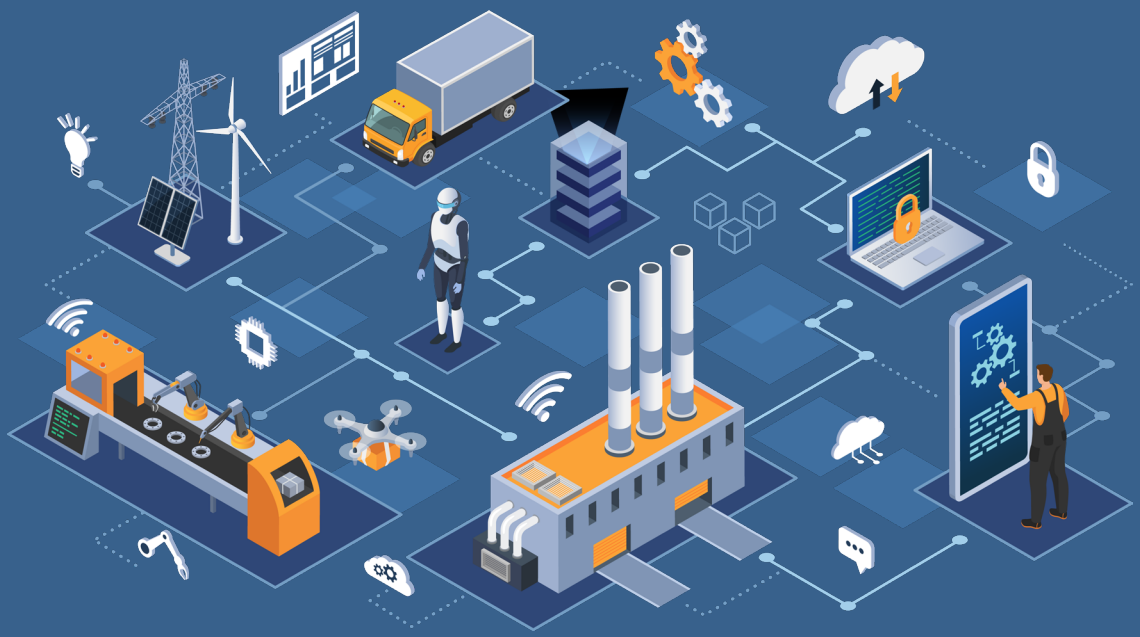
INDUSTRY CLOUD FAD OR FUTUREPROOF?



Sector-specific services are one of the biggest cloud-centric trends right now, with Microsoft, IBM, AWS and Google Cloud all working to define their offerings in an increasingly bespoke manner. But is it a trend worth pursuing? And where does it leave more catch-all services? We spoke to five experts to better understand the implications

AUTHOR: Jonathan Dyble

The cloud isn't new, but it is constantly evolving.

While the likes of blockchain, cryptocurrencies, driverless vehicles and 5G grab many of the tech headlines, cloud computing continues to take on a major role in empowering enterprises behind-the-scenes. To underestimate its potential would be naïve.

Cloud computing is still a heavy hitting technology – a pivotal part of any digital transformation strategy.

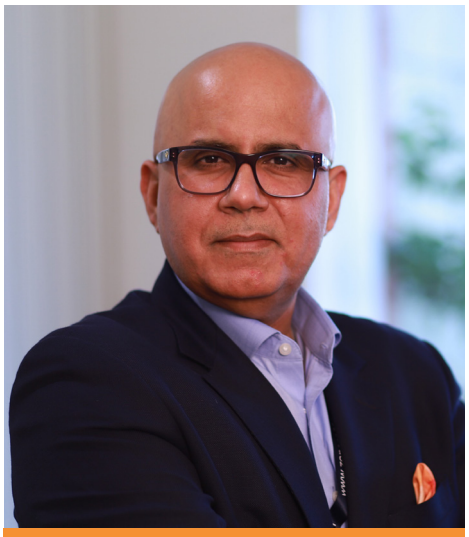
While Amazon's initial release of its Elastic Compute Cloud (EC2) marked the advent of cloud in 2006, the technology has since expanded to encompass exponential service provision and customer adoption, Synergy Research Group revealing that 2019 saw enterprises spend more on cloud infrastructure services than on data centre hardware and software for the first time.

Its uptake is only expected to grow. Data from Canalsys maps its latest rise as companies have grappled with covid and digitalised to meet the demands of the "new normal".

