



Data Centres: UK Landscape Report 2022

Trends, forecasts and opportunities for
the growing data centre ecosystem

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What are mid-size businesses in the UK looking for from their data centre providers and managed services partners in a world emerging from the pandemic?

TBT Marketing explores the data centre market in 2022, with detailed insights from 250+ senior IT decision-makers.

Executive Introduction

With the pandemic having accelerated many organisations' moves to the cloud, how will the data centre market evolve?

We surveyed senior IT decision-makers to understand their IT infrastructure requirements and plans for the post-pandemic years. And there's plenty for data centre providers and their managed services partners to be optimistic about.

Our research found there's still **strong demand for physical data centre services**, and that this is likely to remain so for a number of years, with the expectation that, on average, 57% of business operations will still be running on-premises between 2022 and 2025. Respondents also indicated that they'd be investing significant proportions of their IT budgets in on-premises solutions over this period as well.

What are mid-size businesses in the UK looking for from their data centre providers and managed services partners?

TBT Marketing explores the data centre market in 2022, with detailed insights from 250+ senior IT decision-makers.



We also explored topics such as **cybersecurity**, **business continuity**, **sustainability**, and the demand for **cloud-style benefits** from data centre customers.

This report outlines the key findings and analyses what they mean for those providing data centres and complementary services. What are some of the reasons customers choose physical data centres over the cloud? What opportunities do these present? And what new or enhanced services are customers seeking from their data centre providers and their partners?

Methodology

Who took part in our survey?

We interviewed 250 senior IT decision-makers from mid-size UK businesses spanning a variety of sectors. The research took place in the first half of 2022.

Our respondents were from a range of businesses:

- UK-based
- 250-999 employees
- 88% had turnovers between £1 million and £500 million; 6% had turnovers in excess of £500 million
- Mix of sectors, including technology, healthcare, financial services, education, manufacturing, retail and leisure
- A blend of businesses selling goods, services and a mixture of both

A word on terminology

Where we refer to 'physical' data centres in this report, we're talking about any non-cloud data centre facility. This includes colocation facilities, managed services data centres, on-premises data centres and enterprise data centres.

Our respondents' current data centre usage

Type of datacentre facility/supplier

18%
Colocation Data Centre

22%
Enterprise Data Centre

30%
Managed Services Data Centre

56%
Cloud Data Centres

33%
On-premise Data Centre

37%
Hybrid (on and off premises) Data Centre

20%
Edge Data Centre

Data Centre Demand

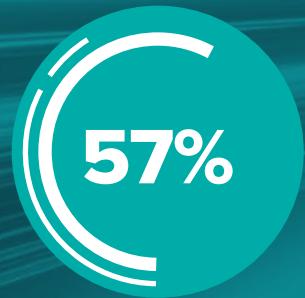
01



88% of organisations have increased their use of cloud services as a result of Covid-19. The proportion in services companies (93%) was noticeably higher than in those selling physical goods (78%).



On average, our respondents said that almost a third of their IT investments over the next three years would be in on-premises data solutions.



Across our respondents, the average percentage of business operations expected to remain on-premises between 2022 and 2025 was significantly more than half.

Even though many organisations are investing in cloud transformation, demand for data centre services remains strong.

We all know cloud adoption is increasing, driven in no small part by the effects of the pandemic.

But even though much of the discussion and fanfare in IT is around cloud transformation, there's still strong demand for on- and off-premises data centres. A Deloitte predictions report in 2021, for example, forecast that cloud would grow to account for around two-thirds of enterprise workflows¹. The remaining third will therefore still require data centre facilities.

Our results paint a similar picture, though when we asked ITDMs what proportion of their workloads would still be running on-premises over the next three years, the average was a surprisingly high 57%.

As a result, organisations told us they'll be making significant investments in their non-cloud data solutions over the coming years. This will mean continued demand for data centre facilities and the associated value-add managed services.



Cybersecurity

02

Unsurprisingly, security is IT leaders' number-one challenge – and is also regarded as the number-one benefit of on-premises solutions.

