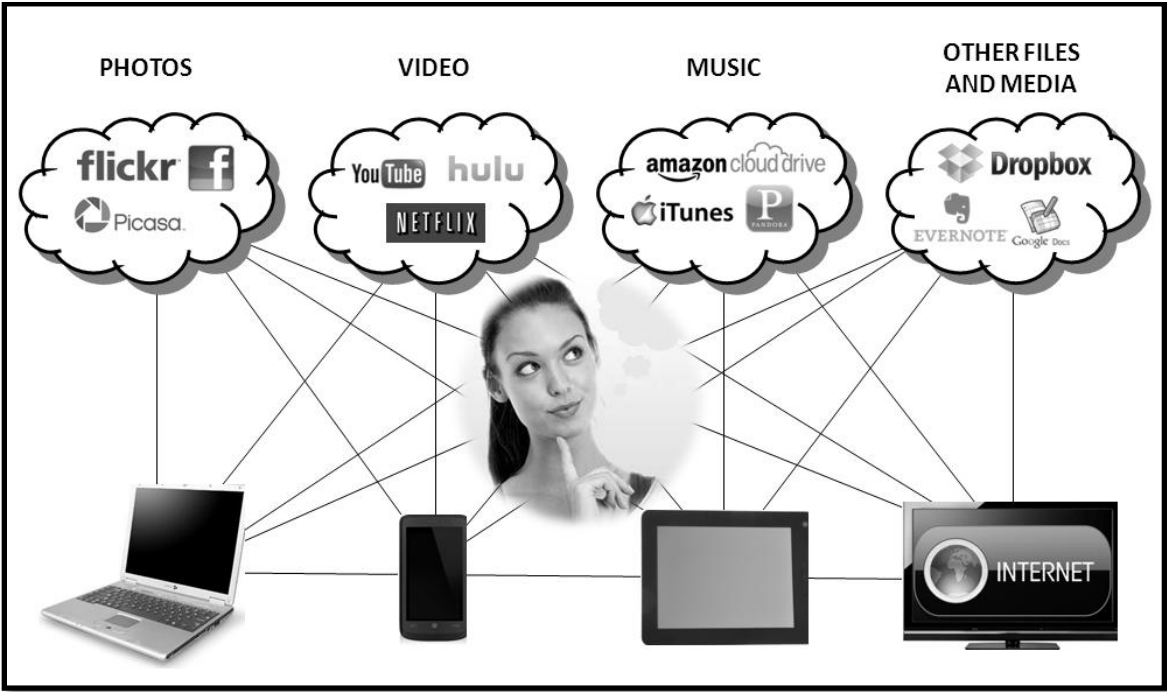


Personal Cloud Survey: Hype vs. Reality



Research Report



August, 2011

Personal Cloud Survey: Hype vs. Reality

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I. EXECUTIVE SUMMARY

The personal cloud and digital lockers are gaining momentum as an important new category of mobile services. Apple recently helped to jumpstart the category by announcing iCloud, although other companies have been providing personal cloud services for awhile.

A recent Forrester Research report predicts that the personal cloud will be a \$12B market in the U.S. by 2016. Extrapolating this to a worldwide basis, it could become a \$35B - \$40B global market in a few years.

Funambol recently conducted a survey to learn about people's views and attitudes towards the personal cloud and the related concept of a digital locker. The intention was to help separate the reality of personal clouds from their hype. For the purposes of this survey and report, these terms are used interchangeably and synonymously. In essence, a personal cloud is used to store user data, files and rich media in a personal account in the cloud, for access across mobile phones, PCs and other devices. Examples include offerings from Apple (MobileMe before, iCloud forthcoming) as well as from Google, Amazon and others.

The survey and its methodology are described in the appendix. In brief, 232 people completed the survey. The respondents came primarily from a random sample of Funambol's corporate email list, which has grown over time to mainly include people who registered for the company's e-newsletter. Less than five of the 232 respondents were current users of Funambol, such that the survey results are not biased in Funambol's favor.

The demographics of the survey takers were mainly male, in their thirties, from 49 countries and pretty even distribution across all regions of the world. U.S. respondents comprised 28% of the results, with no other country accounting for more than 15%.

Detailed survey results can be found in the following section. Here are some of the key observations, findings and take-aways from the survey responses.

1. Awareness. 80% had heard of the terms personal cloud or digital locker, and 90% were aware of what these services can generally do. Overall, awareness of the concepts of personal cloud and digital locker services was very high.

