



State of the Cloud Report

Enterprises focus on FinOps to manage costs, while AI, software licensing and sustainability receive increased attention

AWS and Azure continue to battle for dominance

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About Flexera

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The *Flexera 2025 State of the Cloud Report* sheds light on cloud computing trends, the pressures facing IT professionals and the strategic initiatives they're using to remain competitive in today's dynamic and evolving landscape.

This year's report shows that more enterprises are leveraging FinOps to manage costs as cloud growth continues unabated—despite some repatriation to on-premises. Artificial intelligence (AI), software licensing and sustainability in the cloud are all getting increased attention. At the same time, the battle for dominance between Amazon Web Services (AWS) and Microsoft Azure is still neck and neck.

Report highlights

Here's a sample of key findings from this year's report based on a survey of 759 cloud decision-makers and users from around the world.

Public cloud services used by all organizations



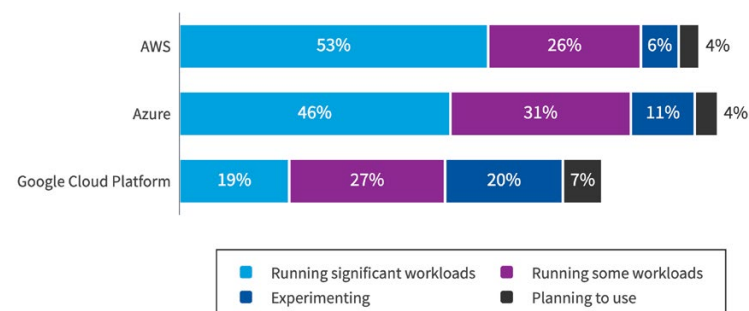
N=759

Source: Flexera 2025 State of the Cloud Report

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This is the first year generative AI (GenAI) was included as an option for public cloud services used by all organizations, and it's currently being used by 50% of respondents, which is the largest value ever recorded for a new service added to the list.

What public cloud providers does your organization use?



N=759

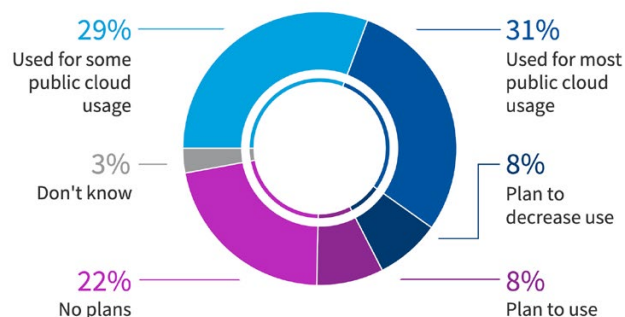
Source: Flexera 2025 State of the Cloud Report

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AWS and Azure continue to vie for the top cloud provider spot, but Azure edges out AWS slightly in some tiers.

Report highlights

Utilization of MSPs for managing public cloud for all organizations

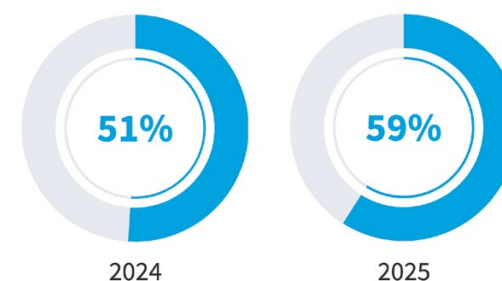


N=759
Source: Flexera 2025 State of the Cloud Report
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Managed services provider (MSP) usage has increased year over year. In fact, 60% of all organizations use MSPs in some capacity for managing public cloud.

Does your company have a FinOps team to advise on, manage or execute cloud cost optimization strategies?

Yes, our FinOps team does some/all of these tasks

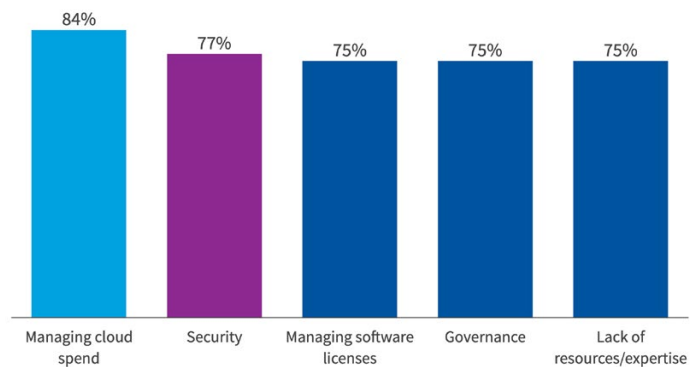


2024: N=753; 2025: N=759
Source: Flexera 2025 State of the Cloud Report
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Respondents indicating that they have a FinOps team that does some/all of cloud cost optimization tasks increased from 51% to 59% this year.

Report highlights

Top cloud challenges for all respondents



N=759

Source: Flexera 2025 State of the Cloud Report

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Managing cloud spend (84%) and security (77%) remain top of mind when it comes to cloud challenges.

Key findings

Use of the cloud continues to grow

Cloud adoption has now reached the tipping point, with **over half of enterprise and SMB workloads currently running in public clouds**. While analysts and experts are indicating that some organizations are moving cloud workloads back to their own data centers, we found that **only 21% of cloud workloads have been repatriated**. However, ongoing migration to the cloud and net-new cloud workloads outstrip these cloud exits, resulting in **continued cloud growth**.

Cost remains top of mind

With cloud spend expected to increase by 28% in the coming year, forecasting remains challenging, and organizations are exceeding budgets by 17%. **FinOps** is an operational framework and cultural practice which maximizes the business value of cloud, enables timely data-driven decision making and creates financial accountability through collaboration between engineering, finance and business teams. To counteract cost concerns, they're **expanding FinOps teams and focusing on cost optimization** to recapture the 27% of cloud spend that continues to be wasted.

At the same time, organizations **continue to mature their governance of cloud investments**, and they're looking for ways to **optimize the cost of software licenses in the cloud**. Some organizations are also turning to outside help, with **over half of organizations using MSPs** to manage at least some of their public cloud workload. Cloud sustainability initiatives are also becoming

top of mind. In fact, **over a third of organizations (36%) are already tracking their cloud carbon footprint**, a figure that's expected to increase within the next year.

Adoption of AI is exploding

Unsurprisingly, **adoption of AI-related public cloud services is exploding**. Seventy-nine percent of organizations are already using or experimenting with AI and machine learning (ML) PaaS services. There was also a surge in the use of data warehouse services, which are often used to feed AI models.

Seventy-two percent of organizations already use GenAI either extensively or sparingly, and another 26% are currently experimenting. Needless to say, GenAI is here to stay and on its way to becoming mainstream—at least in some capacity—in the near future.

Neck-and-neck competition between AWS and Azure for the top spot continues

With cloud use growing, **AWS and Azure continue to run neck and neck** among surveyed enterprises, but AWS maintains a lead among SMBs. In fact, 53% of SMBs are using AWS compared to 29% using Azure. Google Cloud Platform continues to hold the third spot this year, with nearly half (46%) of all organizations running some or significant workloads on it. The provider also continues to hold the top spot among organizations experimenting with public cloud.

Methodology

The Flexera State of the Cloud survey tapped 759 cloud decision-makers and users worldwide in the winter of 2024. The network includes professionals across industries and context areas.

Flexera sources participants from an independent panel that's rigorously maintained and is comprised of vetted respondents with detailed profiles. All numbers and percentages are rounded to the nearest whole number.

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SMBs

Businesses with fewer than 1,000 employees

Enterprises

Organizations with more than 1,000 employees

Large enterprises

Organizations with more than 10,000 employees

Organizations still embrace multi-cloud

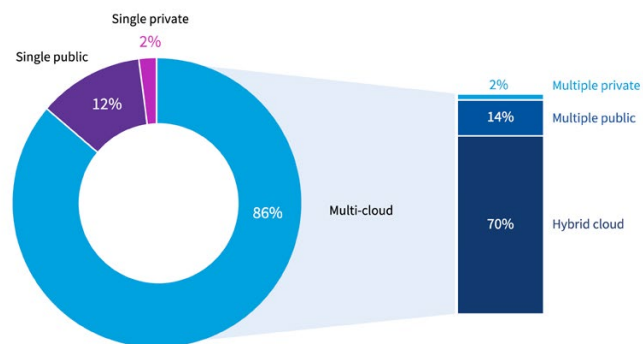
When analyzing how organizations are embracing the cloud, we see results that are similar to last year's. Hybrid cloud dropped by a couple of percentage points, but otherwise trends seem to remain relatively the same.

Perhaps the noteworthy takeaway here is that organizations seem to have found their steady state—that is, the mix of clouds that meets their current needs. For the most part, that involves at least one public and one private cloud.

This new normal is also reflected when asking about which clouds organizations choose to use. Looking at multi-cloud strategies, 70% of respondents embrace hybrid cloud strategies, using at least one public and one private cloud, while the remaining 30% use only public cloud(s) or private cloud(s). Large enterprises make use of multi-cloud tools more than do smaller organizations, regardless of the tool type. Security tools see the greatest use in large enterprises (59%), which is an ongoing trend.

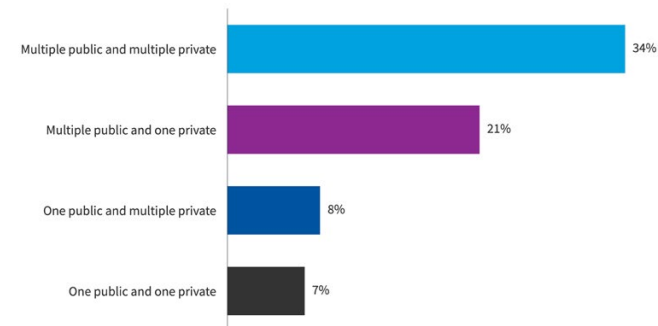
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Organizations seem to have found their steady state—70% of respondents embrace hybrid cloud strategies, using at least one public and one private cloud

Organizations embrace multi-cloud



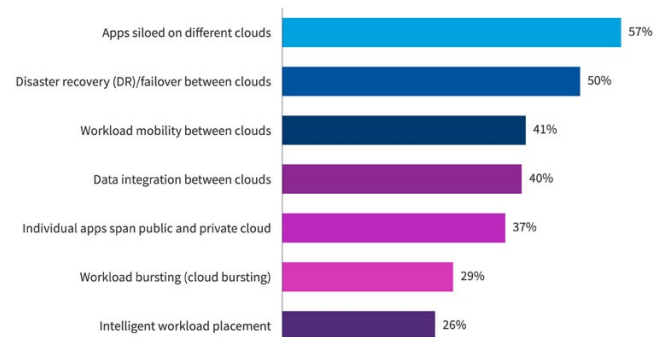
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Source: Flexera 2025 State of the Cloud Report (Figure 1)
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Hybrid cloud strategies



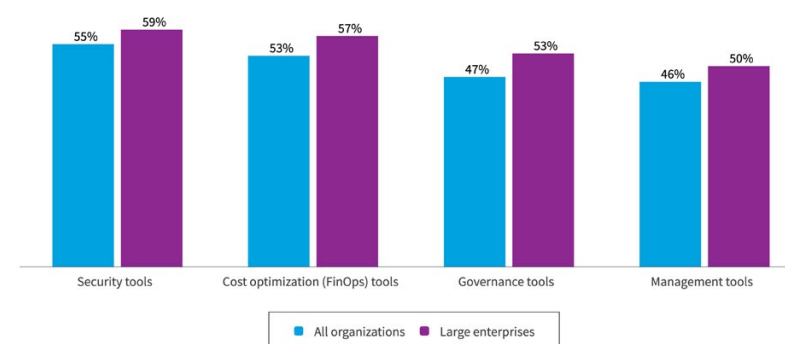
N=759
Source: Flexera 2025 State of the Cloud Report (Figure 2)
flexera

Use of multi-cloud architectures by all organizations



N=759
Source: Flexera 2025 State of the Cloud Report (Figure 3)
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Use of multi-cloud tools



All: N=759; Large enterprises: N=91
Source: Flexera 2025 State of the Cloud Report (Figure 4)
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Public cloud adoption continues to accelerate

This year, we're seeing an increase in public cloud spend (33% are spending more than \$12 million a year, vs. 29% last year). Last year, 36% of enterprises spent more than \$12 million annually; 40% say they do this year. This supports the idea that as cloud costs rise, more workloads are moved to—or born in—the cloud. SaaS expenses remained fairly consistent year over year.

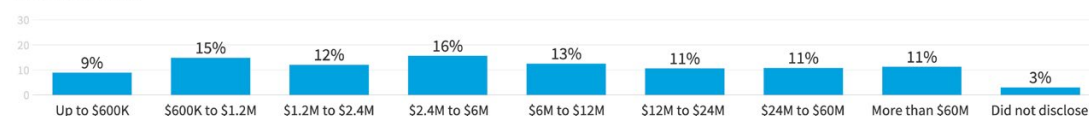


**As cloud costs rise,
more workloads
are moved to—
or born in—the cloud**

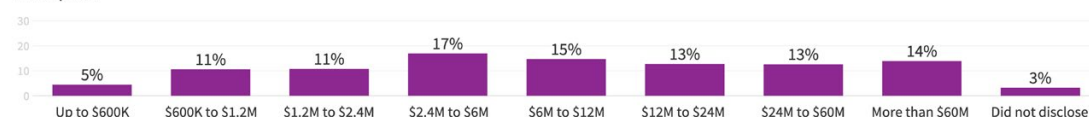
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33% of organizations are spending more than \$12 million annually on public cloud

What's your current annual public cloud spend?

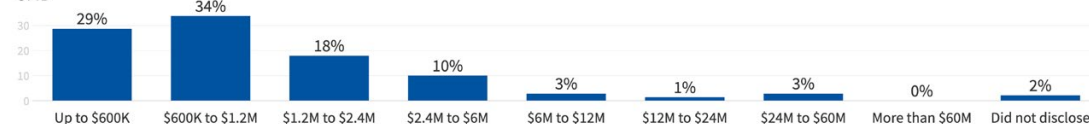
All respondents



Enterprise



SMB



All: N=759, Enterprise: N=622, SMB: N=137
 Source: Flexera 2025 State of the Cloud Report (Figure 5)
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34% of enterprises are spending more than \$1 million monthly on SaaS

What's your current annual SaaS spend?

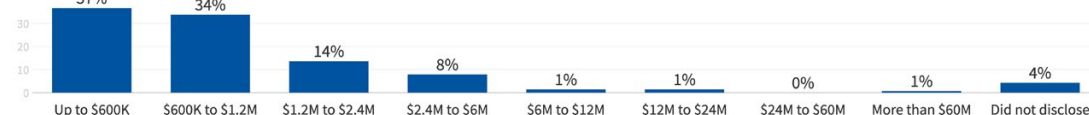
All respondents



Enterprise



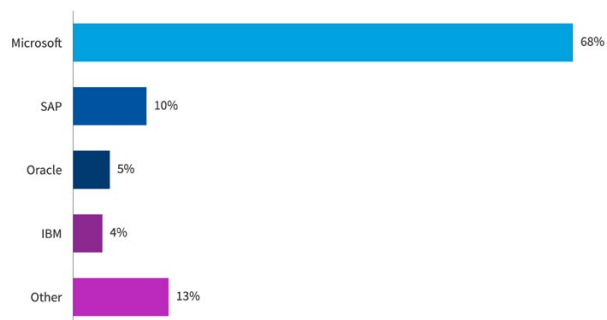
SMB



All: N=759, Enterprise: N=622, SMB: N=137
Source: Flexera 2025 State of the Cloud Report (Figure 6)
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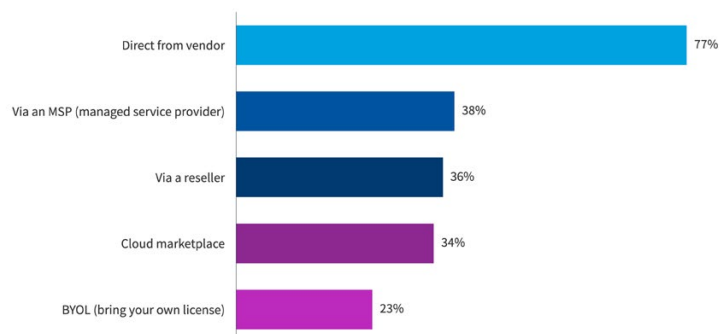
Not surprisingly, Microsoft is the most common non-SaaS vendor. The use of cloud marketplaces also increased (28% to 34%), with the use of other vendors dropping. This indicates a possible interesting trend that we'll track moving forward. Organizations are taking on more responsibility to acquire software on their own and aren't involving other vendors or resellers. MSP numbers remained flat, indicating that organizations that are getting their cloud services from an MSP most likely also get their software licenses from that MSP.

Non-SaaS software costs by vendor



N=759
Source: Flexera 2025 State of the Cloud Report (Figure 7)
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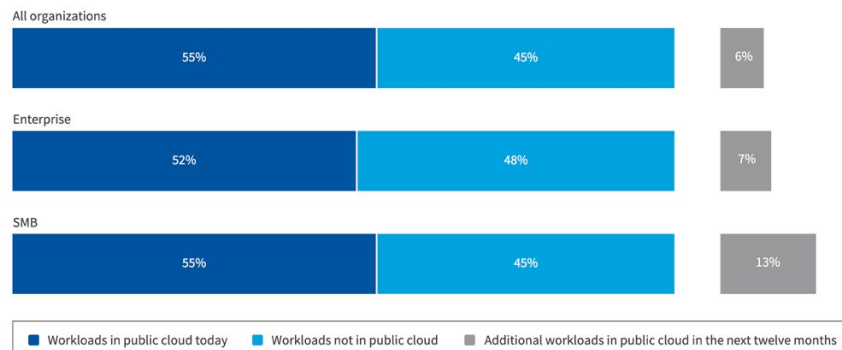
Non-SaaS software purchase methods



N=759
Source: Flexera 2025 State of the Cloud Report (Figure 8)
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**Organizations
might be
taking on more
responsibility
to acquire
software on their
own instead of
involving others**

Workloads in public cloud

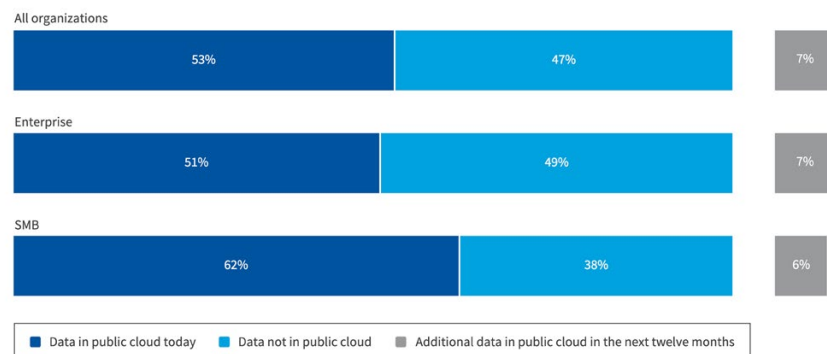


All: N=759, Enterprise: N=622, SMB: N=137
 Source: Flexera 2025 State of the Cloud Report (Figure 9)
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Organizations remain consistent in their responses to data in public cloud. Not much has changed from last year regarding workloads in public cloud, and none of the sectors grew at the rate they anticipated. Noteworthy is the 13% expected growth by SMBs—that's the largest expected increase for this datapoint in the history of the report.

