Asia Pacific and Japan

Private Cloud Outlook 2025

The Cloud Reset

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Executive Summary

Cloud remains the foundation for modernizing infrastructure and applications, yet organizations have evolved their approach to capturing its benefits. They no longer view cloud strategy decisions as a binary choice between public and private. Instead, enterprises now intentionally match each workload with the cloud environment that best meets its requirements—often placing private cloud at the center of their strategy.

This shift is among the key findings of the inaugural **Private Cloud Outlook 2025** report, which draws on a global survey of 1,800 senior IT decision-makers including 600 respondents from across Asia Pacifc and Japan (APJ). The study uncovers a decisive “cloud reset” taking place in organizations, guided by real-world experience, economic and geopolitical pressures, growing workload demands, and a heightened need to safeguard both the business and its customers. The report also identifies three major themes shaping this reset.

Private cloud is now a strategic priority

Whereas public cloud services have traditionally been considered the default destination for cloud workloads, data from respondents presented in the report paints quite a different picture.

- **94%** deliberately balance a mix of private and public clouds, and their top 3-year priority is building new workloads in private clouds.
- **67%** are considering repatriating workloads from public cloud to private, with one-third having already done so.
- **78%** run both traditional and cloud-native applications in private cloud, dispelling its legacy image.
- A growing share of organizations **(28% in APJ)** now use sovereignty-certified services—proof of private cloud’s flexibility and strategic value.

Security, GenAI, and cost predictability propel private cloud adoption

Security and compliance dominate challenges with both public cloud adoption and generative AI (GenAI) initiatives, while serving as the top driver for repatriation of workloads from public cloud to private.

- **89%** value its financial visibility and predictability.
- **88%** trust private cloud for security and compliance.

Executive Summary (continued)

Unlocking the private cloud potential

To fully capitalize on private cloud advantages, organizations must address two key areas:

Overcoming siloed IT teams

34% of organizations say that siloed IT teams represent the greatest challenge for private cloud adoption.

76% are now structuring their technical organizations around a platform team rather than technology silos.

Closing skills gaps

30% cite a lack of in-house skills/expertise as a barrier to private cloud adoption.

83% of APJ organizations depend on professional services for cloud-related needs.

Top 3 APJ countries

Private Cloud Outlook 2025 uncovers a clear opportunity to create a more effective, secure, and cost-efficient IT environment.

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The Cloud Landscape: Usage and Priorities

An intentional mix of private and public clouds is the norm

Today, 94% of enterprises run a blend of private and public clouds. Three-fourths say this mix is their intentional strategy, suggesting that enterprises value the ability to tailor their cloud environments to specific use cases.

Single deployment model ambitions are now rare

Only 14% say they would prefer an all-public-cloud model and 9% favor private-cloud-only deployments. In practice, the percentage of organizations using a mix of public and private cloud is expected to hold steady over the next three years (94%).

Eighty-nine percent of organizations expect private and public cloud budgets to stay within ±25% of current levels over the next three years. Among those forecasting larger shifts, more than four times as many plan to increase spend (18%) as to cut (4%), with private and public clouds showing identical outlooks.

Taken together, these forecasts signal sustained investment in both private and public clouds.

