

Transforming Industries with Industry Clouds

Harnessing the Cloud to Deliver Vertical Innovation



Nadia Ballard
Research Manager, Industry Clouds,
Solutions and Verticalization Strategies, IDC

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In This InfoBrief

In June 2023, IDC surveyed 2,145 respondents from organizations across 11 countries and 30+ industry segments, asking about their industry cloud use, priorities, preferred vendors, satisfaction levels, and challenges.

The survey was part of IDC's Industry CloudPath program and included respondents from various business sizes and roles. An earlier global survey, IDC's *Future Enterprise Resiliency & Spending Survey, Wave 2* (March 2022, n = 796), provided data on the role of industry ecosystems.

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

- ✓ The motivations of industry cloud adopters
- ✓ The industries with the 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, with their built-in industry-specific, platform-based functionality, have emerged as an alternative model to the traditional journey to cloud and cloud modernization. Cloud and software vendors, along with their partners, have launched hundreds of offerings in response to customers' demand for **vertical solutions** and quick **time to value** in the cloud.



Industry clouds offer built-in advantages over “standard” clouds, including industry-specific security and compliance, custom data models, artificial intelligence and machine learning 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.**

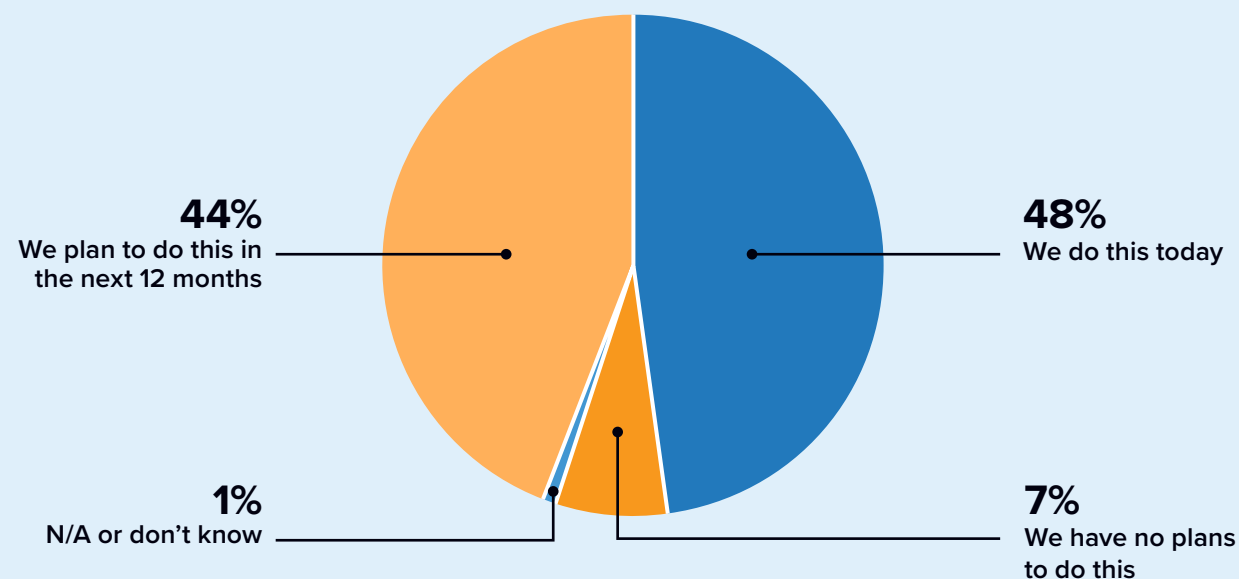
Industry Clouds Meet the Needs of Enterprise Users

The industry cloud model offers flexibility and scale, along with the ability to increase efficiency and productivity for enterprise users.



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 global IDC survey, **48% of respondents said that they use an industry cloud today, and another 44% plan to adopt one soon.**

Please describe your organization's current or near-term plans for using an industry cloud.