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13% of SMBs expect to increase workloads in public cloud—the largest expected increase in the history of the report

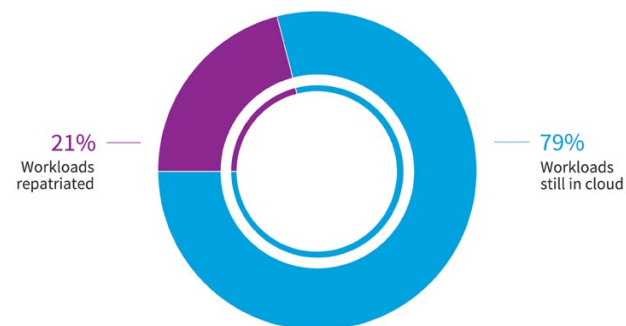
Data in public cloud



All: N=759, Enterprise: N=622, SMB: N=137
 Source: Flexera 2025 State of the Cloud Report (Figure 10)
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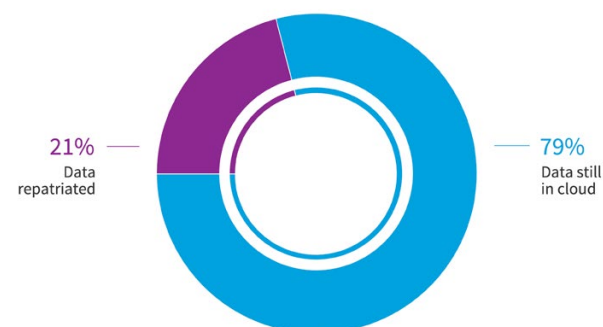
We've recently begun asking about workload and data repatriation. Respondents indicated one fifth of both workloads and data have been repatriated (21%). We plan on following this trend moving forward.

What percentage of cloud-based workloads have you repatriated?



N=759
Source: Flexera 2025 State of the Cloud Report (Figure 11)
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What percentage of cloud-based data have you repatriated?



N=759
Source: Flexera 2025 State of the Cloud Report (Figure 12)
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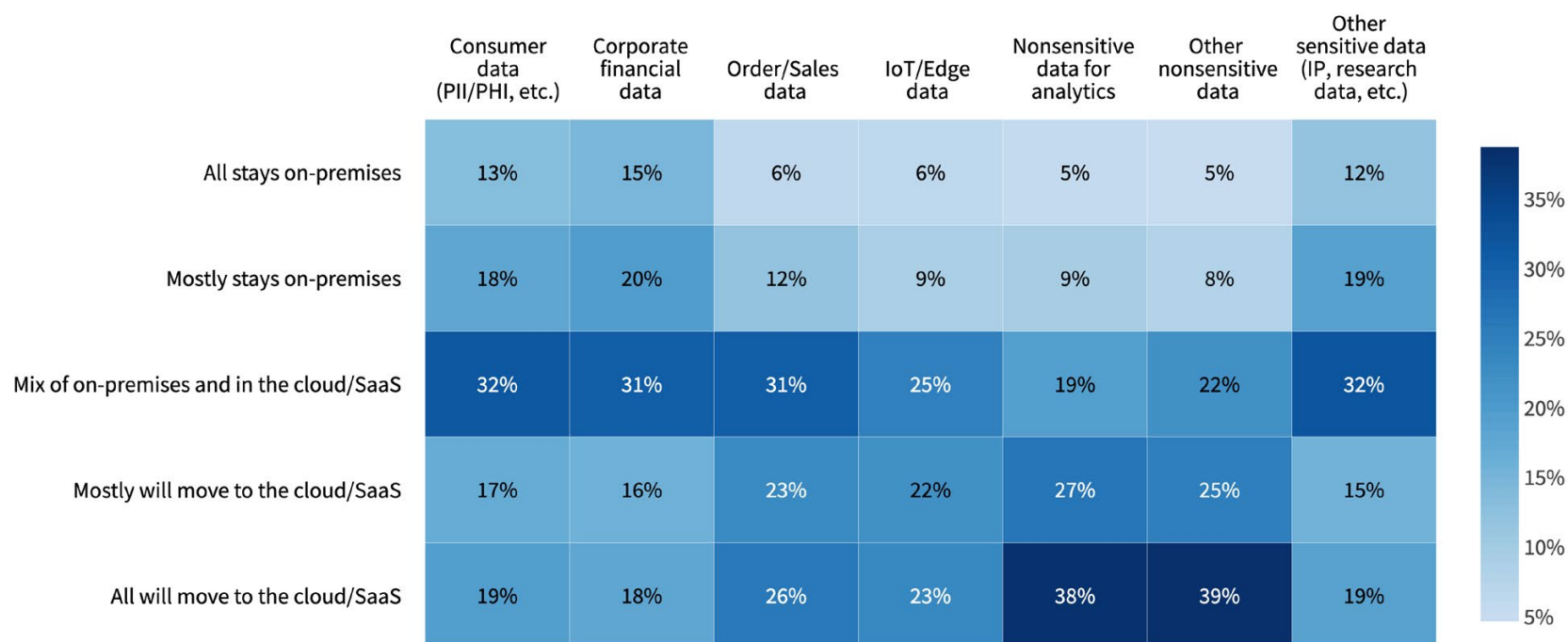
That being said, organizations are still more reticent to move sensitive data to the cloud, although more than one third indicate all nonsensitive data will move to the cloud.

The top challenges for migrating workloads to the cloud are consistent across organization sizes year after year: Understanding app dependencies and assessing technical feasibility always seem to be the top two.

However, this year, assessing on-premises vs. cloud costs dropped to third behind optimizing costs post-migration. This suggests that organizations appear to be getting better at determining what they want to migrate, but FinOps-related tasks are still challenging once these applications are in the cloud.

«
Organizations appear to be gaining confidence in determining what they want to migrate, but FinOps-related tasks are still challenging once these applications are in the cloud

What's your approach for migrating data to public cloud/SaaS?

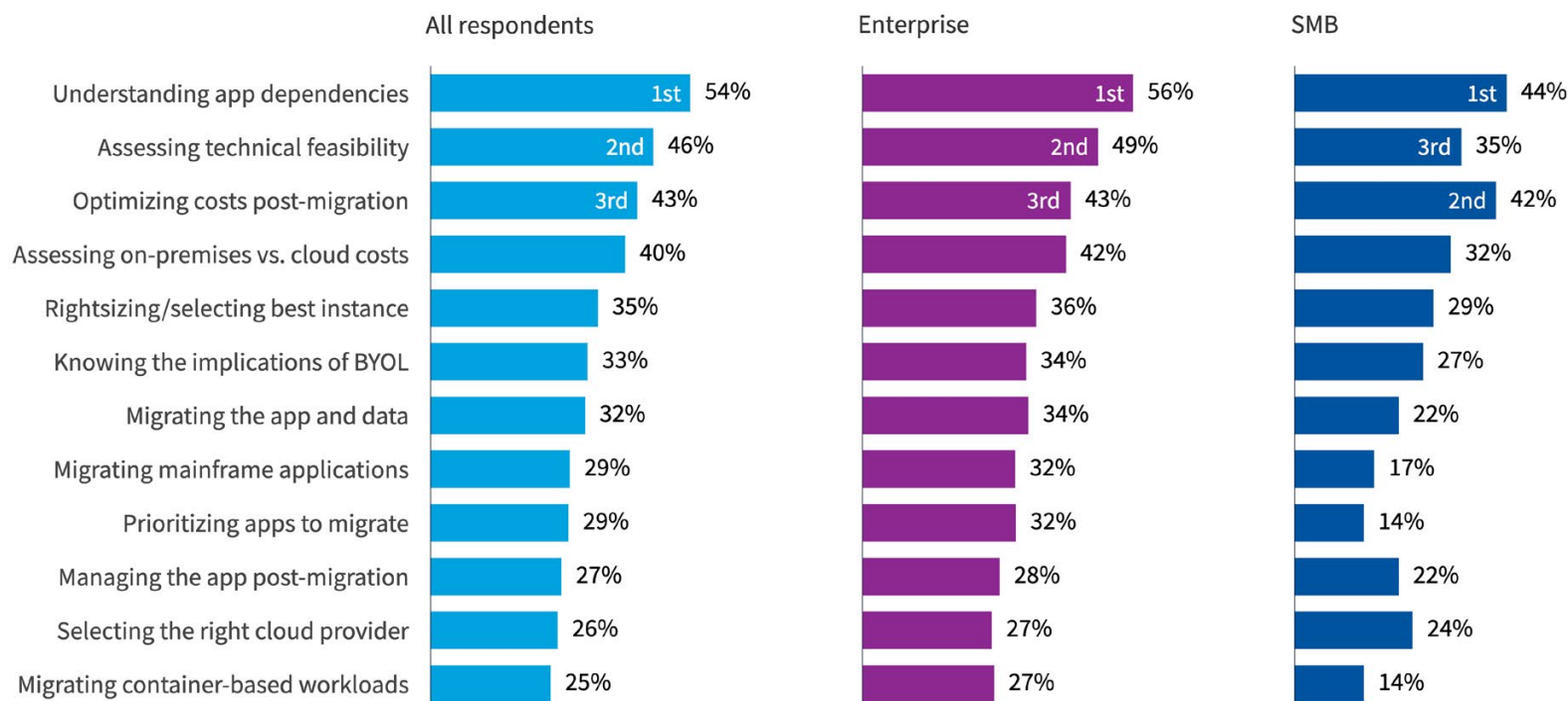


N=759

Source: Flexera 2025 State of the Cloud Report (Figure 13)

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What challenges do you face in migrating workloads to public cloud?



All: N=759, Enterprise: N=622, SMB: N=137

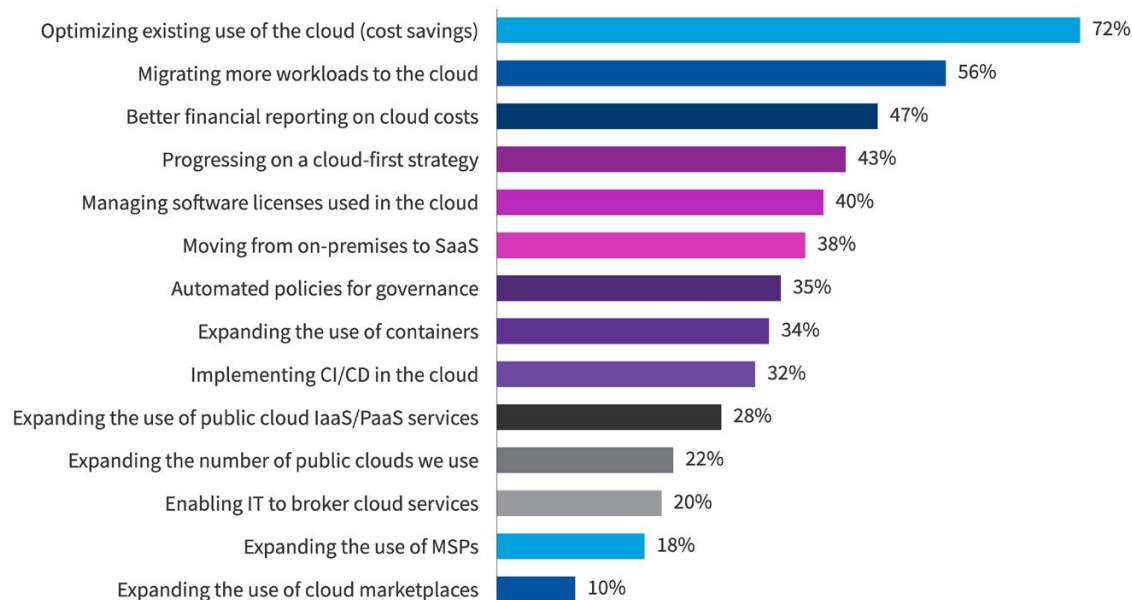
Source: Flexera 2025 State of the Cloud Report (Figure 14)

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Optimizing cloud cost continues to dominate

Optimizing existing use of the cloud (cost savings) continues to be a primary initiative, and it leads the list for the ninth consecutive year. All other values were fairly flat compared to last year, which lends support to the idea that many organizations are achieving their steady state with regard to their cloud usage. Additionally, their priorities are consistent year over year.

Which of the following initiatives are you planning to make progress on in the next year?

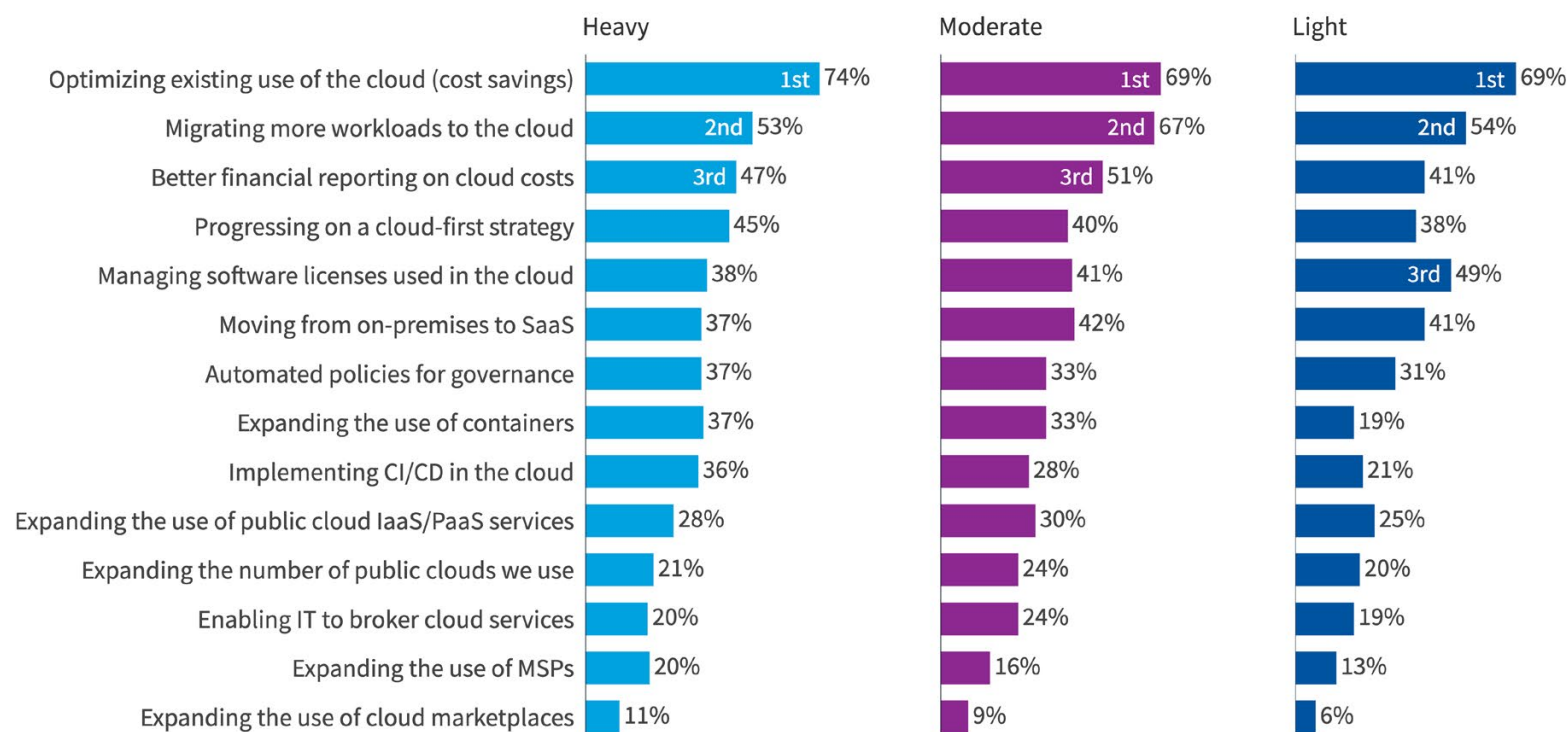


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Source: Flexera 2025 State of the Cloud Report (Figure 15)

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Top cloud initiatives by cloud usage for all organizations



N=759

Source: Flexera 2025 State of the Cloud Report (Figure 16)

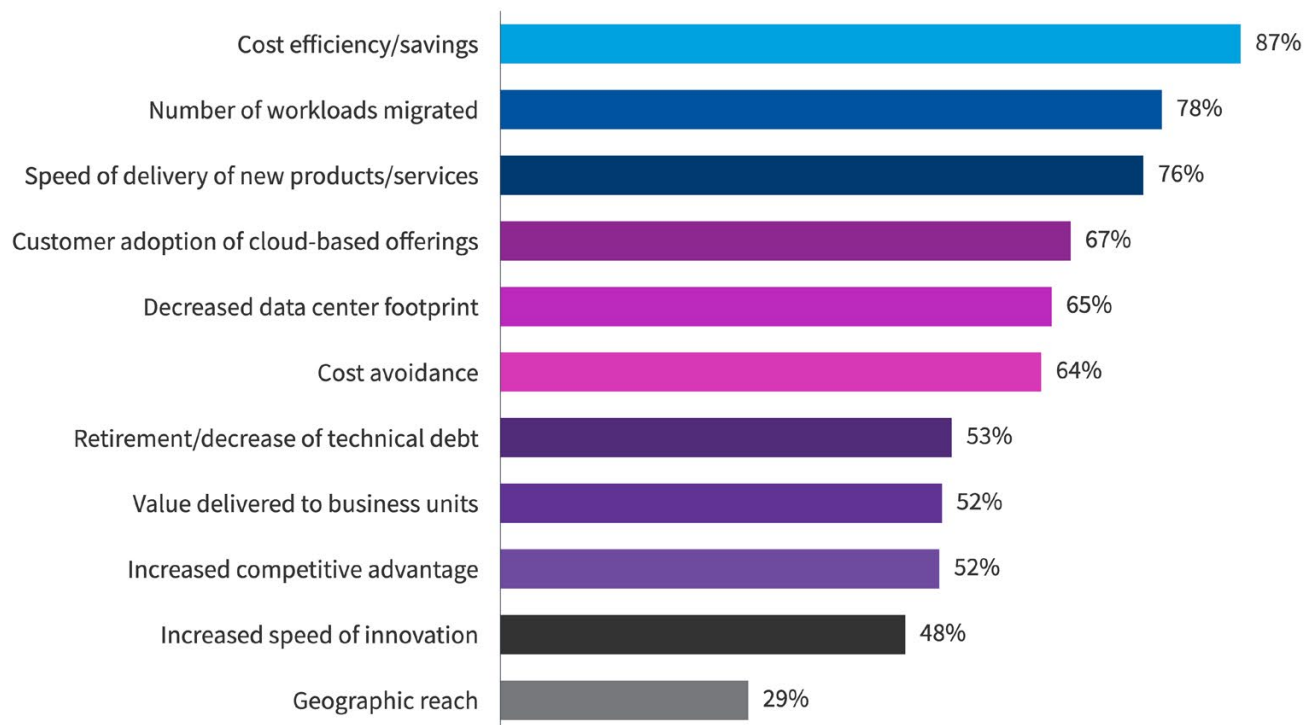
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For the sixth year in a row, cost efficiency/savings is the number one metric for assessing progress against cloud goals, increasing from 65% to 87% year over year. The number of workloads migrated as a metric increased significantly from the past year (from 36% to 78%), and cost avoidance made a large jump as well (from 28% to 64%).

