



Savvis IT Infrastructure

A large red ladder stands vertically, its top reaching into a white, fluffy cloud. At the base of the red ladder, several white ladders are leaning against each other. The background is a clear blue sky.

Rising to the Challenge

2010 Global IT Leadership Report

Strategies for Success

Challenging the status quo in the economic recovery

Rising to the Challenge

This independent report was commissioned by Savvis and conducted by Vanson Bourne in April 2010. The research surveyed CIOs, IT Directors and Heads of IT in the USA, UK and Singapore from medium to large enterprises and the public sector.

A Message from Savvis

Last year was a challenging year as the economic recession took hold and IT leaders were forced to tighten-up their belts and rise to the challenge of delivering 'more for less'. Although it was a year of IT infrastructure consolidation and cost reduction initiatives, it was also an opportunistic time where organisations sought to adopt new technologies in an effort to become more efficient. One of my key takeaways from 2009 was that the economic downturn motivated IT departments to challenge the status quo and explore ways to improve operational efficiencies.

Our 2010 survey findings revealed that a large percentage of organisations are looking at infrastructure outsourcing as a means of delivering first-class IT support to the organisation. The impetus driving this outsourcing rise is a widespread interest in cloud computing. A significant portion of the respondents are currently using or considering cloud services to deliver some part of their IT infrastructure. With the outsourcing forecast for the next 10 years set to grow (some two-thirds of organisations believe the majority of their infrastructure will be outsourced compared with fewer than one in five currently), it seems that the adoption of cloud services will play an important role in this industry transformation.

It was also clear from the research results that the UK is contributing to the increase in outsourcing. In 2009 there was evidence that the UK survey respondents were more cautious than their counterparts about outsourcing and cloud computing. Whilst the 2010 survey results indicate this perspective remains, the UK respondents were the most optimistic about their outsourcing futures, with 90% suggesting that the majority of their infrastructure is currently in-house. However, in 10 years this percentage is expected to shrink to just 23% — meaning some three out of four UK-based organisations plan to outsource the majority of their infrastructure by 2020.

There is increased confidence in enterprise-ready cloud services amongst IT decision makers, which has fuelled interest in enterprise cloud solutions for business use including critical applications, test and development and batch processing/data analytics. According to our survey, Singapore is leading the way in the use of cloud services; however, despite lagging behind this region, USA IT leaders have higher expectations on the cost savings that cloud services will bring. On average they expect to save around 18% of their IT budget by using cloud services compared with 12% and 16% savings anticipated from the UK and Singapore respondents, respectively. Yet these expectations seem relatively modest when you consider how much IT waste currently exists within organisations today.

In summary, the main strategic priority of IT executives across the globe this year is to find more cost-effective IT solutions. One of the key ways to do this, as evidenced in the survey, is to adopt a virtualisation or cloud computing strategy. Cloud is at the heart of Savvis' strategy. We work closely with global clients to understand their business challenges and design solutions to help them achieve meaningful results. Our team has spent considerable time this year with organisations that want to take advantage of the range of benefits offered by outsourced IT infrastructure and in particular cloud services — from speed of deployment/faster time to market, better utilisation of infrastructure and cost reductions, to greater user control and flexible business terms. As an experienced provider of IT infrastructure services, we would be delighted to meet with you to discuss how we can help your organisation achieve these goals — contact us directly at ITleadership@savvis.net

