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SUMMIT

10 YEARS *and counting*
SAN FRANCISCO | APRIL 14-17, 2014

What cloud trends mean for you: An analyst's view

@cote | <http://cote.io>

Research Director, Infrastructure Software, 451 Research



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- One company with 3 operating divisions
- Global focus
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- 1,300+ client organizations: enterprises, vendors, service providers, and investment firms
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<http://451research.com> - @451Research

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Responsible for systems management, application development, cloud software, and misc. “infrastructure software” agenda.

Before 451 I worked Dell in corporate strategy/M&A for software & cloud; as an analyst for 6+ years at RedMonk; software developer for 10+ years.



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The Great Rewrite

OVER THE NEXT 10 YEARS, MANY APPLICATIONS WILL BE REWRITTEN...IF NOT
JUST REPLATFORMED

(Don't worry, I won't blue sky for too long.)



Next Steps (beyond “cloud is a thing”)

Planning:

- Segment applications & services
- Differentiating (custom) vs. keeping the lights on (SaaS)
- Green-field vs. brown-field

Boot-strapping:

- Benchmark yourself first
- Start PoCs and labs now
- Do small things while plodding through big problems

“Hell is other people”

- Agility is the magic: reduced cost and release speed
- Engage with “the business”
- Cloud, and DevOps, is a culture war



Israel Gat
@agile_exec

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Colleague and friend @cote came up with the equation {IT-SaaS=what?}. Such a concise way to summarize the grand transformation in #IT!

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10:49 AM - 5 Mar 2014

We believe that application development is, indeed, a vital and valuable part of the industry: our theory is that the majority of cloud spending originates with software developers as the prime movers.

Applying the formula 'IT - SaaS = what?' it increasingly seems the case that the 'what?' is custom-written software for ISVs, SaaS and increasingly companies like Nike and Starbucks that are relying on in-house software development for new products such as the Fuelband and mobile payments. Starbucks, for example, is estimated to have pulled in \$1bn in sales from its mobile app.

While developers are notoriously parsimonious when it comes to paying for tools and middleware, Atlassian's \$149m in revenue is testament that companies will pay for developer tools straight out. We also note the bets the venture community is placing on developer-oriented companies like those coming from the post-seed round, pre-A round firm Heavybit.

- Me! "Atlassian bundles ALM components around the popular git version control system," 451 Research, March 4th, 2014

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Legacy...



New...



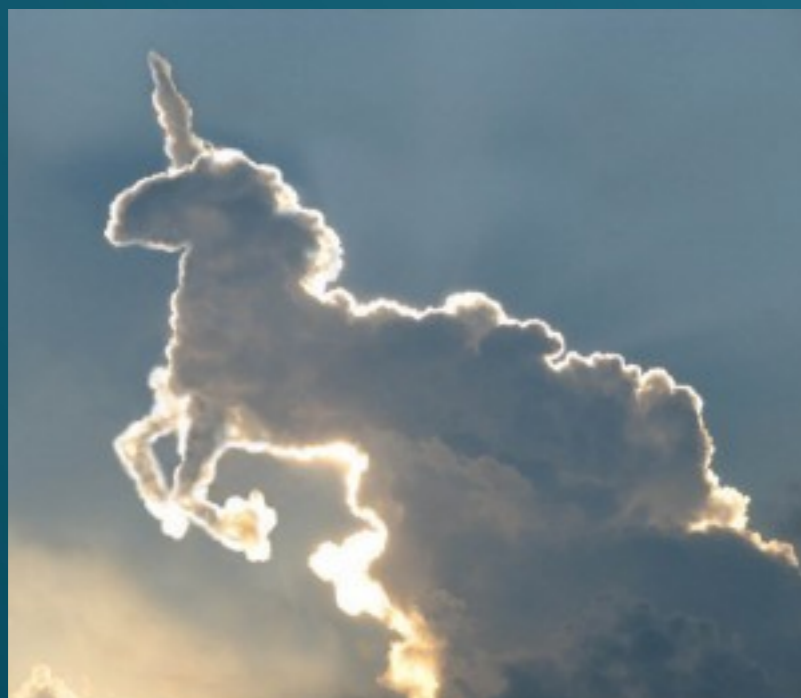
Not seen here: white-collar toolchains
Sources: [451 HCTS NA 2013 conference](#); [Chris Dancy](#).