This continues to validate the narrative that more and more workloads are moving to—or being developed in—the cloud, leading to the need for cost optimization, with many groups validating their teams' success based on the efficiency of spend and/or cost savings. What's new this year is the increase in cost avoidance, which can be accomplished through proper license management such as BYOL (bring your own license), pay-as-you-go-plans or more. As SaaS usage increases, so does the focus on software licensing, and subsequently the realization that software costs can contribute to a significant portion of cloud bills.

«
**Cost efficiency/
savings jumped
from 65% to 87%
this year, and
cost avoidance
skyrocketed from
28% to 64%**

What are your top metrics for assessing progress against cloud goals?



N=759

Source: Flexera 2025 State of the Cloud Report (Figure 17)

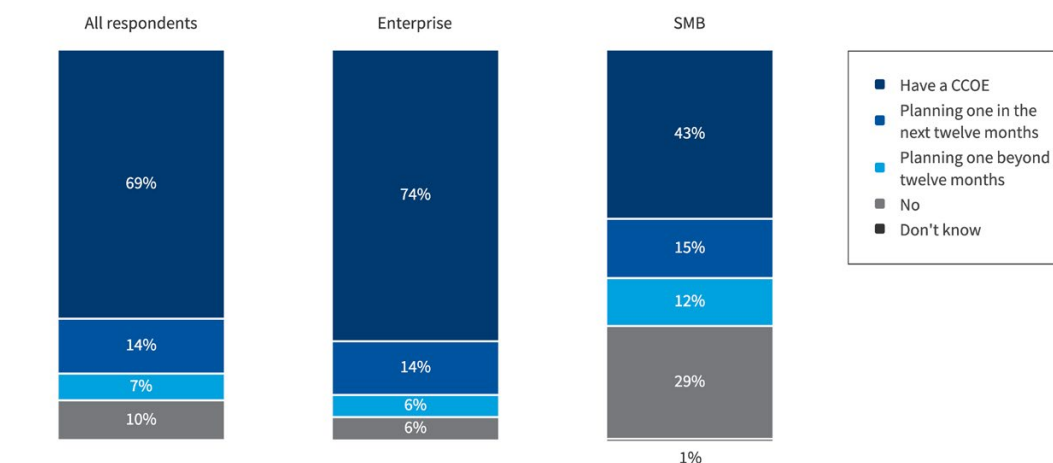
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**Organizations are
taking a centralized
approach to the cloud**

The presence of a cloud center of excellence (CCOE) increased this year by 6 percentage points. SMBs' usage (43%) of a CCOE is significantly less than enterprises' (74%), but it was still a 14 percentage point increase compared to last year's findings. These numbers are expected to continue to increase as FinOps gains traction across the cloud user community.

From 2023 to 2024, we saw a surprisingly small drop in the number of respondents saying they use a FinOps team to advise, manage or execute cloud cost optimization strategies, but this year the number of respondents answering yes to this question has rebounded up to 59%. Respondents indicating that they don't use a FinOps team dropped from 20% last year to 14% this year. This finding is more in line with what we would expect: As FinOps continues to gain more traction, the implementation of FinOps teams across organizations is anticipated to rise as well.

Does your company have a central cloud team or CCOE?



All: N=759, Enterprise: N=622, SMB: N=137
 Source: Flexera 2025 State of the Cloud Report (Figure 18)
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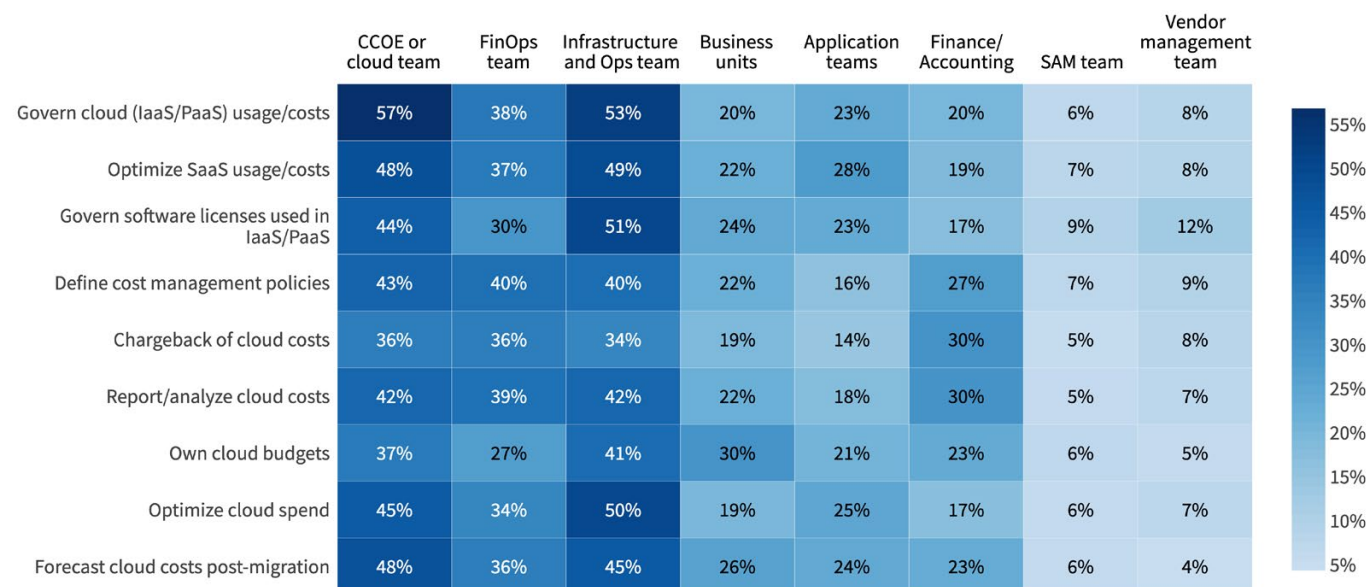
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Only 14% of organizations said they don't have a FinOps team and aren't planning to implement one within the next year

Does your company have a FinOps team to advise on, manage or execute cloud cost optimization strategies?



N=759
Source: Flexera 2025 State of the Cloud Report (Figure 19)
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Who in your organization has primary responsibility for cloud cost management?



N=759
Source: Flexera 2025 State of the Cloud Report (Figure 20)

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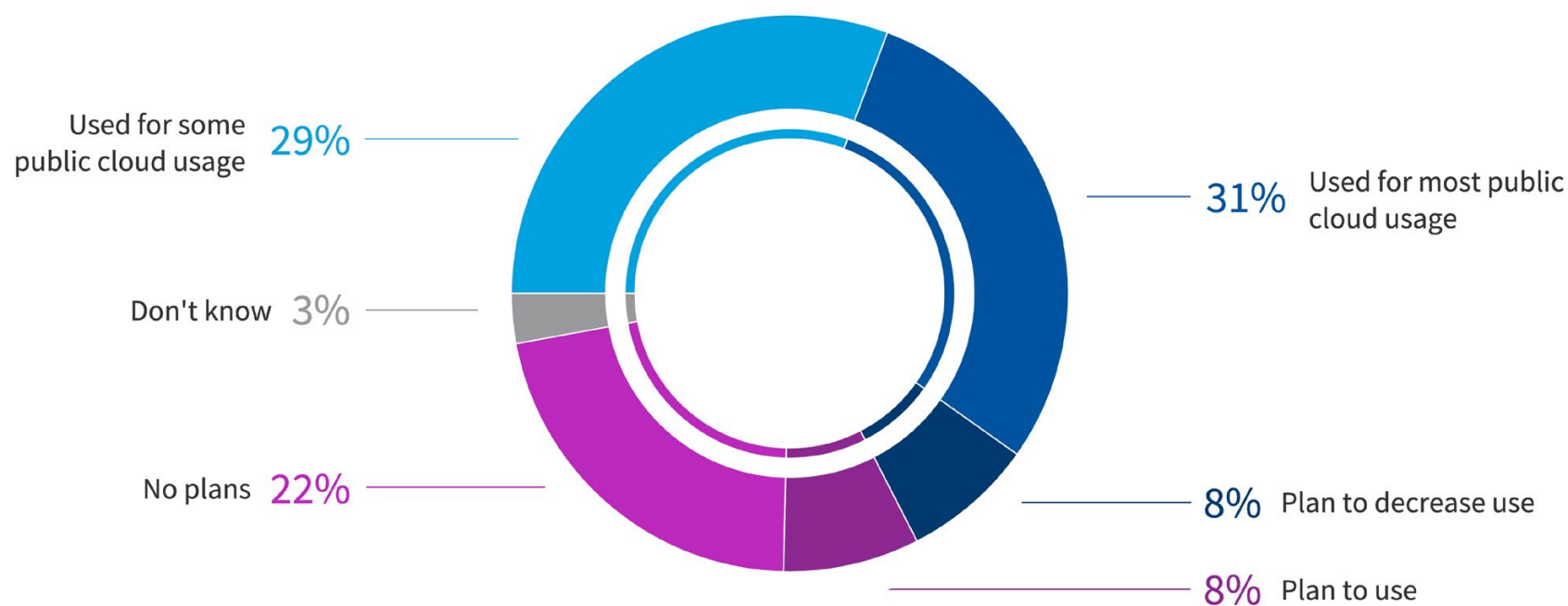
This year shows slight movement in the responsibilities around governing and optimizing cloud and SaaS costs. More of this responsibility is shifting from vendor management teams toward CCOEs and FinOps teams. However, software license management continues to be a common responsibility for CCOEs as well as infrastructure and ops teams, as opposed to software asset management (SAM) teams, who traditionally own software license management. This indicates that there's still a disconnect among the FinOps and IT asset management (ITAM) teams within many organizations. The importance of considering software in the cloud costs aligns with the FinOps Foundation's expanding use cases and suggests that driving value and cost benefits requires a more holistic review of spend beyond just public cloud services.

Regarding MSP usage, the combination of “used for most” and “used for some” has reached 60% this year across all organizations. We’re seeing a slow uptick in the use of MSPs as more organizations spend more time focusing on their core competencies (their differentiating products and services) and hand off the growing complexity of cloud management to the experts—many of which they may already have existing relationships with for other services.

Enterprise MSP use has remained relatively consistent over the past few years, but the noticeable change was in the SMB space. Last year 36% of SMBs were using an MSP, and an additional 13% planned to use one. This year, 48% of SMBs are using an MSP, and those planning to use one decreased to 6%.

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**60% of all
organizations
use MSPs in
some capacity
for managing
public cloud**

Utilization of MSPs for managing public cloud for all organizations

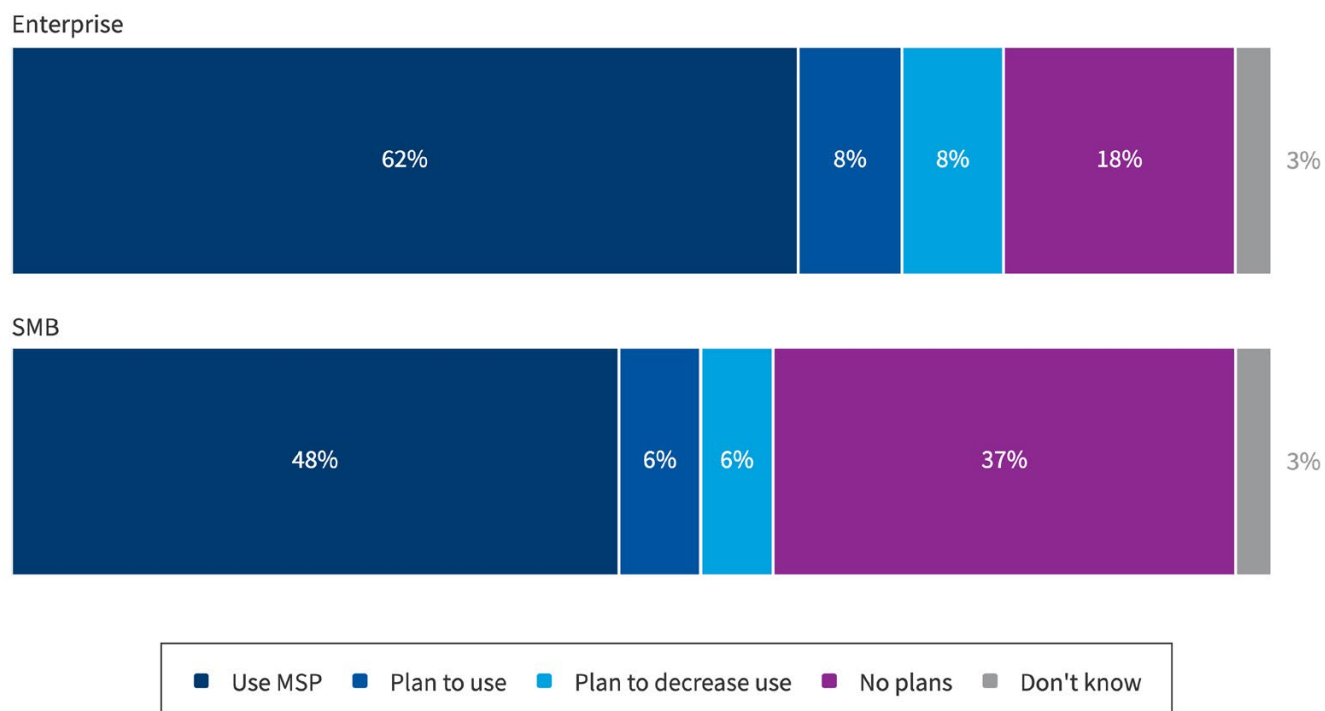


N=759

Source: Flexera 2025 State of the Cloud Report (Figure 21)

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Enterprise vs. SMB MSP utilization for managing public cloud



Enterprise: N=622, SMB: N=137

Source: Flexera 2025 State of the Cloud Report (Figure 22)

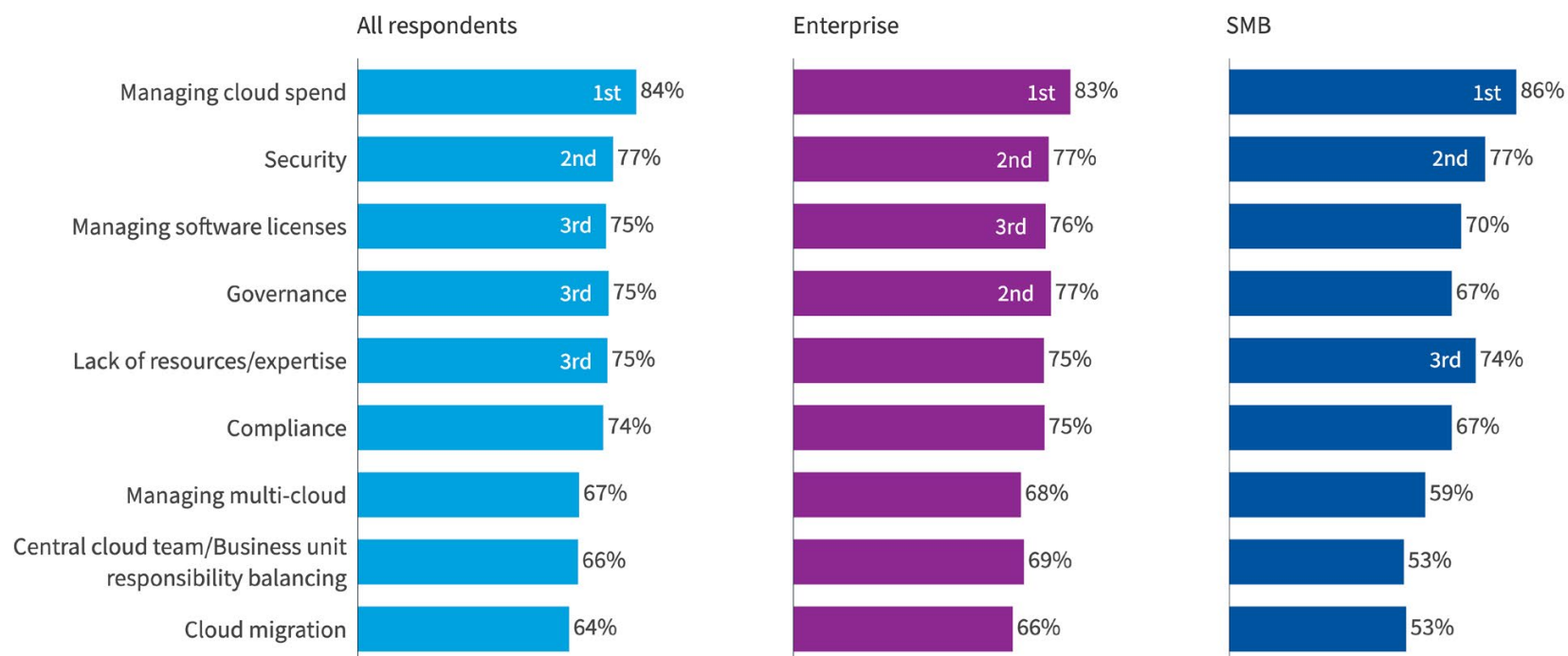
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**The top two
challenges are
managing cloud
spend and
security**

For the first decade of the report, security held the top spot for cloud challenges, but for the third year in a row, managing cloud spend (84%) is maintaining its number one spot for all respondents. As additional workloads, and the associated spend, find their way into the cloud, the need to manage and optimize this spend becomes paramount. Security always is—and always should be—a top concern in the digital age. Seventy-five percent said top challenges for all organizations include governance, managing software licenses and a lack of resources/expertise.

«
Although security always is—and always should be—a top concern in the digital age, cloud costs are weighing heavily on survey respondents' minds

Top cloud challenges



All: N=759, Enterprise: N=622, SMB: N=137

Source: Flexera 2025 State of the Cloud Report (Figure 23)

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Organizations struggle to control growing cloud spend

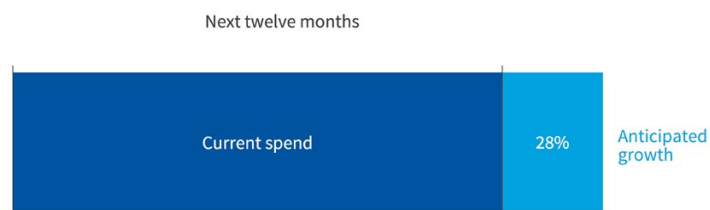


Estimated wasted cloud spend on IaaS and PaaS has decreased to 27% this year

With managing cloud spend being a persistent challenge for organizations, it's easy to see why FinOps continues to evolve and grow as a cultural practice and financial management discipline. Seventeen percent of respondents indicated they still struggle with cloud forecasting and budgeting. As FinOps practices mature, forecasting capabilities should increase.

