Magic Quadrant for Strategic Cloud Platform Services

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Generative AI and digital sovereignty are among many new factors that are reshaping how enterprises select public cloud providers. Use this Magic Quadrant to understand how hyperscalers are adapting to new customer demands and determine which providers are right for your business.

Market Definition/Description

Gartner defines strategic cloud platform services (SCPS) as standardized, automated, public cloud offerings integrating infrastructure services (e.g., computing, network and storage), platform services (e.g., application, data and value-added services such as AI/ML) and transformation services (resources to help customers adopt cloud-oriented IT delivery models). Although owned by the service provider, infrastructure and platform services may be hosted in providersÕ infrastructures or customersÕ data centers. Services should be elastically scalable, metered by use, and consumable via web-based interfaces and programmable APIs. Transformation programs may be delivered by automated, self-service interfaces, and managed interactions facilitated by account teams/partners.

Not all enterprise cloud journeys are the same; however, there are similarities. In Infographic: The Cloud Journey, Gartner defines four broad types of cloud journeys that our clients take:

- Technology replacement
- Cloud-native adoption
- Cloud innovation
- Business transformation

Each journey requires a different combination of cloud services and digital transformation activities. To choose the right approach, Gartner clients must determine where they are and where theyÕre headed. There are many types of cloud service providers (CSPs) in the market Ñ infrastructure/platform/software as a service (IaaS/PaaS/SaaS), as well as managed services providers (MSPs). However, few strategic global hyperscalers combine the breadth and depth of capabilities necessary to meet any enterprise where it is, help it determine where itÕs headed, and provide the cloud services and transformation support to help it get there.

Customers must consider their relationship with their SCPS provider of choice as long-term and strategic. While selecting the SCPS provider that is right for their business, Gartner clients must:

- Gauge the relative strengths and weaknesses of each provider in the areas that are important to the business.
- Determine which providers are most aligned with their immediate and long-term objectives in the cloud.
- Learn about provider programs and resources to help digitally transform the organization.

Mandatory Features

The SCPS market is based on delivery of public cloud IaaS and PaaS services that are suitable for supporting mission-critical, large-scale production workloads, whether enterprise or cloud-native. The mandatory features for this market include:

- Software-defined computing, storage and networking, with access to a web services API for these capabilities.
- Cloud software infrastructure services facilitating automated management, including monitoring, autoscaling and managed data backup.
- A managed database platform as a service offering.
- A managed application platform as a service offering.
- A global presence and scope (for example, regional cloud data centers on multiple continents).
- Elastic, real-time provisioning and resizing of compute, network, storage and platform services and capacity, sold and billed on a metered-usage basis.
- An architecture for service resilience that enables customers to replicate resource configurations and data between provider zones and regions and failover from one location to another as needed, in an automated way.

Common Features

The standard IaaS and PaaS features for the SCPS market include:

- Serverless PaaS options, such as functions as a service (FaaS) and serverless SQL or NoSQL databases.
- Company-developed, publicly available software development kits (SDKs) in three or more programming languages.
- A distributed, continuously available control plane supporting a hyperscale architecture.
- Managed continuous integration/continuous delivery (CI/CD) offerings to support complete application and data management life cycles, including automated integration, build, testing and deployment.
- A distributed cloud offering, as defined by Gartner.
- A published service-level agreement (SLA) for 75% or more of all IaaS and PaaS services in all regions, with a minimum of 99.5% availability for each service in each region.
- The ability to extend and integrate a customerÕs private data center network and core IT services with the providerÕs cloud environment.
- The ability to securely interact with all services using identity and access management (IAM) controls, encryption, data protection and secrets management.
- Preconfigured IaaS and PaaS environments optimized to support common traditional workloads such as SAP and Oracle databases, and specialty workloads such as Internet of Things (IoT), high-performance computing (HPC), AI/ML and non-x86.
- Vertical industry platform solutions comprising data models, platform services and partner ecosystems to support industry-specific needs.
- Cloud financial management tools and services that enable customers to forecast, track, manage, optimize and allocate cloud costs.

Providers in the SCPS market also offer standard means of assisting customers to move to a cloud operating model for delivery of IT services. These include:

- A strategic co-innovation service offering, all or partially subsidized by the provider, designed to help customers

create a cloud adoption strategy and implementation plan.

- A cloud migration program that includes migration planning, automated application assessment, rightsizing, cost estimation, and physical data and resource migration tools.
- A globally scaled partner network of solution integrators, MSPs and technology solution providers. Capabilities should include programs that enable partners and certify them with technical specialties and/or preferential status indicators, along with customer self-service tools to find, evaluate, select and communicate with partners.
- Globally available, self-service resources and provider-assisted engagements to help customers plan, build and operate high-quality cloud environments, including enterprise training and support, adoption frameworks and best practices, planning services and customer success reviews.
- A digital software marketplace offering a wide range of certified third-party software products that can be automatically licensed and deployed into the provider environment.

Less common features for this market include:

- Data sovereignty options, such as support for data residency controls, capability to bring and hold your own encryption keys, and options to deploy into locally managed and autonomous zones and regions.
- Sustainability and energy management tools and services.
- Centralized policy management, with support for programmable policy as code.
- AI/ML capabilities Ñ IaaS/PaaS platforms, foundation models, and specialized hardware and tools for building and consuming AI and ML services.
- Tools and services to support more advanced agile CI/CD methodologies, such as GitOps and DataOps.
- Tools and services to support multicloud computing, including integrations with other vendor cloud services, as well as the potential deployment of provider services in other vendor clouds.
- Coinvestment programs in which the cloud provider shares in the cost, risk and reward of a joint provider-partner or provider-customer venture.

