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Reassessing the Cloud Promise:

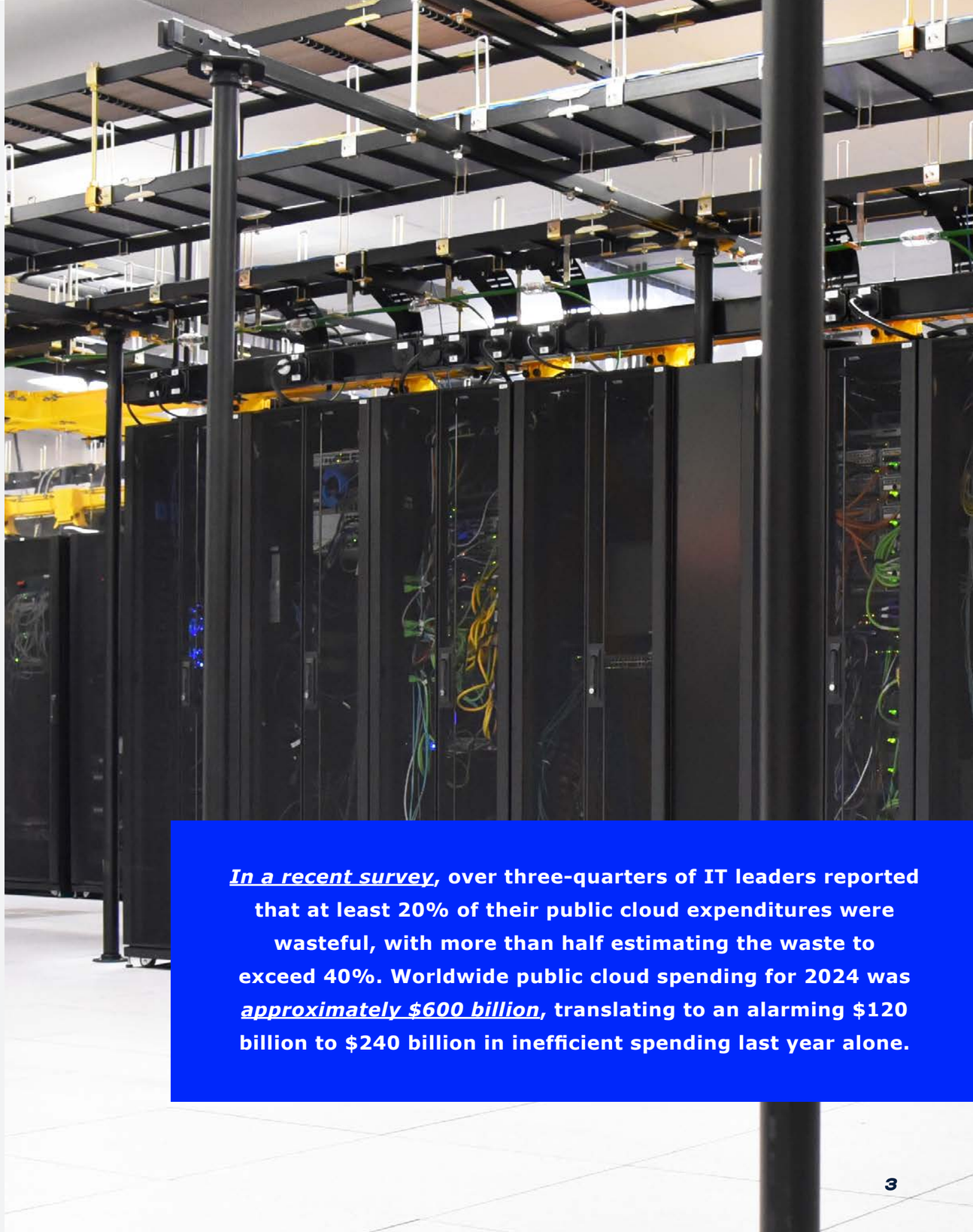
Strategic Repatriation for Modern Enterprises

As enterprises sought to integrate their IT operations and accelerate market responsiveness, many turned to the public cloud for its promise to transform IT from a cost center into an innovation accelerator. Promising global accessibility, streamlined operations and a shift from CapEx-heavy investments to a more predictable OpEx model, public cloud platforms appeared to be a straightforward solution for achieving elasticity, scalability and cost efficiency. Over the last decade, this allure has fueled the swift adoption of public cloud services across sectors.

