Cloud Adoption & Risk Report

Q1 2014

Based on data from

5,900,000+ users

Representing the following industries:

- Education
- Financial Services
- Healthcare
- High Tech
- Media
- Oil & Gas
- Manufacturing
- Retail
- Services
- Utilities
Table of Contents

The Cloud Adoption and Risk Report is based on data from more than 5.9 million users across more than 175 companies spanning the financial services, healthcare, high technology, manufacturing, media, and services industries. The top ten and top twenty services lists are based on users of the service. The risk of each service is based on Skyhigh CloudTrust™ Program, which assigns a risk rating based on a detailed, objective, and weighted assessment of more than 50 attributes across data risk, user/device risk, service risk, business risk, and legal risk.

In This Report

Executive Summary 3 Services by Category 11
Users and Services per Company 4 Top 10 File Sharing Services 12
Growth in Average and Total Services 5 Top 10 Development Services 13
Security Features of Cloud Services 6 Top 10 Collaboration Services 14
Blocking Rates by Risk 7 Top 10 Tracking Services 15
Top 20 Cloud Services 8 Top 10 Social Media Services 16
Total Services by Vertical 9 Top 10 Content Sharing Services 17
High Risk Services by Industry 10 About Skyhigh Networks 18
Executive Summary

The Wild West is Getting Wilder
Data from more than 175 organizations suggests the use of cloud services is even more rampant than before. 2,675 cloud services are in use across more than 5.9 million users, as opposed to 2,204 services last quarter (21% growth). 626 cloud services are in use by an organization on average, as opposed to 545 last quarter (15% growth), and the highest number of cloud services in use by an organization is now 2,154 as opposed to 1,769 last quarter (22% growth).

IT: Educate Employees Before They Go Rogue
Employees are unaware of the risks of cloud services and are unknowingly putting their organizations at risk. In fact, only 11% of services used were Skyhigh Enterprise-Ready, meaning that they fully satisfied the most stringent requirements for data protection, identity verification, service security, business practices, and legal protection. Only 15% of services supported multi-factor authentication, only 11% of services encrypted data at rest, and only 4.3% of services were ISO 27001 certified.

IT Beginning to Better Understand Risks, Therefore Blocking 50% Fewer Low and Medium Risk Services
Perhaps the most surprising stat in this report is that IT teams are blocking 50% fewer low and medium risk services. Only 7% of low risk services were blocked, down from 11% the previous quarter. Similarly, 6% of medium risk services were blocked, down from 14% in the previous quarter. One justification for this is that IT teams are leveraging services like Skyhigh to quickly and efficiently understand risks of cloud services.

Global Social Media Providers Gain Traction
Last quarter all of the top 10 most used social media services were based in the US. Today, 4 of the top 10 most widely used social media services are based outside of the US. These include Weibo and RenRen from China, VK from Russia and Badoo from the UK.

Tracking Services Fastest Growing Category
Admittedly from a small base, but Tracking services grew 108% from previous quarter, despite providing no business value, other than more targeted ads. The majority of the tracking services expose enterprises to malware and watering hole attacks.
Users and Services per Company

**Users**
- **Min**: 502
- **Average**: 31,315
- **Max**: 200,000+

**Services**
- **Min**: 97
- **Average**: 626
- **Max**: 2,154
Total Number of Services as well as Average Number of Services per Company Increasing

**Average Services**
- Q3 '13: 545
- Q4 '13: 626

15% increase

**Total Services**
- Q3 '13: 2,204
- Q4 '13: 2,675

21% increase
Majority of the 2,675 Services Used Lack Basic Security Features, Putting Enterprises at Risk

The Skyhigh CloudTrust™ Program assigns a risk rating based on a detailed, objective, and weighted assessment of more than 50 attributes. Skyhigh Enterprise-Ready™ services fully satisfy the most stringent requirements for data protection, identity verification, service security, safe business practices, and legal protection.
Enterprises Have Better Understanding of Risk, Therefore Blocking 50% Fewer Low/Medium Risk Services

% Services Blocked

Low Risk
- Q3 '13: 11%
- Q4 '13: 7%

Medium Risk
- Q3 '13: 14%
- Q4 '13: 6%

High Risk
- Q3 '13: 8%
- Q4 '13: 8%

The risk of each service is based on the Skyhigh CloudTrust™ Rating, which assigns a risk rating based on a detailed, objective, and weighted assessment of more than 50 attributes across data risk, user risk, device risk, service risk, business risk and legal risk.
Collaboration, Social Media, and File Sharing Dominate with 14 of Top 20 Services

<table>
<thead>
<tr>
<th>Top 20 Services*</th>
<th>Percentage by Service Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Facebook ➔</td>
<td>30% Collaboration</td>
</tr>
<tr>
<td>2 YouTube ➔</td>
<td>25% Social Media</td>
</tr>
<tr>
<td>3 Twitter ➔</td>
<td>15% File Sharing</td>
</tr>
<tr>
<td>4 Amazon Web Services ➔</td>
<td>15% Content Sharing</td>
</tr>
<tr>
<td>5 Salesforce ➔</td>
<td>5% Cloud Infrastructure</td>
</tr>
<tr>
<td>6 Office 365 ➔</td>
<td>5% Back-Up &amp; Archiving</td>
</tr>
<tr>
<td>7 Gmail ➔</td>
<td>5% CRM</td>
</tr>
<tr>
<td>8 Google Docs** ➔</td>
<td>5% IT Services</td>
</tr>
<tr>
<td>9 Cisco WebEx ➔</td>
<td>5% Media</td>
</tr>
<tr>
<td>10 LinkedIn ➔</td>
<td></td>
</tr>
<tr>
<td>11 Dropbox ➔</td>
<td></td>
</tr>
<tr>
<td>12 Apple iCloud ➔</td>
<td></td>
</tr>
<tr>
<td>13 Pinterest ➔</td>
<td></td>
</tr>
<tr>
<td>14 Pandora ➔</td>
<td></td>
</tr>
<tr>
<td>15 SkyDrive ➔</td>
<td></td>
</tr>
<tr>
<td>16 Yahoo! Mail ➔</td>
<td></td>
</tr>
<tr>
<td>17 ServiceNow ➔</td>
<td></td>
</tr>
<tr>
<td>18 Weibo ➔</td>
<td></td>
</tr>
<tr>
<td>19 Yammer ➔</td>
<td></td>
</tr>
<tr>
<td>20 Box ➔</td>
<td></td>
</tr>
</tbody>
</table>

