

## Global public cloud spend to soar by 25% this year, says IDC

Market watcher's latest public cloud market forecast highlights growing demand for off-premise services across the globe

**22 February, 2017** - IT buyers across the globe are set to spend about 25% more on public cloud services this year, compared to 2016, with software as a service (SaaS) accounting for most purchases.

According to the IDC Worldwide Semi-annual **Public Cloud Spending Guide**, the amount spent on public cloud services will hit \$122.5bn this year, up 24.4% year on year.

This pace of [public cloud](#) investment looks set to continue well into 2020, with the analyst house predicting a 21.5% compound annual growth rate (CAGR) between now and then, which is about seven times the rate of overall IT spending growth.

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Frank Gens, senior vice-president and chief analyst at IDC, said that as organisations move to adopt cloud in years to come, the use cases for the technology will change markedly.

"As cloud adoption expands over the next four years, what clouds are and what they can do will evolve dramatically – in several important ways," said Gens.

"The cloud will become more distributed (through internet of things edge services and multicloud services), more trusted, more intelligent, more industry and workload specialised, and more channel-mediated.

"As the cloud evolves, these important new capabilities – what IDC calls **Cloud 2.0** – the use cases for the cloud will expand dramatically."

### Cloud Adoption Trends

On the whole, large enterprises are responsible for nearly half of all public cloud spend, while medium-sized firms account for about 20%.

In terms of what IT buyers are spending their public cloud money on, SaaS products account for about two-thirds of purchases, and will make up around 60% of them by 2020, says IDC.

However, the infrastructure-as-a-service (IaaS) and platform-as-a-service (PaaS) segments are expected to grow far more quickly, with IDC predicting five-year CAGRs of 30.1% and 32.2%, respectively.

“While purchase priorities vary somewhat depending on company size, the leading product categories include customer relationship management (CRM) and enterprise resource management (ERM) applications in addition to server and storage hardware,” said IDC in a statement.

This aspect of the forecast is in keeping with enterprise IT buying trends, whereby organisations have moved to upgrade and replace their on-premise software with **SaaS**-based offerings, easing themselves into cloud that way.

**IaaS** has come into its own as enterprises have sought to scale down their on-premise datacentres by tapping into cloud-based storage and compute services, which can be a multi-year journey for some, based on how much data they have to move, for example.

The growth of the **PaaS** market has been more of a slow burn, but has gathered momentum as organisations have sought ways to modify their legacy applications for cloud environments and take advantage of more agile software development approaches, such as DevOps.

Eileen Smith, programme director for customer insights and analysis at IDC, said some vertical markets are keener to adopt public cloud services than others, with professional services leading the way.

“In 2017, discrete manufacturing, professional services and banking will lead the pack in global spending on public cloud services as they look for greater scalability, higher performance and faster access to new technologies,” she said.

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### **Cloud Adoption in Europe**

From a geographical perspective, IDC said European companies have been slower to adopt cloud services than their US counterparts, but that looks set to change.

“In Western Europe, the public cloud market will grow at a healthy 23.2% CAGR over the forecast period, and utilities, insurance and professional services industries will be the most dynamic market spaces,” said Serena Da Rold, senior research manager for customer insights and analysis at IDC.

“European companies have been slower in adopting cloud compared to their US counterparts, but now the market is maturing and it is the right time for cloud providers to target and capture the untapped segments.”

For the time being, though, the US remains the biggest user of public cloud services, followed by Western Europe and the Asia Pacific region.

<http://www.computerweekly.com/news/450413532/Global-public-cloud-spend-to-soar-by-25-this-year-says-IDC>