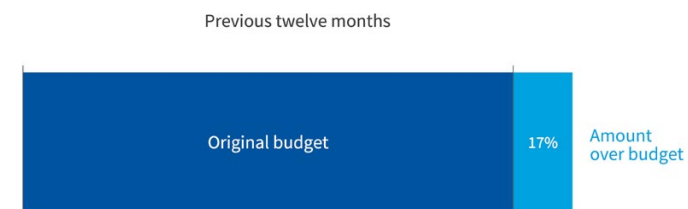
However, it's worth mentioning that estimated wasted cloud spend is trending downward. Since reaching a high of 32% four years ago, estimated wasted cloud spend on IaaS and PaaS has decreased, reaching a low of 27% this year. It's another indication that the implementation of FinOps practices is financially benefiting many organizations. There isn't much change in wasted software spend this year, but software licenses can greatly impact the total cost of an application running in the cloud. Respondents reported that wasted software spend in public cloud was 24%.

What's your anticipated growth on public cloud spend?



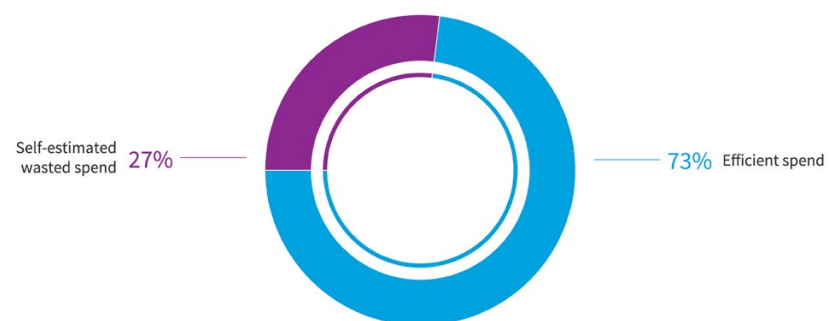
N=759
Source: Flexera 2025 State of the Cloud Report (Figure 24)
flexera

How did you perform against your public cloud budget?



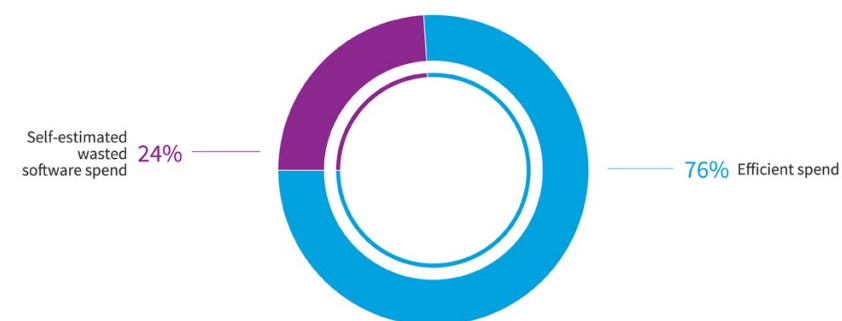
N=759
Source: Flexera 2025 State of the Cloud Report (Figure 25)
flexera

What's your estimated wasted cloud spend on IaaS and PaaS?



N=759
Source: Flexera 2025 State of the Cloud Report (Figure 26)
flexera

What's your estimated wasted software spend in the cloud?



N=759
Source: Flexera 2025 State of the Cloud Report (Figure 27)
flexera

Provider discounts are one way organizations can rein in costs. In particular, reserved instances and savings plans can help organizations achieve significant discounts, but they're still utilized by less than half of the respondents. Bespoke negotiated discounts are more common with Oracle (35%) and IBM (27%) than with other providers. This is most likely due to existing contractual relationships with these providers for other services that are leveraged to obtain cloud consumption discounts.

As in years past, the most frequently used discount is the Microsoft Enterprise Agreement (EA), which is a common contractual vehicle for many organizations that use Microsoft products and services.

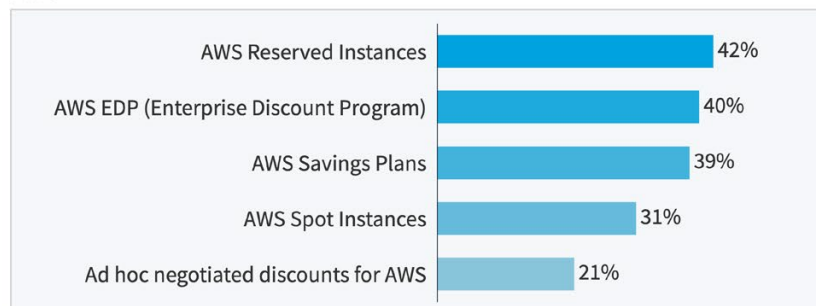
Interestingly, almost all respondents (96%) are using at least one of the cloud provider discount options. The average number of public clouds used is 2.4, and the average number of discount options used across all cloud providers is 3.9. This is good to see, but there's still room for additional discounts to be used for most organizations.



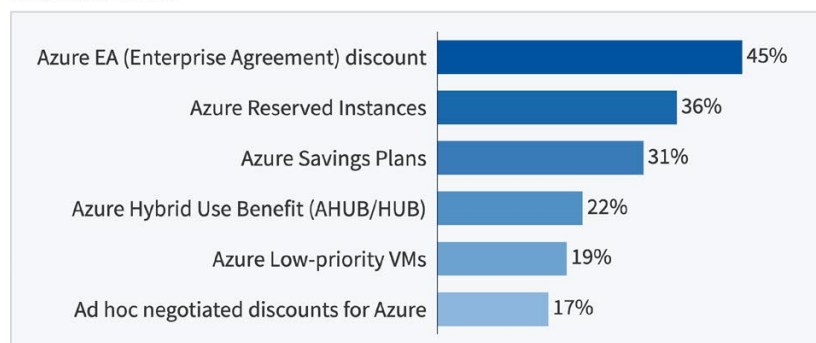
It's good to see almost all respondents are using at least one provider discount option, but there's still room for improvement

Which provider discounts do you use?

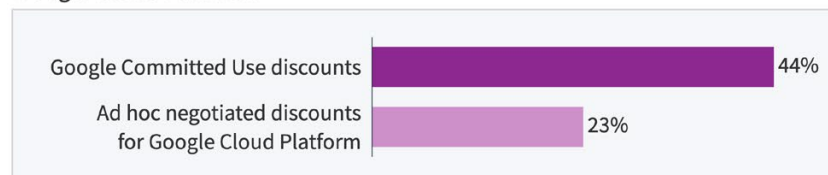
AWS



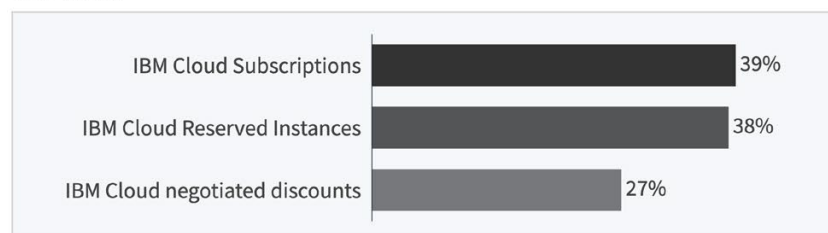
Microsoft Azure



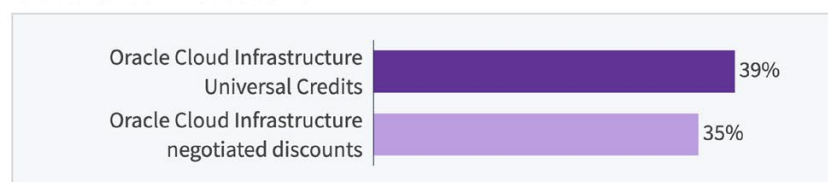
Google Cloud Platform



IBM Cloud



Oracle Cloud Infrastructure

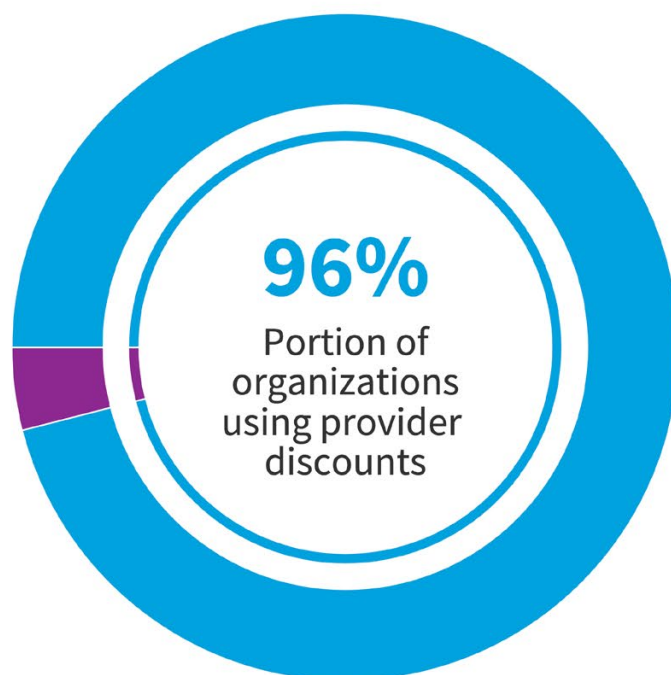


N=759

Source: Flexera 2025 State of the Cloud Report (Figure 28)

flexera

Usage of cloud provider discounts across all organizations



Average number of public clouds used

2.4

Average number of provider discounts used across all cloud providers

3.9

N=683

Source: Flexera 2025 State of the Cloud Report (Figure 29)

flexera

Management of SaaS and software costs compared to IaaS/PaaS costs



N=759

Source: Flexera 2025 State of the Cloud Report (Figure 30)

flexera

»
43% of enterprises are using a unit economics model, but only 27% of SMBs are using one

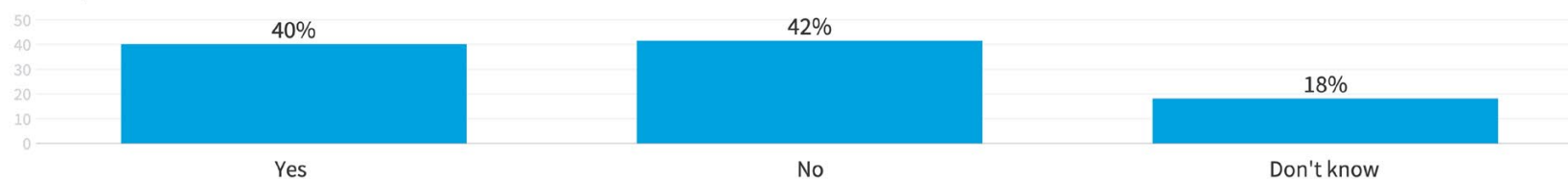
For most organizations, SaaS costs continue to be tracked separately from IaaS and PaaS costs.

Unit economics is the practice of understanding and analyzing costs at the most granular level (per unit). This could be anything that creates value for an organization (e.g., customer or transaction). In this year's report, a similar number of organizations use a unit economics model for cloud costs. We expect to see these numbers increase as FinOps practices evolve, but it's still relatively early for many organizations to get to that level of maturity.

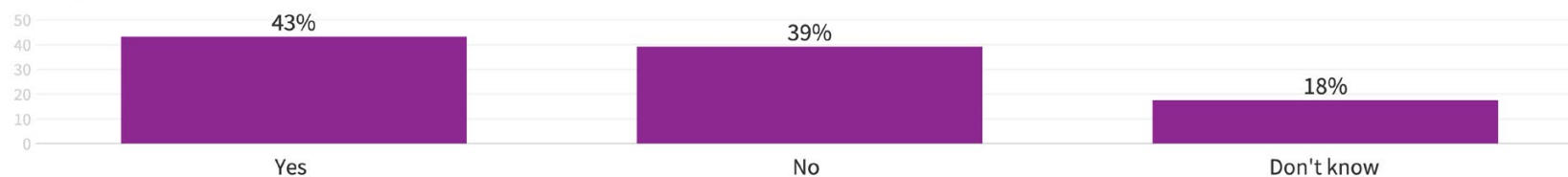
Enterprises are much more likely than SMBs to use a unit economics model (43% for enterprise, 27% for SMB). This emphasizes the idea that enterprises are typically more mature with regard to their FinOps practices, and they may be further down the path to finding and using a unit metric to measure the return on their cloud investment.

Does your organization use a unit economics model for cloud cost analysis?

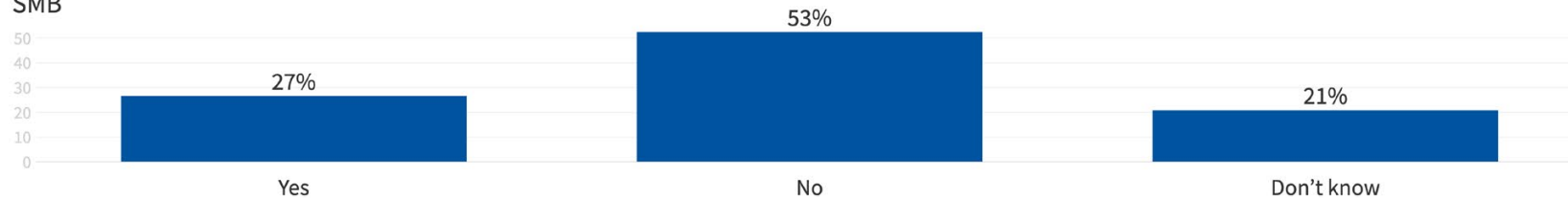
All respondents



Enterprise



SMB



All: N=759, Enterprise: N=622, SMB: N=137

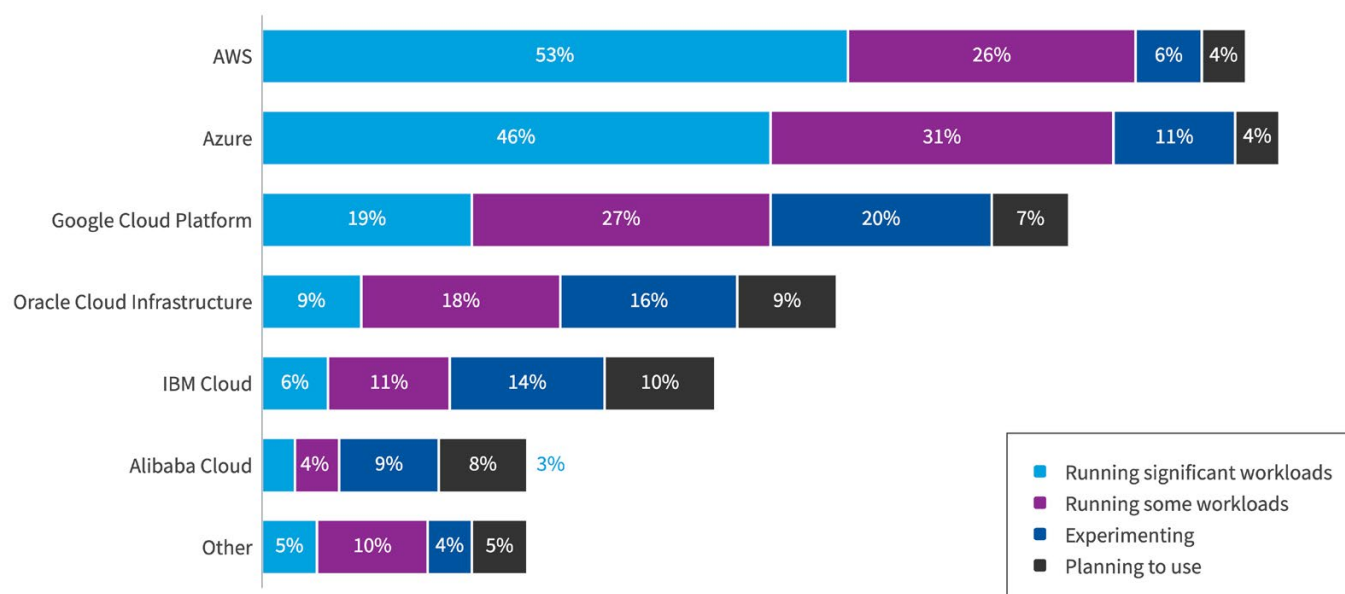
Source: Flexera 2025 State of the Cloud Report (Figure 31)

flexera

Public cloud adoption is evolving

AWS and Microsoft Azure continue to compete for the top spot with regard to public cloud adoption, and they're still within a few percentage points of each other year over year. Google Cloud Platform maintains third place, but has also led the experimenting category (20%) for the past seven years. Additionally, all other providers have maintained the same rank in the past three years.

What public cloud providers does your organization use?

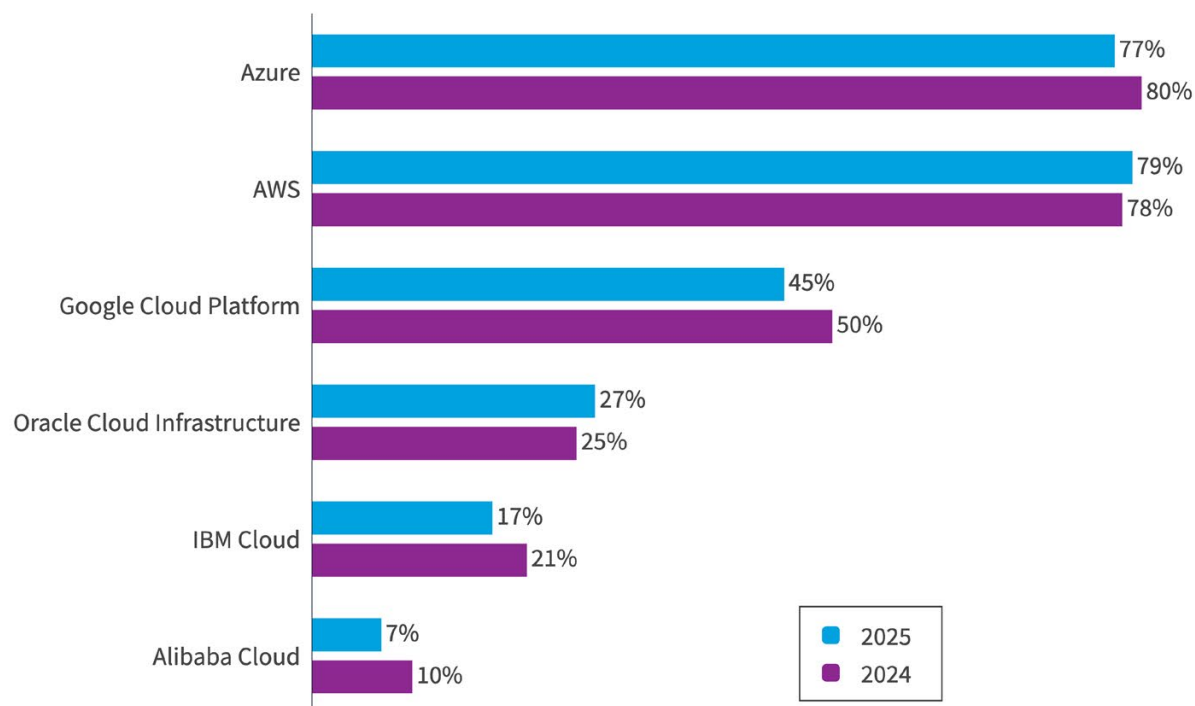


N=759

Source: Flexera 2025 State of the Cloud Report (Figure 32)

flexera

YoY public cloud provider adoption rates for all organizations



2025: N=759, 2024: N=753

Source: Flexera 2025 State of the Cloud Report (Figure 33)

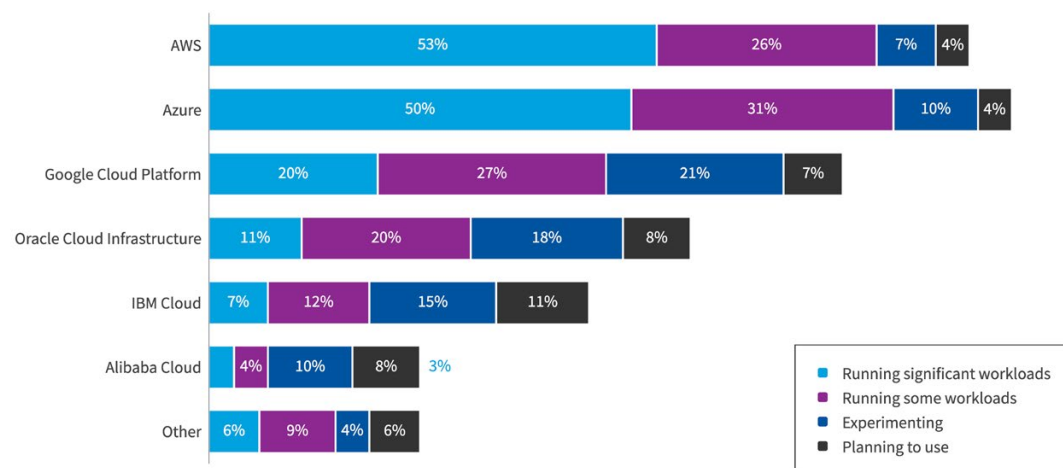
flexera

Enterprises have historically been more likely to utilize Azure compared to SMBs, and the trend continues this year. AWS has a slight lead over Azure for organizations running significant workloads (53% to 50%, respectively), but Azure has the overall lead when some workloads are added (81% to 79%, respectively). These differences between these two providers for enterprise organizations have been minimal over the last few years, and it continues to be a neck-and-neck race among those surveyed for the report.