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“Cloud” is opening a new way of
delivering software, DevOps

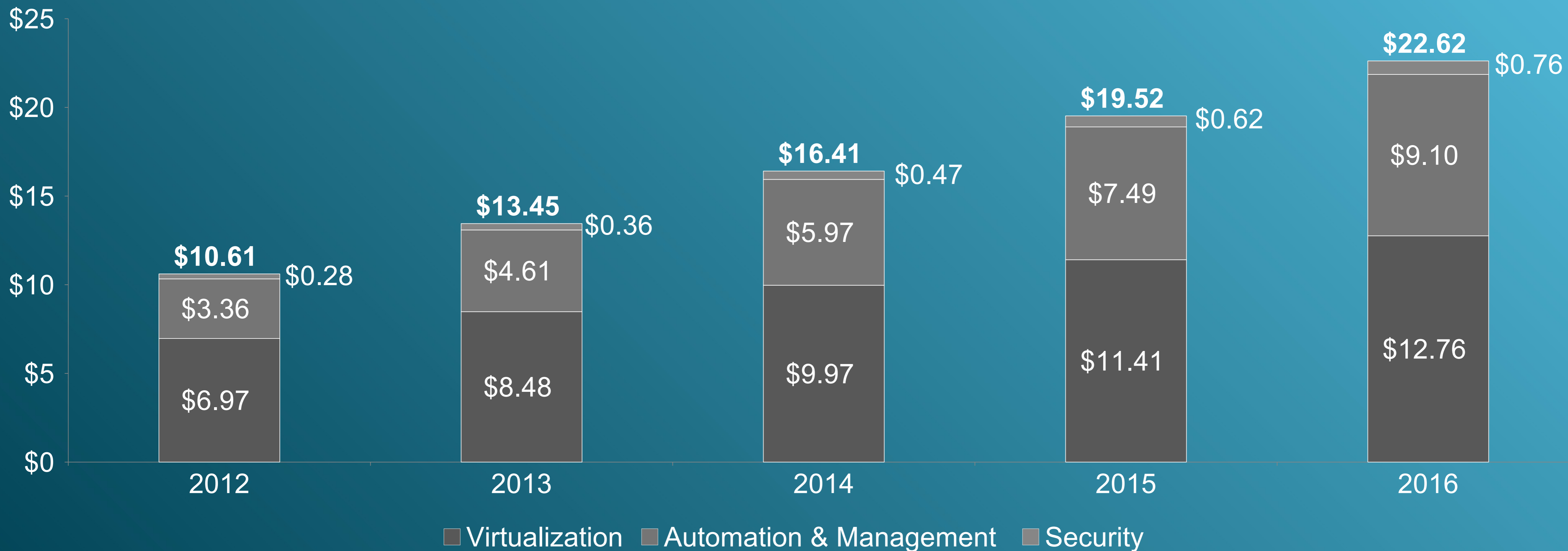


Infrastructure Public Cloud Forecast (\$bn)



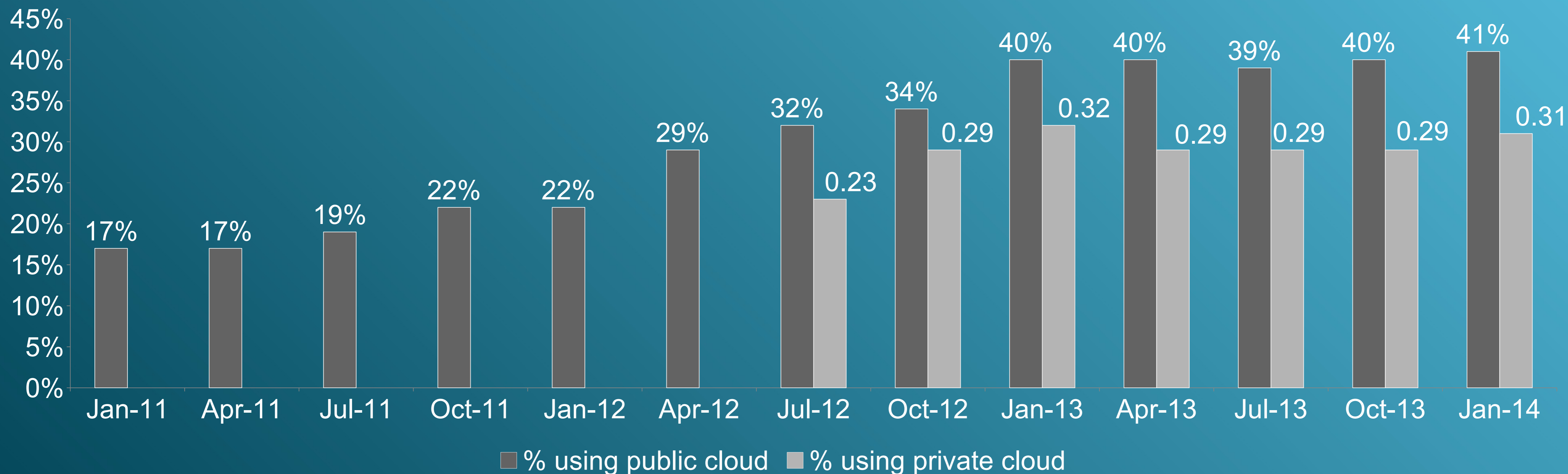
Source: "Market Monitor: Cloud Computing Overview Report 2013," 451 Research, August 2013.

