

As organizations begin their journey towards business recovery and accelerated growth in 2021, building a resilient digital infrastructure ecosystem is critical to thrive in the new digital economy.

# Leveraging Digital Infrastructure Ecosystem to Gain Competitive Advantage

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## Introduction

This IDC Event Proceedings report summarizes key insights from the recent IDC-Equinix virtual roundtable on 19 November 2020 that explored the business competitive advantages to be gained from leveraging a digital infrastructure ecosystem. The event was attended by senior executives, mainly from the IT or operations space, across different industries ranging from real estate, financial services and insurance (FSI), telecommunication services, fast-moving consumer goods (FMCG), and broadcasting.

The event highlighted key market trends and provided insights on how organizations could leverage digital infrastructure to build resiliency and gain competitive advantage in uncertain economic environments. Equinix's President for Asia Pacific, Jeremy Deutsch, shared the importance of Equinix's role in providing a foundational digital infrastructure layer to enable a digital connectivity ecosystem that assists enterprises in their digital transformation (DX) journey. The roundtable concluded with attendees sharing their views on how their organizations would leverage cloud to help them scale operations and future-proof their critical infrastructures in 2021 and beyond.

## Digital acceleration is intensifying across Asia/Pacific

The pace towards DX has intensified in 2020 due to the COVID-19 pandemic, and this acceleration does not only pertain to specific sectors like healthcare, which is at the forefront in the fight against the pandemic, but across every sector. Equinix, while confirming such acceleration across industries, further added that having a robust digital infrastructure is no longer visionary but mandatory; even business-to-business (B2B) organizations are now looking at how they can digitalize and build a resilient platform. One delegate shared that because of COVID-19, his/her organization had accelerated its strategy to move applications onto cloud which was originally planned for three to four years later.

## AT A GLANCE

### KEY STATS

- » By 2024, recurring infrastructure failures that inhibit business resiliency and security across all locations will drive 60% of enterprises to mandate the use of automated digital infrastructure.
- » By 2023, 60% of enterprises across industry will share information and data to cloud-based ecosystems to enhance internal operations and innovation, and/or for collective monetization.

As countries in Asia/Pacific get a better hold of the pandemic situation, there is a growing pool of organizations that are racing towards business recovery. They are no longer in the crisis mode of trying to keep the business going but are preparing for the return to growth and to lead in the next normal environment. According to the IDC COVID-19 Impact Survey, results obtained in September 2020 revealed that almost 60% of Asia/Pacific organizations were either already in the return to growth stage focusing on targeted investment, or were planning for the next normal environment investing in technologies that could enable them to compete and accelerate growth. At the roundtable, IDC highlighted numerous examples of what organizations in the region had done to keep their business going during the pandemic and how these organizations future-proof their operations through deployment of cloud and digital infrastructure ecosystems. An example shared came from a global FMCG company with a massive footprint across Asia. The company had invested in an all-cloud environment and modernized all its IT front-end and back-end processes. This enabled a seamless work-from-home transition as well as provided full data visibility to all its business units during lockdowns, thus allowing them to make rapid decisions in unpredictable market conditions.

As organizations enter 2021 and beyond, there are five key development trends that IDC believes they should note in order to gain competitive advantage by leveraging technologies to drive their businesses to the next level of sustainable growth.

## ***1. Digital is key. Digital economy is the destiny***

Digital or digitalization is key for business continuity, and investments that improve the digital experience have accelerated over the past few months in many organizations. Organizations that were not digital-ready or had not previously embarked on their digital journey struggled to keep their operations going when the pandemic hit. IDC predicts that by the end of 2022, at least 65% of Asia/Pacific GDP will come from digital products and services and that digital economy will drive US\$1.2 trillion of direct DX investments between 2020 and 2023.

As organizations move into the new year, there are generally three areas to focus on — the ability to respond and adapt quickly to change, the ability to win market share with speed, and the ability to innovate and rapidly commercialize products/services to lead in the market. Achieving any of these will require a resilient digital infrastructure to thrive in this digital-first economy.