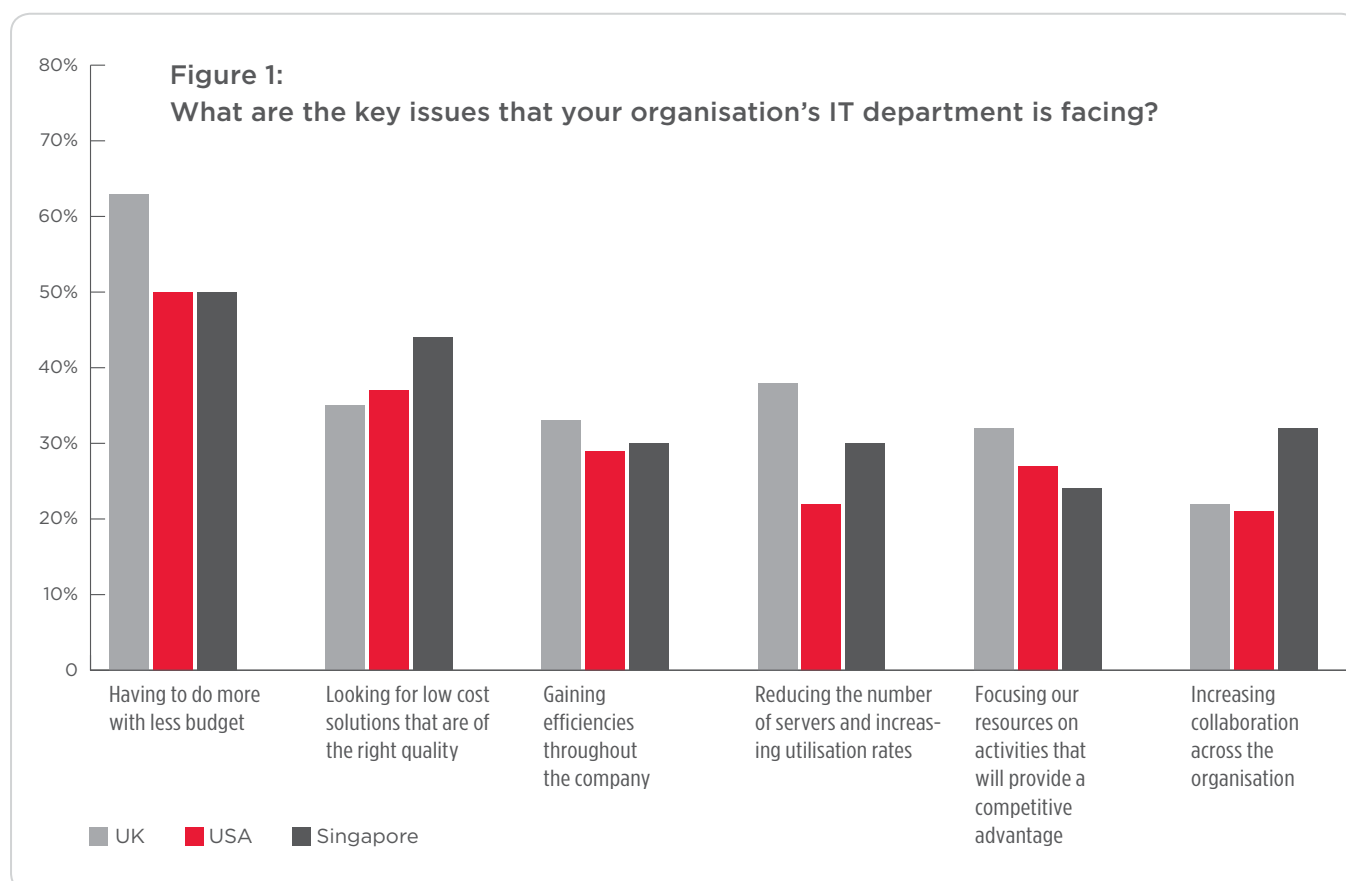
Bryan Doerr
CTO of Savvis



Strategies in the Economic Climate

There is evidence from this study and from other studies conducted by Vanson Bourne that suggests the global economic outlook has improved for enterprise organisations over the last 12 months since the last survey was undertaken. Given this more positive view, we might anticipate some changes in the way organisations are coping with the economic climate. But are the key issues of 2009 the same challenges that organisations are dealing with in 2010? Within an IT context, the greatest issue facing organisations in 2009 was having to do more with less budget. This reality remains prevalent today, being expressed as the leading issue by respondents across all regions surveyed (55%).

Figure 1 explores key issues faced by IT departments and there are some significant geographic variations. In broad terms, the UK-based organisations are focusing on the need to gain efficiencies as well as looking to reduce server counts. Singapore organisations are focusing more on low-cost solutions that are of the right quality (44%) and increasing collaboration across the organisation (32%). Meanwhile, the USA-based organisations are somewhere in-between the two. Generally, businesses are still feeling the effects of the recession, with budgetary constraints and cost-saving prevalent; however, this is being met by an understanding that external cost-saving solutions do exist and such services must deliver the increased return on investment that is being demanded by organisations.



When examining the strategic priorities for the IT department, three areas of particular concern stand out (Figure 2). Organisations are looking for more cost-effective IT solutions (48%), are focusing their IT resources on developing business-critical applications (43%) and are examining collaboration as a method to gain operational efficiencies (32%). While attempting to achieve more for less, the respondents have a desire to create an agile IT service delivery model without increasing costs. This is a strong 2010 objective for one-third of the global IT decision makers surveyed.

Being limited by budget appears to have resulted in high levels of agreement as to how organisations will manage their IT department as they move forward. When asked where they feel their top three cost savings would come from this year, reducing infrastructure costs, infrastructure consolidation and a virtualisation or cloud computing strategy all received strong support. There are hints as to how IT leaders believe they can achieve limited budget spend whilst still delivering on a 'planning for growth' corporate ambition. There are interesting variations by size of company, with "the largest companies looking at reducing infrastructure costs" whilst the mid-sized companies see cloud or virtualisation as key (Figure 3).

Figure 2:
What will your top three strategic priorities be in 2010?

