

REGION FOCUS: WORLDWIDE

Industry Clouds Help Drive Resilience, Growth, and Connectivity

Harnessing the Cloud to Deliver Vertical Innovation



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Navigating this InfoBrief

Click on titles or page numbers to navigate to each section.

In This InfoBrief	3	Industry Clouds Thrive in Healthy Ecosystems	9
Industry Clouds in the Forecast: What to Expect?	4	Good Partnerships Needed for Industry Clouds	10
Industry Clouds Provide Relief During Storms of Disruption	5	Choosing a Vendor When Industry Clouds Are on the Horizon ...	11
Industry Cloud Coverage Is Uneven Across Sectors	6	The Advantages of Industry Clouds Are Clear	12
Industry Clouds Rain Productivity Tools and Data Insights	7	About the Analyst	13
Preparing for Industry Cloud Conditions Requires Work	8	Message from the Sponsor	14

In This InfoBrief

In January 2023, IDC conducted a U.S.-based web survey, *Industry Cloud Council* (n = 178), on current and forthcoming industry cloud developments, such as adoption patterns, best practices, benefits, challenges, ROI measures, and impact assessment.

Two earlier global surveys, IDC's *Future Enterprise Resiliency & Spending Survey, Wave 2* (March 2022, n = 796), and IDC's *Industry CloudPath Survey* (May 2022, n = 916) provided data on the role of industry ecosystems and the type of vendors offering industry clouds.

Based on the above research, this InfoBrief seeks to inform readers of:

- ▶ The **motivations** of industry cloud adopters
- ▶ The industries with **highest propensity for adoption**
- ▶ The **benefits and challenges** users experience with industry clouds today
- ▶ The role these clouds play in **industry ecosystems**
- ▶ The **importance of partnerships** in building industry clouds
- ▶ Questions to consider when **evaluating industry clouds and vendors**

Industry Clouds in the Forecast: What to Expect?

Industry clouds are cloud-based platforms, applications, or services providing industry-specific information, technology, or operational capabilities.



They are distinct from traditional clouds due to their vertical integration and modularity, collaboration options, and ability to generate network effects.



Industry clouds have gained prominence as major cloud and software providers and their partners launched dozens of offerings in response to customers' demand for **vertical solutions** and quick **time-to-value** in the cloud.



They offer built-in advantages over “standard” clouds, such as industry-specific security, compliance, user experience (UX), and workflows. Industry clouds also include custom data models, artificial intelligence and machine learning (AI/ML) services, and many specialized connectors and integrations.



Often built by partners that combine deep industry expertise, analytics, and automation with cloud technology, **these vertical solutions provide industry cloud users with the “best fit” use-case functionality** to boost productivity and differentiation.

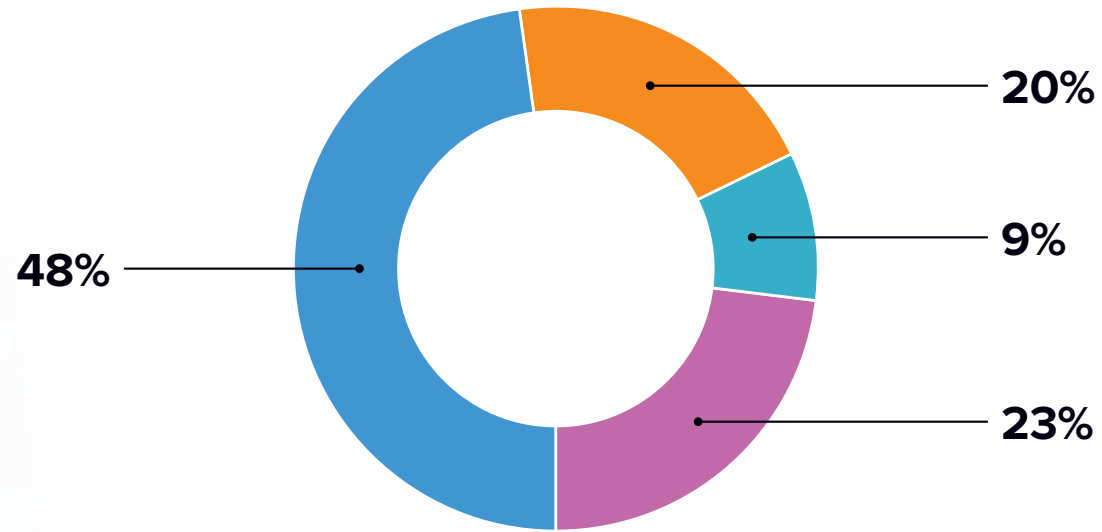
Industry Clouds Provide Relief During Storms of Disruption

