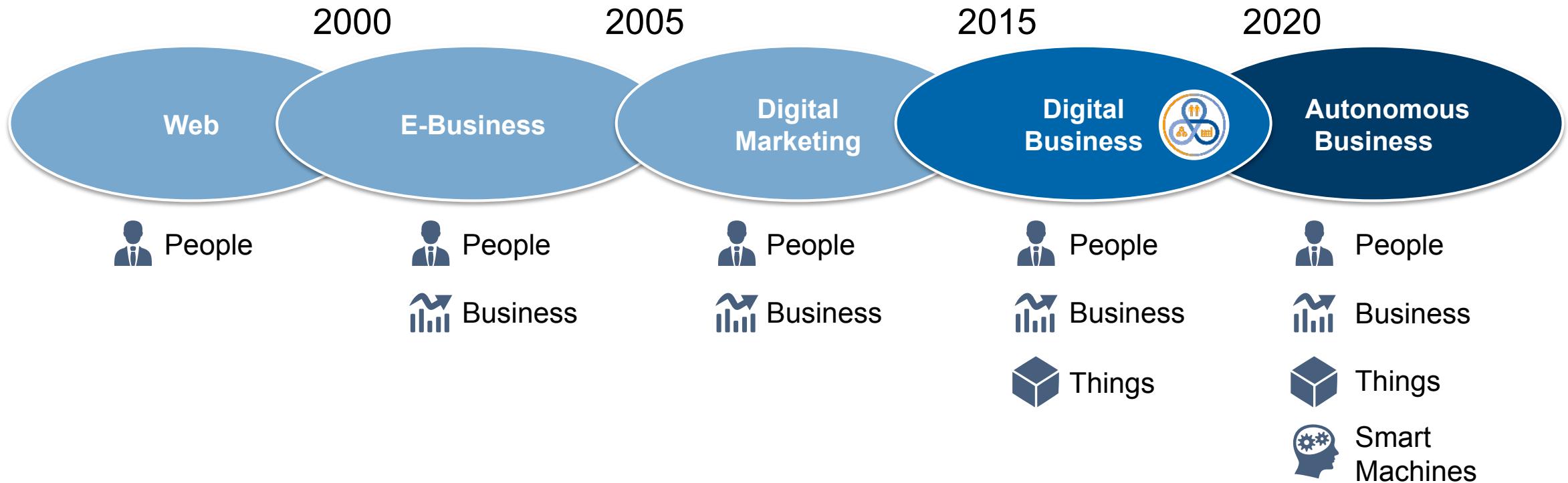


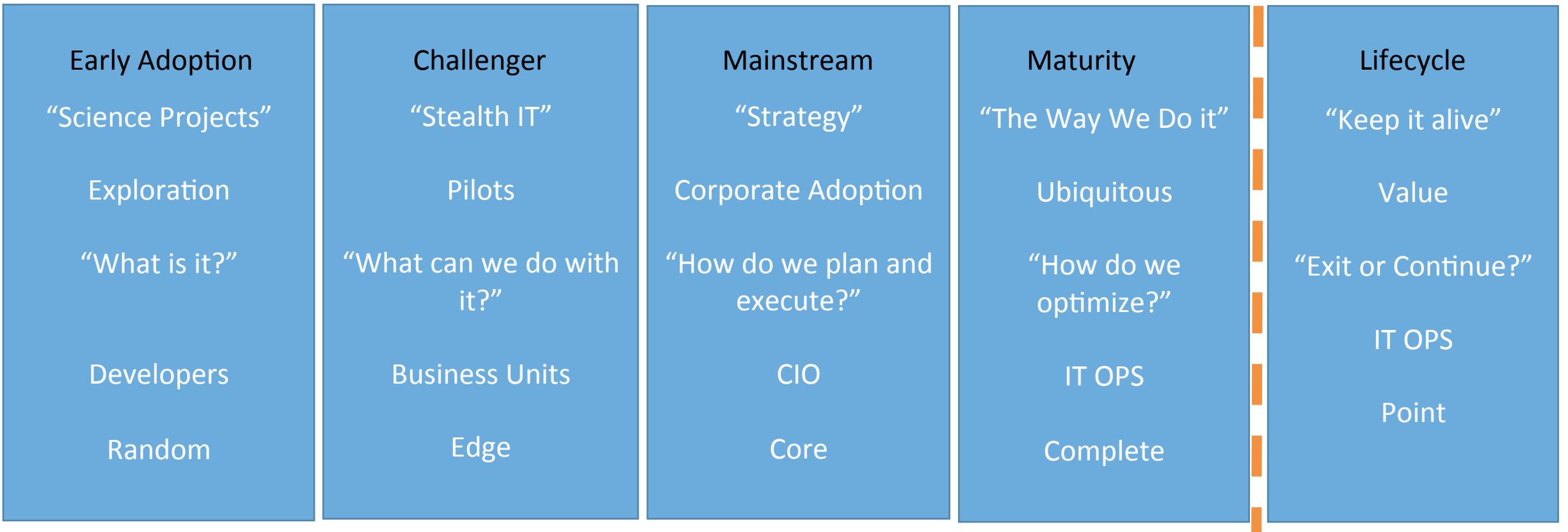
We are entering the era of digital business