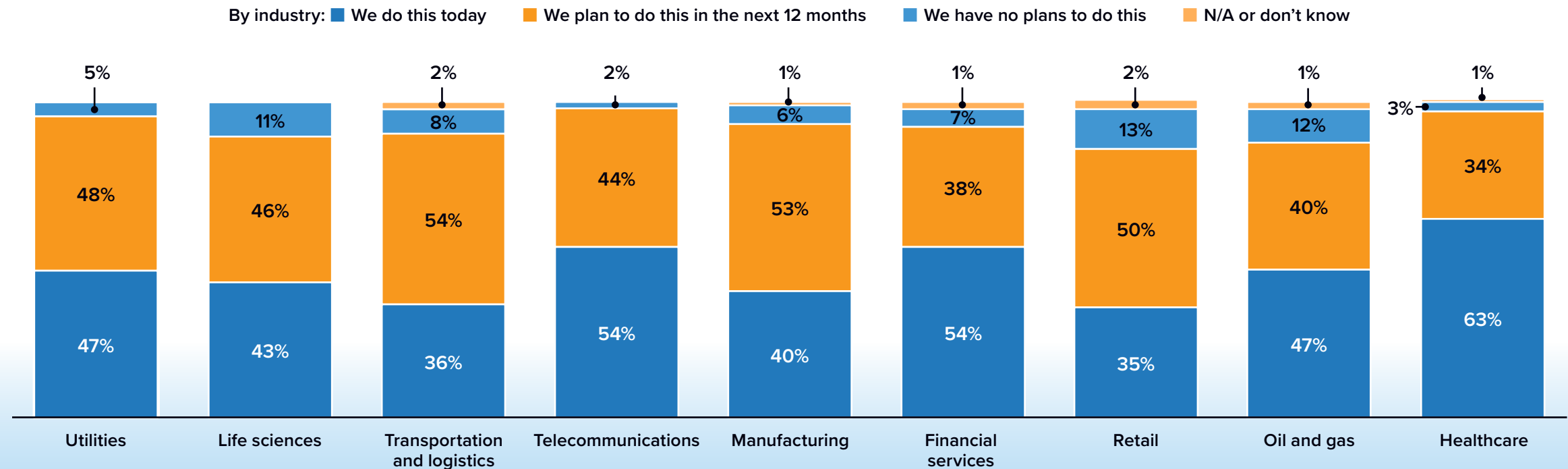


n = 2,145; Source: IDC's *Industry Cloud Path*, June 2023

Adoption of Industry Clouds Is Growing Across Industries

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

Describe your organization's current or near-term plans for using an industry cloud.



n = 2,145; Source: IDC's *Industry Cloud Path*, June 2023 | For an accessible version of the data on this page, see [Supplemental Data](#) in the Appendix.

Industry Clouds Are Prevalent in Financial Services

Financial services organizations are attracted by the industry cloud model’s built-in accommodations for highly regulated industries.

