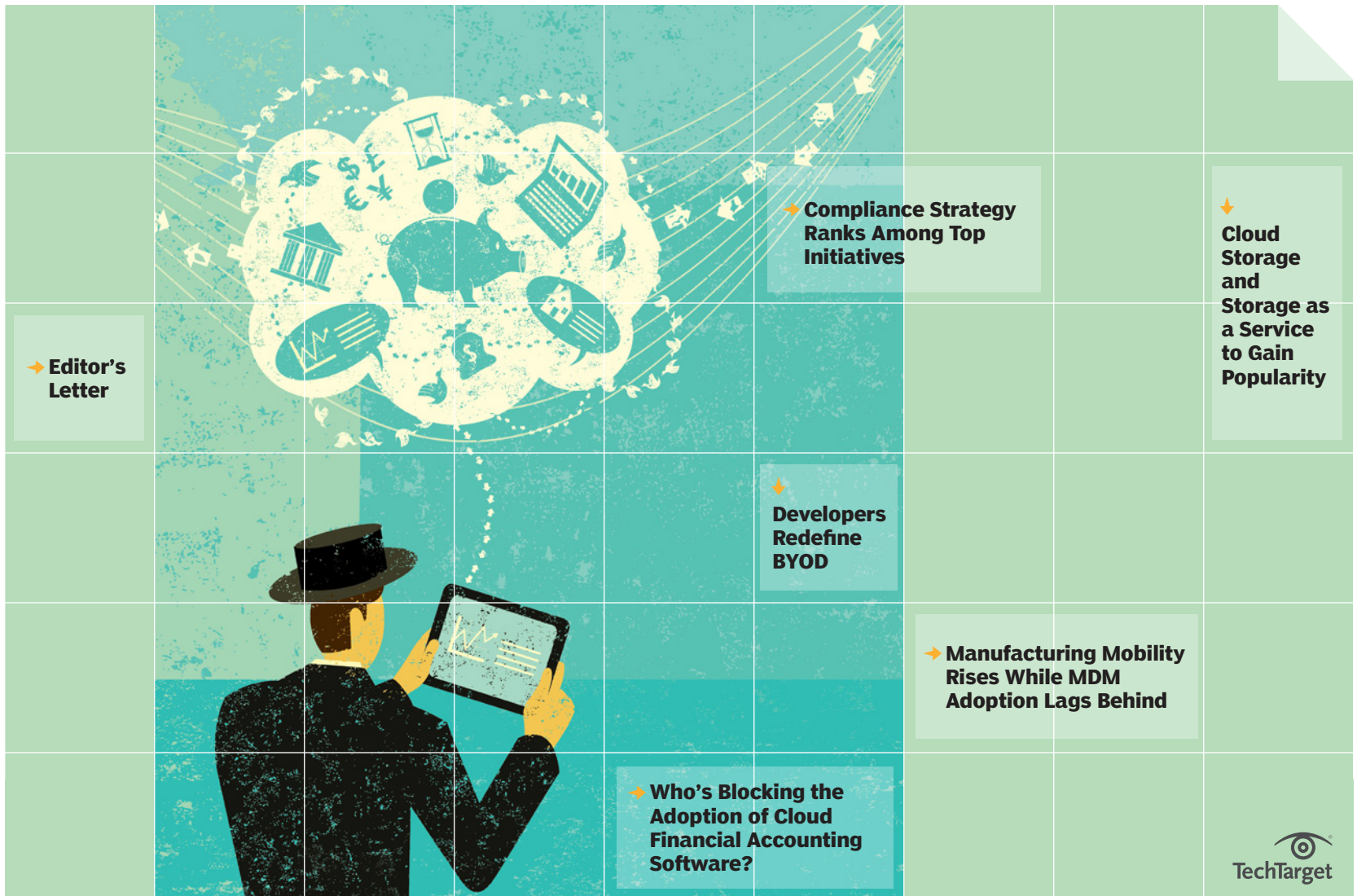


TECHNOLOGY PRIORITIES FOR 2013

As new technologies emerge and past IT stalwarts become passé, forward-thinking organizations must constantly reprioritize based on their tech wants, needs and budgets.



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BLENDING THE NEW WITH THE OLD

Where are IT organizations spending their precious IT dollars in 2013? Find out which priorities have increased in importance and which ones have fallen behind.

BY MARK SCHLACK

IF IT ORGANIZATIONS and data centers are disappearing into the cloud or being replaced by end users managing them themselves anytime soon, then businesses worldwide are set to waste a lot of money on infrastructure, security and software, according to TechTarget's annual IT forecast.

In TechTarget's 2013 IT Priorities Survey of IT managers worldwide, 3,282 respondents from around the world indicated they will focus on many of the same issues they have focused on in recent years. There are, however, clear indications that they in fact are beginning to take steps toward a greater use of [cloud services](#) and [consumer technologies](#).

