

UK CLOUD SNAPSHOT SURVEY 2017

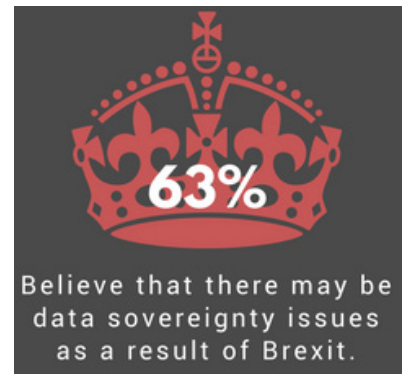
RESULTS SUMMARY REPORT

Introduction

Cloud has become the buzzword in not only the technology sector, but across all industries. As a result, the rate of cloud adoption is progressively increasing year on year as well as eighty percent of companies increasing their use of “cloud managed services”¹. At the same time, the uncertainty regarding cloud adoption is also increasing due to the multitude of problems currently facing the UK. Such challenges include the implementation of GDPR, the uncertainty of Brexit and the unprecedented increase in cyber security attacks.

Serviceteam IT, in partnership with Doogheno, conducted a study to reveal the most significant challenges facing UK businesses and the trends in the use of the cloud in the UK.

After extensive research Serviceteam IT are unaware of any report that addresses the challenges facing UK businesses in particular and the state of the cloud in the UK. Given the specificity of Brexit to the UK, we believe this report provides an important insight into the challenges facing UK businesses specifically and therefore fills an important gap in previous research publications.

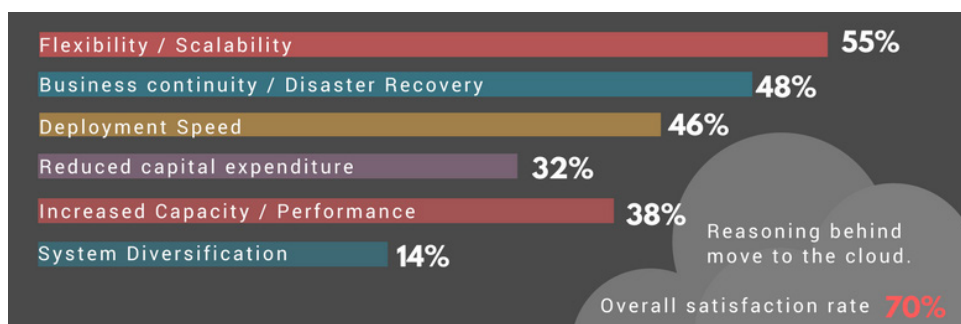


Methodology

In order to obtain the data necessary for the completion of this research, a combination of in-depth interviews and a questionnaire was used to give both scope and depth to the research.

The Cloud Snapshot Survey was completed over a four-week period between the 14th of July and the 11th of August 2017. The sample size of over 1,100 individuals was drawn from a multitude of sectors including Insurance, Advertising and Marketing, Technology, Utilities and Scientific Research, and those holding positions in relation to IT were targeted to ensure that valuable and insightful information was collected.

In addition, in-depth interviews were conducted with individuals that work within the IT sector to ensure a greater understanding could be developed.



¹ <https://www.ibm.com/blogs/cloud-computing/2017/02/companies-increasing-cloud-managed-services/>

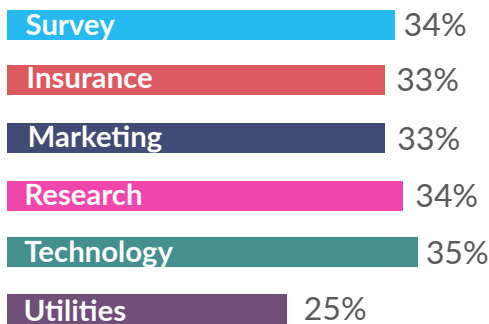
Key findings

60% of respondents listed GDPR as the biggest challenge to their IT plans over the next 3 years.



62% of respondents from the insurance sector see GDPR as the greatest challenge to their IT plans over the next few years.