Magic Quadrant

Figure 1: Magic Quadrant for Strategic Cloud Platform Services

Vendor Strengths and Cautions

Alibaba Cloud

Alibaba Cloud is a Challenger in this Magic Quadrant. Alibaba offers a more comprehensive range of services compared to its Chinese competitors and is strategically well-positioned to assist Chinese enterprises in expanding globally. However, not all of Alibaba CloudÕs services and capabilities are available outside the Chinese mainland. In this Magic Quadrant, Gartner is focused on AlibabaÕs international offering.

After a year characterized by strategic uncertainty and frequent changes within Alibaba Group, the parent company made the decision in November 2023 to cancel its previously announced plan to spin off its cloud business. Alibaba

characterized this move as a response to the uncertainties arising from U.S. export limitations on crucial chips required for AI applications. Since then, Alibaba Cloud has redefined its core strategy and implemented price reductions to stimulate growth. Alibaba Cloud is making a substantial investment in AI; however, these services are currently deployed primarily in its domestic China regions.

Strengths

- Market influence in Asia: Alibaba Cloud holds a leading market share and is considered a pioneer in public cloud technology in Greater China. Its robust partner network and prominent role in the open-source community within China give Alibaba Cloud added leverage in neighboring markets like Southeast Asia.

- Robust digital ecosystem: Alibaba Cloud capitalizes on its parent company, Alibaba Group, to offer integrated digital business capabilities to its customers. Alibaba GroupÕs extensive ecosystem of e-commerce, digital payment, logistics and entertainment partners offers crucial support to Chinese companies venturing into the global market. Alibaba Cloud also partners with global technology firms, such as SAP, VMware and Salesforce, to enable the delivery of integrated enterprise software solutions.

- Generative AI expertise: AlibabaÕs Tongyi Qianwen (ÒQwenÓ) family of large language generative AI (GenAI) models has been deployed by over 90,000 enterprise users since its launch in June of 2023. AlibabaÕs GenAI strategy comprises the Qwen model family and supporting tools, such as its Qwen-Agent application framework and Alibaba Cloud Model Studio. Alibaba has chosen to open source its Qwen models, which are downloadable from western portals, such as Hugging Face.

Cautions

- Limited customer support in the U.S. and EMEA: While Alibaba Cloud boasts a strong sales and support presence in the Chinese mainland and the Asia/Pacific (APAC) region, the availability of international sales, support and partner resources in other regions is limited. There are fewer local offices and data center regions in the U.S. and EMEA. Online support is offered in Mandarin and English only.

- Limited availability of AI/ML infrastructure and services: Due to trade tensions impacting ChinaÕs access to hardware innovations from vendors such as NVIDIA and ARM, Alibaba CloudÕs global infrastructure for AI/machine learning (ML) has not kept up with western cloud competitors. Its custom-designed chips like the Yitian 710 and Hanguang 800 have either not been released internationally or are only available in a few regions. Alibaba CloudÕs flagship Platform for AI (ÒPAI-LingjunÓ) is only accessible in Singapore.

- Uncertain pricing strategy: In March and April of 2024, Alibaba Cloud announced steep price cuts on some

international cloud services of up to 59%. In the short term, this may entice more global customers to its platform. However, AlibabaÕs International Website Membership Agreement does not offer price cap guarantees. As a result, Alibaba has the option to raise prices in the future.

Amazon Web Services

Amazon Web Services (AWS) is a Leader in this Magic Quadrant. AWS, a subsidiary of Amazon.com, offers a comprehensive range of cloud infrastructure and platform services, catering to a complete array of IT requirements. With a focus on enterprise customers, AWS facilitates customer digital transformation through a number of programs, such as its Migration Acceleration Program (MAP) and the AWS Enterprise Transformation Program. While AWS does not heavily concentrate on enterprise SaaS or digital workplace platforms, it addresses these business application use cases through its extensive partner ecosystem.

While AWS has maintained profitability and a leading global infrastructure as a service (IaaS) and platform as a service (PaaS) market share of over 42%, its growth rate relative to its key competitors slowed in 2023. Partner-related sales through the AWS Marketplace have bucked this trend and are accelerating. AWSÕ strategy is to continue enhancing its industry-leading IaaS and PaaS services and its partner ecosystem, while promoting its flagship Amazon Bedrock platform for GenAI application development.

Strengths

- Operational excellence: AWS has an excellent multiyear track record of robust service delivery. This is aided by its architecture, which is broadly distributed, with publicly documented fault isolation boundaries and at least three physically and logically independent availability zones within every region. AWSÕ meticulous supply chain management has allowed it to deliver reliable capacity worldwide despite unprecedented demand, including for GenAI-related needs.

- Solutions support: AWS supports its customers by delivering optimal solutions for their requirements through co-design sessions with AWS solutions architects, specialized in specific technology stacks, industry verticals and enterprise workloads. Additionally, partners can leverage Partner Solutions Architects to assist them in designing tailored solutions for their customers.