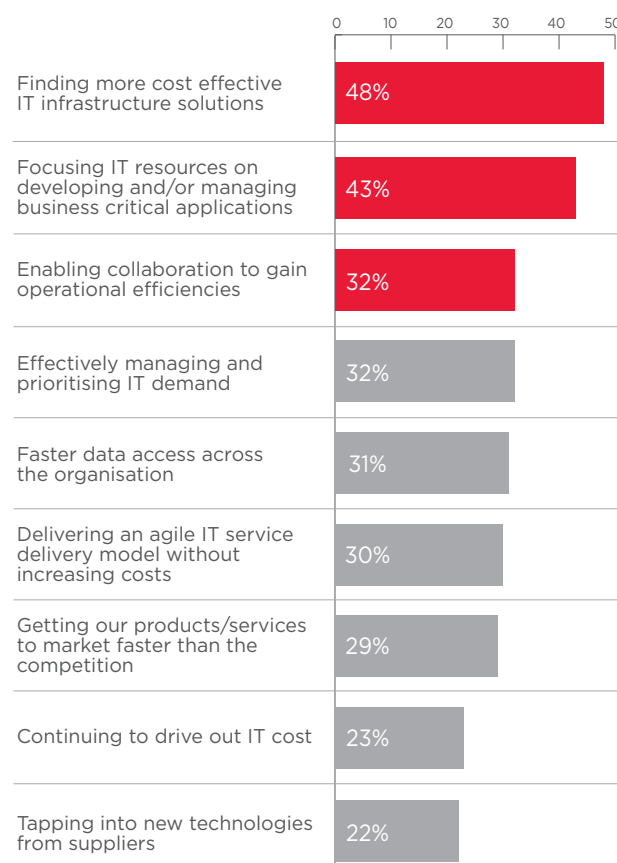
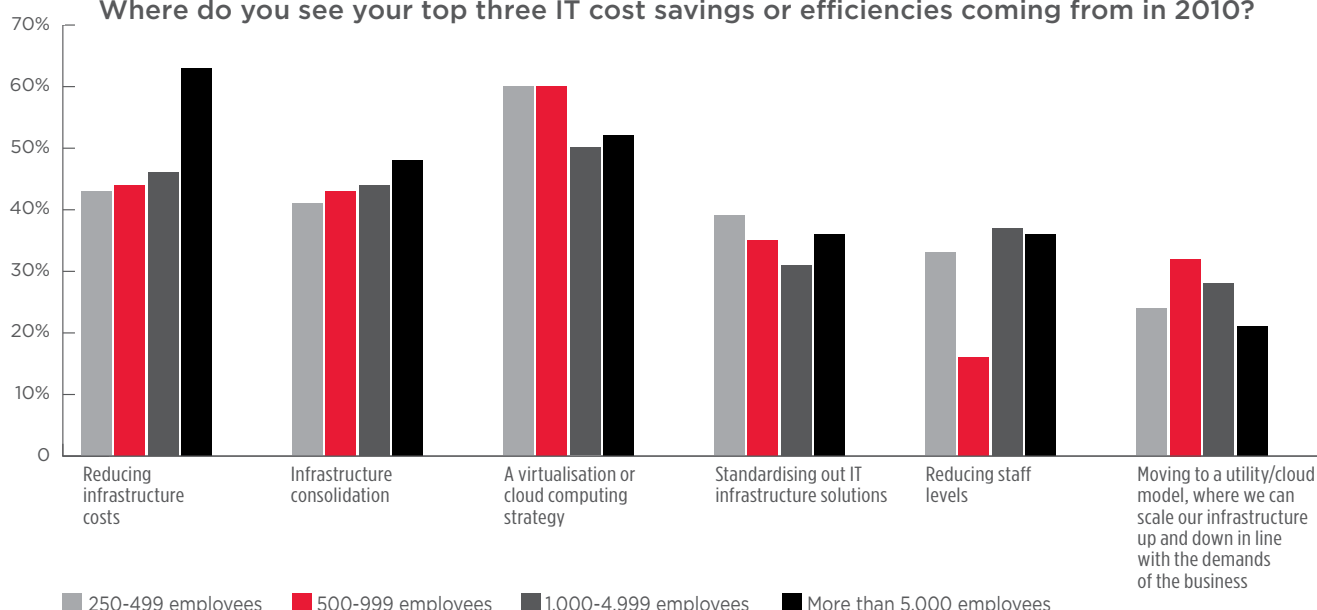


Figure 3:

Where do you see your top three IT cost savings or efficiencies coming from in 2010?



The Future of Outsourcing

The results from this research study clearly indicate that the propensity to outsource varies dramatically from country to country, with UK organisations currently lagging behind other regions. Figure 4 shows that UK enterprises currently have the majority of their IT infrastructure in-house (90%), followed by the USA (82%) and Singapore (62%). Interestingly, not one organisation surveyed outsources their entire infrastructure today.