Cloud Enabling Technologies (\$bn)



■ Virtualization ■ Automation & Management ■ Security

Corporate Market: Public and Private Cloud Usage (Private not tracked until Jul 2012)

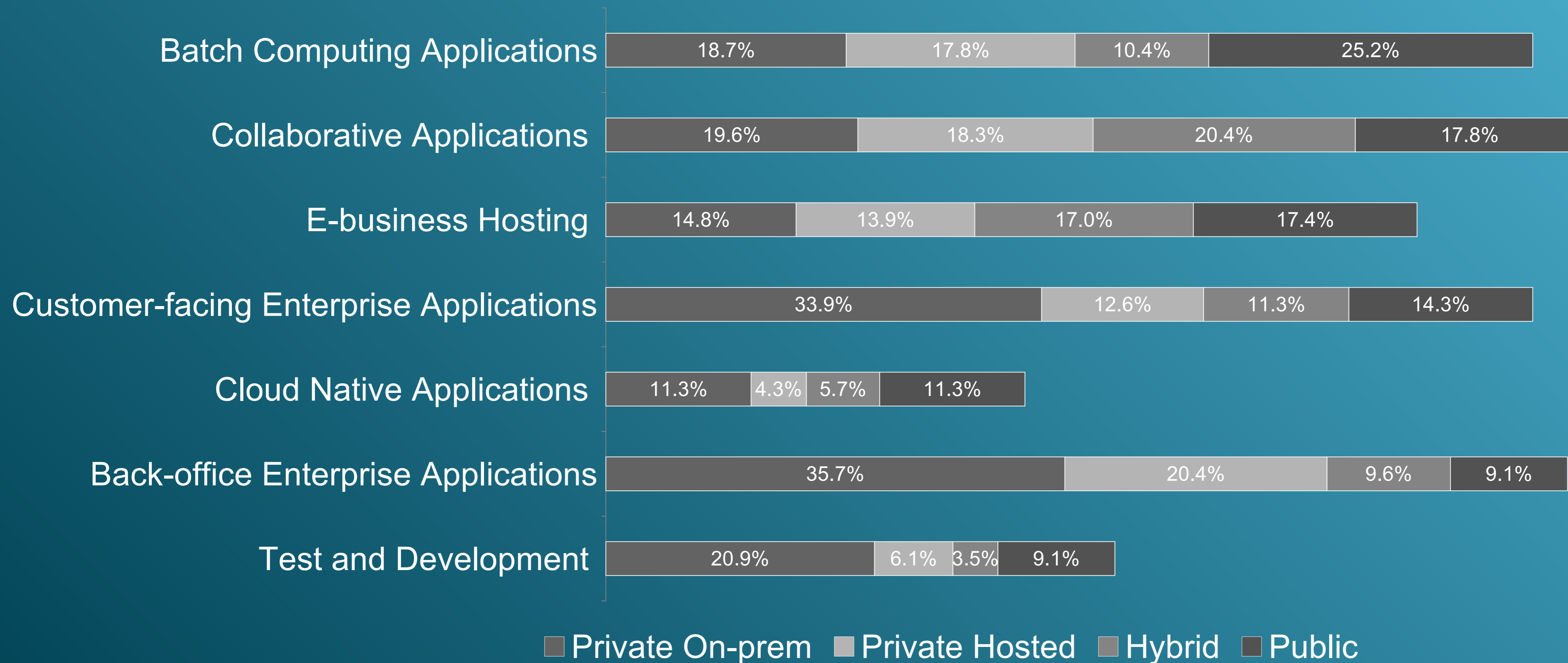


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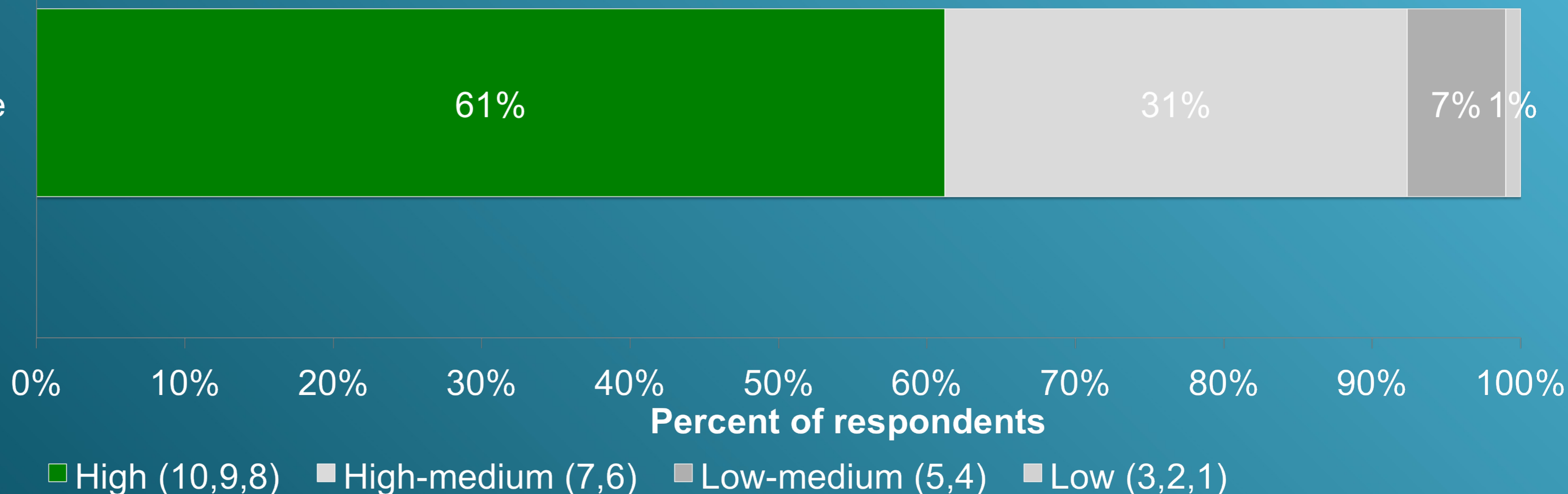
So what are they doing?