- Robust developer experience: AWS offers significantly more software development kits (SDKs) than its competitors, covering most modern and legacy programming languages. The SDKs are constantly updated and consistently supported, ensuring that changes and updates to AWS service APIs are quickly usable by developers in any language.

Cautions

- Complex and inconsistent service interfaces: AWS favors giving its development teams the autonomy to create and improve services independently of other teams. While this strategy increases the speed at which AWS can deliver features into the market, it also results in services that are often siloed and not uniformly designed. This can create challenges for customers when learning and using diverse AWS services together to create solutions.

- Limited traction for proprietary AI models: AWSÕ own Titan foundation models are not currently competitive with leading alternatives on standard benchmarks such as the Massive Text Embedding Benchmark (MTEB) and have achieved only limited market traction. AWSÕ current strategy is to offer a range of first-party and third-party models within Amazon Bedrock without highlighting its own models.

- Fewer sovereign cloud options: While AWS has announced that its European Sovereign Cloud will launch in the fourth quarter of 2025, not all AWS services will be available at launch in this new region. The AWS Snow Family and AWS EKS Anywhere are the only AWS cloud offerings with a disconnected option. Local Zones do not come standard in a multizone architecture and offer fewer AWS services than a full AWS region.

Google

Google is a Leader in this Magic Quadrant. Google is a subsidiary of Alphabet Inc. The Google Cloud Platform (GCP) appeals to enterprises with a goal of transforming their IT to a fully cloud-native approach, with an emphasis on AI-enabled services. It offers a strong portfolio of IaaS and PaaS capabilities and a wide global network of cloud regions. Over the past few years, GoogleÕs ability to address traditional enterprise needs has steadily improved, including more robust enterprise account management, a larger partner network and more integrated support for VMware and Oracle workloads.

GCP has core strengths in container-based architecture, advanced data center design and industry-leading GenAI models. This, coupled with a vibrant cloud-native developer community, has helped fuel GoogleÕs rapid rise in the SCPS market. In 2023, GCP revenue grew by 28%, more than 50% faster than the public cloud industry as a whole. Its overall market share now stands at 11.5%.

Strengths

- AI-infused IT modernization: In addition to GCPÕs strong container management services, its Vertex AI platform offers unified AI/ML development, agent-building tools, a full range of industry-leading models, and built-in code generation using its own highly regarded Gemini models. AI capabilities, such as vector embeddings, are well integrated into

GCPÕs database services. Additionally, its API management solution, Apigee, is industry-leading.

- Environmental sustainability: GCPÕs sustainability rating is higher than other providers in this Magic Quadrant. GCP prioritizes circularity processes, renewable energy usage and data center energy efficiency. These factors are important for customers in regions with unstable energy prices and those engaged in energy-intensive cloud activities like AI model training. GCP offers distinct tools to help organizations manage their greenhouse gas (GHG) emissions.
- Digital sovereignty: GCP offers solutions that combine infrastructure, data and operational sovereignty for organizations in highly localized and regulated jurisdictions. Google Assured Workloads offers automated controls to ensure data privacy. The Google Distributed Cloud (GDC) portfolio offers solutions for customers to deploy GDC in local data center environments, disconnect from parent cloud regions, and, in some cases, work with a local cloud operating partner.

Cautions

- Incomplete understanding of traditional enterprise needs: GCPÕs sales strategy emphasizes cloud-native architectures and AI. Traditional enterprise clients continue to tell Gartner that despite improved support for legacy workloads, Google does not fully understand or cater to their needs. Customers on Gartner Peer Insights rate GCP only average on service and support. GCP often releases new features in preview without a published schedule for general availability and does not clearly specify which new services or compute instance types are available in which regions.
- Uneven resilience: GCPÕs cloud regions historically have consisted of multiple availability zones (AZs) within the same physical data center. GCP is in the process of establishing at least three physically and logically distinct AZs in each region to enhance resiliency. Its progress in each region has not been publicly disclosed. GCP lacks disaster recovery (DR) IaaS orchestration tools, requiring customers to implement their own solutions.
- Distributed cloud inconsistencies: GCPÕs distributed cloud offerings contain a command-line interface (CLI) and a set of GCP services that are not compatible with standard public Google regions. Customers adopting GDC should be aware that existing GCP workloads will need to be modified to run correctly in GDC, and applications coded to use GDC service APIs will not be compatible with other GCP environments.

Huawei Cloud

Huawei Cloud is a Niche Player in this Magic Quadrant. While it primarily operates within the Chinese mainland, Huawei Cloud has been expanding its presence internationally. Notably, Huawei plays a significant role in ChinaÕs expansive

ÒOne Belt One RoadÓ initiative, directing data center infrastructure investments toward Africa, the Middle East, Oceania and Latin America. The companyÕs customer base mainly consists of large and midsize enterprises with a preference for hybrid IT solutions.

Huawei Cloud has a market strategy of primarily competing against the other leading Chinese cloud providers in these emerging markets. This year, Huawei Cloud is particularly focused on increasing the deployment of its next-generation QingTian architecture, first-party AI infrastructure based on its own Ascend chipsets and its Pangu family of GenAI models.

Strengths

- Incumbent advantage in emerging markets: Huawei CloudÕs parent company, Huawei, is a telecommunications equipment leader in many emerging markets. Existing Huawei customers in these markets can modernize their IT infrastructure by adopting Huawei private and public cloud services, integrated over Huawei-supported networks, without the risk of adopting new, unfamiliar cloud vendors.

