



Data Centre and Virtualization

How COVID-19 has Accelerated the Move from a 'Cloud First' to a 'Cloud Now' Approach

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Biography

Justin Augat, Vice President of Product Marketing at iland (<https://www.iland.com/>), is a seasoned technology marketing leader focused on enterprise IT and services GTM. He is experienced in developing and leading teams, establishing GTM process, and driving business strategy for traditional IT and emerging solutions.

He has a diverse work experience including IT engineering, management, and marketing at global conglomerates such as Dell, EMC, and Hitachi, and industry experience in financial services (sales/account management) at Credit Suisse and Silicon Valley Bank.

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Keywords Cloud, Cloud migration, COVID-19, Application development, Cloud infrastructure, Data centre
Paper type Research

Abstract

Until recently organizations have historically looked at only new application development and deployment for cloud, taking a 'cloud first' approach. But now, accelerated by the demands of the modern workforce combined with the ongoing effects of COVID-19, many are pivoting towards a 'cloud now' approach, as the author of this article explains.

Introduction

Recent market data from Synergy Research Group via CRN¹ suggests 2019 was a milestone for IT and that for the first time ever, enterprises are spending more money annually on cloud infrastructure services than on data centre hardware and software. For example, total spend on cloud infrastructure services reached \$97 billion, up 38% year-over-year, whereas total spend on data centre hardware and software hit \$93 billion in 2019, an increase of only 1% compared to 2018.

This means that many companies that have historically owned, maintained, and managed their own IT operations in their own data centre are now evolving how they support their business operations by transforming their IT to cloud.



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Moreover, the cloud continues to be the foundation upon which most organizations' digital transformation efforts are built, with more than eight out of ten businesses considering the cloud to be either important or crucial to their digital strategies.

What are the key reasons underpinning this shift to cloud?

Much of it is based on the modern organization's need for greater agility and flexibility. There has never been a better example of this demand than demonstrated during this COVID-19 pandemic, as companies have hastily decamped employees to home working.

Likewise, employees today want the ability to work from anywhere and to collaborate with colleagues as easily as they would in person. Even before COVID-19 led to a new remote workforce springing up almost overnight, a growing number of business leaders understood the importance of flexible working. Globally, 50% of employees work outside of their main office headquarters for at least 2.5 days a week, with 85% saying that productivity has increased in their business as a result of greater flexibility². In addition, more than 16% of companies worldwide now only hire remote teams³. The cloud enables this freedom to work remotely.

However, until recently organizations have historically looked at only new application development and deployment for cloud, taking a 'cloud first' approach. But now, accelerated by the demands of the modern workforce combined with the ongoing effects of COVID-19, many are pivoting towards a 'cloud now' approach. In the months and years to come we will see more organizations embracing agile working and digital technologies, now they have seen a cloud-enabled workforce in action.

What do we mean when we talk about 'cloud now'?

It means that companies are now looking at cloud for more than just new applications, they are considering cloud for all their applications, including existing ones.

The reason for this is straightforward: companies are focused on reducing costs and eliminating the dependency on the physical data centre is a logical next step in the continuation of this long-term trend. For as long as customers have been buying technology to support business, they have been using it to reduce costs and speed up time-to-market inside the data centre. Technology capabilities including server and storage virtualization have improved IT's ability to respond quickly to lines of business. But, over time, the ability of new technology to further reduce costs and time-to-market is diminishing.

This is a result of the growing customer demand for more application resources, better performance, and increasing frequency of administrative tasks such as patching various components, and planning for end of life or performance upgrades. Likewise, as mentioned earlier, with a global and increasingly remote workforce needing access to their applications from anywhere, this is also fuelling demand. As businesses have reached this inflexion point of diminishing returns, they have turned their strategy to the cloud as the next frontier of IT efficiency, leaving the data centre firmly behind in pursuit of their 'cloud now' strategy.



But today there are hundreds, if not thousands, of cloud services available to organizations. In many cases, the capabilities of the service, adjusted for cost, are what matter most to the decision makers versus the infrastructure itself. As an example, the underlying infrastructure that supports common business software such as Salesforce, Microsoft Office 365, is rarely scrutinized, as the products are trusted solely based on the brand's reputation.

But in the case of organizations moving their existing applications to the cloud for production hosting (IaaS), backup (backup as a service) or Disaster Recovery (DRaaS) the underlying platform must be vetted to ensure the application needs will be met. To do this, organizations must examine the capabilities at the platform level. This is where the technology resources that have been purchased come together to deliver the application performance, security, compliance and connectivity, and more, of the selected service. Ultimately, it is these consumed resources that directly impact the cost of the service.

In general, the main cloud platform types that are most popular and available to customers at scale are public cloud, private cloud, and bare-metal cloud. They all have their merits and downsides and choosing the right cloud will very much depend on the customer's requirements, as different aspects of these multitude of cloud products will best meet particular application and organizational needs.

Ultimately, as more customers embrace the cloud for more of their workloads, the varying requirements of these workloads can lead to trade-offs in cost versus performance, which defeats businesses' main objectives when moving out of the data centre and into the cloud. As a result, customers need to understand a cloud provider's overall capabilities early to avoid missed expectations in the future as it is clear that not all IaaS providers are the same.

So, as organizations embark on their 'cloud now' approach, they should undertake due diligence upfront to thoroughly consider their own requirements and what type of cloud IaaS provider will best meet their needs both now and in the years to come. Without a doubt we will see more organizations embracing agile working and digital technologies, now that they have witnessed a cloud-enabled workforce in action during COVID-19.

Reference

- ¹ <https://www.crn.com/news/data-center/cloud-infrastructure-services-surpasses-data-center-spending-in-2019>
- ² <https://www.iwgplc.com/global-workspace-survey-2019>
- ³ <https://www.smallbizgenius.net/by-the-numbers/remote-work-statistics/>