Q. Where do you currently host or plan to host these workloads?

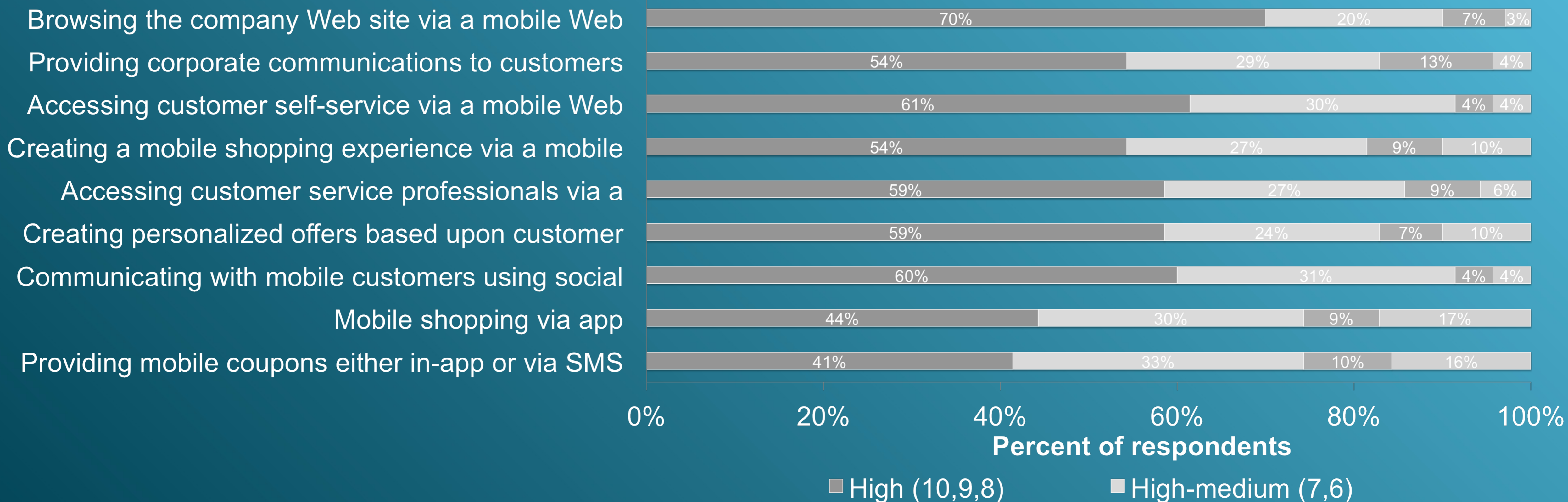


On a scale of 1 to 10, where 1 is no measurable value, and 10 is it had a major impact on your organization's revenues or profits, please rate the business value your company has achieved through deploying your Mobile Apps (n=196)

Rating (1-10) Impact on organization's profits of mobile apps platform



