

CLOUDFEST

CloudFest State of the Cloud Report

AI is proving a major opportunity...and a source of concern. Optimism has dropped since 2023, but not fully soured. Cloud experts coping with the highs and lows of feeling out a new future with continually evolving tech.

2024

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Report Highlights

PREPARED BY
Open Eye

PREPARED FOR
CloudFest

In 2023, CloudFest turned to its members to learn about both the current state of the industry, and their view of the industry moving further into the 21st Century.

In 2024, we did it again – we first asked for feedback on topics of interest, and then fielded a survey to gauge responses one year later. The questionnaire included new areas of inquiry suggested by members, and benchmarking questions from last year in order to gauge shifts in beliefs and forecasts.

The following are highlighted findings from the 2024 survey of 1,000+ cloud-based tech professionals from around the world. All are detailed in the following report.

Artificial intelligence's dominance of the tech space and tech news over the course of the last year is negatively affecting optimism.

While positivity is still dominant, it's dropped since last year. Negativity hasn't soared, but rather more cloud-based tech experts have become less openly sanguine on the future of the industry due to a "wait and see" approach to AI and other tech's high rate of evolution and adoption.

The primary concern around AI is that it is not reliably safe and secure.

This is an important proof point for cloud-based tech companies to see, because cybersecurity has climbed as an even more vital space of stress.

The sense that cloud professionals can never rest – always guarding against cyberthreats and needing to stay on top of changing technology and regulations – heightens industry stress at large.

Security, regulations, and technology innovations aren't just potential headaches, they're potential business threats. That imperative placed upon such ever-shifting elements leads to an inability to rest.

Cloud-based tech companies are turning inward.

To deal with those perceived threats and to make their businesses as healthy as possible, we see in 2024 less emphasis on the global cloud marketplace, and more on strengthening what's at home.

Encouraging continued conversation and community is where CloudFest can provide a true service.

In the face of that nervousness and movement away from global focus, CloudFest is a way to get cloud-based tech industry leaders together to talk about what's most important. They can share best business practices, security bulwarks, and AI use cases in the interest of not just strengthening the global cloud ecosystem, but individual business outlooks and approaches.

Methods

CloudFest partnered with Open Eye, to author and field a survey in February 2024, sending the online questionnaire to CloudFest members worldwide.

The amount of members who responded to the survey was 1,485, making results statistically significant for extrapolation to CloudFest members at large.

Key demographic breakdowns of respondents include:

Size of business:

This year's survey results lean toward businesses of smaller employee size (100 employees or under), with nearly a quarter having fewer than 10 employees, but a third are significant employers of more than 250 individuals.

<10 employees	23%
10-50 employees	19%
51-100 employees	9%
100-250 employees	11%
250+ employees	34%
I'm not sure	4%

Business type:

Cloud Service Providers make up a quarter of survey respondents.

Cloud Service Provider	25%
MSP/VAR/System Integrator	9%
Corporate IT	18%
Infrastructure provider/hardware/components	12%
Independent software vendor (ISV)	12%
ISP/Telecom	5%
Registrar/Registry/Domain Name System (DNS)	4%
Other	15%

Methods₍₂₎

Time in Cloud-Based Industry:

A majority of respondents have been in this field for more than five years, but more than a third are relatively new to the industry (five years or less).

<1 year	7%
5 years	32%
5+ years	61%

Region of Focus:

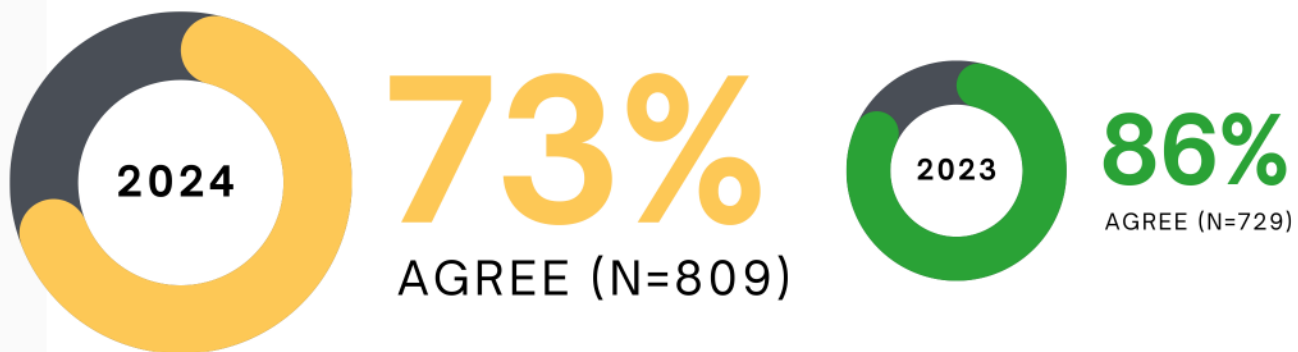
Three-quarters of survey respondents focus business in EMEA, with the next largest share of respondents not limited by any one geographic region.

