

To connect beyond their traditional scope, organizations need to extend their ecosystem, which will demand a resilient infrastructure and expert support in networks, connectivity, and digital systems.

Extending Business Ecosystems Demands Digital and Connected Services

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I. *Changes in IT Investments from Organizations Seeking to Recover Their Economy*

IT strategists have been facing a highly competitive and challenging scenario. Organizations demand profitability and resource optimization in an economy that has not yet reached pre-pandemic levels. Data continues to proliferate, while digital transformation accelerates, networks continue to expand beyond the enterprise, and IT services continue migrating to the cloud.

Consequently, 41% of IT areas consider that their investments in IT have been higher than expected during the pandemic, and 39% will keep up because they recognize that the situation they experienced made it clear they need to close the technology gap given the Latin American current digital economy acceleration.

Another interesting aspect in the contemporary normalcy is the change in the main IT initiatives, with companies now focusing their investments on the consolidation and optimization of the infrastructure, the strengthening of the cloud infrastructure (IaaS), IT security in hybrid environments, applications in the cloud (SaaS) and mobility that provide those timely responses demanded by the organizations' users, their business partners, and customers (Figure 1).

AT A GLANCE

RELEVANT DATA

- » 39% of organizations will increase their investments in IT because they recognize that the current situation makes it essential to have connectivity equaling the rate of their growing need for infrastructure.
- » By 2024, investments in public cloud infrastructure will grow more than 32%.
- » 30% of organizations follow a *Cloud-first* strategy and towards the public cloud; while 28% go for the public cloud only when it becomes imperative to invest in infrastructure.
- » 34% of organizations use the cloud from a single provider; 42% say they use IaaS from one vendor while choosing multiple SaaS and PaaS providers; another 42% use IaaS from various vendors.
- » 60% of organizations aim to gain access to critical business applications.

FIGURE 1: **Latin American Organizations Changes in the Leading IT Initiatives**
Companies with 100 to 499 employees.

		January	September
Infrastructure consolidation		#2	#1 (+1)
Cloud infrastructure (IaaS)		#7	#2 (+5)
IT security		#1	#3 (-2)
Cloud applications (SaaS)		#6	#4 (+2)
Mobility		#5	#5 (=)

Source: IDC Latin America Investment Trends, Jan. 2020 / IDC SMB Survey, Sept. 2020.

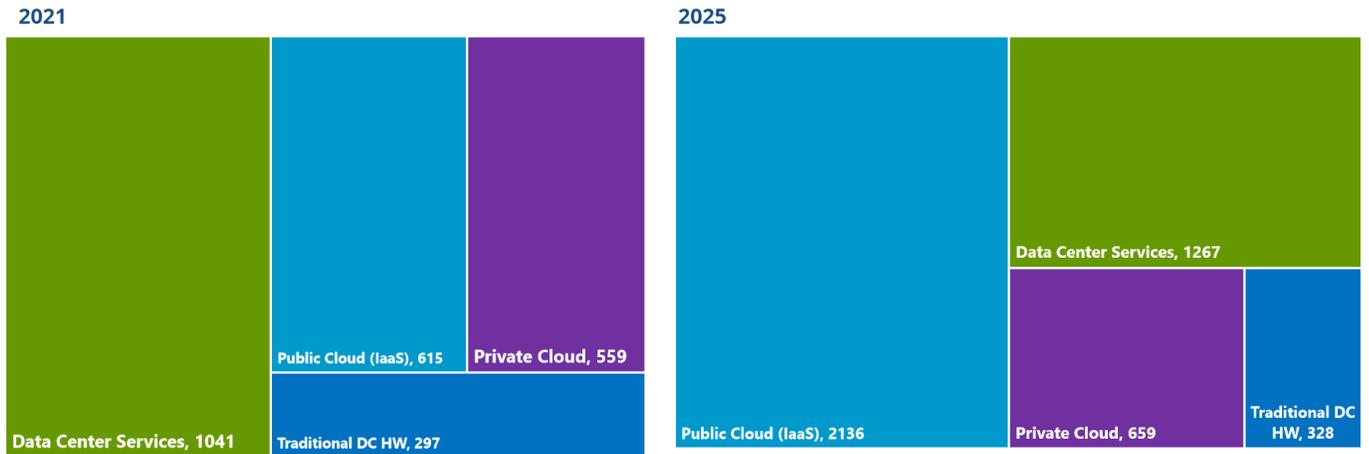
Of course, the cloud assumes the role of the digital transformation enabler companies require in each of these initiatives; therefore, strengthening it and providing proper management becomes essential to deliver the services organizations demand when they wish to enable capabilities to give better responses to customers and partners.