On a scale of 1 to 10, please rate the importance of providing your customers with access to the following services from their smartphones, tablets, or handheld devices (n=70)



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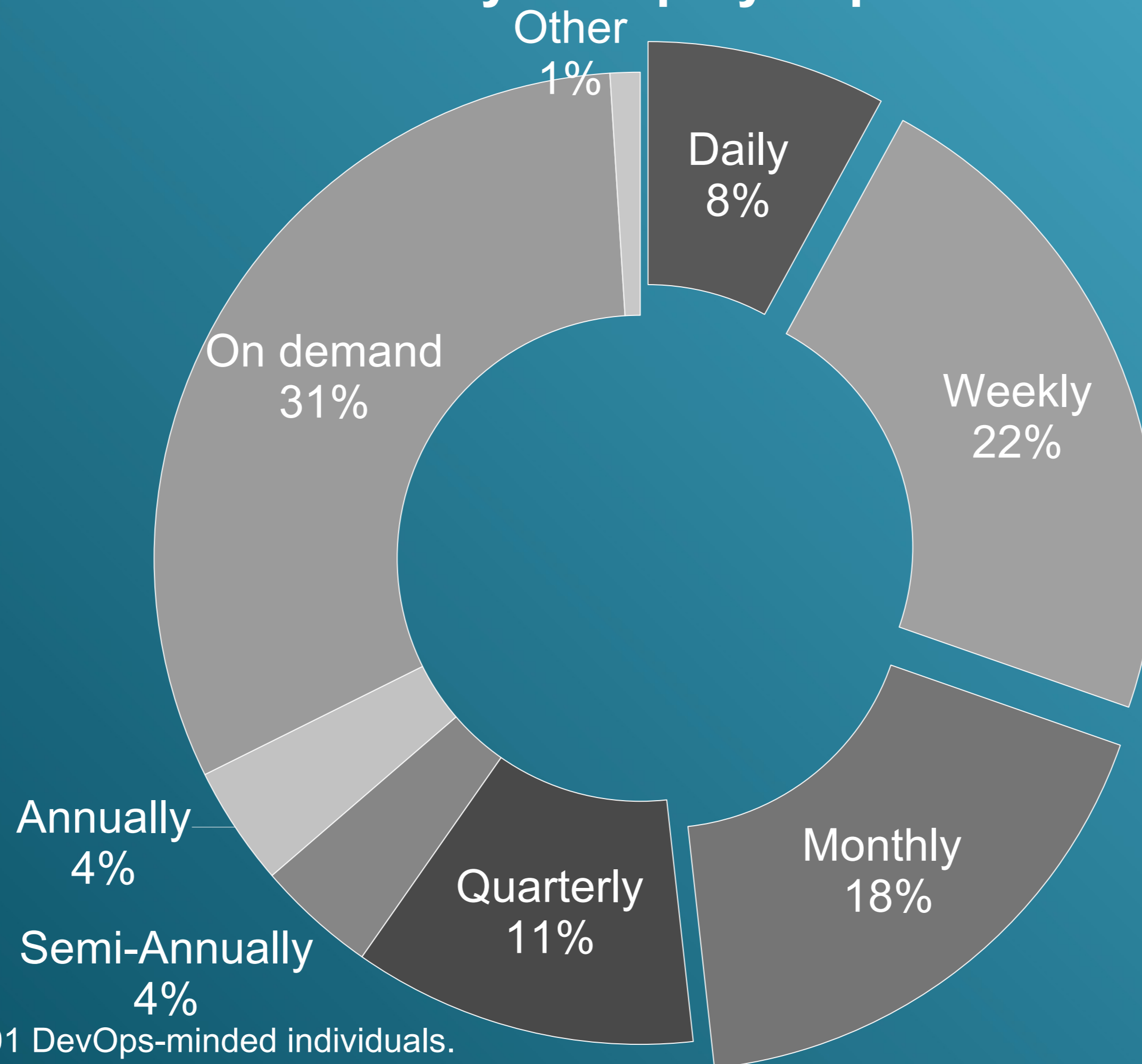
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So...DevOps anyone?

