

Explore the cloud  
optimized for legacy  
enterprise applications

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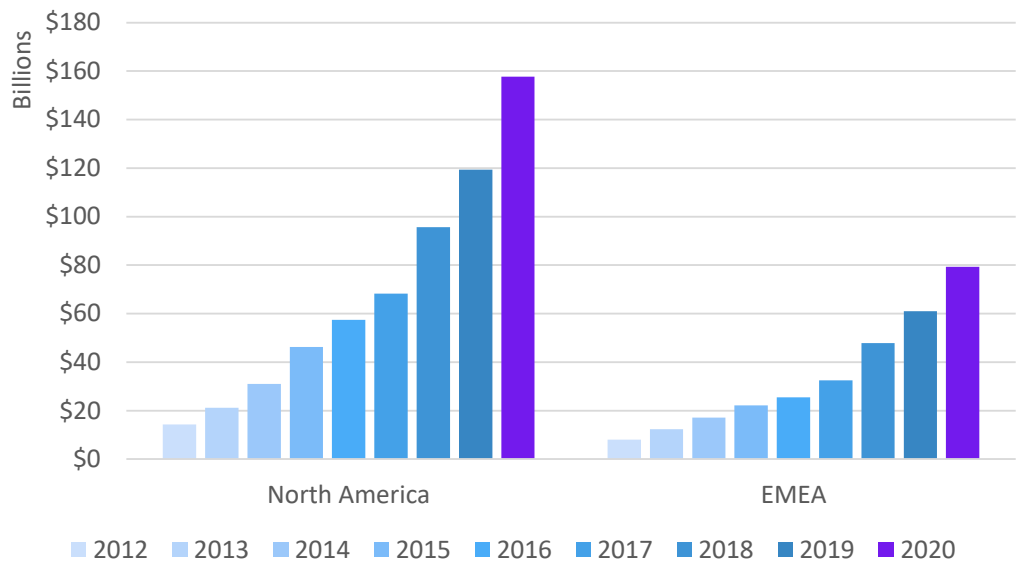
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## Introduction

Over the past 10 years cloud computing has become an intrinsic part of the IT strategy of most companies. In fact, the COVID-19 pandemic acted as a booster to cloud services adoption with enterprises relying on the cloud to enable employee communication and productivity, as well as ensure the compute necessary to run the business is provisioned even when an on-site server deployment was impossible due to staff shortages or local COVID-19 restrictions. Even in the most mature regions, from a cloud adoption perspective we saw an acceleration in the growth of revenue spend on cloud services such as infrastructure as a service (IaaS), platform as a service (PaaS), and software as a service (SaaS), as highlighted in Exhibit 1.

Despite this growth some enterprise applications have been more challenging than others to move to the cloud. Some of the most business critical and data-intensive applications like databases and financial management solutions stand out as laggards when it comes to cloud adoption. At Omdia we recognize that cloud computing is not always the optimal solution for an organization but having the flexibility to plan for all computing environments provides immense flexibility to IT teams. In this report we explore different aspects of enterprise IT strategy in relation to cloud computing and what has changed in terms of available cloud options that can enable a different path forward.

**Exhibit 1: Total enterprise spend on cloud services (IaaS, PaaS, SaaS)**



Source: Omdia Cloud & Colocation Services Market Tracker, 2021

## Multi-clouds are here to stay

Using a panel of qualified IT decision makers, Omdia conducted a web survey in November 2020 with 154 North American organizations that have at least 101 employees and subscribe to off-premises cloud services. Multi-cloud environments where enterprises consume off-premises cloud services from multiple cloud service providers (cloud SPs) along with their on-premises data centers, managed as one integrated distributed compute environment, stood out as the largest growth area.