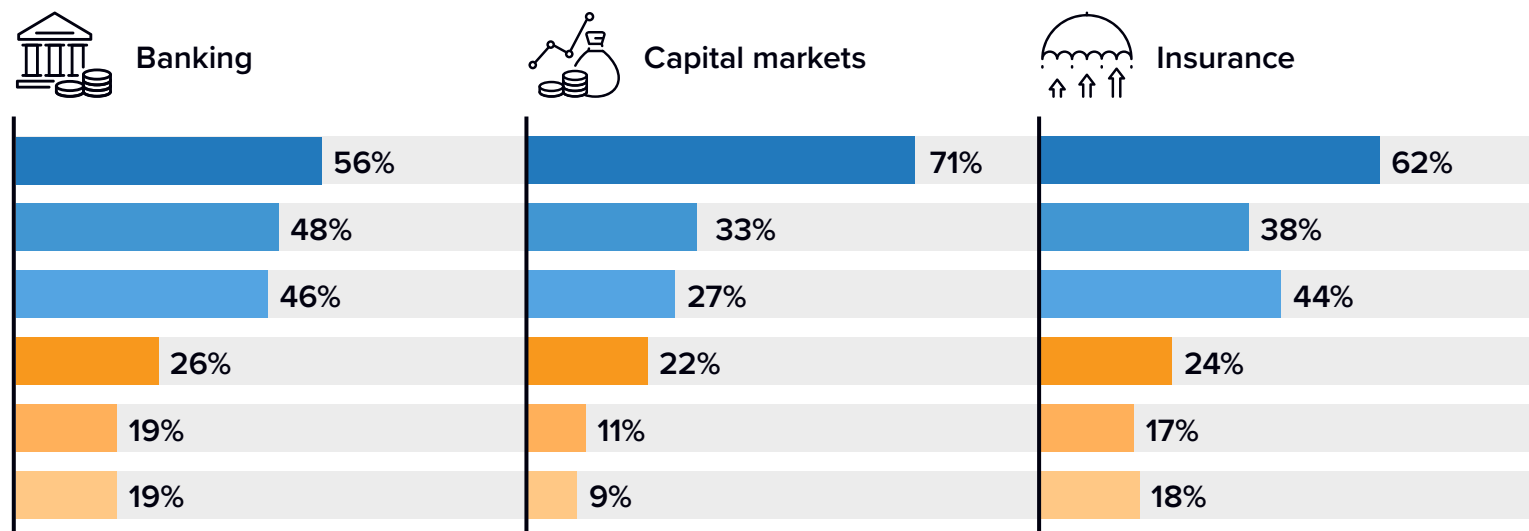
With a higher-than-average adoption level of 54%, the financial services industry signals that it welcomes the **opportunity provided by industry clouds to streamline cloud operations.**

Established professional services providers, who have earned **credibility and tenure in the industry, are often the preferred vendors of industry clouds,** right after the hyperscale cloud services providers, especially in the banking and capital markets industries.

Financial services

What type of vendor provides or will provide your industry cloud(s)?

- A hyperscale cloud services provider (CSP)
- A professional services provider
- An enterprise software vendor
- An industry player
- A partnership between two or more of the above
- Other independent software vendor (ISV)



*Current users/plan to use in the next 12 months in Financial Services. n = 276; Source: IDC's *Industry Cloud Path*, June 2023 | For an accessible version of the data on this page, see [Supplemental Data](#) in the Appendix.

The Healthcare Industry Embraces Industry Clouds

Industry clouds have emerged as a highly popular model to help healthcare organizations extend their capabilities and coordinate ecosystem activities.

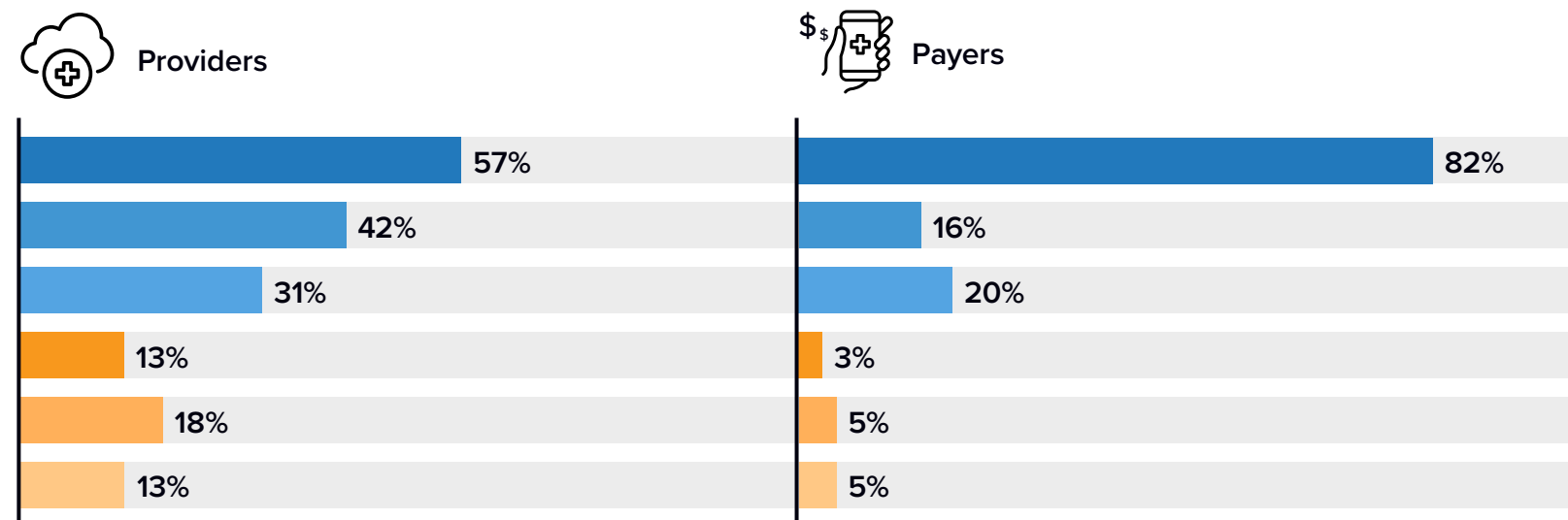
The healthcare sector is seeing the highest penetration of industry clouds, with an average of 63% adoption across both payers (insurance) and providers (hospitals and doctors' offices).

