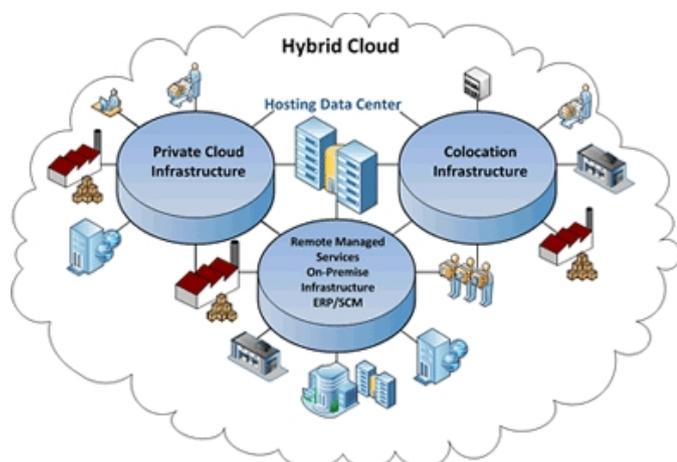


Gartner: Shift to Hybrid Infrastructure Services Underway

Written by Marco Attard
07 April 2017

According to Gartner the growth of cloud and industrialised services, coupled with the decline of traditional datacentre outsourcing (DCO), indicate a "massive" shift towards hybrid infrastructure services.



The analyst forecasts cloud, hosting and traditional infrastructure services will come more or less at par in terms of spending by 2020. The traditional DCO market is expected to shrink from \$55.1 billion in 2016 to \$45.2bn in 2020, while cloud compute services are to grow from \$23.3bn in 2016 to \$68.4bn in 2020.

Colocation and hosting spending is also to increase-- from \$53.9bn in 2016 to \$74.5bn in 2020. Infrastructure utility services (IUS) is forecast to grow from \$21.3bn in 2016 to \$37bn in 2020, and storage as a service should increase from \$1.7bn in 2016 to \$2.7bn in 2020.

The traditional DCO and IUS make 49% of the \$154bn 2016 global datacentre services market (consisting of DCO/IUS, hosting and IaaS). This is expected to shift towards cloud IaaS and hosting, and by 2020 DCO/IUS will make 35% of the \$228bn WW datacentre services market. The forecast period sees traditional services coexist with a minority share alongside industrialised and digitalised services.

A global 2016 Gartner survey of 303 DCO reference customers shows 20% use hybrid infrastructure services, and 20% more intent to get them in the next 12 months.

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In the meantime, falling prices will force more traditional DCO vendors to exit the market, while others will develop solution capabilities in order to compete. Buyers will have more vendors to choose from, with the choice of traditional or new solutions, all with Y-o-Y price reductions through 2020.

Moving to the public cloud IaaS, the last 4 years have seen the market split between two leaders-- AWS and Microsoft Azure. The two companies have grown their cloud services "significantly," and are cornering the market with innovative service and pricing offerings the competition cannot match. Gartner adds vendors can only rival the Amazon-Microsoft duopoly in new markets, which is what Aliyun, the cloud services arm of Alibaba, is doing in China.

"The competition between AWS and Azure in the IaaS market will benefit sourcing executives in the short to medium term but may be of concern in the longer term," Gartner concludes. "Lack of substantial competition for two key providers could lead to an uncompetitive market. This could see organisations locked into one platform by dependence on proprietary capabilities and potentially exposed to substantial price increases."

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