North America	4%
Latin America	1%
Asia Pacific	3%
Europe, Middle East & Africa	75%
Global reach	17%

How We're Feeling about the Cloud in 2024

While the majority of cloud-based tech experts still feel optimistic about the cloud's future and essential nature that percentage has fallen since 2023.

“I feel optimistic about the future of cloud-based technology.”



In 2023, a supermajority of 86% agreed with the statement “I feel optimistic about the future of cloud-based technology.” One year later, that agreement has fallen by 13 points to 73% - still a majority, but indicating that now more than a quarter of respondents do not fully embrace that optimism. For more detail within that agreement metric, those who agree “completely” about that optimistic future fell from 44% to 33%.

“Cloud-based technology will continue to be vital to businesses worldwide.”



77%
AGREE (N=809)



87%
AGREE (N=729)

In 2023, 87% agreed that “cloud-based technology will continue to be vital to businesses worldwide” (48% “completely”). In 2024, that share of agreement dropped 10 points to 77% (with 40% agreeing “completely”).

"The opportunities ahead for cloud technology outweigh the risks."



48%
AGREE (N=809)



61%
AGREE (N=729)

In 2023, 61% agreed that “the opportunities ahead for cloud technology outweigh the risks” (19% “completely”). In 2024, that share of agreement dropped 13 points to 48% (with 17% agreeing “completely”).

KEY CALLOUTS:

- Cloud Service Providers are significantly more likely than other business types to feel optimistic and confident about the technology’s continued importance in coming years.
- Independent Software Vendors are significantly more likely to believe that the opportunities ahead outweigh the risks.; Corporate IT is significantly less likely to believe this.

However, that souring does not mean soaring negativity. The share of responses that grew most significantly from 2023 to 2024 was neutrality rather than explicit disagreement with the future-oriented cloud statements.

More cloud-based tech experts are now in a “wait and see” mode.

This is notably true when considering the statement about opportunities ahead for cloud technology outweighing the risks – now, fewer than half of respondents agree with this statement, as more move into the neutral space and elaborate that they’re more wary these days of ever-evolving technology and security threats.

When respondents enumerated what primary opportunities they see in the near future for cloud computing, it becomes clear that bright spots ahead stem from what the cloud can do for others – making business innovation readily available, scalable, and affordable.

Optimism is most often rooted in:

- **Scalability and flexibility:** businesses can easily scale resources up or down with the cloud, making it an ideal resource in a consistently shifting business and consumer landscape
- **Innovation:** with that flexibility comes ready adoption of new technological developments in cloud technology, providing opportunities for end-users as well as cloud companies to set themselves apart from competitors
- **Global reach:** the cloud isn’t hampered by physical logistics or the risks presented by any one location
- **Cost efficiency:** the cloud doesn’t require a significant capital or infrastructure outlay
- **Data analytics & insights:** cloud technology offers robust tools and services for data analytics and insights, made even more available today with AI
- **Security:** while security is the primary concern, it’s also a feature that cloud providers can bolster and promote to businesses as more secure than traditional on-premise solutions