As trusted partners and healthcare technology experts, professional services firms are some of the most common industry cloud vendors, particularly for the providers segment.

Healthcare

What type of vendor provides or will provide your industry cloud(s)?

- A hyperscale cloud services provider
- A professional services provider
- An enterprise software vendor
- Other independent software vendor
- An industry player
- A partnership between two or more of the above



*Current users/plan to use in the next 12 months in Healthcare. n = 193; Source: IDC's *Industry Cloud Path*, June 2023 | For an accessible version of the data on this page, see [Supplemental Data](#) in the Appendix.

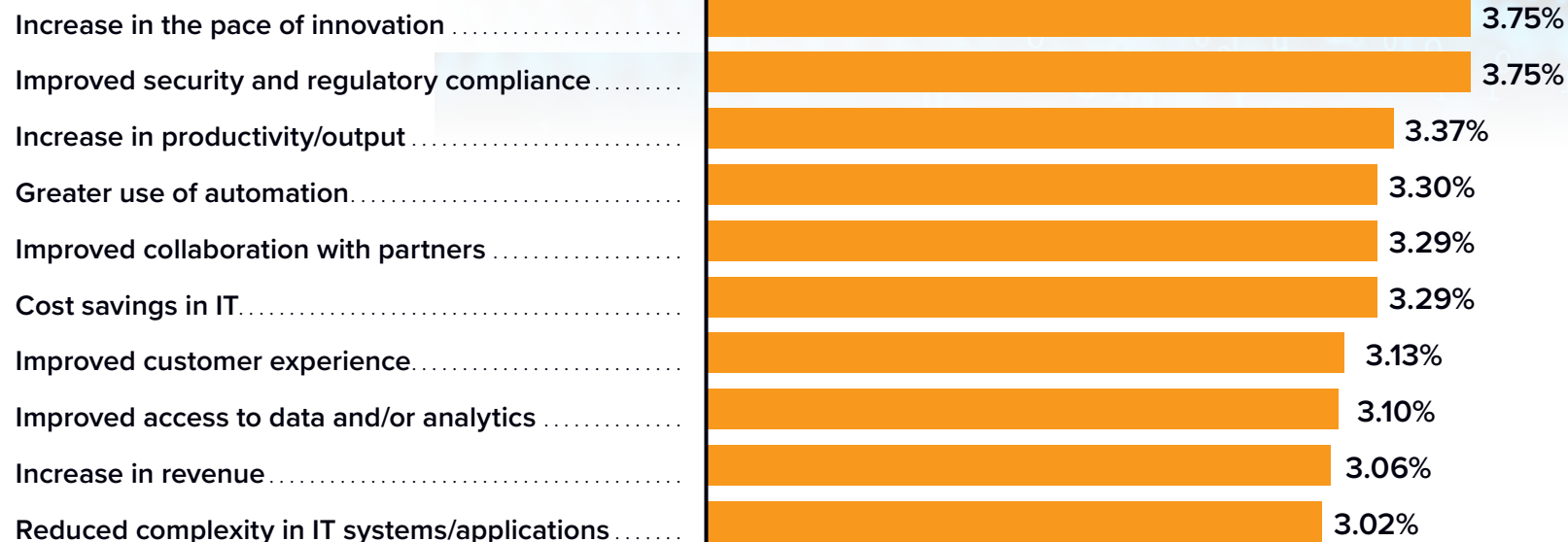
Industry Clouds Improve Innovation and Productivity

Industry clouds deliver on their promise of 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.**

What percent improvement did your organization experience in 2023 in the ROI areas you selected as a result of your investment in an industry cloud?