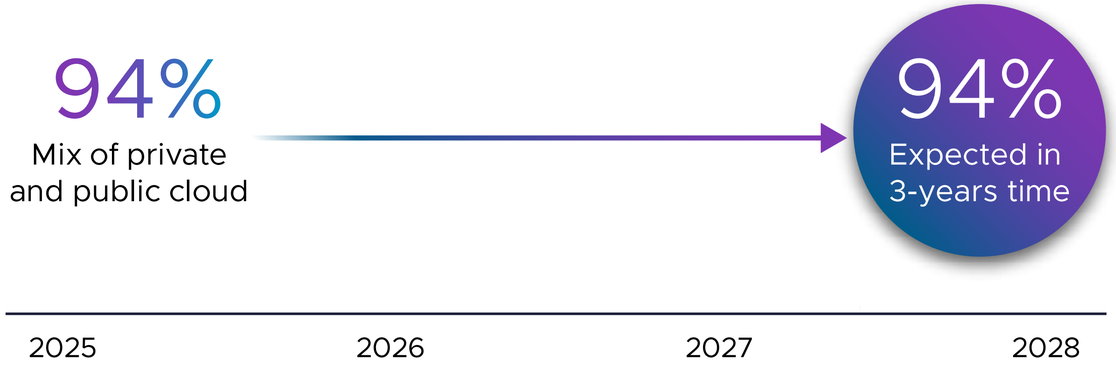


Figure 1: Three-year trend for organizations running a mix of private and public clouds; *n=600*

IT Priorities: New Workloads, Efficiency, and Security

As we look ahead, organizations are setting clear priorities. When asked to identify each of their top cloud priorities, the most cited 3-year priority was to **build new workloads in private cloud environments (50%).**

Other leading 3-year priorities were building new workloads in public clouds (46%) along with commensurate efforts to optimize cost management for those cloud workloads (45%) and improve their security and disaster recovery (45%) for operational resilience.

A growing awareness of sustainability concerns is also influencing cloud strategies; **43% of organizations** indicate attention on reducing their environmental impact.

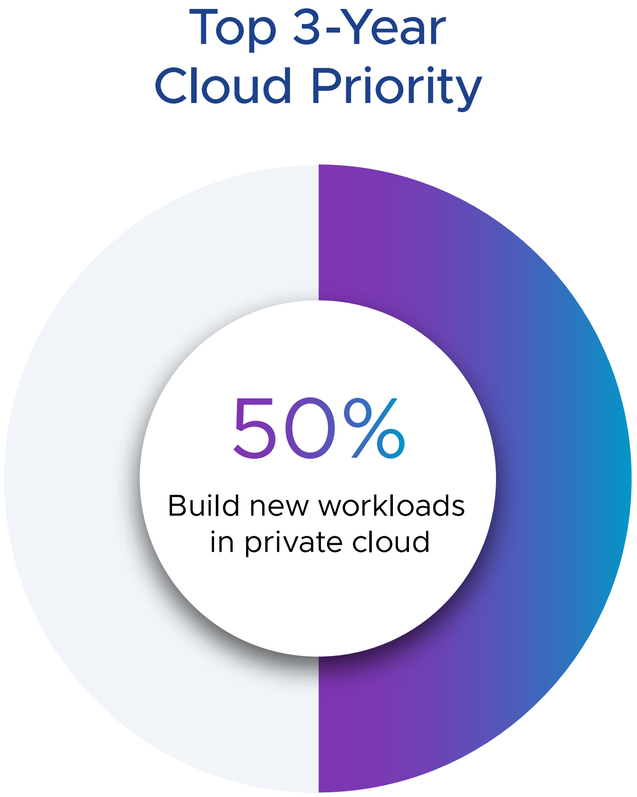


Figure 2: Most cited action organizations expect to prioritize in their cloud strategy over next 3 years; *n=600*

Cloud Sentiment:
Business Value Outcomes & Advantages

The cloud operating model delivers value

The research shows that both private and public cloud environments are bringing value to business and IT, but with slightly different strengths.

Private and public cloud deployments receive the highest satisfaction score for reliability.

However, high availabillity, scalability and running modern apps have high satisfaction scores for public cloud, whereas for private cloud security, scalability, compliance, cost efficiency and developer services to build apps receive high satisfaction scores.

Despite strong satisfaction ratings, around a third to a half have not met their initial cloud goals. This significant gap between cloud adoption and cloud impact is attributed to a variety of roadblocks. With public cloud, issues persist around cost, complexity, and compliance, and many organizations believe they are wasting money while expressing strong concerns over protecting data stored in public cloud environments. The biggest hurdles associated with private cloud are siloed IT teams and the prevalence of a legacy IT operating model.

Public cloud's promise versus reality

Going "cloud-first" with hyperscalers is falling short. **Security, compliance, and reliability remain the top concerns**—protecting private data stored in public services is the top-rated challenge of public cloud adoption.

