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Gartner Says Worldwide Public Cloud Services Market to Total \$131 Billion in 2013

IaaS Continues as Fastest-Growing Market Segment

STAMFORD, Conn., 28 February, 2013 — The public cloud services market is forecast to grow 18.5 per cent in 2013 to total \$131 billion worldwide, up from \$111 billion in 2012, according to Gartner, Inc. Infrastructure as a service (IaaS), including cloud compute, storage and print services, continued as the fastest-growing segment of the market, growing 42.4 per cent in 2012 to \$6.1 billion and expected to grow 47.3 per cent in 2013 to \$9 billion.

Cloud advertising continues to be the largest segment of the cloud services market, comprising 48 per cent of the total market in 2012. Gartner predicts that from 2013 through 2016, \$677 billion will be spent on cloud services worldwide, \$310 billion of which will be spent on cloud advertising.

"The continued growth of the cloud services market will result from the adoption of cloud services for production systems and workloads, in addition to the development and testing scenarios that have led as the most prominent use case for public cloud services to date," said Ed Anderson, research director at Gartner. "Evidence of this growth is found in the increasing demand for cloud services from end-user organisations, met by an increased supply of cloud services from suppliers."

Although there is wide variation between cloud services market subsegments, strong demand is anticipated for all types of cloud services offerings. The cloud business process services segment (BPaaS) is the second-largest market segment after cloud advertising, comprising 28 per cent of the total market in 2012, followed by cloud application services (software as a service [SaaS]) at 14.7 per cent, cloud system infrastructure services (IaaS) at 5.5 per cent, cloud management and security services at 2.8 per cent, and cloud application infrastructure services (platform as a service [PaaS]) at one per cent.

Market dynamics vary substantially when considering the cloud services market size and market growth across the different regions of the world. In general, the emerging markets in Asia/Pacific, Latin America, Eastern Europe, the Middle East and North Africa show the highest growth rates, while representing the smallest overall markets. China is the exception, being both a large and growing market. Likewise, the mature markets of North America, Western Europe, Japan and the mature Asia/Pacific countries constitute the larger, but slower-growth, markets.

"Although forecast growth is generally high across all regions, the adoption of cloud services varies significantly by country. Providers should not assume that a generic strategy applied to specific countries or regions of the world will produce the same outcome when applied to other countries, even countries with similar market characteristics," said Mr Anderson. "Local economic factors, regulatory issues, the local political climate, the diverse landscape of global and local providers, including noncloud providers, and other country-specific factors ensure a unique marketplace in each country and region."

North America is the largest region in the cloud services market, accounting for 59 per cent of all new spending on cloud services from 2013 through 2016. Western Europe, despite the growth challenges in the region, remains the second-largest region and will account for 24 per cent of all new spending during the same time period. However, the highest growth rates for cloud services continue to come from the emerging regions of Emerging Asia/Pacific (led by Indonesia and India), Greater China and Latin America (led by Argentina, Mexico and Brazil).

"IT services providers, particularly those focused on delivering cloud services offerings or related services, must consider these disproportionately large mature markets if they want to play a leading role in cloud services growth worldwide," Mr Anderson said. "Similarly, markets in Emerging Asia/Pacific, Greater China and Latin America should also be important considerations for IT services providers that want to capitalise on the high growth of these regions, particularly Latin America and Greater China."

Additional information is available in the report "Forecast Overview: Public Cloud Services, Worldwide, 2011-2016, 4Q12 Update." The report is available on Gartner's web site at <http://www.gartner.com/resId=2332215>.

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