

## Newsroom

### Press Releases

STAMFORD, Conn. November 13, 2019

### Gartner Forecasts Worldwide Public Cloud Revenue to Grow 17% in 2020

#### IaaS Secures Highest Growth in 2020 Due to Data Center Consolidation

The worldwide public cloud services market is forecast to grow 17% in 2020 to total \$266.4 billion, up from \$227.8 billion in 2019, according to Gartner, Inc.

"At this point, cloud adoption is mainstream," said Sid Nag (<https://www.gartner.com/analyst/53485>), research vice president at Gartner. "The expectations of the outcomes associated with cloud investments therefore are also higher. Adoption of next-generation solutions are almost always 'cloud-enhanced' solutions, meaning they build on the strengths of a cloud platform to deliver digital business capabilities."

Software as a service (SaaS) will remain the largest market segment, which is forecast to grow to \$116 billion next year due to the scalability of subscription-based software (see Table 1). The second-largest market segment is cloud system infrastructure services, or infrastructure as a service (IaaS), which will reach \$50 billion in 2020. IaaS is forecast to grow 24% year over year, which is the highest growth rate across all market segments. This growth is attributed to the demands of modern applications and workloads, which require infrastructure that traditional data centers cannot meet.

**Table 1. Worldwide Public Cloud Service Revenue Forecast (Billions of U.S. Dollars)**

	2018	2019	2020	2021	2022
Cloud Business Process Services (BPaaS)	41.7	43.7	46.9	50.2	53.8
Cloud Application Infrastructure Services (PaaS)	26.4	32.2	39.7	48.3	58.0
Cloud Application Services (SaaS)	85.7	99.5	116.0	133.0	151.1
Cloud Management and Security Services	10.5	12.0	13.8	15.7	17.6
Cloud System Infrastructure Services (IaaS)	32.4	40.3	50.0	61.3	74.1
<b>Total Market</b>	<b>196.7</b>	<b>227.8</b>	<b>266.4</b>	<b>308.5</b>	<b>354.6</b>

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 (November 2019)

Various forms of cloud computing are among the top three areas where most global CIOs will increase their investment (<https://www.gartner.com/en/newsroom/press-releases/2019-10-22-gartner-survey-of-more-than-1000-cios-show-that-fit-enterprises-will-win-when-business-conditions-turn>) next year, according to Gartner. As organizations increase their reliance on cloud technologies, IT teams are rushing to embrace cloud-built applications (<https://www.gartner.com/smarterwithgartner/5-approaches-cloud-applications-integration/>) and relocate existing digital assets. "Building, implementing and maturing cloud strategies will continue to be a top priority for years to come," said Mr. Nag.

"The cloud managed service landscape is becoming increasingly sophisticated and competitive. In fact, by 2022, up to 60% of organizations will use an external service provider's cloud managed service offering, which is double the percentage of organizations from 2018," said Mr. Nag. "Cloud-native capabilities, application services, multicloud and hybrid cloud comprise a diverse cloud ecosystem that will be important differentiators for technology product managers. Demand for strategic cloud service outcomes signals an organizational shift toward digital business

outcomes.”

Gartner clients can read more in the report “Forecast: Public Cloud Services, Worldwide, 2017-2023, 3Q19 Update.” (<https://www.gartner.com/document/3970389?ref=TypeAheadSearch&qid=01aca7ad4a4e1a7f4a749>)

#### Gartner IT Infrastructure, Operations & Cloud Strategies Conference

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 November 25-26 in London (<https://www.gartner.com/en/conferences/emea/infrastructure-operations-cloud-uk>) and December 9-12 in Las Vegas (<https://www.gartner.com/en/conferences/na/infrastructure-operations-cloud-us>). Follow news and updates from these events on Twitter using #GartnerIO (<https://twitter.com/search?q=%23GartnerIO&src=typd>).

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