## ***2. Leadership is maturing. Critical infrastructure tops CEO's agenda***

Over the past few months, IDC has observed that leadership in the region is maturing and is now placing digital infrastructure and DX investments as a top priority. This is a significant trend as the urgency for DX investment needs to come from top management, otherwise DX efforts would be siloed and ad hoc.

In an IDC survey conducted at the beginning of 2020, prior to COVID-19, IDC asked CEOs from 80 large enterprises in Asia/Pacific what would be their key priorities in the next five years as they compete in the digital economy. Top on the CEO's agenda was to build a digital IT infrastructure to support resilient operations and pervasive experiences. With the importance of a digital infrastructure and ecosystem at the top of the mind of the CEO community, digital investment commitment will increase. IDC believes that 65% of digitally transformed enterprises will rely on key infrastructure metrics, such as optimization, resiliency, and ongoing enhancement to drive C-level decision making by 2023.

### **3. Future-proofing business with digital resiliency**

Prior to COVID-19, organization's business continuity plan (BCP) was about ensuring business resiliency, which is the ability to respond quickly to business disruptions and restore business operations to its core state. However, COVID-19 has brought to light that existing BCPs were either inadequate or there were significant gaps that needed to be addressed to handle any future major business disruptions. Hence, the new benchmark for organizations is "digital resiliency".

IDC defines "digital resiliency" as the ability of an organization to not only rapidly adapt to business disruptions and leverage digital capabilities to maintain continuous business operations, but also to quickly adjust to take advantage of changed conditions. The type of technology investments that organizations are making will determine how well they are able to quickly adapt to business disruptions. Some of these digital core investments would consist of cloud, security, collaborative support for remote work, and DX projects.

In one of our ongoing studies, it was noted that more than 70% of Asia/Pacific organizations believed that digital infrastructure could help achieve resiliency, drive growth, and/or operate an effective digital enterprise. A number of the delegates had the same sentiment indicating plans to expand deployments of cloud or hybrid cloud and digital infrastructure. One delegate from the FMCG sector noted that his organization would be exploring more hybrid cloud solutions, expanding beyond infrastructure-as-a-service into platform or software-as-a-service, and increasingly move applications from legacy systems hosted in-house to the cloud. Delegates also spoke about ensuring digital resiliency by adopting an intelligent cloud infrastructure with AI-driven operations, with capabilities like auto-scaling, self-healing, auto-provisioning, and leveraging machine learning to predict and anticipate service outages.

There is no doubt that digitalization and using cloud to scale will be the way forward. A delegate noted that the issues or questions going forward will be: how to ensure business resiliency with ever-evolving networks and infrastructures, how to minimize latency of cloud-based applications to maintain or improve end-user experiences, and how to ensure the cloud infrastructures built will be resilient enough for tomorrow as more applications are rolled out to end users.

### **4. Greater employee performance with hybrid work model**

COVID-19 has brought into the forefront the need for organizations to be prepared to enable employees to work anywhere and everywhere. Working models in future will be hybrid in nature, that is, having split teams where some employees will be working remotely while others are at the workplace, or even having some job functions permanently working remotely while others return to office. DHL was quoted as an example, where its platform-led delivery model was critical in enabling its employees to work from anywhere.

With hybrid work models, cloud and edge infrastructures will need to be even more resilient to enable employees to work, collaborate, and innovate effectively and efficiently. IDC predicts that 80% of organizations that shift to a hybrid business by design model will boost spending on AI-enabled and secure edge infrastructure by four times to deliver business agility and insights in real time by 2023.

