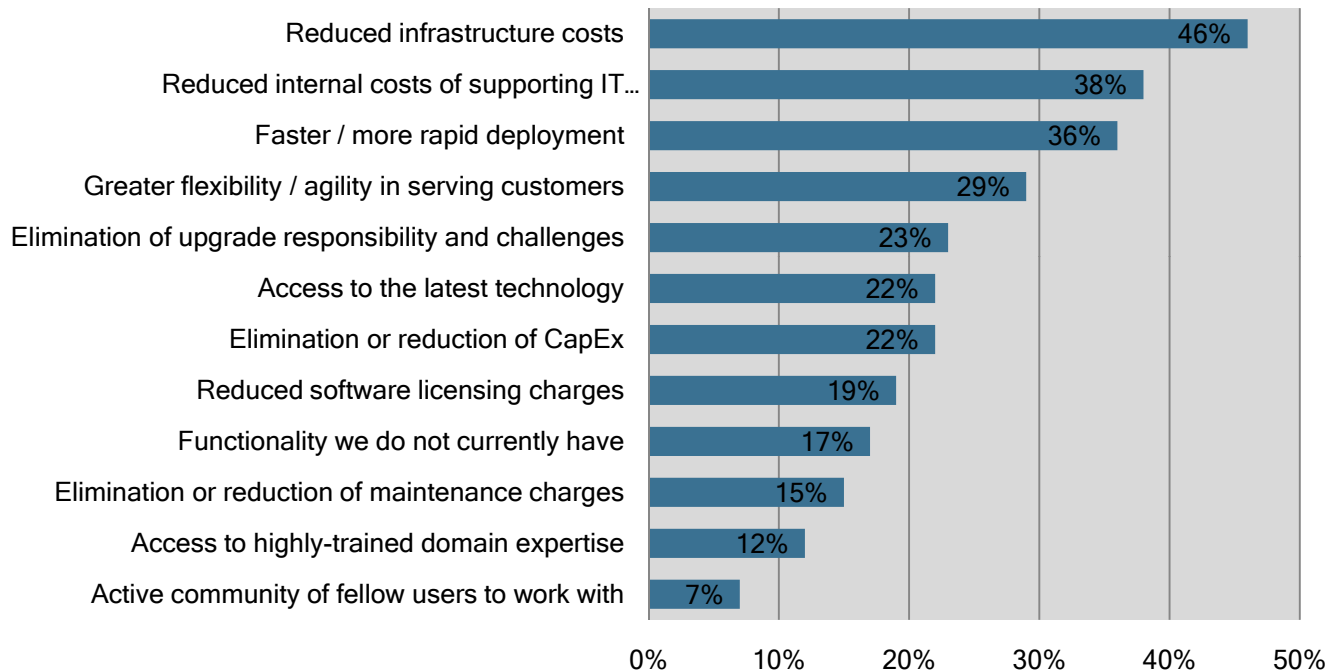
Notes on the Data

- As with the similar question focused on on-premises IT management solutions, the top three categories were Data backup, Email system and Email archiving.

Saugatuck Insight: Responses of enterprise buyers indicate that a majority are aware of SaaS-based IT management solutions that can help them manage their IT environments and meet their business and technology objectives. The top three preferences for SaaS IT management are Data backup, Email system and Email archiving tools, followed by Communication and Email Security..

Cloud / SaaS IT Management: Key Benefits

Please select from the list below the top three benefits you would expect from SaaS solutions that help manage your IT environment. (n=273)



Source: Saugatuck Technology, Inc.