Last year's top [IT priority was Windows 7](#). After two years of high migration activity, however, Windows 7 has receded and dropped down on the list, and Windows 8 is still early in the adoption cycle, with only 21% of respondents citing it as a 2013 project. But the next top five priorities from last year were this year's top five as well, albeit in a slightly scrambled order:

DATA PROTECTION	56%
SERVER VIRTUALIZATION	53%
NETWORK-BASED SECURITY	51%
DISASTER RECOVERY/BUSINESS CONTINUITY	50%
BUSINESS INTELLIGENCE/ANALYTICS/DATA WAREHOUSING	46%

As a sign of just how pervasive virtualization has become in IT, [storage virtualization](#) jumped from 10th priority last year to sixth this year (42%) and [backup for virtual servers](#) jumped from 17th to ninth (40%). It's not clear whether IT managers are pursuing virtualization just for its immediate benefits as part of a long-term [consolidation plan](#), or as [preparation for moving to the cloud](#). Consolidation slipped in this year's survey from seventh priority last year to 13th this year, but was still cited as on the agenda by 38% of respondents. The slippage may just signal

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that some shops have finished their major consolidation projects.

APPROACHES FOR CONSOLIDATION

What's next remains murkier. Among those respondents consolidating, 66% choose [virtual server farms](#) as their approach (see **FIGURE 1**), more than twice the number of respondents choosing any of the alternatives.

More generally, only 21% have [private cloud projects on the agenda](#) for 2013, with a mere 9% integrating their data centers with external clouds. That suggests that for the moment at least, most IT shops are taking the stance that they get most of the benefits of a cloud (private or public) from virtual server and storage farms, and that [additional features like self-service provisioning](#) are a nicety left for another day, if used at all.

However, 29% of respondents say they will implement some form of [external cloud services in 2013](#). IT services spending in general is going up because of cloud at about half of IT shops. Not surprisingly, the main cloud options for 2013 are Software as a Service (SaaS) (55%) and storage (42%). Still, 62% of those responsible for deploying applications say they will deploy [on-premises software and hardware](#) in 2013, compared to 35% for SaaS. Even fewer say they will use various hybrid private-public combinations.

MOBILITY ON THE MOVE

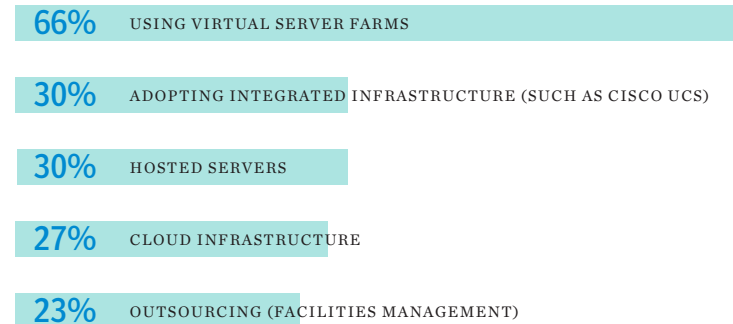
With 38% of respondents planning some kind of project in 2013, it's clear that mobility is part of the changing IT landscape. As with cloud, the picture is less one of [mobile devices replacing desktops](#) and users replacing IT as their own admins, and more about blending [mobility into the enterprise](#).

For example, while 54% of respondents involved with desktop management say they will allow users to self-provision smartphones in 2013, about 36% say they will do that with tablets that will link to the corporate network, and roughly 30% for laptops or desktops. While many



Which approach are you adopting to consolidate your data centers?

Total Responses: 354



Source: TechTarget 2013 IT Priorities Survey

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are looking at SaaS options for a variety of office software functions, 16% to 19% of respondents will allow users to [select their own apps](#), data protection or email, SaaS or not. What emerges in this year's survey is that tablets are catching up with smartphones. In fact, they were statistically tied as the top two mobile initiatives for 2013 at 37% and 38%, respectively. Yet IT seems to be lagging at the enterprise infrastructure level for these devices, with only

29% implementing [mobile device management](#) and fewer implementing [mobile security](#) (28%) and mobile enhancement of corporate data or apps (21%). And while some see tablets as the killer app for desktop virtualization, only 12% are implementing [mobile virtualization](#). ■

MARK SCHLACK

Senior vice president of editorial, TechTarget



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COMPLIANCE STRATEGY RANKS AMONG TOP INITIATIVES

As the number of regulations increase, more organizations are shifting their focus to compliance. BY BEN COLE

VIRTUALLY EVERY INDUSTRY has some form of compliance regulation to adhere to—and the number of regulations continues to grow. It appears companies are paying attention to the trend.

Compliance strategy was ranked higher than most other broad initiatives within IT, such as cloud computing and big data, according to respondents of the TechTarget 2013 IT Priorities Survey. Despite all the attention the cloud and mobility receive, the lean toward compliance is not surprising, said Chris McClean, analyst at Forrester Research Inc.

“Whatever industry you’re in, whatever geography you’re in, there are companies that are doing bad things or maybe not paying attention to what they should be,” McClean said. “Whether it’s privacy, it’s security, it’s health and safety, or financial controls—all of those areas are getting more attention from the government, so there has to be more attention paid to compliance.”

The survey received 382 respondents in North America. The numbers hold up on a global scale as well, with compliance—only behind mobility—as one of the top-ranked initiatives (see **FIGURE 2, PAGE 6**) culled from respondents located in the rest of the world.

