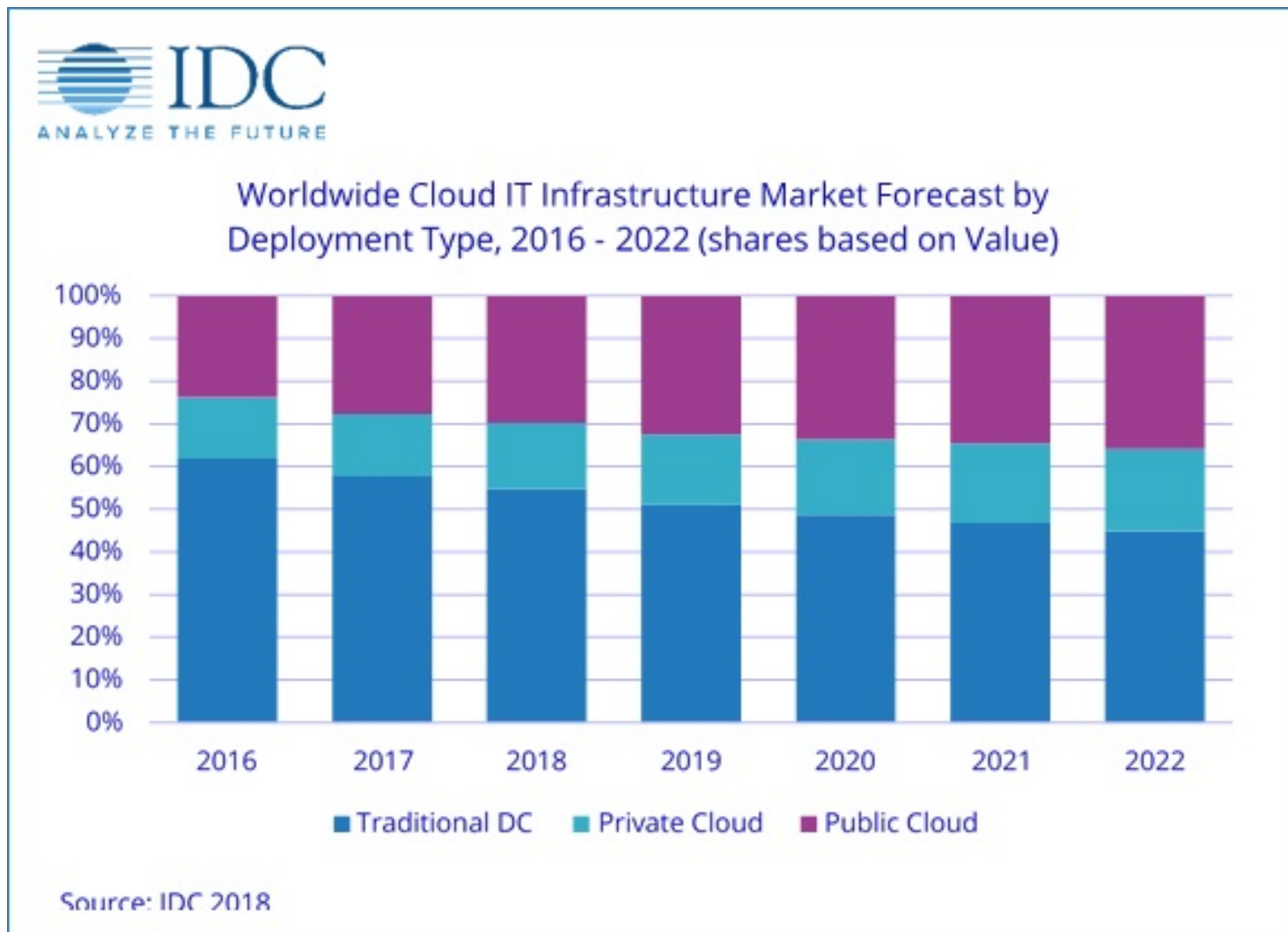


IDC: Cloud Infrastructure Spending to Grow 10.9% in 2018

Written by Marco Attard
13 April 2018

According to IDC, total spending on infrastructure products (server, enterprise storage and ethernet switches) deployed in cloud environments will total \$53.3 billion in 2018, a 10.9% increase over 2017.



Public cloud datacentres account for the majority of spending (65.9%) with the fastest annual growth rate of 11.3%. Off-premises private cloud datacentres make 13% of cloud infrastructure spending with 12% growth, while on-premises private clouds account for 61.7% of spending with 9.1% growth in 2018.

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Meanwhile global spending on traditional, non-cloud infrastructure is set to drop by -2% in 2018, even if it still accounts for the majority (54.7%, down from 57.8% in 2017) of total end user spending on infrastructure across 3 product segments. The share loss in 2018 is faster than in the previous 3 years, and the growing share of cloud environments in overall infrastructure spending is common across all regions.

In cloud environments, spending on all technology segments (except storage platforms) is forecast to grow at double-digit rates in 2018. Ethernet switches and compute platforms are the fastest growing at 20.9% and 12.4% respectively, while storage platform growth should total 6%. Investment in all 3 technologies is on the up across public cloud, private cloud off-premises and private cloud on-premises.

In the long term, IDC predicts off-premises cloud infrastructure spending will grow at a 5-year CAGR of 10.8% to reach \$55.7bn in 2022. Public cloud datacentres will account for 83.6% of this amount, growing at a 10.6% CAGR, while spending on off-premises private cloud infrastructure will increase at a CAGR of 11.4%.

Overall spending on cloud infrastructure will grow at a 10.9% CAGR, and should surpass spending on non-cloud infrastructure by 2022. Spending on on-premises private cloud infrastructure will grow at a 11.5% CAGR, while spending on non-cloud (on-premises and off-premises combined) will decline at a -2.7% CAGR during the forecast period.

"Growing expansion of digital transformation initiatives enables further adoption of cloud-based solutions around the globe," the analyst remarks. "This will result in a continuous shift in the profile of IT infrastructure buyers. SaaS, PaaS, and IaaS offerings address a broad range of business and IT needs of enterprises from 'lift-and-shift' to emerging workloads. As a result, service providers' demand for IT Infrastructure for delivering these offerings is growing steadily making them as a group a major buyer of compute, storage, and networking products."

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