Business competition has been marked by technology phases



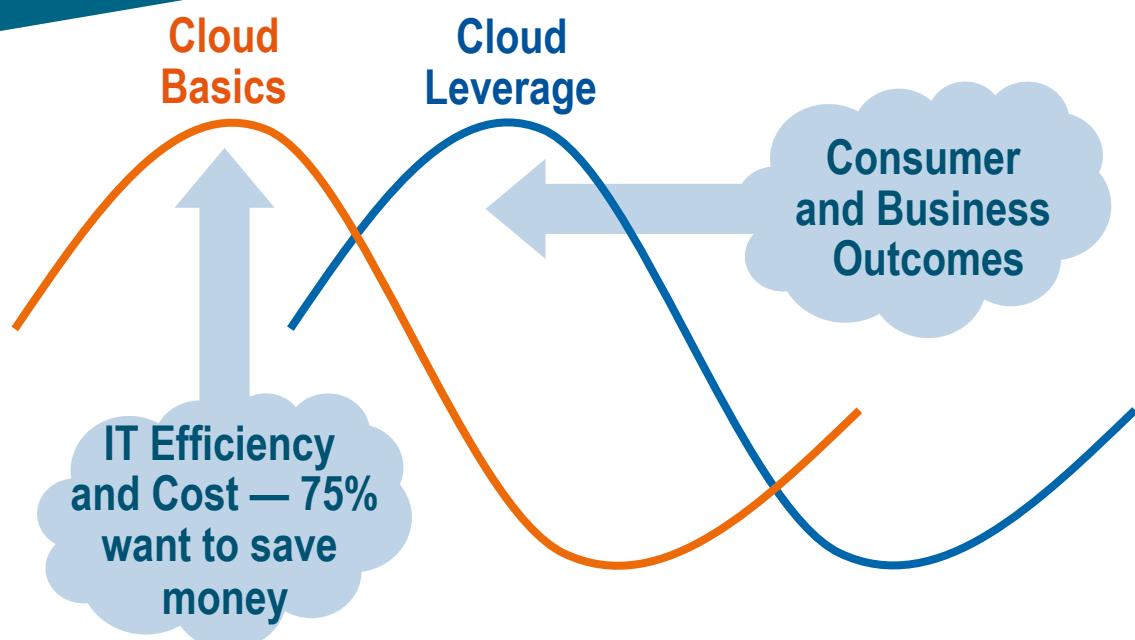
Digital Business: The creation of new business designs reached by blurring the digital and physical worlds

Technology & Customers move through phases of adoption...



Where a customer is on their cloud journey drives who, what, and how to engage.

Customers Perceive Two Complementary Cloud Phases



A consistent reality of cloud direction is that customers see the last 10 years as a time for building out basic cloud capabilities, and the next 10 years as leveraging cloud to build new value systems.