However, in recent years, the reality has proven to be more complex. Rather than reducing waste, many organizations found that a significant portion of their spend was eaten up by inefficient usage or failures. This strained budgets and diverted funds from high-value initiatives like enhancing customer experience, reducing technical debt and capitalizing on the potential of artificial intelligence (AI).

It soon became apparent that not all workloads thrived in a public cloud environment, some required costly adjustments to fully harness the cloud's benefits, while others demanded tighter security and control. This led some businesses to reassess their infrastructure strategy altogether.

This ebook delves into the pitfalls of an unchecked adoption of public cloud solutions and outlines a pragmatic approach to cloud repatriation. It is not merely about retreating to on-premises or private cloud but strategically determining which workloads thrive where—balancing cost, control and capability. We will also explore how US Signal's hybrid cloud solutions can help recalibrate your infrastructure strategy, ensuring it aligns more closely with your operational realities and business objectives.



***In a recent survey*, over three-quarters of IT leaders reported that at least 20% of their public cloud expenditures were wasteful, with more than half estimating the waste to exceed 40%. Worldwide public cloud spending for 2024 was *approximately $600 billion*, translating to an alarming $120 billion to $240 billion in inefficient spending last year alone.**

the undelivered promise of the public cloud

A growing number of organizations are confronting the harsh reality that their swift migration to the public cloud might have missed the mark in aligning with operational goals and financial expectations. Rising costs, unexpected challenges in cloud management, and issues with data security are feeding a growing skepticism that's pushing businesses to reassess their cloud strategies and explore cloud repatriation.

Unmanageable costs

Public cloud pay-as-you-go pricing seems attractive on the surface, but variable usage and over-provisioning can cause costs to spiral out of control and make budgeting difficult. And service providers' rigid pricing structure may force businesses to pay for more resources than they would normally consume.

Performance and latency issues

While the public cloud provides scalability and distributed access, latency can become an issue for mission-critical applications that require real-time processing. Shared networking may also cause bottlenecks and impact workload performance.

Decreased availability

Traditional infrastructure design allows for a maximum of 26.3 seconds of downtime per month, equating to 99.999% uptime (also known as five-nines availability). With the public cloud, however, Service Level Agreements (SLAs) only guarantee between 99.5% and 99.99% uptime, which equates to up to three and a half hours of downtime per month—a significant difference that can lead to additional expenditure.

Reduced control and customization

Organizations often find themselves relinquishing a significant degree of control to their public cloud service providers, which limits their ability to tailor the infrastructure to their needs. As their technology and business needs change or become more complex, this constraint can stifle innovation and growth.

Storage and egress complexity and cost

For businesses that deal with large sets of sensitive or regulatory-bound data, the intricacies of managing them in the public cloud can become overwhelming due to factors such as multi-tenancy, which requires strict data isolation and security measures. Additionally, egress fees—charges for retrieving data from cloud systems—can escalate unexpectedly. These fees vary depending on the amount of data and the network used, often not highlighted in initial cost estimates, making them a crucial consideration for businesses leveraging technologies like AI.

Security and compliance limitations

The shared infrastructure model of the public cloud may not provide the granular security controls and transparency that businesses require, and misconfiguration can create vulnerabilities and risk. Those in highly regulated sectors such as finance and healthcare may also find themselves unable to meet regulatory requirements.

Skills and tooling gaps

Enterprises transitioning to the public cloud frequently encounter a harsh reality: their new operating environment doesn't function as their previous systems did. This mismatch often reveals significant gaps in skills and tooling within their teams. Without the necessary in-house expertise to manage and optimize their cloud infrastructure, organizations struggle to harness the full potential of their cloud investments.

