

The Future Looks Cloudy, Flexible, Agile, and Virtualized.

Hybrid-cloud adoption and the future of software defined interconnection, by the numbers.

Bubbling under the surface of business-as-usual are the undercurrents of a continued and constant digital transformation.

Things are changing. 5G, IoT, and data personalization push compute to the (even edgier than before) edge. Blockchain has liberated the database—where's it going to live? On-prem infrastructure is increasingly too slow to adapt, providing incentive for IT pros to reach for the cloud—but how's that going to work?

Market analysts are saying the future looks cloudy, flexible, agile, and virtualized. Our data agrees. Hybrid or multi-cloud deployments allowing organizations to move workloads to the cloud via automated software defined interconnect provides the adaptability required to address the great known and unknowns of the future. Most businesses are already moving this direction. Choosing the right cloud(s) and appropriate deployment locations and solutions are paramount in taking advantage of the ongoing digital transformation.

Cloud Connection, Hybrid Cloud Deployments, and SDI Adoption – Trends

Since the introduction of our Cloud Connect platform in 2016, we continue to track growth and the expansion of our customer base. Our averages, trends, and customer demand match what analysts predicted as far back as 2017.

What the Analysts Say:

According to multiple analysts and research agencies¹:

- **Hybrid Cloud Growth by Vertical**
 - BFSI (Banking, Financial Services, Insurance) is the leading hybrid cloud vertical, followed by IT/Telco, Retail, and Healthcare
 - Hybrid deployments help “banks manage costs with great flexibility and enables them to quickly provide resources across the entire enterprise¹”
- **Hybrid Cloud Growth**
 - The hybrid cloud market is expected to grow from \$36B (2017) to \$171B by 2025
 - The market is on track—with 2018 hitting \$44.6B, or a 22% growth over the previous year
- **Software Defined Interconnection (SDI)**
 - The SD market is expected to grow to \$61B by 2023 and \$101B by 2025 with a Compound Annual Growth Rate (CAGR) of 39%
 - This market is set to grow faster than hybrid cloud investment alone

What Our Data Shows:

Our cloud customers fall into the same analyst identified high growth cloud segments:

- **Hybrid Cloud Growth by Vertical**
 - BFSI customers are purchasing larger, redundant/HA, high-bandwidth, and low-latency connections
 - BFSI customers prefer enterprise grade quality and risk-mitigation, rather than up-front cost savings
 - IT/Telco purchase more connections to CSPs, and then resell these connections with value-added services
 - The majority of these connections are in the 50-100Mbps ranges, enabling companies to get the benefits of dedicated connections to meet their needs without having to purchase more expensive connections
- **Hybrid Cloud Overall Market Growth**
 - We see growth for both dedicated and hosted, connectivity to CSPs support organizations hybrid cloud deployments
- **Software Defined Interconnection (SDI)**
 - We see sales for direct onramps to CSPs accelerating since the introduction of our Access Marketplace, our SDI-platform connection solution, in April

¹ <https://www.alliedmarketresearch.com/hybrid-cloud-market>

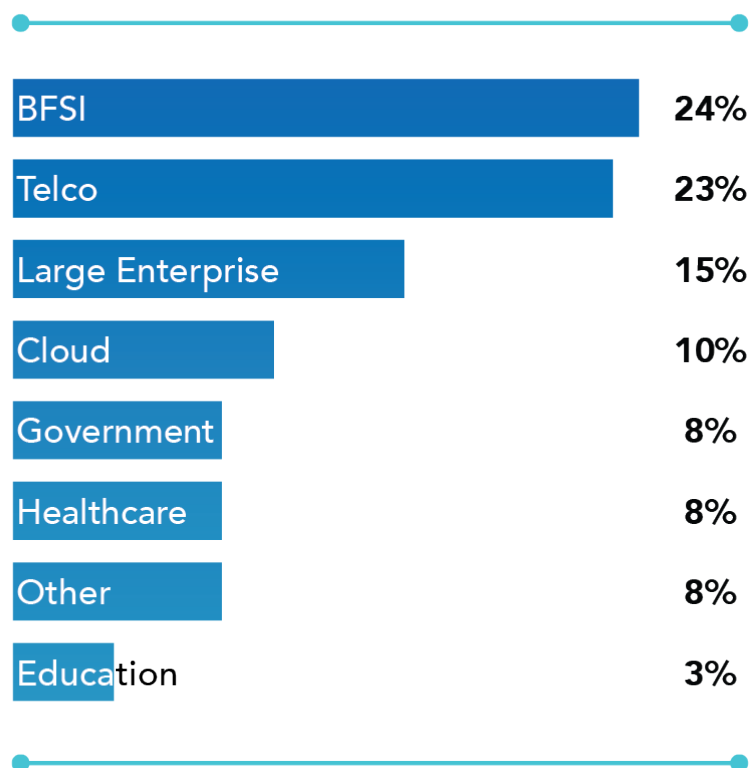
What's Going On?