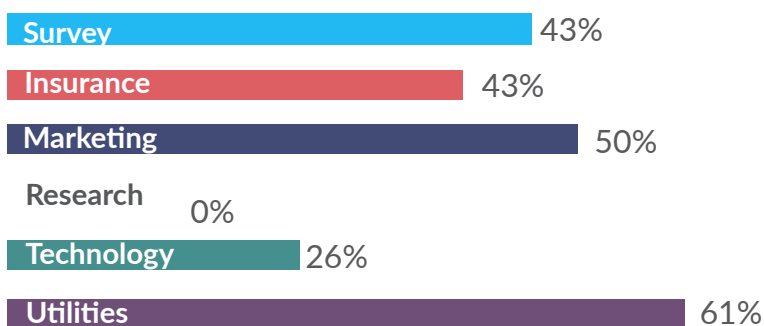
Over a third of participants said that they have experienced an increase in cyber security incidents within the past 12 months.



63% of participants believe data sovereignty will be an issue after the UK has left the EU.



30% of respondents have moved between 61% and 100% of their applications and services to the cloud.

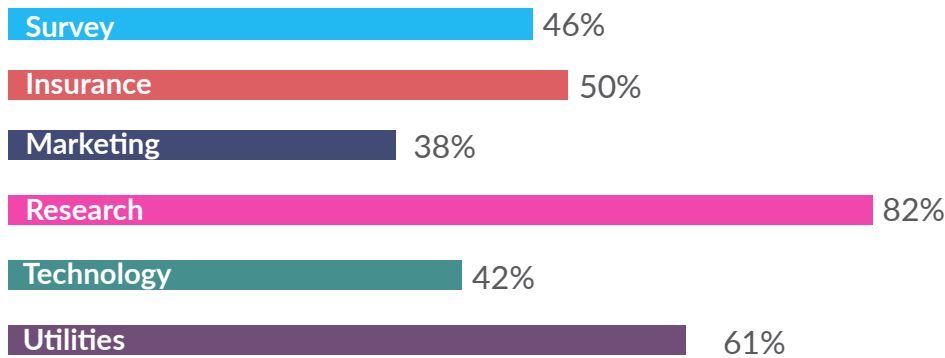


69% of the respondents said that they are considering moving additional applications and services to the cloud.



50% of respondents from the Insurance industry have experienced an increase in cyber security incidents in the past year

46% of respondents highlighted security as a barrier to further cloud expansion.



The following sections of the report give a breakdown of the key findings given by each individual sector included in the survey. In addition, these findings are supported by some of the information gained from in-depth interviews conducted and the findings from previous publications.



Insurance Sector

In 2016 the finance and insurance sector contributed £124.2 billion to the UK economy in gross value added ² and therefore make up a significant proportion of the UK economy. The importance of the insurance sector to the UK economy is one of the primary reasons for their inclusion in the survey and firms in the insurance sector made up a significant proportion of the respondents in the survey. The survey aimed to determine what the current use of the cloud is within this industry and what individuals from this sector view as the greatest challenges to their IT plans over the next few years.

One of the key findings to come from this sector is that 62% of respondents from this sector see GDPR as the greatest challenge to their IT plans over the next few years. In addition to this, over a third of respondents from this sector had experienced an increase in cyber security incidents in the last 12 months. This is a significant proportion of respondents from this sector and therefore supports the recent coverage in the media outlining the rise in cybercrime in the UK.

Furthermore, 43% of businesses from this sector have currently moved between 61% and 100% of their apps and services to the cloud. This correlates with the fact that respondents on average were 79% satisfied that they were able to achieve what they wanted when using the cloud.

Finally, from this sector 79% of respondents said that they were considering moving additional applications and services to the cloud despite some of the barriers which are involved.

Security is frequently cited as one of the major obstacles preventing cloud adoption and the findings from this sector corroborate with this finding alongside uncontrolled variable costs. 50% of respondents listed security as one of the barriers to further cloud adoption, as well as 50% listing uncontrolled variable cost and the 38% who chose lack of internal staff experience.