Vendor lock-in

When a large percentage of an organization's IT estate is in the hands of a single service provider—which often happens with a move to the public cloud—they lose much of their freedom to adapt and pivot as their technology and business requirements change.

taking a step in the right direction

While these may sound like significant limitations, enterprises looking to repatriate workloads should act with caution. Just as they enthusiastically adopted the public cloud, knee-jerk reactions could lead to overcorrection, which could have further knock-on effects on cost and efficiency.

First, take a step back and assess all the infrastructure alternatives at your disposal. Understand the pros and cons of each to avoid a drastic all-or-nothing approach. This is especially important to prevent the same *recurring issues* like higher costs, performance issues and security concerns.

Second, review any contractual commitments and dependencies due to refactoring. Conducting a thorough cost-benefit analysis will help ensure that any move to repatriate or adjust your cloud strategy is well-informed and strategically sound.

balancing public & private infrastructure

There's little doubt that cloud repatriation is becoming a major trend. Forty-two percent of organizations *surveyed recently by Citrix* are considering or have already moved at least half of their cloud-based workloads on-prermises. *In an IDC report*, 80% of respondents indicated they expect to see some level of compute and storage resource repatriation within the next 12 months.

In contrast, Gartner has predicted that worldwide end-user spending on public cloud services will reach $723.4 billion in 2025, up from $595.7 billion in 2024—an increase of over 20%. *Forrester Research* expects that number to soar to $1 trillion by 2026.

This poses an obvious question:
If so many businesses are moving away from it, how can public cloud spending continue to grow?

The answer is simple. Instead of abandoning the public cloud altogether, many enterprises are embracing hybrid approaches that include public cloud, private cloud and on-premises components. As their understanding of infrastructure strategy grows, they are looking for a synergistic combination of resources that allows them to leverage the elasticity and scalability of the public cloud while maintaining control over critical workloads and optimizing cost and performance. This is where most enterprises start to reap the true benefits of an adaptable IT infrastructure.

"The problem is that growing organizations don't think about cloud; they fall into it. But they usually find that beyond a certain threshold, running their own infrastructure is more economical—certainly for their core workloads."

Giles Sirett - CEO, ShapeBlue

setting the stage for cloud repatriation

There is no one-size-fits-all solution when it comes to cloud repatriation. Developing a bespoke strategy that takes your current technology and business requirements into account and anticipates your future needs is crucial for realizing maximum efficiency and flexibility.

These two key steps will start your transition off on the right foot.

Step 1: Analyze your current state

Conduct a thorough audit of your IT estate and pinpoint areas for improvement and enhancement.

Ask questions like the following:

1. What are our primary goals for moving workloads (e.g., performance enhancement, cost reduction or security improvement)?
2. What types of workloads are we running, and what are their specific requirements?
3. What is our internal capability for managing IT?
4. What level of customization do our operations require?

Use the answers and this table to identify the cloud computing technologies that can most effectively get you where you want to be.

"Organizations need a sorting mechanism for workloads. The public cloud is just another tool in their toolbox, and it might not always be the best fit for the business. For example, it's suitable for occasional development tests, but if you have a test environment that operates 24/7, it's best to use a private cloud."

John White - COO, US Signal

Feature	Public Cloud (Azure)	Private Cloud (ReliaCloud, OpenCloud, VMware)	SaaS
Best for	Scalable, global public cloud workloads	Traditional enterprise workloads or scale-out workloads	CRM, HRM, etc.
Common Use Cases	Analytics, cloud-native applications, web applications	Edge computing, HCI, VDI, hybrid environments	Various
Compliance	Dependent on service provider	Very high (full control in regulated sectors)	Dependent on vendor
Cost Efficiency	Pay-as-you-go (can be costly long-term)	Moderate to high, committed resources	Flat-rate subscription
Customization	Low to moderate	High (with open-source flexibility in US Signal OpenCloud)	Low (vendor dependent)
Disaster Recovery	Azure Site Recovery	Requires in-house strategy; VCDA, Zerto in VMware	Managed by vendor
IT Management	Managed by service provider	Requires expertise specific to technology (e.g., Nutanix, VMware)	Minimal (manged by vendor)
Performance	High (can be impacted by noisy neighbors)	High	Dependent on vendor
Scalability	Very high	Moderate to high	Managed by vendor
Security	High (shared responsibility model)	Strong, enterprise-grade security)	Low to moderate (vendor dependent)

Step 2: Decide what to relocate

All workloads are not created equal. Some (such as cloud-native applications) are well-suited to take full advantage of public cloud capabilities, while others may benefit from the additional control and security provided by a private cloud.