Overall, we've seen accelerated growth—with each year bringing in more customers and connections. This growth is partly due to the expansion and availability of CSPs on our platform, but we also find increases in carriers and enterprises adopting hybrid cloud architectures or reselling our direct cloud onramps with their services.

Cloud Connection, Hybrid Cloud Deployments, and SDI adoption—By the Numbers

When we look at the Cologix Verticals, we see a close correlation between the analyst's predictions and our data.

Cologix Cloud MMR by Vertical



BFSI is leading the investment in Cloud Connect solutions, followed by Telco, Enterprise (incl. retail), Cloud, Government, and Healthcare.

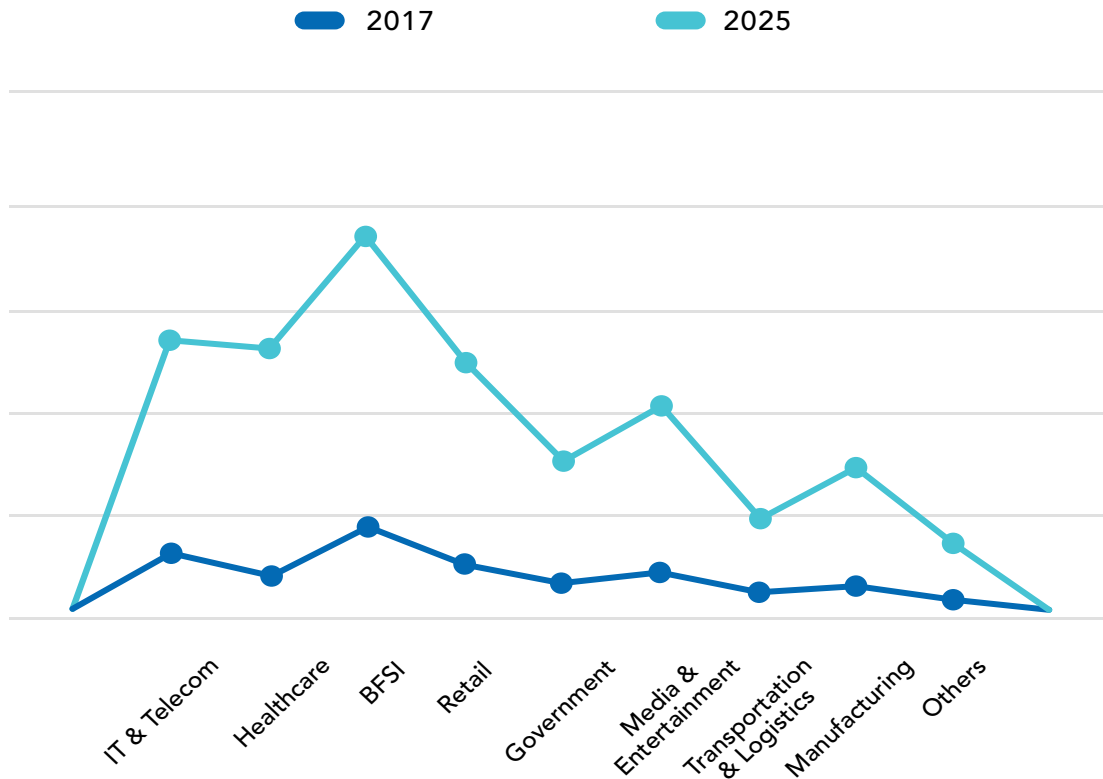
Choosing the Right Cloud

According to the [RightScale 2019 State of the Cloud](#) report from Flexera 84 percent of enterprise respondents have a multi-cloud strategy. So, it's less about choosing one cloud, and more about selecting the right clouds for your deployments.

All of the major cloud providers have different benefits and limitations (it's why multi-cloud deployments are trending), but for this report we've decided to focus on [Amazon Web Services](#) (AWS).
(See page 4)

Allied Market Research's 2018 Graph² Below Mirrors Our 2018-2019 Trends

GLOBAL HYBRID CLOUD MARKET BY INDUSTRY VERTICAL



BFSI held a dominant position in 2017 and would continue to maintain the lead over the forecast period.