What's Working Well

Private Cloud Value Outcomes in APJ

1. Reliable Performance **(79%)**
2. Security **(78%)**
3. Compliance **(74%)**
4. Developer Services to Build Apps **(74%)**
5. Cost Efficiency **(73%)**

Figure 3: Satisfaction with private cloud; *n=600*

The “Three Cs”—Cost, Complexity, and Compliance—Dominate the Concerns of IT Decision-Makers

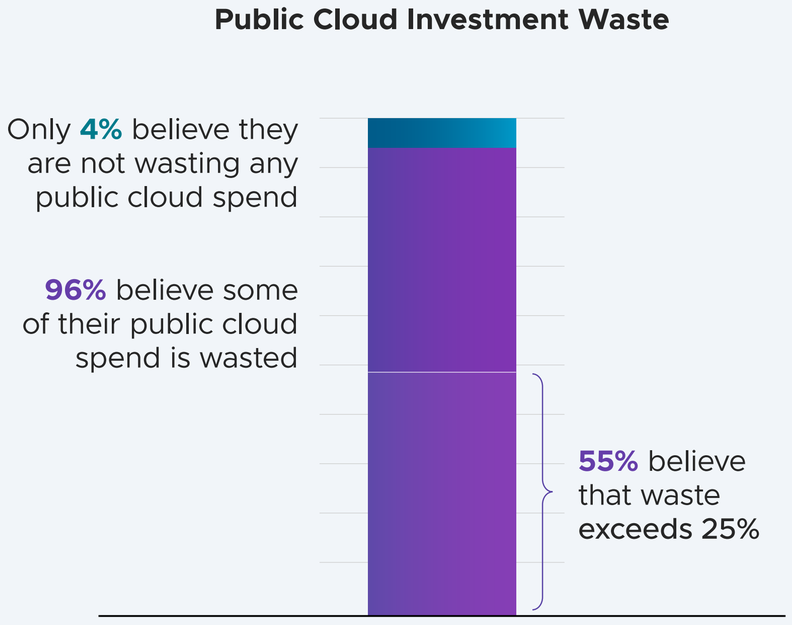


Figure 5: Public cloud spend believed to be “wasted”; *n=584*

Figure 6: Compliance concerns for data stored in public clouds; *n=600*

Cost

More than half of organizations (55%) believe more than a quarter of their public cloud spend is wasted, and **more than a third (35%) think that waste exceeds 50%**. Only 4% believe they are not wasting any public cloud spend.[1] In Korea, nearly half (49%) of IT decision-makers believe that more than three-quarters of their cloud spend is wasted.

Complexity

A majority of enterprises agree that organizational silos complicate cloud management, making it difficult to maintain visibility, control, and governance in the public cloud.

79% think that public cloud is creating new non-core IT silos.

80% believe that these silos are deploying resources which may not follow policies or best practices.

74% think these silos make it difficult for IT to govern cost and security.

Compliance

The global and shared nature of public cloud services creates significant concerns about the ability to manage compliance for data stored in public clouds. **Sixty-five percent** of respondents reported being “very” or “extremely” concerned with storing data in public cloud environments. Additionally, **59%** were “very” or “extremely” concerned with keeping up to date with changing compliance requirements.

In Japan, 76% of organizations deploy resources in a private cloud environment to operate automated policy-based guardrails that govern cost and security concerns.

1. Cloud waste refers to expenditure in cloud services that provides no business value. Examples can include underutilized or idle resources as well as over-commitment on contracts.

Security Concerns Are a Driver for Private Cloud

Security concerns are cited as the main barrier to public cloud adoption, a top obstacle to deploying generative AI workloads, and the leading reason for repatriating workloads from public cloud to private cloud.

Reflecting these concerns, **45%** of organizations rank strengthening cloud security and resilience among their highest cloud priorities for the next three years.

In contrast, **88%** of organizations say they trust their private cloud with security and compliance. Security received the highest satisfaction rating for private cloud environments, and more than a quarter **(28%)** of organizations are taking advantage of sovereignty-certified private cloud solutions.