(Average)



*Current users only. n = 236; Source: IDC's *Industry Cloud Council Survey*, January 2024

Planning for Industry Clouds 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.



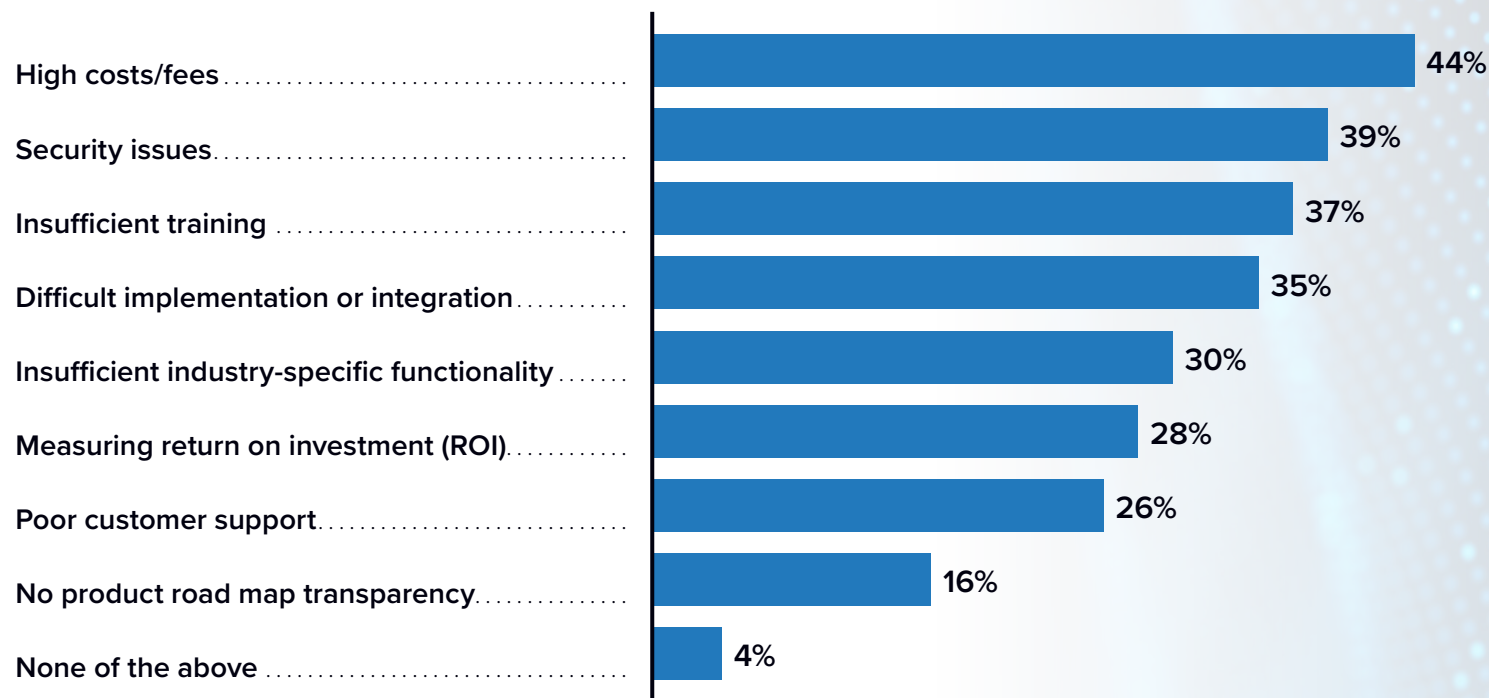
Forecasting and planning to address these challenges is critical to successful implementations.

