

## Gartner: More Spending to Shift to Cloud

Written by Alice Marshall  
20 September 2018

---

More IT spending is set to shift to the cloud in the near future, Gartner reports-- specifically 28% of spending within "key enterprise IT markets" by 2022, up from 19% in 2018.

The growth of spending on cloud-based offerings will be faster than growth in traditional, non-cloud offerings, even if said traditional offerings constitute 72% of enterprise IT revenues in 2022. Either way, the shift to the cloud affects over \$1.3 trillion in spending by 2022, marking a long-term opportunity for providers able to capture such growth.

**Table 1: Cloud Shift Proportion by Category**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
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%
<b>TOTAL</b>	<b>19%</b>	<b>21%</b>	<b>24%</b>	<b>26%</b>	<b>28%</b>

Source: Gartner (August 2018)

"The shift of enterprise IT spending to new, cloud-based alternatives is relentless, although it's occurring over the course of many years due to the nature of traditional enterprise IT," the analyst says. "Cloud shift highlights the appeal of greater flexibility and agility, which is perceived as a benefit of on-demand capacity and pay-as-you-go pricing in cloud."

## Gartner: More Spending to Shift to Cloud

Written by Alice Marshall  
20 September 2018

---

Gartner recommends providers use cloud shift as a measure of market opportunity, assessing growth rates and addressable market size opportunities in each of the 4 cloud shift categories-- system infrastructure, infrastructure software, application software and business process outsourcing.

The largest cloud shift prior to 2018 was in application software, particularly CRM. CRM has already reached the tipping point, with a higher proportion of spending going to the cloud, not traditional software. The trend should grow to cover other application software, such as office suites, content services and collaboration services, through to the end of 2022, and application software will retain the highest percentage of cloud shift throughout the forecast period.

In the meantime, by 2022 nearly 50% of addressable revenue will be in system infrastructure and infrastructure software. System infrastructure will be the market segment showing the fastest shift between now and 2022, as current assets reach renewal status. It currently represents the market with the least cloud shift, due to prior investments in datacentre hardware, virtualisation and datacentre operating system software and IT services, all considered both costly and inflexible.

“The shift to cloud until the end of 2022 represents a critical period for traditional infrastructure providers, as competitors benefit from increasing cloud-driven disruption and spending triggers based on infrastructure asset expiration,” Gartner concludes. “As cloud becomes increasingly mainstream, it will influence even greater portions of enterprise IT decisions, particularly in system infrastructure as increasing tension becomes apparent between on- and off-premises solutions.”

Go [Gartner Market Insight: Cloud Shift 2018 to 2022](#)