This is likely because compliance violations hit businesses where it counts. In the last few years, compliance enforcement actions over have gone up exponentially in every industry, McClean said.

“We’ve seen, in certain areas, hundreds of millions, if not billions, of dollars in enforcement action,” he said. “When you have that kind of huge enforcement action, with those huge penalties and fines, it becomes hugely important for CEOs and boards to start paying attention to compliance,” McClean said.

The hurt doesn’t stop there, either. The reputational hit that comes with non-compliance is hugely damaging as

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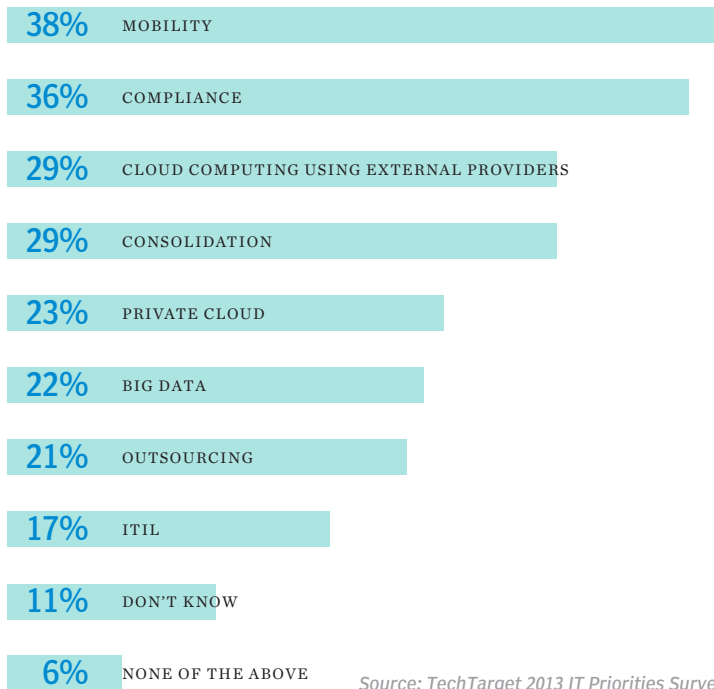
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well. Barry Murphy, an analyst and co-founder of the eDJ Group, pointed to the fallout when TJ Maxx owner [TJX experienced a data breach](#) that enabled the theft of millions of debit and credit card numbers.

“Companies realize that the brand value of TJX went way down [after] its security breach—no one wants to be that company,” Murphy said. “It all comes back to the bottom line at some point in time—no one wants sanctions; no one wants a customer to abandon them.”

FIGURE 2 Which of these broad initiatives will your company implement in 2013?

Total Responses: 2,804



Source: TechTarget 2013 IT Priorities Survey

THE BUSINESS BENEFITS OF COMPLIANCE

Perhaps another reason for the increased [compliance focus](#) stems from its ties—and benefits—to numerous other business processes. Mark Reardon, chief information security officer for the state of Georgia, said a [strong compliance strategy](#) can actually help leaders accomplish business goals, especially from a risk management and security standpoint.

“Our experience has been that as state agencies focus on compliance with regulations, they see improvements in their security,” Reardon said. “Compliance [with] regulations does not necessarily translate to proper security, but it is very difficult to have security without compliance.”

Reardon was quick to point out that compliance should not be simply a checkbox, however. [Compliance plans and programs](#) should engage agency leadership, while providing them with information from which they can make security decisions, he said.

Through its compliance efforts, the state of Georgia tries to [identify risks](#) and manage them appropriately. It also

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helps executives understand security efforts and prioritize spending, Reardon added.

“No state agency has unlimited funds, so those used for security need to address the highest risks first,” Reardon said. “This prioritizes financial stability with other potential impacts, such as life and limb, severe financial damage or simply embarrassment.”

Murphy agreed, noting that staying compliant can be beneficial, not only from a financial standpoint, but also from a [security and risk management](#) standpoint.

“A compliance program wraps all of those things together and says, ‘Let’s ensure the financial stability of the company by making sure we protect privacy, provide our customers with a secure infrastructure, and that we have a risk management function that makes sure we don’t do anything wrong,’” Murphy said.

REGULATIONS TURN FOCUS ON COMPLIANCE

The sheer number of [compliance regulations](#) probably contributes to the increased compliance strategy focus as well. The 2008 financial meltdown, hackers and privacy rules have made compliance regulations the norm across countless industries. And when there is a compliance lapse, especially at larger companies, it’s big news.

“No state agency has unlimited funds, so those used for security need to address the highest risks first.”

—**MARK REARDON**, chief information security officer, state of Georgia

“For companies, there’s an increased awareness; there [are] more regulations to make sure they are following,” Murphy said. “The CFOs and the CEOs are being held personally responsible when there are compliance problems. It puts [compliance] on the radar in a different way.”

But it still comes down to money. In recent years, [compliance regulators](#) have wanted more detail about internal processes, are requesting more compliance reports and more frequently, McClean said. Not complying with these requests can ultimately result in a decisive blow to a business: losing their license to operate due to [compliance violations](#).