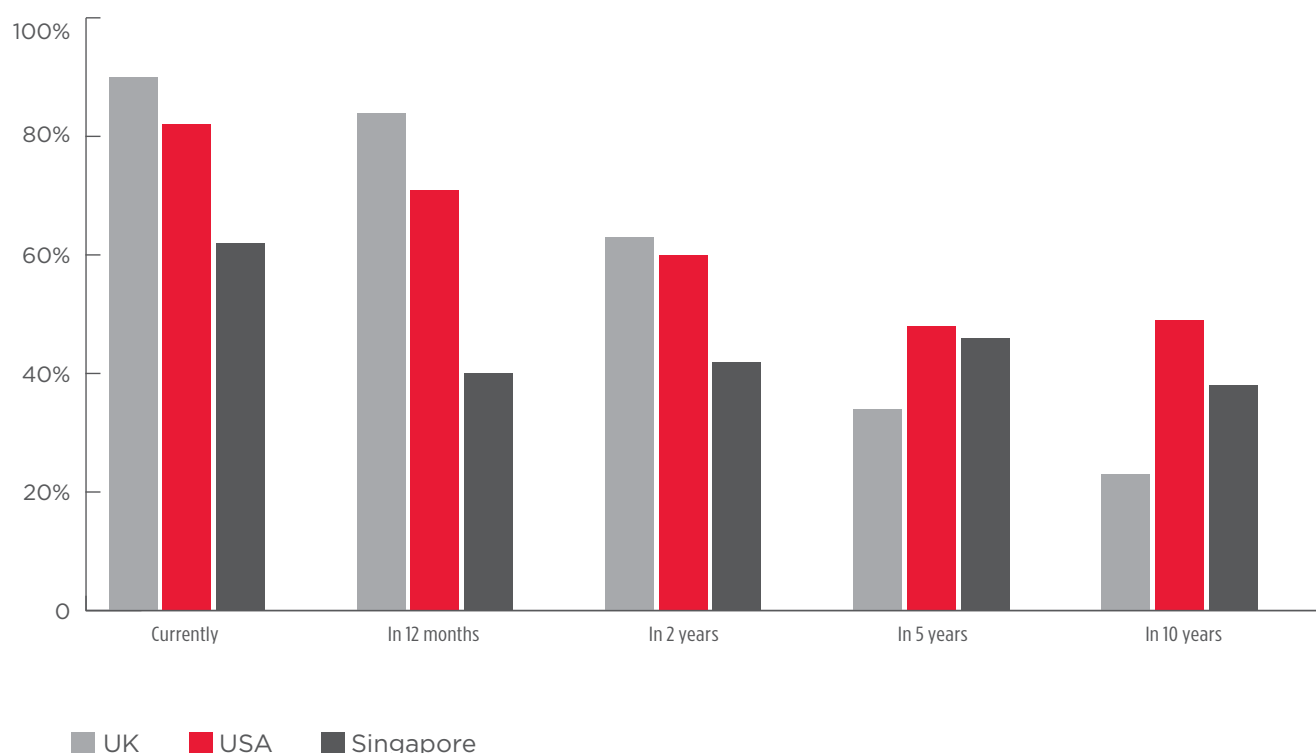
The findings also reveal that although respondents fully anticipate a significant growth in outsourcing uptake over the next 5 to 10 years, it is the UK that is forecast to do a complete change of direction by turning into the dominant outsourcer. Only 23% of the UK's IT leaders suggest the majority of their infrastructure would remain insourced by 2020.

IT infrastructure wastage

If there is one factor that should drive organisations toward IT infrastructure consolidation or change, it would be the apparent excess in capacity that companies have to allow for to ensure IT infrastructure is available no matter what the demand. This planning for occasional 'peaks in demand' means, as demonstrated in last year's report, that there is a tremendous amount of resource wastage in the environments of enterprises today, regardless of region.

This year's figures suggest that some 39% of organisations function only at 55% of their capacity when operating at maximum server utilisation levels. Furthermore, almost half (43%) reach such maximum levels 128 times a year. The cloud users can stretch this to 148 days a year compared with 105 from the non-cloud

Figure 4:
Where is the majority of your IT infrastructure sitting currently and where do you expect this majority to sit in the future?

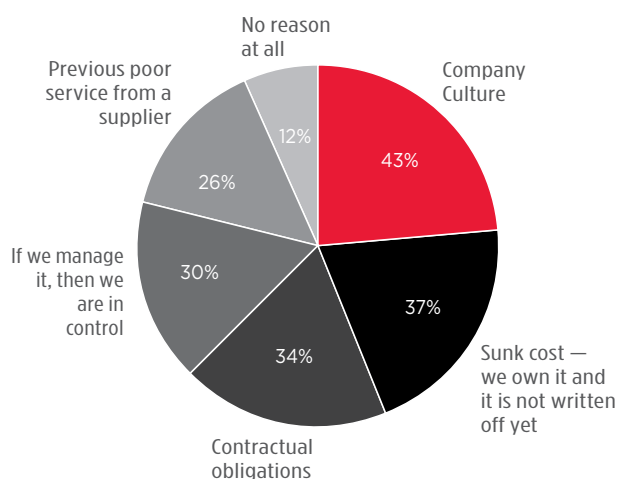


users, but the real utilisation heroes are Savvis customers who reach maximum utilisation levels 248 times a year — by far the most efficient sub-group within the research. The result of such a need to overplan capacity levels means that huge amounts of cost could potentially be reduced by operating on a more 'just-in-time' IT principle.

Barriers to outsourcing

There are three key reasons why organisations do not outsource all of their IT infrastructure. Almost half (43%) suggested this was due to company culture being a barrier to change; nearly 4 out of 10 organisations (37%) say that it's because IT assets/investments have not been written off; and a similar proportion spoke about contractual obligations, which was more of a concern in the USA (Figure 5). All three of these factors are transferable, so the research suggests that with a 10-year perspective, IT decision makers are fully expecting the outsourcing argument to be won.

