CLOUDFEST

State of the Cloud Report – Autumn 2025

The Global Cloud Awakens – Sovereignty, Security, and the Search for Digital Independence.

2025

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Executive Summary:

Key Takeaway: Europe's cloud industry navigates geopolitical turbulence, while racing to close international gaps in AI implementation.

In fulfilling its value promise of bringing unique insights to the industry, CloudFest has launched a series of quarterly surveys of cloud-based tech professionals about their business concerns, goals, and needs. The benchmarking nature of this series will enable the industry at large, and its core players individually, to track shifts in industry-wide sentiment and priorities moving forward.

The initial installment of this series launched in September 2025; findings are detailed in this report and will, together with findings from the next installments in December 2025 and March 2026, be presented on the main stage at CloudFest's 2026 conference (March 23-26, 2026).

Report Highlights:

The following are highlighted findings from the September 2025 survey of over 600 cloud-based tech professionals from around the world. All are detailed in subsequent pages of this report.

The cloud-based tech industry at large reports confidence in what they bring to global innovation and international business success. However, we see significant concerns over the logistic risks of geopolitical disarray, and the less tangible but very real threats of U.S. dominance to data sovereignty and reduced trust in U.S.-based companies.

Please note: as the majority of respondents (75%) are EMEA-focused organizations, findings here are notably revealing when it comes to that geographic sector of the industry. A special section calling out how U.S.-based companies compare is at the end of this report.

Key Findings:

- **The AI Implementation Deficit:** Only 45% of European organizations have integrated AI into business strategy to-date, signalling a competitive vulnerability in the global race for technological leadership. However, it's on the table for most of that remaining 55% age as a top priority in the coming year.
- **Geopolitics Takes Center Stage:** Fifty-seven % of respondents cite geopolitical supply chain disruption as a top risk—the highest concern across all categories and a stark indicator of Europe's strategic anxiety.
- **The Sovereignty Imperative:** Data sovereignty drives strategic decisions for 53% who report increased operational costs, along with a keen interest in positioning European providers as alternatives to U.S. hyperscalers.
- **Confidence, Alongside Caution:** A supermajority, 71% are confident in 12-month growth prospects, yet this optimism is tempered by a number of perceived risks. In addition to the above, there are energy constraints (40% cited as major risk) and talent shortages (35%) to consider.
- **The Trust Deficit:** Qualitative responses reveal profound erosion of confidence in U.S. technology partnerships, with calls for European digital independence reaching new urgency.

Methods

CloudFest partnered with Open Eye to author and field a series of quarterly surveys, launching in September 2025, sending the online questionnaire via email to CloudFest members worldwide. This regular pulse approach developed from prior annual surveys of the industry, conducted in 2023 and 2024.

More than 600 respondents filled out the survey, making results statistically significant for the industry at large, but especially the European cloud-based tech industry given a majority of respondents reporting a geographic EMEA focus (75%). The respondent business focus within that pool is diverse though (detailed below), allowing for a mix of cloud tech providers, consumers, and enablers; technical depth alongside strategic oversight; and diverse perspectives across company sizes.

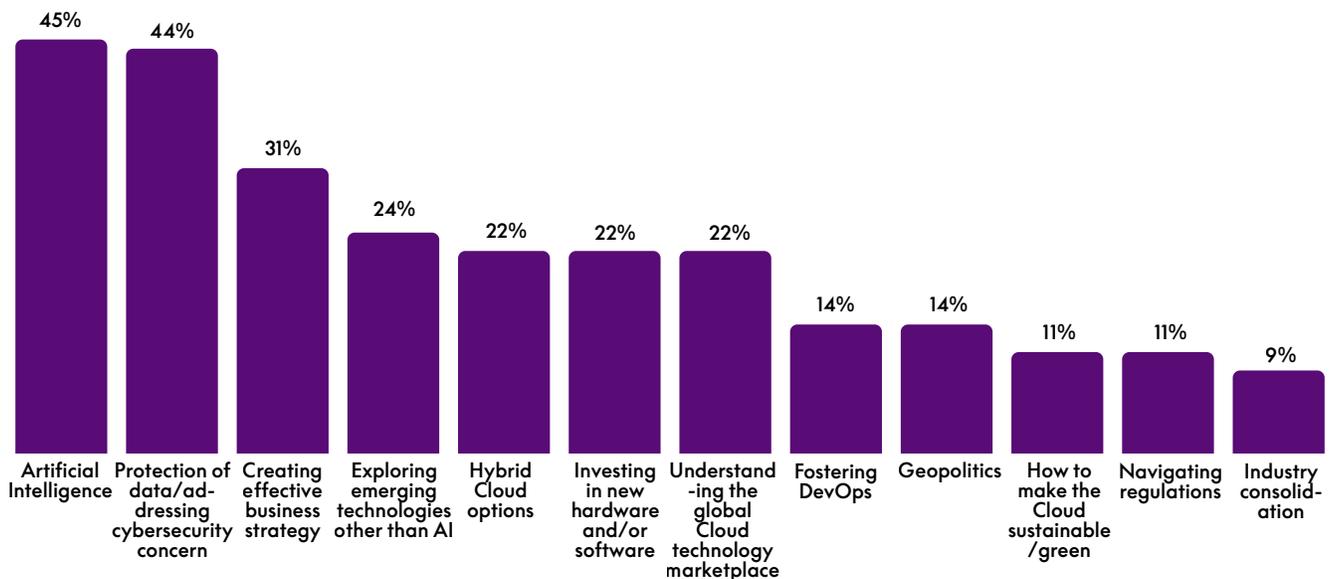Key demographic breakdowns of respondents are in the appendix.

Margin of error: ±4.1% at 95% confidence level.

SECTION 1: STRATEGIC PRIORITIES - WHAT KEEPS US AWAKE

When we asked cloud professionals to identify their top business priorities from a comprehensive list of industry concerns, their choices revealed a sector simultaneously racing toward innovation and anchoring itself in security fundamentals.

Top Business Concerns:

Which of the following are most important to you, when it comes to the current and future health of your business? (N=548)

Category	%
Artificial Intelligence	45%
Protection of data/addressing cybersecurity concern	44%
Creating effective business strategy	31%
Exploring emerging technologies other than AI	24%
Hybrid Cloud options	22%
Investing in new hardware and/or software	22%
Understanding the global Cloud technology marketplace	22%
Fostering DevOps	14%
Geopolitics	14%
How to make the Cloud sustainable/green	11%
Navigating regulations	11%
Industry consolidation	9%

The hierarchy of cloud concerns emerged clearly, and shows an industry that understands the future belongs to AI, but refuses to sacrifice security and sovereignty to get there.

1. Artificial Intelligence: AI commands top position, but barely. At 45% of all top-three selections, it edges out cybersecurity by a single percentage point. This reflects AI's undeniable importance, while reinforcing the continued need to look beyond this tool.

> *"AI is a game-changer for operational efficiency, client experience, and innovation. For someone like you, who has already spearheaded AI-driven initiatives, the importance is clear: Automation & Efficiency: AI reduces manual effort, speeds up processes, and minimizes errors—vital for scaling operations."*

> *"AI has tremendously enabled development of new products and services. It's not there yet for effectively deploying securely into production of everything that is built and that's the interesting area."*

2. Protection of Data/Cybersecurity: Security essentially ties with AI for top concern. The 44% prioritization reveals organizations treating security not as a feature but as foundation. This is especially true of European respondents, who are significantly more likely to rank this a top-three priority than respondents with foci elsewhere on the globe. (notably important to Corporate IT and ISVs)

"Because data has become one of the most valuable assets for any organization, maintaining its security directly impacts customer trust, regulatory compliance, and operational continuity. Any breach can lead to financial losses, reputational damage, and long-term consequences, so strengthening cybersecurity is fundamental to business resilience."

"To safeguard the current stability and future health of our business, all three areas are fundamentally important and deeply interconnected. Protection of data and addressing cybersecurity concerns must be the non-negotiable foundation, as a single failure here can wipe out all other progress by destroying customer trust and incurring massive fines."