- Demonstrated success with high-service clients: Huawei boasts a long history of effectively serving large, demanding enterprise and government customers. In addition, Huawei Cloud is highly rated in Gartner Peer Insights for overall customer experience. Through its reputation for execution, Huawei Cloud enjoys a sales edge over its China competitors in some international markets, such as the Middle East.

- Full-stack AI/ML investments: Huawei Cloud is investing deeply in AI/ML research and development. Key areas include distributed heterogeneous peer-to-peer architectures, high-performance network clustering, AI-native storage and its proprietary Ascend AI chipset. In June 2024, Huawei Cloud unveiled its Pangu Model 5.0 encompassing text, images, videos, radar and other capabilities.

Cautions

- International sanctions and geopolitical tension: Trade and diplomatic relations between China and the United States and its allies are strained, and this has created high barriers to trust for Huawei in some western nations. While other China providers also incur political scrutiny, only Huawei faces direct bans or restrictions on the use of its hardware in some markets. This has made it difficult for Huawei Cloud to offer a full range of options to global customers.

- Capacity and availability challenges: Not all Huawei Cloud hardware and services are available in sufficient quantities internationally, and even common compute instance types may exhibit capacity limitations. Notably, most of HuaweiÕs newest AI/ML infrastructure and services have not yet been deployed outside of China.

- Limited partner network: Although Huawei cloud has established a partner network, and continually promotes partner programs, such as its KooGally seller program, most partners focus on Asia. This limits Huawei CloudÕs appeal to customers needing adoption assistance in other global markets.

IBM

IBM is a Niche Player in this Magic Quadrant. IBM Cloud is primarily focused on IaaS, container services and data-related offerings. IBMÕs core market focus is on traditional enterprise customers in regulated industries, especially those with existing investments in other IBM technologies. IBM offers flexible hybrid and multicloud options, leveraging the capabilities of Red Hat OpenShift.

IBM differentiates by offering the option of complete solution outcomes through a service engagement with IBM Consulting, IBM Expert Labs or a local partner. While IBM delivers AI/ML capabilities through its watsonx services and industry-leading cloud financial management via its recent acquisition of Apptio, these offerings are not fully integrated with IBM Cloud.

Strengths

- Flexible VMware-based options: IBM Cloud presents a comprehensive range of VMware-based solutions. These options cater to various requirements, ranging from replicating traditional VMware vSphere clusters in an IBM-hosted environment to offering a fully managed and multitenant VMware Cloud Foundation platform-as-a-service.
- IBM Power servers: IBM is the sole cloud provider that supports the provisioning of IBM AIX, IBM i and Linux on hosted, and IBM Power-based virtual instances. Notable features include official support for SAP workloads, including SAP HANA and the Oracle Database, and the availability of a distributed cloud option.
- Mix of traditional and modern cloud architectures: IBM offers a diverse range of IaaS compute styles, ranging from bare metal servers with a flat network to virtual machines within a virtual network (VPC). This may appeal to traditional customers looking for a simpler onramp to public cloud computing while they gradually build their cloud skills.

Cautions

- Fragmented data center architecture: IBM Cloud offers three different environments: IBM Cloud Classic Infrastructure, IBM Cloud VPC and IBM Power Virtual Servers. This gives customers multiple alternatives, integrated through shared identity and access management (IAM), and network connections. However, each environment functions independently, with its own control plane, architecture and interfaces. Not all environments are available in every IBM Cloud region, and customers operating in multiple environments must maintain specific skills, designs, processes

and policies for each.

- Incomplete edge solution: IBM addresses customer needs at the network edge through IBM Cloud Satellite, a solution primarily designed for distributed cloud rather than edge use cases. IBM Cloud SatelliteÕs minimum footprint is larger than that of competitor solutions, it is not designed to operate in disconnected environments and it does not have a ruggedized hardware option for outdoor or mobile environments.

- Inconsistent AI/ML offerings: IBM does not currently offer its own multimodal foundation models to compete directly with those from other industry leaders. Access to popular third-party models is via its watsonx toolset, a separate product line that is integrated with but not based on IBM Cloud. IBMÕs AI services lag behind in the areas of image and video generation, and its code assistants focus mostly on COBOL to Java conversion.

Microsoft

Microsoft is a Leader in this Magic Quadrant. Microsoft Azure maintains a comprehensive array of IaaS and PaaS services that meet all enterprise IT use cases. Azure provides robust hybrid cloud capabilities, allowing enterprises to integrate their on-premises, Windows-based environments with the cloud. MicrosoftÕs vast network of partners worldwide make Azure a logical choice for many customers in regional markets.

Microsoft competes aggressively in every area of cloud computing and integrates Azure with its other leading cloud platforms to promote a Òbetter togetherÓ story in the market. Microsoft also strategically partners with other market leaders, such as SAP, VMware, Oracle, NVIDIA and OpenAI, to offer joint solutions. Propelled by the surge in adoption of its AI-related infrastructure and services, Azure revenue grew by 24% in 2023, and its public cloud market share is now 26%.