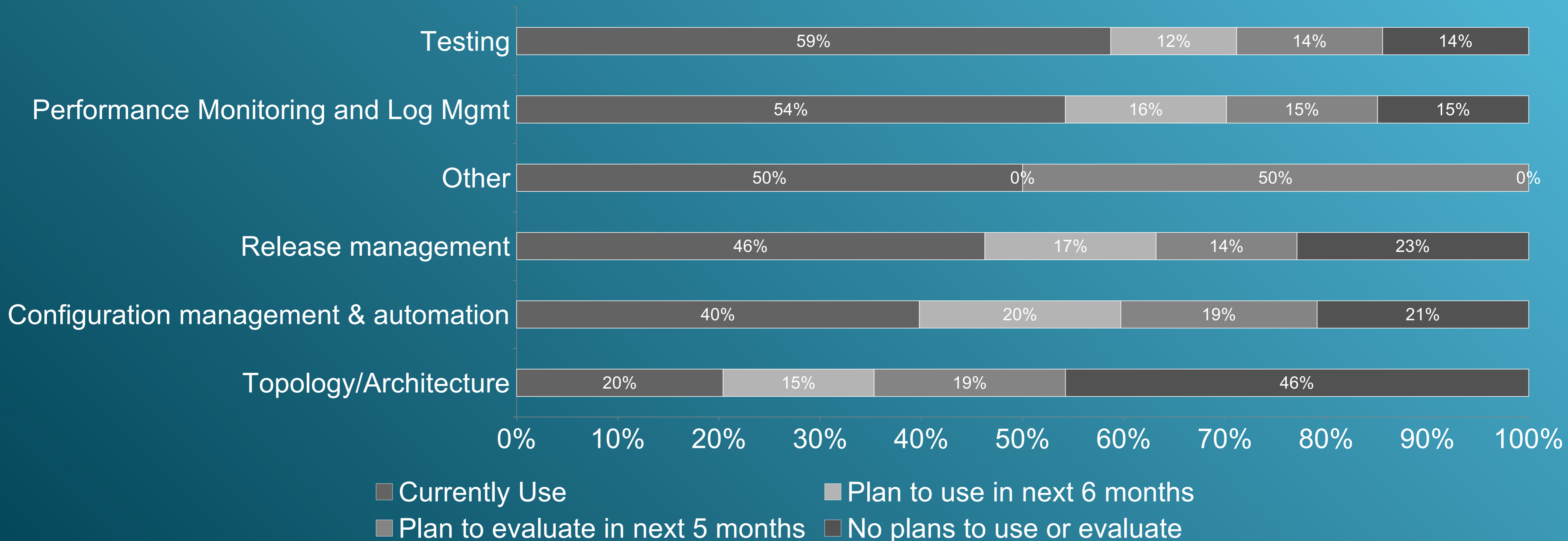
When running your application in production, where does it reside?



