Industry Clouds - Fad or Future

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Enterprises in every industry are embarking on digital transformation by moving their legacy systems and applications to Cloud. Cloud has become the enabler for digital transformation. But, the generic cloud capabilities provided by hyperscalers do not meet the specific needs of each industry in terms of performance, cost effectiveness, regulatory compliance and efficiency. This has led to the emergence of Industry Clouds - customised cloud solutions with specific features and functions tailored to the needs of specific industries such as Healthcare, Retail, Manufacturing, Non-profit etc. Gartner expects that by 2027, enterprises will use industry cloud platforms to accelerate more than 50% of their critical business initiatives, whereas in 2021, it was less than 10%.

Evolution of Industry Clouds

In the past, Enterprises used ERP (Enterprise Resource Planning) software to implement the business processes. Enterprises had to adapt to these ERPs and build custom integrations with other systems. With the increasing adoption of cloud computing and enterprise SaaS, Enterprises started implementing cloud based ERPs and SaaS to power their business. Industry clouds are an extension of this. With industry cloud, the idea of cloud based solutions to implement and integrate industry specific workflows that span the front and back office is gaining momentum. For eg: Microsoft provides industry cloud solutions for healthcare through "Microsoft Cloud for Healthcare" that supports key healthcare capabilities to enhance patient engagement, empower health team collaboration, enhance clinician experience and improve clinical and operational insights. This solution is implemented by integrating multiple microsoft products such as Teams, Dynamics 365, Power Apps, Power BI and Azure.

Key factors driving the need for Industry clouds ?

1. Enterprises need software to model the business processes and data model being used within the industry. ERPs and SaaS applications provide horizontal business capabilities such as Customer Relationship Management (CRM) or Inventory Management but do not fully support industry specific workflows.
2. Some applications like SAP CRM, Oracle Siebel provide industry specific extensions to the horizontal product such as industry specific data models, templates and best practices but did not help in maximising the impact and desired outcomes for the enterprise.

3. Industry cloud is driving the momentum towards cloud based solutions that are more adaptable than today's SaaS applications and provide more business functionality than today's IaaS and PaaS services provided by hyperscalers.

Key hurdles in Industry Cloud Adoption

Industry clouds are still getting traction and are relatively new. It will take several years for them to become mainstream since they are expensive and require specialised resources to deploy, operate and upgrade

Also, the partner ecosystem and connectors for industry cloud solutions are still not well established.

Summary

Hyperscalers and other vendors have started working on creating industry cloud solutions for various industries in partnership with enterprises. But, some of these are just marketing offerings based on integration of various existing products and solutions rather than a real offering based on bottom up development of the overall solution.

So, industry cloud solutions would take some more years to transition from being a fad to becoming the future that is adopted widely by enterprises.