

# FYI

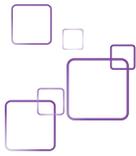
FREE YEAR-ROUND INSIGHTS

TECHNOLOGY EDITION #3 FEBRUARY 2015

## The Current Forecast for Cloud Computing



Ipsos Connect



## Introduction

It wasn't too long ago that companies small and large owned their software and hardware, and kept it on premise in expensive and high maintenance data centers. That's been changing dramatically over the past few years. With advances in technology, consumers and businesses can now share and store their data 'in the cloud', accessing it any time they wish through a network of servers. No doubt, the cloud has ushered in an entirely new era of technology.

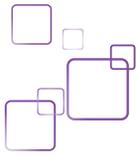
Ipsos Connect has been tracking the U.S. cloud market since 2011, looking at awareness, interest, usage and attitudes toward cloud-based services. In our study three years ago, we found that the cloud was in a transitional period, making its way into a mainstream model. So now that consumers have been floating around the cloud for a few years, what has changed in this landscape? This paper details findings from our study of the current digital cloudscape.



### The Author

Based in Seattle, **Ben Piper** is a Vice-President in the Ipsos Connect group. He started his career in technology research over 18 years ago at Forrester Research, and has since held various roles in the industry. Prior to joining Ipsos in 2013, Ben served as an industry analyst covering consumer technology markets worldwide. A frequent presenter at industry events, he was also widely quoted in both the trade and mainstream media, appearing in the Wall Street Journal, Los Angeles Times, Boston Globe, Investor's Business Daily, "Marketplace Radio," Telecommunication, Advanced Television, as well as CNET, CBC News, and NECN. He can be reached at [ben.piper@ipsos.com](mailto:ben.piper@ipsos.com)



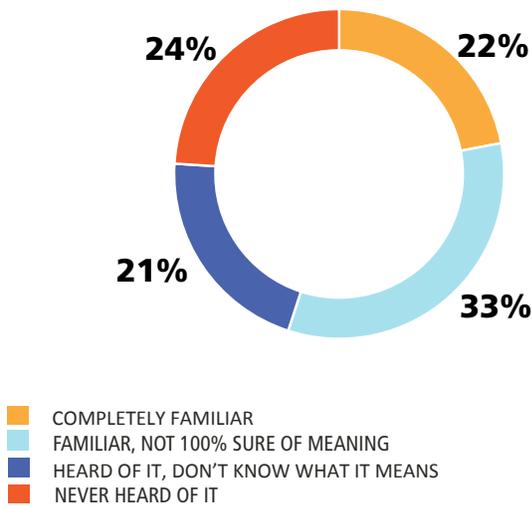


## It's still a cloudy idea

If, right now, you find yourself reaching for your keyboard to find out what exactly cloud computing is, it turns out you're not alone. We asked Americans about their familiarity with cloud computing, and surprisingly, only one in five (22%) claim to fully grasp its meaning. Low figures indeed, considering the term 'cloud computing' has settled into our mainstream lexicon over the last few years. Further, one third (33%) indicate they are familiar with it, but not completely sure of its meaning, another one in five (21%) have heard of it but don't know what it means. A whopping one quarter (24%) of respondents have never even heard of the term.

When probing further into familiarity levels with cloud-based services, we found consumers to be most familiar with cloud-based email (46%) and photo sharing (45%) services, though these are still only understood by less than half of consumers. What's more, in comparing these values to 2011, we see that familiarity has actually worsened. Three years ago, 55% expressed familiarity with cloud-based email and 48% said they were familiar with cloud-based photo sharing services.

GENERIC CLOUD AWARENESS



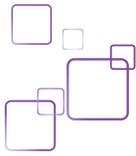
FAMILIARITY WITH CLOUD-BASED SERVICES

CLOUD BASED	% "EXTREMELY" OR "MODERATELY FAMILIAR"
EMAIL	46%
MUSIC / VIDEO	45%
PHOTOS	43%
STORAGE/ BACKUP	31%
PRODUCTIVITY/ OFFICE SW	47%
SOCIAL MEDIA/ SOCIAL NETWORKING	39%

Base: Total Respondents (n=1,001)

Research from Ipsos Global Research Technology Specialization Practice. We conduct custom quantitative research for tech companies among consumer, SMB, enterprise and channel customers