2. Current use. The two most used personal cloud services were Facebook and Google cloud services, with 76% and 75% of respondents using these on both a PC and mobile device. Of the 'pure play' personal cloud services currently in use, Dropbox was the most popular, with 47% using it on a PC and mobile device. In contrast, only 24% had used MobileMe (the precursor to

iCloud) and 20% had used Amazon services (Cloud Drive or Music beta) on a PC, mobile device or both. These last two may be low in part due to the relatively few number of iPhone users in the overall population (which could be seen as a prerequisite for using MobileMe) and the relative newness of Amazon personal cloud services, as well as the global basis of the survey respondents (as noted, only 28% of the survey takers were from the U.S. where Amazon is better known). Other personal cloud services mentioned as being used included Funambol, but for the most part, the 'long tail' of personal cloud services is fragmented. Most respondents said that they primarily used the personal cloud today for email or social content.

3. Planned Usage. Most of the survey focused on the future and potential of personal clouds. This is where some of the survey's most interesting results were found, as listed in bold below.

75% said they plan to use a personal cloud or digital locker service in the future, with another 24% saying they might use one. The primary motivation is ease of access of data and media across mobile devices (89%) followed by backup (71%) and sharing with other people (48%, multiple responses were allowed). In contrast, only 2% said they will not use a personal cloud service in the future, the primary reason being privacy concerns.

When asked what data and media people would store in the personal cloud, 88% said contacts (address book), 85% said files, 80% said calendar (agenda), 69% said pictures, 68% said email and 47% said e-books. 37% said as much of their digital data and media as possible. Other content mentioned included a wide variety of items, such as health records. One takeaway is that users are interested in storing Personal Information Management (PIM) data (i.e. contacts, calendar) in their personal clouds for easy access across mobile devices.

As to the amount of data that people expect to keep in a personal cloud at a steady state (e.g. after they have used a personal cloud for awhile), 32% said they expect to keep half of their data there, 26% said a quarter of their data, and 23% said 75% of their data. Only 12% expect to keep all of their data in the cloud. A logical conclusion is that **most people expect that they will keep some of their data in a personal cloud, while the rest will be in other places, such as on PCs, laptops and mobile devices such as phones, tablets and e-book readers. The corollary of this is that It is important for personal cloud services to not require that all of a user's data reside in the cloud, and to permit flexibility as to where users store their data while still providing cross-device access to it.**

When asked what is most important with respect to a personal cloud, 75% said security, 71% said device compatibility, 59% said ease-of-use, 55% said wireless access, and 53% said syncing all types of data and cost-effective or free use. **The themes of security and privacy appeared in responses to multiple survey questions and are perhaps THE most desired traits of a personal cloud service. At the same time, broad device support was second most important.**

A major open question and large opportunity about the personal cloud for service providers relates to how personal cloud users could be monetized. One approach being employed is a 'content' model, like how Apple uses iTunes to sell music and other digital content, while giving away a basic level of free personal cloud service (otherwise known as a freemium model). **The survey asked if people would buy commercial content for their personal cloud and 30% said yes, 51% said maybe, and 20% said no.** It appears as if people are open to buying commercial content for their personal cloud but it depends largely on specifics, such as cost, selection, experience, device compatibility and other factors.

The survey asked if people were willing to pay for a personal cloud service. 67% said yes, with the most popular price point being \$5 per month (assuming that a personal cloud account provided a sufficient amount of storage, the example given was 50G), while 33% said no.

The survey asked if people intended to use a personal cloud primarily for personal use, for business or both. 72% said both, while 26% said personal use only. This implies that there may be an opportunity for personal cloud / digital locker service providers to offer a solution that allows people to store both personal and work data and rich media online.


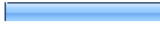
The survey asked about potential issues with personal clouds in the future. 64% and 62% said that privacy and security were the main issues, while 51% said that needing to manage multiple clouds could become problematic.

Overall, the survey results indicate that there is a lot of interest in and pent-up demand for personal clouds and digital lockers. For more information about the survey and its results, you are invited to contact Funambol for a discussion about the implications for your business.



Funambol is the leading provider of white-label personal cloud solutions for mobile phones and connected devices. Funambol software has been deployed by top companies in the mobile industry who want to provide a personal cloud service for their users. The software can be deployed internally on your infrastructure or hosted on your behalf for rapid time-to-market.