More training for users is also key to enabling 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.

What challenges have you had with using an industry cloud?

(Percentage of respondents)



*Current users only. n = 251; Source: IDC's *Industry Cloud Council Survey*, January 2024

Industry Clouds Are Common in Healthy Ecosystems

Industry clouds are key components of strong and active industry ecosystems.



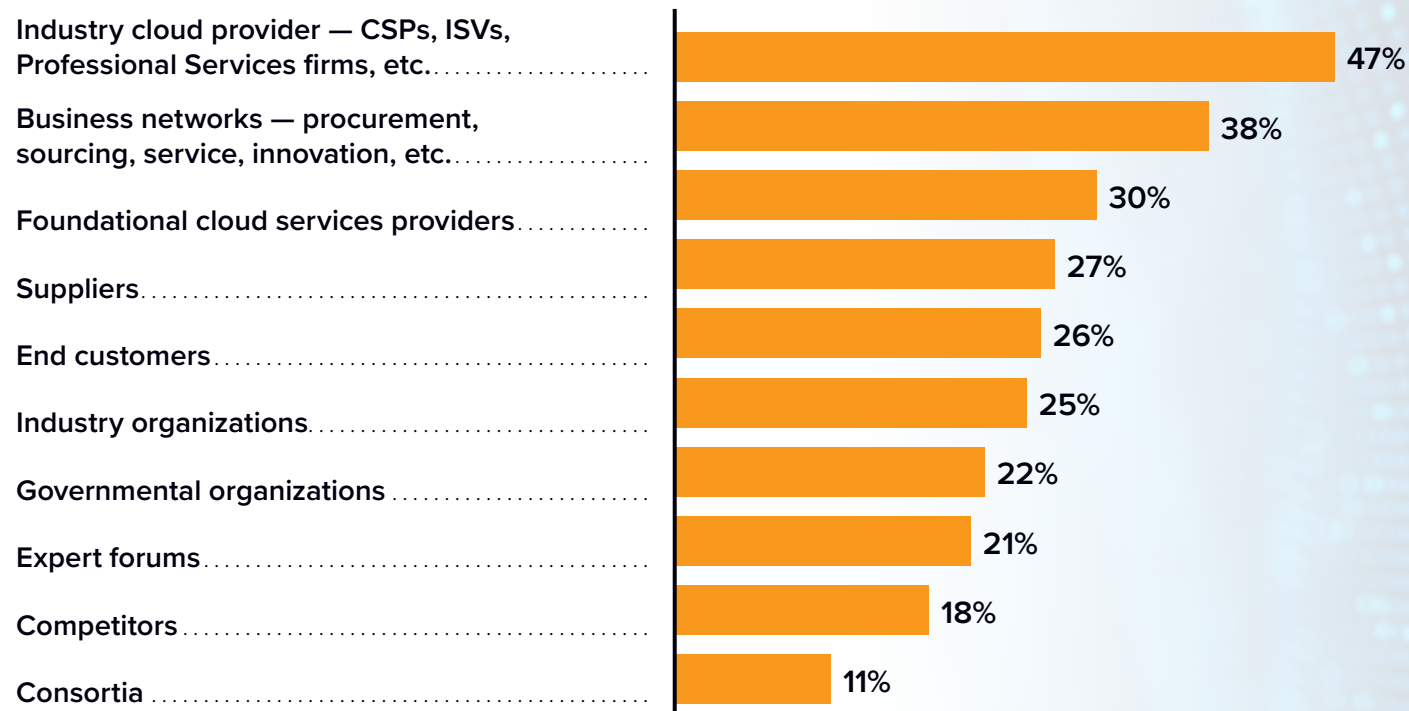
They provide the digital space for interactions among industry ecosystem partners.

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

n = 796; Source: IDC's *Future Enterprise Resiliency & Spending Survey, Wave 2, March 2022*

Considering all of your industry ecosystem participants, whom do you consider to be your most important partners, collaborators, and co-innovators?