“All of these things point back to ‘can we operate as a company? Can we compete effectively?’” McClean said. “You can’t really do that unless you are compliant.” ■

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CLOUD STORAGE AND STORAGE AS A SERVICE TO GAIN POPULARITY

Cloud computing will continue its march into data centers this year, displacing traditional computing and storage methods. BY STUART J. JOHNSTON

HALF OF ALL respondents to TechTarget's 2013 IT Priorities Survey said that cloud projects are capturing increasingly large portions of IT budgets—even as other line items decrease or remain flat.

Overall, the survey found 29% of companies plan to implement cloud computing using external providers during the year, while another 24% will implement their own [private clouds](#).

Popular cloud applications include disaster recovery and [Platform as a Service](#), but IT pros are especially interested in cloud storage.

“For archiving, [cloud storage] is a way to save space and keep stuff longer, while spending less to do it,” said Dennis Martin, president of the Rocky Mountain Windows Technology User Group in Denver.

By the end of 2013, as many as 60% of those polled will have as much as 14% of their companies' storage located in

the cloud. Further, 43% said they plan to use Storage as a Service in the new year—behind only those planning to use Software as a Service, at 52%. That's a gain over [last year's study](#), when 35% of IT pros said they would use Storage as a Service, which was topped by [Software as a Service](#) at 56%.

“People are increasingly using [the cloud] for bulk archive storage,” said Mark Eisenberg, director at enterprise application and cloud integration firm Fino Consulting in New York City. “We're [hearing] people say ‘We have a public cloud that's a virtual data center, [and] we're getting away from physical data centers.’”

While Storage as a Service helps further validate migration to the cloud, it is challenged by perennial issues including cloud security. Ironically, the survey found that 22% plan to use external Security as a Service this year.

“Large organizations are definitely planning, and are sold on the concept of cloud as a resource for their global

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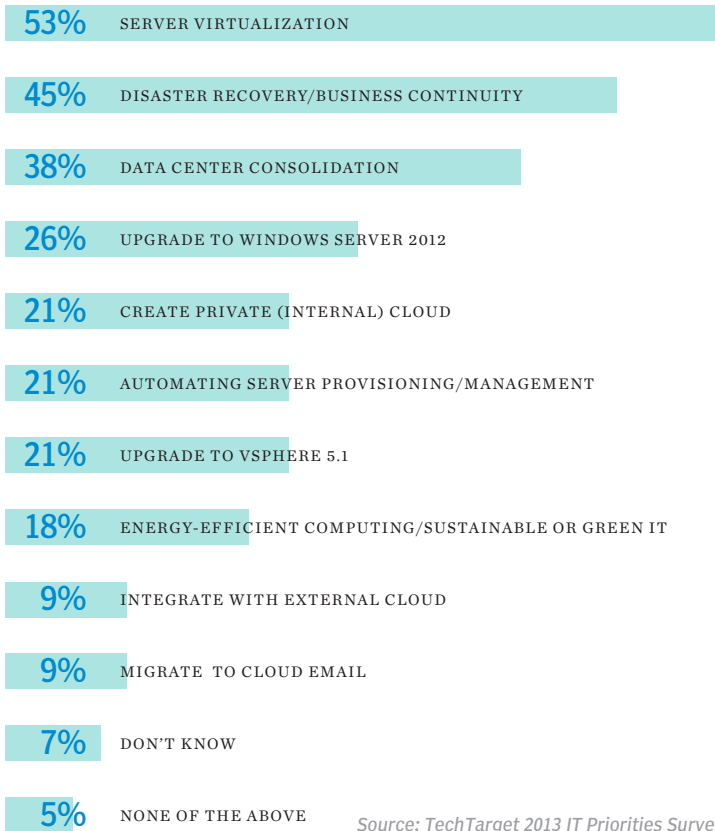
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FIGURE 3 Which of these infrastructure projects will your company implement in 2013?

Total Responses: 929



Source: TechTarget 2013 IT Priorities Survey

enterprise,” said Ajit Kapoor, principal and managing director at The Kapoor Group, a global consultancy for aligning business with IT expenses located in Orlando, Fla. “However, the security concerns drive increased costs, as requirements for security are forcing IT pros to look into internal hosting versus the much advertised cost savings from the third-party providers.”

Meanwhile, infrastructure projects (see **FIGURE 3**) support such goals as server virtualization (53%), disaster recovery (45%) and data center consolidation (38%).

Other initiatives are competing for budget dollars as well; 22% of respondents said they have “[big data](#)” initiatives in the works this year, while 38% will deploy mobility solutions, the survey found. ■

ED SCANNELL, executive editor, contributed to this article.

STUART J. JOHNSTON is senior news writer of SearchWindowsServer.com.



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DEVELOPERS REDEFINE BYOD

Writing code that runs properly on different platforms poses a variety of challenges. BY JENNIFER LENT

ASK MOBILE SOFTWARE developers “What is BYOD?” and, along with answering “bring your own device,” they are quick to add “but some restrictions apply.”