In a difficult economic environment, companies favor technologies that help sustain business growth while optimizing costs for efficiency and productivity.

Given their value proposition of reducing cloud complexity and focusing on the core business, it is not surprising that industry clouds have seen rapid adoption. In a recent U.S.-based IDC survey, **48% of respondents said they use an industry cloud today** — more than double the number who said the same in 2021.

Usage of Industry Clouds

■ Currently use ■ Plan to use in the next 12 months ■ Plan to use but more than 1+ year(s) away ■ No plans

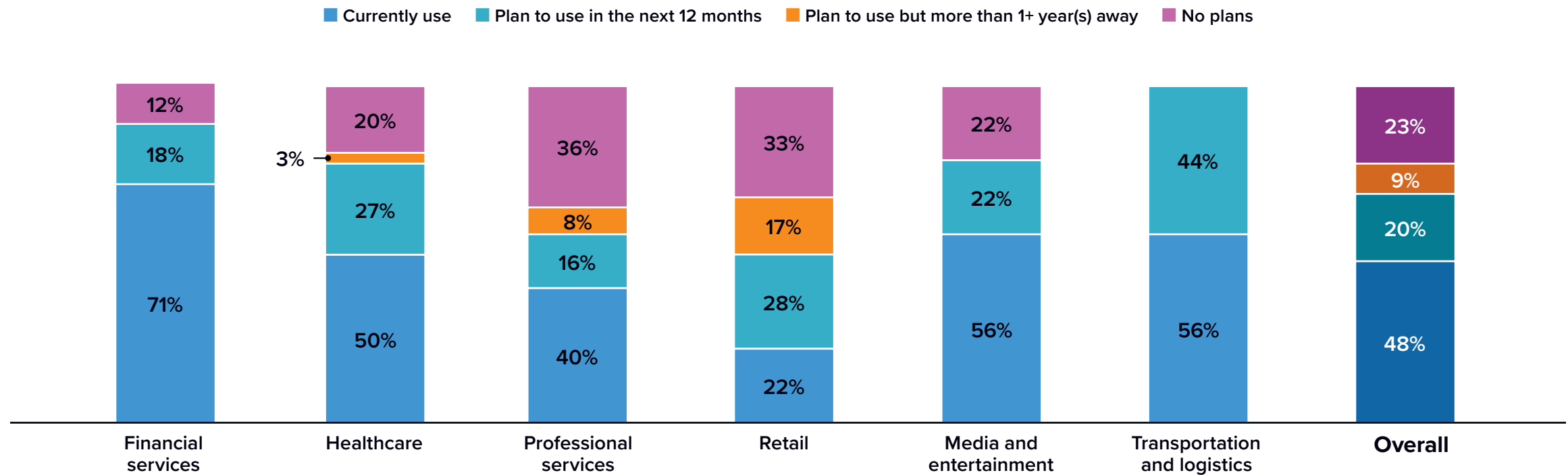


n = 178; Source: IDC's *Industry Cloud Council Survey*, January 2023

Industry Cloud Coverage Is Uneven Across Sectors

Industry clouds are seeing higher levels of adoption in heavily regulated industries, such as financial services, transportation and logistics, and healthcare, among others.

