

Gartner: Public Cloud to Grow 21.4% in 2018

Written by Alice Marshall
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According to Gartner, global public cloud services revenues are to total \$186.4 billion in 2018-- a 21.4% increase over 2017 revenues worth \$153.5 billion.

Table 1. Worldwide Public Cloud Service Revenue Forecast (Billions of U.S. Dollars)

	2017	2018	2019	2020	2021
Cloud Business Process Services (BPaaS)	42.6	46.4	50.1	54.1	58.4
Cloud Application Infrastructure Services (PaaS)	11.9	15.0	18.6	22.7	27.3
Cloud Application Services (SaaS)	60.2	73.6	87.2	101.9	117.1
Cloud Management and Security Services	8.7	10.5	12.3	14.1	16.1
Cloud System Infrastructure Services (IaaS)	30.0	40.8	52.9	67.4	83.5
Total Market	153.5	186.4	221.1	260.2	302.5

BPaaS = business process as a service; IaaS = infrastructure as a service; PaaS = platform as a service; SaaS = software as a service

Note: Totals may not add up due to rounding.

Source: Gartner (April 2018)

The fastest growing segment is IaaS, forecast to grow 35.9% in 2018 to reach \$40.8bn. The analyst expects the top 10 public cloud providers to account for around 70% of the IaaS market by 2021, up from 50% in 2016. Such dominance of hyperscale IaaS providers creates both "enormous" opportunities and challenges to market participants, since while it enables efficiencies and cost benefits, organisations need to be careful of providers gaining unchecked influence over customers and the market. In addition, organisations should demand simpler ways to move workloads, applications and data across IaaS offerings without penalties.

SaaS remains the largest cloud market segment with 2018 revenues reaching 73.6bn, a 22.2% increase. Gartner expects SaaS to make 45% of total application software spending by 2021,

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and in many areas it has already become the preferred software delivery model. Now SaaS users demand more purpose-built offerings delivering specific business outcomes.

Database platform as a service (dbPaaS) is the fastest category within PaaS, and is set to reach almost \$10bn by 2021. More hyperscale cloud providers are including dbPaaS, but customers wanting to avoid lock-in should also at offerings from other, smaller providers.

Gartner concludes that while public cloud revenue is growing more strongly than expected, growth rates should stabilise from 2018 onwards. This reflects an increasingly mainstream status and maturity gained by public cloud services within the wider IT spending mix.

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