Mobile experts have begun to question whether it’s realistic for software teams writing and testing sophisticated mobile applications to support unrestricted company BYOD policies. In spite of cross-platform tools for mobile development, producing apps for virtually any device running any operating system is too costly and time-consuming to be practical, they say. “BYOD is a lot more complicated than most enterprises realize,” said CIMI Corp. CEO Tom Nolle.

This realization comes at a time when BYOD policies are being widely adopted. TechTarget’s 2013 IT Priorities Survey of IT managers worldwide confirms that BYOD policies are increasingly the norm. Fifty-four percent of respondents said they currently implement or plan to implement policies that allow users to purchase their own smartphones (see **FIGURE 4, PAGE 11**).

BYOD policies emerged from the idea of adding company email and calendar apps to employees’ smartphones and tablet computers. That approach works well enough because “there is a known universe of clients running on different operating systems for these apps,” Nolle said. But as organizations progress to custom mobile applications that are closely tied to the business, a wide array of software development challenges make unlimited BYOD support unrealistic.

“I want to give the guy with the tablet a different screen to take advantage of the larger real estate [a tablet offers],” Nolle said, offering an example. “But now the application has to recognize what device the user is on, and nonstandard browsers can’t always detect that.”

The first challenge software teams taking on a mobile project face is deciding how broad a span of devices they will support, said Ojas Rege, vice president of strategy at MobileIron, which sells software for mobile application management. “Four operating systems for a sophisticated

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mobile application? Probably not,” he said.

The challenges of supporting BYOD policies from the standpoint of [security and data protection](#) are not trivial, but they are well understood. BYOD policies also place a sizable burden on test organizations, which need to take a wide range of device and operating system combinations into consideration. [Strategies for addressing that challenge](#) are also well documented.

But the challenges of writing code that runs properly on different platforms is only just now coming to the fore, Rege said. “BYOD policies are happening everywhere, but their

impact on application development is not well understood by most organizations.”

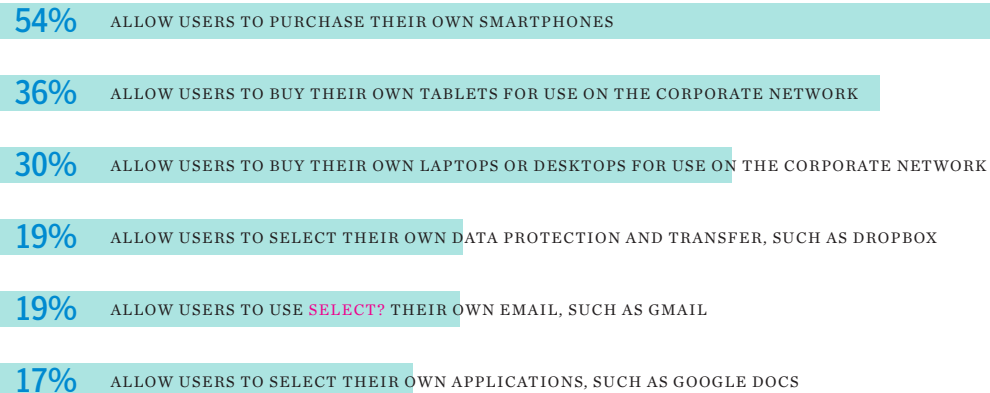
DEALING WITH APIS

Sophisticated enterprise mobile applications—sometimes called “[fusion apps](#)”—typically take advantage of mobile device features that enable such things as [location-aware services](#). Developers enable applications to take advantage of these services by writing to application programming interfaces (APIs). “The problem is that the APIs for the



Which of these policies are you currently implementing or will implement in 2013?

Total Responses: 609



Source: TechTarget 2013 IT Priorities Survey

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Developers need to understand the nuances of not only of each operating system, but also of each version of it.

services are different. They write to the display differently. They write to the GPS differently. So, you almost have to have different codebases for iOS, Android [and other mobile operating systems],” Nolle said.

Writing mobile apps requires developers to understand the ins and outs of the APIs for each of the operating systems, Nolle said. The challenge is significant enough that mobile developers often support each targeted platform through [separate codebases and development](#) teams.

In theory, [mobile cross-platform development tools](#) make it possible to produce applications for the iOS, Android, Windows Phone and BlackBerry operating systems through a single codebase, compiled for each platform. But fine-tuning that codebase for each mobile operating system is not a trivial task. “You need one developer to write the code and one developer to port the code to each targeted operating system,” Rege said. Supporting multiple operating systems and devices for mobile projects drives up development costs, he said.

Developers need to understand the nuances of not only of each operating system, but also of each version of it. For instance, Android versions 4 and later support data

encryption. Earlier versions don't, which means developers must write their own code to encrypt data, Rege said. “Mobile developers have to be experts in their operating systems.”

GOING THE WEB ROUTE IS NO PANACEA

Some software teams address multi-platform mobile projects by making mobile versions of Web applications, Rege said. That approach has two drawbacks: Poor or lost connectivity makes the application unavailable, and the user experience is constrained by the Web browser, he said.