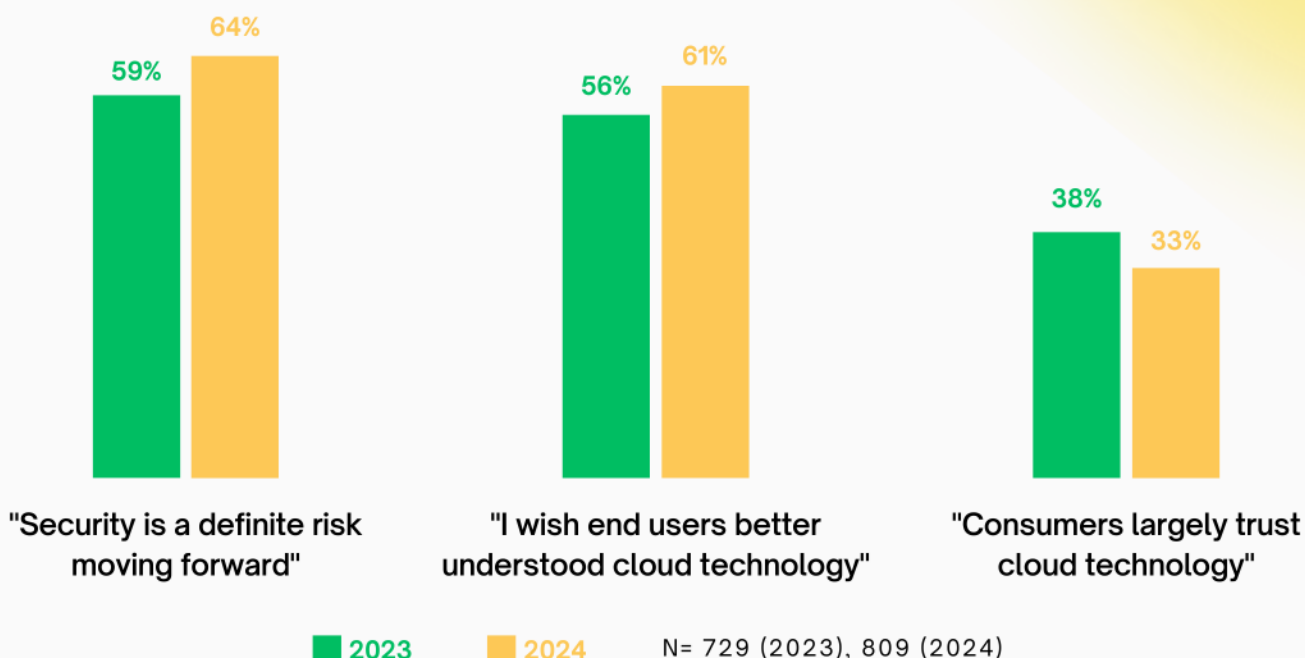
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“Cloud computing allows for quick changes for changing technologies”

“Almost every new technology starts with cloud computing. AI, automation, integration, remote work, optimization, every new trend helps our industry, so I see nothing but opportunities for the next 10 years.”

“Scalability, cost efficiency, flexibility, improved collaboration, enhanced security measures“

Despite that aforementioned dip in optimism, the survey's negative sentiment statements saw a slight reduction in pessimism. Security is still the primary concern for cloud-tech experts, but agreement that it's a "definite risk" is less intense in 2024 than 2023. Additionally, confidence in consumer understanding has risen.



Worries over security are the top concern for cloud-based tech experts – as was the case in 2023. With description of primary risks respondents forecast in coming years for the industry, we see a picture of professionals unable to rest or feel comfortable, given the constant vigilance required to stay abreast of and guarded against ever-changing cybersecurity threats and regulatory limits.

Within worries over security, respondents call for organizations to stay vigilant and proactive against threats. However, the ever-changing nature of the industry at large and cyberthreats in particular make this a problem that just won't go away. This persists internally and externally, influencing organizational operations and employees' day-to-day, as well as being a concern on the part of clients that companies need to address.

PULL QUOTES

"People fear being hacked, Security is a must."

"Vulnerability of infrastructure that relies on cloud computing in case of external threats."

"Architecture gets more advanced, so more knowledge of security risks is needed. People make mistakes."

Beyond security, other commonly cited risks include dependency upon a limited number of major cloud providers and ensuing vendor lock-in challenges, as well as the persistent need to keep up and stay in compliance with regulations. These are viewed as risks to being able to stay agile and flexible in a changing environment.

All of these level up to cost headaches, as staying abreast of security risks, legal requirements, and an ever-shifting business landscape requires continued organizational infrastructure investment.

“Risk of dependence on a supplier. Reduced control over the underlying cloud infrastructure. Concerns about security risks, such as data privacy and online threats.”

“The primary risks for cloud computing in the future include security and privacy vulnerabilities, compliance and regulatory challenges, potential service outages or disruptions, dependency on a limited number of major providers, and the complexities of managing multi-cloud and hybrid environments.”

