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Gartner Survey Shows 71 Per Cent of Respondents Using SaaS for Less Than Three Years

Key Issues Facing Cloud Adoption to Be Examined at the Gartner Data Center Conference 2012, 3-6 December, in Las Vegas, and the Gartner Data Center Summit 2012, 27-28 November, in London

STAMFORD, Conn., 28 November, 2012 — Adoption of software as a service (SaaS) has grown dramatically among users of enterprise software solutions, but it varies widely within markets, according to Gartner, Inc. A recent Gartner survey showed 71 per cent of organisations have been using SaaS for less than three years.

In June and July of 2012, Gartner conducted a survey of 556 organisations across 10 countries and within four regions (North and South America, Europe and Asia/Pacific) to understand the trend in the movement to SaaS from traditional software license models and to gain insight into how and where software budgets were being spent.

The results indicate that interest in the SaaS deployment model remains strong and continues to expand with late adopters. Brazil had the largest number of new users, with 27 per cent of respondents using SaaS for less than one year.

Implementing net new solutions or replacing existing solutions is now the primary driver for using SaaS, according to the survey. Worldwide, there is a shift in SaaS adoption from primarily extensions to existing applications to net new deployments or replacements of existing on-premises applications.

"Although approximately half of respondents in Asia/Pacific indicated the primary adoption driver of SaaS was net new deployments, the US and European respondents indicated their strongest driver was to replace existing on-premises applications," said Charles Eschinger, research vice president at Gartner. "It's not surprising that SaaS is being deployed as net new deployments in Asia/Pacific since many of the users are relatively new businesses with few legacy systems. Markets, such as the US and EMEA are mature with existing enterprise systems and are beginning to use SaaS as a replacement for legacy applications."

According to the survey, investments in SaaS are expected to increase across all regions. Seventy-seven per cent of respondents expected to increase spending on SaaS, while 17 per cent plan to keep spending the same. More than 80 per cent of respondents in Brazil and Asia/Pacific indicated more spending on SaaS applications over the next two years. The US and European countries were not far behind with 73 per cent of US respondents and 71 per cent of European respondents intending to increase spending on SaaS.

"Seeing such high intent to increase spending isn't a huge surprise as the adoption of the on-demand deployment model has grown for more than a decade, but its popularity has increased significantly within the past five years," said Mr Eschinger. "Initial concerns about security, response time and service

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availability have diminished for many organisations as SaaS business and computing models have matured and adoption has become more widespread."

Respondents picked customer relationship management (CRM) and enterprise content management (ECM) as the applications most often being newly deployed. Supply chain management (SCM), web conferencing, teaming platforms and social were the applications picked most as replacements for on-premises solutions.

"The decision to deploy SaaS-based applications within an organisation is dependent on the business-criticality of the solution, as well as geography, business agility, usage scenario and IT architecture. Few organisations will completely migrate to SaaS. These organisations will live with a mix of SaaS and traditional on-premises application deployment models with a focus on integration and migration between different deployment models," said Mr Eschinger.

Additional information is available in the Gartner report "Survey Analysis: Buyers Tell Us About SaaS and Cloud Adoption Through 2014." The report is available on Gartner's web site at http://www.gartner.com/resId=2198515.

Additional analysis on cloud adoption will be discussed at the Gartner Data Center Conference 2012, 3-6 December in Las Vegas and at the Gartner Data Center Summit, 27-28 November, in London. These events deliver a wealth of strategic guidance and tactical recommendations on the hottest issues, including servers, next-stage virtualisation, and the impact of cloud computing, mobility, storage, facilities, business continuity and disaster recovery. For more information, please visit www.gartner.com/eu/datacenter.

Information from the event will be shared on Twitter at http://twitter.com/Gartner_inc and using #GartnerDC.

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