The Trend that Continues to Predominate in Latin America: Hybrid and Multi-Cloud Environments

If we look at Figure 2 in 2025, we note a more significant growth in infrastructure in the public cloud investment followed by the private cloud; also, we may see that data center services will grow, although more moderately, hand in hand with little change in the traditional data center (with hardware) investments. These results show that companies' present and future plans still consider moving much of their IT infrastructure and services to the cloud.

The reason is that 30% of organizations follow a Cloud-first strategy in the public cloud—where companies first value cloud solutions in new technological projects rather than "in-house" or traditional alternatives; while 28% opt for the public cloud only if they need to invest in infrastructure. Regarding the most immediate changes in computing architecture, 39% of organizations have plans to migrate to the public cloud. The rest, 61%, will remain in traditional architectures, third-party data centers, private clouds in the organization's data centers, and third-party data centers, meaning that hybrid environments will continue to persist.

FIGURE 2: **Digital Infrastructure Spending by Category in Mexico**



Source: IDC Latin America Enterprise Trackers (Cloud, SW, Enterprise HW and IT Services, May 2021).

Interestingly, only 34% of organizations get the cloud from a single provider. In contrast, 42% say they use IaaS from one vendor while leaning on multiple SaaS and PaaS vendors, and another 42% use IaaS from various vendors. This happens because according to the Latin American multi-cloud trend, 43% of organizations want to take advantage of a mix of applications or use cases that adapt to one or another cloud, while 39% rely on an active guide to mitigate the risk of "marrying" a single provider; and 34% do so because each department or business area selects the supplier that best suits its particular needs.

Clearly, the IT areas will continue to face complex infrastructure and connectivity panoramas and will continue to constantly adapt to business needs. Hence, IDC recommends relying on technical and human resources with more comprehensive management capacity and also suppliers that can provide best practices in managing IT, network, and multi-cloud services.

II. Why Working Hand in Hand with Expert Vendors to Manage these Environments?

For IDC, relying on IT, connectivity, and cloud service providers with experience in methodologies and best practices is essential to properly manage environments where on-premises, public and private cloud¹ coexist if companies want to achieve the following:

- » Connectivity as DNA. Connectivity is the digital infrastructure's critical point. Relying on third parties to connect to digital ecosystems may slow performance and degrade the user experience. In that sense, when choosing an expert provider, considerations should be taken to providing end-to-end, cloud-to-cloud, and business-to-customer connectivity. The ability to provide secure, reliable, and resilient connectivity is essential.

¹ Source: Business Innovation through Rapid Adoption of Multicloud Environments in Latin America – IDC, November 2020.

- » Networks that transform to become more virtualized, scalable, and agile; that adjust to changes of the IT services demands, not only within the organization but also with business partners and customers. As a whole, with a holistic vision of an increasingly widespread ecosystem.
- » The management of the different connectivity options and security levels based on the user's context and industry risks and requirements.
- » The knowledge of leveraging automation through analytics for application delivery, spending management, and agile customization of functionalities and environments for end-users.

III. Advantages of Relying on IT, Connectivity, and Cloud Service Providers for a More Holistic Outlook of Increasingly Complex Environments

We have already mentioned that hybrid and multi-cloud environments will continue to be present in Latin American organizations, so relying on managed IT, infrastructure, connectivity, and Cloud services providers allow reaching a holistic outlook to manage and orchestrate heterogeneous environments, with the following advantages:

- » Flexible platforms that may enable interoperability between applications and clouds, local and remote systems that can reduce dependence on additional providers, achieving the resilience and interoperability of platforms based on each particular infrastructure.
- » Connectivity management to virtual public and private cloud environments aiming at improving the user experience plus reducing latency.
- » Silos management may enable the connection and exchange of application data in different clouds and providers, resulting in a better user experience and, consequently, a commending response to customers and suppliers.
- » Interconnect and manage workloads across different infrastructures to provide higher performance and lower latency.
- » Consultancy and smaller knowledge gaps to prevent unpredictable IT services consumption costs.

