New Cloud Study Shows Fivefold Increase in SaaS Adoption Since 2011

A study of 1358 respondents have shown a dramatic rise in cloud adoption over the past few years. North Bridge Venture Partners, in partnership with GigaOm Research have published the results of the 2014 Future Of Cloud Computing Survey – according to this report, SaaS adoption has grown fivefold since the 2011 to 74% today. PaaS, on the other hand, has seen an even higher rate of growth; a six-fold increase over the past four years to 41%.

The study throws some interesting insights on the growth of various cloud-based services. IaaS, which stands for Infrastructure-as-a-Service, is now being used by 56% of businesses while for SaaS, the sales and marketing departments have taken the lead in terms of adoption with over 51% of businesses having adopted the cloud based alternatives.

One of the key drivers for cloud adoption, according to the study, is innovation and competitive advantage. 35% of the businesses surveyed reported that cloud adoption was a strategic decision for them and the competitive advantage that cloud brought to their business was one of the main reasons towards its adoption.

The report notes that except for manufacturing, most other business divisions are already en-route to adopting cloud in a big way over the next few years. Between 65-70% of all business applications are likely to transition to the cloud within the next two years. As noted already, Sales & Marketing is in the lead followed by customer service and business analytics.

Not everything is rosy though. The GigaOm study found that an increasing number of businesses are now

expressing concern over the cost of transitioning from traditional systems to cloud-based services. This number has grown from 6% in 2011 to 18% today. This is a surprising fact considering that the study also found nearly 80% of IT budgets in businesses using traditional systems being spent on simply maintaining current systems. This ballooning budget towards keeping traditional systems functioning has been a primary driver for between 60-85% of businesses across functions to plan a transition to the cloud over the next two years.

Among IT functions that have successfully migrated to the cloud are web presence (63% adoption), communications and network services (54% adoption), and disaster recovery (47% adoption). However, back-office IT apps and data center consolidation are functions that have proven to be laggards at 19% and 17% adoption rates respectively.

The GigaOm study is a wonderful analysis of the prevailing popularity of cloud among enterprises and its future over the course of the next decade. The study predicts an "*Everything As a Service*" future where all business functions will move to the cloud. While that appears to be a distant dream still, it does portray the potential of cloud in transforming business as we know it.