NEEDHAM, Mass., September 14, 2021 – Over the past decade, cloud computing has become the foundation for the delivery of mobile and content services as well as an alternative to traditional enterprise computing environments. As businesses pivot to a digital-first economy, cloud will continue to play an ever greater, and even dominant, role as the IT industry focuses on delivering greater efficiency, flexibility, and faster innovation. Given its central role in the future enterprise, International Data Corporation (IDC) forecasts "whole cloud" spending – total worldwide spending on cloud services, the hardware and software components underpinning the cloud supply chain, and the professional/managed services opportunities around cloud services – will surpass $1.3 trillion by 2025 while sustaining a compound annual growth rate (CAGR) of 16.9%.

"In today's digital-first world, business outcomes and innovation are increasingly tied to the ability to develop and use innovative technologies and services anywhere, as quickly as possible. Cloud is the foundation for meeting this need," said Rick Villars, group vice president, Worldwide Research at IDC. "Entire industries want to intelligently leverage data to their advantage and can do so because they have faster access to digital technologies built on a cloud foundation."

IDC's forecast looks at both shared (public) cloud services and dedicated (private) cloud services. These are defined as follows:

- **Shared (Public) cloud services** are those shared among unrelated enterprises and/or consumers, open to a largely unrestricted universe of potential users, and designed for a market, not a single enterprise.
- **Dedicated (Private) cloud services** are delivered as subscriptions or managed service agreements provided by cloud, colocation, outsourcing, or managed service providers to their enterprise customers.
Shared (Public) Cloud as-a-Service for infrastructure, platforms, and various software offerings continues to be the largest, and fastest increasing, engine of growth for the whole cloud market. Combined spending on shared cloud services – Infrastructure as-a-Service (IaaS), System Infrastructure Software as-a-Service (SIaaS), Platform as-a-Service (PaaS), and Software as-a-Service (SaaS) – will total $385 billion in 2021 and will see a compound annual growth rate (CAGR) of over 21.0% through 2025, reaching $809 billion.

Dedicated (Private) Cloud Services, which includes hosted private cloud services and the fast-emerging Dedicated Cloud Infrastructure–as-a-Service (DCIaaS) segment, will grow at a faster CAGR of 31.0%, but from a much smaller revenue base of $5 billion in 2021.

The as-a-Service segments of cloud spending, combining Shared Cloud as-a-Service and Dedicated Cloud as-a-Service, will account for the majority of all cloud spending throughout the forecast, growing from 55.7% in 2021 to 64.1% in 2025. These segments will also see the fastest growth in spending, with a five-year CAGR of 21.3%.

Figure 1
Cloud Buildout – the hardware, software, and standard support services for these cloud assets – represents the most critical area of cloud spending outside the as-a-Service segments. IDC has already established that spending on compute and storage infrastructure products for cloud infrastructure will continue to outpace non-cloud IT infrastructure investments throughout its forecast. The five-year CAGR for cloud hardware, software, and support is expected to be 11.8%.

The two remaining segments of cloud spending that are not part of the as-a-Service total are cloud-related professional services and managed cloud services. Cloud-related professional services encompass a range of project-based services, such as strategic planning, assistance in implementation or adoption of all types of cloud services, and other projects that require a cloud delivery capability as a foundational element. Managed cloud services are the provision
of management capabilities to ensure 24x7 operations of cloud technologies and architectures, both applications and infrastructure, and associated business processes and "embedded" professional services. Cloud-related professional services and managed cloud services will see similar levels of spending throughout the forecast, with managed cloud services experiencing faster spending growth over the course of the forecast.

Moving forward, the fundamentals driving the cloud market will continue to shift with the transition to a digital-first economy. For cloud service providers (both shared and dedicated), the focus will be on defining the types and scale of resources delivered, governing the movement, storage, and analysis of data, and establishing robust developer, security, and subject matter ecosystems. For cloud infrastructure providers, the development and deployment of specialized capabilities across diverse environments will become more important than extending the breadth of generalized solutions. And for IT organizations, the governance of diverse cloud resources and data sets will pose critical operational challenges.

"With enterprises focusing more on 'outcomes' in their cloud selection processes, the long-term focus for all cloud providers will be on
strengthening their relationships with business, not IT, from device, to edge, to network, to core," Villars added.

The IDC report, Whole Cloud Forecast 2021-2025: The Path Ahead for Cloud in a Digital-First World (Doc #US47397521), identifies the variety of cloud-related (i.e., "whole cloud") opportunities available for the 2021–2025 period, including, but encompassing, much more than the public cloud services market.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,100 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG), the world's leading tech media, data, and marketing services company. To learn more about
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