

Gartner: "Cloud Shift" to Affect IT Spending

Written by Marco Attard
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According to Gartner over \$1 trillion in IT spending will be affected by the shift to the cloud over the next 5 years, marking further proof of the cloud being "one of the most disruptive forces of IT spending since the early days of the digital age."

"Cloud-first strategies are the foundation for staying relevant in a fast-paced world," the analyst adds. "The market for cloud services has grown to such an extent that it is now a notable percentage of total IT spending, helping to create a new generation of start-ups and "born in the cloud" providers."

Table 1: Cloud Shift Proportion by Category

	2018	2019	2020	2021	2022
System infrastructure	11%	13%	16%	19%	22%
Infrastructure software	13%	15%	17%	18%	20%
Application software	34%	36%	38%	39%	40%
Business process outsourcing	27%	28%	29%	29%	30%
TOTAL	19%	21%	24%	26%	28%

Source: Gartner (August 2018)

The shifting of IT spending from traditional offerings to cloud services-- or "cloud shift" is calculated by comparing IT spending on cloud services with traditional non-cloud services in the same market. Gartner estimates aggregate cloud shift will reach \$111 billion in 2016, before growing to \$216bn in 2020.

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Many markets will also feel an indirect effects from the cloud shift-- effects one needs to identify in order to exploit new opportunities caused by cloud shift. For instance, customers will start to switch from buying OSs in the traditional way to using OS images (particularly with the use of containers), while enterprise storage will move from dedicated hardware to more scalable cloud-based solutions.

"Cloud shift is not just about cloud. As organisations pursue a new IT architecture and operating philosophy, they become prepared for new opportunities in digital business, including next-generation IT solutions such as the Internet of Things," Gartner concludes. "Furthermore, organisations embracing dynamic, cloud-based operating models position themselves better for cost optimisation and increased competitiveness."

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