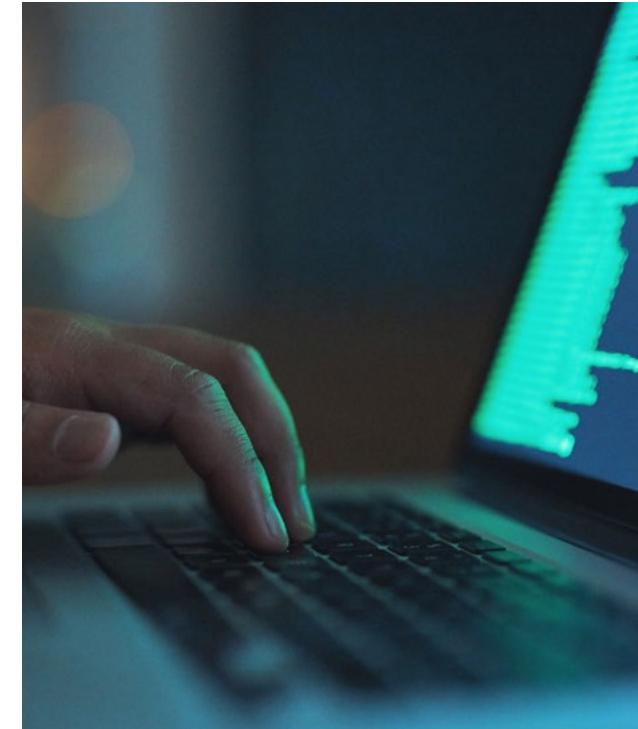
Cybersecurity:

Biggest technology challenge

Biggest challenge when future-proofing IT infrastructure and adopting cloud-based services

Most important consideration when choosing a data centre partner (with cost a close second)

Number-one perceived benefit of on-premises and on-site data centres



It's therefore easy to understand why respondents identified cybersecurity as their number-one technology challenge.

From the perspective of data centre operators, a particularly interesting finding was that respondents picked security as the biggest perceived benefit of physical data centre facilities.

This view, coupled with businesses' continued focus on cybersecurity, represents an enormous opportunity for data centre operators and their managed services partners to market their offerings as the ideal home for organisations' most-critical workloads.

The median loss in 2021...was around \$30,000 for computer data breaches and business email compromises.

Hardly a week goes by without media reports of major data breaches, ransomware attacks and other high-profile cybersecurity incidents.

These events can have enormously negative impacts on any organisation. For example, even though not all incidents lead to financial losses, the median loss in 2021 for those that did, was around \$30,000 for computer data breaches and business email compromises².

And that's before you consider the reputational damage that security incidents can result in.

Business Continuity

03

While physical data centres are widely regarded as a safe home for critical workloads, their operators can do more to support customers' business continuity and disaster recovery (DR) capabilities.

While our research shows there are big opportunities for data centre providers, it also laid bare that data centre businesses are falling behind their cloud-based competitors when it comes to business continuity.

Recovery times

While 94% of respondents said they were confident their business could cope with a security breach, IT failure or other unplanned downtime, the differences in recovery times between cloud and non-cloud were notable.

On average, businesses running in the cloud said they're able to restore from an outage three hours faster than those using non-cloud or hybrid solutions.

Security rehearsals

The cloud-vs-data-centre story was less clear-cut when it came to security rehearsals. But what was noticeable was that less than a third of all respondents felt their data centre supplier carried out frequent dry runs.

For data centre providers, addressing this customer perception may simply be a case of more proactively communicating and reporting on the different types of rehearsal they run, and other improvements. It could be about involving customer stakeholders more closely, which will also help ensure the client's teams have the necessary skills to confidently recover from a business interruption. Equally, it may present an opportunity to increase the frequency of these tests, to provide a point of differentiation over both cloud and data centre competitors.

22 hours

The average time taken for those running physical or hybrid data centres to get back online after an outage

19 hours

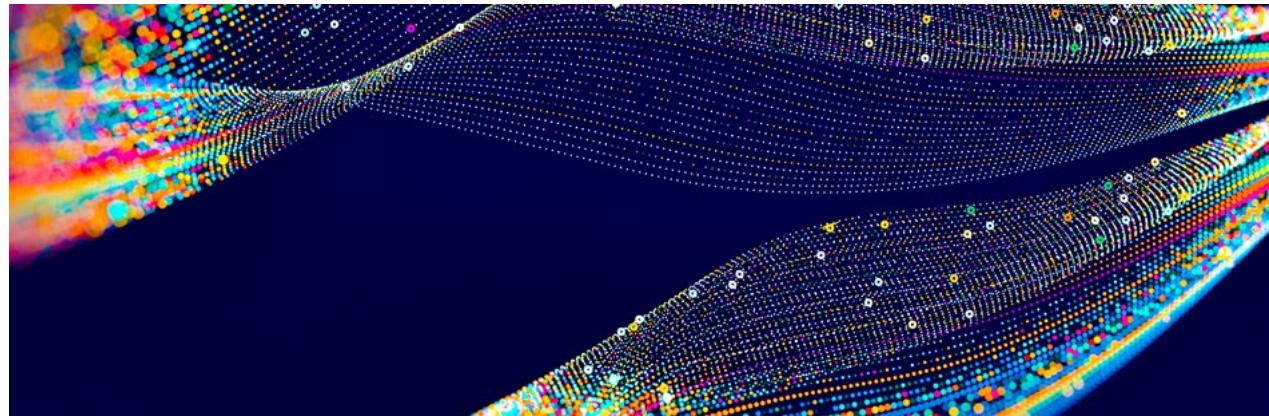
The average time taken for organisations using cloud data centres to restore from an outage

30%

The proportion of respondents who said their cloud or data centre provider carried out frequent security rehearsals

Cloud-style Benefits

04



Organisations want to replicate cloud-style benefits around their data-centre-based workloads.