How We’re Feeling about the Cloud in 2024

– Key Takeaways

- Optimism and confidence in the opportunities of the cloud outweighing the risks has softened, as more respondents cite feeling neutral about what’s ahead.
- While optimism stems from what the cloud can do for end-users – cost efficiency, scalability, innovation – concern over cyberthreats and other unpredictable forces is a persistent negative.

Artificial Intelligence in the Cloud



ChatGPT launched in late 2022, and rapidly gained in popularity and press coverage in early 2023 – the same time CloudFest fielded its inaugural State of the Cloud survey. Even in those nascent days, AI routinely surfaced in survey results as a major point of interest for investment and optimism, as well as caution. By the time the CloudFest flagship event in March 2023 occurred, AI was a top point of conversation and questions.

For the 2024 State of the Cloud survey, CloudFest first sent out a call for feedback at the beginning of the year to hear from participants what would be of most interest to learn about. The top response was artificial intelligence.

In the 2024 State of the Cloud results, AI received even more interest than in 2023, with this option selected by 86% of respondents who prioritize “exploring emerging technologies” as a key business health issue (up from 79% of respondents in 2023). The next most often cited area of interest was “new e-commerce options,” well behind at 29% of respondents.

Despite that top-of-mind concern, fewer than a quarter of respondents have implemented AI-based business strategy shifts to-date. However, the majority (52%) intend to do so and are actively working on the best way to adapt to this technology, both internally and externally.

So far, cloud-based tech companies have most often employed AI in:

- **Customer service enhancement** (chatbots)
- **Operational efficiency**
- **Automation of routine tasks** (data entry and analysis)
- **Marketing optimization** (creating narratives and graphics for content)

These developments have been largely positive, with benefits including the sheen of innovation and a demonstrable streamlining of operations in analysis and content production.



Independent Software Vendors are the most likely to say they’ve already made AI-related changes to their business strategy.

PULL QUOTES

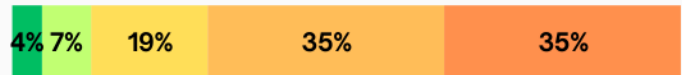
“Customer Service Chatbots: We have integrated AI-powered chatbots into our customer service platforms to provide immediate assistance to our customers.”

“[AI] gave us insight about upcoming trends and where to set our focus.”

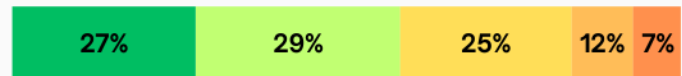
“We use it to identify the end user business data or to create content for their website content or metatags.”

That commitment to incorporating artificial intelligence in business planning emerges from a belief that AI is here to stay, and will play a major role in successful cloud-based tech enterprises. While most say they haven’t been using the new AI abilities long – and don’t feel confident about how to optimize it – cloud-based tech experts want to learn more about AI and how it can aid their overarching business goals of streamlining and saving money.

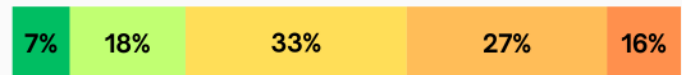
AI is not a fad, and will play a major role in cloud computing for years to come.



I’ve been utilizing AI for years, and feel confident about how it works in my business.



AI will be key in my business streamlining and saving money.



N = 892

Disagree completely

Disagree somewhat

Neutral

Agree somewhat

Agree completely



Cloud service providers are notably more likely to believe AI will be key to their business streamlining and saving money. They also are significantly more likely than those in other fields to feel confident about how to use AI in their business.



ISP/Telecom professionals are significantly more likely to say they do not feel confident about how AI works in their business.

Main opportunities cloud-based tech companies see for AI are tied to goals related to the ultimate health and success of their businesses – helping work be more efficient, aiding in money being spent wisely, and developing new products that will enable them to be at the forefront of the industry.

There is not a significant view that AI will cut down on employment numbers or improve cloud system reliability and security. These latter two concerns – the major worries expressed by cloud professionals – are not predicted to be eased by AI.

What are primary opportunities you're excited about regarding AI in cloud computing?

Streamlining work processes	21%
Optimization & allocation of company resources	20%
Opportunities for better product development	20%
Enhancing cloud security	11%
Improving reliability of cloud systems	10%
Balancing cloud spend & scalability	9%
Cutting down on employees needed to do the work	8%

N = 828



MSP/VAR/System integration professionals, Independent Software Vendors, and Registrar/Registry/Domain providers are significantly more likely than those in other fields to believe AI will streamline work processes.