Figure 5:
Why don't you outsource all of your IT?



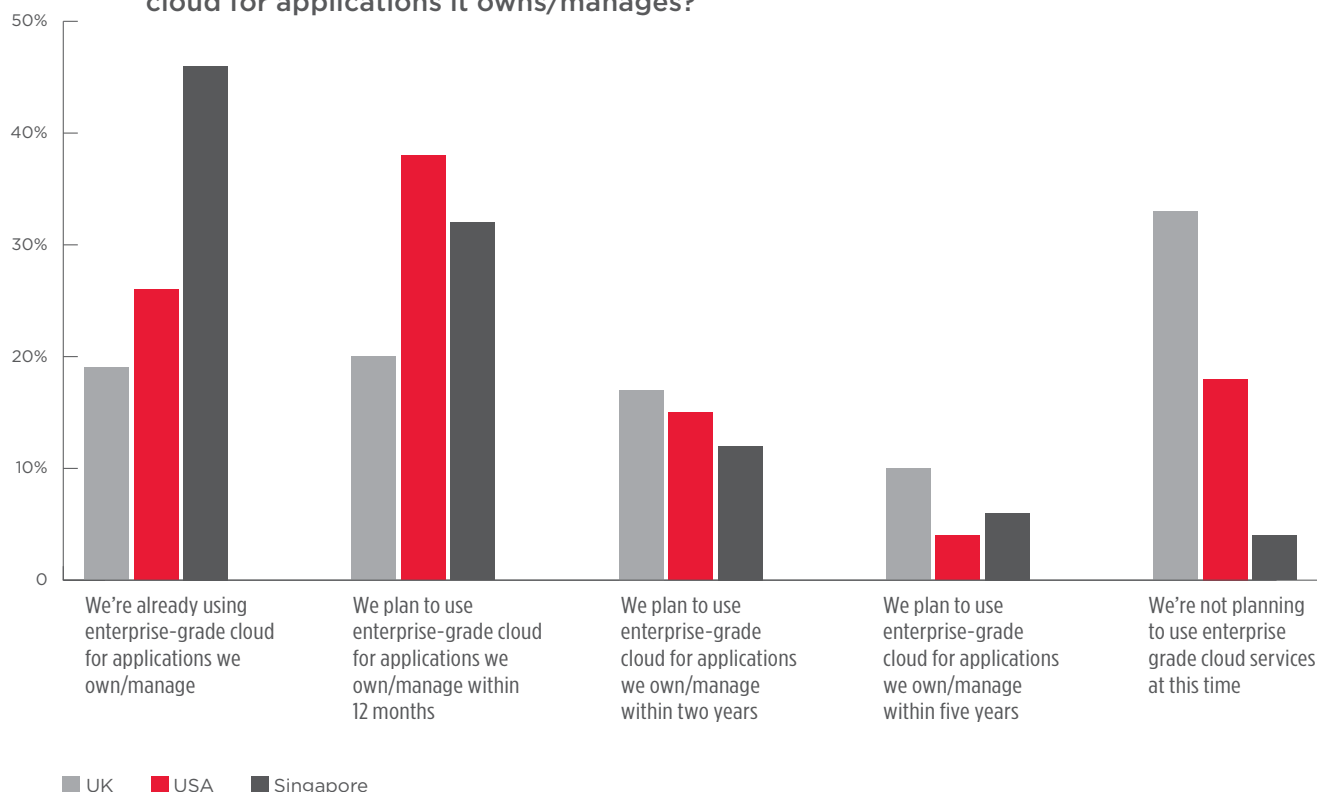
Moving Beyond the Cloud Hype

Recent economic times have demanded a drastic trimming of corporate IT budgets. With companies focusing on driving a competitive advantage, the need to deliver technology solutions that are robust, reliable, flexible and ubiquitous is of paramount importance to IT leaders this year. Key areas of IT infrastructure will be outsourced, but the respondent companies now recognise that one technology solution can potentially deliver all of this without drastically increasing costs. The name of this solution? Cloud computing.

The Rising to the Challenge 2009 survey discovered that whilst many IT executives believed that cloud would play an important role in the future of IT in helping companies gain efficiencies and reduce cost, over one in three IT professionals were a little unsure or didn't know anything about cloud. Twelve months ago, cloud for the enterprise organisation was not an entirely viable phenomenon. Many believed it was largely oversold and was deemed too risky for enterprise mission-critical applications. The report also indicated that analysts suggested that cloud was finally transcending the hype and starting to deliver real value to organisations. Savvis was therefore keen to analyse the 2010 survey findings to learn if the attitude on cloud had changed. It has.

Confidence in cloud computing has grown, with almost half of the respondents being more confident in cloud services being enterprise ready in 2010 than they were in 2009. Over half of respondents also believe that cloud computing can reduce the length of service development cycles.

Figure 6:
Is your company planning to use enterprise-grade cloud for applications it owns/manages?



With this increased confidence coupled with continued budget constraints, more companies are turning to the cloud for part of their technology solution (Figure 6).