Top identified challenge for:

- Adoption of Public Cloud
- Adoption of GenAI

Top identified reason for:

- Repatriation from Public Cloud

In contrast:

Figure 7: IT decision-makers that have high trust in private cloud; *n=600*

Workload Repatriation: A Growing Movement

A particularly noteworthy trend is that **67%** of enterprises are repatriating or considering repatriating workloads from public to private cloud environments, with a third of respondents having already repatriated some workloads. This isn't merely about moving legacy applications back or undoing a failed migration; it reflects a more intentional approach to workload placement based on specific requirements.

Security and compliance-sensitive applications lead this movement (53%) followed by data-intensive applications (46%). However, modern, cloud-native workloads (35%) are as likely to be a target as traditional or back-office workloads.

Repatriation Trends

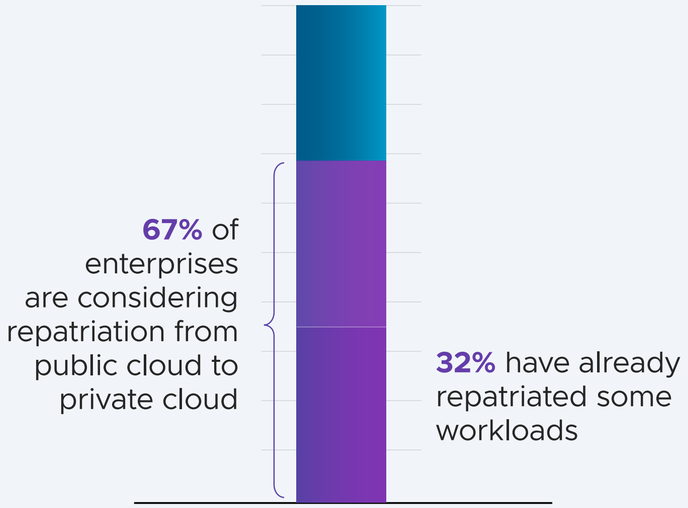


Figure 8: Percentage of organizations considering repatriating from pubic cloud to private cloud; *n=403*

Workloads Being Repatriated

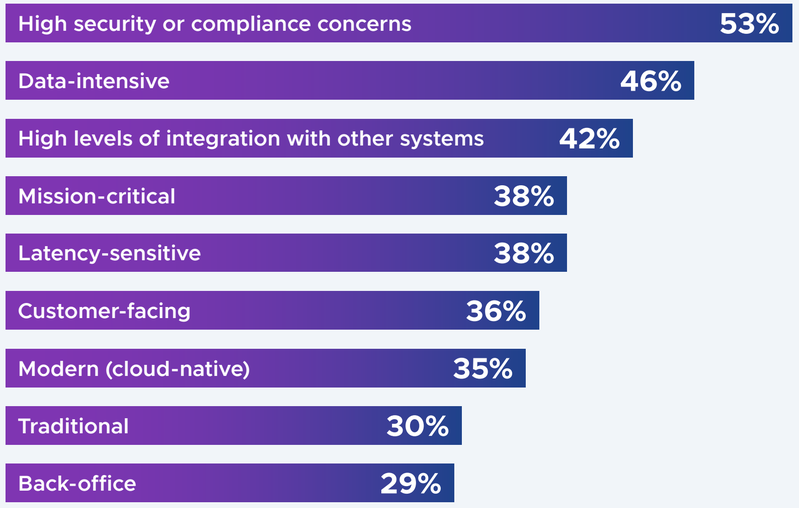


Figure 9: Workloads being repatriated from public cloud to private environments (private cloud or traditional private); *n=403*

Re-Thinking Private Cloud

Enterprises have become more likely to pick cloud environments based on workload attributes. The choice between public and private cloud is now determined by which cloud best meets a specific requirement, representing a distinct change from prior “cloud-first” strategies.