(Percentage of respondents)



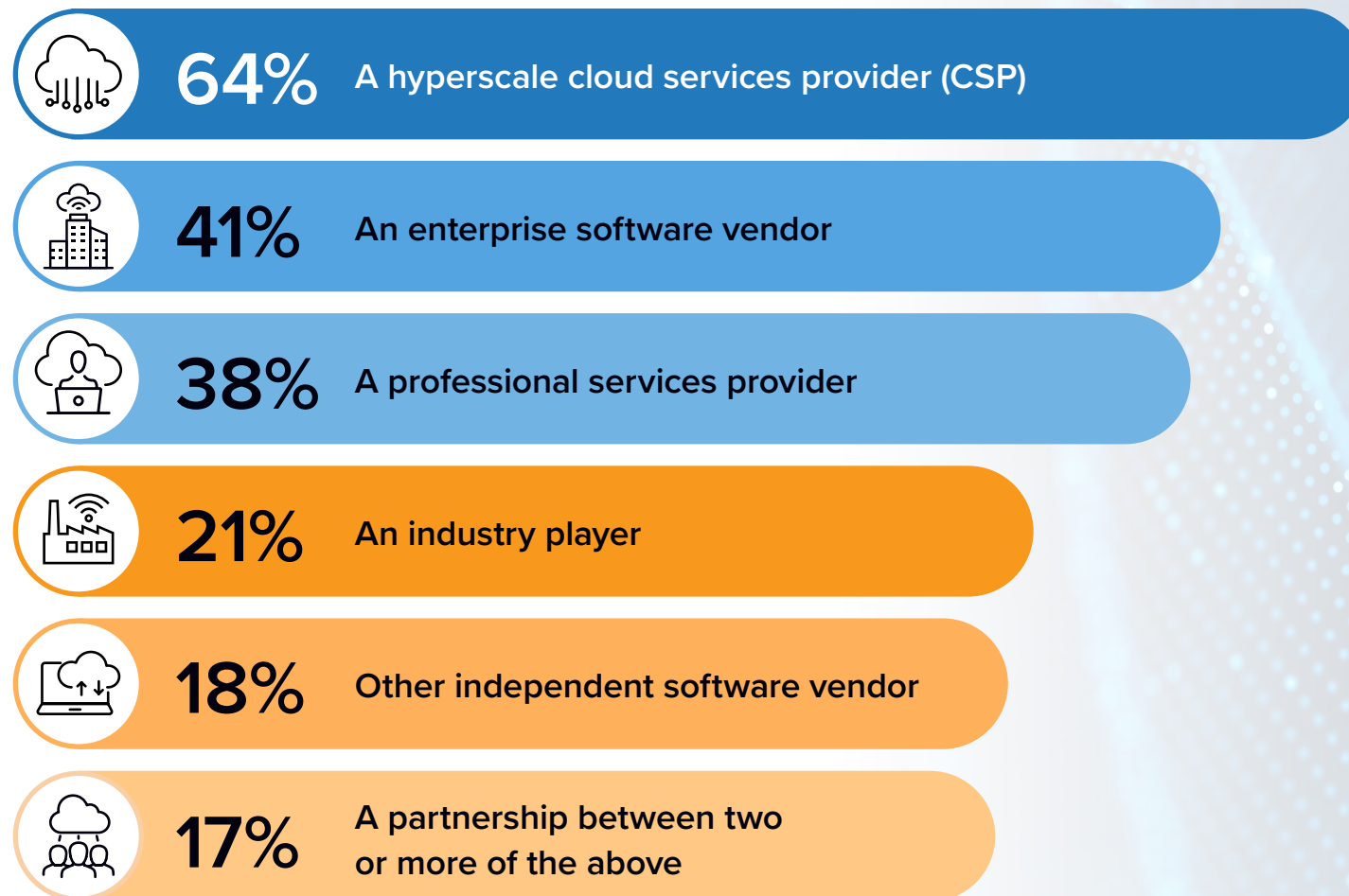
Partnerships Foster Industry Clouds

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 who work together to generate value for the end user.