Strengths

- Cross-Microsoft capabilities: MicrosoftÕs range of cloud and noncloud capabilities make Azure broadly attractive to organizations that are strategically aligned to Microsoft as a vendor. Key integration drivers include use of Microsoft 365, Power BI, Power Apps and on-premises Microsoft software that can be extended to Azure.

- Industry clouds: Azure also serves as the foundation for MicrosoftÕs wide-ranging industry cloud strategy. MicrosoftÕs industry clouds comprise an array of industry-specific offerings that integrate services and tools from all Microsoft clouds together. Azure supports Microsoft industry clouds by enhancing its core IaaS and PaaS services with industry-specific connectors, data models, security frameworks and AI services.

- Strategic partnership with OpenAI: MicrosoftÕs market-making alliance with GenAI model provider OpenAI has

positioned Azure as a leading enterprise GenAI platform. The need to support OpenAI has also spurred Azure to deploy a range of AI-related enhancements that improve the economics of large-scale training, including water cooling, advanced cabling, micro-checkpointing and Low-Rank Adaptation (LoRA).

Cautions

- Ongoing security challenges: For the second year in a row, this Magic Quadrant includes a caution related to MicrosoftÕs security issues across its cloud properties, including Azure. In April of 2024, the Cyber Safety Review Board (CSRB) of the U.S. Department of Homeland Security issued a strong critique of MicrosoftÕs inadequate security culture in the wake of breaches of its Exchange Online system in 2023. In May 2024, Microsoft responded by expanding its Secure Future Initiative (SFI). It is unclear how long it will be before the SFI improvements take measurable hold.

- Capacity shortages: Gartner clients report capacity shortages in multiple Azure regions in the U.S. and Europe. Capacity shortfalls have led to offering restrictions in the West Europe (Amsterdam) and South Central U.S. (Texas) regions. Uneven availability of Azure capacity can make it more difficult for customers to deploy new workloads or implement failover strategies for existing workloads. Customers unable to provision capacity can work with Microsoft to negotiate credits, reserved instance exchanges or refunds, and discuss how capacity may impact spending commitments in their MACC agreements.

- Inconsistent service and support: Users in Gartner Peer Insights rate Microsoft Azure below its closest competitors on service, support and their overall deployment and integration experience. Microsoft also lags behind other providers when it comes to ensuring the technical quality of its Azure Cloud Solution Provider (CSP) partner network.

Oracle

Oracle is a Leader in this Magic Quadrant. Oracle Cloud Infrastructure (OCI) offers a range of bare metal, IaaS and PaaS services based on x86 and ARM chipsets, and NVIDIA-based infrastructure for AI/ML. OCI differentiates through its distributed and sovereign cloud options, low prices for on-demand compute instances and strong data integration tools. While OracleÕs Customer Success Services (CSS) organization focuses primarily on large customers implementing Oracle business applications, it is increasing its support for customers using OCI to transform their IT infrastructure and operations.

Positioning OCI as the best cloud provider for deploying Oracle software is an important dimension of OracleÕs strategy and is working for Oracle in the market. OCI revenue in 2023 grew at an industry-leading rate of 29.5%. OCI is also

successfully partnering with VMware, NVIDIA and other key industry players to offer joint solutions, such as the Oracle Cloud VMware Solution and the NVIDIA DGX Cloud on OCI.

Strengths

- Distributed cloud architecture: OracleÕs unique cloud architecture is designed to scale down as well as up. This gives Oracle the option of deploying smaller, local cloud environments while maintaining consistent cloud services and pricing across all environments. OCI offers standard commercial, private, sovereign and partner-operated regions, with OCI Superclusters for large-scale AI/ML use cases.

- Multicloud support: OCI has placed a design focus on direct integration with other cloud provider environments. The Oracle Database runs in all major providers, and OCI embeds its own Exadata-based managed database-as-a-service directly into selected regions of Microsoft Azure and Google Cloud. These options, coupled with OCIÕs robust network interconnection and data integration services, enable many customers to establish OCI as a viable Òsecond cloudÓ alongside and integrated with their primary provider.

- Digital sovereignty: OCIÕs approach to distributed and (optionally) locally operated cloud infrastructure positions it as a leader in sovereign cloud solutions. OracleÕs wide range of deployment options cater to customers with strict regulatory and data privacy requirements. In March of 2024, Oracle and NVIDIA announced a partnership to deliver Òsovereign AIÓ solutions to customers worldwide, enabling them to train AI models in locally secured environments.

Cautions

- Incomplete generative AI platform: OCI offers current NVIDIA-based compute instances and scalable clustering. However, Oracle does not offer any industry-leading GenAI models of its own; its AI developer tools are less full-featured than those of other leading providers, and its full set of AI services is not yet available in many OCI regions. OracleÕs partnership with Cohere is focused on embedding GenAI capabilities into its Oracle Fusion business applications, not into OCI.

- Resilience architecture: OCIÕs standard design for a region includes multiple fault domains but only a single availability domain. Regional outages in one or more OCI services occur periodically, and OCI offers in-country multiregion failover options for customers needing high availability for mission-critical systems. However, each region in a country may have slightly different combinations of compute shapes, making failover more complex. OracleÕs OCI Full Stack Disaster Recovery service has preconfigured support for some OCI IaaS and database services, but other types of failover will require custom orchestration.

