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Small/Medium Business (SMB) Cloud Study: Summary of U.S. Study Results

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Background

Microsoft’s Trustworthy Computing Division conducted research among small and midsize businesses (SMBs), defined as companies with between 100 and 250 PCs in the U.S., India, Hong Kong, Malaysia and Singapore. The goal of the study was to gather data to better understand the cloud’s benefits relating to IT costs, improved security and better time management. For the purpose of this research, cloud users were defined as companies that used a cloud service via a subscription model.

This document summarizes the key findings from the research conducted in the United States. For more information, including research findings in the other countries in which research was conducted, go to <http://www.microsoft.com/en-us/news/presskits/security>.

U.S. Summary

Benefits	<ul style="list-style-type: none"> • Cloud users are three to five times more positive than noncloud users regarding the benefits of the service. • IT cost savings is seen as the biggest benefit of cloud services. 	<ul style="list-style-type: none"> • Cloud saves 26 percent of IT budget and reduces security management time by 18 hours a week. • Noncloud users spend 32 percent more time than cloud users managing security each week. • During the past three years, cloud users have decreased their security spend by five to six times that of noncloud users. 	Savings
Impact	<ul style="list-style-type: none"> • Improved security, agility and competitiveness and better scalability are benefits seen by cloud users. • Nearly one-half of cloud users say the cloud makes it easier to integrate their organization’s systems. 	<ul style="list-style-type: none"> • Data security is seen as the No. 1 barrier to adopting cloud services in the U.S. • Creation of industry standards surrounding cloud security could help noncloud users break through key barriers of adoption. 	Barriers



Benefits

- SMBs in the U.S. that use the cloud feel three to five times more positive than noncloud users regarding specific cloud service attributes (e.g., time and money savings, revenue enhancement, and quick and security-enhanced additions of products and services).
- Twenty percent of SMBs that transitioned their businesses to the cloud said they had been able to reduce the portion of their IT budget used for managing security over the past three years. This compares to just 4 percent of SMBs that do not use the cloud.
- Among cloud-using SMBs:
 - Forty-five percent said it was easier to integrate systems.
 - Thirty-eight percent said they spent less time managing security.
 - Thirty-five percent said they believed their business was more secure.
 - Thirty-four percent were more confident in their company's regulatory compliance.
 - Thirty-two percent mentioned they spent less time worrying about their company's susceptibility to cyberattacks.
- In addition to realizing better levels of security, cloud-using SMBs are able to focus budget and time savings on strategic business benefits:
 - Forty-two percent said the cloud made it easier for them to scale their business to explore new markets.
 - Forty-one percent said they were able to employ more staff in roles that directly benefit sales or growth.
 - Thirty-nine percent said they were able to invest in product development or innovation.
 - Thirty-seven percent felt that they benefitted from improved agility and competitiveness. Under Impacts, improved security and agility/competitiveness and better scalability are benefits perceived by cloud users.

Savings

- SMBs using the cloud said they spent an average of 19 hours per week managing IT security compared with noncloud SMBs, which said they spent an average of 25 hours per week managing IT security.
- The research indicates that areas where cloud-using SMBs are saving money are related to:
 - Being able to increase or decrease IT capacity when needed (51 percent)
 - Requiring fewer internal IT resources (45 percent)
 - Spending less time training new IT staff (34 percent)

Impact

- Forty-one percent of cloud users felt that their cloud service provider was entirely responsible for information security. This suggests that education is needed to raise awareness among SMBs that they still need to retain responsibility for some elements of IT security (e.g., client security). Fifty-seven percent felt they shared responsibility with their cloud provider.
- The research suggests that SMBs that do not use the cloud underestimate the benefits that their cloud-using counterparts enjoy. For example:
 - Fifty percent of cloud users said the cloud saves their IT department time. Only 16 percent of noncloud users thought they would save time if they used the cloud.

- Fifty-two percent of cloud users said that using the cloud enabled them to add new software products and services quickly and securely. Only 14 percent of noncloud users anticipated such a benefit if they transitioned to the cloud.

Barriers

- Eighteen percent of SMBs that do not use the cloud said they intend to transition to the cloud within the next 12 months, compared with 33 percent who said they had no such intention. Nearly half were undecided.
- Sixty-seven percent of noncloud-using SMBs said that industry standards for cloud security would give them greater confidence to transition to the cloud. Thirty-eight percent said more transparency would give them greater confidence about security in the cloud.
- Among noncloud users, concerns over security (40 percent) and the cost of transitioning (33 percent) were cited as the main barriers to adoption. Findings from SMBs that have adopted the cloud suggest that such concerns could be overstated.

U.S. SMBs' Comments

When asked, U.S. SMBs provided a number of reasons for their adoption of cloud services:

"[To] save money and ease of connection over multiple branches."

– U.S. cloud user in government

"...we had limited internal resources and felt that the cloud would allow us to reduce admin headaches, allow us to be more responsive and save money."

– U.S. cloud user in professional services

"...they were innovative and would advance our business."

– U.S. cloud user in retail

"It seemed like a good way to make our business more efficient. Also, we would have a secure backup."

– U.S. cloud user in professional services

"[We] needed to share resources, companywide."

– U.S. cloud user in telecommunications

Note: With pure probability samples of 94 (U.S. cloud) and 93 (U.S. noncloud), one could say with a 95 percent probability that the overall results for U.S. cloud users and nonusers would have a sampling error of +/- 10.1 and 10.2 percentage points, respectively. Besides sampling error, all sample studies and polls may be subject to several additional sources of error that cannot be calculated, including, but not limited to, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-study weighting and adjustments. It should be noted that the sample used in this study is based on those who initially self-selected for participation, therefore no complete estimate of sampling error can be calculated.