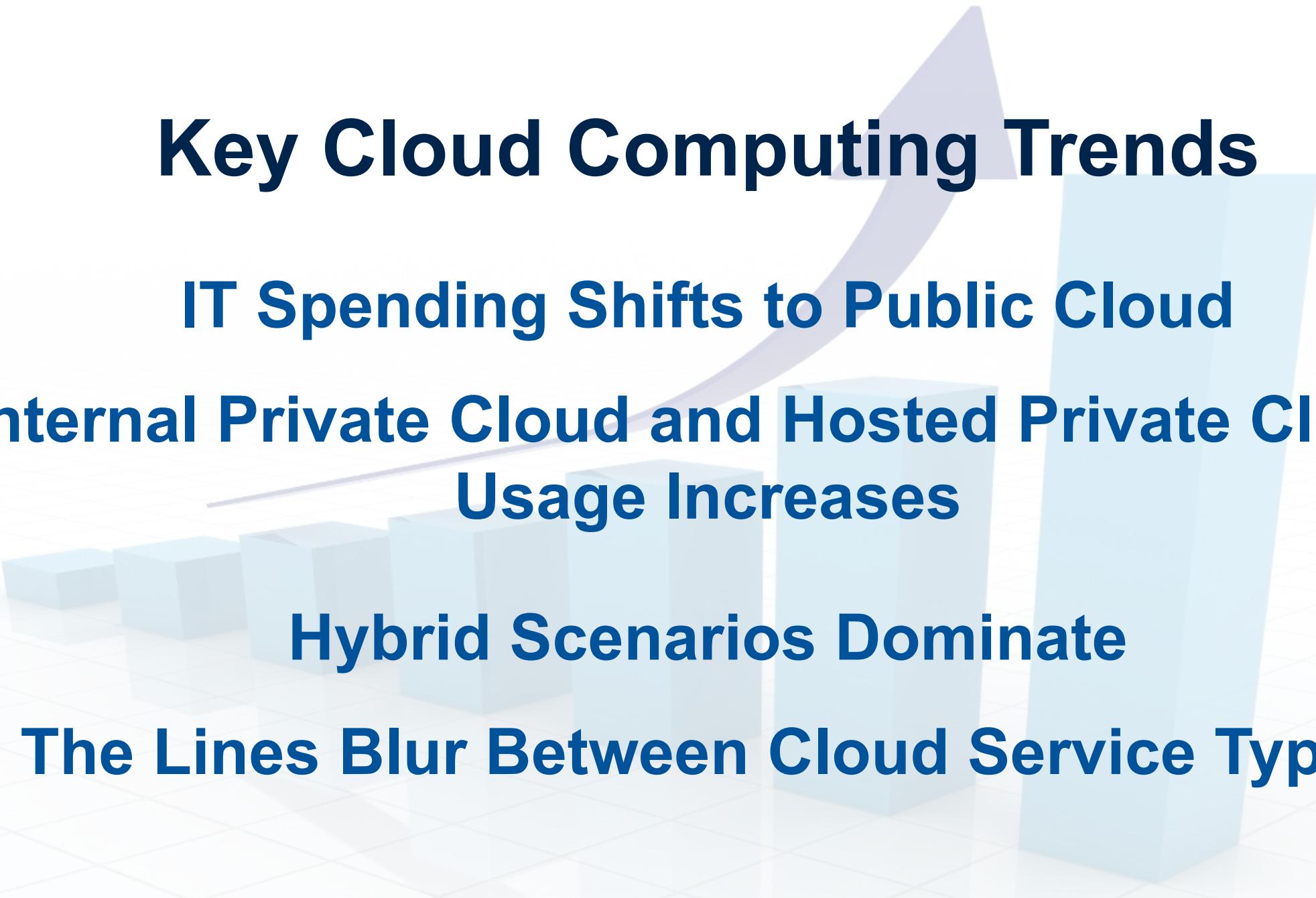
Customer's View of Cloud Basics Phase

- Amazon Is My Cloud Strategy
- Microsoft Reduces Depth of Change
- Google Offers Innovation and Speed
- Lift and Shift Data Center Reduction

