SaaS Market Continues to Capture the Lions Share of Australian Public Cloud Services Revenue

IDC PRESS RELEASE

IDC says the SaaS Market Continues to Capture the Lion's Share of Australian Public Cloud Services Revenue

SYDNEY, 3rd July 2019: Public cloud services vendor revenue grew 30.6% year-on-year (YoY) in 2018. Revenue reached $4.01 billion, according to IDC Australia's public cloud services tracker.

Software-as-a-service (SaaS) revenue continued to capture the lion's share of Australian public cloud services revenue in 2018. SaaS revenue accounted for 65.8% of the total Australian public cloud services revenue in 2018.

Chayse Gorton, A/NZ market analyst for IT services, says, "Australian organisations are seeking solutions to remain competitive in today's digital economy. The high percentage of SaaS revenue reflects that SaaS solutions fit the bill."

For example, adopting a SaaS solution can provide organisations access to the latest technologies and reduce internal resources required as the applications maintenance and the infrastructure on which it runs is managed by the solution provider.

In Australia, approximately 58% of organisations have implemented a SaaS solution.

Data security, along with brand trust, stand out as being among the most critical attributes that SaaS buyers seek.

Figure 1

Australia Cloud Services Revenue, 2016-2018
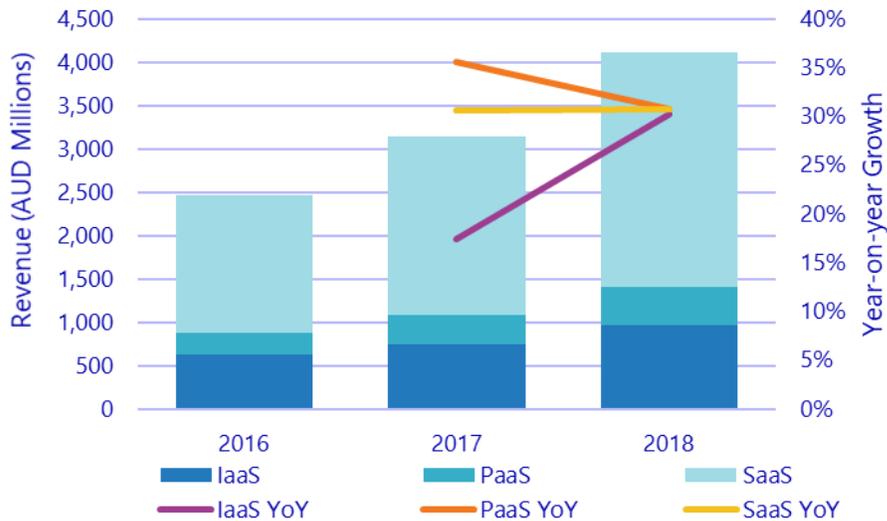
Source: IDC 2019

However, approximately 13% of Australian organisations are not currently interested in deploying a SaaS solution. This relates to the investment that Australian organisations have poured into legacy applications. Gorton says, "rather than making a jump to SaaS, Australian organisations often wait until existing applications come to the end of their life".

Organisations are also aware that deployed SaaS solutions can become sticky. SaaS applications often require complex integrations with on-premise software to avoid information silos across the cloud and on-premise. This means the organisation cannot quickly or cheaply switch even if a more innovative SaaS application appears.

IDC expects that over time organisations will utilise SaaS to replace custom applications. SaaS providers must consider how to attain a favourable market position. IDC recommends that providers communicate how adopting their SaaS solution will help to increase market competitiveness while maintaining a strong posture on data security.

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