Overall a significant proportion of respondents from this sector are currently using some form of cloud technology but there are a number of obstacles that are preventing firms from fully utilising the cloud technology currently available.

56% of the respondents have moved between 61% and 100% of their apps and services to the cloud indicating an extensive use of cloud services in this sector.

Marketing and Advertising Sector

Creative Skillset has revealed that 153,000 people work in the marketing and advertising industry in the UK alone.³ This is a rapidly growing industry and it is for this reason that it was included in the survey.

One of the key findings to come from this sector is that 68% of respondents feel that Brexit is the biggest challenge to their future IT plans. Brexit is a challenge that is specific to the UK as

² Tyler, G. (2017) 'Financial services: contribution to the UK economy', House of Commons Library

³ https://creativeskillset.org/creative_industries/advertising_and_marketing_communications/overview

businesses are likely to have to make significant changes to the way they operate as a result of the decision to leave the EU. It is therefore unsurprising that UK firms are concerned by this issue.

In addition, 50% of respondents from this industry have experienced an increase in cyber security incidents in the past year. This correlates with the findings from the Government's Cyber Security Breaches Survey 2017,⁴ which revealed half of UK businesses have experienced a cyber security attack.

75% of respondents listed security as a barrier to further cloud adoption

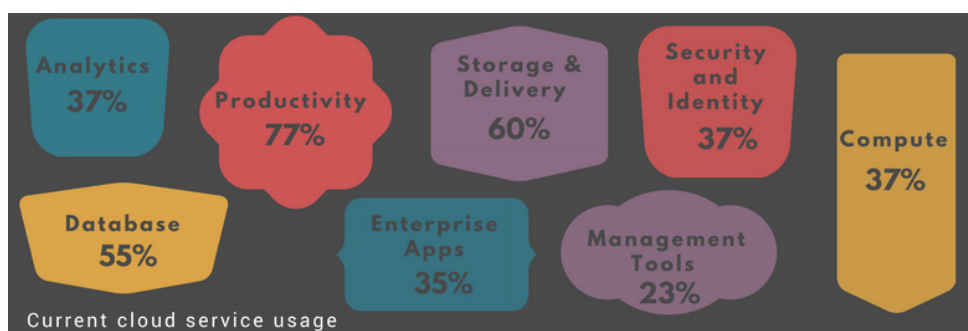
50% of respondents from this sector have moved between than 21% and 80% of their applications and services to the cloud. Additionally, 38% of the respondents from this sector stated that they would not be moving any additional applications or services to the cloud in the future. This may be explained by the fact that on average respondents from this industry were only 47% satisfied that they were able to achieve what they wanted by moving to the cloud.

Technology Sector

The digital economy now contributes approximately £97 billion a year to the UK economy⁵ and is attracting a significant amount of investment each year. The technology sector was therefore also included in the sampled population for the questionnaire.

Similar to the findings from the insurance sector, 63% of respondents from the technology sector highlighted GDPR as the greatest challenge to their IT plans in the next 3 years. Over a third of respondents from this sector also stated that they had experienced an increase in cyber security incidents in the past year.

Of this sector, 56% of the respondents have moved between 61% and 100% of their apps and services to the cloud indicating an extensive use of cloud services in this sector. This correlates directly with respondents being 67% satisfied on average with their use of the cloud. 67% of the respondents from this sector also commented that they would consider moving additional services to the cloud in the future, therefore indicating that further growth in cloud adoption is possible within this sector.



⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/609186/Cyber_Security_Breaches_Survey_2017_main_report_PUBLIC.pdf

⁵ <http://www.telegraph.co.uk/technology/2017/03/22/>

Scientific Research

Hundreds of Scientific Research companies hold their headquarters or research facilities in the UK. With respect to the greatest challenge facing the firms in this industry, 70% of respondents highlighted Brexit as presenting a significant challenge to their IT plans. This therefore provides a similar result to that of the marketing industry. Additionally, 60.9% of respondents had not experienced an increase in cyber security incidents in the past 12 months, which correlates with the overall findings from this survey.