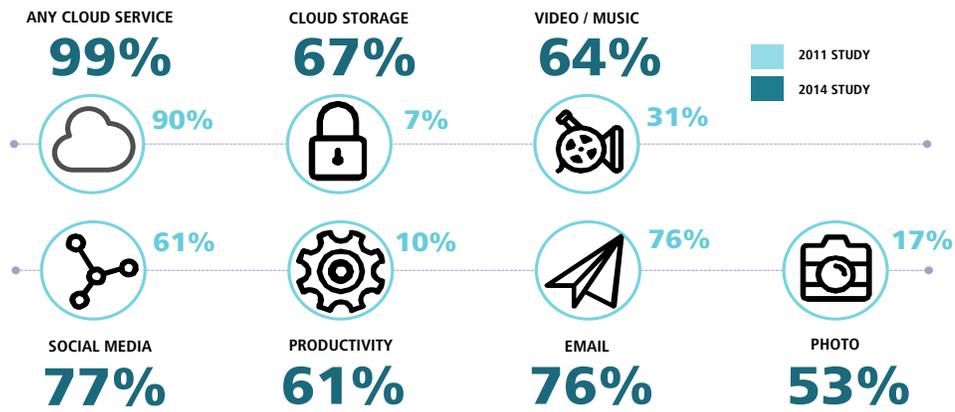


Despite the ubiquity of the term “Cloud Computing,” fewer than one in four Americans say they fully grasp its meaning.

Even though overall cloud awareness is still quite modest, use of cloud-based services has grown dramatically since our 2011 study. Notably, 99% of respondents report using at least one cloud service – a pretty remarkable number. Email use has remained stable, which is really not surprising – email was a well-established technology in 2011. What is impressive, though, is the skyrocketing growth of cloud storage, which grew by a factor of nine, and productivity (Office 365, etc.) which grew six-fold. Video and music likewise has witnessed some impressive usage growth, doubling since the last study.

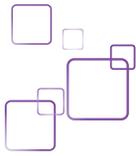
Even if awareness isn’t high, usage has grown dramatically. Cloud storage usage has grown by 9X since 2011.

REPORTED USE OF CLOUD-BASED SERVICES: 2011 vs. 2014



Base: Total Respondents (n=1,001)





## Under a cloud of suspicion

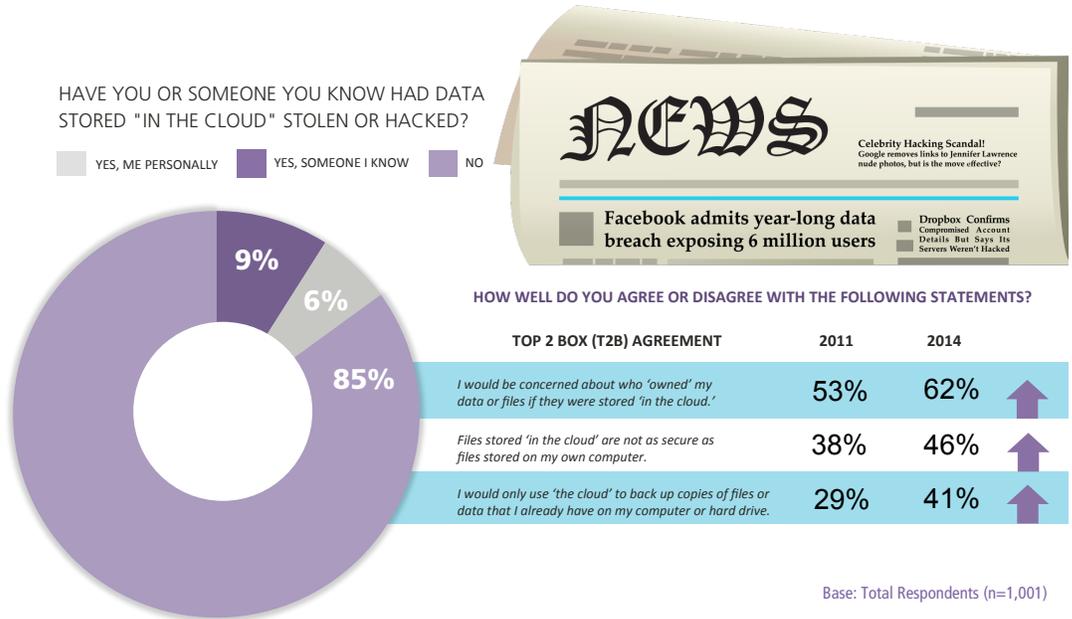
Reports of widespread data breaches, hacks, and compromised consumer information are growing increasingly prevalent. With high-profile breaches, like the ones affecting iCloud, Dropbox, Anthem, and the career-ending hack of Sony Pictures Entertainment, it's no wonder that Americans feel uneasy about the cloud.