"Data protection and addressing cybersecurity are critical because our business depends on customer trust. A single breach could permanently damage my reputation."

"Protection of data and addressing cybersecurity concerns are vital because they safeguard customer trust, ensure business continuity, and prepare us for future growth in an increasingly digital world. Without strong security, the health of the business cannot be sustained."

3. Creating Effective Business Strategy: In a rapidly changing environment, strategy itself becomes priority. Organizations need frameworks to make sense of the competing other pressures on this very list: AI adoption, sovereignty requirements, regulatory compliance, talent competition, and geopolitical risk.

"Pairing a clear business strategy with insights into the global cloud marketplace ensures we can adapt, innovate, and seize opportunities for sustainable growth."

"Strategic planning is foundational to navigating complexity, aligning technology with business goals, and ensuring resilience."

Beyond these top three, we see the next tier down surface priorities beyond AI, infrastructure modernization, flexibility in hybrid cloud options, and considering how that strategic focus will fit in on a global landscape.

What the Priorities Reveal:

The distribution tells multiple stories:

AI and Security are Inseparable: The near-tie between AI and cybersecurity isn't a coincidence; they're two sides of the same coin. Cloud-based tech organizations recognize they need AI to compete, but also as accompanied by a need to bolster security. As one respondent explained: "We live in an age where we can no longer be competitive without AI and data protection."

Strategy Under Pressure: The 31% prioritization of "creating effective business strategy" itself is notable. Strategy becomes priority when an environment grows uncertain. In an environment as inherently and consistently shifting as cloud-based tech, we see this as a persistent need even for those who've been in the business for 10+ years.

Technology Diversification: The quarter of respondents prioritizing emerging technologies beyond AI suggests organizations refusing to put all their eggs in an AI basket. This could represent wisdom or hedging - likely both.

"There is too much focus on pushing AI everywhere and not enough thought about other business and technological topics."

Hardware, Not Just Jazz Hands: The quarter prioritizing hardware/software investment reflects the business' unsexy, but essential reality: cloud computing requires constant infrastructure refreshing. There might be exciting innovations happening in the arena all the time, but they need the stability of support to make a difference. (notably important to CSPs, Corporate ITs, and Infrastructure Providers)

A note about Geopolitics: While only 14% explicitly listed geopolitics as top-three priority, it appeared as the underlying theme across multiple other priorities. Respondents discussing cybersecurity mentioned sanctions. Those discussing hybrid cloud mentioned sovereignty. Those discussing strategy mentioned supply chain risk.

The qualitative responses revealed geopolitics as meta-concern that colors everything:

> *"Regulations and Geopolitics are driving unprecedented change for our business this year. We are seeing major impacts across our supply chain - from new trade restrictions and tariffs to global conflicts and macroeconomic swings."*

> *"The geopolitical situation in the USA in particular shows us how badly business can suffer as a result. Laws and tariffs make it difficult to move forward as a business."*

> *"The world is now in a VUCA zone [Volatility, Uncertainty, Complexity, Ambiguity]. This volatility and uncertainty along with evolving trends have to be understood for long term vitality of our business."*

At large, cloud-based tech respondent priorities demonstrate an industry that knows what it needs to do: adopt AI, maintain security, build strategy, invest in infrastructure, and navigate geopolitical complexity.

Now it needs to execute at velocity that matches the urgency those priorities represent.

SECTION 2: THE AI PARADOX: HESITATION PERSISTS ALONGSIDE ENTHUSIASM

The cloud-based tech industry's relationship with artificial intelligence is complicated. The technology commands top billing as a business priority—45% of all top-three selections—yet implementation lags behind intention. Only 45% of surveyed organizations have already made AI-related changes to their business strategy. Another 26% are planning, but haven't yet implemented, while 12% intend to integrate AI without a concrete timeline.

This gap between aspiration and execution tells the story of an industry grappling with competing imperatives: the competitive necessity of AI adoption versus legitimate and persistent concerns about security, cost, regulation, and environmental impact.

What Implementation Reality:

When organizations do commit to AI, their actions reveal a measured, governance-first approach:
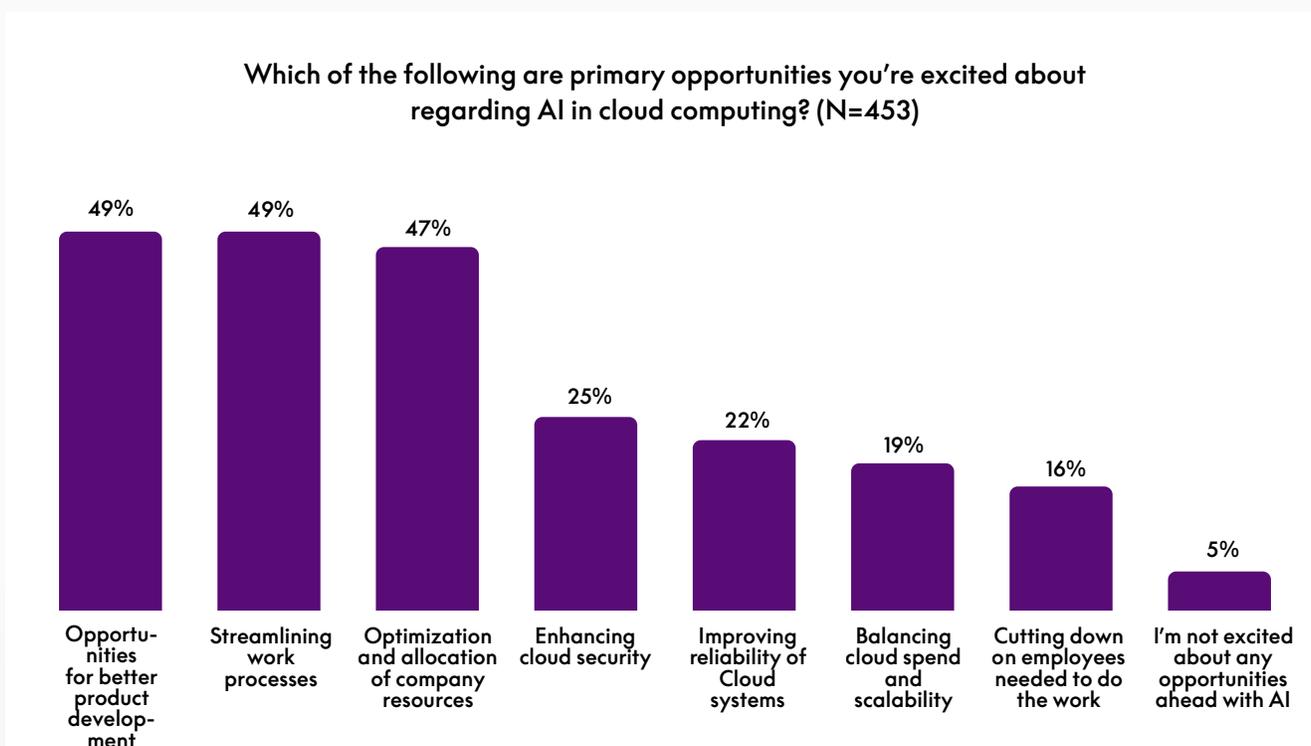
- **53% have increased investment in AI -** showing financial commitment even if full implementation lags (notably true of ISVs)

- **44% have launched AI-based products or services -** nearly half are bringing AI to market (notably true of ISVs)
- **33% have adjusted regulatory and legal compliance measures -** compliance comes before deployment

It's not seen as something to totally upend the shape of and approach to the business. Rather, it's a tool to augment and hopefully improve processes and product development, few (25%) have hired more staff due to AI, and the vast majority (63%) report no plans to reduce staff due to AI.

- **30% have reorganized internal teams for AI services -** structural changes lag technical adoption
- **25% have hired more staff due to AI -** modest talent expansion
- **Only 14% have reduced staff due to AI -** and 63% say they're not interested in doing so

Three clear perceived benefits come from these AI adjustments: better product development, streamlined work processes, and optimized company resource allocation.

