



The Future of Digital Infrastructure: Building a Resilient Business



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About this blog...

In this blog hear from an IDC Senior Analyst about hybrid cloud solutions, such as HPE Greenlake which help with cost, compliance and control within your organization. Able One works closely with HPE to provide industry-leading IaaS and cloud solutions.

Entering 2021, the world is a very different place than a year ago. The lockdowns have forced new consumer and business behaviour that is now becoming permanent. Reliance on digital services such as e-commerce, telemedicine, and remote work, will continue well into 2021 and beyond. In all sectors customers have been retrained on how products, services and experiences can be delivered via digital channels. As Canadian organizations prepare for the post-pandemic recovery, budgets are shifting and the focus on resiliency remains a high priority.

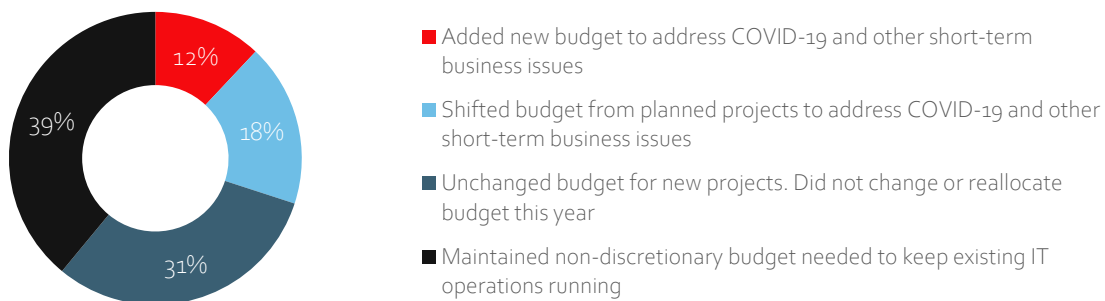
Priority for the Future Enterprise in 2021: Digital Resiliency

A recent IDC Canada survey of IT decision makers revealed that a reprioritization of spending is taking place among businesses, as 30% of 2021 IT budgets is comprised of new funding or a shift from other projects to be more agile in the wake of the pandemic. A significant focus of new spending has been on digital resiliency. In fact, 58% of Canadian CXOs surveyed by IDC said that they are expanding or investing further in digital resiliency programs in 2021.

Digital resiliency is the ability for an organization to rapidly adapt to business disruptions by leveraging digital capabilities to not only restore business operations, but also capitalize on the changed conditions. Digital resiliency is top of mind for organizations right now as business leaders recognize that there will be an uneven recovery from this pandemic as well as new economic and social disruptions in the future. This creates a corresponding need for organizations to adapt quickly. In many industries growth will come only to those who make a concentrated effort to invest in technology that meets the "digital demands" of customers, citizens, and employees. To enable this IDC sees tech investments on two fronts: digital core investments and digital innovation investments.

Digital core investments are comprised of IT spending on the components of digital resiliency: cloud, security, support for remote workers and digital transformation projects. We expect this to increase over time as more IT budget is shifted from legacy spending. Digital innovation investment is all about new or reallocated spending that is either put toward adaptation or acceleration. Using a sports analogy, digital adaptation is the defense: focusing on areas that were revealed as weaknesses during the pandemic or projects that support new operational requirements, such as flexible work models. Digital acceleration is the offense: moving forward on projects that introduce business model or service innovation or initiatives that capture market share, such as contactless self-serve payment systems. That begins with a foundation of digital infrastructure.

IDC Survey Results: How the Composition of 2021 IT Budgets has Changed



Digital Infrastructure and its Importance to Canadian Businesses

The transition to cloud-centric digital infrastructure – which is already underway in many enterprises – will quicken in 2021. Cloud-centric means being a dynamic, on-demand, scalable consumption-based service able to handle fluctuating workload demands. The uptake of cloud-centric digital infrastructure is gaining momentum in Canada, underscored by the IDC prediction that on-demand offerings will grow at 3x traditional infrastructure growth rates. This model of digital infrastructure offers more ubiquitous deployment options and more automated IT operations, where the ultimate outcome is faster delivery of innovation everywhere.

This innovation contributes to success for:

- Retailers that will need to meet the future demands of online shoppers across the country
- Health professionals who can offer remote consultations for an aging Canadian population
- Wealth management advisors that want to attract a new generation of digitally savvy investors
- Municipalities that will turn on new self-service digital portals for community programs
- Resource companies that need to improve field worker safety and remotely monitor assets

In practice, in all the above examples the applications and underlying compute and storage requirements are more quickly provisioned in a cloud-centric digital infrastructure environment. On top of enabling agility and more predictable performance, the number one reason Canadian organizations are moving to cloud is that it provides better security and availability. These are critical elements of the higher-level business goal of digital resilience.

The Path to Digital Resilience through Digital Infrastructure

Canadian organizations have been on a journey to cloud and consumption-based IT. And as I wrote in my first blog post in this series, consumption-based models for IT infrastructure are an emerging business model that can help customers

add IT capacity, software, and services. Like cloud, a consumption-based model provides capacity that can be scaled up or down. So why isn't every organization implementing this model of computing now? There is a need for skills and experience to deliver and manage digital infrastructure; something that many organizations struggle to develop and retain in-house. In fact, Canadian Top Executives told IDC that limited expertise was the biggest pain point keeping them from progressing their digital transformation. This is why organizations of all sizes are turning to Managed Services Providers as a long-term strategy.

A Managed Services Provider brings deep skills and talent, service assurance, plus end-to-end capabilities to enable digital infrastructure. More organizations are embracing managed services to augment their IT capabilities and focus on their core business. IDC forecasts that global spending on managed cloud services will grow at a five-year compound annual growth rate of 15%, which is part of the broader trend we see here in Canada toward increasing IT outsourcing.

So, what do businesses value most when it comes to managed services? IDC's CloudView survey reveals the top vendor attributes of managed cloud service providers are (1) full array of security and recovery capabilities; (2) technology expertise; and (3) providing cost-effective solutions. As organizations consider their long-range plans for supporting remote and flexible work, consolidation of sites, greater focus on security, and modernizing the delivery of IT, the ability to deliver remote services will also be part of the managed services equation. These capabilities include:

- Managing workloads across public, private and hybrid cloud environments
- Monitoring networks, infrastructure, applications, devices
- Security threat hunting, remote firewall, incident investigation and response
- Backup and archiving, data recovery, disaster recovery for business continuity

Without these capabilities, organizations will spend too much time on defense and not enough time on offense, struggling to meet the day-to-day demands of IT operations, and taking scarce and valuable resources away from accelerating their digital capabilities. Ultimately with managed services, a successful organization can focus on its core business and rely on a trusted Managed Services Provider to run a resilient IT operation and enable new and innovative digital services. This will pave the way to a brighter future for Canadian organizations looking toward economic recovery.

READ PART 1 >
Preparing for the 'Next Normal':
The Rising Importance of Digital Tech and Consumption-Based IT



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Tony Olvet is Group Vice President of the research analyst team at IDC Canada. He is responsible for managing the services and research direction of the technology market analysts in Canada. Mr. Olvet is also a member of IDC Canada's Senior Leadership Team. The analyst team that Mr. Olvet manages helps technology vendors, IT professionals, and business executives make fact-based decisions on technology marketing, deployment and strategy. He has researched and presented on a variety of industry topics including mobility, cloud computing, and top executive technology priorities.

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