Because of this workload-first mindset, expectations for private cloud have risen. IT leaders want the **“best of both”**: all the benefits of a cloud operating model with the control, security, and predictability of a dedicated environment. In fact, **88% of IT decision-makers say their ideal setup is a private cloud that delivers those combined benefits.**

A preferred environment for modern applications

Historically, private cloud was associated with legacy or traditional applications, while public cloud was seen as the go-to solution for modern workloads. Yet today, **78% of organizations are using private cloud for both traditional and modern applications,** including countries such as India (86%), Singapore (83%), Korea (84%), Taiwan (83%), Australia (77%), and Japan (66%). This marks a significant evolution in how they view and utilize private cloud infrastructure.

Further, when asked which environments would be considered the most preferred for modern container or Kubernetes workloads, the responses were evenly split across public cloud, private cloud, and both.

The findings indicate that cloud environment suitability is not actually being determined by whether the application is a particular technology, like virtual machines or containers, but instead by **matching the needs of the application to available cloud platform characteristics.**

Preferred Cloud Environment for Cloud-Native Workloads

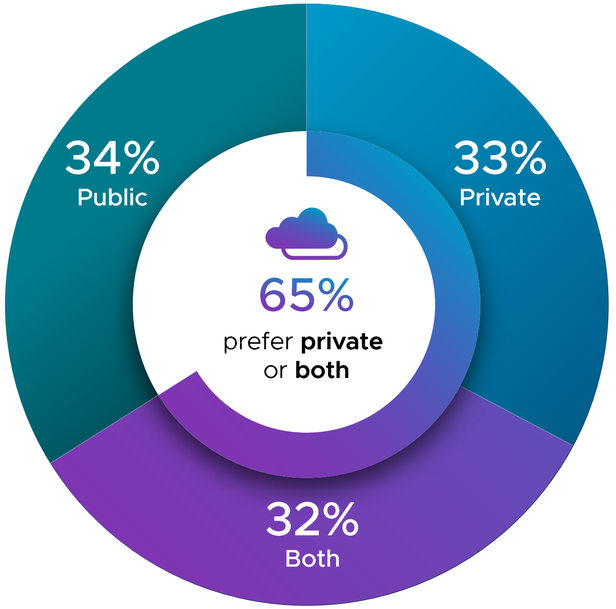


Figure 10: Preferred cloud environment for cloud-native applications; *n=600*

Private Cloud Needs to Modernize

The primary challenge with adoption of private cloud across APJ was identified as siloed IT teams, followed by security and compliance challenges—**both at 34%**. These silos can cause additional barriers to delivering a private cloud that affect people, process, and technology.

People

Siloed technology teams tend to be insular in their priorities and skillsets, resulting in operational complexity and a lack of consistent policy application. Accordingly, 34% identified challenges with security and compliance, while 30% cited a lack of in-house skills and expertise to make the cloud shift. Organizations in Japan (42%) and Singapore (38%) cited security and compliance as their top concern while Korea (52%), Australia (39%), and Taiwan (34%) cited siloed IT teams as a primary challenge with the adoption of private cloud.

Process

Technology silos are synonymous with the ticket-based traditional IT operating model, and 32% cited a private cloud adoption challenge of resistance to cloud-based IT models. Difficulty migrating workloads at 36% and 35% are also top concerns for Singapore and India respectively.

Technology

Each technology silo tends to prefer its own independent infrastructure, which then needs to be made to work with the rest of the stack. Twenty-nine percent across APJ, including Japan (34%), and India (33%) identified cloud limitations inherent in their existing vendor technology. Interestingly in India, survey respondents are more satisfied with private cloud, especially with security (50%), reliable performance (47%), deploying workloads (41%), scalability (39%), and simplification of IT (37%).

These findings suggest that to unlock the full potential of private cloud, IT leaders need to overcome silos and identify solutions that enable their teams to scale and grow their expertise. That evolution is underway.

Top Private Cloud Challenges

Siloed IT Teams are the #1 CHALLENGE for enterprises moving to private cloud

Additional barriers to delivering the cloud operating model

- Security and compliance
- Lack of in-house skills/expertise
- Vendor platform cloud limitations
- Resistance to cloud-based IT model

Figure 11: Top challenges organizations faced with private cloud adoption; *n=600*

76% of decision-makers are restructuring IT around platform teams rather than traditional technology silos.