By now, most organisations are familiar with the benefits they get from running enterprise workloads in the cloud.

Our respondents told us they're now looking for similar benefits from their data centre providers.

For example, businesses have seen the way cloud providers enable them to access cutting-edge technology more quickly and at lower cost than they can typically do in-house. They're also seeing the way cloud usage frees up skilled IT resources from low-level maintenance, to focus instead on work that helps the organisation innovate. And perhaps most importantly, they're seeing how they can break away from the long procurement cycles and high upfront capital costs traditionally associated with IT infrastructure.

Unsurprisingly, businesses are now looking for these types of benefits around workloads that can't be run in the cloud. As a result, there's a big opportunity for large data centre providers to leverage their scale and partner networks to offer customers access to cutting-edge tech, services that reduce management overheads, and other cloud-like services.

For example, data centre operators could look to partner with technology vendors that offer cloud-style product pricing, with low or no upfront costs, followed by monthly subscriptions for use of the hardware. Traditional IT hardware providers are offering 'cloud like' consumption models for on-premises kit. HPE are pivoting the whole company to **GreenLake**, both strategically and in practice. Dell has **Apex** and Lenovo **TruScale**. Both Dell and Lenovo are playing catch-up to HPE GreenLake but for sure these 3 are the biggest players and their cloud-like offerings will continue to grow.



More than half our respondents want their data centre provider(s) to help them access innovative technology, if they're to keep the edge over in-house data centres



A similar proportion want their data centre provider to help them free up resource from routine work, to focus instead on higher-value activities

Sustainability

05

With IT decision-makers placing ever-greater emphasis on operating in environmentally friendly ways, data centre providers need to prove their sustainability vision and actions align with those of their prospects and customers.

Some forecasts predict that information and communications technology could consume an astonishing 20% of the world's electricity by 2025.

Business leaders are increasingly seeing the benefits of pursuing environmental, social and governance (ESG) programmes. A McKinsey survey found that both business executives and investment professionals agree that such ESG initiatives deliver both short- and long-term value³.

At the same time, the environmental impact of the worldwide data centre industry is coming increasingly under the spotlight. Some forecasts predict that information and communications technology could consume an astonishing 20% of the world's electricity by 2025⁴.

As a result, IT decision-makers are placing greater emphasis on their data centre suppliers' sustainability credentials. And they're looking beyond simple statements: they want validation and transparency.

The majority of our respondents told us that sustainability considerations form part of their data centre selection process, and want a provider whose goals align with their own. And nearly half said this sustainability alignment was of high importance.





To attract and retain today's increasingly sustainability-conscious clients, data centre operators need to be monitoring and reporting their environmental impact in ever-greater detail.

We recommend adopting a comprehensive set of metrics that's been designed specifically for this industry. For example, Schneider Electric has set out 23 individual measures for data centre operators across energy, greenhouse gas emissions, water, waste and land & biodiversity⁵.

Measuring, reporting on and continually seeking to improve in each area will help data centre businesses showcase their commitment to sustainability, and provide an objective means of differentiating against competitors.



The majority of our respondents want a data centre partner whose sustainability goals align with their own



Almost half of all respondents said this is 'very important'



Close to nine-in-ten respondents research potential data centre partners' sustainability goals

About TBT Marketing

We are a full-service and independent B2B marketing agency, specialising in the IT industry, bringing an imaginative and collaborative approach to client work for the past 20 years.

Through our Future Focused approach to marketing, we are liberating the creative potential of technology for scalable and sustainable partnerships with impact.

We have grown and developed our offering to ensure we meet the demands of the market, working with global tech giants and challenger brands alike.

Strengthen Your Future With Us

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¹ <https://www2.deloitte.com/xe/en/insights/industry/technology/technology-media-and-telecom-predictions/2021/cloud-migration-trends-and-forecast.html>

² <https://www.verizon.com/business/resources/reports/dbir/2021/results-and-analysis/>

³ <https://www.mckinsey.com/business-functions/sustainability/our-insights/the-esg-premium-new-perspectives-on-value-and-performance>

⁴ <https://www.theguardian.com/environment/2017/dec/11/tsunami-of-data-could-consume-fifth-global-electricity-by-2025>

⁵ <https://datacenterfrontier.com/white-paper/guide-to-environmental-sustainability-metrics-for-data-centers/>