Cloud service providers tend to focus on the technology infrastructure while software vendors focus on the data and connectivity. The professional services partners, who work with many CSPs and are typically vendor agnostic, often supply the industry expertise and interfaces that connect the layers to the industry-specific use cases.

What type of vendor provides or will provide your industry cloud(s)?

(Percentage of respondents)



n = 1,968; Source: IDC's *Industry CloudPath Survey*, June 2023

Choosing an Industry Cloud Vendor

Compared with traditional clouds, industry clouds provide companies with a more direct path to the 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 of 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 allows 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 an industry cloud versus a 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 and automation) **(38.5%)**



Cloud-powered companies are more likely to leverage managed services **(74% versus 47% for other companies).**

Appendix: Supplemental Data

The tables in this appendix provide an accessible version of the data for the complex figures in this document. Click “Return to original figure” below the tables to get back to the original data figures.

SUPPLEMENTAL DATA FROM PAGE 6

Please describe your organization’s current or near-term plans for using an industry cloud.

	We do this today	We plan to do this in the next 12 months	We have no plans to do this	N/A or don’t know
Utilities	47%	48%	5%	0%
Life sciences	43%	46%	11%	0%
Transportation and logistics	36%	54%	8%	2%
Telecommunications	54%	44%	2%	0%
Manufacturing	40%	53%	6%	1%
Financial services	54%	38%	7%	1%
Retail	35%	50%	13%	2%
Oil and gas	47%	40%	12%	1%
Healthcare	63%	34%	3%	1%

*Current users/plan to use in the next 12 months in Financial Services. n = 276; Source: IDC’s *Industry Cloud Path*, June 2023

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Appendix: Supplemental Data (continued)

SUPPLEMENTAL DATA FROM PAGE 7

What type of vendor provides or will provide your industry cloud(s)?

	Banking	Capital Markets	Insurance
A hyperscale cloud services provider	47%	48%	5%
A professional services provider	43%	46%	11%
An enterprise software vendor	36%	54%	8%
An industry player	54%	44%	2%
A partnership between two or more of the above	40%	53%	6%
Other independent software vendor	54%	38%	7%

*Current users/plan to use in the next 12 months in Financial Services. n = 276; Source: IDC's *Industry Cloud Path*, June 2023

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Appendix: Supplemental Data (continued)

SUPPLEMENTAL DATA FROM PAGE 8

What type of vendor provides or will provide your industry cloud(s)?

	Providers	Payers
A hyperscale cloud services provider	57%	82%
A professional services provider	42%	16%
An enterprise software vendor	31%	20%
Other independent software vendor	13%	3%
An industry player	18%	5%
A partnership between two or more of the above	13%	5%

*Current users/plan to use in the next 12 months in Healthcare. n = 193; Source: IDC's *Industry Cloud Path*, June 2023

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About the IDC Analyst

**Nadia Ballard**

Research Manager, Industry Clouds,
Solutions and Verticalization Strategies, IDC

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. Nadia'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



In this era, where customer expectations are measured against the digital experiences provided by cloud-native companies, industry clouds can help sustain a competitive advantage. But even though 78% of executives have already adopted cloud in most or all parts of their business, more than half of companies haven't realized the business outcomes they were seeking from cloud adoption. Working with an experienced tech partner can help.

PwC collaborates with your team to design a tailored industry cloud solution that closely aligns with your organization's needs, even in highly regulated industries. Our use case-specific, technology-enabled services leverage leading cloud platforms and industry-specific software, providing a robust foundation for your transformation and equipping you with the infrastructure to sustain your long-term success.

PwC's cloud engineering services combine deep engineering experience and a vast inventory of prebuilt digital assets that fuel your growth, deliver tangible value, and drive innovation at scale, accelerating your business reinvention.

Collaborating with PwC to build a customized industry cloud solution can help you better meet your customers where they are and stay ahead of their evolving expectations.

[Learn how](#)

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IDC Research, Inc.
140 Kendrick Street, Building B, Needham, MA 02494, USA
T +1 508 872 8200

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