Also, it is vital to mention that there is a co-responsibility of the cloud service provider, IT, and the organization regarding compliance and service level for the business in any cloud strategy.

IV. Flō Networks's Proposal for Digital Infrastructure and Independent Interconnectivity

Flō Networks is a Mexican company that provides digital infrastructure and network services, as well as managed and data services from its metropolitan and long-distance fiber network in the US, Mexico, and 12 Latin American countries, providing data transport services through metropolitan and regional networks.

Its services focus on providing robust connectivity to organizations constantly transforming, enabling the connectivity of all their critical and operational elements, and allowing its clients to meet their growth and profitability objectives/goals.

Flō Networks's portfolio encompasses different organizations' needs:

- » Contracts tailored for each client with flexible and scalable capacities to fulfill particular necessities.
- » Visibility and operational simplicity allowing transparent network operations that increasingly bring end-to-end data analysis.
- » Integration of additional services through alliances that allows interconnecting different digital services with the leading public cloud and IT services providers.
- » Optimal critical cloud applications' performance, understanding each business's priorities, and the value of always being connected.

Flō Networks's business network services proposal is based on connectivity pillars with high availability, leveraging over 15 thousand kilometers of LD route and more than eight thousand kilometers of metro infrastructure.

The company is present in more than 40 cities with fiber networks in Mexico and the United States, and the critical element of land border crossings between these countries, aiming at efficient connectivity between the client's on-site infrastructure and digital services hosted in the different clouds, allowing organizations to be resilient.

Challenges

Flō Networks must carry its message to organizations as a leader in digital infrastructure and interconnectivity that can integrate with cloud offerings such as AWS, Google Cloud, Microsoft Azure, Oracle Cloud, IBM Cloud, Alibaba Cloud, and Huawei Cloud. Especially in the face of different cloud providers and hybrid environments, given that they will continue to predominate in Latin America. Another important aspect is the Cloud ecosystem emerging in some industries, in which sensitive data exchanges constantly. Flō Networks can address these opportunities through a global infrastructure with more than 20 cross-border crossings and their presence in Mexico, the United States, Central, and South America.

"The provider choice is key in organizations strategies; in that sense, the ability to deliver services from its own infrastructure is essential to achieve the client's business objectives."

- Alberto Arellano,
Telecommunications Research
and Consulting Manager, IDC
Mexico.

V. Recommendations

Resilient infrastructure and connectivity undoubtedly play a prominent role in the reality of organizations' increasingly moving beyond connectivity in traditional fields, especially if they want to reach new markets and introduce innovative and better digital products. To achieve these goals, IDC recommends leaning on leading providers of infrastructure and digital services, connectivity, and the Cloud contributing to:

- » Extend the ecosystem outside the industry, build a mix of partners from various sectors. Keep in mind that this implies further development, operations, innovation, processes, and operational capacity.
- » Integrate new providers, mainly those focused on improving connectivity. Even if the requirements are covered, innovation may come from external sources providing robust infrastructure and operational resilience.
- » Harness the experience of success stories to accelerate growth and co-develop knowledge with business partners who have proven experience in improving organizations' connectivity.
- » Establish governance of processes and tools that build trust based on technologies, policies, and service level agreements (SLA), hand in hand with collaboration platforms where data, operations, and experiences are shared.

Finally, bear in mind that the organization must cooperate and compete within industry ecosystems simultaneously, always keeping the customer at the center of each business initiative. Therefore, it will be crucial to work together with service operators, suppliers, and business partners to fulfill the organization's primary target: the client, the citizen, the patient, or the student.

About the Analyst



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Alberto collaborates with IDC Latin America since 2016; he analyzes the main IT trends related to Telecommunications Services, Security, and Network Hardware and how they impact the digitization of companies.

SPONSOR'S MESSAGE

Flō Networks provides connectivity services to companies located in the United States, Mexico, and America. It supplies data and managed services to a wide range of organizations, from midsize to multinational corporations. Our fiber-optic network architecture provides operator services through metropolitan and regional networks, connecting the United States, Mexico, and 15 countries in the Americas. Our business services offer direct connectivity to major public clouds, SD-WAN managed services, dedicated Internet access, and private lines over regional, long-distance, and metropolitan infrastructure, enabling our customers to create and manage a network that adapts to each business's needs. Flō Networks manages all aspects of the service, including installation, maintenance, monitoring, and network control, so that we can offer solutions. For more information, see here. <https://theflo.com>



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