Usage Plans by Industry



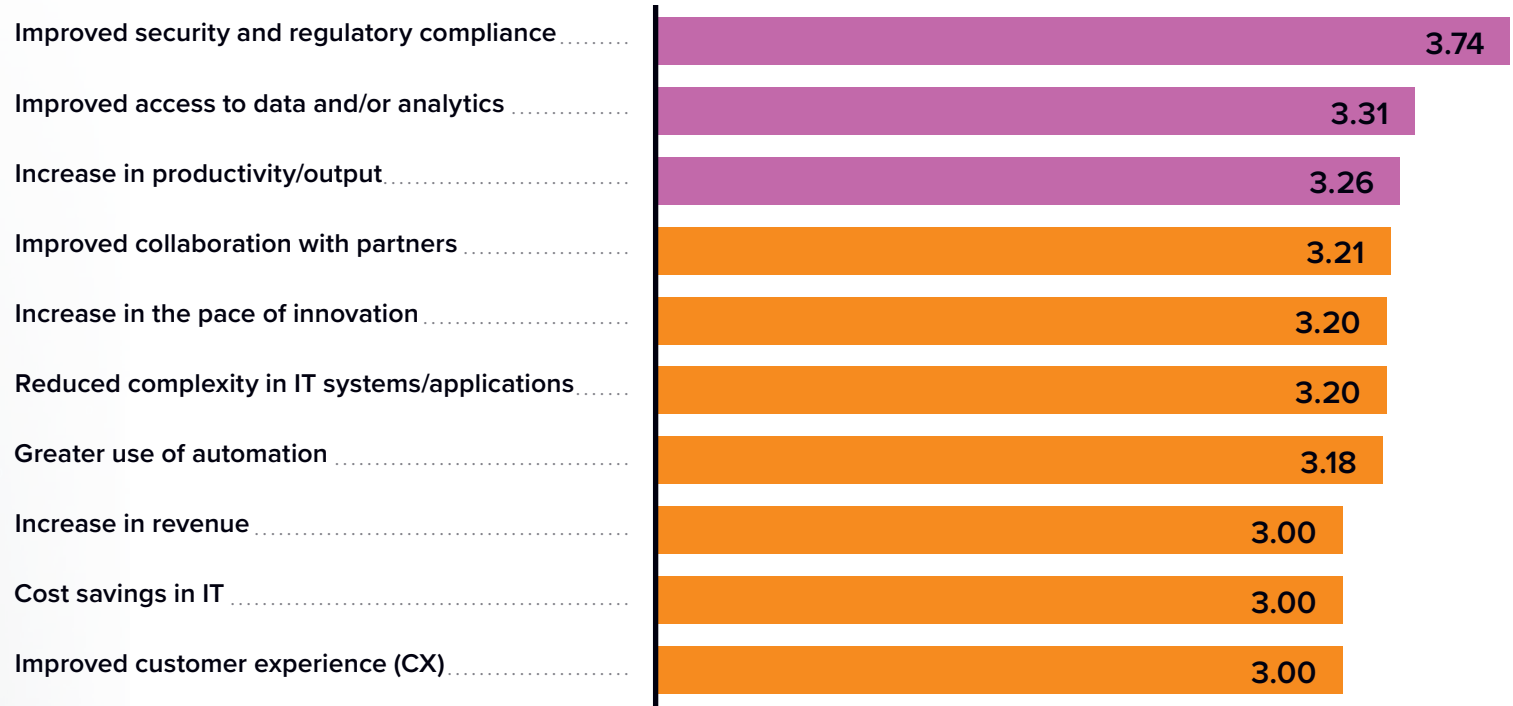
n = 178; Source: IDC's Industry Cloud Council Survey, January 2023

Industry Clouds Rain Productivity Tools and Data Insights

Industry clouds deliver on their promise for built-in compliance, and they bring many benefits beyond that.

Through their open architecture and partnership model, industry clouds enable companies to leverage the latest technology tools and accelerators customized for their needs by industry experts, such as their professional services partners. These advantages translate into improved productivity and data insights, increased innovation, and more collaboration with partners, another benefit of the industry cloud model.

