Cloud computing in 2024: Trends, challenges, and opportunities

Having an enterprise-wide cloud computing strategy has become vitally important in today's increasingly digital world. Cloud adoption has been rapidly expanding for several years now, so it has emerged as a digital transformation cornerstone. Cloud computing gained even more importance from the impact of the pandemic, as enterprises had to replace legacy business processes and accommodate a distributed workforce.

As a post-pandemic world takes shape, cloud computing brings new challenges as well as additional opportunities. Cloud as an application delivery model gained momentum, so now businesses need help managing their multicloud environments, particularly their costs.

Agile organizations take a multicloud approach

Cloud computing has gained traction because of its convenience, scalability, ease of use, and reliability. Commonly, companies ease into their deployment and start with compute, backup, and recovery services as the first use cases.

Corporations are now moving beyond these services. Incrementally, they add more cloud services and even migrate their most important workloads to that infrastructure. Increasingly, the cloud is becoming the de facto method of deploying new applications.

Consequently, more and more organisations are using Platform-as-a-Service (PaaS) from cloud providers. Data Warehouse, Relational Database-as-a-Service (DBaaS), and Container-as-a-Service (CaaS) solutions are three popular use cases. This shift is driven by the growing interest in leveraging containers to accelerate deployment, scale operations, and increase the efficiency of workloads running in the cloud.

As a result, firms find themselves with more than one cloud application. In fact, 89% of IT executives said they now have multiple cloud applications in their workplace, and 80% deployed a hybrid cloud, which combines the use of public and private clouds, according to Flexera in its 2023 article, "The State of the Cloud"[1]. Such changes reduce risk and increase the overall profit potential of an organisation.

The public cloud continues to accelerate

Companies recognise the advantages of cloud computing. By 2025, more than 85% of organisations are expected to adopt a cloud-first approach, according to Gartner[2]. Increasingly, companies believe they will not be able to fully execute their digitally-driven growth strategies without cloud-native architectures and technologies.

Consequently, the increasing use of the public cloud has garnered greater investments in organisations of all sizes and has become an important part of IT budgets. According to a recent Flexera study of more than 750 industries and organisations, 37% of companies that have between 1,000 and 10,000 employees say that their average annual cloud spending is around $12 million, which represents up to 30% of their revenue.

Even small and medium-sized businesses are embracing this approach. In fact, 53% of these organisations spent a higher percentage of their revenue on cloud computing this year, compared to 38% last year. The worldwide public cloud market is expected to reach 679 billion in 2024[3].

[1] Flexera - "State of the Cloud Report". 2022
[2] Gartner - "Realize Cost Savings After Migrating to the Cloud". 2021
[3] Statista - "Public cloud services spending worldwide". 2022

Organisations struggle to control cloud spending

Nevertheless, firms find the technology challenging because it is so dynamic. In many cases, IT teams often need help evaluating solutions, pinpointing the best one to implement for their organisation, and putting sound management practices in place.

Organisations are spending more on the public cloud, but not all of their investments are as efficient as they could be. Wasted cloud spending is a major issue that becomes even more critical as cloud costs continue to rise. Many companies tend to underestimate the amount of waste.

- According to Gartner[4], 70% of enterprises face unnecessary cost overruns in their cloud environments.

- Flexera's The State of the Cloud 2023[5] found that organisations are spending up to 13% over their anticipated budget on cloud computing.

The problem is worsening:

Flexera also found that organisations waste 32% of their cloud spending, 30% higher than last year. Despite those numbers, cloud spending is expected to increase by 29% year on year. This information illustrates that many businesses now face a perfect storm of economic problems: more deployment and less efficiency.

FinOps optimises cloud usage

How can a business change the narrative? First, enterprises need to recognise the root cause of the problem to address it properly. Companies are aware of the overspending issue. Optimising existing cloud usage (delivering cost savings) has been the top reported initiative among organisations for six consecutive years[6]. But what are organisations doing to control cloud computing costs and avoid waste?

64%
are focused on maximising resource utilisation.

50%
are dedicated to removing unused or inactive resources.

In response, some organisations have already formed teams to assess their cloud management. They also recognise that the importance of controlling forecasting and cost optimisation is increasing.

FinOps, (Financial Operations) is an acceptance that traditional infrastructure management is simply not effective when working within the cloud. This approach brings together business, finance, and technology to optimise cloud-vendor management.

FinOps is quickly evolving, increasingly being adopted, and becoming a key discipline for organisations because of its potential. An appropriate FinOps culture fosters data-driven control of cloud spending while increasing efficiency and reducing spending by 20% to 30%, according to Accenture[7].

Another change is that companies are open to deploying whichever cloud vendor best serves their needs. A handful of suppliers dominated this space: AWS, Microsoft Azure, Google Cloud Platform, Oracle Cloud Infrastructure, and IBM Cloud.

Recently, Microsoft Azure stood out: for the first time, it surpassed AWS by the breadth of adoption and, in addition, was the only provider that increased its adoption rate year over year[8]. According to the same study, companies are also dabbling with the Google Cloud Platform: it showed the highest percentage of experimentation (23%), a metric that typically drives greater adoption in the future.

[4] Gartner - "Realize Cost Savings After Migrating to the Cloud". 2021

[5, 6, 8] Flexera - "State of the Cloud Report". 2022

[7] Accenture - "Closing the cloud value gap with FinOps". 2022

Maximise your commitment to the cloud

In short, only one thing is certain: to remain competitive and maximise the advantages available, organisations must make strategic decisions about their cloud computing deployments. Every organisation is expanding its IT infrastructure to the cloud to get more business applications and services for both internal collaborators and external partners and customers.

But most changes have been quick, siloed, and coming in waves. As a result, many companies need to make additional efforts and do additional checks in order to avoid unnecessary spending on these services. In addition to deploying the services, they also need to employ strong management tools and practices. Companies should look for the right ally to help them design, implement, and manage their cloud infrastructure, while maintaining full visibility into their resources and expenses, so they can invest wisely.

C&W Business is here to support your company's efforts to do just that, enabling you to reduce costs as you shift away from an on-prem solution and begin accelerating innovation, improving efficiency, and enhancing customer experience.

At **C&W Business,** we're your catalyst for transformative success. From Cybersecurity to Cloud, Data Centres, Unified Communications, and Connectivity, our streamlined solutions ensure scalability and security. With the pan-Caribbean region's largest and most reliable network, together, we can unleash the digital future of Caribbean society.