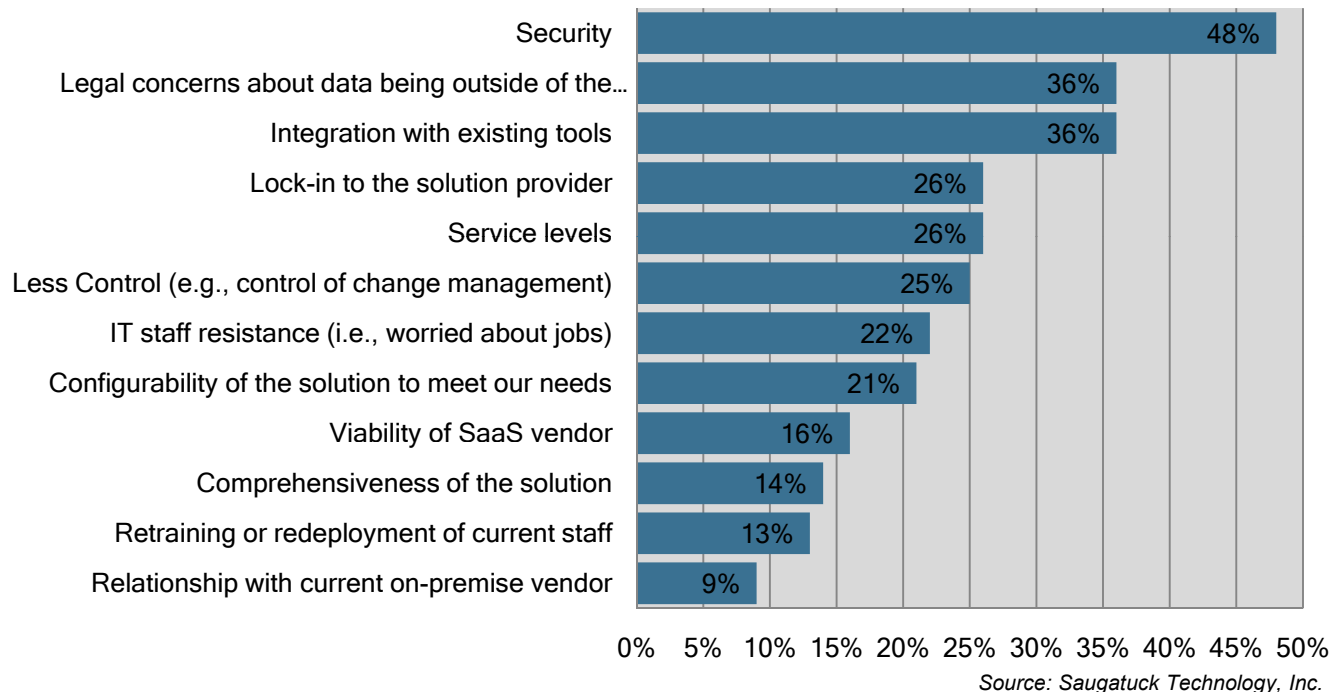
Notes on the Data

- Respondents indicated that cost reductions are the top expected benefits from SaaS solutions.
- Respondents indicated *Faster deployment* is the third top expected benefit expected, followed by *Greater flexibility / agility*

Saugatuck Insight: Enterprise buyers look to SaaS-based IT management solutions to reduce costs of infrastructure and IT support, to enable faster, more rapid deployment and to provide greater flexibility and agility.

Cloud / SaaS IT Management: Key Concerns

Please select from the list below the top three concerns you might have with the deployment of SaaS solutions that help manage your IT environment. (n=273)