## 5. Create new business values with cloud ecosystems

More progressive organizations are already looking at expanding and innovating with their partner ecosystem to create new business models to compete and lead in the next normal. These partners could be their existing or new partners from another industry or even competitors. Organizations that are finding ways to create new monetization channels are already looking at how they could work with partners to build a platform using application programming interfaces (APIs) and cloud environments to create new marketplaces. An example was Diamonds Industries. It noted that collaboration and innovation with multiple partners would be driven by digital platforms that enabled real-time streaming of data. Another example was Visionet International (OVO), which announced that it would be expanding its partner ecosystems collaborating with more investment firms, insurance companies, and lending platforms in 2021 to expand services and profitability. This would mean opening up its digital platform to these partners to collaborate more efficiently.

IDC termed this ecosystem play as the "future of industry ecosystem", which goes beyond just partnering with more companies and organizations. It is also about leveraging the sharing of data, applications, operations, and expertise across the industry ecosystem. We believe that this is critical to allow enterprises to create new business values for themselves as well as for their partners. A delegate from the telco sector specifically called out its partnership with Equinix that enabled them to deliver a more cost-efficient way of connecting its own enterprise customers to multiple public cloud infrastructures. This was in response to a growing number of their customers' requests to provide, as part of its architecture design, connections to "hyperscalers" in the region. How Equinix is able to achieve this is credited to their experience working with a variety of different partners over the past 20 years, ranging from network carriers, technology service providers, system integrators to cloud platform, and software providers.

Equinix has brought a whole ecosystem together providing a robust foundational digital infrastructure layer and full solution suite for its enterprise customers. Equinix drives innovative solutions to assist with DX both directly and through its partners, ensuring it presents the full capability of technology and integration to the table depending on the needs of its clients.

## Conclusion

The global digital economy and the trends highlighted above will ultimately require the support of a thriving digital infrastructure ecosystem. The race towards the new digital economy will change the way organizations work, partner, and leverage different technologies including analytics, AI, IoT, security, and cloud to innovate, expand, and reimagine new business models so as to lead in a post-COVID world. This quote from an Asia-based pharmaceutical manufacturer surmises it well:

"We are now reimagining our business/operating models in the post-COVID era. We are experimenting an ecosystem approach where doctors and patients are directly connected, medicines are customized and insurance companies are connected to bring together a holistic healthcare and well-being experience for everyone. This next normal scenario will require new technology and digital capabilities, and a robust and dynamic digital infrastructure ecosystem."

As organizations think through how they should modernize and transform their infrastructure to be more digitally resilient and to better compete in the digital economy, there are three key indicators that CEOs are concerned with.

CIOs and IT executives should address these concerns when they re-design their digital infrastructure strategy:

### 1. Resource optimization

The goal for resource optimization is to safeguard from resource wastage or missed opportunities. Therefore, when establishing a digital infrastructure strategy, IT should:

- Evaluate solutions, whether built in-house or by partners, based on their ability to do more for less.
- Look for platforms that enable agile and consistent scaling up or down of capacity.
- Require solutions that provide the ease of application mobility across infrastructure.

### 2. Consistent resiliency

A digital infrastructure that is consistent and resilient is really what organizations, employees, and management care about. Without this, all operations across the organization will be adversely affected, as experienced by many at the onset of COVID-19. CEOs expect infrastructure investments to help their organization flatten the curve towards recovery in a crisis.

To ensure consistent resiliency in the core infrastructure, it is necessary to:

- Mandate that new or modernized applications designed need to leverage flexible digital infrastructure.
- Design BCP plans based on the assumption of having seamless failover and fallback rather than mitigating loss for individual systems and services.

### 3. Continuous enhancement

Complexity within the technology environment can create technical debts that are often unquantifiable or overlooked. Therefore, the goal to enable continuous enhancement is to eliminate existing technical debt as well as minimize any future accumulations. In order to meet this goal, below are some guidance when evaluating your solutions or infrastructure partners:

- Assess partners and solutions based on their ability to provide fast access to new technologies, capabilities, and services that cater to business needs.
- Establish a preference for solutions that include automated or proactive upgrades of software and hardware assets.
- Weigh infrastructure, app modernization, or optimization efforts based on their ability to progressively reduce any stranded capacity that is associated with legacy applications.

## About the Analyst



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