II. SURVEY RESULTS

1. Before this survey, had you heard of the terms 'personal cloud' or 'digital locker'?

		Response Percent	Response Count
Yes		79.7%	185
No		20.3%	47
answered question			232




2. Before this survey, were you aware of what personal cloud / digital locker services can generally do?

		Response Percent	Response Count
Yes		89.7%	165
No		10.3%	19
answered question			184


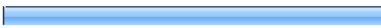


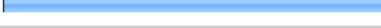
3. For each service below, please indicate if you have used it, on a PC (Windows or Mac), mobile device (e.g. phone, tablet) or both. Please select a response for each service by using the dropdown menu next to it.

	No	Only on a PC	Only on a mobile device	On both a PC and mobile device	Response Count
Apple MobileMe	75.5% (173)	2.6% (6)	4.4% (10)	17.5% (40)	229
Google 'cloud services' such as Gmail, Google Docs, Picasa or Google Music	10.5% (24)	13.1% (30)	1.3% (3)	75.1% (172)	229
Yahoo! Mail or Flickr	38.9% (89)	29.7% (68)	0.9% (2)	30.6% (70)	229
Microsoft Hotmail or SkyDrive	38.4% (88)	41.5% (95)	0.9% (2)	19.2% (44)	229
Amazon Cloud Drive or Music	80.3% (184)	11.4% (26)	1.3% (3)	7.0% (16)	229
Facebook	14.0% (32)	7.9% (18)	1.7% (4)	76.4% (175)	229
Dropbox	35.4% (81)	16.2% (37)	1.7% (4)	46.7% (107)	229
Other	67.2% (154)	7.4% (17)	1.7% (4)	23.6% (54)	229
If you have used any other personal cloud or digital locker services, please enter their names here:					68
answered question					229





4. Do you plan to use any personal cloud or digital locker type services in the future?

		Response Percent	Response Count
Yes		74.7%	171
No		1.7%	4
Maybe		23.6%	54
answered question			229

5. Please select the reason(s) why you would not use a personal cloud service:

		Response Percent	Response Count
Don't know what it is		0.0%	0
Don't know why it would be good		0.0%	0
Don't see the need for it		25.0%	1
Don't want to keep my data in the cloud		50.0%	2
Privacy concerns		75.0%	3
Security concerns		50.0%	2
Don't want to pay for it		50.0%	2
Other reason(s) - please specify:			0
answered question			4

6. Please select the reason(s) why you would use a personal cloud:

		Response Percent	Response Count
Easy way to backup my data and media		71.1%	160
Easy way to access my data and media on multiple mobile devices		89.3%	201
Easy way to share my data and media with other people		47.6%	107
Want to keep my data and media in one place		45.8%	103
Other reason(s) - please specify:			14
answered question			225

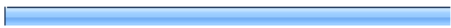








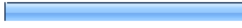



7. Please select the type(s) of data and media that you would like to keep in your personal cloud:

		Response Percent	Response Count
Your pictures		69.3%	156
Your own videos e.g. from a camcorder, digital camera, mobile phone or tablet		49.3%	111
Commercial videos, such as movies or TV shows		15.6%	35
Music		51.1%	115
Files		85.3%	192
Contacts (address book)		88.0%	198
Calendar (agenda)		80.0%	180
Email		68.0%	153
e-Books		46.7%	105
As much of my digital data and media as possible		36.9%	83
Other data or media - please specify:			6
answered question			225




8. After you have used some personal cloud services for awhile, what percent (roughly) of your data and media do you think you will store in the cloud (as opposed to other places, such as on a PC or mobile phone)?

		Response Percent	Response Count
25% - only a little		25.8%	58
50% - maybe half		32.0%	72
75% - most		23.1%	52
100% - all		12.0%	27
Don't know		7.1%	16
answered question			225


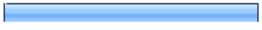
9. Please select up to five (5) aspects of a personal cloud service that would be important to you:

		Response Percent	Response Count
Ease of use		59.1%	133
Wireless (no cables needed)		55.1%	124
Works with all of my devices that I own now or might own in the future		70.7%	159
Sync all the types of data and media that I use		53.3%	120
100% private		62.2%	140
100% secure		74.7%	168
Back up all of my data and media		29.3%	66
Free or very cost-effective		53.3%	120
Highly reliable		41.8%	94
Good performance		31.6%	71
Not lock my data into any specific service or type of phone		38.7%	87
Work with other systems that I use e.g. social networks, email systems, media sites, etc.		24.0%	54
Easy to share my data and media with people that I want		24.9%	56
answered question			225





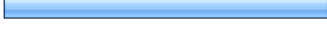






10. If your personal cloud offered the option to buy commercial content (such as music, movies, e-books), that was easy and affordable, for access on your mobile devices and PC, would you buy commercial content this way?