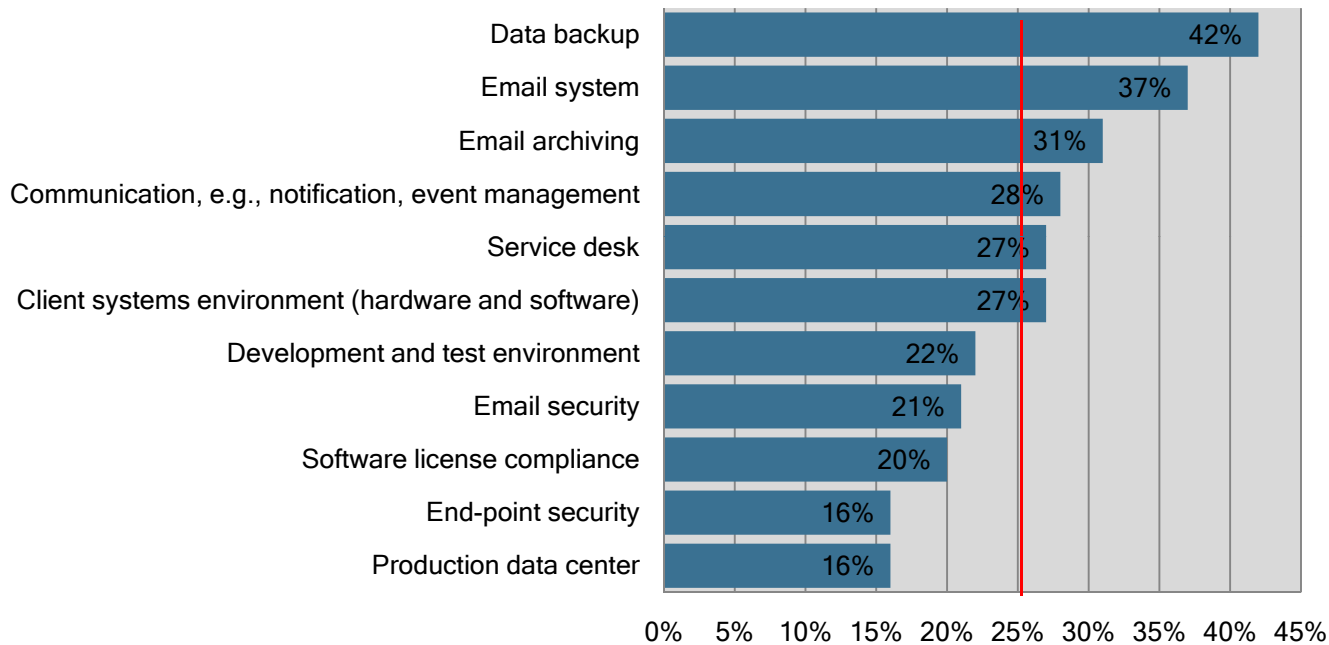
Notes on the Data

- As expected, Security tops the list
- Risk, Compliance and Governance activities remain a key concern with Cloud deployments.
- Integration rounds out the top three, as a perennial concern, given the large IT portfolio investment in on-premises solutions
- IT depts. are far less concerned with their existing vendor relationships, probably due to very high maintenance costs and licensing fees, than with the viability of SaaS vendors.

Saugatuck Insight: Enterprise buyers fear security issues most, as they have for the past eight years, but now also express concern about data and regulatory requirements, lock in and service levels, indicating a very pragmatic approach toward SaaS-based IT management tools, as they seriously consider acquiring them.

Cloud / SaaS IT Management: Top Deployment Areas

Please select the top three areas that you would most likely consider using SaaS to manage your IT environment first:
(n=273)



Source: Saugatuck Technology, Inc.