Top Industry Cloud Benefits

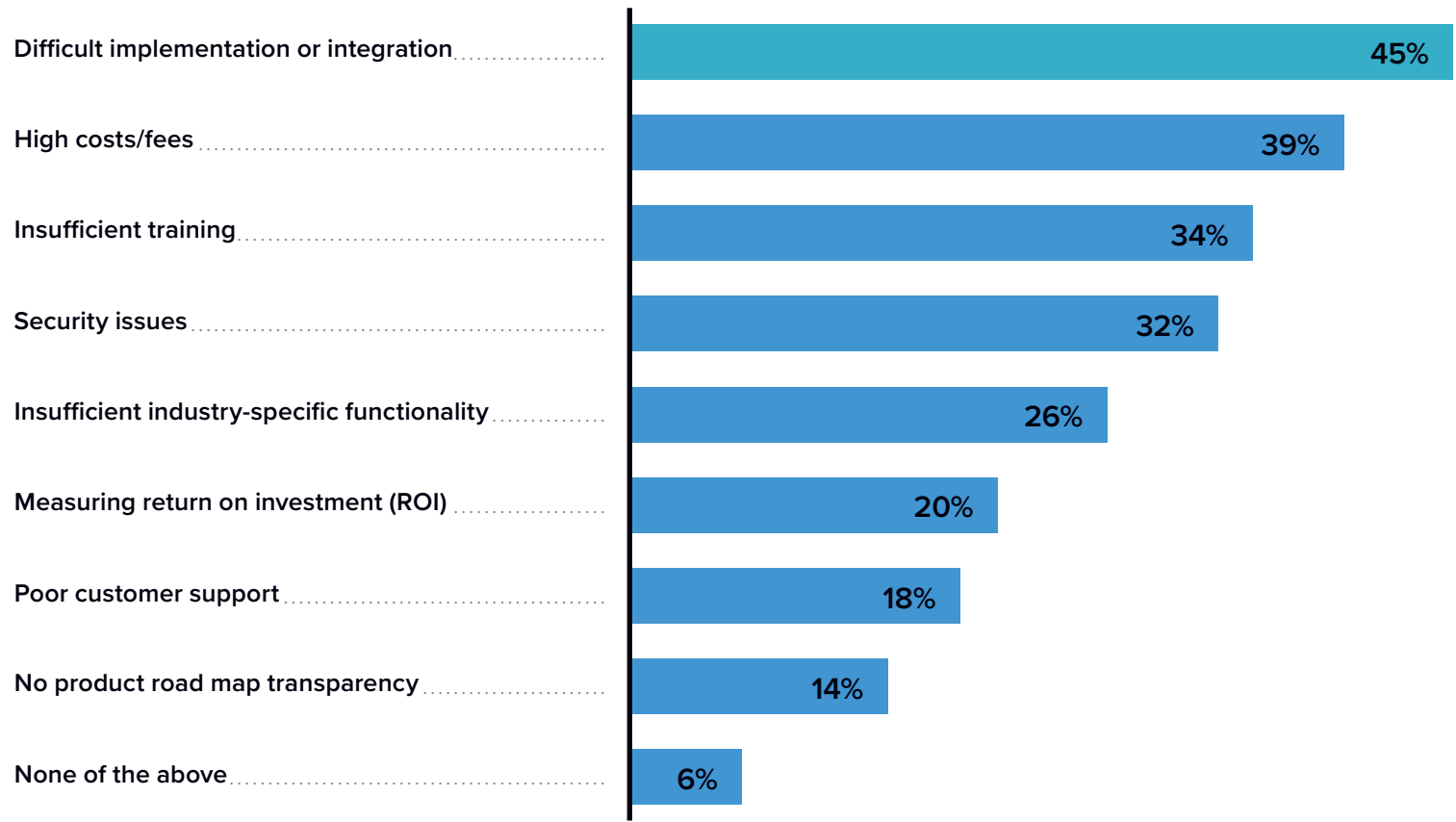


Q: What percent improvement did your organization experience in 2022 in the ROI areas you selected as a result of your investment in an industry cloud?
n = 87 (current users only); Source: IDC *Industry Cloud Council Survey*, January 2023

Preparing for Industry Cloud Conditions Requires Work

- ▶ **The benefits of industry clouds are often accompanied by some of the challenges** common to most cloud users, such as difficult implementation and integration with existing IT systems, high costs, and security issues.
- ▶ **Forecasting and planning to address these challenges is critical to successful implementations.** More training for users is also key to enable them to take full advantage of the features of industry clouds.
- ▶ **The need for additional industry-specific functionality is typically addressed by partners** that possess the requisite use-case knowledge and solutions.

