

Hyper-Converged Infrastructure Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

Hyper-converged infrastructure market is expected to register a healthy CAGR of over 13% during the forecast period as HCI solutions are increasingly capable of operating business-critical workloads while reducing data-center complexity and promoting affordability.

Key Highlights

Hyperconvergence (HCI) began as a cloud infrastructure substitute. However, it will not necessarily be in direct competition with the public cloud in the future. HCI is used to maintain strong control over all IT resources as more businesses adopt a cloud-first strategy. The firms anticipate that HCI will become increasingly prevalent as cloud adoption increases. Vendors of hyper-converged infrastructure already recognize the benefits of leveraging the public cloud, which many businesses trust for its manageability and flexibility while enhancing capabilities with hyper-converged technology that enables companies to manage both environments in an integrated manner.

Increasing demand from various applications leads to the growing efficiency of IT infrastructure, eventually boosting the demand of the global hyper-converged infrastructure market during the forecast period. Hyper-converged infrastructure systems allow organizations to keep data safe in their on-premises data centers and provide multiple data protection features such as snapshots, replication, and encryption, fueling the market demand across various organizations.

The market is growing due to increasing digital transformation in data centers adopting HCI solutions. According to Cloudscene, around 2,751 data centers were in the United States as of this year, and 484 more were found in Germany. With 458, the United Kingdom came in third place after China and the other countries in terms of the number of data centers. Many data centers will create growth opportunities for the market studied.

Hypervisors play an important role during the deployment of any virtualization having a limited choice as the hypervisors offered are vendor-dependent and may restrict the adoption of hyper-converged infrastructure solutions.

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Virtual desktop infrastructure has been a game-changer for hyper-converged infrastructure in the past and in this COVID-19 environment. The allure of VDI has been its security. This makes it easier to install and maintain the desktop PCs of hundreds or thousands of users by running each as a VM on a central server. After the pandemic, the market is proliferating due to the increasing number of data centers and digitization in many regions. For example, according to Germany's digital group, Bitkom, the COVID-19 pandemic and widespread digitization have accelerated the country's data center performance. The capacity of data processing centers in Germany increased by 84% in terms of IT performance between 2010 and 2020. This will continue to grow by another 30% in five years.

Hyper-Converged Infrastructure Market Trends

Growing Need for Enhanced Data Protection Driving the Market Growth

More than ever, organizations require storage performance that is reliable and fast. Hyperconverged infrastructure (HCI) offers safe and secure infrastructure. HCI streamlines management, consolidates resources, and lowers costs by integrating networking, storage, and computation into a single system. These advantages have led to increased HCI adoption, and many enterprises view the product as essential to their strategic IT priorities.

The market is expanding because of the rising use of HCI solutions like data security and disaster recovery. The demand for HCI has also increased due to the widespread use of digital technology platforms like social media and knowledge platforms.

According to the IBM Data Breach Report 2022, from USD 4.24 million last year to USD 4.35 million this year, the average data breach cost increased by 2.6%. The typical price increased by 12.7% from USD 3.86 million last year. Penalties for data breaches are included in the price, personally and corporately. With the aid of components and apps, hyper-converged systems lower the danger of data security breaches. Additionally, it comes with a high-security AMD processor package with security capabilities to reduce security concerns.

In addition to being more adaptable and scalable than conventional storage, it offers improved data security. It is crucial as more connected devices, such as smart home appliances and the Internet of Things (IoT), use these networks. The capacity of HCI to gather and store analytics in a centralized management system makes it another appealing feature for the 5G future. Viewing collected data through a single pane of glass is already and will continue to benefit 5G. According to the GSMA, 5G connections will surpass 1 billion this year and 2 billion by 2025. Such a rise in 5G connections will drive the HCI market.

HCI is optimized for virtual workloads, similar to public cloud-based services, and provides consumption-based infrastructure economics and flexibility. It enables enterprises to rapidly scale their resources by adding HCI building blocks to respond quickly to business demands, contributing to IT service agility. Because the essential cloud computing services, such as centralized, unified administration, computation, storage, and data security, are embedded into hyper-converged systems.

Automation and machine learning are already commonly regarded as productivity boosters for businesses that employ them to improve application performance and handle massive amounts of data. AI handles workload demands, optimizes application workloads, and optimizes HCI storage. By bridging the gaps between on-premises private cloud, public cloud, and existing data center infrastructure, hyper-converged infrastructure at the center of a hybrid multi-cloud model enables businesses to manage end-to-end data workflows and ensure that data is easily accessible for AI. For example, according to the Artificial Intelligence Index Report 2021, last year, the global total corporate investment in artificial intelligence (AI) reached almost USD 94 billion, a significant increase from the previous year's investment of USD 67.85 billion. Such rises in AI investment will drive the market studied.

North America is Expected to Register the Fastest Growth

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The expansion of hyper-scale cloud service providers in North America is responsible for the market's growth. Colocation services have also increased in the wholesale and retail sectors over the past few years. Additionally, the infrastructure for virtual desktops has expanded due to rising mobile data usage, expanding BYOD regulations, and other factors. HCI's market share in North America will increase as a result.

Several data center companies have invested heavily in hyperscale data centers. Last year, Equinix announced plans to build 32 hyperscale data centers in some major global markets. With a total capacity of 600 megawatts and more than USD 6.9 billion in investment, the company aims to tap new markets and gain a better position in the growing landscape of hyper-scale data centers. Such a rise in the region's data centers will drive the region's HCI market.

Furthermore, in the first quarter of this year, to develop and deliver scalable hybrid cloud solutions and edge computing implementations, Kyndryl, a provider of IT infrastructure services, and Lenovo, a market leader in PCs, storage, and server performance and reliability, announced the expansion of their existing global partnership. With a full portfolio of ready-to-roll, plug-and-play solutions, Lenovo's current partnerships with other Kyndrylecosystem alliance partners will enable deep collaboration to deliver the best solutions for customers across the hybrid cloud, HCI, and edge computing applications. Moreover, in the last year, enterprise deployments of hyper-converged infrastructure are driving a surge in software-defined storage. Due to this trend, DataCoreSoftware acquired object storage specialist CaringoInc. to provide block, file, and object storage as a single package. The Swarm platform from Caringo is designed for hyperscale data access and storage while solving data governance needs and minimizing hardware dependence. The organization released the latest version of its data management solution, which expanded data access capability across dispersed storage resources.

Hyper-Converged Infrastructure Market Competitor Analysis

The hyper-converged infrastructure market is moderately competitive and consists of a few major players. Some of the players currently dominate the market in terms of market share. However, with the advancement in infrastructure services across the cloud platform, new players are increasing their market presence, thereby expanding their business footprint across emerging economies. The Key players in the market are continuously making partnerships, mergers, and investments to retain their market position.

April 2022 - Equinix and Dell expanded their partnership for hyper-converged data center offerings. Expansion to its Equinix Metal line of bare metal appliances. This includes releasing several new offerings, such as Dell PowerStoreon Equinix Metal, Dell VxRail on Equinix Metal, and Dell EMC PowerProtectDDVE on Equinix Metal.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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