Private Cloud Needs to Modernize (continued)

Bridging the skills gap

Years of public cloud investment have not closed the in-house talent shortfall. Almost half **(48%)** of APJ organizations rely on professional services for specific cloud-related needs, and 35% are heavily dependent on professional services for all aspects of cloud adoption, migration, and operation.

Paradoxically, **59%** say they are staffed to run large IT footprints in their own data centers or co-location sites, and more than one-quarter (29%) are even extending services to edge locations. The challenge is less about headcount than about evolving existing skills to meet cloud transformation efforts.

As organizations modernize private cloud environments, they can position themselves to leverage both private and public cloud solutions for maximum benefit, with less dependency on external resources.

The role of private cloud in modern IT

Today's private cloud platforms have matured to support workloads ranging from traditional applications to cutting-edge AI/ML workloads. No longer considered a legacy solution, modern private cloud now delivers the scalability, agility, and developer velocity typically associated with public cloud—with continuous compliance and powerful cybersecurity and resilience. In Taiwan, satisfaction with financial transparency and predictability with private cloud environments is significantly higher at **92%** than other APJ countries. IT decision makers in Taiwan are also less likely to face challenges with private cloud adoption.

Although private cloud has always been valued for its strengths in security and compliance, other advantages contribute to its adoption, including:

Figure 12: Advantages of private cloud; *n=600*

The Rise of Generative AI

Privacy and cloud drive early adoption patterns

Organizations are eager to harness GenAI. Only 2% report having no plans to adopt GenAI. The remaining 98% are somewhere on the adoption curve, with 81% already running pilots or live deployments. Data privacy and security concerns (54%) top the list of GenAI adoption challenges.

ITDMs in APJ face more challenges when integrating generative AI initiatives, including a greater concern with data privacy, regulatory requirements, and security issues. They also see a notable lack of use cases with measurable business value and are more likely to face limitations with legacy or underperforming IT infrastructure.

Three adoption hurdles dominate:

> **54%** data privacy and security concerns
>
> **41%** skill shortages
>
> **41%** integration with existing applications and data

These findings indicate that businesses are still grappling with the fundamentals of implementing GenAI efficiently and safely.

Use cases being explored fall evenly across digital assistants, predictive analytics, and customer service initiatives. Still, 32% cite a shortage of use cases with clear, measurable business value as a barrier to GenAI adoption.

