

## Essay #1 – Analysis of Cloud Provider

IST615

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### **Target Market:**

For this essay, I have decided to use the cloud provider “IBM Cloud”. IBM Cloud attempts to target a wide range of diverse customers spanning across multiple industry types and sectors. The primary focus for IBM is enterprises in the mid to large size range. They look for companies that want to leverage cloud computing solutions to enhance business operations, innovation, and scalability. IBM Cloud tends to cater to companies in industries such as finance, retail, health, and manufacturing. They are well known for providing tailored solutions to meet very specific industry requirements. IBM Cloud is also on-board for providing support and solutions to developers and startup companies that may need more help or services than well established firms. IBM has a severe importance for their target market to understand that they emphasize security, reliability, and advanced technology solutions if you’re looking to do business with them.

### **Competitive Market:**

IBM Cloud has increased competition from the big players such as Amazon Web Services (AWS), Microsoft Azure, Google Cloud, Oracle, and Alibaba Cloud. Despite all of the intense competition IBM is able to distinguish themselves through several key components that affect their overall competitive advantage. The driving force behind IBM is that they emphasize a hybrid-cloud solution. This solution allows them to provide a hybrid portfolio that mixes on-premises infrastructure while using various cloud environments to address and maximize

productivity and solutions. Another key aspect of IBM Cloud as mentioned above is the heightened awareness to provide robust security features and compliance certifications. This level of detail provides their clients with an increased level of confidence, especially in the health and finance sectors.

Furthermore, IBM cloud separates themselves from the pack by dedication to using open-source technologies and collaborative advancements. Their platform uses a wide range of open-source frameworks that create a nice ecosystem for developers and coders to be able to deploy and change applications with easy flexibility and convenience.

Moreover, the reason that IBM has a nice competitive advantage is because they are a big player who has been in the technology sector for decades providing comprehensive solutions for many businesses and firms. They are also able to bring to the table the future use of AI and data analytics. The integration of AI capabilities, such as Watson into the cloud platform provides clients with advanced analytics, machine learning, and cognitive computing capabilities, giving them a competitive edge in relation to their data.

### **Business Model:**

IBM Cloud creates value for its customers through a multiple system approach centered around flexibility, scalability and most importantly innovation. Their platform enables businesses to modernize their IT operations and infrastructures using these cutting-edge technologies such as AI, machine learning and data analytics. IBM Cloud's comprehensive suite of services supports hybrid and multi-cloud environments, allowing organizations to seamlessly integrate on-premises and cloud solutions. This flexibility allows digital transformation, accelerates application development, and overall enhances the ability to operate efficiently.

The way IBM cloud makes revenue is through a combination of different solutions that provide a well-rounded portfolio for profit. Primarily, they provide subscription-based services, consumption pricing and add-on service offerings. Customers of IBM cloud typically use the pay for resources as you consume them model, this allows for the ability to accurately pay for services instead of over or underpaying. This type of consumption pricing is usually used in the form of virtual machines, data transfer and storage. IBM Cloud is also unique in the sense of offering premium services such as advanced analytics and AI Powered solutions for specific applications. Through these diverse revenue streams, IBM is not only covering their basic costs but also raking in a healthy profit margin.

### **Performance:**

I think the overall performance of IBM Cloud could be best described as positive with substantial growth, but there are possibilities of decline on the horizon. The overall revenue for IBM Cloud was 8.1 billion in 2022, this was up from the expected earnings of 6.5 billion in 2020. This change in revenue is roughly represented as a rate of growth around 12.3%. The overall market share for IBM cloud is a little on the smaller side due to increased competition. The market share for IBM Cloud was 8.0% in 2020 and then increased to 9.0% in 2022. While this does show a gain in market share, overall, this is not as strong as the competition. The overall challenges that will impact IBM Cloud as they look forward to the future are the market share gap, they are lagging behind and when new competition emerges this could eventually reduce that share and profit for IBM. The cloud market as a whole is extremely competitive and IBM needs to keep innovating and finding new solutions to make their cloud business relevant.

### **Future Prospects:**

Assessing the future of prospects of IBM Cloud requires a deep thought and analysis of several key factors such as market trend, competitive dynamics, technological improvements and how the company decides to make strides in strategic initiatives. IBM by itself has a long history of providing quality products and services to businesses and individual customers.

One key motivation for IBM Cloud is that they have Hybrid solutions, I think this is very important for firms looking to use their already owned resources while leveraging cloud technology. This allows that firm the ability to use resources they already paid for and leverage new technologies. The demand for hybrid cloud solutions is expected to grow as most companies seek flexibility, scalability, and security. Additionally, IBM has contributed a lot of resources to investing and growing their AI and data analytics sectors of business. These types of technologies are becoming increasingly critical components of modern-day business and cloud infrastructure. The ability for IBM to capitalize and provide those services will be critical to maintaining and growing profits.

However, IBM Cloud faces stiff competition from industry giants like Amazon Web Services, Microsoft Azure, and Google Cloud, which have established strong places in the market. The ability to differentiate and innovate will be crucial for IBM Cloud to remain competitive and capture market share.

While IBM Cloud has secured a place in the competitive cloud market, its long-term trajectory hinges on several critical factors. Continued innovation is important, driving the development of cutting-edge solutions that resonate with customers. Adapting to the ever-shifting market landscape with agility will be crucial, ensuring IBM Cloud remains responsive to evolving needs. Additionally, distinguishing its offerings from the competition through unique value propositions is essential for attracting and retaining users. I believe overall that IBM Cloud

is in a good place, but they need to do everything they can to continue holding a space in today's ever-changing cloud market.

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