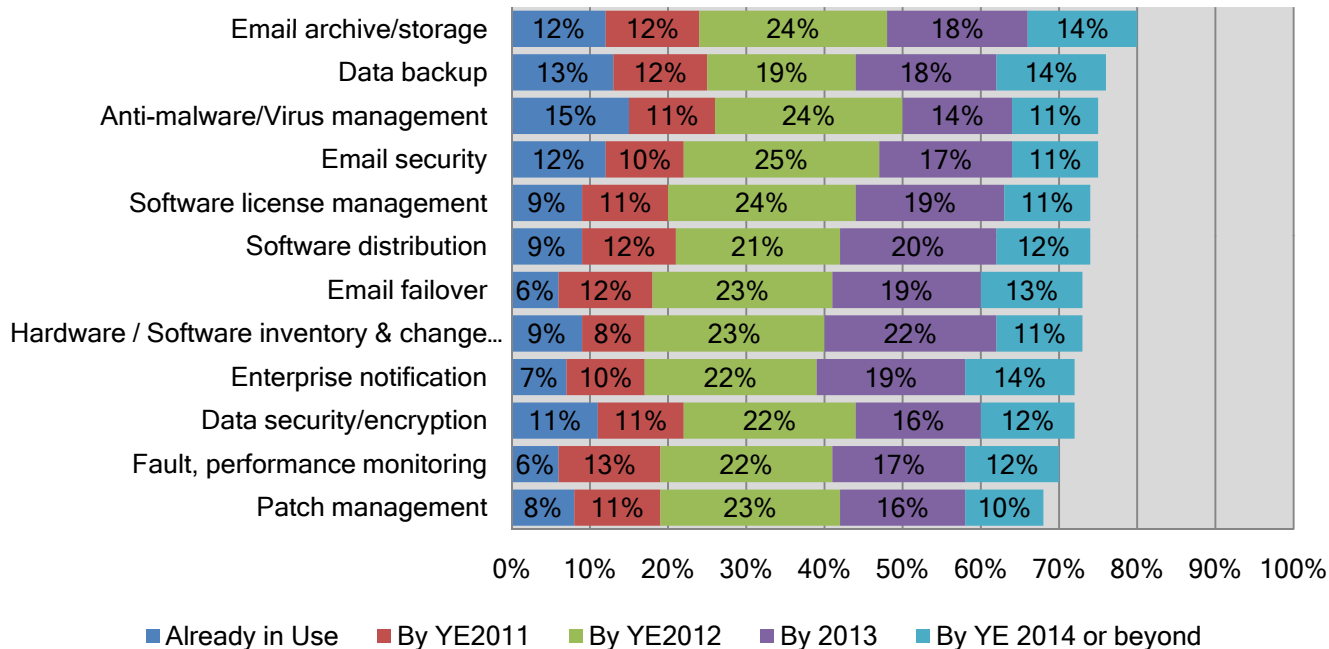
Notes on the Data

- *Data backup* is the area in which companies are most likely to use the Cloud to manage their IT environment, followed by *Email system* and *Email archiving*.
- This seems paradoxical, given that Cloud data and backups would likely shift control to an external hoster, where the security and privacy concerns we saw earlier are likely to be greater.
- Clearly, *End-point security* and *Production data center* management solutions are far less likely for Cloud providers.

Saugatuck Insight: : If we consider a 25% demarcation line, the most favorable solutions across all geographies and size companies would be *Data backup*, *Email System*, *Email archiving*, *Communication*, *Service desk* and *Client systems environment*, and in that order. *Development and test environment*, *Email security* and *Software license compliance* are solutions that may get traction over time, but *End-point security* and *Production data center* are far less likely.

Cloud / SaaS IT Management: Deployment Timing

Please indicate WHEN your company would most likely deploy a SaaS solution in each of the following solution categories to help manage your IT environment: (n=273)



Source: Saugatuck Technology, Inc.