However, despite the fact that the majority of respondents from this sector had not experienced an increase in cyber security incidents, security was listed by 82% of respondents from this sector as a barrier to further cloud expansion. In addition to security, loss of control of data, uncontrolled variable cost, reliability and availability of data was all selected by the majority of respondents as barriers preventing further cloud adoption.

All of respondents from this sector are considering moving more apps and services to the cloud which correlates with the average respondents from this sector responding that they were 55% satisfied in regards to the cloud.

Utilities

The utilities sector - made up of electric, gas and water firms - and the energy sector alone accounts for approximately 5% of GDP.⁶ The firms surveyed in the UK Cloud Snapshot Survey were predominantly energy companies.

Of those surveyed from the utilities sector 61% of respondents selected GDPR as the external factor likely to have a significant impact on IT plans. This is therefore similar to the findings from the insurance and the technology sectors. Furthermore, a quarter of the respondents stated that they had experienced an increase in cyber security incidents in the last 12 months.

Despite the fact that only 25% of respondents had experienced an increase in cyber security incidents, 75% of respondents listed security as a barrier to further cloud adoption. This therefore indicates that companies in this industry are aware of the threat in which cybercrime may pose, even though they may not necessarily have experienced it themselves. In addition to security, uncontrolled variable costs and availability of data were also highlighted as important barriers to further cloud adoption. From this sector, 53% of respondents said that they were considering extending their use of the cloud, even though on average respondents were 72% satisfied they were able to achieve their objectives by moving to the cloud.

⁶ <http://www.ey.com/uk/en/industries/power---utilities/ey-powering-the-uk-2015-the-economic-contribution-of-the-energy-sector>

Conclusion

Our research has revealed that 93% of respondents use some form of cloud-based technology, on that basis it is clear that the cloud is not only prevalent in businesses but essential in terms of scalability and flexibility, continuity and speed of deployment.

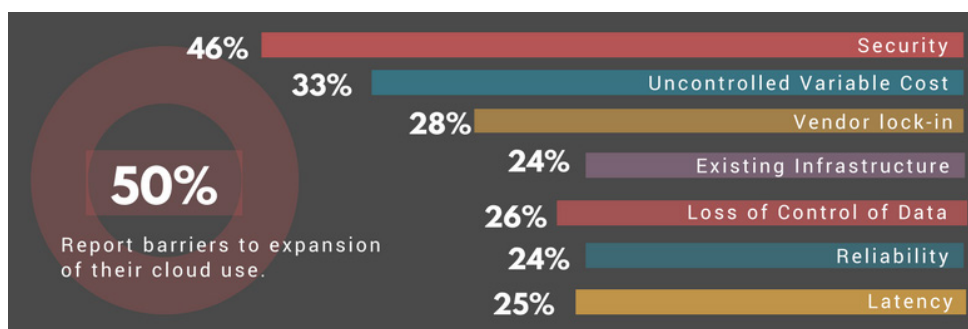
Our findings bring to light the concern businesses have regarding the external threats they face to their IT plans and also the barriers in which prevent them from expanding further use of the cloud.

Notably, one the key findings reveals that businesses are mindful of the challenge which GDPR may pose and it appears to be a greater challenge to many firms than that of Brexit. The ambiguity surrounding Brexit has made it unclear as to whether this will be the greater challenge.

It is clear to see the certainty of GDPR has been recognised by a significant proportion of respondents and was therefore identified as a greater challenge than Brexit. With 63% of respondents indicating that there will be a data sovereignty issue as a result of Brexit, it is therefore questionable just how ambiguous the result of Brexit actually is.

As well as the challenge of GDPR, it was found that the greater number of respondents acknowledged security as the most important barrier to further expansion. Nonetheless, these findings seem to be limited in terms of impact as 50% of respondents still said they are considering moving additional applications and services to the cloud.

In summary, the survey suggests that the cloud is being used in the UK by a growing volume of businesses for an array of functions. Alongside this, there is also an increase in the number of organisations beginning to initially adopt the cloud in their business despite the external threats posed by GDPR, Brexit and Cyber Security.



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<http://serviceteamit.co.uk/survey2017>

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