Industry Cloud Challenges



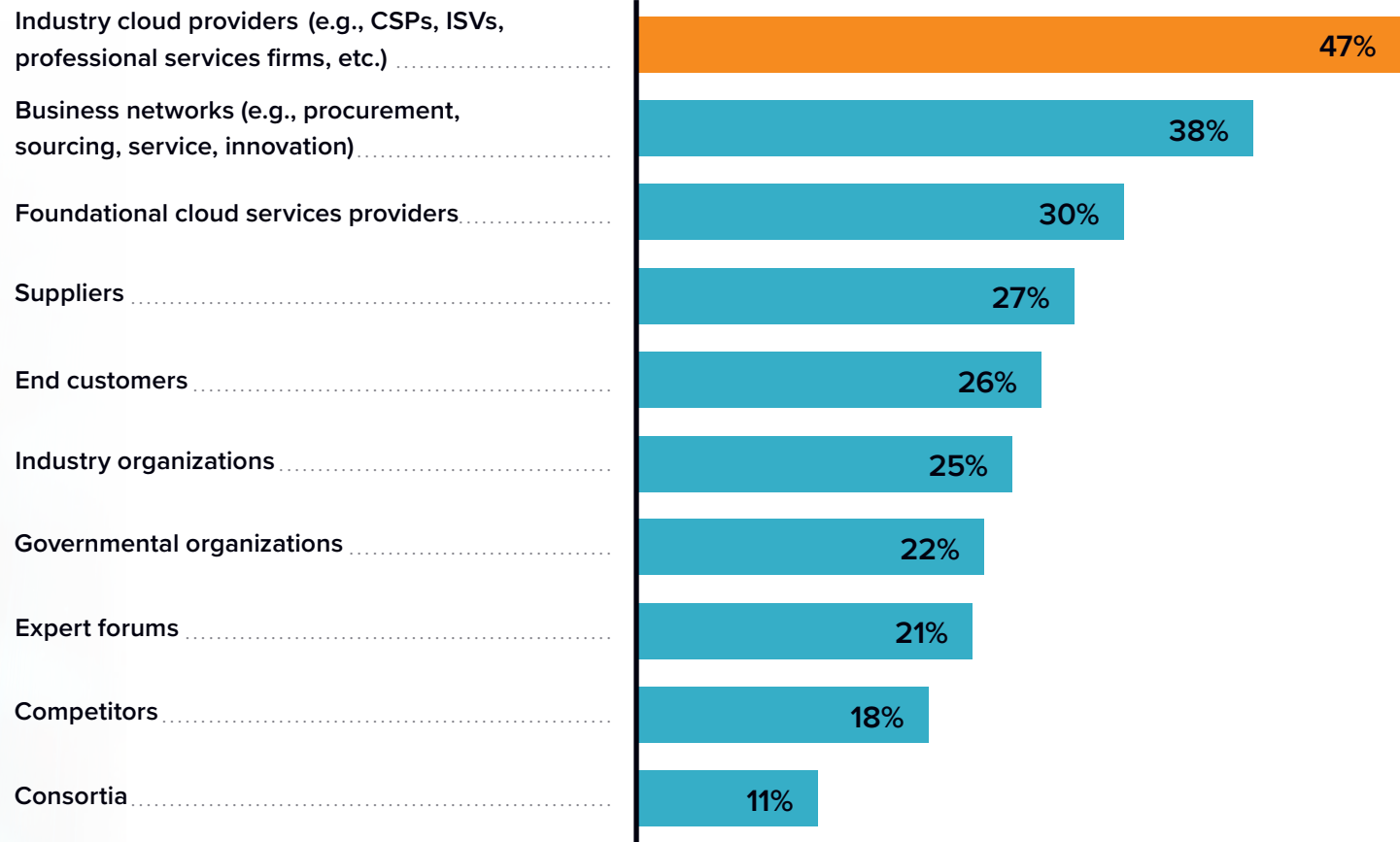
Q: What challenges have you had with using an industry cloud?
n=87 (current users only); Source: IDC *Industry Cloud Council Survey*, January 2023

Industry Clouds Thrive in Healthy Ecosystems

Industry clouds are key components of strong and active industry ecosystems. They provide the digital space for interactions among industry ecosystem partners.