- Sales and support: OracleÕs pricing for new cloud deals is commercially attractive. However, licensing and support

terms can still be points of serious friction at renewal time. On Gartner Peer Insights, customers rate OCI slightly lower than its direct cloud competitors on general service and support, citing a more limited peer user community and fewer third-party resources.

Tencent Cloud

Tencent Cloud is a Niche Player in this Magic Quadrant. Tencent sets itself apart by prioritizing cloud-native services that not only support its commercial cloud business but also cater to other business groups within its parent company Tencent Holdings. Tencent Cloud has a wide portfolio of public cloud services available internationally, with an emphasis on container-based PaaS services.

While Tencent is attempting to expand from its historical focus on social media and gaming customers into more general enterprise IT markets, results have been mixed. Tencent CloudÕs market share in 2023 declined from 2.7% to 2.5% on overall growth of under 12%, one of the lowest rates among the global hyperscalers.

Strengths

- Scalable, distributed application services: Through its historical support for some of the largest gaming and social media applications in the world, Tencent Cloud has developed platform services that are optimized for highly scalable distributed applications. These include its Cloud Media Services and Super Application Solutions.
- Access to industry-leading social networks: Tencent Cloud offers programmable access to TencentÕs two major social networking platforms: WeChat and QQ. Customers can utilize these connections to reach over 1 billion global users.
- Price discounts: In October 2023, Tencent Cloud implemented steep international price discounts on Cloud Virtual Machines, Cloud Object Storage and its TDSQL database. These new prices may be attractive to customers looking to deploy trial workloads on Tencent Cloud at a low cost.

Cautions

- Platform immaturity for enterprise IT use cases: While Tencent Cloud has a full complement of IaaS and PaaS services in its international offering, these services rated below other providers in terms of depth and maturity in most areas of this yearÕs evaluation.
- Limited community following: Tencent Cloud is not well-known globally in online IT developer or engineering communities and lacks a local support presence in many international regions. This limits the amount of available

expertise customers can draw on as they learn the platform.

- Small partner ecosystem: The range and size of Tencent implementation partners outside of China is very limited. Customers must vet third-party integrators carefully for their level of expertise with Tencent Cloud.

Inclusion and Exclusion Criteria

For Gartner clients, Magic Quadrant and Critical Capabilities research identifies and then analyzes the most relevant providers and their products in a market. Gartner uses by default an upper limit of 20 providers to support the identification of the most relevant providers in a market. On some occasions, the upper limit may be extended by Gartner Methodologies where the intended research value to our clients might otherwise be diminished. The inclusion criteria represent the specific attributes that analysts believe are necessary for inclusion in this research.

To qualify for inclusion in the Magic Quadrant for Strategic Cloud Platform Services, cloud providers must meet the following criteria.

Market participation: A qualifying provider must:

- Sell public cloud IaaS and PaaS as stand-alone services, without the requirement to use any managed services (including guest OS management) or to bundle it with managed hosting, application development, application maintenance or other forms of outsourcing.
- Host their IaaS and PaaS services in infrastructure they own or lease. Distributed cloud IaaS and PaaS services may be hosted in infrastructure residing in customersÕ data centers; however, the services themselves must be owned and managed by the service provider.

Market traction and momentum: A qualifying provider must:

- Offer their public cloud IaaS and PaaS services through public cloud regions comprising ISO 27001-audited (or equivalent) data centers on at least three continents. In every case, Gartner is specifically evaluating an SCPS providerÕs global cloud offering, which may differ from what a provider offers to customers in its home country.
- Either: Have at least one public cloud IaaS+PaaS offering that has been generally available for more than three years. This offering must have generated a minimum of $1 billion in revenue in calendar year 2023 (directly from sales of the offering and excluding managed and professional services), with at least $250 million in revenue coming from outside

of the providerÕs home country.

- Or: Have at least one public cloud IaaS+PaaS offering that has been generally available for less than three years. This offering must have generated a minimum of $500 million in revenue in calendar year 2023 (directly from sales of the offering and excluding managed and professional services), with a compound annual revenue growth rate at the end of 2023 of at least 40%.

Business capabilities relevant to Gartner clients: Qualifying providers must:

- As a standard practice be able to invoice, offer consolidated billing and negotiate custom contracts with customers globally.
- Maintain sales and support offices on at least three continents.
- Have 24/7 customer support (including phone support) in a minimum of two languages.
- Offer language localization (minimum of two language options) of their contracts, service portal, documentation and support.
- Offer both free and fee-based cloud adoption assistance to customers through programs and services that help them become proficient in cloud computing best practices and transform their IT organizations to a cloud-based service delivery model.
- Optionally, offer additional programs and services to customers that assist them in broader digital transformation such as business process transformation and automation. These programs and services may include the development of digital products and business models, and cultural or organizational changes that improve the digital dexterity of employees and teams.

Technical capabilities relevant to Gartner clients: In addition to meeting the technical criteria for market participation above, at a minimum providers must:

- As part of their IaaS services, offer software-defined computing, storage and networking, with access to a web services API for these capabilities.
- As part of their PaaS services, offer both managed application platform as a service and managed database platform as a service options. The managed database PaaS options must include support for both relational and nonrelational databases.

