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The Top 5 Trends for Cloud & Data Centre in 2022

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Introduction

One of the biggest impacts of the pandemic has been the uptick in cloud adoption. More than half the organisations are either building cloud native applications or have a Cloud-First strategy (Figure 1). Cloud infrastructure, platforms and software became a key enabler of the business agility and innovation that organisations needed to survive and succeed.

However, as organisations look to become data-driven and digital, they will require seamless access to their data, irrespective of where they are generated (enterprise systems, IoT devices or AI solutions) and where they are stored (public cloud, Edge, on-premises or data centres) to unlock the full value of the data and deliver the insights needed. This will shape the Cloud and Data Centre ecosystem in 2022.

FIGURE 1: CLOUD STRATEGY FOR 2022

30%
Employ a 'Cloud-First' strategy

24%
Build cloud-native applications

17%
Do 'lift and shift' migrations

29%
Operate individual cloud workloads

Source: Ecosystm, 2021

Ecosystm Rates the Cloud Predicts for 2021

2021 Will be All About SaaS

★★★★★

SaaS usage continues to accelerate at pace; over the past 12 months nearly every company deepened their SaaS investments and many brought new SaaS tools or platforms into their business.

Hybrid Cloud Will Finally Become Mainstream

★★★★★

Most businesses that planned to be 100% in the public cloud have changed their strategy to a hybrid one. This was accelerated by the hyperscalers strengthening their hybrid solutions.

Carrier Investment in 5G Will Give Edge Computing a Boost

★★★☆☆

5G services continue to roll out, but the pace is haphazard. Most telecom providers have invested in/ are investing in Edge and IoT services (sometimes with a hyperscale partner) and this is will help drive adoption.

Stateful Applications Will Move to the Cloud with Containers and Orchestration

★★★⯪☆

Organisations are pouring their resources into reskilling for Kubernetes and containers, while cloud vendors are rounding out their offerings to support the technology.
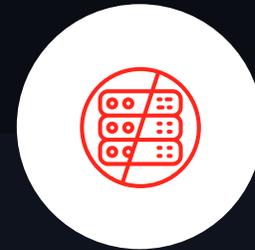
Serverless Will Take Us a Step Closer to NoOps

★★★★☆

Not only are hyperscalers embedding their cloud infrastructure directly into 5G networks but providers of cloud-adjacent co-location facilities have begun offering bare metal at the edge.

#1 Public and Private Cloud Will Finally Meet at the Edge

An effective hybrid cloud strategy requires early planning to decide which is the right cloud, for the right workload, at the right time. Competitors from across the cloud ecosystem have realised they must work together for clients to successfully deploy a hybrid environment. Hardware vendors are delivering consumption-based infrastructure with the help of co-location providers, data centre operators are introducing bare metal servers adjacent to public clouds, and hyperscalers are offering on-premises equipment managed by system integrators. Software vendors are developing the glue to enable a simpler, manageable hybrid experience from edge to public cloud.

The need for lower latency in IoT applications will drive investments in infrastructure at the network edge. The value of these systems, however, will only be maximised if they are part of a broader hybrid cloud environment. Video or time series data transferred to high performance computing systems in the cloud can help refine inference models and then be acted upon at the edge. Data can be generated and processed on site but with disaster recovery ensured in the cloud.

> Hybrid cloud tools make migration much simpler and faster, while managed infrastructure reduces the Day 2 burden on Operations. Savings made by the move to cloud should be invested in continuous reskilling programs so infrastructure teams can exploit new hybrid tools, such as AIOps, serverless infrastructure, and data fabric.

Darian Bird
PRINCIPAL ADVISOR, CLOUD & AI

#2 Customer Outcome Will Drive Vendor Choice

Until recently, the hyperscalers and SaaS providers have operated in a different manner to their IT industry competitors. They used different success metrics, often sold to different customers, and used different languages to describe what they do.

But the IT industry has moved towards the cloud players and the cloud players have moved towards the IT industry. The concept of "us and them" has been replaced with "how do we make the two work together to drive the outcomes that customers demand".

