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Gartner Says Worldwide Cloud Services Market to Surpass \$109 Billion in 2012

BPaaS Represents Largest Market Segment, While IaaS Is the Fastest-Growing Area

STAMFORD, Conn., 18 September, 2012 — The public cloud services market is forecast to grow 19.6 per cent in 2012 to total \$109 billion worldwide, according to Gartner, Inc. Business process services (also known as business process as a service, or BPaaS) represent the largest segment, accounting for about 77 per cent of the total market, while infrastructure as a service (IaaS) is the fastest-growing segment of the public cloud services market and is expected to grow 45.4 per cent in 2012.

"The cloud services market is clearly a high-growth sector within the overall IT marketplace," said Ed Anderson, research director at Gartner. "The key to taking advantage of this growth will be understanding the nuances of the opportunity within service segments and geographic regions, and then prioritising investments in line with the opportunities."

BPaaS is the largest segment primarily because of the inclusion of cloud advertising as a subsegment. BPaaS is forecast to grow to \$84.2 billion in 2012, up from \$72 billion in 2011. In 2011, cloud advertising represented about 47 per cent of the total public cloud services market, making it the biggest identifiable subsegment in the forecast. Through 2016, cloud advertising will continue to account for about 47 per cent of total public cloud services spending. Software as a service (SaaS) is the next-largest segment and is forecast to grow to \$14.4 billion in 2012, while IaaS is forecast to grow from \$4.3 billion in 2011 to \$6.2 billion in 2012. In 2010, the IaaS market was less than one-third the size of the SaaS market. By 2016, the IaaS market will grow to almost equal the size of the SaaS market.

Growth in application infrastructure services (also known as platform as a service, or PaaS) will also be high, although it is a smaller market relative to the other segments. PaaS is strategic and considered to be a critical growth driver for other segments, including BPaaS and SaaS. The PaaS segment is forecast to grow to \$1.2 billion in 2012. Cloud management and security services constitute a new forecast segment comprising cloud security services, IT operations management (ITOM) and storage management (including backup and recovery services). The cloud management and security services segment is forecast to grow to \$3.3 billion in 2012.

Although North America is the largest region and is expected to produce the largest absolute increase in market size, Gartner expects the highest regional growth rates in emerging Asia/Pacific (including India and Indonesia), greater China, Eurasia (including Russia) and Latin America (including Argentina, Mexico and Brazil).

Western Europe is forecast to grow the slowest during the forecast period, largely due to ongoing eurozone economic issues, while growth will also be lower in mature Asia/Pacific markets due to ongoing economic challenges in the Japanese market.

North America will account for the greatest percentage of absolute growth in the cloud services market, with 61 per cent of all growth from 2010 through 2016. Western Europe will follow, with 17 per cent of absolute cloud services growth over the same period. This highlights the dominance of North America and Western Europe in the development, availability and adoption of cloud services.

High growth rates will occur in emerging markets, including the top three growth countries of India, Indonesia and China. However, 79 per cent of spending increases will come from North America and Western Europe. For cloud services providers, this will require a strategic approach when considering both high-volume and high-growth markets. Both will be important in the development of sustained, global strategies.

"The total public cloud services market size in 2011 was \$91.4 billion, and it will grow to \$206.6 billion in 2016. As the market grows, IaaS will become a larger part of the overall market, while the market share of cloud management and security services will grow as well," said Mr Anderson. "When targeting specific markets within the cloud services marketplace, we recommend evaluating both potential market size and growth rates. These will vary by segment, subsegment, region and country."

Additional information is available in the report "Forecast Overview: Public Cloud Services, Worldwide, 2011-2016, 2Q12 Update" at <http://www.gartner.com/resId=2126916>.

Gartner analysts will examine key issues around cloud computing at Gartner Symposium/ITxpo 2012.

About Gartner Symposium/ITxpo

Gartner Symposium/ITxpo is the world's most important gathering of CIOs and senior IT executives. This event delivers independent and objective content with the authority and weight of the world's leading IT research and advisory organisation, and provides access to the latest solutions from key technology providers. Gartner's annual Symposium/ITxpo events are key components of attendees' annual planning efforts. IT executives rely on Gartner Symposium/ITxpo to gain insight into how their organisations can use IT to address business challenges and improve operational efficiency.

Additional information for Gartner Symposium/ITxpo 2012 in Barcelona, 5-8 November, is available at www.gartner.com/eu/symposium. Follow news, photos and video coming from Gartner Symposium/ITxpo 2012 on Facebook at <http://www.facebook.com/#!/GartnerSymposium>, and on Twitter at http://twitter.com/Gartner_inc and using #GartnerSym.

Members of the media can register for the event by contacting Laurence Goasduff at laurence.goasduff@gartner.com.

Upcoming dates and locations for Gartner Symposium/ITxpo include:
28-30 August, Cape Town, South Africa: www.gartner.co.za
3-5 October, Tokyo, Japan: www.gartner.com/jp/symposium

10-12 October, Goa, India: www.gartner.com/in/symposium
21-25 October, Orlando, Florida: www.gartner.com/us/symposium
29-31 October, Sao Paulo, Brazil: www.gartner.com/br/symposium
5-8 November, Barcelona, Spain: www.gartner.com/eu/symposium
12-15 November, Gold Coast, Australia: www.gartner.com/au/symposium
5-7 March, 2013, Dubai, UAE: www.gartner.com/technology/symposium/dubai/

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