- Support the elastic, real-time provisioning and scaling of both IaaS and PaaS services and capacity, sold and billed on a metered-usage basis.
- Offer cloud services facilitating automated infrastructure management, including, at a minimum, monitoring and autoscaling.
- Offer a published SLA for 75% or more of all IaaS and PaaS services they sell in all regions, with a minimum of 99.5% availability for each service in each region.
- Offer an architecture for service resilience that enables customers to replicate resource configurations and data between provider zones and regions, and failover from one location to another as needed, in an automated way.

Evaluation Criteria

Ability to Execute

We assessed vendorsÕ Ability to Execute in this market by using the following criteria:

Product or Service: This criterion looks at the core IaaS and PaaS services that vendors offer to the SCPS market in terms of breadth, depth and quality of features. Consideration is given to a vendorÕs ability to deliver the comprehensive set of infrastructure, platform, data, management, governance and industry-specific capabilities expected by the market. Weight is also given to a vendorÕs particular capabilities in emerging technical areas such as AI/ML and in support of customer digital transformation.

Overall Viability: This criterion includes an assessment of the organizationÕs overall financial health, as well as the financial and practical success of its public cloud business unit. Considerations include a track record of growth, commitment to this market, and stability.

Sales Execution/Pricing: This criterion assesses the vendorÕs capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support and the overall effectiveness of the sales channel. Consideration is given to the depth and quality of the vendorÕs sales force as well as their pricing and discounting models. Weight is also given to how well a vendor adapts its selling to specific geographies and industries.

Market Responsiveness/Record: This criterion looks at a vendorÕs ability to successfully respond and change direction based on the evolving needs of the market. Considerations include response to competitors, ability to perceive and adapt to changing customer needs, and pace of introduction of new services, features and programs.

Marketing Execution: This criterion looks at the quality and effectiveness of programs that deliver the vendorÕs message in order to influence the market, promote the brand, increase awareness of products and establish a positive identification in the minds of customers. Considerations include a vendorÕs ability to demonstrate thought leadership, as well as the ability to convey truthful yet compelling market messages to each target buyer, region and industry.

Customer Experience: This criterion covers the vendor programs that enable customers to achieve anticipated results with their products. This includes presales interactions, customer enablement and implementation assistance, and ongoing technical and account support. Consideration is also given to the quality of a vendorÕs partner programs and partner involvement processes as well as delivery of positive customer experiences in all target geographies and industries.

Operations: This criterion looks at the ability of the vendor to meet its operational responsibilities. Factors include the quality of its organizational structure, its technical and commercial operational processes, its platform resilience, and its ability to meet service-level agreements. Consideration is also given to the quality and consistency of customer-facing interfaces and interactions. Lastly, weight is given to the degree to which a vendor offers options for customers to easily and reliably automate their own operational activities within the vendorÕs environment.

Ability to Execute Evaluation Criteria

Evaluation Criteria	*Weighting*
Product or Service	High
Overall Viability	High

Sales Execution/Pricing	Medium
Market Responsiveness/Record	Medium
Marketing Execution	Low
Customer Experience	Low
Operations	Medium

Source: Gartner (October 2024)

Completeness of Vision

We assessed vendorsÕ Completeness of Vision in this market by using the following criteria:

Market Understanding: This criterion assesses a vendorÕs ability to understand customer needs and translate them into products and services. Consideration is given to the ability of a vendor to understand enterprise requirements in each of five areas: efficiency and scalability, speed and agility, location flexibility, technical innovation and digital transformation.

Marketing Strategy: This criterion looks for clear, differentiated messaging consistently communicated internally and externalized through social media, advertising, customer programs and positioning statements. Consideration is given to how well a vendor markets to three types of customers: the traditional enterprise, the digital enterprise and digital natives. Weight is also given to the maturity of a vendorÕs approach to marketing in regions outside their home country.

Sales Strategy: This criterion considers whether the vendor has a sound strategy for selling that uses the appropriate networks. Consideration is given to a vendorÕs strategies for selling to business leaders and IT leaders, for selling

internationally, for selling into specific vertical industries, and for selling with and through partners.

Offering (Product) Strategy: This criterion evaluates whether a vendorÕs approach to product and service development and delivery emphasizes market differentiation, functionality, methodology, and features that cover current and future market requirements. Consideration is given to how well articulated a vendorÕs product strategy is in each of six strategic cloud platform service areas: IaaS, application PaaS, data PaaS, AI/ML, distributed/edge and industry-specific.

Business Model: This criterion looks at the design, logic and execution of the vendorÕs business proposition to achieve continued success. Consideration is given to how well a vendor articulates their value proposition as a provider of IaaS and PaaS services as well as their value as a strategic IT partner.

Vertical/Industry Strategy: This criterion looks at a vendorÕs strategy to direct resources, skills, products, and product integrations to meet the specific needs of individual market segments, including verticals. Consideration is given to the vendorÕs solution strategy and roadmap as well as its partner ecosystem. Some weight is given to a vendorÕs breadth of coverage across major industry verticals such as manufacturing, healthcare, telecom, banking and financial services, pharma and life sciences, retail, and insurance.

Innovation: This criterion looks at how a vendor applies its resources, expertise and partnerships in a coordinated way to lead and differentiate in the market. Consideration is given to a vendorÕs track record of innovation in infrastructure, platform services and integrated solutions. Weight is also given to business innovations such as new approaches to market-making, product licensing and customer digital transformation.

