

# Global public cloud services market to grow 17% in 2016

The worldwide public cloud services market is projected to grow 17.2% in 2016 to total \$208.6 billion, up from \$178 billion in 2015, according to Gartner, Inc. The highest growth will come from cloud system infrastructure services (infrastructure as a service [IaaS]), which is projected to grow 42.8% in 2016. Cloud application services (software as a service [SaaS]), one of the largest segments in the global cloud services market, is expected to grow 21.7% in 2016 to reach \$38.9 billion.



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## Aspiration outpaces adoption

"Growth of public cloud is supported by the fact that organisations are saving 14% of their budgets as an outcome of public cloud adoption, according to Gartner's 2015 cloud adoption survey," said Sid Nag, research director at Gartner. "However, the aspiration for using cloud services outpaces actual adoption. There's no question there is great appetite within organisations to use cloud services, but there are still challenges for organisations as they make the move to the cloud. Even with the high rate of predicted growth, a large number of organisations still have no current plans to use cloud services."

IT modernisation is currently the top driver of public cloud adoption, followed by cost savings, innovation, agility and other benefits. The focus on IT modernisation indicates a more sophisticated and strategic use of public cloud services. Not only are public cloud services being used to recognise the tactical benefits of cost savings and innovation, but they are also being used to establish a more modern IT environment — an environment that can serve as a strategic foundation for future applications and digital business processes.

## Security concerns

Security and/or privacy concerns continue to be the top inhibitors to public cloud adoption, despite the strong security track record and increased transparency of leading cloud providers.

"Gartner's position on cloud security has been clear – public cloud services offered by the leading cloud providers are secure. The real security challenge is using public cloud services in a secure manner," said Ed Anderson, research vice president at Gartner. "More education is needed to help organisations overcome the hype associated with security concerns. This should be a key area of focus for providers in working with their clients to unlock the benefits of public cloud services."

Most organisations are already using a combination of cloud services from different cloud providers. While public cloud usage will continue to increase, the use of private cloud and hosted private cloud services is also expected to increase at least through 2017. The increased use of multiple public cloud providers, plus growth in various types of private cloud services, will create a multicloud environment in most enterprises and a need to coordinate cloud usage using hybrid scenarios.

## **Hybrid cloud environment**

Although hybrid cloud scenarios will dominate, there are many challenges that inhibit working hybrid cloud implementations. Organisations that are not planning to use hybrid cloud indicated a number of concerns, including: integration challenges, application incompatibilities, a lack of management tools, a lack of common APIs and a lack of vendor support.

"Of course in the case of hybrid cloud, these top concerns also highlight some of the top opportunities for providers," said Anderson. "We know that public cloud services will continue to grow. We also know that private cloud services (of various types) will become more widely used. Therefore, providers must focus on the top hybrid cloud challenges to be successful in meeting the growing demand for hybrid cloud solutions."

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