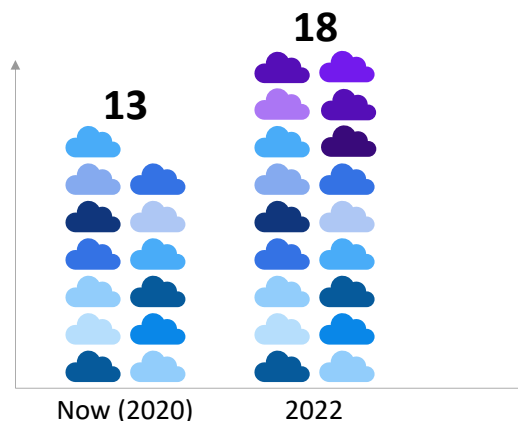
Responses pointed to multi-cloud adoption rising from 31% of respondents using multi-clouds in 2020 to 44% by 2022. Responses also indicated that enterprises continue to use numerous cloud providers—on average 13 cloud providers in 2020, with projections that this will reach 18 by 2022. Both numbers are up from the 2019 edition of the same survey, where respondents indicated they use 10 cloud SPs on average.

Cloud SPs are aware of this phenomenon of organizations requiring a single solution that meets both their on-premises and off-premises needs; therefore, they continue to add capabilities to their cloud offerings that make them more interoperable with services from other cloud partners and competitors, resulting in more cloud services offered from different providers via an integrated solution.

A multi-cloud approach allows enterprises to select match their cloud SP and service type to best fit the requirements of each application, as opposed to a “one size fits all” approach. This enables optimal application performance and can drive other business benefits, such as cost-reduction.

Interestingly, 75% of the respondents in our survey indicated that reducing IT costs was the top factor that drove their decision to adopt cloud services. Exploring edge computing applications was the second reason, selected by 73% of respondents, followed by improving scalability and seeking to remain competitive.

**Exhibit 2: How many cloud service providers does your organization use?**

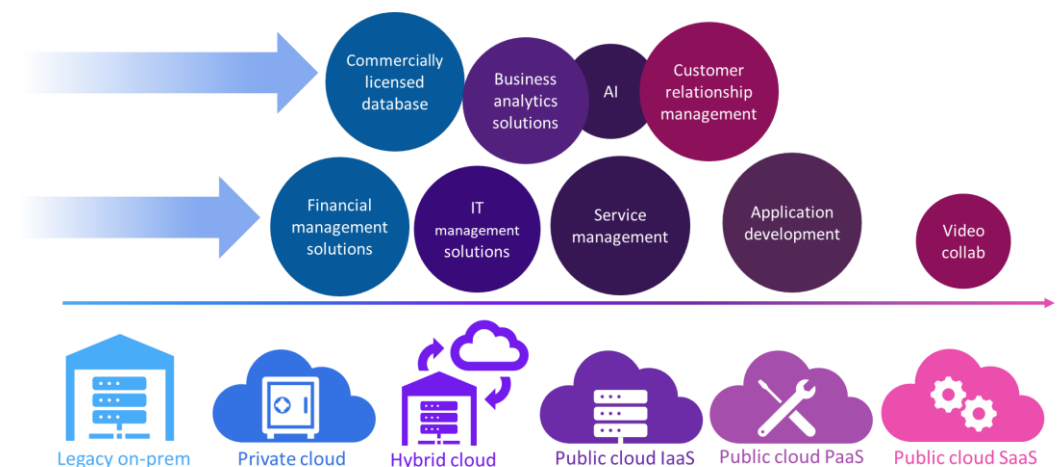


## Databases and mission critical applications left behind

In our broadest annual survey, we reached out to nearly 5,000 companies globally to understand their overall IT investment priorities and their usage of various technologies, including the cloud. Responses indicated that commercially licensed databases and financial management solutions are mostly run-in legacy environments in an on-premises data center. When asked about their strategy for the next 18 months, respondents indicated they intend to change the environment of these applications and increasingly adopt on hybrid and multi-cloud environments.

It is important not to review survey results in a vacuum which is why we always seek to compare current with past surveys. The results from this year's broad global survey were in line with what we saw last year and were also in line with work we've done in the past. In our Cloud Service & Leadership Strategies NA Enterprise Survey, database ranked second highest when we asked respondents to identify the top three use cases for IaaS in 2020 with 66% of the respondents highlighting that workload.