Geographic Strategy: This criterion looks at a vendorÕs strategy to direct resources, skills and offerings to meet the specific needs of geographies outside its home or native region. Consideration is given to a vendorÕs strategy for establishing global sales and delivery capabilities, and whether it makes available a complete product offering in regional markets and distributed locations. Weight is also given to how well a vendor responds to the shifting geopolitical landscape and regulatory requirements of the markets it sells into.

Completeness of Vision Evaluation Criteria

Evaluation Criteria	*Weighting*

Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	Medium
Innovation	High
Geographic Strategy	Medium

Source: Gartner (October 2024)

Quadrant Descriptions

Leaders

Leaders distinguish themselves by offering a service suitable for strategic adoption and having an ambitious roadmap. They can serve a broad range of use cases, although they do not excel in all areas, may not necessarily be the best

providers for a specific need and may not serve some use cases at all. Leaders in this market have appreciable market share and many referenceable customers.

Challengers

Challengers are well-positioned to serve some current market needs. They deliver a good service that is targeted at a particular set of use cases, and they have a track record of successful delivery. However, they are not adapting to market challenges sufficiently quickly or do not have a broad enough scope of ambition.

Visionaries

Visionaries have an ambitious vision of the future and are making significant investments in the development of unique technologies. Their services are still emerging, and they have many capabilities in development that are not yet generally available. Although they may have many customers, they might not yet serve a broad range of use cases well or may have a limited geographic scope.

Niche Players

The Niche Players in the market for strategic cloud platform services may be excellent providers for particular use cases or in regions in which they operate, but they should ultimately be viewed as specialist providers. They often do not serve a broad range of use cases well or have a broadly ambitious roadmap. Some may have solid leadership positions in markets adjacent to this market, but are limited in their SCPS capabilities.

Context

While public cloud services are available to any enterprise, not all enterprise cloud journeys are the same. Gartner has identified four broad types of cloud journeys that our clients take:

1. Technology replacement
2. Cloud-native adoption
3. Cloud innovation

4. Business transformation

Each journey requires a different combination of cloud services and digital transformation activities. To choose the right approach, cloud customers must understand where they are and where theyÕre headed. In addition, customers must actively manage their relationship with their provider to obtain the maximum strategic leverage.

This SCPS Magic Quadrant evaluates the largest global public cloud providers on their ability to deliver a comprehensive array of IaaS and PaaS capabilities and help customers transform their IT operations and business using cloud infrastructure. It helps clients compare and contrast providers on common criteria and map each providerÕs unique differentiators against their particular cloud journey.

Gartner clients can use the Magic Quadrant for Strategic Cloud Platform Services to:

- Gauge the relative strengths and weaknesses of each provider in areas that are important to their business.
- Determine which providers are most aligned with their immediate and long-term objectives in the cloud.
- Learn about provider programs and resources to help modernize and transform their organization.

Market Overview

Cloud computing is a style of computing in which scalable and elastic IT capabilities are delivered as a service using internet technologies. Public cloud computing providers deliver these services from shared data center infrastructure that they own or control. Customers use a common pool of capacity, with each customerÕs environment being virtually and logically separated from the others in software. Public cloud IaaS and PaaS providers specifically offer infrastructure (compute, network storage) services as well as application platform and database services through this model.

Gartner currently refers to the market for integrated delivery of public cloud IaaS and PaaS services as Òcloud infrastructure and platform servicesÓ (CIPS). In 2023, the global market for CIPS stood at $200 billion and was one of the fastest-growing cloud market segments, with a 18.6% growth rate.

The SCPS market segment, which this Magic Quadrant report examines, is a subset of the CIPS market controlled by global hyperscale cloud providers. The CIPS market has been consolidating around these providers for several years. Today, the eight SCPS providers featured in this Magic Quadrant control over 97% of the total CIPS market.

For many years, the global SCPS providers have been racing to dominate the industryÕs enterprise IT infrastructure and become the most important platform providers in the world. Today, these hyperscalers are expanding beyond standard IaaS and PaaS services to offer complete solutions in strategic new areas such as AI/ML, digital sovereignty and industry clouds. Over the past two years, the race for preeminence in generative AI has resulted in a deluge of new GenAI services from all providers, based on both NVIDIA and proprietary hardware designs.

All SCPS providers offer a wide range of services, and all have global sales, support and delivery capabilities. However, each provider has a unique approach to winning in the market, with distinct strengths and weaknesses in its services, programs and partner ecosystem. For better or worse, enterprises will be heavily reliant on their chosen provider for many years to come. To select the right cloud provider, customers are moving beyond technical evaluations to assess how well each vendor can serve as a strategic partner on their long-term cloud computing journey.

Acronym Key and Glossary Terms

CSP	Cloud solution provider (CSP) is a term used by Microsoft to refer to a partner that resells or supports the customerÕs use of Microsoft cloud services including Microsoft Azure. Note that the acronym CSP is also used elsewhere in the IT industry to refer to cloud service providers (i.e., public cloud providers) and communications service providers (i.e., telecom service providers).
MSP	Managed service provider (MSP) is a term used to refer to a company that manages a customerÕs IT resources on their behalf. In this document, it specifically refers to a public cloud MSP that secures and manages a customerÕs public cloud accounts, resources, configurations and data on their behalf.
PUE	Power usage effectiveness (PUE) is a metric used to measure and communicate the energy efficiency of a data center

Evidence

Evaluation Criteria Definitions