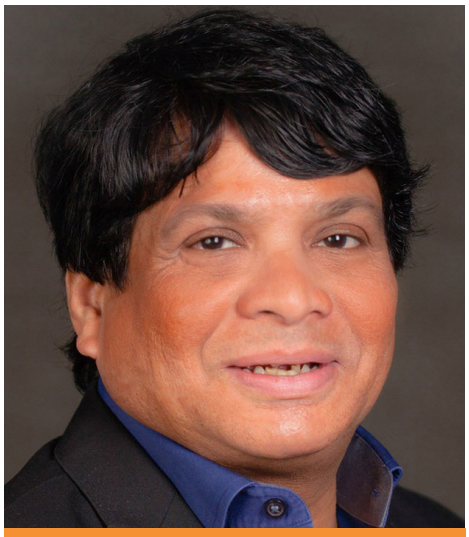
In Q2 2019, total cloud infrastructure services spend stood at $26.3 billion; by Q1 2020, this had jumped to $31 billion; and come Q2 2020, spend again grew to $34.6 billion. Further, Gartner forecasts more of the same for 2021, anticipating worldwide spending on public cloud to expand by nearly 20% this year.

The numbers speak for themselves: cloud is big business.

Some of the world's largest companies dominate the market, Alibaba Cloud, Google Cloud, Microsoft Azure and AWS accounting for 63% of global spend. Yet as the opportunities become more lucrative, competition continues



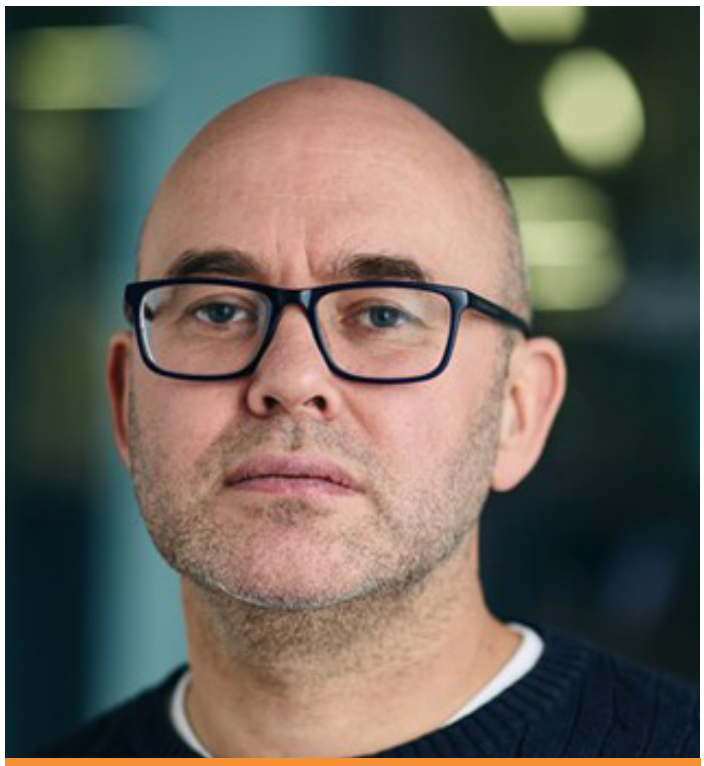
Harjott Atrii



Sid Nag

Mark Cox

Kumar Mehta



Tommy Langnes

to hot up and providers jostle and innovate to try to cut above the noise.

It is against this context that industry specific clouds were born.

In April, Microsoft revealed it had acquired Nuance Communications – a leading provider of conversational AI and cloud-based ambient clinical intelligence for healthcare providers – in a deal valued at $19.7 billion. The company's aim? To bolster its healthcare-specific cloud offering.

"Today's acquisition announcement represents the latest step in Microsoft's industry-specific cloud strategy," the announcement read, the Redmond-based tech giant having also launched three spin-off Azure offerings focused on financial services, manufacturing and not for profit just one week earlier.

It's not just Microsoft rolling out industry-specific clouds either. From AWS and Google Cloud to smaller industry players, it is a trend that is emerging rapidly within the current global market.

The question is whether the cloud's vertical move is a logical next step?

To understand the extent of the benefits of industry specific clouds, we first spoke with IBM's Mark Cox, Public Cloud Leader, UK & Ireland.