Use these cards to identify the ideal cloud type or service for the enterprise IT applications in your portfolio.

Cloud & Virtualization
Cloud management, containers, virtual machines (VMs)

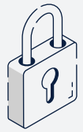
PaaS, private, public, SaaS

VMware, vSphere, Nutanix, OpenStack, Kubernetes, AWS, Azure

CRM
Customer support, marketing, automation, sales

SaaS

Salesforce, Hubspot, Microsoft Dynamics, Zendesk



Cybersecurity
Endpoint security, identity and access management (IAM), SIEM

Private, public, SaaS

CrowdStrike, Splunk, Okta, Microsoft Defender, Palo Alto

Data & Analytics
Big data, business intelligence (BI), data warehousing

Private, public, SaaS

Tableau, Power BI, Snowflake, Apache Hadoop

Databse Management
SQL (relational) and NoSQL databases

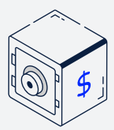
PaaS, private, public

Microsoft SQL Server, Oracle Database, MySQL, MongoDB

E-Commerce Systems & Content Management Systems (CMSs)
Content management, web stores

SaaS

Shopify, Magento, WordPress, Drupal



Enterprise Resource Planning (ERP)
Finance, human resources (HR), procurement, supply chain management (SCM)

Private

Salesforce, Hubspot, Microsoft Dynamics, Zendesk

HRM & Payroll
Benefits management, employee records, payroll processing

Private

Workday, ADP, UKG (Ultimate Kronos Group), SAP, SuccessFactor

DevOps & (CI/CD)
Automation, code repositories, deployment

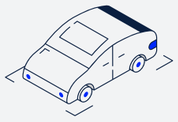
SaaS

GitHub, GitLab, Jenkins, Terraform, Ansible

Productivity & Collaboration
Document sharing, email messaging, video conferencing

SaaS

Microsoft 365, Google Workspace, Stack, Zoom, Teams



Industry-Specific Applications
Finance, healthcare and manufacturing solutions

Private, public

Epic (Healthcare), Bloomberg Terminal (Finance), SAP (Manufacturing)

IT Service Management (ITSM)
Asset management, help desk, ticketing

SaaS

ServiceNow, BMC Remedy, Jira Service Management

Networking & Connectivity
Firewalls, load balancers, SD-WANs, VPNs

Private, public, SaaS

Cisco, Fortinet, Palo Alto, F5 Networks

Storage & Backup
Backup and disaster recovery, file storage

Private

NetApp, Dell EMC, Veeam, Rubrik, Cohesity

Network Management Systems
Network monitoring, configuration management, network operations

Private, public, SaaS

Cisco Meraki, SolarWinds, Nagios, Zabbix

move forward with US Signal

Cloud repatriation is more than just a buzzword—it represents a crucial pivot in IT strategy, focusing on optimizing where and how enterprises host their workloads based on comprehensive evaluations of their immediate, short and long-term goals. As companies face escalating IT waste that detracts from budget allocations, streamlining your IT infrastructure is key.

US Signal offers a robust array of private and public cloud solutions to make your transition seamless, secure and cost-effective. Whether you're considering full repatriation, a hybrid strategy or a cost-effective alternative, US Signal can help you align your IT resources with your business goals.

An expert take on US Signal's solutions

- If you need a highly scalable, global cloud with strong SaaS and PaaS offerings, **choose Azure**.
- If you need edge computing, HCI, or scalable VDI, **choose ReliaCloud**.
- If you want a cost-effective private cloud with open-source flexibility, **choose OpenCloud**.
- If you run traditional enterprise applications and require hybrid cloud capabilities, **choose VMware**.

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