



## **IDC: China's Cloud Management Services Market – Blooming at the Perfect Time**

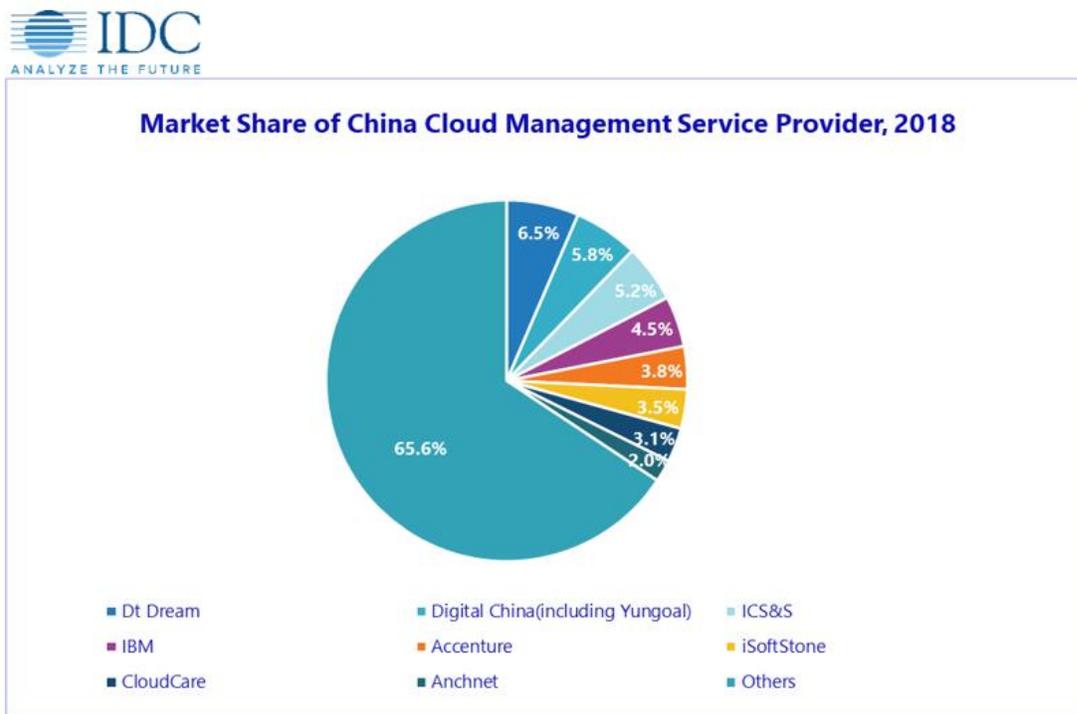
**BEIJING, August 23, 2019**----With the rapid growth of both China's public and private cloud markets, China's cloud management services market emerged at the right time. Although the market is newly formed, it has shown rapid momentum to reshape the IT service market. Various contributions have begun actively setting up the service team, deepening service capacity, building a service management ecosystem. In this context, IDC has newly released the China Cloud Management Services Market Share, 2018 research report, which details the current market development, competitive landscape, latest developments and so on. Taken together, China's cloud management services market in 2018 presents the following characteristics:

- **Overall market:** gradually progressing from the shoot into rapid growth. In 2018, China's cloud management services market reached US\$307 million, up 131.4% YoY. Within this, the cloud operations management services market exceeded US\$100 million, cloud consulting, cloud migration and cloud value-added development market has also gradually taken shape.
- **Competitive landscape:** in the flowering and full competition stage. Traditional IT service providers are transitioning to cloud, and new service providers have been pouring in. In addition to the emerging service providers of cloud-native, traditional IT distributors, consulting firms, system integrators and software developers, data center service providers, etc. have entered to form the market ecosystem.
- **Technical aspect: from "basic services" to "in-depth services".** Cloud management service provider competition has focused not only on basic services such as usage monitoring and cost optimization in cloud resource pools, but also on the deep-seated needs of customer business and application optimization. They have also begun to cultivate automation, intelligent operation and maintenance and vertical industry solutions.
- **Organizational level: integration of internal capabilities and solid external ecosystems.** Cloud management services are becoming the strategic focus of IT service providers. On the one hand, by integrating internal cloud computing business capabilities and teams, build integrated solution capabilities that cover everything from cloud consulting, migration, and construction to operations, and on the other hand, they can expand cooperation with many cloud infrastructure service providers through the coverage of public, private and hybrid cloud capabilities.

• **Capital level: Continued attention and favor from capital markets.** 2017 and 2018 saw some cloud management service providers financing successes. Cloud management service providers are expected to remain the most capital-focused target in China's IT services market over the next two years.

The report shows that China's cloud management service market is still relatively dispersed, and the market concentration is not high. The top eight service providers, including Dt Dream, Digital China (including Yungoal), ICS&S, IBM, Accenture, iSoftStone, CloudCare and Anchnet, together account for 34.3% of the market share. Whether it is a leading supplier or an emerging supplier, there will be a lot of room for market share growth in the future.

Figure 1



Source: IDC China, 2019

**Lihui Liu, Senior Research Manager, China Enterprise Research Department at IDC:** "Under the background of the transition from traditional IT architecture to cloud computing architecture, China's IT services market, which has been growing at a moderate rate in recent years, has seen a rare opportunity for development". Traditional IT service providers are actively transforming themselves and emerging service providers are emerging, gradually forming the ecosystem of China's cloud management services market, which is expected to reshape the IT service market. At present, among the leading cloud management service providers, emerging service providers and transformational IT service providers are nearly comparable in their market share, so there is considerable room for growth. It is expected that in the next few years, the competition between the two camps will become increasingly fierce, and those who can address the cloud era of enterprise digital transformation pain points and really help enterprises

to improve operational efficiency, business innovation and value-added service provision will be successful.

## **Market Definition and Statistical Description**

According to IDC's market definition, cloud management services include IT services related to consulting, migration, implementation, value-added development, and operation and maintenance around the enterprise cloud lifecycle. Cloud management services can be based on public cloud, private cloud, or on a hybrid cloud environment. This report focuses on independent cloud management service providers and describes three points in the statistical scope: (1) does not include service providers that provide operation and maintenance services for their own **brand cloud hardware or cloud** infrastructure. Their market income is not included in the statistics, and relevant vendor research is not included in this report; (2) Cloud value-added development service revenue statistics are limited to independent cloud management service provider groups, not all cloud-based value-added development service revenue in the Chinese market; (3) Cloud resource resale business of cloud management service providers is not included in service income.

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Figure 2



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