



What challenges and changes will 2023 bring?

A hybrid IT trends report by Flexential



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Widespread adoption of cloud computing will play a vital role in several transformative technological trends, including the rise of artificial intelligence, the continued growth of the Internet of Things market and the adoption of remote or hybrid work models in the wake of the pandemic.

A hybrid approach to IT strategy that includes on-premises systems, public cloud services and third-party hosted infrastructure has become the standard across industries, giving organizations the ability and freedom to deploy workloads in environments that best meet their needs.

What to expect in the coming year

This report will explore five key trends to watch in the hybrid IT space and provide guidance on how organizations can leverage cloud and connectivity to optimize operations.

Emphasis on the importance of IT agility will continue to increase.

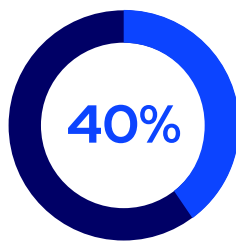
The effects of the pandemic on businesses and economies worldwide have highlighted the value of agility in IT architecture. Today's enterprises are facing an unprecedented need for the ability to accelerate IT provisioning so they can pivot and adapt rapidly to emerging opportunities, global crises and evolving trends.

Demand for Everything-as-a-Service (XaaS) tools will continue to climb as companies seek greater flexibility and scalability. (IMARC Group predicts the XaaS market will hit \$624.1 billion by 2027.)¹

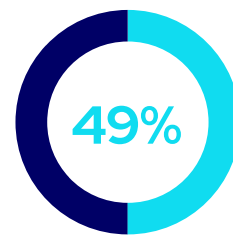
Security and resilience will remain top challenges for businesses of all sizes.

The focus on — and subsequent investment in—security and resilience is on the rise as businesses look to mitigate the threats posed by cybercriminals, aging infrastructure and the effects of climate change. Protecting customer data has become a priority as states pass legislation to protect consumers amid a sharp rise in cyberattacks on corporate networks.

At the same time, economic concerns will drive companies to seek out more innovative, cost-effective strategies to manage risk, a trend that will likely increase dependence on predictive technologies that can proactively identify threats and managed services providers.



Forrester predicts **40% of companies** will take a cloud-first strategy this year as they look to **increase agility and efficiency while reducing costs.**²



According to S&P Global 451 Research, **49% of companies** say data privacy and protection concern are **most influential when selecting workload execution venues.**³

¹Anything-as-a-Service Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2023-2028

²The State Of The Cloud In The US, 2022

³Hosted Private Cloud Is a Foundational Component of Hybrid IT Success

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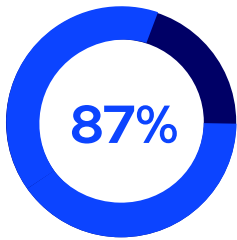
Multi-cloud strategies will displace hybrid cloud as the most common approach to cloud computing.

The era of enterprises relying on a single cloud environment to host their data and applications is solidly in the past. The popularity of multi-cloud approaches will continue to rise, driven by the need for flexibility and redundancies in IT architecture. At the same time, growing demand for the reduced latency of edge computing will sustain a healthy interest in hybrid cloud.

Public cloud adoption will accelerate, increasing IT environment complexity.

The adoption of public cloud will continue to accelerate in the coming years, with nearly a third of enterprise organizations spending over \$12 million annually and almost 70% committing at least \$1.2 million per year to public cloud environments.⁵

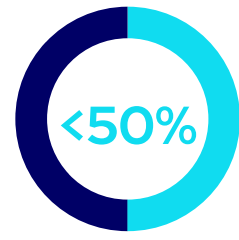
The rapidly advancing complexity of cloud platforms (particularly hyperscale public cloud platforms) combined with IT skills shortages and budget constraints could negatively impact many companies' ability to achieve the goals behind their move to the cloud. IT architecture challenges and concerns related to complexity will drive interest in hosted private cloud options, which can be procured together with managed services that ease the burden of difficult or resource-intensive tasks.



Flexera's 2023 State of the Cloud report indicates that **87% of organizations** have **embraced a multi-cloud strategy**, and 72% are leveraging a hybrid cloud approach.⁴



Gartner anticipates worldwide **spending on public cloud** will climb from \$490.3 billion in 2022 to **\$591.8 billion** by the end of this year.⁶



CIO Dive reports **<50% of IT executives** **feel their organization adequately tracks SaaS usage** to align spend with need, leading to application redundancies and unnecessary spending.⁸

Businesses will pursue strategies to reduce wasted spending on cloud.

The amount of waste in cloud spend continues to climb alongside budgets for cloud solutions. More than 50% of enterprise IT spending in key market segments is set to shift to the cloud by 2025⁷, and economic pressures are forcing many organizations to reassess their cloud spending with a focus on efficiency and cost-cutting.

The ability to rapidly scale resource capacity up and down as needs change is becoming a priority as companies look for ways to reduce or eliminate the costs of overprovisioned or idled instances. Low-code and no-code tools will also gain traction among businesses seeking to remove barriers to digital transformation.

⁵Flexera 2023 State of the Cloud Report | ⁶Gartner Forecasts Worldwide Public Cloud End-User Spending to Reach Nearly \$600 Billion in 2023

⁷Gartner Says More Than Half of Enterprise IT Spending in Key Market Segments Will Shift to the Cloud by 2025 | ⁸How much of your IT spend is wasted?

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Increasing complexity demands solutions

As organizations expand their IT strategies and architecture, leveraging an increasing number of cloud solutions, many are turning to third-party vendors for assistance in managing the corresponding rise in complexity to maximize returns on IT spending.

Companies struggling to maximize agility, efficiency and security can benefit from the expertise of an external vendor in a range of areas:

- Identifying and understanding where to place workloads
- Assistance with the complete IT lifecycle
- Dealing with a lack of resources, skills or expertise
- Addressing increasing security threats and compliance requirements
- Mitigating waste as spending on cloud increases
- Controlling vendor sprawl to maximize the value of spending on third-party services

Flexential empowers your hybrid IT journey

At Flexential, we build customer-focused solutions tailored to meet your organization's specific needs. Our range of colocation, cloud and interconnection services offer unrivaled security, redundancy and efficiency capabilities that deliver reliable, high-performing network connectivity where and when you need it.

[Learn more](#)