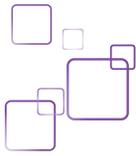
Indeed, we've seen substantial increases in consumer "discomfort" around cloud storage compared to the 2011 study. In 2011, 53% of Americans revealed that they would be concerned about who owned their data or files if they were stored in the cloud. Fast forward to today, and it has risen to 62%. Similarly, while 38% of respondents in 2011 expressed the belief that their files stored in the cloud are not as secure as files on their own computer, the figure jumped to 46% in 2014.

However, while widespread panic might make for good headlines, our research shows that the number of Americans actually affected by a data hack is relatively low. Only 6% said they had personally been a victim to it, and another 9% said they knew someone it happened to. So, the vast majority – 85% – have neither had their data hacked in the cloud, nor do they know someone who has.

To reduce the perception of risk that has been amplified by such events, tech marketers will need to directly address security barriers as they market their cloud services to the public.

The vast majority of Americans don't know anyone who has had data stolen or hacked in the cloud. Still, they're more concerned with cloud security compared to three years ago.





How well do you agree or disagree with the following statements?

Top 2 Box (T2B) Agreement	2011	2014
I would be concerned about who 'owned' my data or files if they were stored 'in the cloud.'	53%	62% ↑
Files stored 'in the cloud' are not as secure as files stored on my own computer.	38%	46% ↑
I would only use 'the cloud' to back up copies of files or data that I already have on my computer or hard drive.	29%	41% ↑
	n = 1,007	n = 1,001

### Varying comfort levels

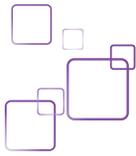
To dig deeper into this notion of security and perceived risk, we asked respondents to rate their comfort level with various online and offline activities.

Storage of personal documents – both in the cloud and on personal hard drives – scored lowest on the comfort scale. Only 23% of respondents indicated that they feel comfortable uploading personal documents to cloud storage sites of companies they have heard before, and only 32% feel comfortable storing personal documents on their computer's hard drive.

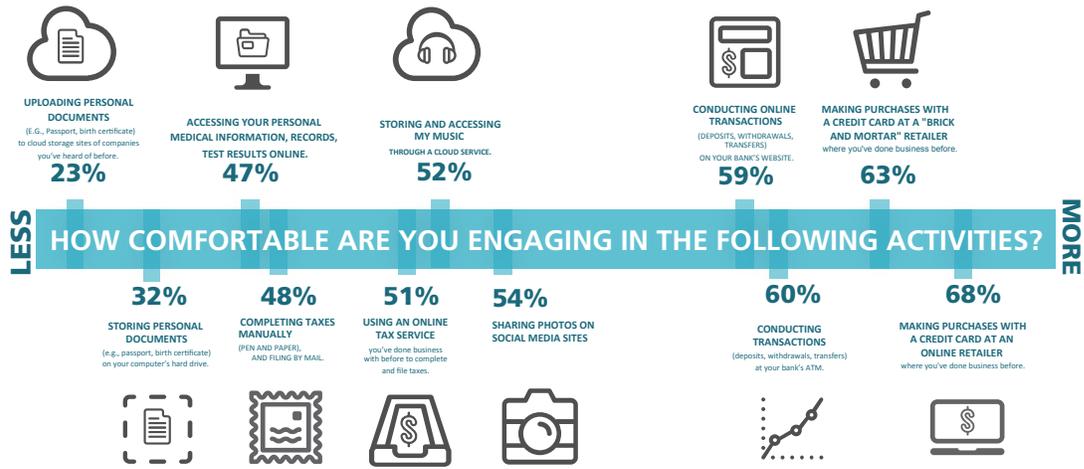
Notably, participants in the study reported highest comfort levels with online credit card purchases, beating out credit card transactions at 'brick and mortar' retailers, with 68% indicating that they feel comfortable making a purchase with a credit card at an online retailer where they have done business before.

Females in the study were significantly more comfortable sharing photos on social media sites than were their male counterparts.





Americans are much more comfortable making purchases online or conducting online banking than they are with online storage.