Cox is an individual familiar with the inner workings of such offerings, IBM itself having launched specific clouds in the form of IBM Cloud for Financial Services, IBM Cloud for Telecommu-

nications and more recently Open-Built – a platform designed to assist the construction industry in securely connecting fragmented supply chains.

"Every sector has a unique set of needs and challenges and a cloud platform that is tailored to address these is going to add more value for businesses than a generic platform," Cox says. "This is becoming more important as businesses expand their use of cloud services as part of their overall digital transformation strategies."

For Cox, cloud platforms that are custom designed make it possible for enterprises to accelerate their digital transformation journeys more efficiently and securely – a process which opens up a range of benefits, from cost reduction and faster innovation to business growth opportunities and enhanced security.

Indeed, the latter point is particularly prevalent.

Cox affirms: "It's possible to design an industry cloud platform that helps to de-risk an entire industry supply chain.

"One of the key sources of risk for organisations migrating to multi-cloud settings is the disparate nature of the supply chain, which can often comprise a myriad of technology vendors. In the rush to take advantage of the cloud while maintaining their systems of record, many firms have ended up with systems

"The key question here is: what does the customer want? They want something tailored to work for them and their business needs, as that's what will help them stay competitive and stay resilient.

"Customers don't want to be offered the cloud features they don't need, or be told "we can ask the team to look into that feature but can't promise anything". Those companies that can offer a highly tailored, scalable cloud solution from the get-go will be in a great space going forward.

"The cloud is about far more than data hosting now. It's about integrated business support that can help a business get where it wants to be tomorrow."

Tommy Langnes, *Co-founder, LYTT*

riddled with complexity and disconnected parts.

"This is why the SolarWinds cyber-attack that occurred in 2020 was so successful."

Here, the usefulness of a single platform with a common set of industry-specific compliance and security controls pays dividends.

Companies can onboard technology vendors in just weeks instead of years, allowing them to develop new offerings for customers much faster, enhancing overall abilities to innovate and, therefore, competitiveness.

Further, compliance can be demonstrated to specific regulators on an automated, continuous basis rather than doing it manually every few months, saving companies time and money.

Where does this leave traditional cloud offerings?

Be it eased complexity, security enhancements of cost savings, there are multiple arguments to be made for industry specific offerings.

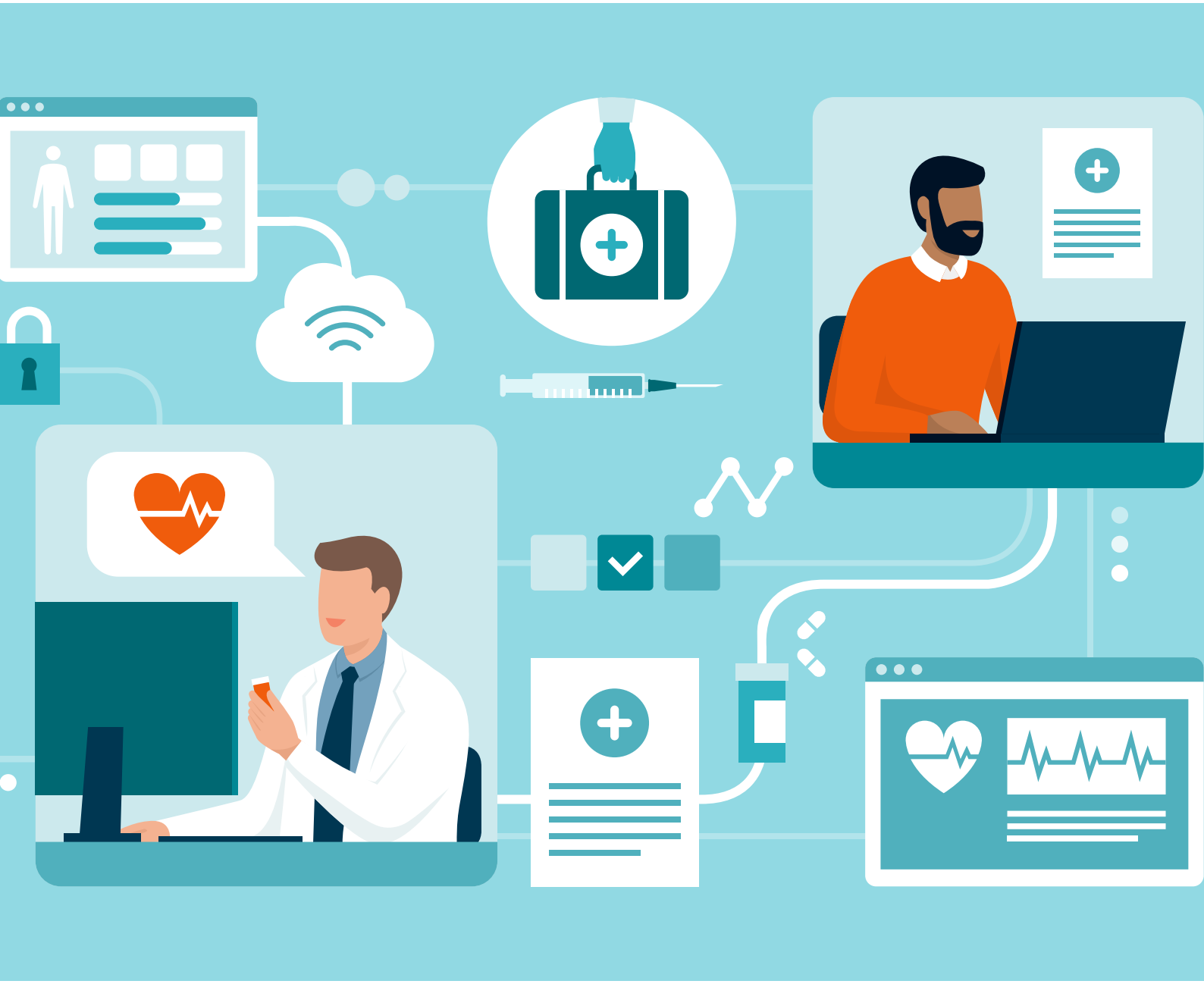
So, where does this leave more generic cloud offerings? Do they still have a place? Enter Sid Nag, Vice President of Cloud Services and Technologies at Gartner Research.