The business value of industry clouds grows in the process, as they foster deeper trust, collaboration, and industry expertise among the ecosystem participants.

Top Industry Ecosystem Partners



Q: Considering all of your industry ecosystem participants, whom do you consider to be your most important partners, collaborators, and co-innovators?
n = 796; Source: IDC's *Future Enterprise Resiliency & Spending Survey*, Wave 2, March 2022

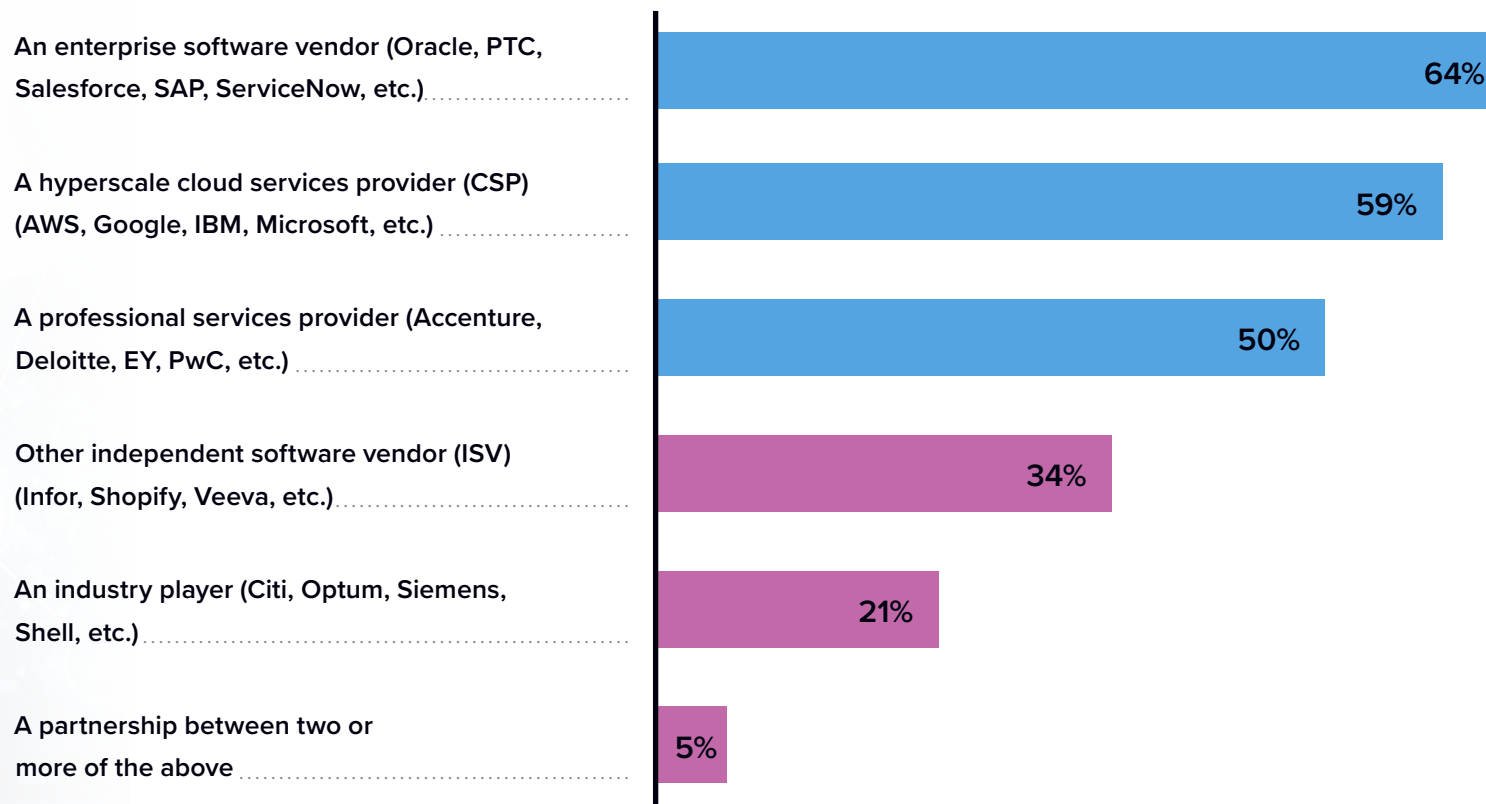
Good Partnerships Needed for Industry Clouds