Primary Challenges for Adopting GenAI

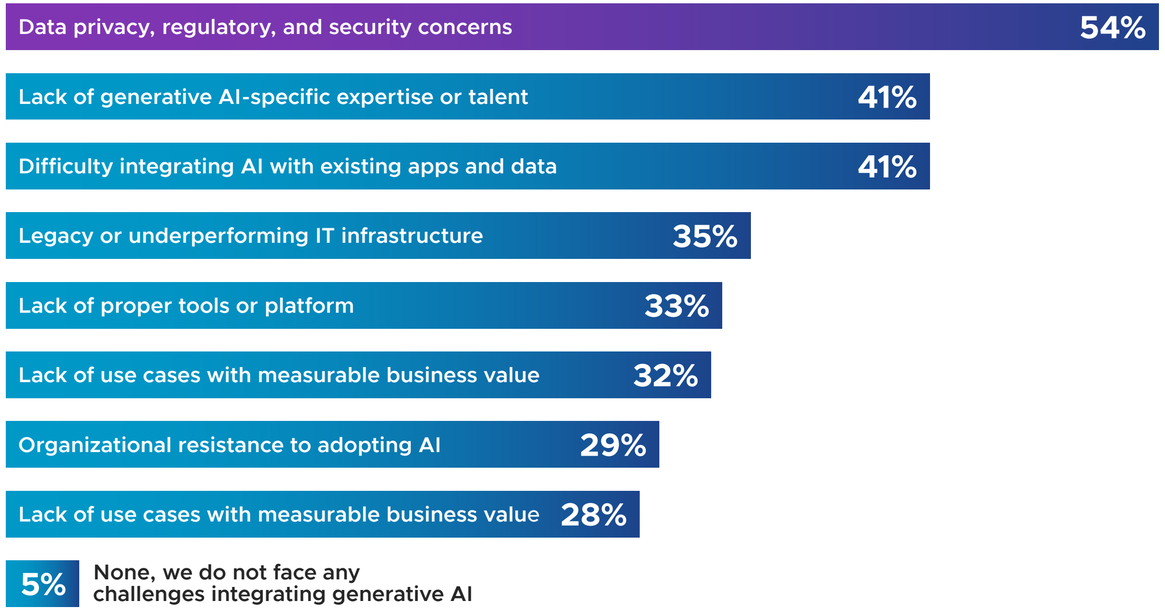


Figure 13: Primary challenges organizations faced in integrating generative AI initiatives; *n=600*

Platform Choices for AI

Some early industry predictions of single-vendor stacks and bare-metal solutions have not materialized. Instead, cloud solutions dominate every stage of the GenAI lifecycle, suggesting organizations value cloud capabilities for complicated AI workflows, such as automation and resource sharing.

These figures echo the broader cloud strategy trends in this report: organizations intentionally balance public and private cloud resources to meet security, cost, and performance goals.

Although GenAI introduces fresh challenges, it is seen as just another complicated workload that benefits from cloud capabilities. Success will hinge on the same fundamentals: modernizing private cloud capabilities, mitigating public cloud risks, and building the talent and processes needed to run any workload at scale.

Environments for Running GenAI

56%	56%	18%
Public Cloud	Private Cloud	Bare Metal

Figure 14: Environments that organizations are using or planning to use for generative AI; *n=570*

Conclusion

Embracing the cloud reset

The cloud reset presents an opportunity to create a more effective, secure, and cost-efficient IT environment.

Organizations that strategically implement private cloud as part of a balanced approach can expect:

- An enhanced security posture and greater confidence in their regulatory compliance
- Reduced and more predictable cloud costs
- Greater control over data sovereignty and governance
- Improved ability to support advanced workloads including AI and machine learning (ML)
- Accelerated application delivery with appropriate levels of control

Appendix

Audience profile:

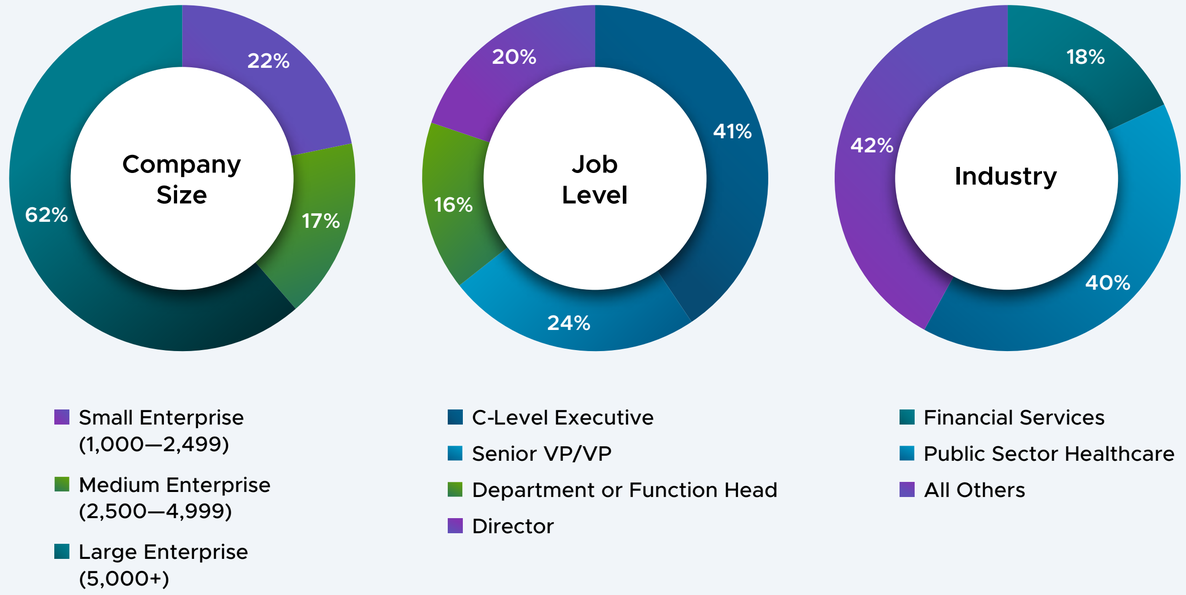
- 600 senior IT decision-makers across small, medium, and large enterprises, with a majority of participants from large enterprises across Australia Pacific and Japan
- 600 participants each from APJ
  - 150 Australia
  - 150 India
  - 150 Japan
  - 50 Korea
  - 50 Singapore
  - 50 Taiwan
- Industries represented included financial services, healthcare, public sector, life sciences/ pharmaceutical, and others