A member of Gartner's Cloud Leadership Council, he is well placed to comment on the wider impact of industry specific clouds, doing so by

first iterating the continued viability of more generalised clouds.

In Nag's view, nuanced alternatives aren't the holy grail. Rather, they are a nice-to-have that will typically leverage many of the same features as broader offerings.

"It is worth remembering that industry clouds are not being built from the



ground up," Nag says. "Often, they're leveraging an existing cloud platform with the same core offering.

"Many of the technicalities in terms of features and functionality are not new – they're the same as those of the mother-ship with an additional layer of nuance."

Nag also advocates caution among the providers themselves, pointing out that industry specific solutions could result in a degree of rabbit holing with limited end benefits.

"It's important that industry specific cloud providers don't become too bogged down in their industries," he says. "They need to avoid trying to kill the goose to lose the golden egg so to speak.

Five key reasons for the increasing trend towards industry-specific clouds from Harjott Atrii.

1. Easy adoption because of availability of ready-to-use environment with tools and services tailored to a specific vertical's operational requirements.
2. Efficient handling of data sources and workflows, and compliance with an industry's unique standards like HIPAA, FedRAMP, etc.
3. Support for industry-standard APIs to connect easily and securely like FHIR for Healthcare, Open Banking APIs
4. Access to best global industry practices and use of optimised resources as per industry specific requirements.
5. Enhanced operational efficiency and customised holistic solution though combination of different industry specific modules which each customer may pick and choose.

Harjott Atrii, *Executive Vice President and Global Head of the Digital Foundation Services, Zensar Technologies*

"If all cloud providers begin to direct all attentions to industry specific clouds to differentiate themselves with the intellectual property which they might have, then the impact is square one. You'll be competing against the same set of people that you competed with in the core offering, but in a much more nuanced way."