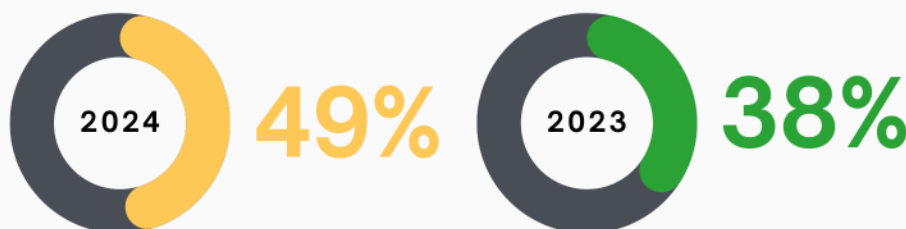


Independent Software Vendors are significantly more likely to see opportunities for better product development thanks to AI.

While AI has become more of a focus, it's also grown as a concern.

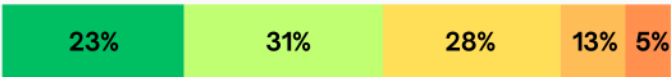
In 2023, AI's relationship with cybersecurity was a concern for 38% of State of the Cloud respondents who prioritized "protection of data/addressing cybersecurity concerns" as a key business need. In 2024, that rose 11 points to 49%.

Concerns around AI & advancing cyberthreats rise to 49% of respondents.

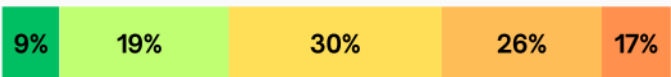


While AI-related concerns largely do not involve workforce impact, AI does raise red flags when it comes to the cloud-based tech industry’s paramount worry about security.

I have significant concerns around AI hurting Cloud-based technology workforce retention and development.



I have significant concerns around the safety and security of artificial intelligence in cloud computing.



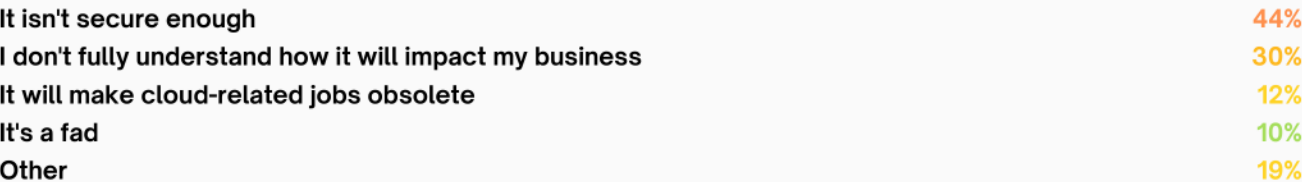
N = 892



Corporate IT professionals are significantly more likely than others to have significant concerns around the safety of AI, and to disagree that AI will be key to streamlining and saving money.

Going into more detail on where cloud-based tech experts see potential risks to the industry from artificial intelligence, primary concerns are around AI’s security and a lack of understanding about how it will impact their individual business efforts. Only 5% of respondents did not see any concerns with AI, and those in the unconcerned camp most often expressed enthusiasm for novel technology and a “wait and see” approach to see what AI might bring before feeling worried.

What are primary concerns you have regarding AI in cloud computing?



N = 872

Note: most “other” concerns involved accuracy, reliability, bias, and regulatory challenges introduced by AI.

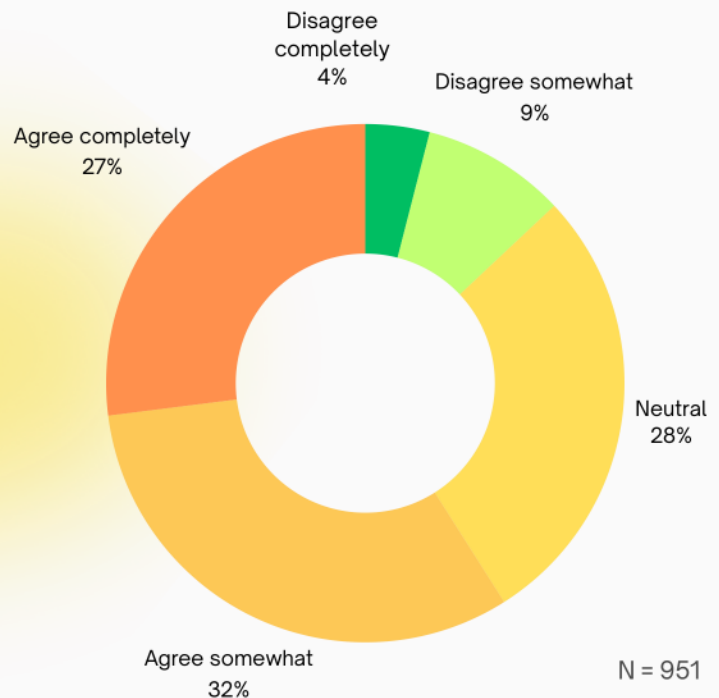
Overall, there is a mix of optimism, caution, and uncertainty regarding AI's future impact and challenges.