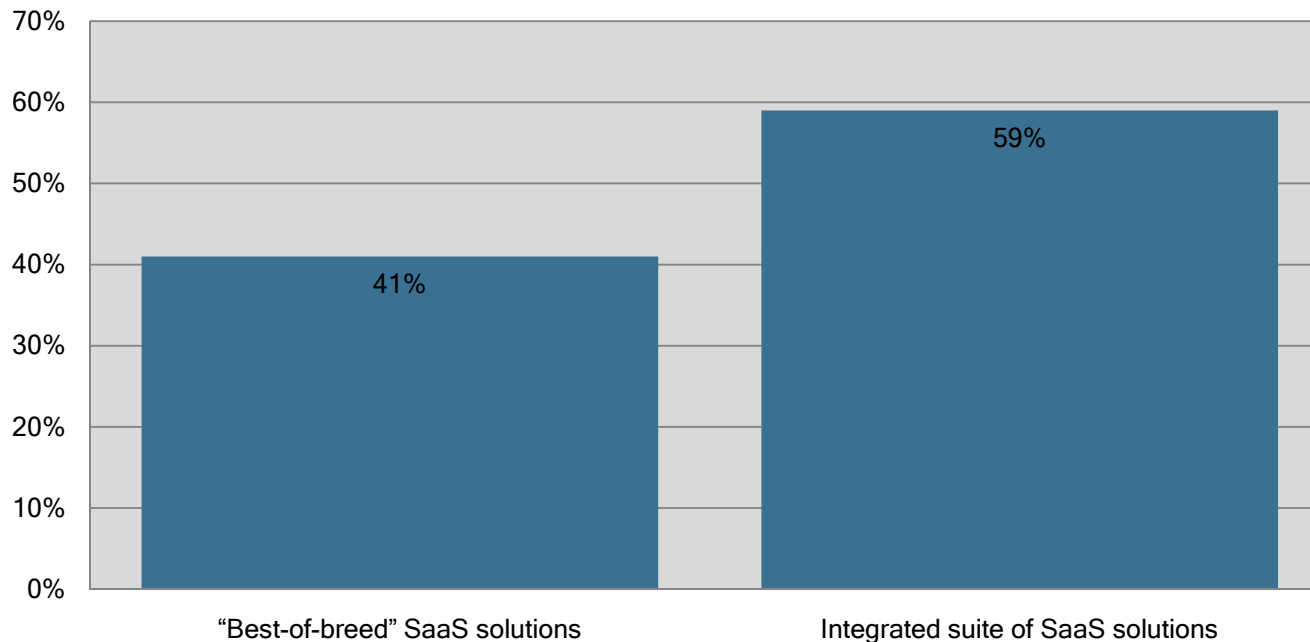
Notes on the Data

- Thru 2012, Cloud solutions will most likely be deployed for *Email-archive / storage (36%), Anti-malware/virus management (35%), Email security (35%), Software license management (35%), Email failover (35%), Fault, performance monitoring (35%), Patch management (34%), Software distribution (33%), Data security (33%), Enterprise notification (32%) Data backup (31%), Hardware / Software inventory (31%)*
- Most companies plan to have all of these solutions by 2014.

Saugatuck Insight: Enterprise buyers appear ready to deploy SaaS-based IT management tools in large numbers in 2012 (23 percent) and 2013 (18 percent) and generally across all categories. By YE 2014 enterprise buyers expect to deploy SaaS-based IT management tools, ranging from 68 percent to 80 percent across the various tools categories.

Cloud / SaaS IT Management: Best of Breed vs. Integrated Suite

If you had to choose between acquiring best-of-breed (stand-alone) SaaS solutions or an integrated suite of SaaS tools to help manage your IT environment, which would it be? (n=273)



Source: Saugatuck Technology, Inc.

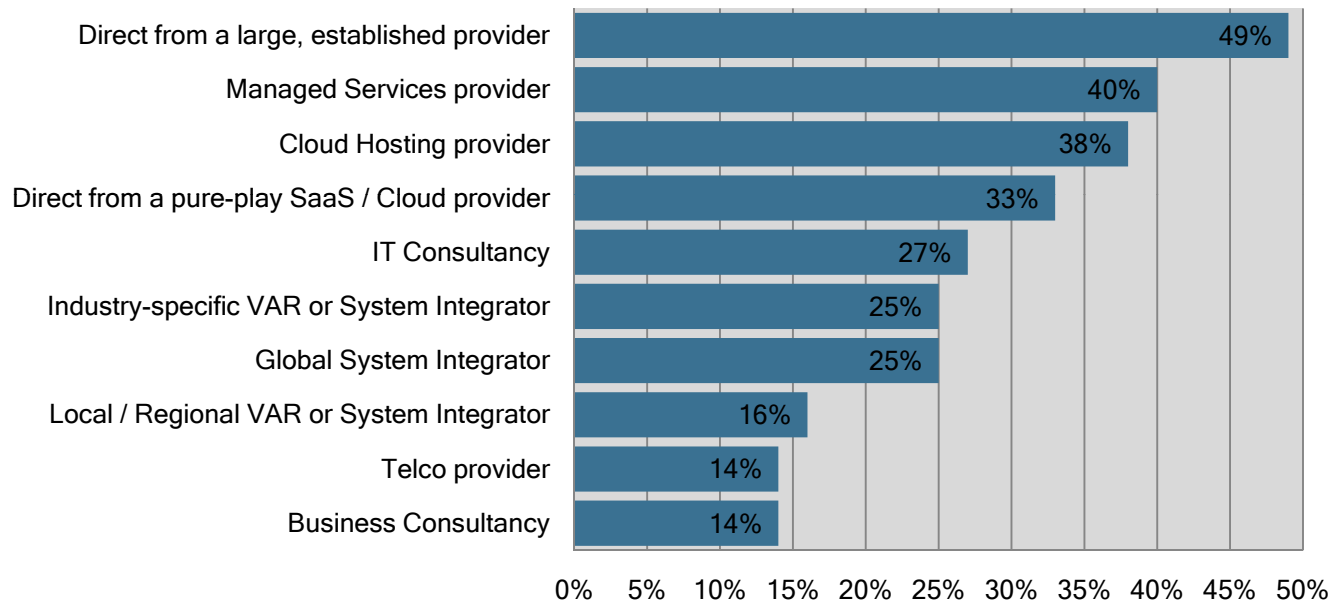
Notes on the Data

- Acquiring SaaS solutions that are Integrated suites of tools is preferred by a statistically significant margin (18% more) over acquiring "best of breed" SaaS solutions.