In 2022 we will see more competition between the cloud and IT providers – as they compete for the same budget from the same buyers and provide the same business and customer outcomes. Private and public cloud are now hybrid cloud. Hardware is now purchased as a service. Implementation partners now provide services across the spectrum. Industry expertise and customer outcome are the focus of all providers; and the language they use to speak with customers and describe outcomes will all sound very similar in 2022.

> The era of "in the cloud" versus "on premises" is disappearing. It will now be "how fast, how secure, how affordable and how quickly can I benefit". The provider that answers these questions most effectively will win the business regardless of their legacy.

Tim Sheedy
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#3 Data Centre Upgrades Will be a Boon for Storage Vendors

With the majority of organisations currently remaining in the "not using serverless" for infrastructure and "not using containers" in their business application environments, the average contemporary cloud environment in 2022 is not modern. It may not yet even be fit for purpose, but neither is it legacy. It just means that the basic "hypervisor and virtualisation" environment remains the norm. In many cases, virtualisation is unlikely to have even made it to the network.

Despite this, infrastructure relentlessly depreciates and degrades, and in the backlog of data centre renewals, the demand for physical storage and compute infrastructure will surge in 2022.

The surge in demand for physical storage will be helped along by the many organisations that remain unprepared to move aggressively into hybrid or cloud-native infrastructure models. These organisations – many still recovering from traumatic pandemic operating conditions – will be forced to over-provision to ensure operational stability.

> **2022 will be a year of data centre renewal not data centre transformation as organisations find their feet again, and IT operations settle into and reassess the skills profiles dealt them by the Great Resignation.**

Peter Carr
PRINCIPAL ADVISOR, STRATEGY & TECHNOLOGY ADVISORY

#4 It Will All be About Location, Location, Location

Cloud Service Providers (CSPs) will need to adjust their market strategies and their infrastructure investments as governments and companies alike increase their focus on accountability.

The focus on localised supply chains is bound to have an effect on CSPs; partly because of overall supply chain policies by larger organisations, but also because organisations will want to hold CSPs accountable for service fallouts because of their exposure to outside factors that can affect service availability. The demand for having cloud data centres located in at least the same region or even in the same country will increase in 2022 and beyond.

Supply chain issues are not the only factor though – regulatory, policy and even geopolitical issues will have an effect as well. Countries like the USA, China and regions like the EU are increasing their focus on the location, ownership structures and accountability of especially larger CSPs – either because they have concerns about data sovereignty and accountability or because they see it as an issue of national security. We should expect several cases where governments will interfere with the operational freedom of CSPs in 2022.

> "Accountability" will be a major factor for CSPs in the year to come. As CSPs have become larger, they are also becoming important pieces of the geopolitical landscape and it will become an increasingly difficult field for them to navigate going forward.

Claus Mortensen
PRINCIPAL ADVISOR,
DX & CLOUD

#5 SaaS Vendors Will Link Cloud Adoption to Climate Emissions Targets

In 2022, global economic uncertainty, rising energy costs and immense political pressure to take climate action – especially on the back of COP26 – will see global SaaS vendors leading with green wash.

Significantly ramping SaaS requires organisations to address data centre deficiencies highlighted by the pandemic. CIOs and tech leaders are being driven by a high demand for hybrid work capabilities and a massive uptick in online service delivery; network upgrades, dialling-up and diversifying ISPs, load-balancing, implementing firewall upgrades, upgrading switches and routing capacity remain challenges.

Organisations should assess SaaS as part of their overall sustainability plans – not the vendors'. They should not surrender outcome responsibility or ownership to the vendor. They might find themselves in a situation where the SaaS solution has limited or under-supported partner ecosystem in the region or are suffering from the same skills and resources constraints as they are.

> SaaS migrations remain challenging and won't meaningfully assist emissions reductions outside a planned sustainability program. Organisations should proceed with caution because good SaaS still requires robust internal data centre operations.

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