**Exhibit 3: Over the next 18 months enterprises want to increase cloud adoption**



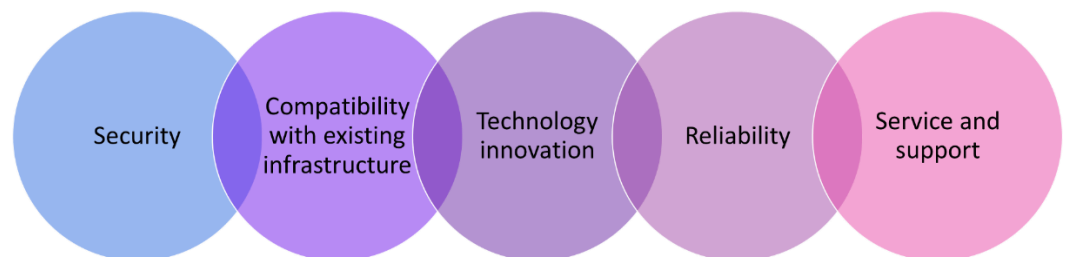
Source: Omdia IT Enterprise Insights Survey (2022)

## A secure and reliable dedicated cloud is needed

Databases and other mission critical applications require the highest degree of security and an isolated environment so that other applications don't impact performance, optimized hardware, and support services. Together with reliability, technology innovation, compatibility with existing infrastructure, and enterprise grade service and support, they make up the top criteria for choosing a cloud service provider. These are also the top requirements indicated by respondents in our 2021 Cloud Service & Leadership Strategies NA Enterprise Survey.

The top five criteria listed in Exhibit 4 are important for all applications but when it comes to databases and business critical applications like financial management solutions, they become critical. Uninterrupted access to data for decision making, product creation, and client support is critical to the functioning of most modern businesses. Additionally, the loss or mishandling of sensitive data can be an actual criminal offence. Regulations in many regions also require enterprises to store data in a local data center. When selecting a cloud provider for these legacy applications, enterprises need to be sure to tick all these boxes.

**Exhibit 4: Top five criteria for choosing a cloud service provider**



Source: Omdia

The good news is that the cloud has evolved. New options are available that can pass these criteria and regulations. IT organizations don't need to compromise when considering a move to the cloud and can even rely on migration and operations services managed by an external partner to speed up or simplify cloud adoption.

One option Omdia will explore in our webinar with Atos and Google is bare metal as a service, a dedicated, optimized, non-virtualized IaaS, where the end user has full control over the resources of the infrastructure. Bare metal as a service isn't new, but what has changed is the availability across regions enabling access to this IaaS at low latency.

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## Bottom line

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The advantages of using cloud computing are clear: reducing costs, gaining access to new technology, and enabling business agility and scalability. As the cloud evolves and new options become available some of the disadvantages of running legacy applications, such as databases in the cloud, are being eliminated. New bare metal as a service options, for example, tick Omdia's and many enterprises' criteria for choosing the cloud as highlighted in this report.

In conclusion, the tide is now turning in favor of public cloud within many enterprises located in highly regulated countries or having business critical reliance on certain applications. This move is happening in tandem with the adoption of cloud native software architectures that actually boost application performance and application development initiatives and enable a disruptive DevOps culture. As a result, enterprises now have the option to first optimize how and where they run their legacy applications and then innovate and change them to become even more competitive.

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## To learn more

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Watch this free webinar

### **Explore the cloud optimized for legacy enterprise applications**

presented by Omdia and our Atos and Google Cloud



The webinar can be accessed at:

<https://bit.ly/3FI4rON>

For additional Omdia events, visit:

<https://gateway.on24.com/wcc/eh/753397/Omdia+Webinars>



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We create business advantage for our customers by providing actionable insight to support business planning, product development, and go-to-market initiatives.

Our unique combination of authoritative data, market analysis, and vertical industry expertise is designed to empower decision-making, helping our clients profit from new technologies and capitalize on evolving business models.

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We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Omdia's consulting team may be able to help your company identify future trends and opportunities.

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