Browsers that support HTML 5 are improving that experience—and mobile app development in general. But many developers believe the HTML 5 approach to mobile applications [lags behind native development approaches](#).

Mobile development approaches remain a work in progress, Nolle said. As a result, the more sophisticated the enterprise mobile application is, the less likely it is to support the company BYOD policy. Organizations develop enterprise mobile applications on one platform, and they are issuing company devices to the narrow set of employees it was designed for, he said. “The more explicitly you target mobile productivity, the tighter you have to control BYOD.” ■

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MANUFACTURING MOBILITY RISES WHILE MDM ADOPTION LAGS BEHIND

Manufacturers want technology that shows results, but the benefits of mobile device management might not be clear. BY BRENDA COLE

SMARTPHONES AND TABLETS are everywhere we look in our personal—and, increasingly, our professional—lives. Manufacturers have taken notice and are bringing these devices into their shop floors and warehouses in larger numbers than ever, but they are not securing these shiny new devices at such a fast pace.

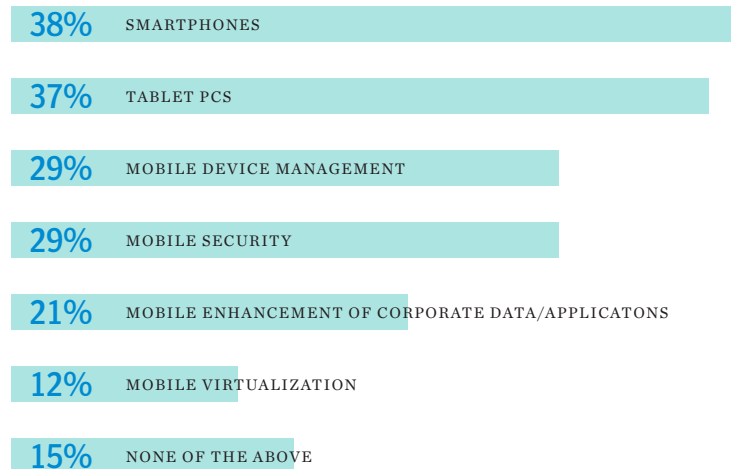
In TechTarget's 2013 IT Priorities Survey, 38% of IT managers are planning a mobility project in 2013, but only 29% are implementing mobile device management (MDM) and roughly 29% are implementing mobile security programs (see **FIGURE 5**). There are a number of potential factors contributing to this disparity between mobile adoption and MDM adoption, according to industry experts.

Cindy Jutras, president of Windham, N.H.-based Mint Jutras, was not surprised by these low numbers. "I don't know that it's manufacturing only, but a lot of people underestimate the ramifications of bring your own device," she



Which of these mobility initiatives will your company implement in 2013?

Total Responses: 1,424



Source: TechTarget 2013 IT Priorities Survey

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said. “On the surface, [BYOD] seems like a good thing—the business doesn’t have to provide devices and saves money. But it’s really opening up a potential nightmare in terms of managing all this, since a lot of manufacturers don’t have large or sophisticated IT staff.”

The manufacturing industry is notoriously slow to adopt new technologies and, according to Jutras, this may contribute to the low numbers of MDM and [mobile security system](#) adoption. “[Manufacturers] view enterprise applications and their support systems as a necessary infrastructure that they just have to deal with,” she said. “So they don’t always put time, money and innovation into those back-end systems.”

Manufacturers want technology that shows clear results on the shop floor, such as [automation](#); MDM’s usefulness in that environment might not be so immediately clear, Jutras said. “[Manufacturers] don’t want to spend more money on infrastructure that won’t help them produce more products, unless they really need to,” she said.

VENDORS CAN WORK HARDER TO PROMOTE MOBILE DEVICE MANAGEMENT

If the [importance of MDM](#) and mobile security isn’t as evident as it should be to manufacturers, mobile device vendors may be partially responsible. “If I were a device manufacturer, the last thing I would do is point out the

vulnerabilities of [my device],” said Jutras. “Unless they have a good integrated solution to sell to address security and solve that problem, [vendors] are not going to bring the problem up.”

If the importance of MDM and mobile security isn’t as evident as it should be to manufacturers, mobile device vendors may be partially responsible.

On the other hand, vendors have an opportunity to improve their products by embedding the sort of MDM technology that companies are lacking, Jutras added. “It’s a win-win for them; they get to sell more stuff and they get to address a problem,” she said. Jutras is doubtful that many manufacturers will seek out MDM on their own, unless there is a highly publicized, mobility-related disaster in the industry.

Jutras recommends that manufacturers adopting or planning to [adopt mobility](#) bring in an outside group—either an independent one or one that their device manufacturer provides—to do a security audit and pinpoint where the organization is vulnerable. “I’m most worried about security, particularly if those devices aren’t staying inside the four walls,” she said, and pre-implementation risk assessment may be the best way to combat any future mobility security issues.



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MANAGEMENT PLAYS SIGNIFICANT ROLE IN MOBILE SECURITY

The barriers to mobile security adoption are often more about management than technology, according to Harry Forbes, senior analyst for automation at Dedham, Mass.-based ARC Advisory Group. “Managing devices, managing the information on those devices, having policies in place for sharing expenses and application sets—those things are issues that some manufacturers have addressed and some have not.”