Enterprise adoption of cloud computing

Over half of the respondent organisations (54%) either currently use or plan to use cloud within the next 12 months for their applications and almost three in four companies will be using it at some point. This data represents a great change in the corporate mind-shift, implying a significant forecast for cloud success. This is key as cloud 'trials' in the past were largely focused on non-critical applications or for test and development. Does the evidence therefore suggest that the future of outsourcing is cloud? Early indications seem to concur that the outsourcing push over the next 10 years described previously, is being driven by the arrival of cloud at the heart of the operation.

Leveraging the benefits of cloud across the organisation

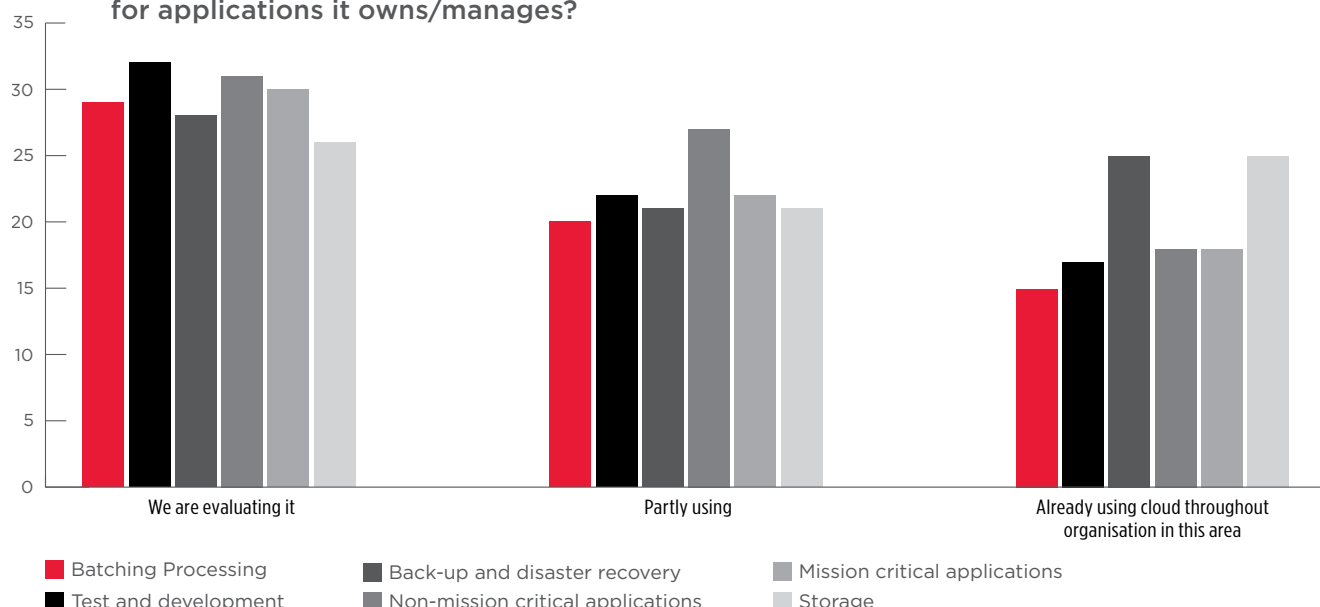
The 2010 survey indicates that 63% of respondent organisations use cloud to some degree within their organisation. But what does this mean?

Figure 7 (over page) provides evidence that cloud has successfully migrated out of non-mission critical, back-up or test environments and into the core of the business. This perspective varies by country, size of organisation and industry sector, but it is a very promising depiction of current cloud uptake.

By digging a little deeper the findings revealed that on average, 65% of Singapore companies are either partly or fully using cloud across the areas highlighted in Figure 7 (over page), whilst the UK is where most of the evaluating is currently taking place.

Figure 7:

To what extent does your organisation use cloud computing for applications it owns/manages?



We also observe that all sizes of organisation are largely at a similar level of cloud introduction, suggesting that for the large enterprise as much as for the mid-sized organisation, cloud is an active source of IT infrastructure management. As for sector variations, the media industry (media, entertainment and publishing) is the vanguard of cloud throughout the organisation whilst retail and leisure/travel are both heavy evaluators.

Security concerns can prevent cloud take-up

Yet if around two-thirds of organisations interviewed are using cloud to some degree, what is preventing other global IT leaders from at least evaluating it?

The research explored this issue with non-cloud adopters and three main reasons were identified: the security of sensitive data (52%), uncertainty regarding the value proposition of cloud computing (27%), and an unproven concept for the larger organisation (24%). Security is the main reason why people do not trust the cloud. However, if we listen to why organisations are currently using enterprise cloud (Figure 8, over page), then enhanced

security is an important factor. The confusion around the security risks associated with enterprise cloud are preventing further take-up by many organisations, perhaps due to many mass market cloud solutions not offering the high security standards and SLAs available from reputable enterprise cloud service providers.

