

Gartner: IaaS Adoption Proves "Healthy" in 2017

Written by Marco Attard
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According to Gartner, the global Infrastructure as a Service (IaaS) market is up by 29.5% in 2017 to reach \$23.5 billion, compared to the \$18.2bn of 2016. Amazon is the top vendor, followed by Microsoft, Alibaba, Google and IBM.

"The top 4 providers have strong IaaS offerings and saw healthy growth as IaaS adoption is being fully embraced by mainstream organisations and as cloud availability expands into new regions and countries," the analyst says. "Cloud-directed IT spending now constitutes more than 20% of the total IT budget for organisations using cloud. Many of these organisations are now using cloud to support production environments and business-critical operations."

Table 1.

Worldwide IaaS Public Cloud Services Market Share, 2016-2017 (Millions of U.S. Dollars)

Company	2017 Revenue	2017 Market Share (%)	2016 Revenue	2016 Market Share (%)	2017-2016 Growth (%)
Amazon	12,221	51.8	9,775	53.7	25.0
Microsoft	3,130	13.3	1,579	8.7	98.2
Alibaba	1,091	4.6	670	3.7	62.7
Google	780	3.3	500	2.7	56.0
IBM	457	1.9	297	1.6	53.9
Others	5,902	25.0	5,392	29.6	9.5
Total	23,580	100.0	18,213	100.0	29.5

Source: Gartner (August 2018)

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The competitive landscape of the IaaS market is currently consolidating around the 4 leaders-- Amazon, Microsoft, Alibaba and Google-- all hyperscale IaaS providers making 73% of the total market, as well as 47% of the combined IaaS and infrastructure utility services (IUS) market. Amazon leads with 2017 revenues worth \$12.2bn, up 25% from 2016, and is the most mature, enterprise-ready provider. Driving growth for the former online bookseller are not only customers migrating from traditional datacentres, but also customers implementing transformational digital business projects, reflecting a broad range of use cases.

Microsoft comes 2nd with IaaS growth of over 98%, leading to 2017 revenues of \$3.1bn. Azure, a collection of infrastructure and platform services, delivers the Microsoft IaaS offering. Following is Alibaba, with 2017 growth of 63% reflecting successful R&D investment. The Chinese giant has the financial muscle to continue the trend and invest in global expansion, giving it potential to eventually become an alternative to the global hyperscale cloud providers, at least in select regions.

"This reflects a fundamental change in what and how organizations are consuming technology. Some legacy infrastructure offerings, such as IUS, are seeing lower and slower uptake that impacts the combined IaaS and IUS market," Gartner concludes. "Additionally, a groundswell of demand for cloud-skilled personnel is forcing technology providers to change how they compete to meet this exploding demand."

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