The most common technology-related barrier, according to Forbes, is the fact that most consumer mobile devices don't have the built-in security guards that businesses need. Specialized devices are available, but getting those set up to corporate standards is often a long process.

Forbes added that the first step toward better mobile security and MDM for any interested companies, not just manufacturers, is to create enterprise-wide policies around mobility and decide on a strategy for BYOD. “BYOD really shines light on previously existing, unaddressed data security issues,” he said. “This is an opportunity—maybe not a pleasant one—to review those considerations.”

[Mobility trends](#) strongly suggest that BYOD is the inevitable future of mobile in manufacturing, according to Christian Kane, analyst for infrastructure and operations at Forrester Research, in Cambridge, Mass. In the context of smartphones, BYOD makes enterprise mobile adoption

Specialized devices are available, but getting those set up to corporate standards is often a long process.

easier because people already have the devices, he said.

However, as tablets are still more of a luxury than a necessity for most people, companies looking to integrate tablets into the workspace may find themselves supplying these devices to employees. The need for more ruggedized tablets in shop floor environments also discourages BYOD, Kane said, as more specialization is required.

MOBILITY NEWCOMERS SLOW TO DECIDE ON MDM ADOPTION

Kane said that the mobile security and MDM adoption lag in manufacturing is largely a technology maturity issue. “For a lot of companies, they're just getting familiar with new platforms, and it will take them some time to evaluate their options,” Kane said.

He added that most companies have some sort of email client that can be accessed on a mobile device and so are thinking of mobile security as a simple, password-protection issue. “They at least have the basics in there, so for their initial take many companies have said, ‘Let's use this for now and later see what we'll need moving forward.’”

Manufacturers also tend to launch mobility as a pilot

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project, according to Kane. This means that only a select group has access to the devices and apps, so MDM and security aren't necessarily viewed as pressing issues right out of the gate.

Company size is also an issue at play here. "We see MDM as much more of a concern for 1,000 plus employee organizations," Kane said. "It mostly has to do with cost and time spent with these devices, and many of the smaller companies think they'll be fine with something like Exchange ActiveSync [for email]."

Kane predicted that while MDM adoption is slow at the moment, it will catch on as enterprise mobility itself continues to grow. "I think even the companies who don't have MDM today are absolutely planning around it, and evaluating the vendors enough to make a decision," he said. ■

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WHO'S BLOCKING THE ADOPTION OF CLOUD FINANCIAL ACCOUNTING SOFTWARE?

It's no secret that finance executives are generally leery of the cloud, but is IT creating a barrier to the adoption of cloud-based financial accounting software as well? BY EMMA SNIDER

TECHTARGET'S 2013 IT Priorities Survey, shows cloud adoption on the rise: 29% said their organization plans to implement cloud computing using an [external provider](#) in 2013, and 43% are considering working with a specialty cloud provider, such as a Software as a Service (SaaS) vendor (see **FIGURE 6, PAGE 18**).

But with cloud-based financial accounting software, the numbers decreased. In a question about which applications respondents' organizations will provision with external cloud providers in 2013, financials got the lowest response, with 24%.

While experts named privacy concerns and [conservative outlooks](#) among the reasons CFOs aren't exactly hustling to adopt SaaS [core accounting systems](#), some said the [IT department might be standing](#) in the way at some

organizations. But they also said that cloud-based software for tangential finance functions is being adopted more readily than core accounting systems.

PRIVACY RISKS AND CHANGING ROLES SOUR IT ON SAAS FINANCIALS

CFOs often cite [data privacy](#) and security fears to explain their hesitance toward SaaS, and, considering the finance function's heavy [compliance](#) responsibilities, such worries are [not easy to shake](#). IT shares these fears, judging from the survey results: "Security" and "protecting company data" were the top two concerns about external cloud providers.

But although finance and IT might agree on the

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predominant risks, some experts say when it comes to moving core systems to the cloud, IT managers may also be looking out for their best interest. "IT often raises concerns about [migration to the cloud](#), some of which will be valid and some of which will be more about preserving the status quo," said Rob Livingstone, principal and owner of Rob Livingstone Advisory, based in Sydney, Australia. "Undoubtedly, IT departments in certain organizations are more interested in preserving their own [infrastructure](#)."

Steve Player, founder and managing partner of the Player Group located in Dallas, expressed a similar opinion. "My sense in talking to IT is they're fairly conservative, and they don't want to see any more of their base erode," he said. "The cloud shifts their roles dramatically, so it could be quite a threat to them."

Paul Hamerman, vice president and principal analyst at Forrester Research Inc., based in Cambridge, Mass., said that at this point, the reluctance can be attributed more heavily toward IT. "We have [done] surveys of [IT professionals](#), and some of the information, in terms of interest in the cloud, doesn't jibe with what we're hearing from buyers on the business side," he said. "If you survey business people in the finance domain, I think you'll find a more positive picture."