Methodology

Broadcom partnered with market research firm Illuminas, a Radius Company, to uncover insights into private cloud and how it is shaping today's cloud strategies.

Sample:
Web-based survey (20 minutes)

Date Range:
March 6—April 4, 2025



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Appendix (continued)

Cloud definitions

The study presented the following descriptions, aligned with Broadcom's definitions as well as with NIST standards.

- Cloud computing is **a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources** (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction.
- Private cloud is a **dedicated cloud infrastructure provisioned for the exclusive use of a single organization.** This infrastructure may be managed by the organization itself or by a third party and can be located on-premises or at a co-location facility.
- Public cloud is **shared cloud infrastructure run by a third-party service provider.** It is accessible to anyone, including the general public, and, for the purposes of this survey, does not include SaaS such as Microsoft 365, Workday, or ServiceNow.

Ninety-one percent of respondents said they agreed with these definitions.

Get the Best of Both Worlds

Public Cloud Agility, On-Prem Security and Performance with VMware Cloud Foundation

Key Findings: Private Cloud Outlook 2025	How VCF supports this transformation	Business benefits customers gain today[2]
Platform teams are replacing technology silos The vast majority of organizations are restructuring their IT teams around unified platforms rather than isolated technology silos.	**VMware Cloud Foundation (VCF)** is the industry's first **Unified Private Cloud Platform** with a consistent toolset that simplifies operations for IT administrators and DevOps/ Platform teams.	**Gain a 10X day-to-day productivity increase.** VCF unifies tools and processes across full-stack lifecycle automation with real-time analytics and self-service controls—drastically reducing time spent on manual patching, troubleshooting, and ticket resolution.
Private cloud powers cloud-native applications Private cloud has become the preferred environment for both traditional and modern applications, breaking the myth that it's only for legacy workloads.	Organizations can speed up development with VCF's **single platform for traditional, modern, and AI applications**—complete with a self-service catalog that removes roadblocks so developers can focus on building while businesses innovate faster.	**Deploy Kubernetes clusters in minutes.** VCF allows organizations to provision production-ready Kubernetes environments instantly—accelerating application delivery and eliminating infrastructure setup delays.
Security and cost concerns are the top cloud barriers Organizations looking for cloud benefits struggle with cost, security, and compliance issues in public clouds, while private environments have earned their trust.	VCF delivers **cost predictability and transparency** through resource usage insights, helping customers optimize infrastructure investments and eliminate waste. VCF provides a **sovereign and secure platform** that meets high standards for data control, compliance, and resilience for today's regulatory scrutiny and geopolitical uncertainty.	**Experience up to 5X faster compliance operations.** Organizations gain up to 5x faster visibility and control over certificate management—rotations, investigations, and CVE patching with VCF—eliminating security and compliance risks thereby cutting operational overhead.

VMware Cloud Foundation™

Visit the VMware By Broadcom website for more info: https://www.vmware.com/solutions/cloud-infrastructure/why-private-cloud

2. Based on internal Broadcom estimates or test results. March 2025.

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