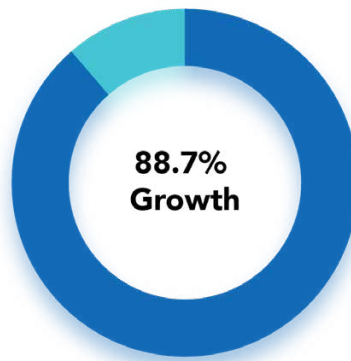
Benefits of AWS

AWS cloud computing provides a low-cost, scalable, and highly reliable infrastructure platform in the cloud. 'Pay as you go' pricing reduces upfront expenses. A secure, durable technology platform with several layers of physical and operational security ensures the confidentiality, integrity, and availability of your data. AWS is agnostic to operating systems and languages—use the programming model or development platform that's best for your business. And finally, AWS's vast global cloud infrastructure lets you iterate and innovate quickly—scale up or scale down with agility, on-demand.

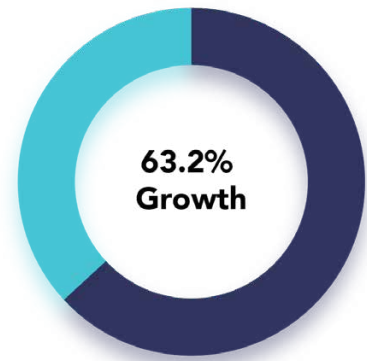
Our AWS Direct Connect solution is a high-power, reliable, private circuit between your public AWS instances and your workloads. With Cologix Access Marketplace, you can now provision AWS Direct Connect circuits on-demand, allowing both bandwidth and cost to scale at the speed of your business. Whether looking to migrate or operate using AWS, Cologix Access Marketplace connects and quickly provisions your service in minutes. Accessing AWS through our data centers gets you to their cloud in inches instead of miles.

We have seen solid hosted Cloud connections growth in the last half and last year.

Our platform adoption growth over the last 12 months is faster than the analysts' industry predictions. Our position as a connectivity leader in our markets—hosting the CSP onramps directly—allows for this higher than industry averages growth.



MMR – 12mo June 2018-June 2019

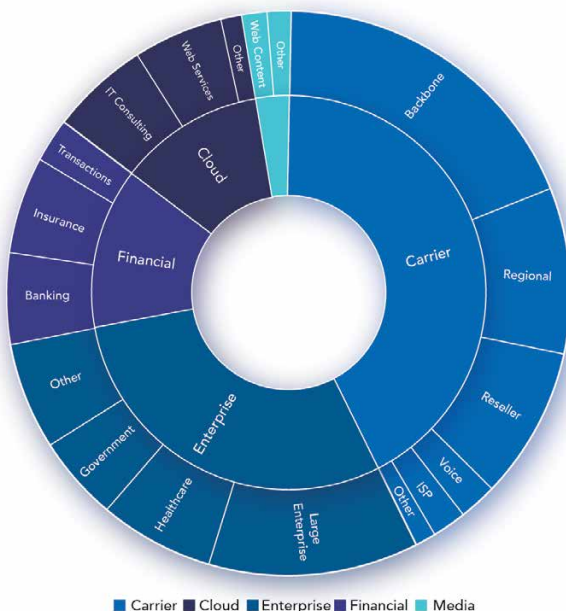


Connections – 12mo June 2018-June 2019

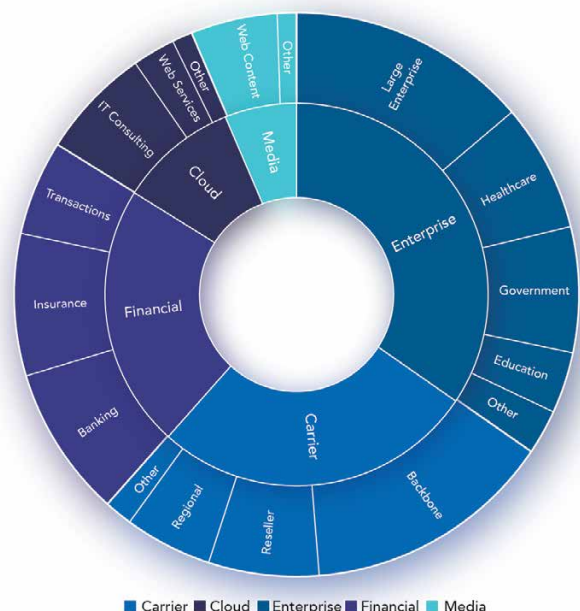
When we look at our customers' cloud connectivity by Percentage of Connections and Percentage of MRR (Spend), we see more exciting trends:

- Carriers buy more connections, but these are smaller and simpler connections—most often resold to connected businesses for whom connection cost is the most critical factor.
- Financial groups (BFSI) buy fewer connections by volume, but the connections they buy cost more. As mentioned before, this is because they value redundancy and performance most of all.