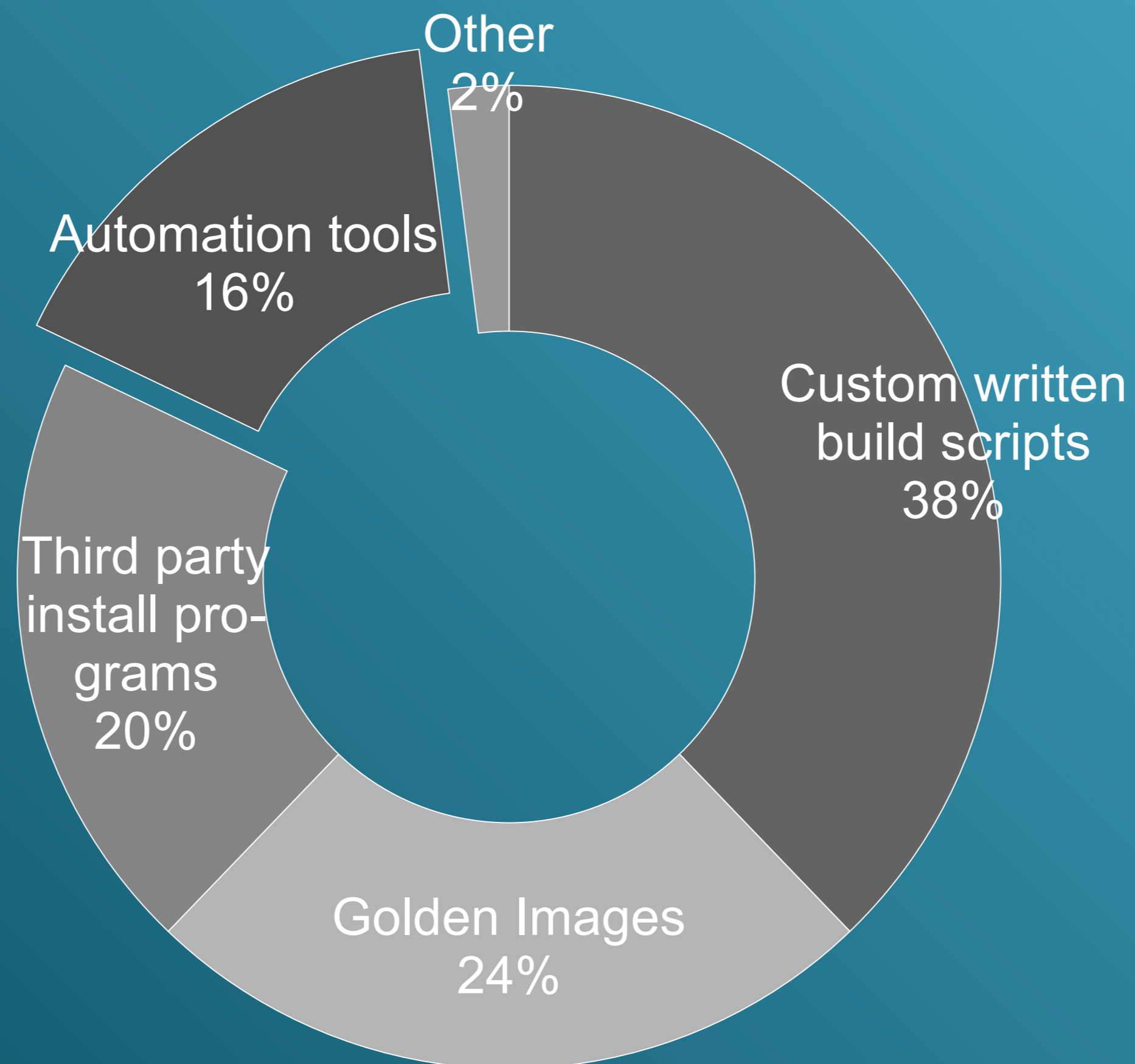
How often do you deploy to production?