Which of the following are primary opportunities you're excited about regarding AI in cloud computing? (N=453)

Opportunities for better product development	Streamlining work processes	Optimization and allocation of company resources	Enhancing cloud security	Improving reliability of Cloud systems	Balancing cloud spend and scalability	Cutting down on employees needed to do the work	I'm not excited about any opportunities ahead with AI
49%	49%	47%	25%	22%	19%	16%	5%

Notably absent from top concerns: aggressive workforce reduction. Only 16% cited "cutting down on employees needed to do the work" as an opportunity they're excited about.

> *"I am excited to learn about new technologies, especially how AI creates new processes and makes others obsolete. It is fascinating to see how AI is revolutionizing the industry."*

> *"AI will empower everyone, automating complex tasks and transforming how industries operate."*
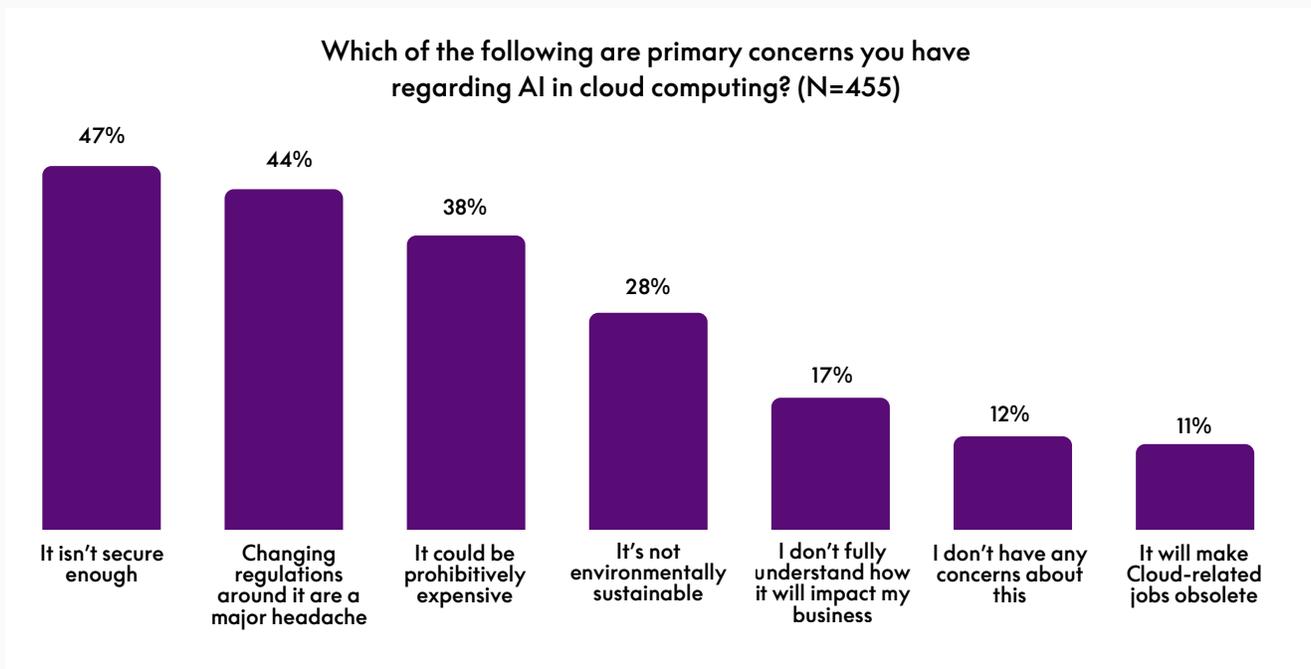
The Confidence Question

Industry confidence in AI capabilities shows room for growth. When asked on a scale of 1 to 5 how they do or don't agree with the following statements (1 being "Disagree completely," 5 being "Agree completely"), we saw the following returns:

3.39 for "I feel confident about how to use AI to optimize my business"

3.35 for "AI will be key to my business streamlining and saving money" (notably true for ISVs)

3.21 for "AI is expensive to implement, but I feel confident in a positive return on investment"

These middling scores, all hovering around neutral, suggest uncertainty rather than conviction. Compare this to the strong agreement (4.26/5) that "cloud-based technology will continue to be vital to businesses worldwide" about optimism in the industry at large and the AI confidence gap becomes clear.

What Holds Us Back?

Which of the following are primary concerns you have regarding AI in cloud computing? (N=455)

Concern	Percentage
It isn't secure enough	47%
Changing regulations around it are a major headache	44%
It could be prohibitively expensive	38%
It's not environmentally sustainable	28%
I don't fully understand how it will impact my business	17%
I don't have any concerns about this	12%
It will make Cloud-related jobs obsolete	11%

The concerns about AI are specific, and for many grounded in European regulatory and cultural contexts:

Security Insufficiency (48% of concerns): "It isn't secure enough" dominates worry lists. Respondents specifically mentioned concerns about AI hallucinations, reliability issues, and privacy.

Changing Regulations (44%): The EU AI Act and evolving data protection frameworks create a moving target.

Prohibitive Cost (39%): Notably higher than global averages, cost concerns reflect both the actual expense of implementation and European budget consciousness. Organizations see AI as expensive (3.28/5 concern level) without clear confidence in ROI.

As one respondent noted: "There's too much focus on pushing AI everywhere and not enough thought about other business and technological topics."

SECTION 3: CYBERSECURITY: OUR NON-NEGOTIABLE

If AI represents cloud-base tech's future ambition, cybersecurity represents its present reality. At 44% of top-three business priority mentions, cybersecurity ranks second only to AI itself and in practice, the two are inseparable. In this industry, security is not a feature or differentiator, but rather a fundamental prerequisite behind doing business at all.

Top Business Concerns:

Concern about security manifests across multiple measures. When asked on a scale of one-to-five how they do or don't agree with the following statements (1 being "Disagree completely," 5 being "Agree completely"), we heard:

- **3.90 out of 5** — agreement that "security poses a major risk to the future of cloud computing"
- **3.65 out of 5** — concern about "safety and security of artificial intelligence in cloud computing"
- **4.00 out of 5** — concern about "data security and privacy" in data sovereignty contexts
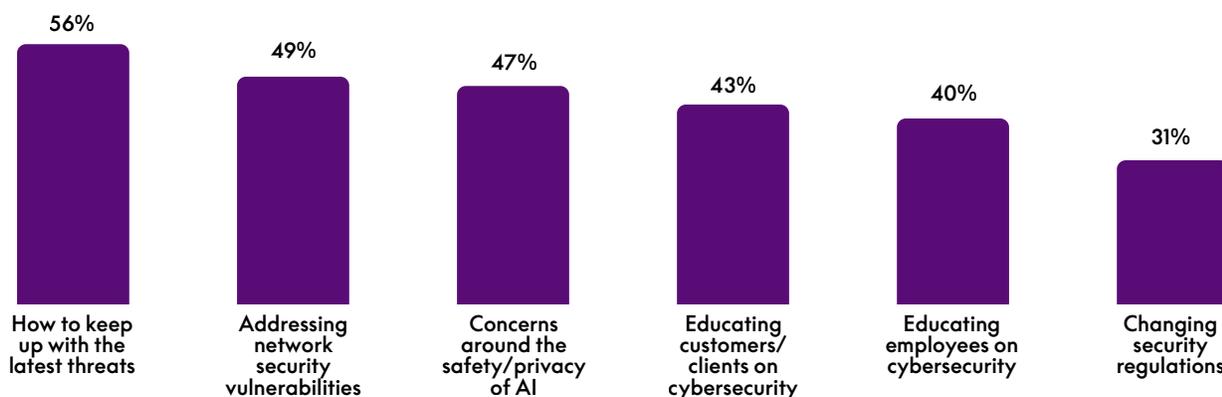
Beyond agreement statements, we see these aren't abstract worries but rather are driving real investment decisions. One interesting example comes from drilling down in priorities among those notably concerned with hardware and software investment for business health. Top needs are data centers – physical infrastructure as security foundation, security software and services for active defense and monitoring, and open source software interest that may reflect preference from outside the U.S. for transparency and auditability.

No respondent suggested security investment is optional. The discussion centers on how much to spend, where to allocate resources, and how to balance security with innovation velocity.

The Threat Landscape

Cloud industry security priorities reflect a robust understanding of the modern threat environment that keeps businesses constantly moving.

Within "Protection of data/addressing cybersecurity concerns", which of the following are most important to you? (N=219)

How to keep up with the latest threats	Addressing network security vulnerabilities	Concerns around the safety/privacy of AI	Educating customers/ clients on cybersecurity	Educating employees on cybersecurity	Changing security regulations
56%	49%	47%	43%	40%	31%

Keeping up with latest threats (56% of cybersecurity priorities): The velocity of threat evolution, particularly AI-enhanced attacks, tops the concern list.

Addressing network security vulnerabilities (49%): Traditional infrastructure security remains critical even as cloud adoption accelerates.

Concerns around AI safety and privacy (47%): The convergence of AI and security creates new attack surfaces. Organizations worry about adversarial AI, model poisoning, and data leakage through AI systems.

Educating customers and clients (43%): Security as shared responsibility requires client awareness (notably important to MSP/VAR/System integrators).

Educating employees (40%): Internal security culture matters as much as technical controls.

Changing security regulations (31%): GDPR, NIS2, DORA, and other frameworks create compliance complexity but also drive security investment.

Not just a threat, several respondents positioned security as a market differentiator rather than just a cost and stress driver. In markets where GDPR compliance is table stakes and data breaches make international headlines, security becomes a sales tool. As one respondent noted: "From my POV as CISM - AI attack - AI defend."

SECTION 4: DATA SOVEREIGNTY AS BUSINESS IMPERATIVE

Data is now a central strategic differentiator in the European cloud market, as survey results reveal an industry that has internalized sovereignty requirements and is now building business models around them.

The Cost and Strategy of Control

The financial impact of data sovereignty is clear and consistent: <u>53% of organizations report that data sovereignty makes operations more expensive.</u> This is not a trivial expense, more than half of European cloud organizations are paying a premium for data sovereignty. Yet the qualitative responses reveal this is viewed as necessary investment, not optional spending.

When asked how data sovereignty impacts strategic business decisions, respondents didn't hedge. The themes were unambiguous:

Competitive Differentiator:

"It is an important key differentiation factor for me and for my customers."

"We offer a Dutch Public Cloud platform built around Digital and Data Sovereignty, giving customers full control over their data. This ensures compliance, transparency, and independence without compromising agility or scalability."

"Data sovereignty is a critical aspect in strategic planning, guiding the choice of cloud providers, deployment sites and compliance initiatives."

Imperative:

> *"It's an absolute prerequisite. If it's not hosted in Europe or self hosted, I won't use it."*

> *"Data sovereignty profoundly impacts our strategic business decisions by transforming data location from a simple logistical choice into a critical geopolitical and compliance imperative."*

Drain... or Boost:

> *"It takes up a lot of resources and is increasingly occupying our company."*

> *"More dev and regulatory lookup work."*

> *"Adds a layer of complexity to vendor decisions and reduces the number of competitors that can be considered for certain services."*

The European regulatory environment, GDPR, NIS2, DORA, sector-specific requirements, creates significant compliance overhead. But sentiment is mixed: regulations are simultaneously a hurdle and competitive moat.

> *"By prioritizing data sovereignty, we ensure that our operations remain legally compliant, ethically responsible, and aligned with customer expectations for privacy and control."*

Hyperscaler Anxiety

Concern about US hyperscaler dominance scored 3.93 out of 5—higher than concern about evolving regulations (3.46/5) and nearly equal to concern about data security and privacy itself (4.00/5). We've been seeing this growth in recent years from the State of the Cloud annual survey, with no signs of slowing down.

This isn't a consequence-free concern, as qualitative responses reveal acute awareness of dependency risk leading to purposeful decisions about where to deploy infrastructure.

> *"People don't want their data in the USA - so we have to always make sure the data is stored in the EU - and even then people don't want a USA-based company, as they can access their internal data from anywhere."*

> *"Data sovereignty dictates where we deploy infrastructure, shapes compliance strategy, and guides market expansion decisions."*

> *"As a EU based provider customers are asking for local data retention."*

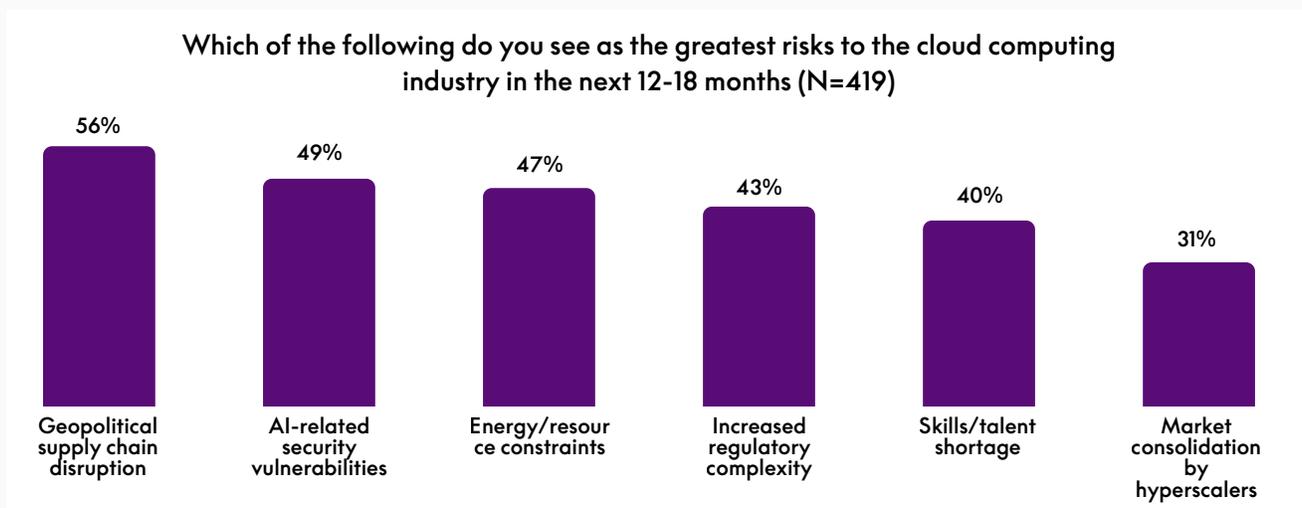> *"Looking for EU alternatives based on customer demand."*

For European cloud providers, that makes sovereignty increasingly look like less of a constraint, and more of a competitive advantage.

SECTION 5: GEOPOLITICS UNSETTLING THE GROUND

Intertwined with the aforementioned stress from and on data sovereignty is the rising risk credited to geopolitics. We saw this topic go largely unheeded in surveys prior to 2024, but it's been on an unsettling rise for the cloud-based tech market outside the U.S.

Ask European cloud professionals about geopolitics, and you get passion, frustration, and unprecedented candor. The geopolitics section of our survey generated more detailed qualitative responses than any other, revealing an industry profoundly anxious about the shifting global order.

Geopolitical supply chain disruption tied for the #1 risk facing the cloud industry over the next 12-18 months, cited by 57% of respondents (and 71% of infrastructure provider/hardware/components professionals). This matches AI-related security vulnerabilities for top concern and significantly exceeds traditional risks like regulatory complexity (40%) and talent shortages (35%).

Which of the following do you see as the greatest risks to the cloud computing industry in the next 12-18 months (N=419)

Geopolitical supply chain disruption	AI-related security vulnerabilities	Energy/resource constraints	Increased regulatory complexity	Skills/talent shortage	Market consolidation by hyperscalers
56%	49%	47%	43%	40%	31%

The qualitative responses reveal a clear causation: a collapse of confidence in U.S. technology partnerships.

> *"The US is no longer a reliable partner in anything, and the world needs to move away from them to others who can be trusted."*

> *"If the USA continues like that, it will be huge. People will lose trust in the USA and their companies and wouldn't want to do business with companies tied to US-products/services."*

> *"Many companies in Europe are already rethinking their cloud strategy. Till there are good alternatives in Europe, they are going back to on-premise or doing a hybrid setup with European cloud providers. So there will be a separation between Europe and the US."*

This isn't fringe sentiment. These responses came from professionals across organizational types, company sizes, and roles, demonstrating mainstream cloud industry opinion from outside the U.S. There were resounding calls pairing this with the data sovereignty imperative.

> *"We need a sovereign and efficient cloud-offering at European level for European companies and regulations. We cannot keep depending on technical offerings coming from outside our democratic geopolitical area."*

Just as with data sovereignty though, some respondents were able to see a silver lining of opportunity for European companies.

> *"The geopolitical landscape makes organizations increasingly aware of their dependencies and risks toward Big Tech. This will drive the search for alternatives, bringing innovation and expertise back to European Cloud providers."*

> *"Big opportunity for smaller, regionally-focused players; easier to compete with the big three US-based clouds (Google, Microsoft, Amazon)."*

> *"It's actually been a huge opportunity for us to gain more market share in the EU from US-based hyperscalers."*

Given how many complications loom with the threat of international fragmentation, especially for the ubiquitous, often boundary-less cloud-based nature of our businesses, this isn't a simple subject. Its supply chain and tariffs and regulation and sanctions, all of which shift with political winds in a way that can make practical strategy development seem both impossible and unavoidable.

> *"We are moving from a globally interconnected cloud model towards increasingly fragmented 'digital spheres' influenced by regional policies. This necessitates a fundamental shift in strategy for any cloud-dependent business."*

What in prior surveys seemed to be a back-burner issue is increasingly front-and-center, and for many is setting off alarms.

SECTION 6: SUSTAINABILITY MIGHT BE STUCK

On the other hand, environmental sustainability remains in the middle ground for most cloud-based tech professionals rather than rising to the top of concern or priority lists. It's acknowledged as important, generates genuine concern, yet rarely reaches the top of the priority list when budget and strategic decisions are made.

When asked where sustainability ranks among organizational business priorities:

- **15% call it a top three priority -** sustainability significantly influences major business decisions
- **31% call it an important priority -** sustainability is considered but balanced against other objectives
- **32% call it a moderate priority -** sustainability matters but rarely overrides cost/growth considerations
- **11% call it a low priority -** sustainability is discussed but not a major decision factor
- **10% say it's not a priority -** not currently a significant business consideration

This creates an interesting profile: 46% of organizations place sustainability in their top-tier or important category, while 43% place it in moderate-to-low importance. There's no consensus; sustainability resonates differently across organizations (with slightly more importance placed from Corporate IT and Infrastructure/hardware/component professionals).

Compared to one year ago, European sentiment on sustainability shows mixed signals when it comes to any concern movement.

N=446
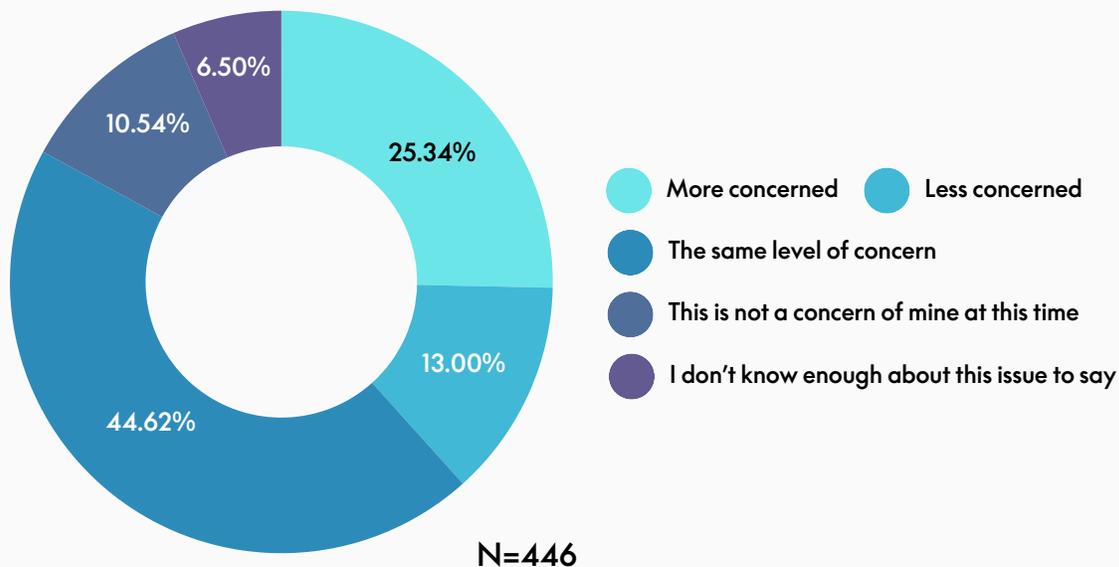
The largest group, 45%, maintains consistent concern, neither rising nor falling. This suggests sustainability has found a stable place in organizational consciousness, but isn't experiencing the urgency that cybersecurity or AI generates.

The Sustainability Concern Hierarchy

Among organizations that do prioritize sustainability, concerns rank clearly:

#1: Data center energy capacity (ranked highest by 51%) The ability of data centers to handle energy requirements dominates sustainability thinking. This is both environmental concern and practical operational risk—if data centers can't secure reliable power, they can't operate. (notably high among corporate IT)

"My biggest concern right now is that basic infrastructure, like power, is not keeping up the pace with cloud/AI developments and we therefore will run into shortages."

#2: Cost of compliance with environmental regulations (ranked lowest by 24%) The financial burden of meeting environmental standards concerns organizations but doesn't generate panic. (higher for infrastructure/hardware/component professionals)

#3: Adhering to changing environmental regulations (ranked lowest by 23%) The complexity of compliance creates work, but isn't seen as existential threat.

#4: Customer perception "not green" (ranked lowest by 45%) Interestingly, concern about customer belief that "AI and cloud computing are not green" ranks lowest among sustainability priorities. This suggests either that customers don't push back on environmental grounds, or that organizations don't see reputational risk from environmental criticism.

Sustainability in the European cloud industry is real but not yet urgent – acknowledged as important for long-term viability, occasionally leveraged as a differentiator, but rarely the deciding factor when it competes with security, compliance, or growth priorities.

SECTION 7: INTERNAL EXPANSION

So far, this report has largely focused on the cloud-based tech industry's view of outside forces. Let's talk about respondents' view of internal movement, where they see growth and expansion, and why. We heard cloud organizations report approaching the next year's growth with measured optimism. They're confident but not exuberant, expanding but not aggressively, investing in capability more than headcount.

When asked about confidence in organizational growth over the next 12 months:

This yields a <u>combined confidence rate of 71%</u> (with highest confidence among CSPs)—solid majority optimism but with a significant neutral contingent that suggests uncertainty rather than pessimism - organizations waiting to see how market conditions develop.

Similarly, growth intentions when it comes to personnel aren't overwhelming. Over the next three months, most organizations (46%) expect headcount to remain flat. More respondents expect to grow staff (37%) than reduce (9%), but at just over one-third of organizations it isn't forecasting a hiring surge.

3.75%
21.55%
25.53%
49.18%
N=407

Very confident
Confident
Neutral
Not confident
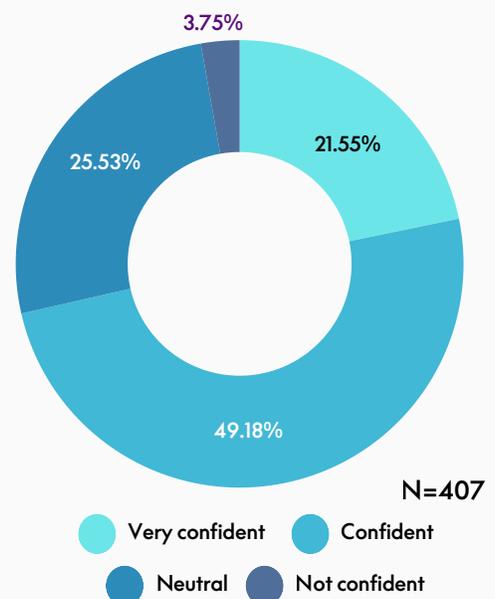
Among organizations planning to hire, growth concentrates in technical and commercial functions. Most frequently mentioned in qualitative responses were:

- Development & engineering teams
- Sales and marketing functions
- DevOps & platform engineering
- Security and compliance roles
- AI-related positions
- Cloud architecture specialists

However, talent shortage ranks as a top-five risk (cited by 35% of respondents), and the roles organizations struggle to fill reveal the growing technical sophistication required in modern cloud operations.

Most Difficult Roles to Hire:

- Cloud architecture and engineering
- AI and machine learning
- DevOps and site reliability
- Security specialists
- Full-Stack and development

"Real engineers, not just people who do a trick, but can look beyond the world of tomorrow"

"People that know how to count to three without asking an LLM for advice"

While only 37% plan headcount increases, **46% of respondents are increasing cloud infrastructure spending** (highest among CSPs)—a notable inversion that indicates organizations in our industry prioritize capability building through technology investment rather than headcount expansion.

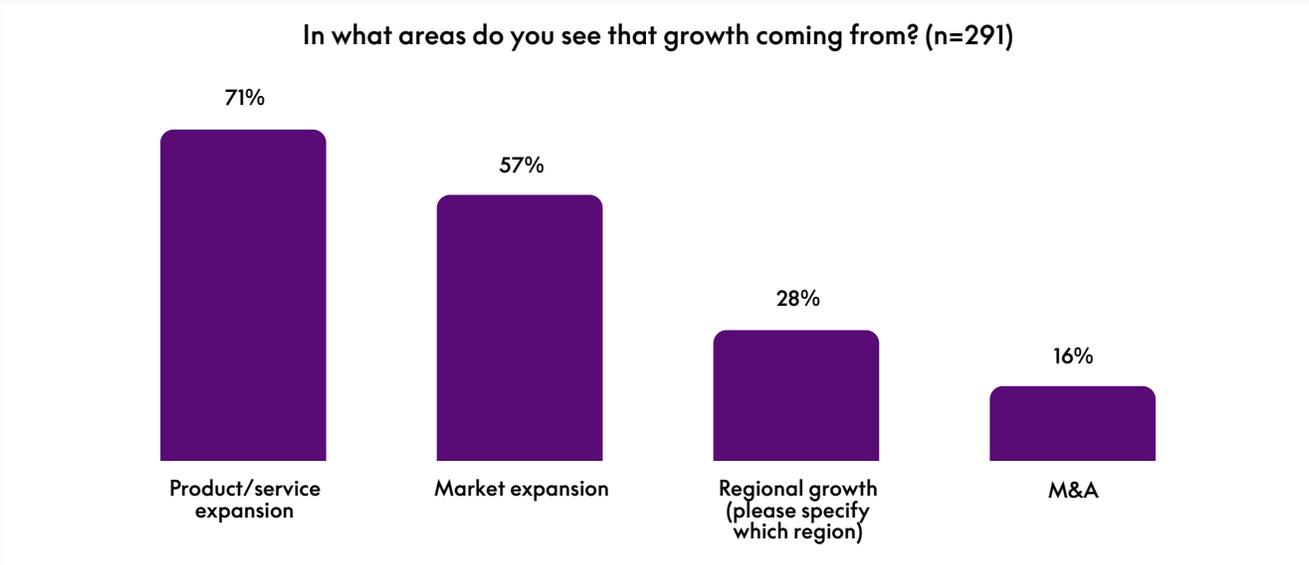Cloud spending patterns compared to previous quarter:

- **6% increasing significantly (20%+)**
- **40% increasing moderately (5-20%)**
- **35% staying flat**
- **5% decreasing moderately**
- **0.5% decreasing significantly**
- **14% unsure**

Combined, 46% are increasing cloud spend versus 37% increasing headcount. This suggests a strategy of doing more with existing teams augmented by better tools and infrastructure.

Growth Strategies

When growth does occur, it follows clear patterns:

In what areas do you see that growth coming from? (n=291)

Product/service expansion	Market expansion	Regional growth (please specify which region)	M&A
71%	57%	28%	16%

The emphasis on product expansion over market expansion or M&A suggests organic growth strategies are dominant at present. Organizations believe they can grow by better serving existing markets with enhanced offerings.

When asked what excites them about the business moving forward, themes clustered around:

- **Technology & Innovation**
  "The pace of technological advancement, particularly in AI and automation"
  "New technologies, better DevOps"
  "What excites me is how AI can start showing up in our day-to-day work"
- **European Sovereignty & Opportunity**
  "The growing recognition of the importance of digital sovereignty and trusted European alternatives"
  "We are part of de-coupling the EU from US based hyperscalers"
  "Big opportunity for smaller, regionally-focused players"
- **Customer Value**
  "Making things more intuitive for the customer"
  "Better services for customers using AI"
- **Business Fundamentals**

Recurring themes emerged of cautious optimism grounded in concrete opportunities rather than hype-driven enthusiasm, while anxieties stem from external factors beyond organizational control:

- **Geopolitics (most dominant theme)**
  "Geopolitics" mentioned dozens of times as standalone concern
  "Global conflicts, tariffs"
  "Wars"
  "Political concerns, especially from the US"
- **Market & Competition**
  "Hyperscalers crushing European alternatives"

- **Regulatory Pressure**
  "Increased costs due to regulations"
  "EU business is overregulated and overtaxed"
- **Security & Technology Risk**
- **Resources & Talent**

The worry list reveals organizations feeling buffeted by forces they cannot control – geopolitics, regulations, market consolidation, talent scarcity – while trying to execute growth strategies that require stability.

DevOps Maturity

European organizations have achieved impressive maturity in DevOps adoption, with <u>67% at partial implementation or beyond</u>. This operational sophistication reflects a methodical approach to development practices that prioritizes reliability and security alongside velocity.

The survey reveals 16% of organizations have reached advanced DevOps maturity—fully integrated and continually improving—while another 24% have broadly adopted DevOps practices across their organizations (CSPs and ISVs are most likely to have already adopted). Only 9% are just starting the journey (23% consider DevOps "not applicable" to their business model).

When asked about desired business outcomes from DevOps investment, priorities reveal their operational philosophy:

Top expectations:
- **Improved system reliability and uptime (50%) -** Europeans prioritize stability
- **Faster time-to-market (45%) -** Speed matters, but comes second
- **Reduced operational costs (37%) -** Efficiency as outcome, not just velocity
- **Enhanced security and compliance (37%) -** Security embedded in development

  "DevOps accelerates innovation—speeds up delivery of secure, reliable products to market."
  "DevOps turns that infrastructure into repeatable services—automation, faster releases, lower TCO, and stickier customers."

The emphasis on reliability first, speed second reveals organizations building for production durability rather than demo velocity.

When organizations identify DevOps needs, the prioritized answers aren't about tools or technology (n=71):

- **Encouraging collaboration between teams (69%) -** Breaking down silos
- **Organizational restructuring (54%) -** Adapting organizational design
- **Hiring and skills development (51%) -** Building DevOps culture
- **Metrics for measurement (39%) -** Demonstrating value

The dominance of "people challenges" over technical challenges suggests organizations that embrace this step understand DevOps as cultural transformation, not just tooling adoption. Despite operational maturity, only <u>14% of respondents listed DevOps as a top three business priority (highest among</u> MSP/VAR/System integrators, Corporate IT, and ISVs).

This low ranking isn't necessarily negative—it may indicate DevOps has moved from strategic initiative to operational baseline. When a practice becomes "business as usual," it stops competing for attention with emerging priorities like AI and sovereignty. This is a trend to keep an eye on in upcoming State of the Cloud pulse reports.
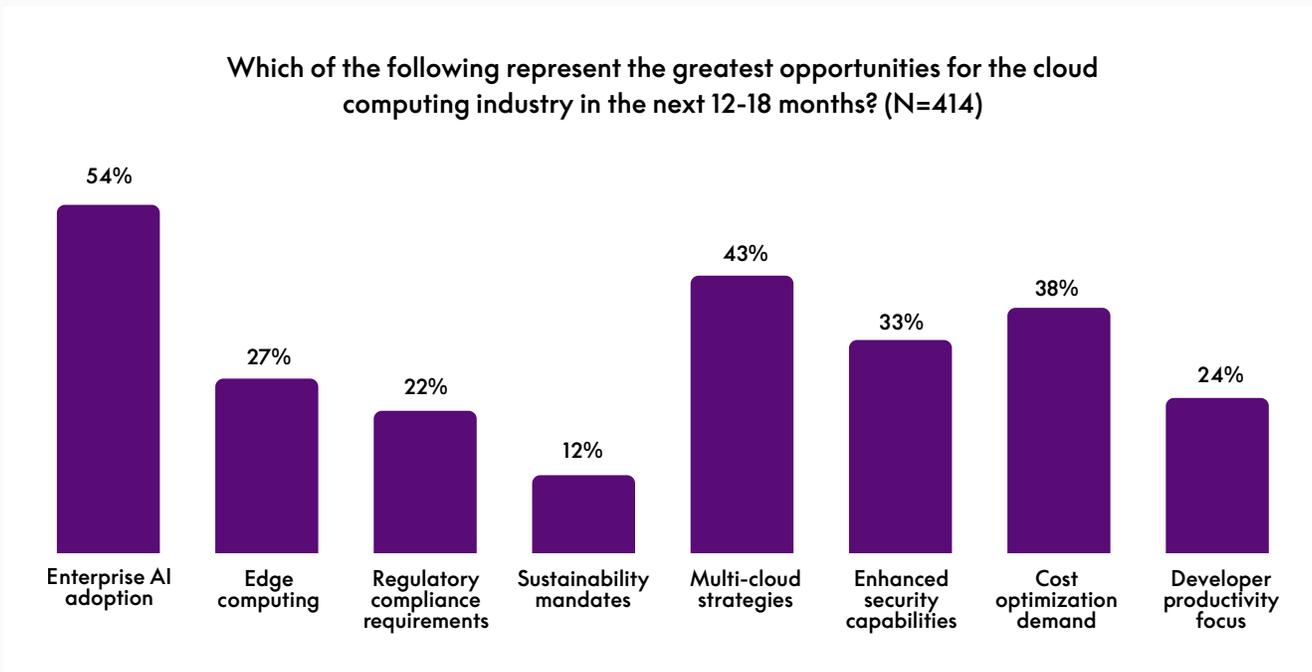
The Overall Bottom Line

European cloud growth is happening but it's cautious, measured, and infrastructure-focused rather than headcount-driven. Organizations are confident enough to invest but not confident enough to expand aggressively. They're building capability while carefully managing costs.

SECTION 8: WHAT OPPORTUNITIES WE SEE AHEAD

Despite concerns about geopolitics, talent, and regulations, cloud professionals can identify clear opportunities for growth and innovation in the cloud-based tech world in the next 12-18 months.

Greatest Opportunities

Respondents selected their top opportunities from a defined list:

Which of the following represent the greatest opportunities for the cloud computing industry in the next 12-18 months? (N=414)

Enterprise AI adoption	Edge computing	Regulatory compliance requirements	Sustainability mandates	Multi-cloud strategies	Enhanced security capabilities	Cost optimization demand	Developer productivity focus
54%	27%	22%	12%	43%	33%	38%	24%

Despite implementation gaps, European respondents recognize AI as the defining opportunity. When asked specifically about AI opportunities in cloud computing, primary reported benefits are:

- Streamlining work processes
- Better product development
- Optimization of company resources
- Enhancing cloud security
- Improving reliability of Cloud systems

And while AI dominates attention, it's worth the reminder that a quarter of respondents explicitly prioritized "exploring emerging technologies other than AI," recognizing that innovation doesn't stop with large language models. Those respondents further specified the following as of most interest (N=118):

- **Edge computing (50%):** Processing at the edge for latency, privacy, and bandwidth
- **Quantum computing (44%):** Long-term bet on post-classical computing
- **New e-commerce options (43%):** Novel commerce models and platforms
- **Web3 (28%):** Cryptocurrencies, NFTs, decentralized technologies
- **The Metaverse (20%):** Virtual worlds and spatial computing

Cloud professionals maintain optimism despite geopolitical concerns, talent shortages, and regulatory complexity. But it's measured optimism, based in excitement about specific opportunities rather than general euphoria.

> *"What excites me about the future of my business is the opportunity to combine innovation with trust. Rapid advances in technologies like AI and cloud services open new ways to deliver smarter, more efficient solutions to my clients."*

Conclusions: Global Cloud Crossroads

The global cloud industry stands at an inflection point. Our survey reveals a sector that is mature, strategic, and deeply anxious about the future, but also energized by opportunity, committed to differentiation, and determined to chart its own course.

At present, the State of the Cloud paints a picture of an international landscape dependent upon but no longer confident in American hyperscalers, and consistently unsettled (for good and ill) by technological and security innovations. Digital sovereignty holds great promise and appeal for regional alternatives and data independence. Coming CloudFest pulse surveys will be key to keeping an eye on how this current scenario – and its potential future formations – evolve.

Special Section: The United States Perspective

With CloudFest USA occurring soon after this initial pulse survey fielded, we wanted to spend time considering responses from the Americas in particular. This group was not large within the broader CloudFest pulse or a duplicate survey sent directly to the CloudFest USA audience in October 2025 (total N of 35), so findings below are directional rather than statistically significant. However, we wanted to highlight these learnings as a special view of this side of the globe, and how it compares to our largely European survey pool.

While the American survey sample is smaller, the directional insights reveal striking differences and surprising similarities between the world's two largest cloud markets.

> DIVERGENCE: Where Europe and US Differ

1. The AI Implementation Chasm

The most dramatic finding in the entire comparative analysis:

- **US: 77% have already implemented AI changes** into business strategy
- **Europe: 45% have already implemented AI changes** into business strategy

This 32-point gap represents more than a temporary lag—it's a structural difference in adoption velocity that has competitive implications.

Why This Matters:	The gap reflects different approaches to innovation, regulation, and risk. U.S. organizations adopt fast and iterate. European organizations plan carefully and implement deliberately. Neither approach is inherently superior, but the velocity difference creates competitive asymmetry.

2. The Confidence Gap

- **US: 87% confident or very confident** in 12-month growth prospects
- **Europe: 71% confident or very confident**

This 16-point gap in business confidence reflects different market conditions, geopolitical exposures, and economic environments. U.S. organizations project confidence that European counterparts do not match.

The breakdown:

- **US: 27% very confident,** Europe: 22%
- **US: 60% confident,** Europe: 49%
- **US: 13% neutral,** Europe: 26%

Europe's larger neutral category (26% vs 13%) suggests wait-and-see posture rather than committed pessimism. Organizations aren't predicting failure; rather, they're withholding judgment.

Qualitatively, US respondents described growth in expansive terms. European respondents hedged more, expressing excitement but acknowledging headwinds.

3. Priority Divergence: What Each Region Values

When asked about business priorities, American respondents are just as likely as their global counterparts to put AI first. However, they report more interest in business strategy and investment, demonstrating a notably growth-oriented outlook for the next 12-18 months.

Additionally, Americans see their State of the Cloud expanding in a physical way in the coming year, planning to increase headcount at a greater rate than peers in other global areas.

