



IDC says Managed Cloud Services are the Cloud Growth Area in 2020

IDC PRESS RELEASE

Auckland, 10th December 2019: Managed cloud services are set to replace outsourced IT services as systems integrators, independent software vendors and other cloud ecosystem partners in New Zealand reap the benefits of flexible new IT service delivery models. Revenue from managed cloud services is forecast to finish 2019 at approximately NZD\$582 million and reach NZD\$1.01 billion in 2023 according to Chayse Gorton, ANZ Market Analyst for IT services and author of IDC Australia/New Zealand's recently released New Zealand Cloud Heatmap report.

IDC's forecast represents a five-year compound annual growth rate (CAGR) of 15% for 2019-2023. In contrast, the revenue for New Zealand non-cloud managed services is forecast to decline at a five-year CAGR of 4% to 2023. Managed cloud services revenue share will increase from 34% in 2019, to 53% in 2023, says IDC.

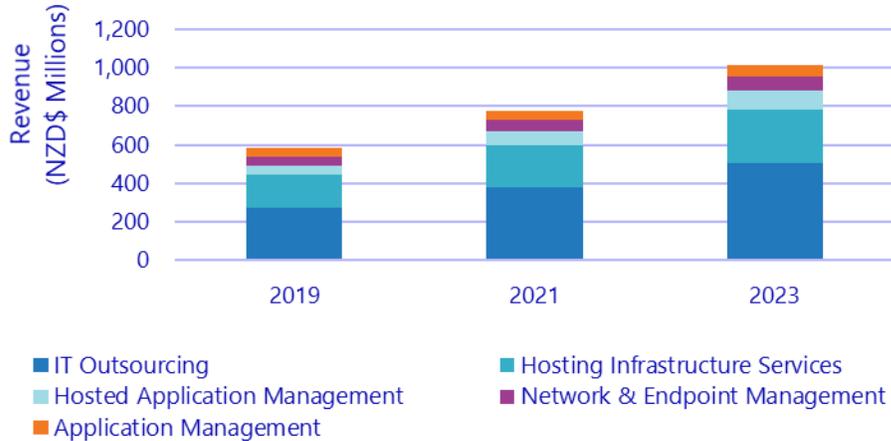
Essentially, managed cloud services are replacing traditional outsourced-managed services markets as a set of preferred options for end-user organisations to deploy.

Gorton, says "Organisations are turning to managed cloud-services providers to help manage increasingly complex cloud environments, provide solutions for legislative and industry compliance – especially security - support technology adoption, and access new business services to deliver business outcomes."

Broad adoption of cloud services and technology across New Zealand is driving workload migration to the new delivery platforms and providing new opportunities for New Zealand's IT professional services providers as enterprises seek to fill their skills gaps. These IT services providers are increasingly embedding cloud-related services within project-oriented services such as application modernisation, workload migration, and application and data integration to provide an on-ramps to managed cloud services.

Figure 1

New Zealand Managed Cloud Services Revenue Forecast, 2019-2023



Source: IDC 2019

The New Zealand Cloud Heatmap report indicates that organisations shifting from legacy infrastructure to cloud environments will be the primary driver of cloud managed services revenue in the short-term, as organisations partner with managed cloud services providers that can play a role in modernising and transforming IT infrastructure and applications.

Demand will increase for managed cloud services providers with capabilities that complement public cloud providers' capabilities. In particular, those with vertical expertise to meet the demands of enterprise LOB managers.

Gorton predicts that, "Competition will intensify in 2020. Managed cloud services providers will increase their focus on strengthening partnerships with multiple cloud providers. They will also develop capabilities for cross-cloud migration and efficient service provisioning to tap into managed cloud-related opportunities."

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