



Gartner Forecasts Australian Public Cloud Revenue to Grow 19 Percent in 2019

Worldwide Public Cloud Revenue to Grow 17.5 Percent

3 April, 2019 — The worldwide public cloud services market is projected to grow 17.5 percent in 2019 to total US\$214.3 billion, up from \$182.4 billion in 2018, according to Gartner, Inc. The fastest-growing market segment will be cloud system infrastructure services, or infrastructure as a service (IaaS), which is forecast to grow 27.5 percent in 2019 to reach US\$38.9 billion, up from \$30.5 billion in 2018 (see Table 1). The second-highest growth rate of 21.8 percent will be achieved by cloud application infrastructure services, or platform as a service (PaaS). “Cloud services are definitely shaking up the industry,” said Sid Nag, research vice president at Gartner. “At Gartner, we know of no vendor or service provider today whose business model offerings and revenue growth are not influenced by the increasing adoption of cloud-first strategies in organisations. What we see now is only the beginning, though. Through 2022, Gartner projects the market size and growth of the cloud services industry at nearly three times the growth of overall IT services.”

	2018	2019	2020	2021	2022
Cloud Business Process Services (BPaaS)	45.8	49.3	53.1	57.0	61.1
Cloud Application Infrastructure Services (PaaS)	15.6	19.0	23.0	27.5	31.8
Cloud Application Services (SaaS)	80.0	94.8	110.5	126.7	143.7
Cloud Management and Security Services	10.5	12.2	14.1	16.0	17.9
Cloud System Infrastructure Services (IaaS)	30.5	38.9	49.1	61.9	76.6
Total Market	182.4	214.3	249.8	289.1	331.2

BPaaS = business process as a service; IaaS = infrastructure as a service; PaaS = platform as a service; SaaS = software as a service Note: Totals may not add up due to rounding. Source: Gartner (April 2019)

In Australia, spending on public cloud services is forecast to grow 19 percent to A\$6.5 billion in 2019. While software-as-a-service (SaaS) represents by far the largest proportion of spending, strongest growth will come from cloud infrastructure services or IaaS.

	2018	2019	2020	2021	2022
Cloud Application Services (SaaS)	3,359	4,090	4,918	5,784	6,719
Cloud Application Infrastructure Services (PaaS)	346	416	490	573	655
Cloud System Infrastructure Services (IaaS)	511	652	816	1,004	1,216
Cloud Business Process Services (BPaaS)	977	1,027	1,081	1,141	1,198
Cloud Management and Security Services	281	331	380	435	490
	5,474	6,516	7,685	8,937	10,278

Source: Gartner (March 2019) According to recent Gartner surveys, more than a third of organisations see cloud investments as a top three investing priority, which is impacting market offerings. Gartner expects that by the end of 2019, more than 30 percent of technology providers' new software investments will shift from cloud-first to cloud-only. This means that license-based software consumption will further plummet, while SaaS and subscription-based cloud consumption models continue their rise. “Organisations need cloud-related services to get onboarded onto public clouds and to transform their operations as they adopt public cloud services,” said Mr. Nag. Currently almost 19 percent of cloud budgets are spent on cloud-related services, such as cloud consulting, implementation, migration and managed services, and Gartner expects that this rate will increase to 28 percent by 2022. “As cloud continues to become mainstream within most organisations, technology product managers for cloud related service offerings will need to focus on delivering solutions that combine experience and execution with hyperscale providers' offerings,” said Mr. Nag. “This complementary approach will drive both transformation and optimisation of an organisation's infrastructure and operations.”

Gartner clients can read more in the report Forecast: Public Cloud Services, Worldwide, 2016-2022, 4Q18 Update.

About Gartner IT Infrastructure, Operations and Cloud Strategies Conferences Gartner analysts will provide additional analysis on cloud strategies and infrastructure and operations trends at the Gartner IT Infrastructure, Operations & Cloud Strategies events taking place April 23-25 in Tokyo, April 24-25 in Sao Paulo, April 29-30 in Sydney, May 6-7 in Mumbai, June 4-5 in Frankfurt, June 25-26 in Mexico City, and November 25-26 in London. Follow news and updates from these events on Twitter using #GartnerIO. About Gartner Gartner, Inc. (NYSE: IT) is the world's leading research and advisory company and a member of the S&P 500. We equip business leaders with indispensable insights, advice and tools to achieve their mission-critical priorities and build the successful organisations of tomorrow. Our unmatched combination of expert-led, practitioner-sourced and data-driven research steers clients toward the right decisions on the issues that matter most. We are a trusted advisor and objective resource for more than 15,000 organisations in more than 100 countries — across all major functions, in every industry and organisation size. To learn more about how we help decision makers fuel the future of business, visit www.gartner.com.

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