

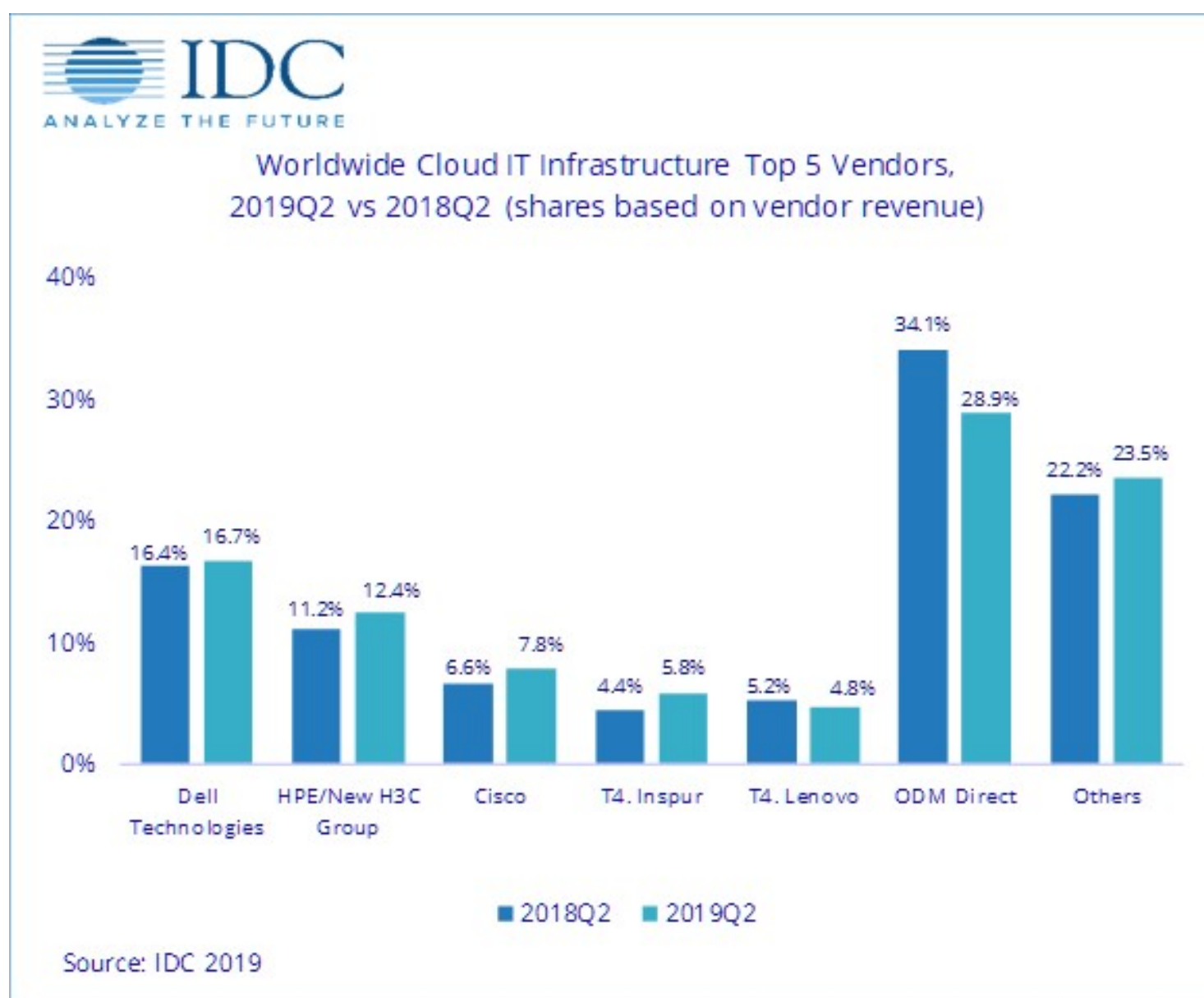
## IDC: Cloud Infrastructure Spending Slows Down

Written by Marco Attard  
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According to IDC, cloud infrastructure product (server, enterprise storage and ethernet switch) revenues are down by -10.2% Y-o-Y in Q2 2019, reaching \$14.1 billion, the result of overall slowdown for the industry.

In fact, the analyst predicts 2019 cloud infrastructure revenues will total \$63.6bn, a -2.1% decline-- and a -4.9% drop from the previous Q1 2019 forecast.



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Cloud hardware infrastructure revenues for Q2 2019 are down by -0.9% on a Q-o-Q basis and by -15.1% Y-o-Y. Demand from a "handful" of hyperscale service providers continues to impact the market segment, with spending showing up and down swings. After a strong 2018, IDC expects spending to "cool down" in 2019, dropping by -6.7% to \$42bn. Although it will still account for most of cloud infrastructure spending, its share will decrease from 69.4% in 2018 to 66.1% in 2019.

In contrast, private cloud infrastructure shows more stable growth, with Q2 2019 revenues increasing by 1.5% Y-o-Y to \$4.6bn. IDC expects 2019 spending for the segment to grow by 8.4%.

Overall, the industry is at a crossing point in terms of product sales to cloud vs traditional environments. Cloud environment revenues climbed over the 50% mark for the first time in Q3 2018, but fell below the tipping point since then. In Q2 2019, cloud environments account for 48.8% of revenues, and are expected to remain at 49% for full-year 2019. That said, IDC predicts cloud infrastructure will continue grow steadily, exceeding the level of spending on traditional infrastructure in 2020 and beyond.

Ethernet switches are to bring growth for cloud infrastructure, increasing by 13.1%. On the other hand, compute platforms and storage platforms are expected to decline in 2019, at -2.4% and -6.8% respectively. Compute will remain the largest spending category, at \$33.8bn.

Sales of infrastructure products to traditional (non-cloud) environments are down by -6.6% Y-o-Y in Q2 2019, with the full year expected to decline by -5.8%, the result of the winding down of the technology refresh cycle driving growth in 2018. IDC expects traditional non-cloud infrastructure to make just 41.8% of overall global infrastructure spending by 2023, down from 52% in 2018. The share loss and growing share of cloud environments in overall spending is consistent across all regions.

Speaking of regions, most see cloud infrastructure growth in Q2 2019. MEA is the fastest growing at 29.3% Y-o-Y. Also seeing growth are CEE (6.5% Y-o-Y) and W. Europe (3.1% Y-o-Y).

Go [IDC Quarterly Cloud Infrastructure Tracker Q2 2019](#)