Base: Total Respondents (n=1,001)

Research from Ipsos Global Research Technology Specialization Practice. We conduct custom quantitative research for tech companies among consumer, SMB, enterprise and channel customers

## Low uptake of "Premium" Services

Many cloud services offer both a free (typically ad-supported) as well as "premium" version, which often removes advertising and/or unlocks additional functionality. Notably, the vast majority of respondents in the study say they have not paid for any "premium" cloud services; most believe that free versions of cloud services deliver sufficient value to them.

While males in the study were significantly more receptive to the idea of paying a premium, across the board we see generally low interest in paying to avoid seeing advertising, or to unlock additional features.

Few pay for any premium cloud services; males are significantly more receptive to the idea.

HAVE YOU EVER PAID FOR ANY "PREMIUM" CLOUD SERVICES?	NO	YES	NOT SURE
Base: Total Respondents (n=1,001)	79%	12%	9%

HOW WELL DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

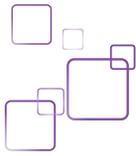
### TOP 2 BOX (T2B) AGREEMENT

No one should have to pay for cloud services; they should be free.	43%	55%
If it meant I could avoid seeing online advertisements, I would be willing to pay a monthly fee for "premium" cloud services.	26%	16%
Free versions of the cloud services I use deliver enough value – I see no need in paying more for premium versions	54%	61%
If it meant I could unlock additional features (such as more storage), I would be willing to pay a monthly fee for "premium" cloud services.	28%	18%
Watching advertisements is a fair tradeoff in exchange for free use of cloud services.	48%	45%

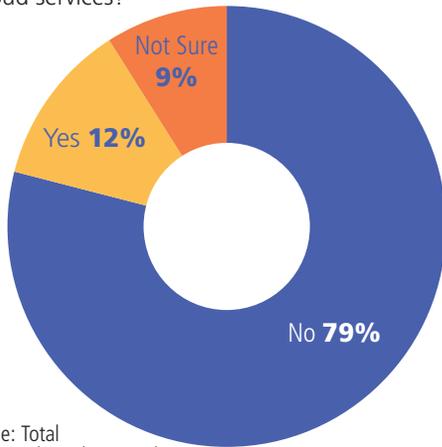
Base: Total Respondents (n=1,001)

TEAL indicates proportion is significantly higher





Have you ever paid for any "Premium" cloud services?



Base: Total Respondents (n=1,001)

## Working in the cloud

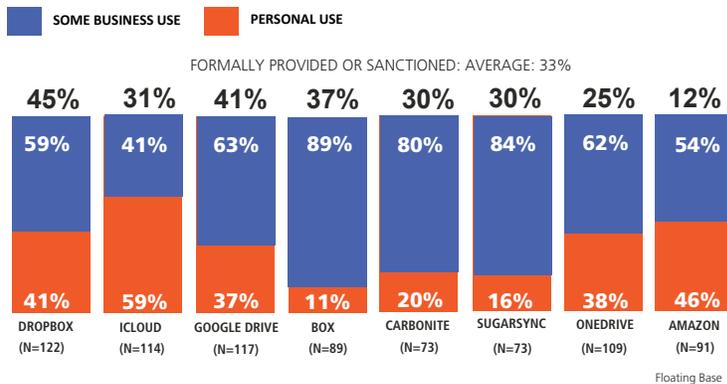
It's clear that consumers have grown accustomed to the convenience and flexibility offered by cloud services – particularly storage. In fact, most report some business use of consumer cloud storage services. This "shadow" cloud usage often falls under the radar of corporate IT, who generally would not support or sanction its use.

Box (89%), SugarSync (84%) and Carbonite (80%) users report the highest business usage, with Dropbox the most likely to be company-sanctioned or provided.

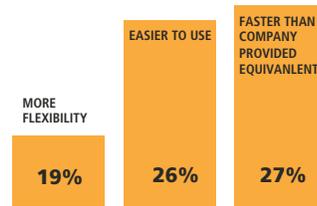
Many can relate to slow, and sometimes clunky, company-provided storage and collaboration platforms. Of those who report using consumer cloud services for work purposes, over one quarter say the consumer solution is "easier to use," (26%) and "faster than company provided equivalent." (27%).

Most users of consumer branded storage report some business use, though only one-third of those say it's an employer offered or sanctioned service.