Year over year, there was very little change among the leaders. This again supports the ongoing theme that many organizations seem to have found their steady state regarding the clouds they're using.

«
**Enterprises seem
to have found their
rhythm regarding
the clouds they're
using**

Enterprise use of public cloud providers

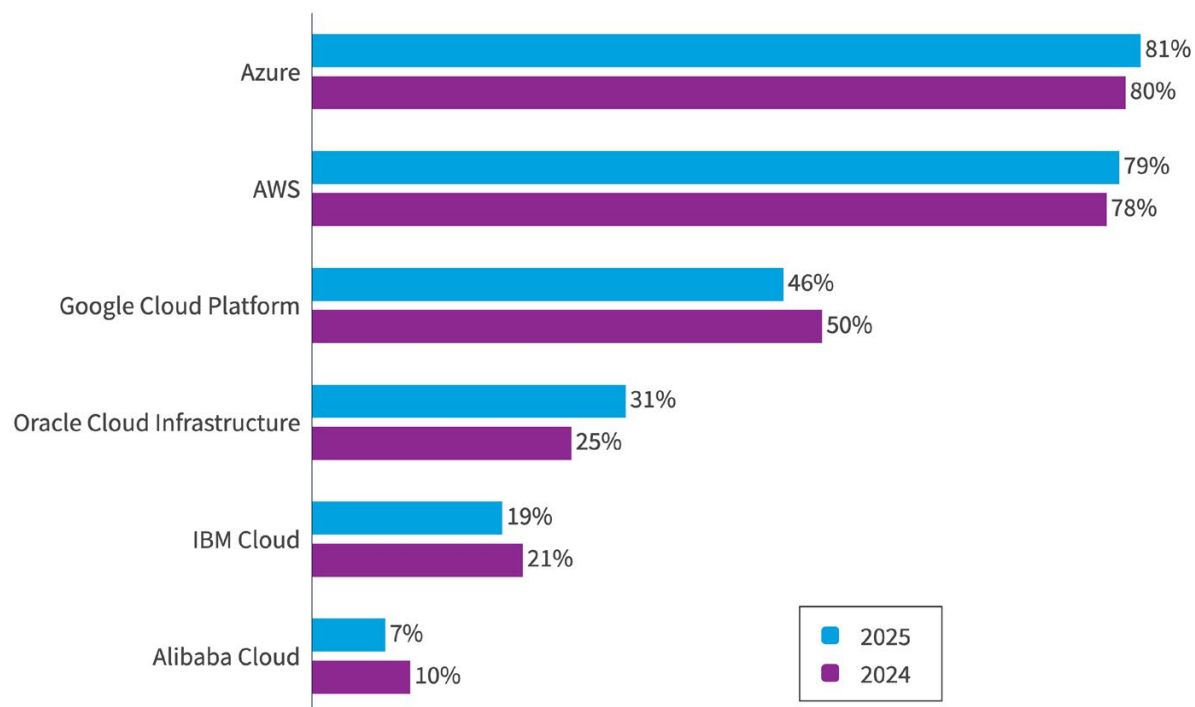


N=622
Source: Flexera 2025 State of the Cloud Report (Figure 34)

flexera

«
81% of enterprises are using Azure, and 79% are using AWS

YoY enterprise public cloud adoption



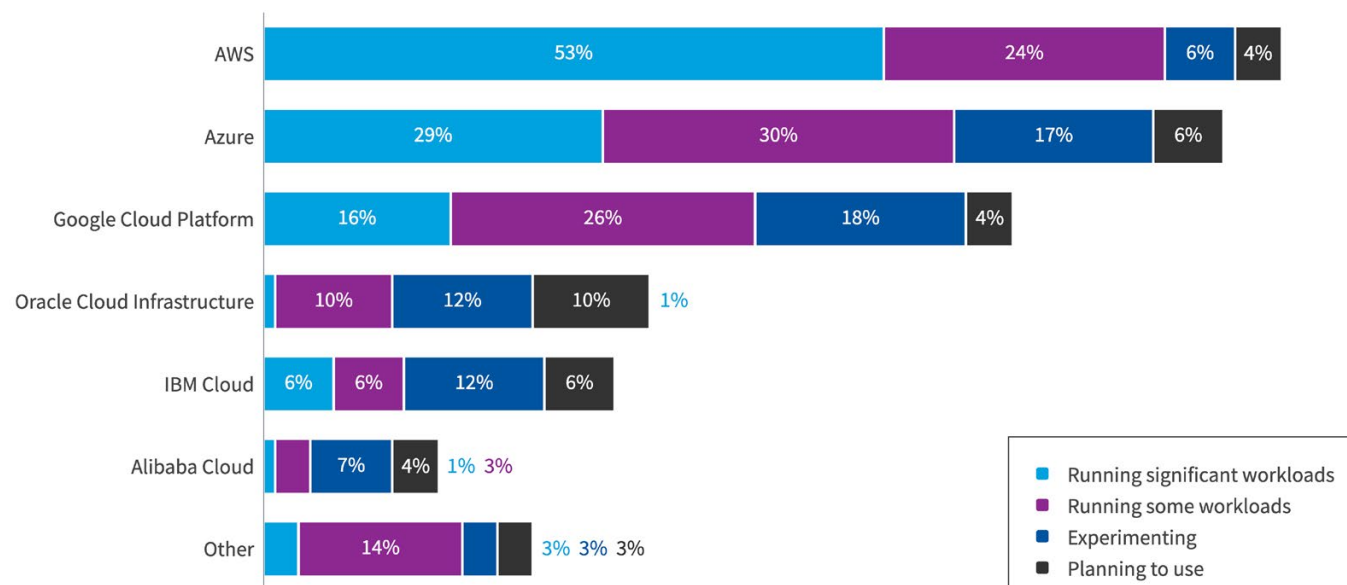
2025: N=622, 2024: N=621

Source: Flexera 2025 State of the Cloud Report (Figure 35)

flexera

The trends that we're seeing continue for SMBs as well. They're more likely to use AWS for their public cloud workloads than any other provider. Seventy-seven percent of SMBs run some or significant workloads with AWS.

SMB use of public cloud providers

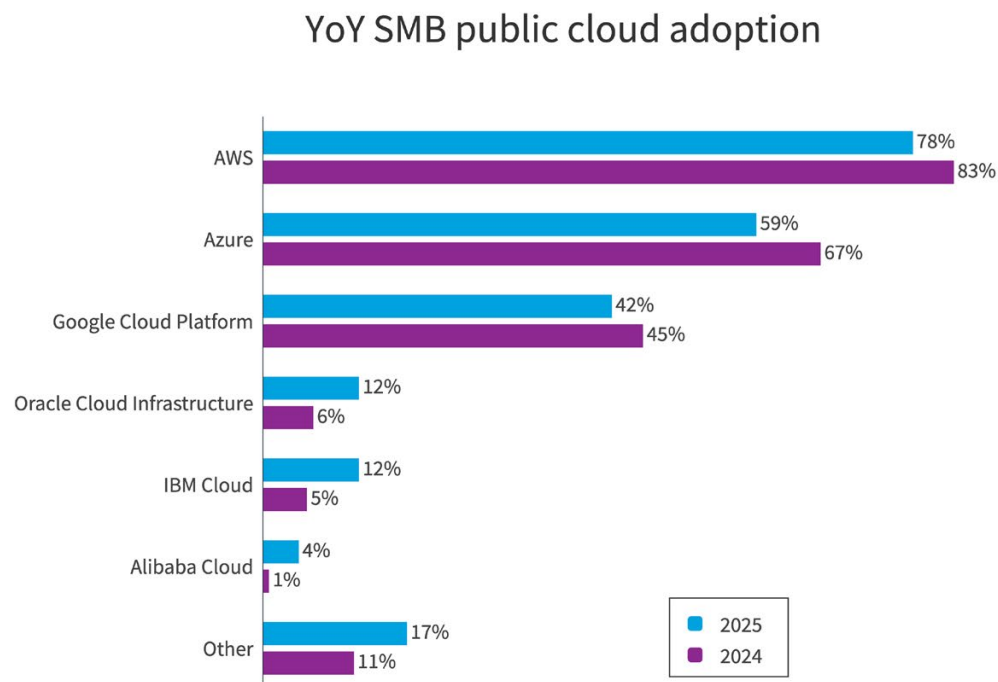


N=137

Source: Flexera 2025 State of the Cloud Report (Figure 36)

flexera

Diving into the year-over-year analysis, it's noteworthy that this is the first year we've seen a decrease in adoption for both AWS and Azure for SMBs. Google Cloud Platform also dropped slightly, but interestingly all others saw increased usage by SMBs.



2025: N=137, 2024: N=132

Source: Flexera 2025 State of the Cloud Report (Figure 37)

flexera



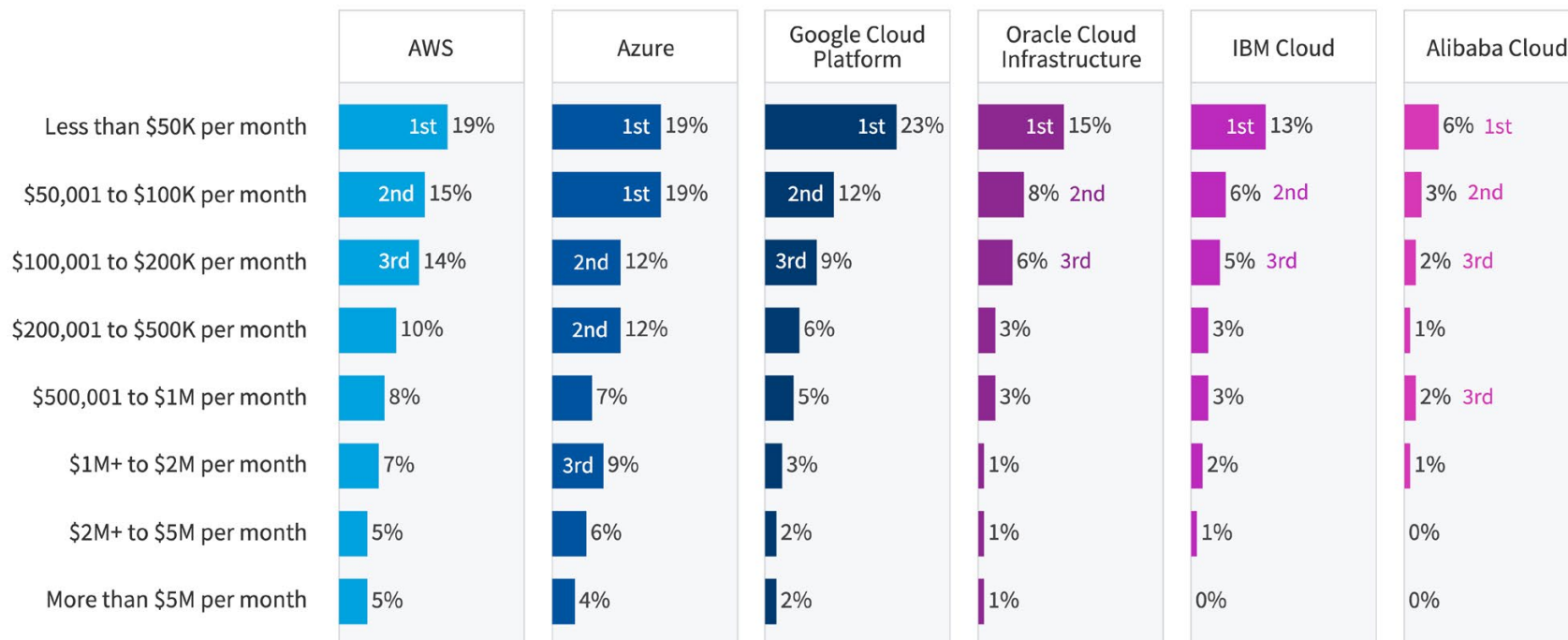
For those spending less than \$50,000 monthly, Google Cloud Platform leads

Similar to last year, AWS and Azure are nearly tied across all spending tiers, although Azure has a slight edge for those spending \$1 million or more monthly. For those spending less than \$50,000 monthly, Google Cloud Platform leads.

When looking a bit closer, enterprises spend more in higher tiers than do SMBs. That's not surprising since it also aligns with the public cloud adoption rates we've seen.

Respondents indicate enterprises lean more toward Azure usage, whereas SMBs lean more toward AWS, again in line with what we've seen for provider adoption. For almost all spending tiers, AWS leads Azure across the board for SMBs. Google Cloud Platform was in third place, but interestingly, 2% of SMBs are spending \$1 million or more monthly, whereas last year that percentage was zero.

How much do you spend on each cloud provider?

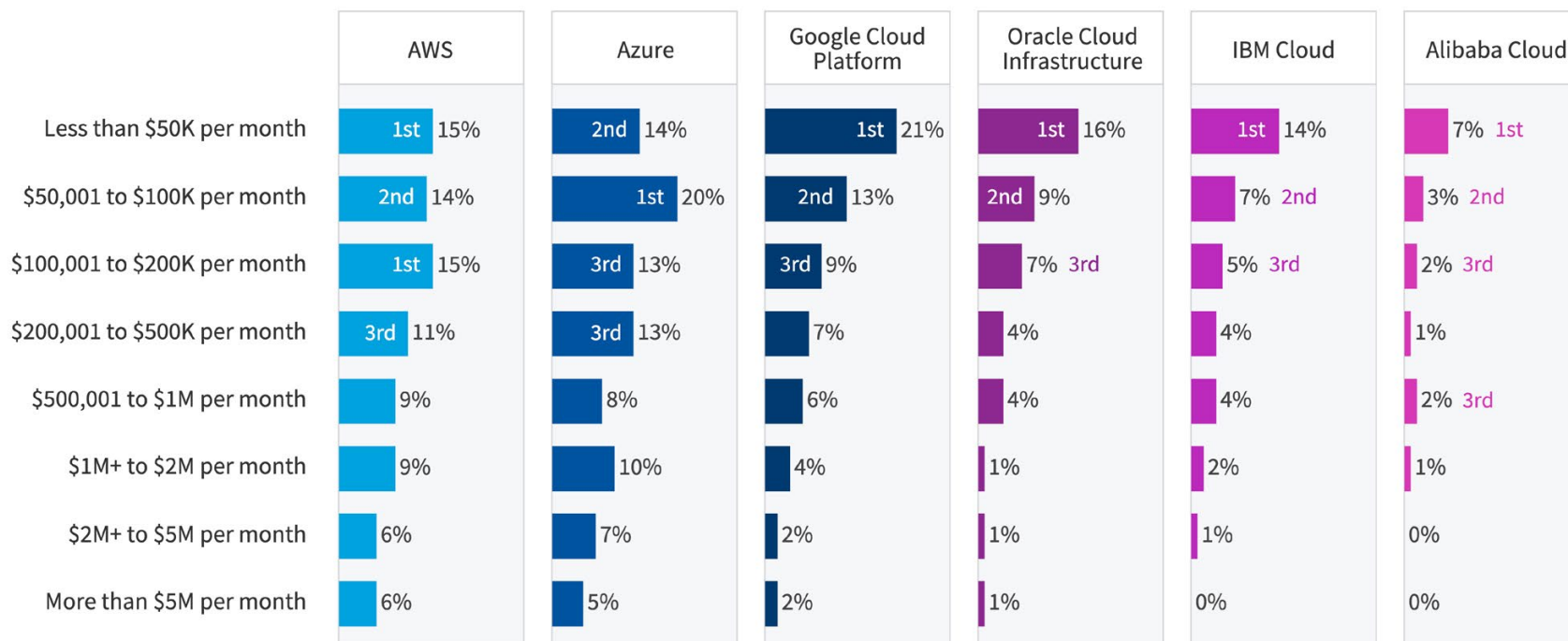


N=759

Source: Flexera 2025 State of the Cloud Report (Figure 38)

