Canadian Public Cloud Services Spending to See Robust Growth Heading Towards 2023, According to IDC

TORONTO, Ontario., August 6, 2019 – Canadian spending on public cloud software and infrastructure will grow by 77.0% over the 2019-2023 forecast period, according to the International Data Corporation (IDC) Worldwide Semiannual Public Cloud Services Spending Guide. With a five-year compound annual growth rate (CAGR) of 16.0%, public cloud spending in Canada will grow from $5.8 billion in 2019 to over $10.3 billion in 2023.

"Canadian businesses continue to move away from traditional infrastructure and software towards public (shared) cloud services," said Yash Ahuja, senior analyst IDC Canada's Measurement & Forecasting team. "There exists a definite preference for shifting technology expenses from the capital expense bracket; which involves defined upfront payments and depreciation/amortization over the life of the asset, to the operational expense bracket; which involves variable subscription-style payments."

Software as a Service (SaaS) will be the largest category of cloud computing, making up over three quarters of all public cloud spending last year. SaaS spending, comprised of applications and system infrastructure software (SIS), will be dominated by applications purchases. The leading SaaS application categories will be customer relationship management (CRM) and enterprise resource management (ERM), while SIS spending will be primarily led by purchases of security software and service management software.

Platform as a Service (PaaS) will be the second largest category of cloud computing. PaaS spending, comprised of Application Development and Deployment software, will also be the fastest growing category of cloud spending with a five-year CAGR of 24.6%.

Infrastructure as a Service (IaaS) IaaS spending will be the third largest category of cloud computing, growing nearly as fast (20.1% CAGR), while led by server-as-a-service purchases, storage-as-a-service purchases growing more rapidly; with the latter having a five-year CAGR of 24.4% while the former being rooted below this value at 16.9%.

Very large businesses (more than 1000 employees) will account for just under half of all public cloud spending throughout the forecast, followed by medium-sized businesses (100-499 employees) and large businesses (500-999 employees). Small businesses (10-99 employees) will comprise under 10% of the spending share, while the share from small offices (1-9 employees)

will be in the low single digits. Large and very large businesses will increase their cloud hardware spending (IaaS) at a significantly faster rate than cloud software (PaaS and SaaS).

Two industries – professional services and banking – will account for more than one quarter of all public cloud services spending throughout the forecast. While SaaS will be the leading software category in terms of size of investment for all industries, PaaS will gain traction evenly throughout all industries as the only category to achieve a CAGR of over 20% across every single industry. Analytics and Artificial Intelligence software will see the fastest industry growth with a five-year CAGR of 29.3%.

Figure 1
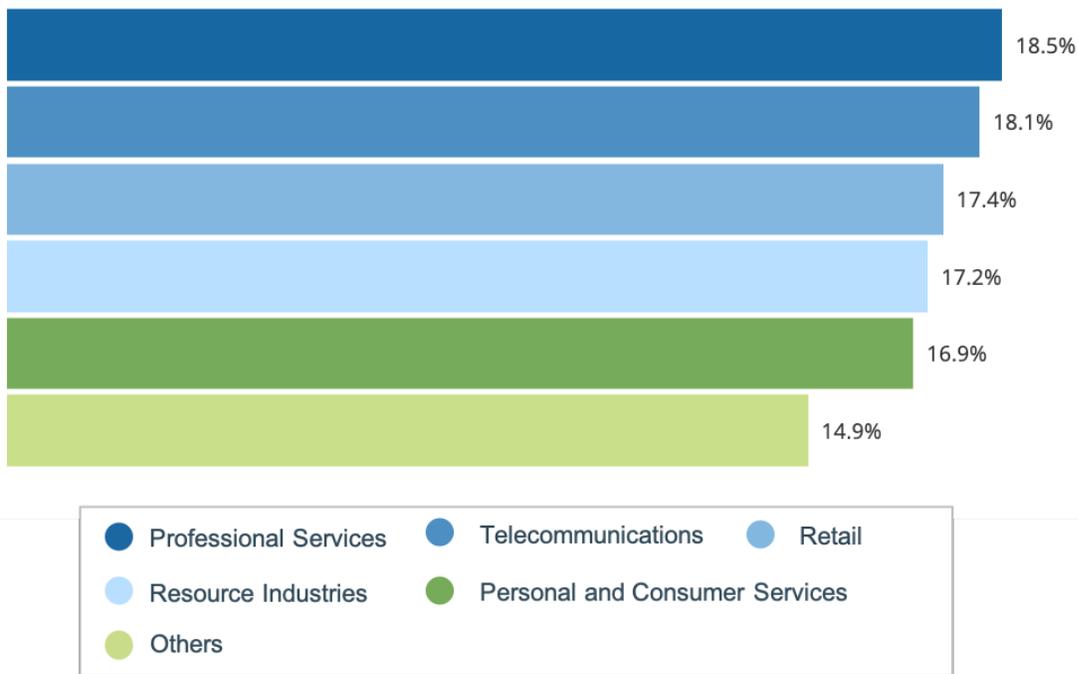
Source: IDC Worldwide Semiannual Public Cloud Spending Guide 2018H2

The Worldwide Semiannual Public Cloud Services Spending Guide quantifies public cloud computing purchases by cloud type for 79 technologies, 20 industries, and five company sizes across nine regions and 53 countries. Unlike any other research in the industry, the comprehensive spending guide was designed to help IT decision makers to clearly understand the industry-specific scope and direction of public cloud services spending today and over the next five years.

About IDC Spending Guides

IDC's Spending Guides provide a granular view of key technology markets from a regional, vertical industry, use case, buyer, and technology perspective. The spending guides are delivered via pivot table format or custom query tool, allowing the user to easily extract meaningful information about each market by viewing data trends and relationships.

For more information about IDC's Spending Guides, please contact Cristina Santander at askidc@idccanada.com.

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