DO YOU USE THE FOLLOWING CLOUD STORAGE SERVICES PRIMARILY FOR PERSONAL OR BUSINESS USE?



REASONS CITED FOR USING CLOUD STORAGE SERVICES FOR WORK PURPOSES:

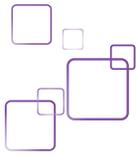


Floating Base

Base: Those using cloud storage for work purposes (n = 230)

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## Innovators see a silver lining

Despite recent controversies around the cloud, there are some groups that are more likely to see the bright side of this technology. So who are the most optimistic about cloud computing? Tech ‘innovators’ – those who say they’re the first to buy new technologies – are significantly more likely to see value and utility in the cloud, and are least troubled by security concerns. They tend to accept the tradeoff between convenience and privacy much more than other groups.

“Innovators”\* are significantly more likely to see value and utility in the cloud, and are least troubled by security concerns.

They tend to accept the tradeoff between convenience and privacy.

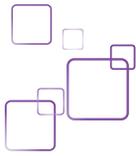
TOP 2 BOX (T2B) AGREEMENT	INNOVATORS	EARLY ADOPTERS	EARLY MAJORITY	LATE MAJORITY	LAGGARDS
Files stored “in the cloud” are not as secure as files stored on my own phone.	49%	39%	40%	37%	33%
Being able to access my files, photos, music or data from my phone, tablet or PC would be really useful.	68%	61%	36%	54%	44%
I’d expect “the cloud” to make my computing less expensive overall.	53%	45%	49%	36%	33%
The reputation of the cloud service provider/company is important to me, especially if I’m going to trust them to keep my data secure.	70%	67%	52%	68%	56%
Identity theft is not a major concern for me.	37%	17%	17%	19%	16%
Life is about tradeoffs. In exchange for the convenience of using cloud services, I understand that I give up a certain amount of privacy.	47%	27%	28%	31%	23%
If people want something to stay private, they shouldn’t store it in the cloud.	58%	47%	48%	59%	55%

\*USING THE CHASM INSTITUTE’S TECHNOLOGY ADOPTION LIFECYCLE FRAMEWORK HELPS OUR CLIENTS SEE WHEN A TECHNOLOGY IS AT A “TIPPING POINT.”

Base: Total Respondents (n=1,001)

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## In summary

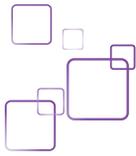
Despite its ubiquity, cloud computing still remains a rather nebulous concept to Americans. And while awareness of the term is quite low, nearly all those surveyed (99%) reported using at least one cloud service.

While there's no doubt that the cloud offers some significant efficiencies to consumers, tech marketers need to work to better message these benefits to consumers. Unless they can clearly articulate why it should matter to their customers, marketers should reconsider the value of linking their brands to the "cloud" concept. The over-reliance by many on the term only leads to confusion.

Security and data protection remain the major concerns for Americans, even if relatively few have suffered a data hack themselves. Marketers need to concentrate on convincing customers that their data is safe in the cloud.

If they can do that, the sky's the limit.

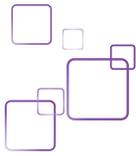




## Methodology

These are findings from an Ipsos poll conducted in November 2014. For the survey, a sample of 1,001 Americans ages 18+ was interviewed online. The precision of the Ipsos online poll is measured using a credibility interval. In this case, the poll have credibility intervals of plus or minus 2.5 percentage points for all respondents. Statistical margins of error are not applicable to online polls. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error and measurement error. Figures marked by an asterisk (\*) indicate a percentage value of greater than zero but less than one half of one per cent. Where figures do not sum to 100, this is due to the effects of rounding.





## About Ipsos Connect

Ipsos Connect is a global specialized business to co-ordinate Ipsos services in the domains of Brand Communications, Advertising and Media. Ipsos Connect amalgamates the legacy brands of Ipsos ASI and Ipsos MediaCT.

As the world of brand communications, advertising and media become increasingly complex, fragmented and digitalized, Ipsos is helping clients better embrace this modern complexity with investment in new approaches and products that will fit with the digital age. Ipsos Connect aims to be the preferred global partner for companies to measure and amplify how media, brands and consumers connect through compelling content, great communication and relevant media planning.

Ipsos Connect is a specialist division within Ipsos, one of the world's largest market research agencies. Ipsos has offices in 87 countries, generating global revenues of €1.669,5 million (2 218,4M\$) in 2014.

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