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“I have doubts if AI can evolve from an assistant that helps users executing tasks, to actually being a core element of cloud-based workflows. AI independently managing cloud resources, making configuration decisions, or changing infrastructure is a dangerous path that creates many regulatory and compliance-related challenges.”

But ultimately, a majority of cloud-based tech experts agree that AI is a “tremendous opportunity for positive growth in our industry.”

A majority of cloud-based tech experts agree that AI is a “tremendous opportunity for positive growth in our industry.”



Artificial Intelligence in the Cloud – Key Takeaways

- Interest in AI is tremendously high, as cloud-based tech professionals believe the advancement can unlock key advantages in streamlining and innovation. But few feel confident in how to optimize AI for those goals at present.
- AI is tied up in overarching security threats, and concern over this aspect of the technology has climbed in the past year.
- Altogether though, optimism about AI is the dominant outlook in the industry.

What We Want to Learn about and Enhance When It Comes to the Cloud

CloudFest wanted to know what professionals in the field consider most important to learn about in order to ensure their business' health, to best serve their customers or end-users, and to grow into the future. On all three of those metrics, security is seen as paramount.

Being up to speed on emerging technologies and being well-informed about how to create effective business strategy follow closely in importance, particularly for current and future business viability.

Other areas of interest to cloud-based tech experts, such as hybrid cloud options, investing in new hardware/software, and industry consolidation are viewed as less vital. Two subject areas – how to make the cloud more sustainable/green and navigating regulations – are believed to be not as important to many at present, but grow in importance looking ahead to future business growth.

Lastly, understanding the global cloud technology marketplace garnered less focus than last year. In 2023 this global view was seen as vital both in the present, and climbing in importance into the future. In 2024, however, understanding the global cloud technology marketplace falls considerably when respondents selected what's most important for growing their business in years to come.

	...the health of your business today	...how to best serve your customers or end-users	...growing your business into the future
Protection of data/addressing cybersecurity concerns	41%	42%	46%
Exploring emerging technologies	4%	34%	42%
Creating effective business strategy	35%	33%	37%
Understanding the global cloud technology marketplace	3%	24%	16%
Retention of clients/customers	26%	28%	26%
Hybrid cloud options	24%	22%	23%
Investing in new hardware/software	21%	20%	18%
How to make the Cloud sustainable/green	17%	16%	20%
Industry consolidation	12%	11%	13%
Navigating regulations	9%	13%	15%
Geopolitics	6%	5%	9%

N = 1027

When asked to further rank these areas of interest, a picture emerges of **business health and strategy being paramount**. Among those aforementioned priorities, data protection against cybersecurity threats rises to the top, along with creating effective business strategy. Emerging tech and Hybrid cloud fall in importance, secondary and tertiary to those more direct bottom-line and threat mitigation efforts.



Cloud Service Providers, Independent Software Vendors, and Registrars/Registry/Domain providers are significantly more likely to stress the need to create effective business strategies.



Corporate IT respondents are significantly more likely to prioritize protection of data/addressing cybersecurity concerns.



Learning about hybrid cloud options is significantly more appealing to MSP/VAR/System integration and Corporate IT professionals.

“Protection of data/addressing cybersecurity concerns.”

Keeping up with the latest threats – including those posed by AI – keeps them up at night. Cloud professionals worry about vulnerabilities externally and internally.

Within “protection of data/addressing cybersecurity concerns,” which of the following are most important to you?

How to keep up with the latest threats	52%
Addressing network security vulnerabilities	51%
Concerns around AI & advancing cyber threats	49%
Educating customers/clients on cybersecurity	41%
Educating employees on cybersecurity	40%
Changing security regulations	27%
Content moderation issues	6%

N = 400

Among cloud-tech experts who selected this option as a primary need to learn about, more than half said they want to be more equipped when it comes to keeping up with evolving security threats, and they feel a need to better address network security vulnerabilities. Close behind is a concern over AI and its role in evolving cyberthreats.