		Response Percent	Response Count
Yes		29.8%	67
No		19.6%	44
Maybe		50.7%	114
answered question			225

11. If your personal cloud service provided significant storage (e.g. 50G of space) for your data and media, would you be willing to pay to use the service?

		Response Percent	Response Count
Yes		66.7%	150
No		33.3%	75
answered question			225



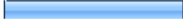



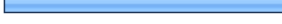
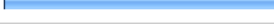

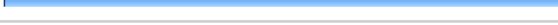
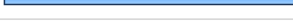

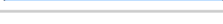


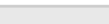
12. How much would you be willing to pay PER MONTH in \$ (Euros for European users) for a personal cloud service?

		Response Percent	Response Count
1 per month		12.0%	18
2 per month		12.7%	19
3 per month		10.0%	15
4 per month		4.0%	6
5 per month		42.7%	64
6 per month		1.3%	2
7 per month		0.7%	1
8 per month		2.0%	3
9 per month		0.7%	1
10 per month		11.3%	17
Other monthly amount		2.7%	4
answered question			150





13. Please select the type(s) of companies that you would consider using to provide you with a personal cloud:

		Response Percent	Response Count
Mobile phone maker (e.g. Apple, LG)		41.3%	93
Carrier / mobile operator (e.g. AT&T, Vodafone)		24.0%	54
Cable service provider (e.g. Comcast, Cablevision)		9.3%	21
Internet company (e.g. Google, Yahoo!)		70.2%	158
Software company (e.g. Microsoft, Intuit)		39.1%	88
Media/content provider (e.g. Amazon)		36.0%	81
Retailer / e-tailer (e.g. Walmart, Best Buy)		2.7%	6
Consumer electronics company (e.g. Sony, Samsung)		7.6%	17
Car manufacturer		2.2%	5
Bank		10.7%	24
It doesn't matter, as long as it works		31.1%	70
Other		9.8%	22
None of these types of companies		4.9%	11
answered question			225




14. Please select up to five (5) devices that you would want your personal cloud service(s) to support:

		Response Percent	Response Count
iPhone		56.4%	127
Android		76.9%	173
BlackBerry		23.6%	53
Windows Phone 7		15.6%	35
PalmOS		4.0%	9
Other mobile phone		16.9%	38
iPad		36.9%	83
Android tablet		36.0%	81
BlackBerry Playbook tablet		8.9%	20
Windows PC		74.2%	167
Mac		38.7%	87
Linux PC		37.8%	85
Internet-connected TV		28.9%	65
e-book reader		20.0%	45
Digital picture frame		8.0%	18
Car system		13.8%	31
answered question			225






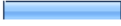


15. When would you start using a personal cloud or digital locker?

		Response Percent	Response Count
Already using (now)		77.8%	175
Within 6 months		14.2%	32
Within one year		4.0%	9
Later		4.0%	9
answered question			225

16. Would you use a personal cloud / digital for personal use, business or both?

		Response Percent	Response Count
Personal use		26.2%	59
Business use		1.8%	4
Both personal and business use		72.0%	162
answered question			225