Percentage of Cloud Connections by Segment



Percentage of MRR of Cloud Connections by Segment



Cloud connection, hybrid cloud deployments, and SDN adoption are proliferating as the industry evolves a more cloud-centric and automated approach.

² <https://www.alliedmarketresearch.com/hybrid-cloud-market>

Cloud Onramps are a Critical Cornerstone of Hybrid Cloud Deployments

Our data supports what the Market Analysts report; high-bandwidth, low-latency, secure connections between private and public cloud deployments are an essential part of any production-level hybrid cloud deployment. The closer a customer can get to the network onramps or compute nodes of their targeted CSPs, the better. Doing so keeps complexity down, which improves performance and lowers cost.





Choosing the Right Location

Remember that where you decide to access the cloud matters. Proximity to the cloud on-ramp, DR deployments, power, and customer-base are key factors when deciding where your data centre should live and where you connect to the cloud. In this report we've decided to focus on the benefits of our Vancouver data centres.

Why Connect to Cloud in Vancouver?

Vancouver, British Columbia, is the end-point of the largest Internet pipeline between British Columbia and the US, and a gateway to the Asian market. Thus, Vancouver provides a natural redundant data centre site for networks established by enterprises in Eastern Canada, Asia, and the US.

Add this to Vancouver's proximity to Silicon Valley, generous tax credits, and a favorable regulatory environment, and the city provides an ideal location for new tech companies. A Startup Genome Global Startup Ecosystem Report in 2017 found that with 800-1100 startups, Vancouver boasts the most startups per capita than any city in Canada.

Known as "Hollywood North," Vancouver is home to rapidly growing film, content, and creative industries—serving as the 3rd most significant film and TV production centre in North America.

Customers can access Amazon Web Services' (AWS) Canada Region via the AWS Direct Connect node located at Cologix's VAN2 data centre. Choose deployments from any of our Vancouver data centres and access AWS via a diverse path, dark fibre ring for near-instant connectivity.

VAN3—Our Most Advanced Vancouver Data centre

VAN3 is a purpose-built data centre with dedicated fibre connections to our VAN1 and VAN2 locations via a diverse path, dark fibre ring for easy access to our existing connectivity. As capacity becomes rare in the region, we continue to work towards expanding our presence while facilitating access to all the major cloud providers and the carrier hotel. VAN3 is a 5 MW, 42K SQF, highly-scalable data centre. It is a high density enabled (up to 20kW per cabinet) data centre, with \$5 million in seismic upgrades, access to 20+ unique networks and the VANIX Internet exchange, and low-latency, network-neutral connection to VAN1 and Vancouver's primary Carrier Hotel.



What's the Takeaway?

When it comes to the future of data infrastructure, there is no panacea.

Nothing lasts forever—the new age of digital transformation requires agility and adaptability. What you need is a solution that grows with you, adapting to your needs, now and into the future.

Cloud connection, hybrid cloud deployments, and SDI adoption are proliferating as the industry evolves a more cloud-centric and automated approach. If your business isn't part of this growth, then maybe it's time to talk to a carrier, service provider, or colocation group about your options, and get connected to the cloud.

Cologix provides connectivity to all the major cloud providers via our data centres. Our Access Marketplace gives you the ability to provision direct connect circuits on-demand, allowing both bandwidth and cost to scale at the speed of your business. Connecting to AWS through our data centres provides access to their cloud in inches instead of miles, reducing security and latency concerns.

For more detail on how accessing the Cologix Access Marketplace via our Vancouver data centres can help fuel your digital transformation, visit cologix.com or email sales@cologix.com.

Research pulled from the following sources:

- <https://www.marketsandmarkets.com/PressReleases/hybrid-cloud.asp>
- <https://www.alliedmarketresearch.com/hybrid-cloud-market>
- <https://www.marketwatch.com/press-release/software-defined-networking-sdn-market-2019-global-industry-size-share-trends-sales-revenue-competitive-landscape-opportunity-assessment-and-regional-forecast-2023-2019-03-14>
- <https://www.globenewswire.com/news-release/2019/04/16/1804542/0/en/Software-Defined-Networking-SDN-Market-to-Hit-101-23-Billion-by-2025-Global-Analysis-by-Size-Share-Trends-Top-Leaders-Opportunities-and-Challenges-Adroit-Market-Research.html>
- <https://info.flexerasoftware.com/SLO-WP-State-of-the-Cloud-2019>