flexera

Enterprise public cloud spend

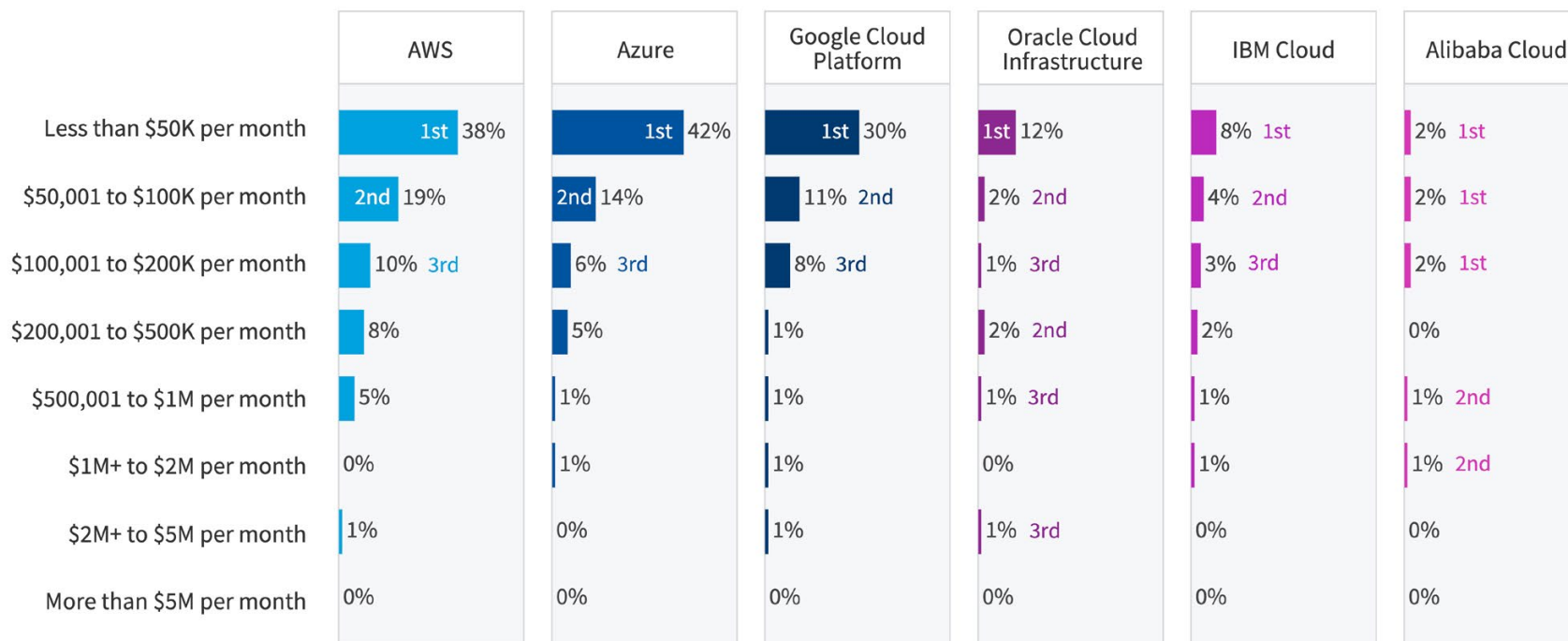


N=622

Source: Flexera 2025 State of the Cloud Report (Figure 39)

flexera

SMB public cloud spend



N=137

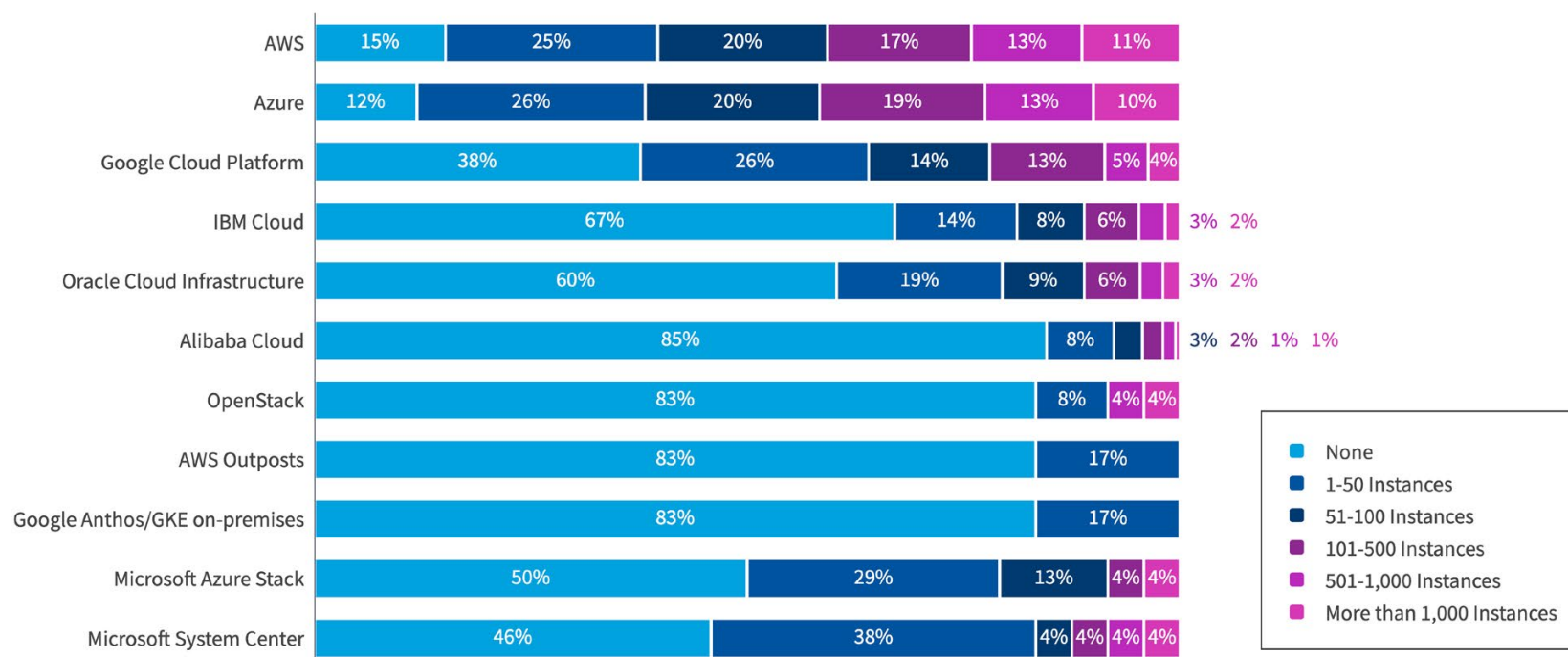
Source: Flexera 2025 State of the Cloud Report (Figure 40)

flexera

When considering virtual machines (VMs), Microsoft Azure Stack and Microsoft System Center continue to lead for users with more than 100 instances in the private cloud and on-premises space. Neither AWS Outposts nor Google Anthos/GKE had any respondents with more than 50 instances running in either of these environments, which is a significant drop from last year.

«
**Neither AWS
Outposts nor
Google Anthos/GKE
on-premises had
any respondents
with more than
50 instances
running—a
significant drop
from last year**

How many VMs do you have in each cloud provider?



N=759

Source: Flexera 2025 State of the Cloud Report (Figure 41)

flexera

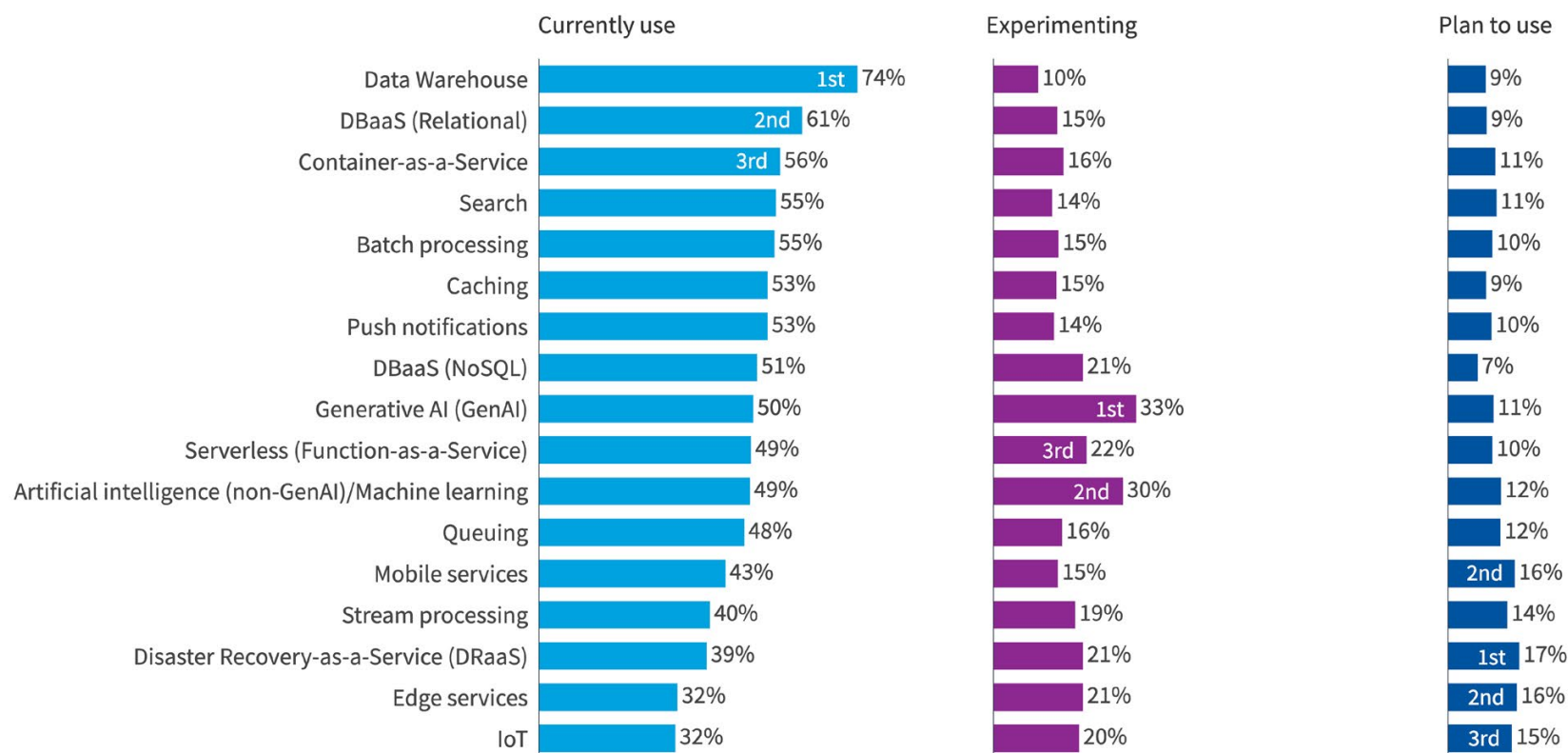
**Use of public cloud
PaaS offerings
is increasing**

This is the first year we included generative AI (GenAI) as an option for public cloud services used by all organizations, and it's currently being used by 50% of respondents—the largest value for a new service added to the list in the history of the report. GenAI leads the list for those who are experimenting (33%), followed closely by artificial intelligence (non-GenAI)/machine learning (AI/ML) (30%). As GenAI continues to evolve and be incorporated into more products and services, these adoption numbers will almost certainly increase in the coming years.

Enterprise usage of PaaS offerings tracks consistently with all respondents. As usual, data warehouse topped the list of services used by enterprises at 76%, which is up from 67% last year, and respondents are experimenting most with GenAI and AI/ML compared to other services.

«
83% of all organizations are either currently using or experimenting with GenAI—the most out of any new PaaS offering listed in the history of the report

Public cloud services used by all organizations

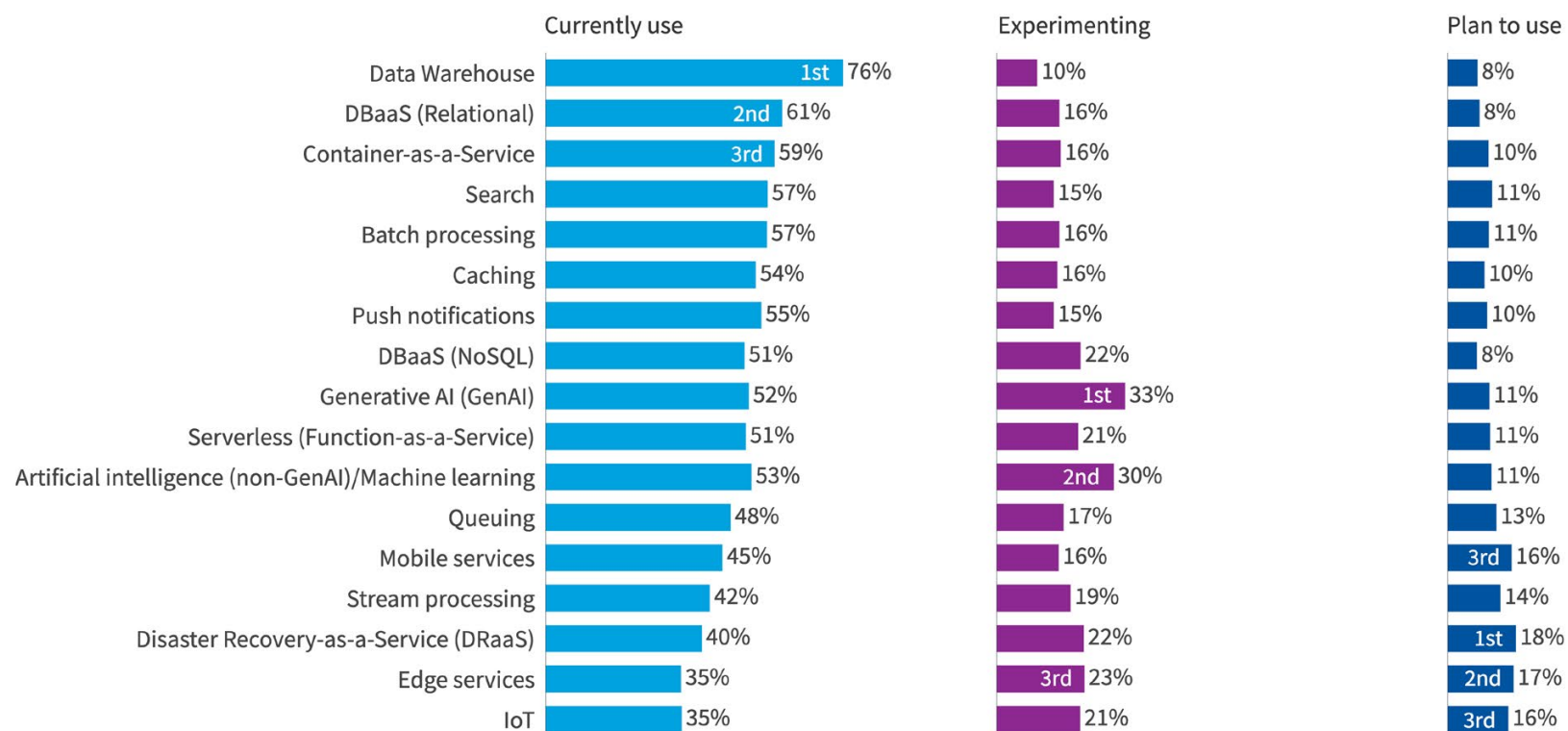


N=759

Source: Flexera 2025 State of the Cloud Report (Figure 42)

flexera

Public cloud services used by enterprises



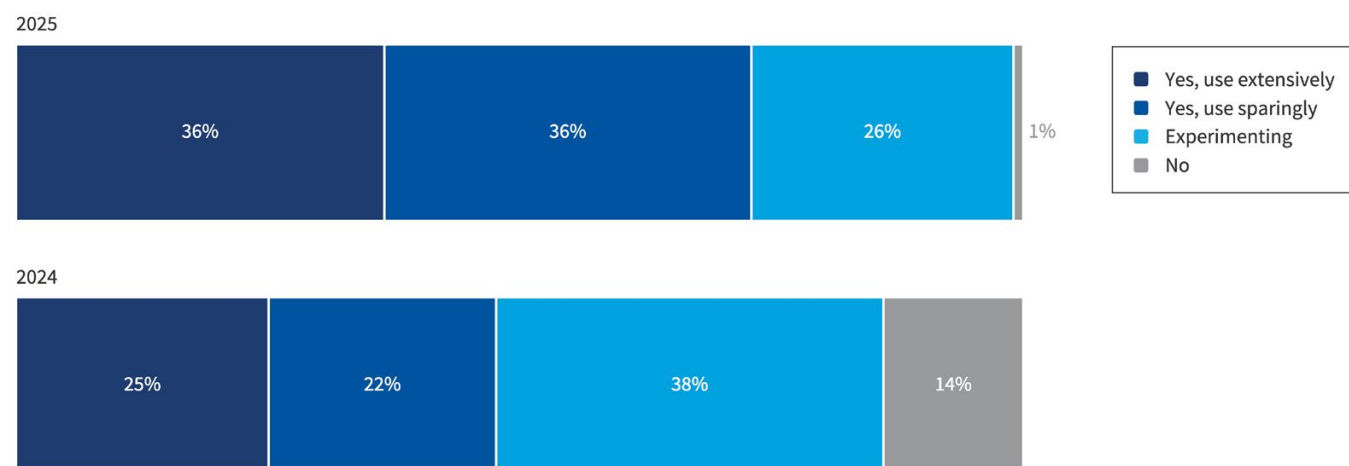
N=622

Source: Flexera 2025 State of the Cloud Report (Figure 43)

flexera

Usage of GenAI public cloud services increased significantly from 47% using it last year (either sparingly or extensively) to 72% this year. Additionally, the respondents who said they don't use GenAI dropped from 14% last year to just 1% this year.

Use of generative AI (GenAI) public cloud services



2024: N=753; 2025: N=759
Source: Flexera 2025 State of the Cloud Report (Figure 44)
flexera

Sustainability initiatives are growing

Over half (57%) of respondents indicated they either have or plan to have a defined sustainability initiative that includes carbon footprint tracking of cloud use in place within twelve months. Not surprisingly, saving money is still top of mind. Fifty-seven percent say they prioritize cost optimization over sustainability, and 31% report equal prioritization. We expect to see this number grow as sustainability requirements—both internal and mandated through government regulation—continue to take effect.

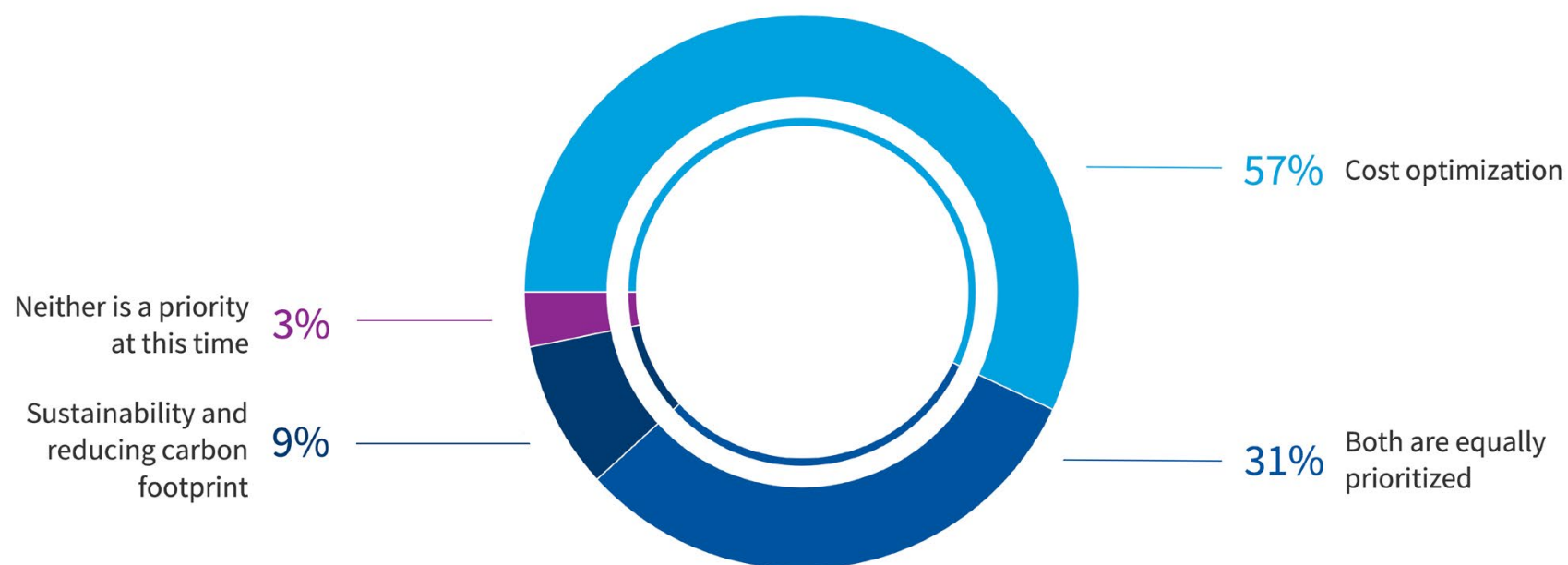
Does your organization have a defined sustainability initiative that includes carbon footprint tracking of cloud use?