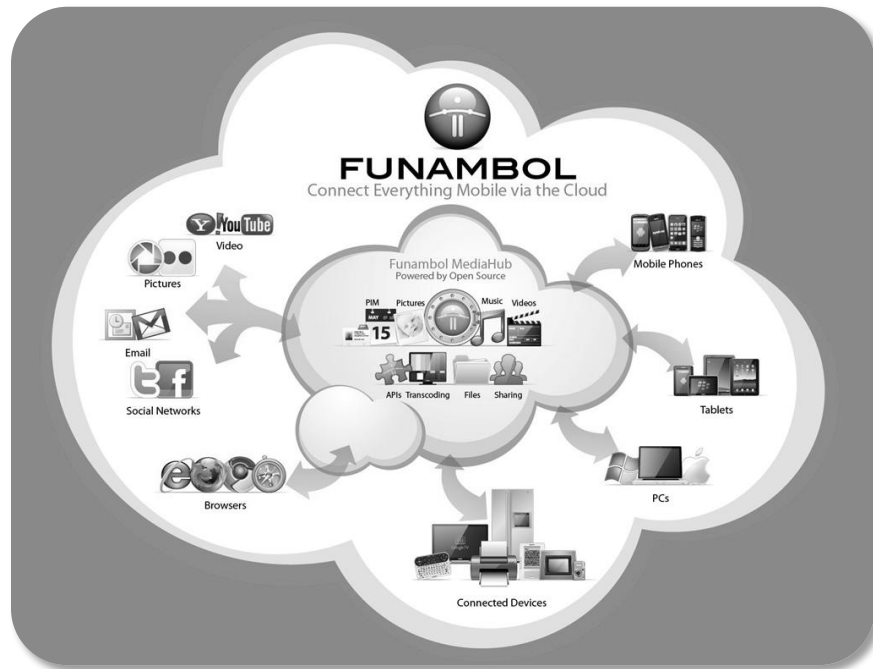
17. Please select up to three (3) issues with personal clouds that you think could become a big problem in the future:

		Response Percent	Response Count
If I use more than one personal cloud, it could be a hassle to keep them organized		50.9%	116
It could be impossible to access my data if I change phones or on other devices such as a TV or car		24.1%	55
Privacy, I do not want anyone or any system to look at my data or media		63.6%	145
Security, I do not trust that personal clouds will be safe from intrusions		61.8%	141
Getting stuck with one particular cloud because it is too difficult to switch		38.2%	87
Keeping track of my usernames and passwords for different clouds		15.4%	35
It could be difficult to share my data and media with different people and systems		18.4%	42
Mixing my personal and work information together		18.4%	42
answered question			228

III. CONCLUSION

The emerging category of personal clouds and digital lockers hold a lot of potential, but at the same time, there is a lot of hype about them which is being fanned by many sources. This survey attempted to dig into peoples' views towards personal clouds and digital lockers, to help discover the reality vs. the myth. The survey found that the growth potential for personal clouds and digital lockers is indeed quite high, based on peoples' propensity to store a wide variety of data, rich media and files in personal clouds, for personal and business use. The survey detailed the types of data and media that are important, including PIM data, and provides insight into what personal cloud users seek as well as how to monetize them.

IV. ABOUT FUNAMBOL



Funambol is the leading provider of white-label personal cloud digital locker solutions for mobile phones and connected devices. Funambol software has been deployed by many of the top companies in mobile, including device manufacturers, mobile operators, internet portals, software firms and telco system integrators. Funambol is headquartered in Silicon Valley. To learn more about how Funambol can help get your personal cloud service to market quickly and successfully, please visit our website at <http://www.funambol.com>.

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V. APPENDIX

The online survey used for this research report is listed below. The survey's methodology consisted of selecting a random sample of people that registered to receive Funambol's e-newsletter over time. A secondary source included a few members of the Funambol community. Only a handful of respondents were current users of Funambol software. At the same time, people were offered a free upgrade to a premium account on the myFUNAMBOL portal as an incentive to take the survey. This would mainly be attractive to people interested in a personal cloud service. As a result, it is fair to say that the survey represents a poll of people who are likely to be early to mid-stage adopters of personal cloud technology.

This survey explores views about storing personal data in the cloud (i.e. online) and accessing it on mobile devices. It should take just a few minutes. Your answers will be kept confidential and only reported upon in aggregate. You can request a free copy of the survey results at the end.

A bit of background: the terms 'personal cloud' or 'digital locker' are sometimes used to describe services that let you store data and media online and that allow access to it on PCs and mobile devices. Examples of these include Apple MobileMe or iCloud, Dropbox and Amazon Cloud Drive.

Please note: questions marked with an asterisk (*) require a response.

*1. Before this survey, had you heard of the terms 'personal cloud' or 'digital locker'? Yes/No

*2. Before this survey, were you aware of what personal cloud / digital locker services can generally do?
Yes / No

*3. For each service below, please indicate if you have used it, on a PC (Windows or Mac), mobile device (e.g. phone, tablet) or both. Please select a response for each service by using the dropdown menu next to it.