“Creating effective business strategy.”

This subject was new to the State of the Cloud survey in 2024, after it appeared with great frequency on the initial subject area of interest questionnaire sent to members in January.

Within “creating effective business strategy” which of the following are most important to you?

Optimizing productivity	24%
How AI fits into business strategy	22%
Strategic change in an evolving industry	20%
Best company investments	13%
How to train the right employees	9%
How to find the right employees	9%
Navigating regulation	4%

N = 338

Cloud-based tech experts want to get their companies working faster and leaner, and to be as up-to-date as possible on emerging technology that can help make those goals a reality within a constantly evolving industry.



Corporate IT professionals are significantly more likely to want to learn how to incorporate AI into business strategy, and how to optimize productivity.

“Hybrid cloud options.”

Another new option added to the 2024 State of the Cloud survey based on member interest, this somewhat undefined industry concern was posed as an open-ended question in order to learn what’s of most importance to individuals within the industry.

The phrase “hybrid cloud” conjures a number of priorities, notably working with hyperscalers, interoperability, security, and a private/public cloud ecosystem.



PULL QUOTES

“Finding the best way to integrate our offering to the hyperscalers offerings.”

“Combination of public cloud with our own private cloud.”

“Seamless integration and communication between on-premises infrastructure and public cloud services.”

“Combining hyperscaler and alternative cloud options to navigate data protection and security regulation.”

“Understanding both the technical and business impact to arrive at the best mix between private/on-prem and public Cloud.”

“Investing in new hardware/software.”

Data centers are a key element of the tech landscape to learn about for more than half of cloud-based tech professionals concerned with optimizing investments in hardware and/or software. This even beat the dominance streak of AI and security, as investment in AI and security services came in second and third places for interest importance.

Within “investing in new hardware/software,” which of the following are most important to you?

Data centers	56%
AI services	46%
Security software and/or services	43%
Open source software	42%
Cloud computing stack	37%
Hyperscale	18%
5G	6%

N = 202

“Retention of clients/customers.”

AI makes a comeback when professionals weigh in on what will be important to them in improving how to retain current clients and customers. This is another area of the industry where vigilance is necessary, staying on top of evolving customer service trends, and the latest in marketing strategies and tools.

Within “retention of clients/customers,” which of the following are most important to you?

Using analytics to identify customer trends	48%
Trends in customer service	47%
Lowering cost of retaining customers	43%
Cutting-edge marketing techniques & tools	42%
Leveraging AI to build better customer experiences	41%
Demographic research	13%

N = 255

Cloud-based tech companies want to learn more about their customers in order to streamline operations and optimize service. AI comes into play both as an internal analytics tool as well as in service of customer experience.

Finally, it is of note that respondent belief in the essential nature of global cooperation and interaction has softened. While still a top-five subject for cloud-based tech leaders to learn about for the current and future health of their businesses, agreement that international cooperation dropped nine points. When posed the statement “International cooperation in cloud investment is essential,” 63% of cloud-based tech professionals in 2003 agreed; in 2024, that agreement dropped nine points to 54%. Movement was not into disagreement though, but rather into a neutral position on the matter.

For those who expressed interest in learning more about the global technology marketplace, even their focus turned somewhat inward. In 2023, respondents to this question prioritized gaining information about cloud tech in other global regions. In 2024 that is still important, but edged out by learning about cybersecurity strategies.

Within “learning about the global cloud marketplace,” which of the following are most important to you?

Cybersecurity strategies	49%
Cloud tech in different regions	47%
Consolidation of platforms	39%
Hyperscalers	28%
Gaia-X	9%

N = 298

Beyond those top choices, consolidation on a global scale is a topic of notable interest again in 2024.

What We Want to Learn about and Enhance When It Comes to the Cloud – Key Takeaways

- For present and future business health, security is seen as the paramount need, closely followed by staying up on emerging tech and developing smart, vigilant business strategy (an imperative tied up in the prior security and evolving technology topics).
- A global approach to the cloud has narrowed, becoming more insular, as fewer respondents prioritize this focus and rather look to be bolstering internal security and business health.

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Open Eye helps small businesses and non-profit leaders make greater impact in the world, using current data, insights, and great people to craft achievable change strategies together.

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