Alliances are essential for the development of successful industry clouds.

The various components, from the infrastructure and platform layers to the data, connectors, and custom workflows and features, may be provided by partners in the respective area that work together to generate value for the end user.

While cloud service providers tend to focus on the technology infrastructure and software vendors focus on the data and connectivity, the professional services partners often supply the industry expertise and interfaces that connect the layers to the industry-specific use cases.

Types of Vendors Providing Industry Clouds



Q: What type of vendor provides or will provide your industry cloud(s)?
n = 1,916; Source: IDC *Industry CloudPath 2022*

Choosing a Vendor When Industry Clouds Are on the Horizon

Compared to traditional clouds, industry clouds provide companies with a more direct path to cloud and access to powerful tools specifically designed for their industry.

But not all industry clouds are created equal, and the choices can vary greatly across industries. To make the right decision for your business, consider the following questions:



Does the vendor have the **deep domain and industry expertise** needed to ensure that the industry cloud capabilities match the **use cases and operational needs** in your vertical?



Is the vendor **active in the important ecosystems** for your industry that provide ready access to the **key partners, technology vendors, and services providers**?



Is the industry cloud built with **open and extensible architecture and a modular approach to integrations** that allow it to remain always relevant in a **fast-changing, digital-first environment**?



Does the vendor support multicloud capabilities for **flexible industry cloud deployment, easy data access, and ecosystem collaboration**?

The Advantages of Industry Clouds Are Clear

- ✓ *PwC's 2023 Cloud Business Survey* shows similar findings to IDC's research regarding the advantages of using industry cloud versus general-purpose cloud. According to PwC's survey, the top benefits are:

- 1 Improved security features** (e.g., cyber and privacy controls) that are more relevant to operations (44.2%)
- 2 Improvements in data access, quality, and insights** to support decision making (41.7%)
- 3 Process and workflow efficiencies** (e.g., standardization, simplification, automation) (38.5%)

- ✓ Cloud-powered companies are more likely to leverage managed services (74% versus 47% for other companies), according to the *PwC survey*.

About the Analyst



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Nadia leads IDC's research service on Industry Clouds, Solutions and Verticalization Strategies, providing in-depth analysis, strategy, and guidance to both technology and industrial companies. Ms. Ballard's core research coverage includes the emergence and growth of industry clouds across all major vertical markets, their impact on value chains and market dynamics, and the opportunities they present for industries, technology companies, and professional services firms. She also helps run IDC's Path data product portfolio.

[More about Nadia Ballard](#)

Message from the Sponsor

The world of business is evolving quickly—and the cloud is powering the change. As a result, customers often expect personalized products and services, digital experiences, and rapid innovation. Although 78% of executives have already adopted cloud in most or all parts of their business, **over half** of companies haven't realized their desired business outcomes. To help realize the benefits of an industry cloud you should collaborate with industry-leading professionals who understand your market and have a track record on helping deliver value.

PwC can work with your team to help create a composable industry cloud solution configured to your organization's needs. We leverage our use case specific tech-enabled services built on top of major cloud service providers and industry leading software to help deliver a foundation for your transformation that can help you reduce risk and time-to-market to boost your competitive advantage. Our deep industry knowledge and legacy of client-centricity help us deliver breakthrough outcomes at scale.

Learn how collaborating with PwC to build a customized industry cloud solution can help you drive sustainable growth.

[Learn how here](#)



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