Table 1:

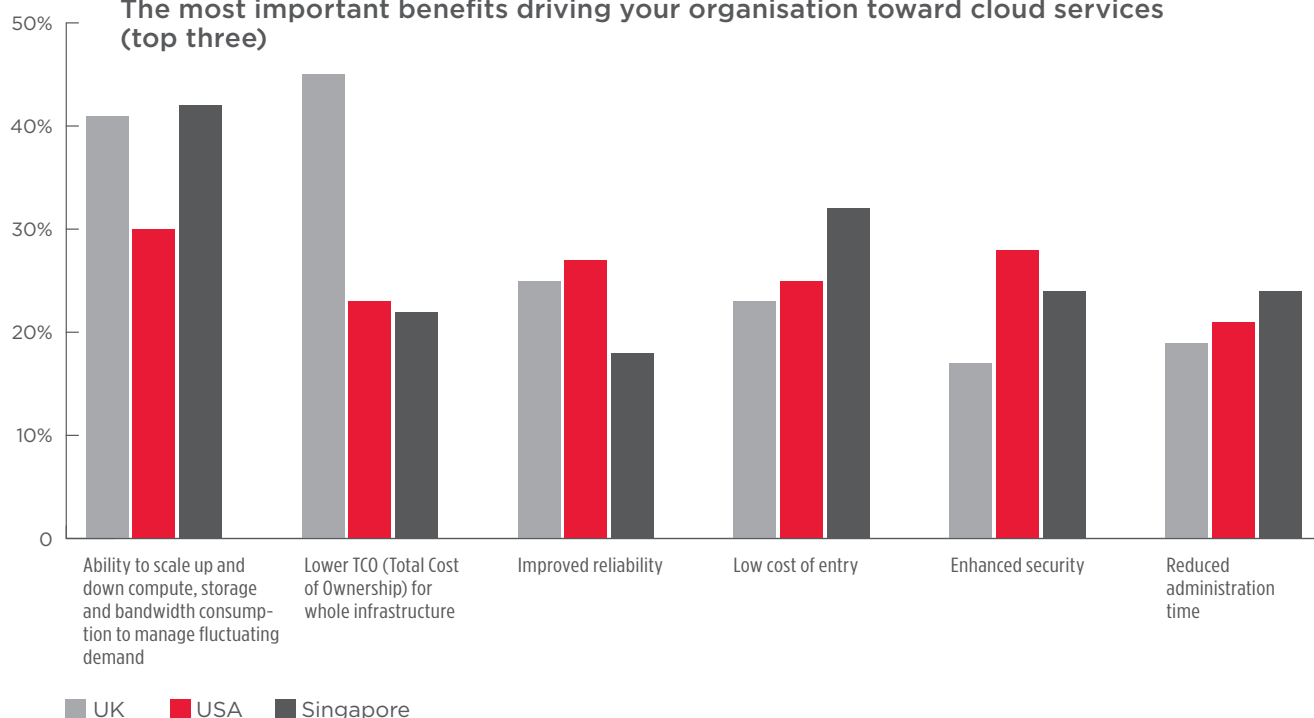
Top three reasons for not adopting cloud	Total
Security of sensitive data	52%
Uncertainty over cloud value proposition	27%
Unproven concept for larger organisations	24%

The benefits of cloud

For cloud users, the focus is clearly on scalability (38%), lower Total Cost of Ownership (TCO) for the whole infrastructure (31%) and improved reliability (24%). Interestingly, the next main factor is highlighted as 'enhanced security', which is seen as a benefit and a good reason for choosing cloud.

Figure 8:

The most important benefits driving your organisation toward cloud services (top three)



As detailed in Table 2, on average, those organisations that are using or that plan to use cloud suggest that they would save around 15% of their IT budget by adopting cloud computing. USA IT leaders have the highest average cost saving expectations at 18%, followed by Singapore and the UK (15% and 12%, respectively).

Table 2:

Average cost savings expected from cloud by country	Total (as a percentage of total IT budget)
USA	18%
Singapore	15%
UK	12%

Enterprise-Grade Cloud Requirements

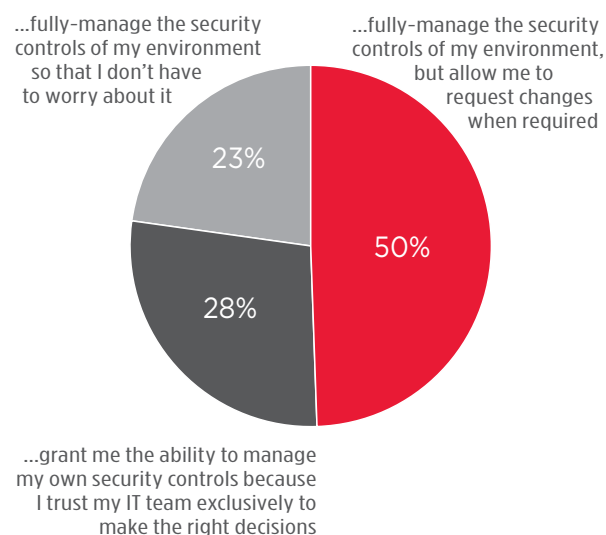
Enterprise security

Security in the cloud has played an important part in the research but how do IT leaders want to manage the security controls of their cloud solution? Figure 9 shows that the majority would prefer their cloud vendor to manage their security controls but allow them to request

changes 'when required' (50%) while 23% of respondents would prefer to outsource this. Interestingly, 28% of leaders trust their IT team to do this in-house, with the UK IT executives leading this preference.