	No	Only on a PC	Only on a mobile device	On both a PC and mobile device
Apple MobileMe				
Google 'cloud services' such as Gmail, Google Docs, Picasa or Google Music				
Yahoo! Mail or Flickr				
Microsoft Hotmail or Skydrive				
Amazon Cloud Drive or Music Service				
Facebook				
Dropbox				
Other				

*4. Do you plan to use any personal cloud or digital locker type services in the future? Yes / No

=== IF YES, SKIP TO QUESTION 6 ===

*5. Please select the reason(s) why you would not use a personal cloud service:

Don't know what it is

Don't know why it would be good

Don't see the need for it

Don't want to keep my data in the cloud

Privacy concerns

Security concerns

Don't want to pay for it

Other reason(s) - please specify:

=== GO TO QUESTION 17 ===

*6. Please select the reason(s) why you would use a personal cloud:

Easy way to backup my data and media

Easy way to access my data and media on multiple mobile devices

Easy way to share my data and media with other people

Want to keep my data and media in one place

Other reason(s) - please specify:

*7. Please select the type(s) of data and media that you would like to keep in your personal cloud:

Your pictures

Your own videos e.g. from a camcorder, digital camera, mobile phone or tablet

Commercial videos, such as movies or TV shows

Music

Files

Contacts (address book)

Calendar (agenda)

Email

e-Books

As much of my digital data and media as possible

Other data or media - please specify:

*8. After you have used some personal cloud services for awhile, what percent (roughly) of your data and media do you think you will store in the cloud (as opposed to other places, such as on a PC or mobile phone)?

25% - only a little

50% - maybe half

75% - most

100% - all

Don't know

*9. Please select up to five aspects of a personal cloud service that would be important to you:

Ease of use

Wireless (no cables needed)

Works with all of my devices that I own now or might own in the future

Sync all the types of data and media that I use

100% private

100% secure

Back up all of my data and media

Free or very cost-effective

Highly reliable

Good performance

Not lock my data into any specific service or type of phone

Work with other systems that I use e.g. social networks, email systems, media sites, etc.

Easy to share my data and media with people that I want

Other aspects - please specify:

*10. If your personal cloud offered the option to buy commercial content (e.g. music, movies, e-books) that was easy and affordable, to access on your mobile devices and PC, would you buy commercial content this way? Yes / No / Maybe

*11. If your personal cloud service provided significant storage (e.g. 50G of space) for your data and media, would you be willing to pay to use it? Yes / No

*12. How much would you pay PER MONTH in \$ (Euros for European users) for a personal cloud service? \$1, \$2, \$3, \$4, \$5, \$6, \$7, \$8, \$9, \$10, Other

*13. Please select the type(s) of companies that you would consider using to provide you with a personal cloud:

Mobile phone maker (e.g. Apple, LG)

Carrier / mobile operator (e.g. AT&T, Vodafone)

Cable service provider (e.g. Comcast, Cablevision)

Internet company (e.g. Google, Yahoo!)

Software company (e.g. Microsoft, Intuit)

Media/content provider (e.g. Amazon)

Retailer / e-tailer (e.g. Walmart, Best Buy)

Consumer electronics company (e.g. Sony, Samsung)

Car manufacturer

Bank

It doesn't matter, as long as it works

Other

None of these types of companies

*14. Please select up to five (5) devices that you would want your personal cloud service(s) to support?

Smartphones: iPhone, Android, BB, Windows Phone 7, PalmOS, other

Tablets: iPad, Android, BB Playbook

PCs: Windows, Mac, Linux

Other connected devices: TV, e-book reader, digital picture frame, car system

Other device(s) - please specify

*15. When would you start using a personal cloud or digital locker? Already using (now)/Within 6 months/Within one year/Later

*16. Would you use a personal cloud for personal use, business or both? Personal use / Business use / Both personal and business use

*17. Please select up to three (3) issues with personal clouds that you think could be a major problem in the future:

- If I use more than one personal cloud, it could be a hassle to keep them organized
- It could be impossible to access my data if I change phones or on other devices such as a TV or car
- Privacy, I do not want anyone or any system to look at my data or media
- Security, I do not trust that personal clouds will not be safe from intrusions
- Getting stuck with one particular cloud because it is too difficult to switch
- Keeping track of my usernames and passwords for different clouds
- It could be difficult to share my data and media with different people and systems
- Mixing my personal and work information together
- Other - please specify

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Background questions

Your gender: M / F

Your age bracket: provide choices

Your Country: List

Your mobile phone type: List

Thank you again for taking this survey.

If you would like the survey results emailed to you when they are available (shortly), please enter your email address. Your email address will not be used for any marketing purposes:
