

Multicloud Strategies Create a Place for Alternative Clouds in Enterprise Portfolios

The 451 Take

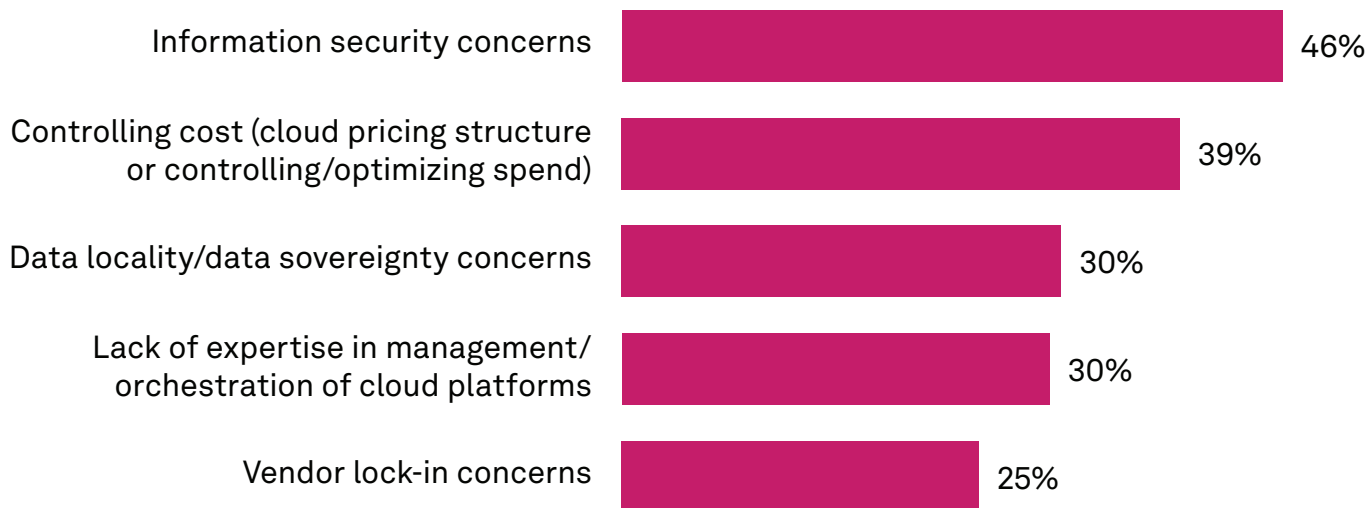
The use of public cloud resources by all types of businesses continues to grow more advanced and ingrained, and this usage is expanding to include a broader range of available cloud platforms and services. As a result, we see reason to believe that growing enterprise cloud portfolios will also embrace a greater range of vendor types, including “alternative” and specialist clouds that exist outside the small set of hyperscale providers.

A multicloud strategy – specifically, the use of several different cloud vendors, by design – is an increasingly common posture among enterprises consuming public cloud resources, as surveyed by 451 Research. Responses to the *451 Voice of the Enterprise: Cloud, Hosting & Managed Services Budgets & Outlook 2022* study indicate that most (61%) companies currently using cloud are using multiple vendors. The most common explanation for this approach – cited by 45% of those respondents – is a desire to access key features of the individual cloud platforms.

In the most complex environments, this may refer to unique hardware and software configurations or specialized machine-learning functions. However, as a growing proportion of cloud-reliant organizations seek to rationalize and right-size cloud environments, it is likely this will also mean seeking out platforms and resources that fit these fundamental business requirements and better address some key barriers to more effective use of cloud.

For many organizations, these barriers include cost and complexity. In our *Voice of the Enterprise: Cloud, Hosting & Managed Services, Workloads & Key Projects 2021* survey (see figure), companies using cloud cite controlling cost (39% of respondents) and gaps in expertise associated with cloud platforms (30%) among the five most common barriers to broader use of public cloud at their organizations.

Complexity, Cost and Lock-In Are Among the Top Cloud Challenges



Q. Which of the following challenges – if any – are the greatest barriers to broader implementation of IaaS/public cloud for production applications at your organization? Please select all that apply.

Base: All respondents, abbreviated fielding (n=368)

Source: 451 Research's Voice of the Enterprise: Cloud, Hosting & Managed Services, Workloads & Key Projects 2021

Cost and complexity challenges are often viewed as inherent to the use of public cloud, but alternative cloud providers seek to solve for these challenges directly. The vendors we view as most representative of the “alternative cloud” all position their infrastructure services as offering simplicity and cost benefits relative to the hyperscale cloud platforms. In the context of an enterprise multicloud strategy, these characteristics are likely to stand out as the key features of such alternative platforms. As enterprises develop more willingness and intent to incorporate additional platforms into multicloud portfolios, it becomes increasingly likely that these enterprises will position alternative clouds as the resources that address cost and complexity within those portfolios.

Business Impact

Controlling or optimizing spending on public cloud is a common organizational objective. Nearly half (45%) of cloud-using organizations surveyed in the aforementioned Cloud Budgets & Outlook survey previously spent more than budgeted on cloud in 2021, with overprovisioning and lack of governance on usage cited among the top reasons. A growing focus on controlling spending may focus attention on cost-effective cloud resources.

Multicloud strategies and systems reduce barriers to introducing new platforms. As enterprises build IT environments to meet multicloud requirements, they will make use of platform-agnostic management systems and architectural components that support portability (for example, containers and open-source tools). By design, these systems make it easier for enterprises to incorporate resources from additional cloud platforms, including those of alternative vendors.

The rising profile of alternative cloud vendors will place them more squarely on enterprises’ radar. Continued activity in the alternative cloud market – including initial public offerings and notable acquisitions – helps elevate the profile of alternative vendors as cloud market participants and as credible components of an enterprise IT portfolio. Enterprises are increasingly likely to consider these options where they might not have previously.

Looking Ahead

The potential for enterprises to embrace alternative cloud platforms includes net new application projects for which alternative platforms specifically meet requirements around cost and simplicity. However, this potential goes beyond new projects to include efforts to right-size oversubscribed cloud environments, particularly those that don’t rely on the more complex capabilities of the hyperscale platforms. This opportunity may also extend beyond what is currently running in public cloud, as alternative platforms may provide the best fit for workloads yet to migrate out of on-premises or retail colocation environments.

The number of enterprise use cases for which alternative clouds are a credible fit will continue to grow as the platforms themselves evolve. Vendors in this space continue to add features – such as managed database functions, managed Kubernetes services, bare-metal infrastructure options and more – increasing both the breadth of the role for these platforms and their longevity within the enterprise multicloud environment.



For businesses looking to trial a multi-cloud strategy, one alternate cloud provider, Vultr, offers \$200 in infrastructure credit for businesses to deploy from more than 25 locations around the globe. With features like Direct Connect and VPC Peering, multi-cloud capabilities are native to the Vultr platform, ensuring smooth integration and minimizing devops toil.

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