Figure 9:

I believe that my cloud-computing provider should...



On a similar theme, organisations continue to be as/more confident now that cloud can deliver enterprise-ready services in 2010 (96%) as they indicated in last year's survey.

Table 3 shows the features that constitute an enterprise-grade cloud solution. It is no surprise that security is a key feature (85%) and that high availability and choice of service levels (75%), followed by performance, are also vital. Interestingly, the choice of geographic location is more important for the leisure and professional services sector (47% and 41%) than for other industries. Respondents from media, retail and public sector organisations think that committed and contended resources were of higher priority than other sectors (18%, 15% and 15%, respectively).

Table 3:

Vital enterprise-grade features	Total
High security	85%
High availability and choice of SLAs	75%
Enterprise level performance	69%
Enterprise components	53%
Choice of geographic location	34%
Committed/ non contended resources	10%

Conclusions

The 2010 study suggests a great deal of enterprise cloud activity has moved beyond experimentation and testing. The research revealed that specific industries are pushing the cloud boundaries more so than others and certain regions are more cloud-positive than others.

However, widespread technology adoption does not occur overnight and the changes we have observed and measured in this report compared with last year's survey results, offer substantial evidence that cloud is not an overnight sensation but that equally, it is not just hype. The momentum is too great.

Clear and distinct marketing challenges need to be faced by global cloud suppliers to overcome the doubters and establish cloud as one of the central components of an organisation's outsourced infrastructure strategy. This means turning security from being an inhibitor to an asset by the adoption of cloud through reputable enterprise-grade cloud services, such as those offered by Savvis.

To receive further findings on the Rising to the Challenge research survey and to request a complimentary copy of the business decision maker report, please contact Savvis at:

ITleadership@savvis.net

About Savvis

Savvis is a global leader in cloud infrastructure and hosted IT solutions for enterprises. More than 2,500 unique clients, including 30 of the top 100 companies in the Fortune 500, use Savvis to reduce capital expense, improve service levels and harness the latest advances in cloud computing.

Cloud infrastructure solutions

Savvis provides a broad range of service offerings for customers. From networking to colocation, to managed hosting and cloud computing, we offer a spectrum of solutions to address a varying set of customer IT requirements at dramatically reduced cost.

Savvis Symphony is our broad portfolio of enterprise-grade private and public cloud infrastructure services. It builds on our heritage of delivering cloud and conventional Infrastructure-as-a-Service (IaaS) for enterprises, enabling the deployment of custom configured enterprise cloud services at the click of a mouse, which fit standard enterprise processes and meet industry best practices. Its capabilities take cloud computing services far beyond the simple application designs, often hampered by limited user controls and, into a world of complete cloud provisioning with advanced service design in the portal.

Savvis Symphony is comprised of the following enterprise services:

- **Savvis Symphony Dedicated:**
Dedicated, private cloud infrastructure providing virtualised hosting
- **Savvis Symphony Open:**
Multi-tenant, public cloud infrastructure providing secure virtualised hosting
- **Savvis Symphony VPDC (Beta):**
Savvis Symphony VPDC introduces one of the industry's first enterprise-grade Virtual Private Data Centre (VPDC) solutions with multi-tiered security and Quality of Service (QoS) levels

About the Research

This independent survey was commissioned by Savvis and conducted with 456 CIOs, CTOs, IT Directors and Heads of IT of global mid-large organisations based in the United Kingdom, Singapore and the United States and was completed in April 2010. The research was conducted by Vanson Bourne, a research-based technology marketing consultancy offering clients analysis and advice based on incisive, rigorous research into their market environment. This year's study also interviewed 202 senior business decision makers from UK and USA based organisations. Both elements used an online fieldwork methodology and all research carried out by Vanson Bourne adheres to the latest MRS Code of Conduct. Demographic detailing both respondent communities includes industry sector, country in which the respondents were based and size of business.



www.savvis.co.uk



EMEA

Savvis UK Limited
Eskdale Road
Winnersh Triangle
Wokingham
Berkshire RG41 5TS
United Kingdom
Tel +44 (0)118 322 6000
www.savvis.co.uk

USA

Savvis
1 Savvis Parkway
St. Louis, MO 63017
Tel 1.800.SAVVIS.1
(1.800.728.8471)
www.savvis.net

ASIA PACIFIC

Savvis Singapore
Company Pte Ltd
50 Raffles Place
#13-01 Singapore
Land Tower
Singapore 048623
Tel +65 6768 8000
www.savvis.sg

JAPAN

Savvis Communications K.K.
7th Floor
Kyodo Building
(Jinbocho 3cho-me)
3-29 Kanda Jinbocho
Chiyoda-ku
Tokyo 101-0051
Japan
Tel +81.3.5214.0151
www.savvis.jp