N=759
Source: Flexera 2025 State of the Cloud Report (Figure 45)
flexera

«
57% of organizations expect to have a defined sustainability initiative in place within the next year

Cloud cost optimization and sustainability prioritization



N=759

Source: Flexera 2025 State of the Cloud Report (Figure 46)

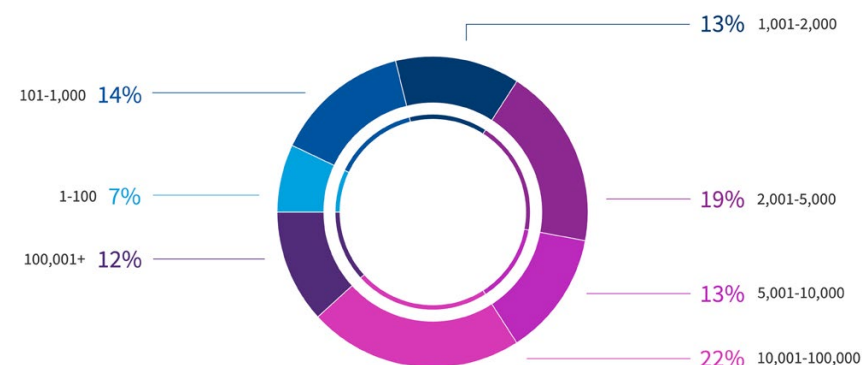
flexera

European spotlight

European respondents had a similar distribution compared to the global respondent pool, and the survey skews toward enterprises with more than 5,000 employees. Most European respondents are from financial services and tech: software, which is the same for global respondents.

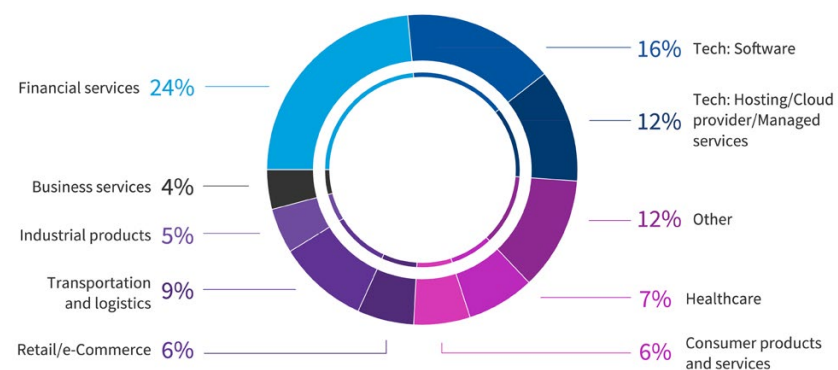
The only difference that stands out is that there are 4% fewer European respondents in healthcare and more in transportation and logistics (9% compared to 4% globally). Like last year, the largest number of European respondents were from the United Kingdom.

European respondents by organization size



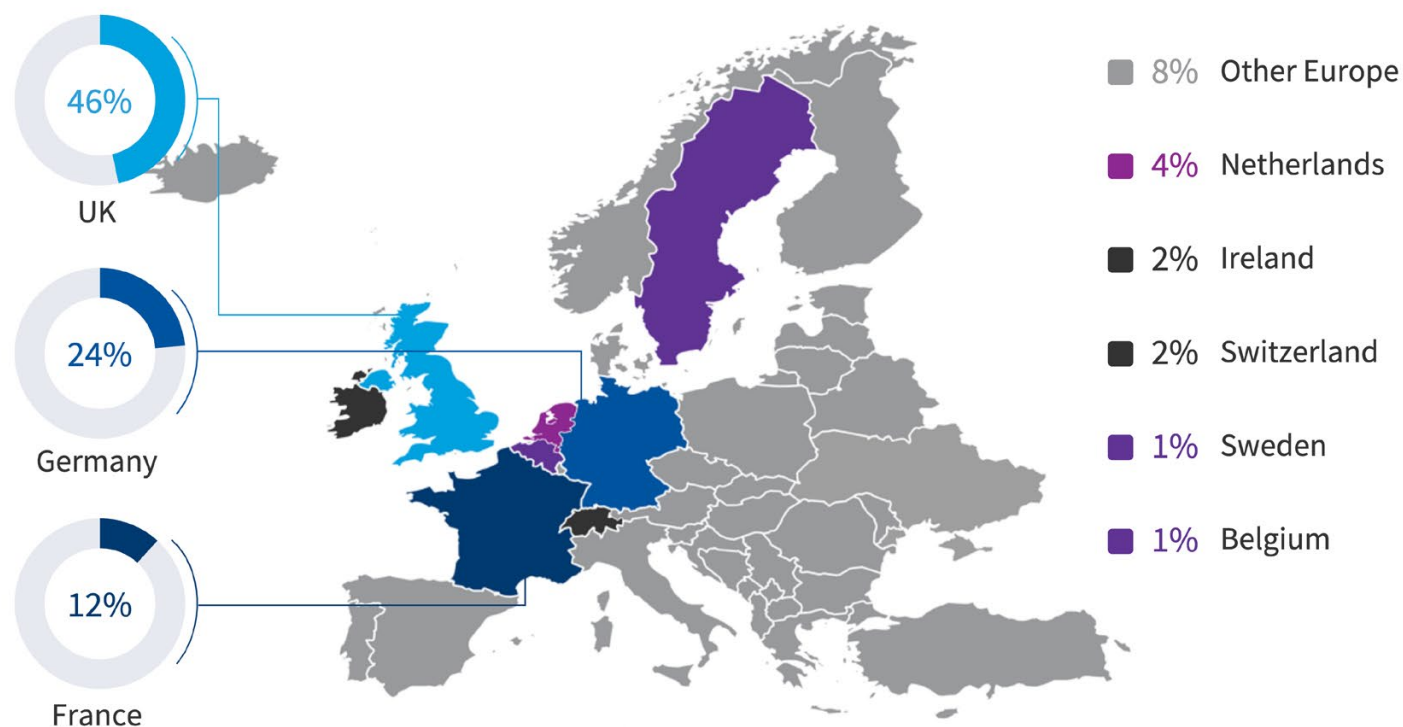
N=170
Source: Flexera 2025 State of the Cloud Report (Figure 47)
flexera

European respondents by industry



N=170
Source: Flexera 2025 State of the Cloud Report (Figure 48)
flexera

European respondents by country



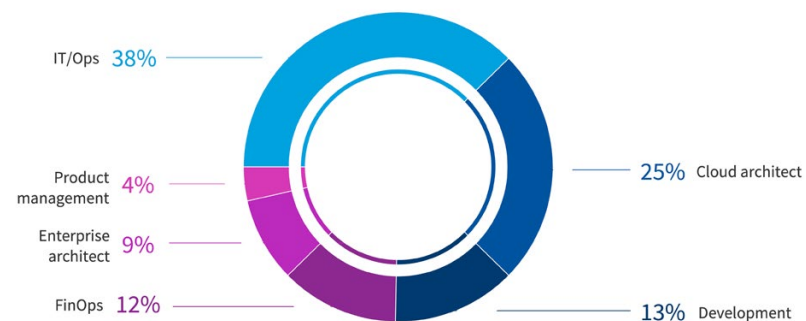
N=170

Source: Flexera 2025 State of the Cloud Report (Figure 49)

flexera

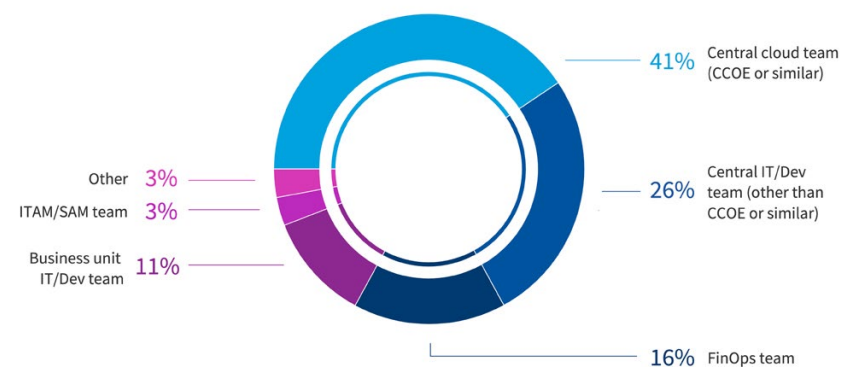
As with global results, IT/Ops (38%) represented the highest percentage of respondents. We saw the greatest increase in Europeans who work on a FinOps team (16%), up from only 3% last year.

European respondents by role



N=170
Source: Flexera 2025 State of the Cloud Report (Figure 50)
flexera

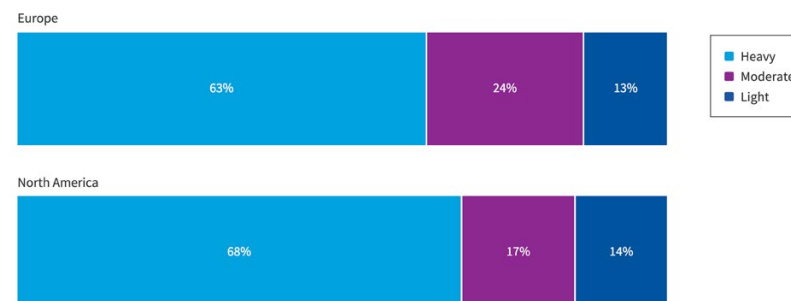
European respondents by where in the organization they work



N=170
Source: Flexera 2025 State of the Cloud Report (Figure 51)
flexera

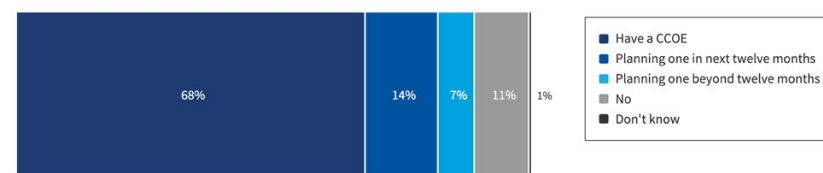
Most European respondents were heavy cloud users, although this amount decreased from last year (73% to 63% year over year), and moderate users increased to 24% from 15% year over year. Over two-thirds (68%) have a central cloud team or CCOE, and another 14% plan to have one in the next year, further supporting the trend that FinOps best practices are going to become the norm, if they aren't already.

European respondents by cloud usage level



Europe: N=170; North America: N=477
Source: Flexera 2025 State of the Cloud Report (Figure S2)
flexera

European adoption of central cloud team or CCOE

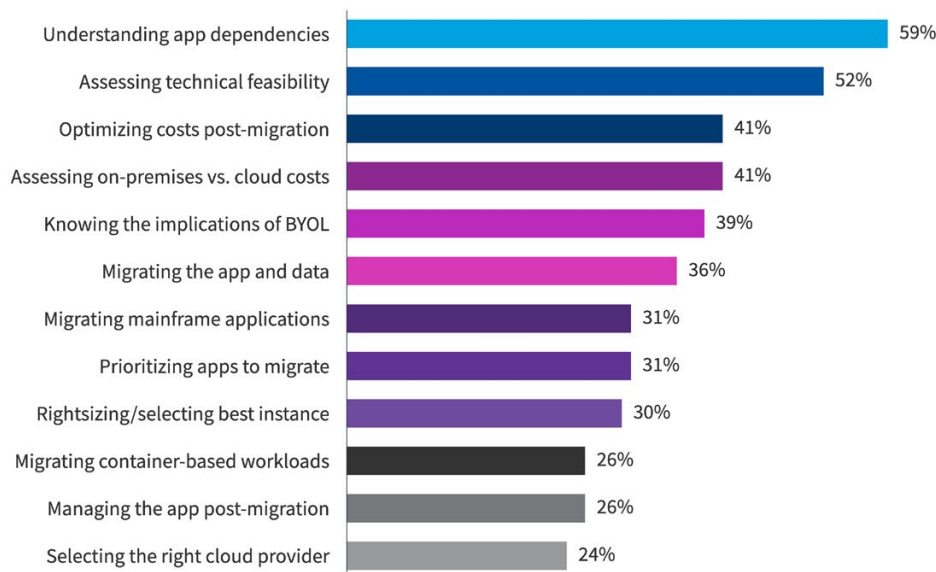


N=170
Source: Flexera 2025 State of the Cloud Report (Figure S3)
flexera

The top European cloud migration challenges are understanding app dependencies, assessing technical feasibility, optimizing costs post-migration and assessing on-premises vs. cloud costs. Each year, these same three challenges claim the top spots globally as well.

European respondents are also focused on similar cloud initiatives as their global counterparts, with an almost identical order of the top initiatives.

Cloud migration challenges for European organizations

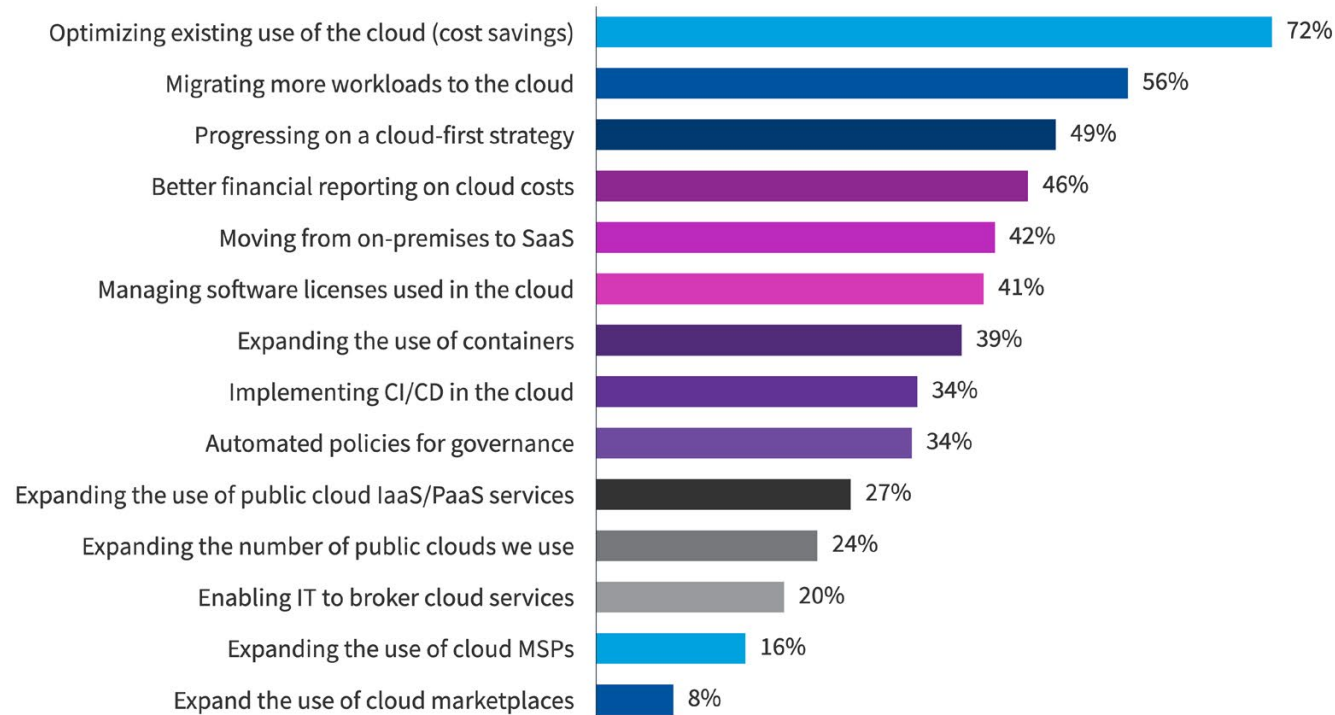


N=170

Source: Flexera 2025 State of the Cloud Report (Figure 54)

flexera

Cloud initiatives for European organizations



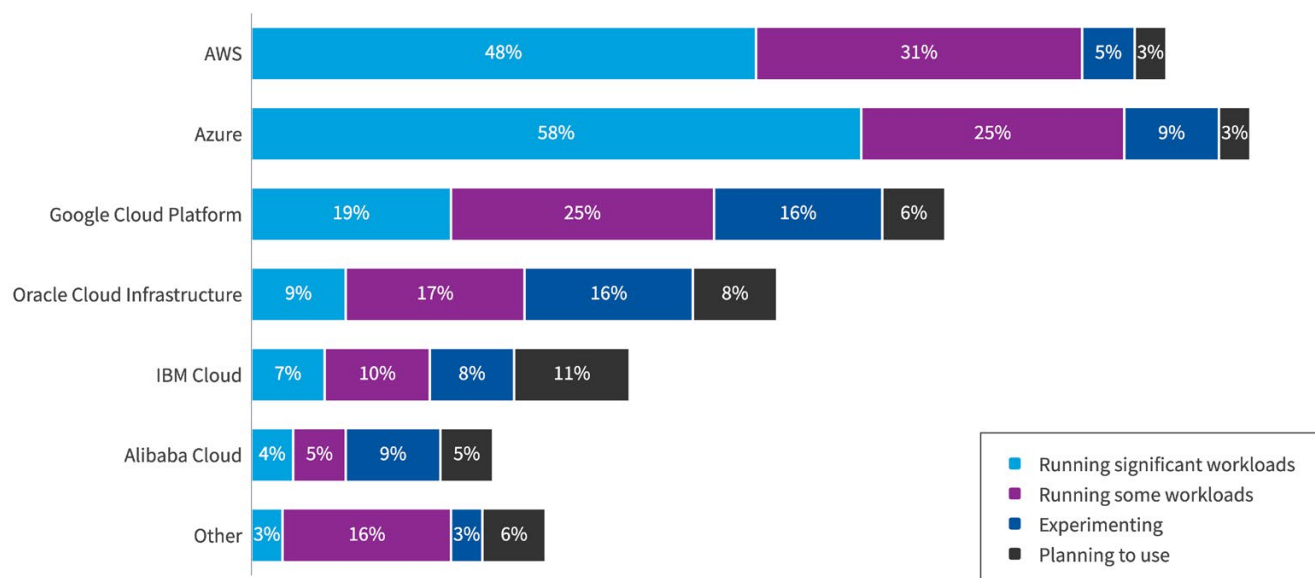
N=170

Source: Flexera 2025 State of the Cloud Report (Figure 55)

flexera

In analyzing public cloud provider adoption rates, the European results were similar to those of their global counterparts with the exception of the top two. Over half (53%) of the global respondent pool is running significant workloads in AWS, but this number falls to 48% for European respondents. Conversely, the proportion saying they run significant workloads in Azure is 12 percentage points higher for European respondents than for the global respondent pool (58% vs. 46%, respectively).