4. Geopolitics Split

Americans fear regulatory complexity more than security vulnerabilities or geopolitical disruptions. They don't want any additional regulations to deal with, and largely have less experience with that complicated navigation than their European counterparts.

Regarding the geopolitical difference, a real window comes from looking at qualitative responses: while Europeans were passionate in describing shifts in U.S. reliability and their own sovereignty, American respondents spoke more pragmatically and with less heated concern.

SIMILARITIES: Where We Align

Despite differences, there are vital metrics to reveal alignment:

AI Security Concerns Are Shared

Both regions cite AI-related security vulnerabilities as the top risk, alongside AI as their primary concern for immediate business health. Both are also concerned about AI and security, with American respondents edging out Europeans in seeing this as a serious vulnerability.

Talent Shortages Are Universal

Both regions struggle with the same hiring challenges:
Most difficult roles in both markets:

- Cloud architects and engineers
- AI/ML specialists and data scientists
- Cybersecurity experts and security architects
- DevOps engineers and site reliability engineers
- Full-stack developers with cloud experience

The specific skills gap is consistent, as both markets compete for the same scarce talent pool. Additionally, the U.S. reports talent shortage as a higher risk than that expressed in Europe.

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Industry leaders make big moves at CloudFest. Whether you're a global hyperscale platform or an emerging service provider, your path to greater success starts at this event. As an attendee or partner, CloudFest is where you build your brand, form strategic partnerships, and set yourself on the path for greater growth in a one-of-a-kind environment.

Find out how to be part of the CloudFest community here.

+ ## About Open Eye

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.

Learn more about Open Eye here.

Appendix: Survey Demographics and Respondent Profile

Question: Which one of the following best describes your business?

Organization Type	Count	Percentage
Corporate IT	110	19.40%
Cloud service provider (CSP)	102	17.99%
Independent Software Vendor (ISV)	88	15.52%
Other	87	15.34%
MSP/VAR/System integrator	71	12.52%
Infrastructure provider/hardware/components	71	12.52%
Registrar/Registry/Domain Name System (DNS)	21	3.70%
ISP/Telecom	17	3.00%
Total	**567**	**100%**

Note: "Other" category includes IT consultants, web hosting providers, media publications, software developers, consulting companies, cybersecurity specialists, distributors, and various industry-specific organizations. Full list of "Other" responses available in raw data.

Question: Within your organization, which of the below best describes your primary role?

Role	Count	Percentage
Technology (including Data & AI Strategy)	189	33.45%
Business Strategy/Operations (including executive leadership)	151	26.73%
Product Development / Innovation	77	13.63%
Sales	66	11.68%
Other	34	6.02%
Marketing/Communications	27	4.78%
Legal/Compliance/Security	21	3.72%
Total	**565**	**100%**

Note: "Other" category includes roles such as Professional Services, IT procurement, System Administrators, Project Management, and various hybrid roles.

Question: How long have you personally been working in an industry related to Cloud-based computing?

Experience Level	Count	Percentage
10+ years	173	40.33%
6-10 years	124	28.90%
1-5 years	117	27.27%
Less than a year	15	3.50%
Total	**429**	**100%**

Mean Experience: Highly experienced sample with 69.23% having 6+ years in cloud computing

Question: What would you estimate your company's revenue was in 2024?

Revenue Range	Count	Percentage
Less than $5 million	123	28.87%
$5-50 million	97	22.77%
More than $250 million	81	19.01%
I'm not sure	87	20.42%
$51-250 million	38	8.92%
Total	**426**	**100%**

Note: Significant "unsure" category (20.42%) suggests respondents may not have access to company-wide financial data. Among those reporting revenue, 50.70% are in companies with $5M+ annual revenue.

Question: How large is your current business?

Company Size	Count	Percentage
250+ employees	155	36.13%
10-50 employees	94	21.91%
Less than 10 employees	87	20.28%
101-250 employees	42	9.79%
51-100 employees	40	9.32%
I'm not sure	11	2.56%
Total	**429**	**100%**

Question: Which of the following does your organization primarily work as?

Company Size	Count	Percentage
None of these	218	51.54%
Other supplier (e.g., Registrar)	58	13.71%
CSP with a reseller/agency program	51	12.06%
Web agency	32	7.57%
Closed-source platform provider	32	7.57%
SaaS supplier to web agencies	32	7.57%
Total	**423**	**100%**

Note: High "None of these" (51.54%) indicates diverse business models beyond web/agency-focused categories, aligning with broader cloud industry representation.

Question: About how many client websites do you currently manage? (**Asked only of Web Agencies, N=32**)

Number of Websites	Count	Percentage
Fewer than 100	18	56.25%
100-499	6	18.75%
I'm not sure	4	12.50%
1,000-4,999	3	9.38%
5,000+	1	3.13%
500-999	0	0.00%
Total	**32**	**100%**

Question: About how many web agencies do you serve through this channel? (**Asked only of CSPs with reseller/agency programs, N=49**)

Number of Agencies	Count	Percentage
I'm not sure	14	28.57%
Fewer than 50	13	26.53%
50-199	9	18.37%
500+	7	14.29%
200-499	6	12.24%
Total	**49**	**100%**

Note: High uncertainty (28.57%) may reflect distributed sales models where individual respondents don't track total agency counts.

Question: About how many websites are you currently maintaining? (**Asked only of Closed-source platform providers, N=32**)

Number of Websites	Count	Percentage
Fewer than 50	13	40.63%
500+	6	18.75%
I'm not sure	5	15.63%
50-199	4	12.50%
200-499	4	12.50%
Total	**32**	**100%**

Question: About how many active agency customers are you supporting? (**Asked only of SaaS suppliers to web agencies, N=32**)

Number of Websites	Count	Percentage
50-199	12	37.50%
I'm not sure	8	25.00%
500+	7	21.88%
200-499	2	6.25%
Fewer than 50	3	9.38%
Total	**32**	**100%**

Question: About how many domains or websites do you currently provide? (**Asked only of Registrars/Other suppliers, N=57**)

Volume	Count	Percentage
I'm not sure / Not applicable	**23**	40.35%
Fewer than 500	**15**	26.32%
10,000+	**12**	21.05%
2,000-9,999	**4**	7.02%
500-1,999	**3**	5.26%
Total	**57**	**100%**

Question: In what region does your organization primarily focus?

Region	Count	Percentage
Europe, Middle East & Africa (EMEA)	316	75.06%
Global reach, no regional focus	75	17.81%
North America (NA)	14	3.33%
Asia Pacific (APAC)	10	2.38%
Latin America (LATAM)	6	1.43%
Total	**421**	**100%**

SUMMARY DEMOGRAPHIC PROFILE

Typical Survey Respondent:
- Works at Corporate IT department, CSP, or ISV
- Holds Technology or Business Strategy role
- Has 6+ years of cloud computing experience (69%)
- Works at company with either <10 or 250+ employees
- Organization generates $5M+ in annual revenue (51% of those reporting)
- Focuses primarily on EMEA region (75%)

Sample Characteristics:
- Total Respondents: 567 (primary questions)
- Geographic Focus: 75% EMEA, 18% Global
- Experience Level: Highly experienced (40% with 10+ years)
- Role Distribution: Technical (33%) and Strategic (27%) roles dominate
- Company Size: Mix of enterprise (36% with 250+ employees) and SME (42% with <50 employees)

Sample Quality Indicators:
- High experience levels suggest informed responses
- Mix of providers, consumers, and enablers provides diverse perspectives
- Strong EMEA representation confirms European market focus
- Senior role representation (60% in Technology/Strategy/Product roles) indicates strategic-level insights

SUMMARY DEMOGRAPHIC PROFILE

Response Rates by Question:

- Core demographic questions (QB1, QB2, QE1, QE3, QE4): 95-99% completion
- Financial questions (QE2): 20% "unsure" responses, suggesting respondents may not have access to company-wide financial data
- Industry-specific questions (QE3b-f): Asked only of relevant subsets, small sample sizes (N=32-57)