Saugatuck Insight: Enterprise buyers strongly prefer an integrated suite of SaaS-based IT management solutions over "best of breed" SaaS solutions by a margin of 59 percent to 41 percent, likely because of the preference for efficiency of managing the whole integrated suite over managing the parts.

Cloud / SaaS IT Management: Channel Preference

Please indicate your level of agreement with the following statements: What are the top three (3) sources from which your company would prefer to acquire SaaS-based tools to manage your IT environment? (n=273)



Source: Saugatuck Technology, Inc.

Notes on the Data

- Overall, acquiring SaaS-based tools *Direct from a large, established provider* is preferred across geographies and sizes of company.
- The least preferred choices were *Telco providers* and *Business Consultancy*

Saugatuck Insight: Enterprise buyers prefer to purchase directly from large and established providers, followed by managed service providers and Cloud hosting providers.

Appendix - About the Survey / Demographics

- In late June and early July, 2011, Saugatuck Technology conducted a survey that included 273 North American and European senior IT executives.
- This survey had a very large number of decision makers who participated, with 84 percent of the survey respondents maintaining a title of Director or higher.
- The survey focused on companies at the upper end of small enterprises through the low-end of large enterprises. In this regard, the survey achieved a good balance across what we have labeled: Upper-Small / Midrange (500-2,499 employees), Upper-Midrange (2,500-5,000 employees), and Large (5,000-10,000 employees).

By Region		By Employee Size		By Title		By Industry	
North America	64%	500-999	16%	EVP / SVP / Gen Mgr	23%	Bus / Prof Services	19%
Europe	36%	1,000-2,499	16%	VP	13%	Manufacturing	15%
Total	100%	2,500-4,999	35%	Director	48%	Public Sector	15%
		5,000-10,000	33%	Manager	12%	High Technology	13%
		Total	100%	Other	4%	Financial Services	11%
				Total	100%	Healthcare / Pharma	8%
						Retail / Distrib. / CPG	8%
						Other	11%
						Total	100%

About Saugatuck Technology

SAUGATUCK OFFERINGS AND SERVICES

Saugatuck Technology provides subscription research / advisory and consulting services to senior business and IT executives, technology and software vendors, business / IT services providers, and investors. Our Mission is to help our clients make better business decisions and create new business value through trusted and objective insights into the key market trends and emerging technologies driving real change. Over the last few years, this has included a major focus on Software-as-a-Service (SaaS), Cloud Infrastructure, and Social Business Technologies, among other key trends.

CONTINUOUS RESEARCH SERVICES (CRS)

- Subscription access to Saugatuck's ongoing premium research, providing independent / unbiased insights and guidance into key market trends, buyer behavior, "white-space" opportunities and disruptive market forces driving changes in business computing.
- A variety of advisory services, including telephone-based inquiry, and "Analyst Days"

USER STRATEGIC CONSULTING SERVICES

- Leadership and Planning Workshops
- Strategy and Program Assessments
- Vendor Selection / Evaluations
- Cloud Transition / Migration and Management Best Practices

VENDOR STRATEGIC CONSULTING SERVICES

- Market Assessment
- Strategy Validation
- Opportunity Analysis
- Positioning / Messaging / Go-to-Market Strategies
- Competitive Analysis

THOUGHT-LEADERSHIP PROGRAMS

- Custom research programs targeting key technology and business/IT investment decisions of CIOs, CFOs and senior business executives
- Delivered as research reports, position papers or executive presentations.

VALUE-ADDED SERVICES

- Competitive and market intelligence
- Investment advisory services (M&A support, due diligence)
- Primary and Secondary market research.

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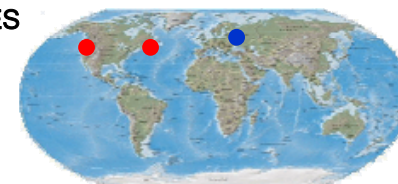
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- While there register on our site and begin receiving our complimentary *Research Alerts*.