Public cloud provider adoption rates for European organizations

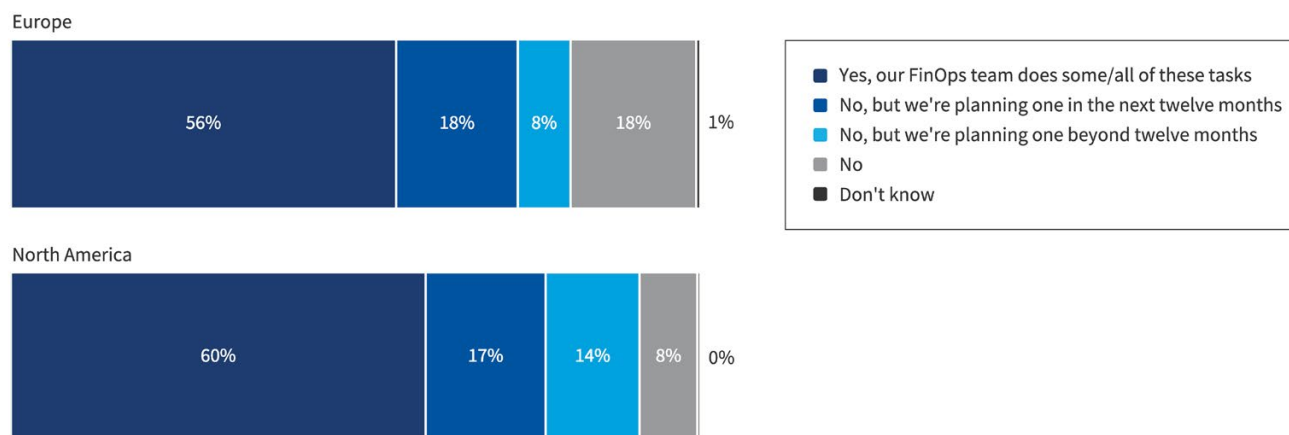


N=170

Source: Flexera 2025 State of the Cloud Report (Figure 56)

flexera

Does your company have a FinOps team to advise on, manage or execute cloud cost optimization strategies?

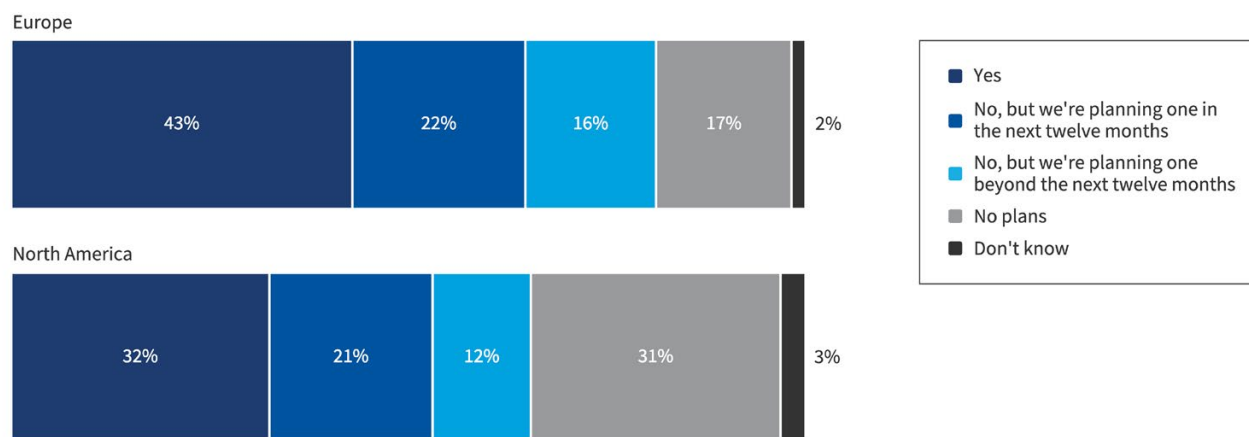


Europe: N=170; North America: N=477
Source: Flexera 2025 State of the Cloud Report (Figure 57)

flexera

This year, the number of European respondents who have a FinOps team increased to 56%, with an additional 18% planning to have one in the next year. In previous years, FinOps practices have shown more maturity in North America as opposed to Europe, but the gap has been closing quickly, as European organizations have been adding FinOps teams rapidly.

Does your organization have a defined sustainability initiative that includes carbon footprint tracking of cloud use?



Europe: N=170; North America: N=477
Source: Flexera 2025 State of the Cloud Report (Figure 58)

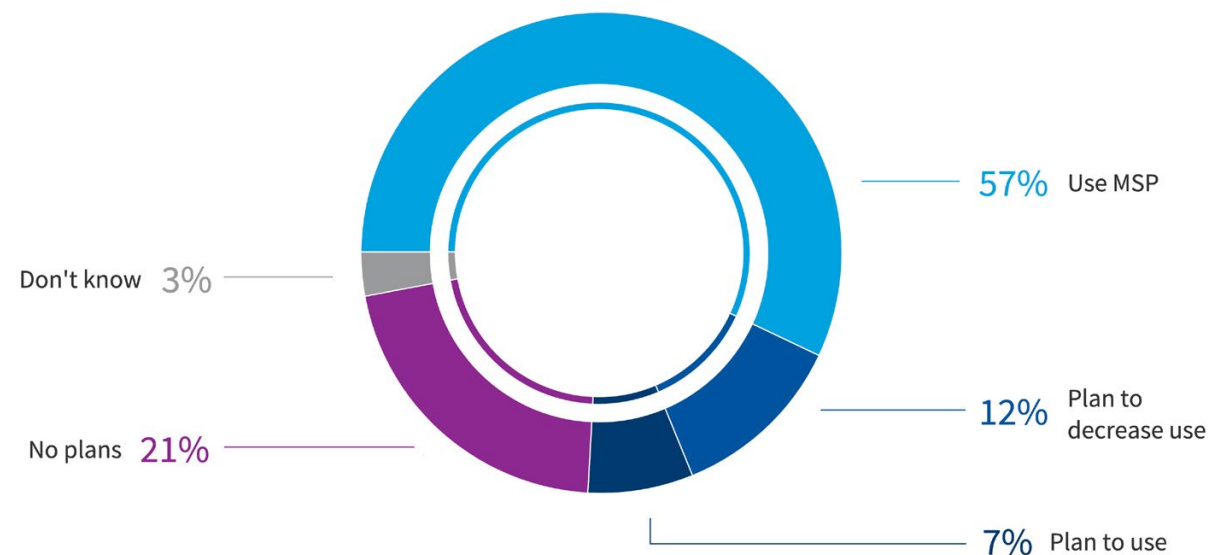
flexera

European organizations are more likely to have defined sustainability initiatives than North America (43% vs. 32%, respectively); however, this gap is closing.

Last year, Europe was 8 percentage points higher than their global counterparts, but this year they lead by just 6 percentage points. As more global organizations begin to adopt and adhere to sustainability standards, expect to see the yes responses increase and the difference between European and global respondents shrink.

In previous years, European respondents were less likely to use MSPs for managing their cloud usage. However, this year the findings are very similar to those for their global counterparts (57% compared to 60% globally). As cloud environments expand, the management of those environments becomes more complex with the introduction of FinOps and/or SaaS management, resulting in more organizations looking to MSPs for help.

Utilization of MSPs for managing public cloud for European organizations



N=170
Source: Flexera 2025 State of the Cloud Report (Figure 59)
flexera

Cloud initiatives move full speed ahead



The year ahead seems to be defined by balancing growing cloud usage with its associated cost, the explosion of AI and competition between the top cloud providers. As the world continues to accelerate digital transformation, organizations are embracing new technologies—such as GenAI—to remain competitive. But cloud cost concerns still weigh heavily on the minds of IT professionals, and FinOps has never been more important as a way to combat cost challenges.

At the same time, security remains a top concern for organizations of all sizes—as it should be in today’s evolving, fast-paced digital landscape. The *Flexera 2025 State of the Cloud Report* highlights key insights surrounding ways in which organizations are improving the efficiency of their cloud spend while tackling the complexities of cloud computing, sustainability and emerging technologies.

Demographics for all organizations

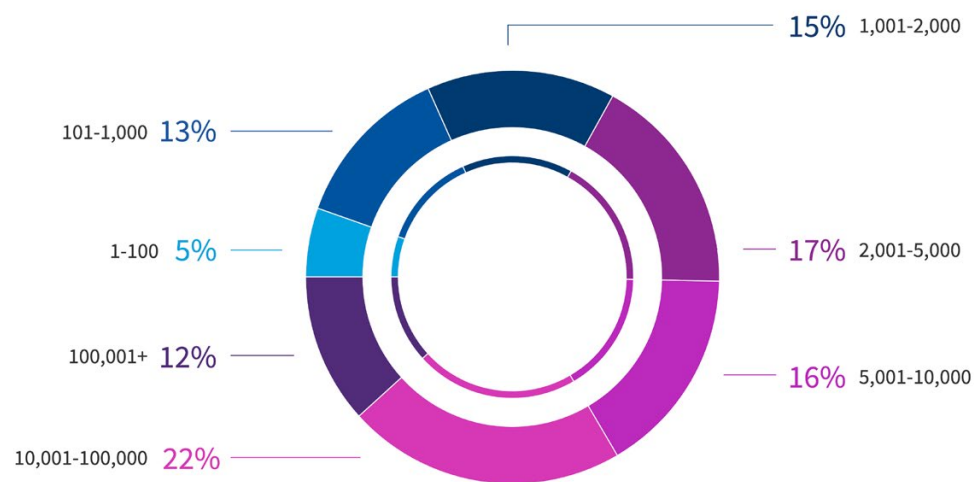


12% of respondents were from organizations with more than 100,000 employees

This year, there's a slight uptick in the number of enterprises surveyed with more than 100,000 employees (12% compared to 8% year over year), and 63% are in North America.

The majority are from the financial services (22%) or technology-related industries (33%). Thirty-nine percent work in IT/Ops, which is down from 43% last year. FinOps respondents increased this year from 5% to 13%, and we expect to see representation from the FinOps discipline to increase in the coming years.

What size is your organization?

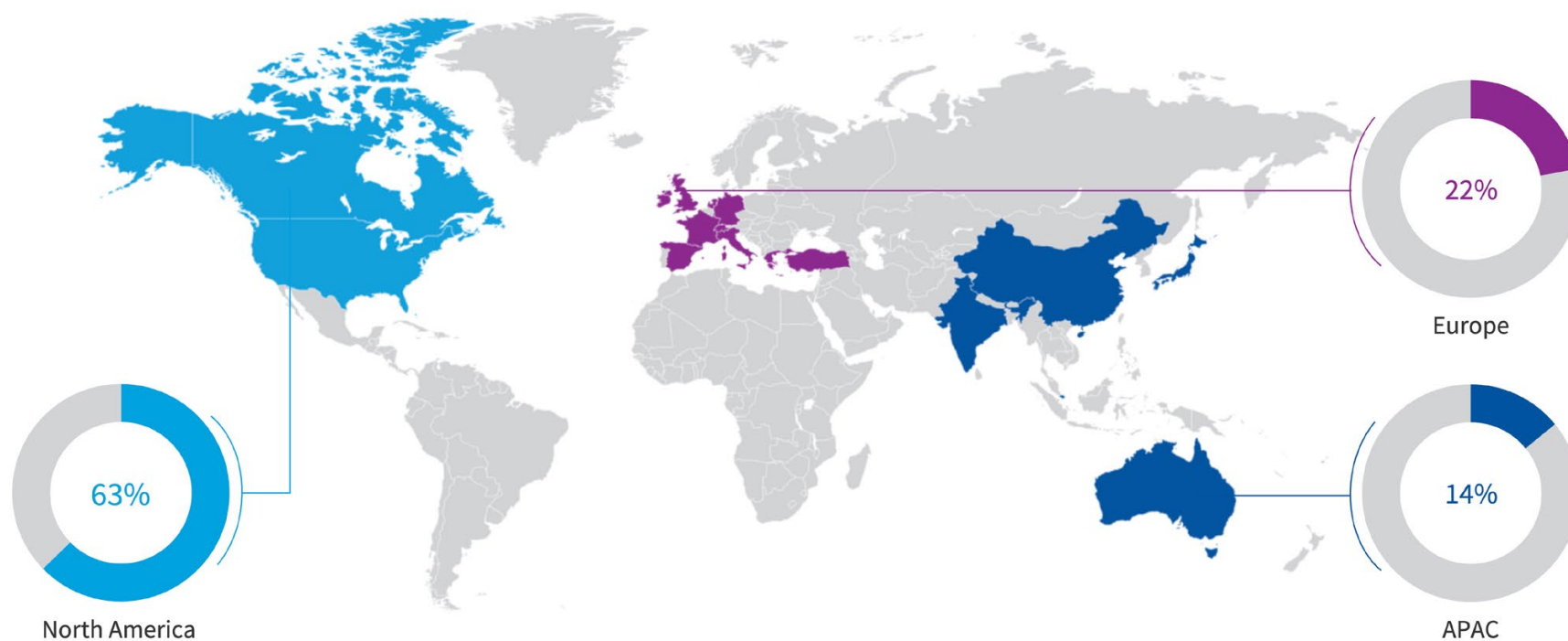


N=759

Source: Flexera 2025 State of the Cloud Report (Figure 60)

flexera

Where are your headquarters located?

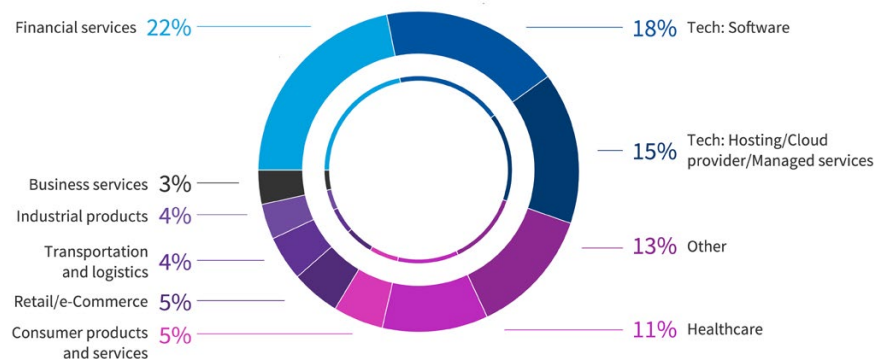


N=759

Source: Flexera 2025 State of the Cloud Report (Figure 61)

flexera

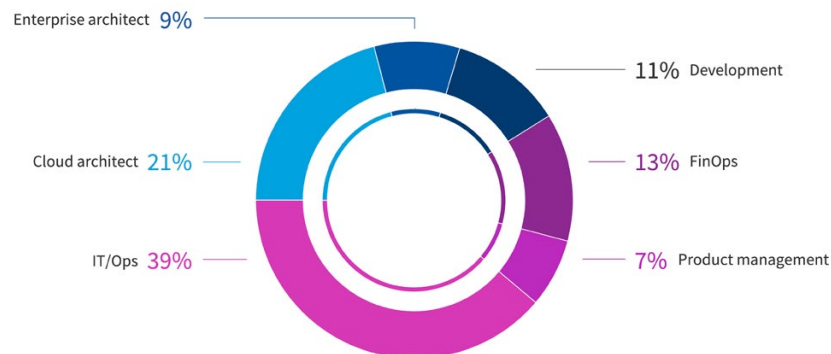
What's your company's industry?



N=759
Source: Flexera 2025 State of the Cloud Report (Figure 62)
flexera

«
33% of respondents were from technology-related industries, and 22% were in the financial services industry

What's your role?

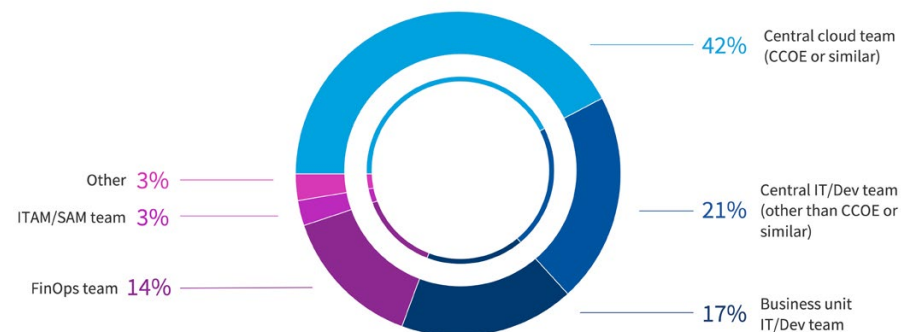


N=759
Source: Flexera 2025 State of the Cloud Report (Figure 63)

The number of respondents indicating they have a central cloud team (CCOE or similar) dropped year over year from 50% to 42%. This was also the first year we included an ITAM/SAM team option, which came in at 3%. We may expect the number of respondents working within a CCOE team to decrease and those within a FinOps team to increase as more organizations implement a FinOps team.

Additionally, two thirds of all respondents are heavy public cloud users. Interestingly, heavy users decreased for the first time in 13 years, dropping from 71% to 66%, and moderate increased from 15% to 19% year over year.

Where in the organization do you work?



N=759
Source: Flexera 2025 State of the Cloud Report (Figure 64)
flexera

What's your company's usage level of public cloud?

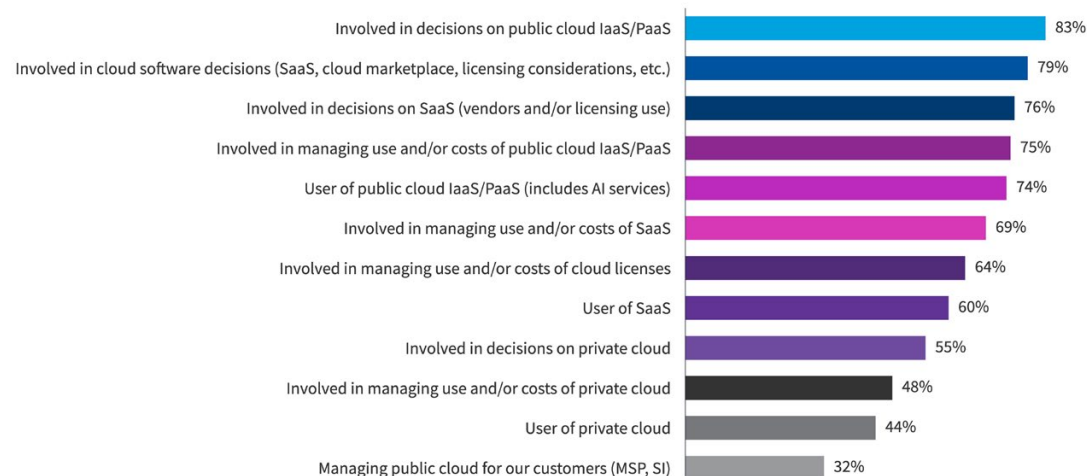


N=759
Source: Flexera 2025 State of the Cloud Report (Figure 65)
flexera



**64% manage
the use and/
or costs of
cloud licenses
—a new
addition
this year**

What's your involvement with the cloud in your organization?



N=759
Source: Flexera 2025 State of the Cloud Report (Figure 66)
flexera

Most respondents (75% or more) are involved in the management and/or costs for both IaaS/PaaS and SaaS. Managing use and/or costs of cloud licenses (64%) was a new addition this year. We intend to keep track of this in the coming years since it's expected to rise as FinOps practices mature.

About Flexera

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