* Top Services based on number of users
** Aggregate of Google Docs and Google Drive
Growth in Total Number of Services Highest in Services, Retail, High Tech, & Healthcare Verticals

- High Tech: 2476 (Q4 '13), +53%
- Manufacturing: 2163, +16%
- Financial Services: 1919, +19%
- Media: 1745, +22%
- Healthcare: 1513, +50%
- Services: 1488, +72%
- Retail: 966, +55%
- Oil & Gas: 725, +3%
- Utilities: 562, +22%
- Education: 518, +8%
Percentage of Services in Use That are High Risk is Consistent Across Verticals

- High Tech: 14%
- Manufacturing: 14%
- Financial Services: 13%
- Media: 14%
- Healthcare: 13%
- Services: 13%
- Retail: 15%
- Oil & Gas: 16%
- Utilities: 14%
- Education: 16%
“Don’t Track Me, Bro!” – Tracking is the Fastest Growing Category, Further Exposing Enterprises to Risks

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>% Change from Q3 '13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaboration</td>
<td>334</td>
<td>(+27%)</td>
</tr>
<tr>
<td>Development</td>
<td>170</td>
<td>(+32%)</td>
</tr>
<tr>
<td>File Sharing</td>
<td>160</td>
<td>(+53%)</td>
</tr>
<tr>
<td>Content Sharing</td>
<td>107</td>
<td>(+24%)</td>
</tr>
<tr>
<td>Social Media</td>
<td>53</td>
<td>(+15%)</td>
</tr>
<tr>
<td>Business Intelligence</td>
<td>93</td>
<td>(+0%)</td>
</tr>
</tbody>
</table>

Number of Service by Category (% Change from Q3 ‘13)
Only 1 of the Top 10 File Sharing Services is Enterprise-Ready, 60% are High-Risk

Top 10 File Sharing Services

1. Dropbox
2. Google Drive
3. SkyDrive
4. Box
5. Yandex.Disk
6. Solid Files
7. Freak Share
8. File Factory
9. Copy
10. WeTransfer

Risk Distribution

- High Risk
- Medium Risk
Google App Engine Overtakes MSDN as Most Popular Development Service

Top 10 Development Services

1. Google App Engine  
2. MSDN  
3. Codehaus  
4. GitHub  
5. SourceForge  
6. Rally  
7. Force.com  
8. Apple Developer  
9. Apache Maven Repository  
10. Atlassian OnDemand

Risk Distribution

High Risk

Medium Risk

Q1 ‘14 Cloud Adoption & Risk Report
No Surprises Here Except…People Still Use AOL?!?

Top 10 Collaboration Services

1. Office 365
2. Gmail
3. Google Docs
4. Cisco WebEx
5. Yahoo! Mail
6. Yammer
7. Prezi
8. Evernote
9. Skype
10. AOL

Risk Distribution

High Risk

Medium Risk
More Services Tracking Employee Web Traffic Exposing Companies to Malware and Watering Hole Attacks

Top 10 Tracking Services

1. Google Analytics ↑
2. Chartbeat ↑
3. AddThis ↓
4. Gigya ➔
5. Adobe Sitecatalyst ↑
6. Mixpanel ↓
7. Woopra ↑
8. GoSquared ↑
9. Clicky ↓
10. KISSmetrics ↓
Social Media Goes Global with 4 of Top 10 Sites Coming from China, Russia, and UK

Top 10 Social Media Services

1. Facebook
2. Twitter
3. LinkedIn
4. Weibo (CH)
5. Tumblr
6. VK (RU)
7. Badoo (UK)
8. Ning
9. RenRen (CH)
10. Foursquare

New Top 10 Services in China, Russia, and UK

53 TOTAL SOCIAL MEDIA SERVICES
“Old Faithful” - Content Sharing Most Stable Category, with Same Consumer Services in Top 10

Top 10 Content Sharing Services

1. YouTube
2. Pinterest
3. Flickr
4. Instagram
5. Photobucket
6. Vimeo
7. Panoramio
8. SoundCloud
9. Skypath
10. SmugMug

Risk Distribution

High Risk

Medium Risk
About Skyhigh Networks

Skyhigh Networks
Skyhigh Networks, the cloud visibility and enablement company, allows IT organizations to embrace cloud services while ensuring appropriate levels of security, compliance, and governance. With customers in financial services, professional services, healthcare, high technology, media and entertainment, manufacturing, and legal verticals, the company was a finalist for the RSA Conference Most Innovative Company award and was named a "Cool Vendor" by Gartner, Inc. Headquartered in Cupertino, Calif., Skyhigh Networks is led by an experienced team and is venture-backed by Greylock Partners and Sequoia Capital. Visit us at http://www.skyhighnetworks.com or follow us on Twitter @skyhighnetworks

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