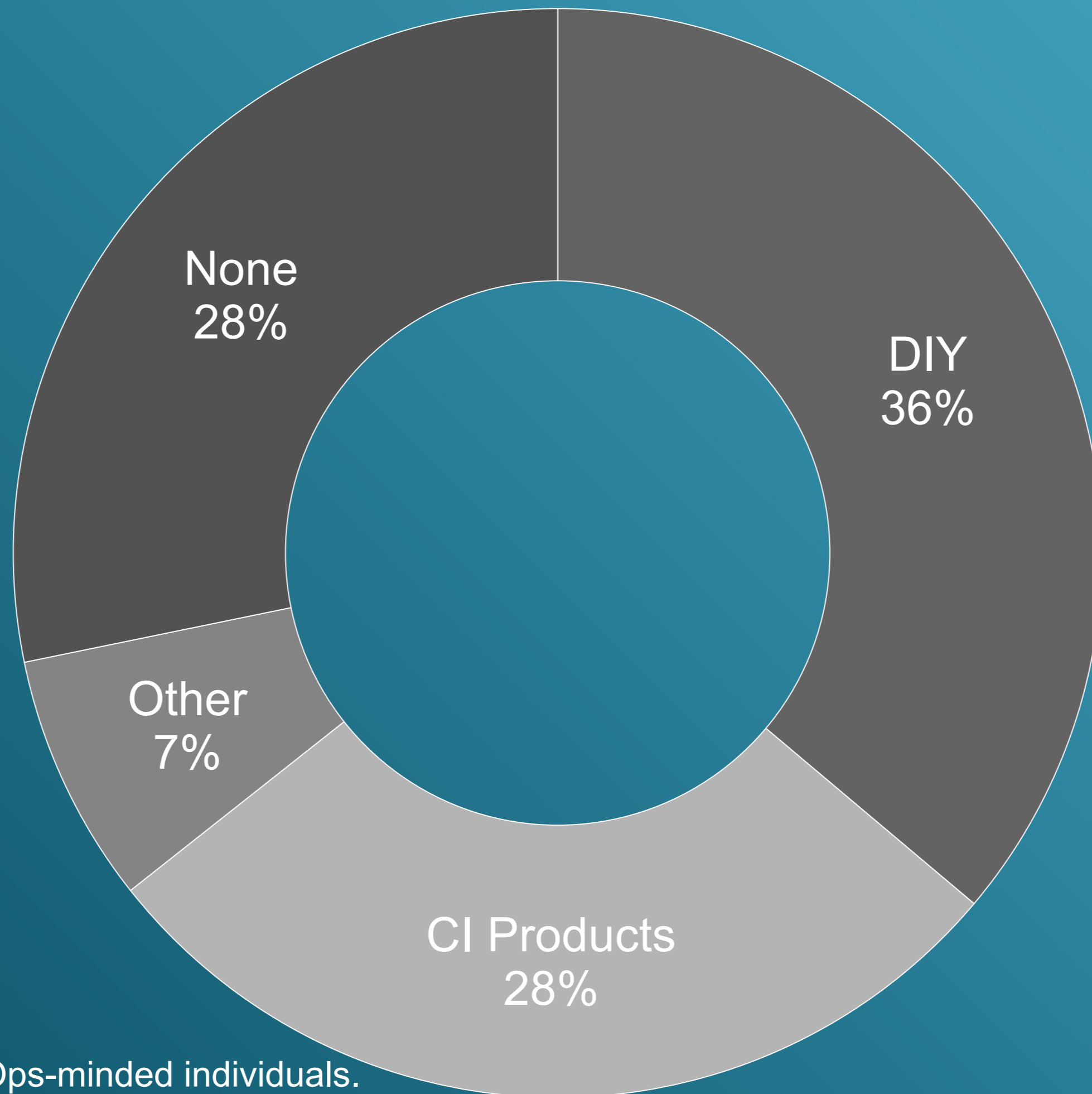
What tools are you using?



When designing and writing your software, how do you model and specify how the application should be deployed?



What build automation, or continuous integration (CI) tools are you using?



What is holding you back from reducing release cycles?

Number and complexity of environments – Cloud, On-premises, Virtual and Physical 28.70%

Human resource constraints (can't hire enough skilled people so we bottleneck on those we have) 38.89%

Lack of tools or inefficient tools for Release management, Log management, etc. 18.52%

An inefficient process: Hand-off from development to test, to security etc. 25.93%

Feature creep (new requirements are added inside each cycle, lengthening the time to release) 22.22%

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**There's strong business demand,
work to be done as far as the eye can
see, and lots of maturing ahead of us.**

Good luck out there!