

Insights

LEXOLOGY GETTING THE DEAL THROUGH - CLOUD COMPUTING 2023

DIGITAL SPEAKS SERIES

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SUMMARY

Where does the cloud market find itself in mid-2022? With most businesses relying on some form of cloud-enabled service or use of cloud-based computing resources, and cloud technology supporting permanent patterns of remote working, learning, gaming, streaming and purchasing, the BCLP team has examined key trends for cloud computing over the past year, as well as what's on the horizon for the sector in 2023.

Lexology Getting the Deal Through has published its sixth global cloud computing report (again in conjunction with BCLP), with UK contributions from BCLP Partner Marcus Pearl and Anna Blest, BCLP knowledge development lawyer and US contributions from BCLP partners Sean Christy and Chuck Hollis. Our report looks at key trends, as well as providing detailed analysis of the principal components of cloud computing contracts, typical supplier provisions, the positions it may be possible to achieve for a customer in negotiated arrangements and the current regulatory environment.

Trends in cloud usage showed a steep incline during the pandemic, with this peak in demand reflecting broadscale infrastructure diversification, particularly in the public and healthcare sectors. Predictions for growth in the cloud computing sector for 2023 point to even higher levels of spending on public cloud services, with SaaS dominating as the largest market segment. Interest in the metaverse and more cloud-native application development will also drive demand for scalable cloud services.

Long-term dominance of the cloud market by the top five IaaS providers is now under increased scrutiny by regulators, given that the market is deep but not at all broad. Commentators have expressed disquiet about consolidation of the world's digital eco-system in the hands of an

incredibly small cohort of companies, with regulatory authorities worldwide increasingly willing to use policy tools to temper dominance in the cloud market.

Looking more broadly, the dominance of cloud as a technology means providers must also grapple with larger societal and political challenges, the most pressing of which are environmental sustainability in the cloud context, as well as data sovereignty and related privacy concerns.

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