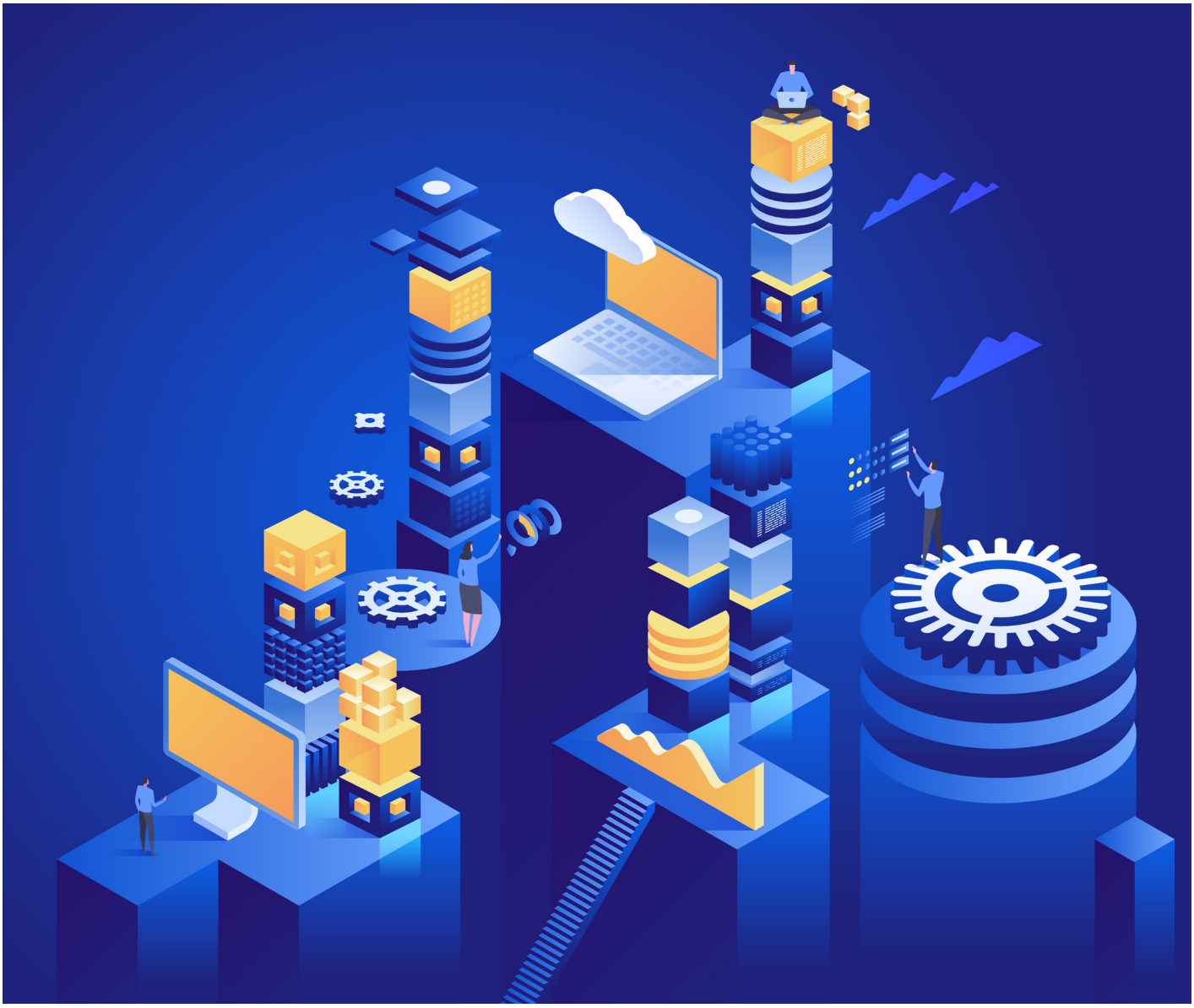
Regional nuances are likewise highlighted as an area of potential limitation by Nag. He points out that an industry cloud tailored for US manufacturers might not meet the needs of sector players in the Eurozone, thereby reducing the overall market potential of any single bespoke solution.

Indeed, many iterations would have to be developed for specific sectors, specific economies, and specific needs.

There are also drawbacks to be considered on the customer side.

In the view of Kumar Mehta, Founder and CDO of Versa Networks, industry specific clouds are more likely to entrench companies with specific providers, and therefore creating complexities if they wish to move to a new provider in the future based on costings, alternative services or otherwise.

He outlines several such considerations as follows: "The key concerns of industry specific clouds are vendor lock-ins because of specialised technology,



cloud-agnostic security, programmable application aware networking, optimal middle mile transit and integration with third party solutions."

There is, therefore, a strong case for both industry specific clouds and their broad-reaching counterparts.

While the former undoubtedly offers numerous benefits, the latter can provide an equally sound service through the delivery of many of the cloud's key features and functionality, and enable providers to capture markets at large.

In Nag's view, the bulk of cloud demand will continue to be accounted for by existing cloud offerings for the foreseeable as a result. Yet, as the cloud further matures, its providers continue to innovate, and the new normal materialises through the persistence of digitisation strategies, specific solutions are likely to consolidate their new-found role.