

# CloudFucius Confused: Cloud Costing Companies?



Peter Silva, 2010-15-09

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You heard that right. Yeah, I know – wasn't cloud computing supposed to save money? All that economies of scale, pay-as-you-go, shared infrastructure, reduced CapEx and OpEx and so on has gotten real cloudy according to a recent survey. Research company [Vanson Bourne](#), commissioned by [Compuware](#), found that [large European companies are losing £600,000 a year](#) due to poor performance of cloud based applications – that's close to \$1 Million USD! These are e-commerce sites and Internet based business applications.

They surveyed 300 European IT Directors and found that 57% are slowing down, stopping or even shutting down cloud based applications until they can solve this issue. They noted that while many organizations have large investments in cloud based systems, cloud performance management may hamper or slow the adoption rate moving forward. 84% said that they expect more accurate SLAs than simple availability especially with business critical apps. Many respondents have experienced degraded performance to their site when a neighboring customer has a huge surge in demand. There is finite resources available and when one customer grabs a bunch of it, everyone else can suffer.

Organizations need to look at end to end performance from an end user perspective and not just what the cloud provider is telling them. There are many variables when determining availability and sometimes it's difficult to determine if it's the cloud provider, the customer's own infrastructure or the Internet itself. Compuware's Richard Stone said, "Security concerns are obviously still important but it's clear that performance is now becoming the 'day in, day out' business inhibitor that has to be solved," ... "The good thing is people are aware of the issue and understand that the end-user experience can't be compromised." In another [recent survey from Gomez](#), statistics show that almost one-third of consumers will abandon a slow site within 1 or 5 seconds. I could relate this to an impatient society but I'd have to include myself. That same survey found that 39% said speed rather than functionality was more important to a web site.

And one from Confucius: [Better a diamond with a flaw than a pebble without.](#)

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F5 Networks, Inc. | 401 Elliot Avenue West, Seattle, WA 98119 | 888-882-4447 | [f5.com](#)

F5 Networks, Inc.  
Corporate Headquarters  
[info@f5.com](mailto:info@f5.com)

F5 Networks  
Asia-Pacific  
[apacinfo@f5.com](mailto:apacinfo@f5.com)

F5 Networks Ltd.  
Europe/Middle-East/Africa  
[emeainfo@f5.com](mailto:emeainfo@f5.com)

F5 Networks  
Japan K.K.  
[f5j-info@f5.com](mailto:f5j-info@f5.com)

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