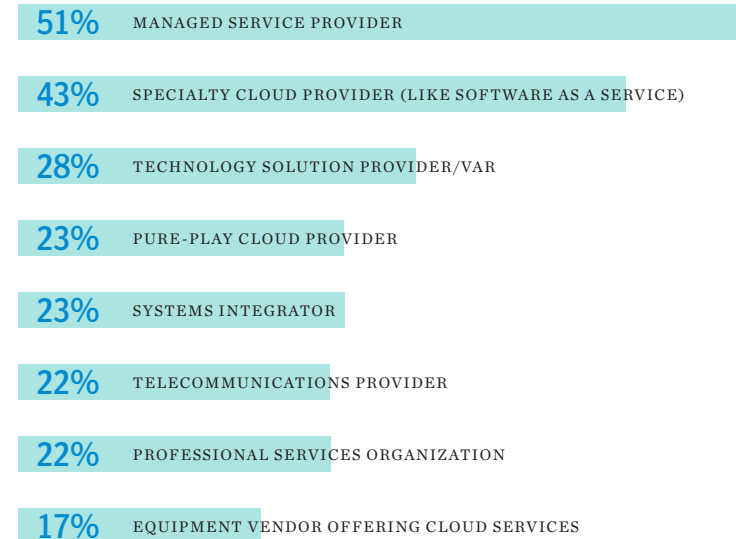
And if the finance department is ready to adopt a cloud system but [IT is against the idea](#), Player said IT managers run the risk of being subverted. "Often, finance requests

[have been] lowly prioritized, and finance has always had the [option] of creating a surrogate 'little IT' organization," he said. "Cloud gives a subversive way [for] little IT to run past 'big IT.' You can pop [in] a cloud vendor without IT knowing about it hardly."

Also, because [financial management systems](#) are central to the business, they're not easy to replace. "In midsized

FIGURE 6 Which type of cloud service providers are you considering working with in 2013?

Total Responses: 690



Source: TechTarget 2013 IT Priorities Survey

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to large organizations, the finance system has generally got deep integration with systems such as [payroll](#) [and] other logistic systems. They're not isolated, so they would probably be last to move to cloud," Livingstone said. Contrasting this with the high adoption of [SaaS in the sales function](#), he said, adding, "CRM systems can essentially run independently."

Player said the [hybrid](#) model that megavendors [SAP](#) and [Oracle](#) have started to market, which combines cloud and on-premises deployment, will be an attractive option for large organizations. A hybrid approach allows companies to continue deriving value from on-premises systems they have often invested in heavily, which makes the cloud transition smoother than a "[rip and replace](#)" scenario.

Lastly, Livingstone said that cloud-based financial accounting systems have a ways to go in building out [multi-national](#) capabilities. Since accounting standards vary from country to country, financial accounting products must have strong multinational support to be feasible for [global companies](#), he said.

TANGENTIAL FINANCE FUNCTIONS MOVING TO CLOUD FASTER THAN CORE ACCOUNTING

Moving to the cloud or not, financial management systems are a high priority among IT professionals responsible for packaged business applications. According to the survey,

Moving to the cloud or not, financial management systems are a high priority among IT professionals responsible for packaged business applications.

48% of respondents said [accounting systems](#) are on the docket to be upgraded or implemented in the coming year.

Hamerman said it could be during an upgrade that the benefits of cloud-based financial accounting software come into focus. "If you're two to three versions behind, you have to justify a [significant investment to upgrade](#) to the latest release, and you may find alternative systems can be implemented more quickly and at roughly the same cost," Hamerman said. "At that stage, [cloud alternatives](#) become pretty attractive."

Several of these experts noted that while adoption of cloud-based core accounting systems is still relatively slow, SaaS products for tangential areas of finance are picking up speed, such as [treasury](#) and [disclosure management](#) software and tools for [budgeting, planning and forecasting](#).

"The number one thing I'm seeing in finance right now is people wanting to move to better ways to plan," Player said. "The hottest thing is to move to [rolling forecasts](#)."

Hamerman pointed to SaaS disclosure management software vendor [WebFilings](#) as evidence that cloud-based tools are up to the task of handling [sensitive data](#). "It's a platform

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for creating and filing external reports—10-Ks and 10-Qs—[and] look at the levels of adoption they have,” he said. “This is the most trusted data you can imagine, [so] this is an indicator to me that financial data is not incompatible with the cloud.”

While these experts agreed that wide adoption of cloud-based financial accounting software is likely a few years away, they also said that when push comes to shove, finance will move—but it might have to be shoved.

“Over time, if cloud becomes the lower-cost way to do it, you will see a shift,” Player said. “[But] typically, finance doesn’t like to lead the market.” Bill McNee, founder and CEO of Saugatuck Technology Inc., based in Westport, Conn., predicted that finance will represent the third wave of cloud adoption, following sales and human resources.

Player said it’s important for companies to think not only about [potential value and risk](#), but also about [opportunity costs](#), when considering cloud-based financial accounting software. “When you make a decision to upgrade, you are locking yourself into future costs and future capabilities, [but] when you’re not choosing something, you’re locking yourself out of that [option],” he said. “You have to think, what’s going to make us better five years from now, and tomorrow?”

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