Customer's View of Cloud Leverage Phase

- Interaction with People (Echo, Cortana, post mobile)
- Data Collection, Distribution, and Brokerage
- Cloud as IoT Carrier and Industrial IoT Platform
- Digital Platforms and Ecosystems
- Video, Machine Learning ... Key

Key Cloud Computing Trends



IT Spending Shifts to Public Cloud

**Internal Private Cloud and Hosted Private Cloud
Usage Increases**

Hybrid Scenarios Dominate

The Lines Blur Between Cloud Service Types

\$175 Billion

The size of the
public cloud market
in 2015.

16%

IT spending growth
on public cloud in
2016

\$1 Trillion

IT spending on
public cloud
through 2019

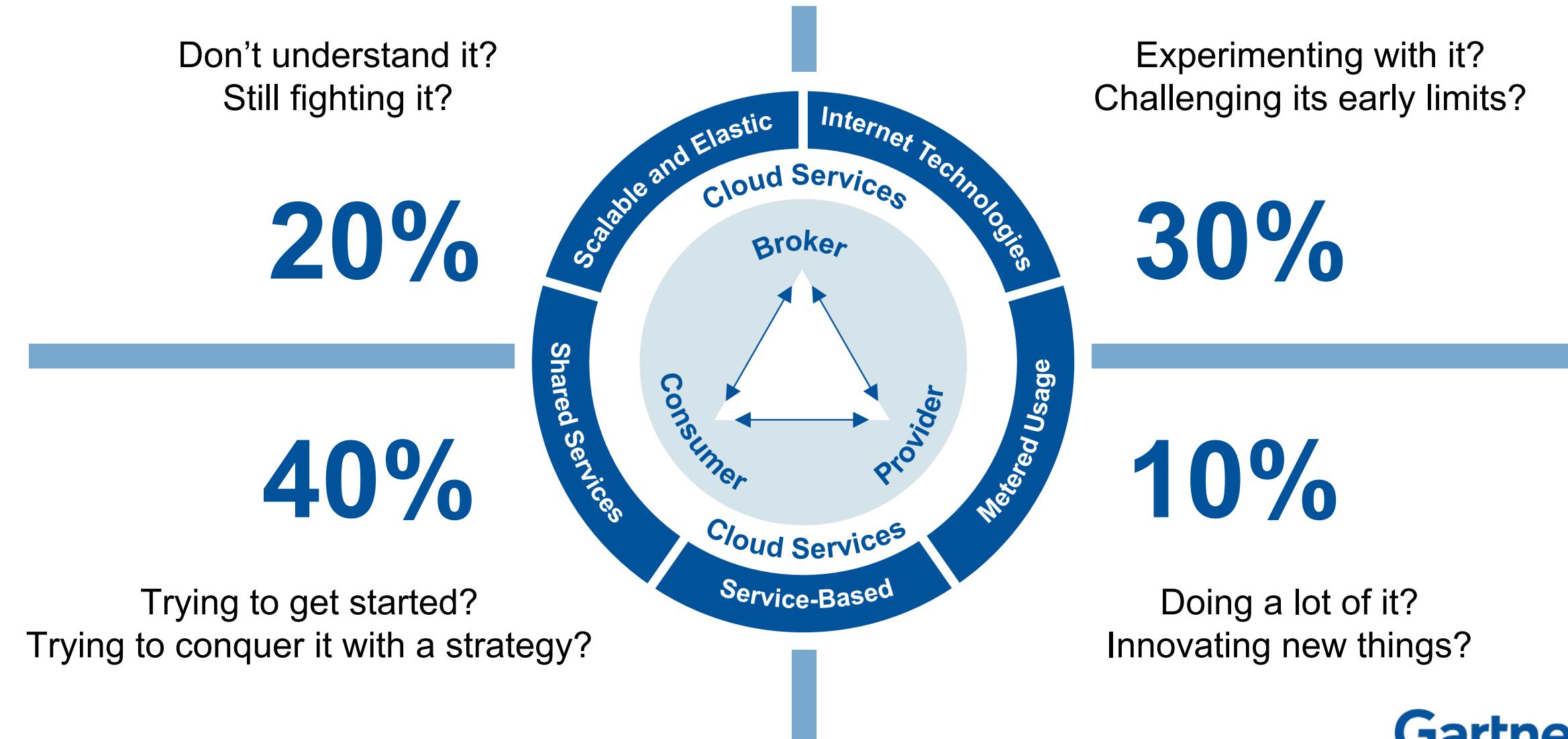
32%

CAGR for IT
spending on IaaS
through 2019

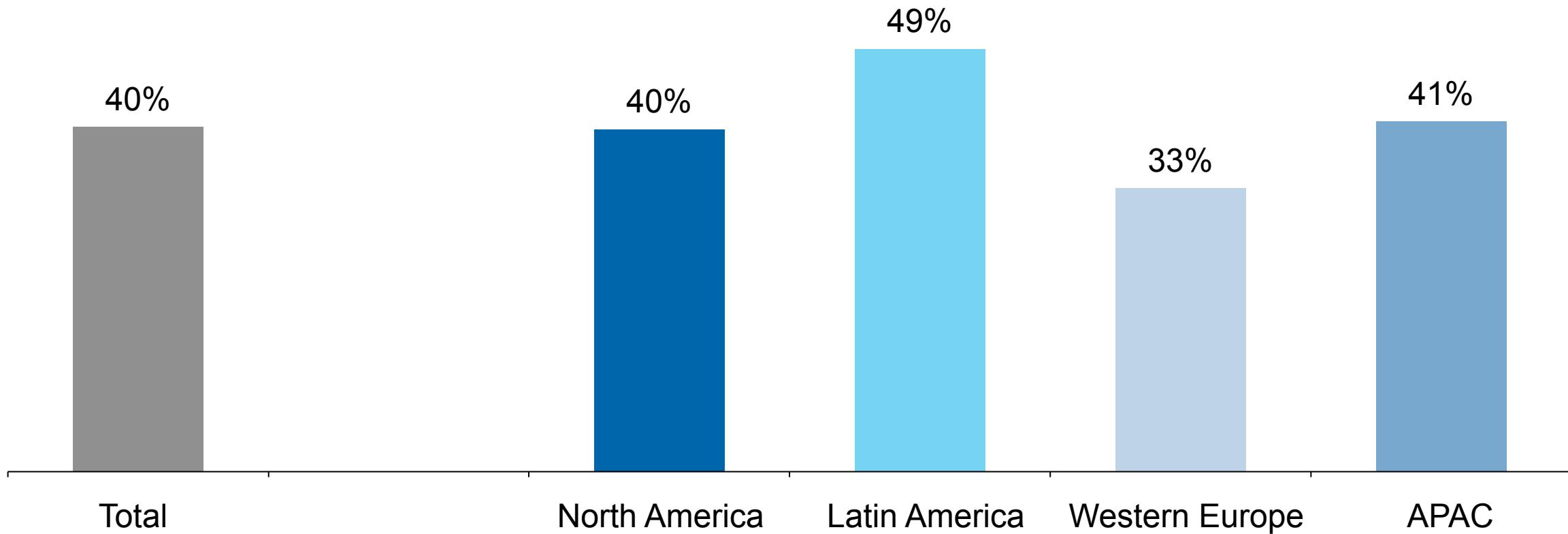
18%

CAGR for IT
spending on SaaS
through 2019

Cloud usage varies significantly by organization



% of IT budget allocated to cloud services



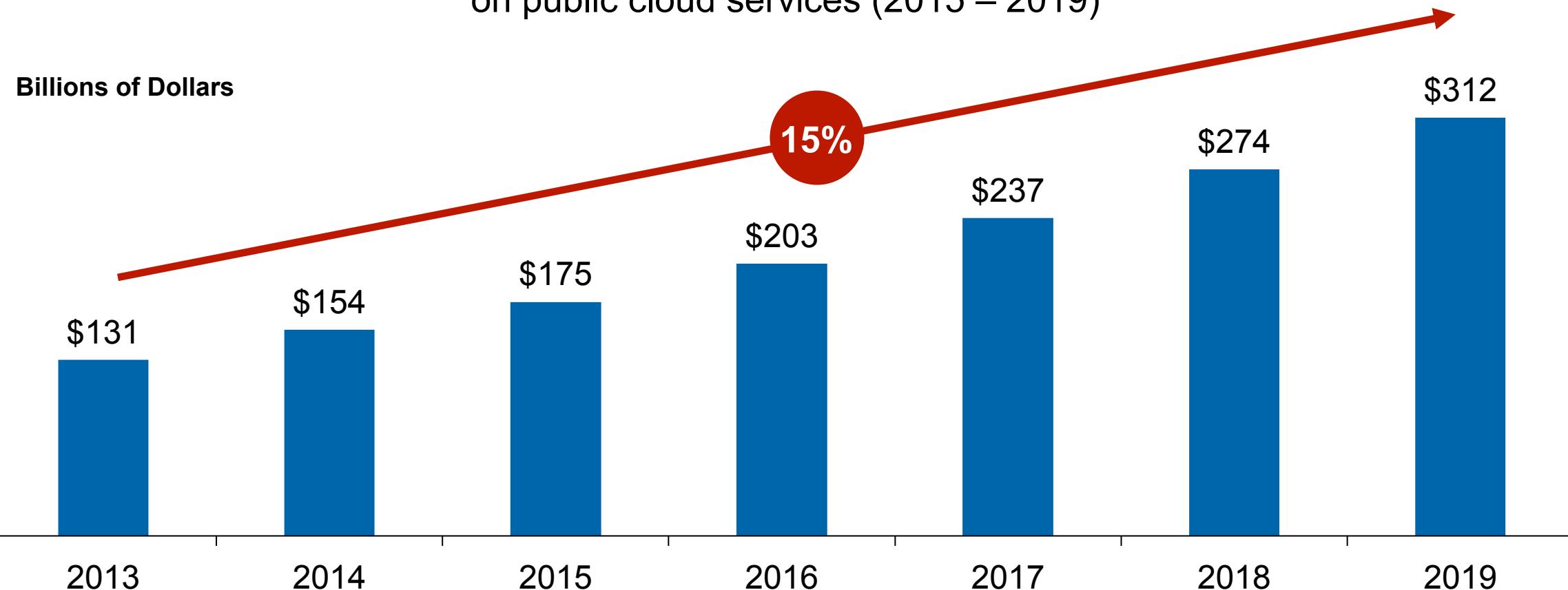
Note: Survey based on 35% of 6,300 respondents who indicated that they have adopted or planning to adopt cloud

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The market for cloud services continues to grow!

15.2% CAGR (2014-2019)

In the next five years, enterprises will spend \$1.2 trillion on public cloud services (2015 – 2019)



Source: "Forecast: Public Cloud Services, Worldwide, 2013-2019, 2Q15 Update" (G00277764)

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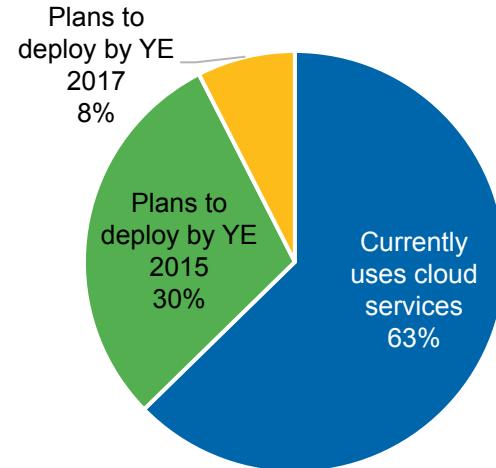
Cloud services adoption and cloud spend

93% of organizations currently use or will have deployed cloud by the end of 2015.

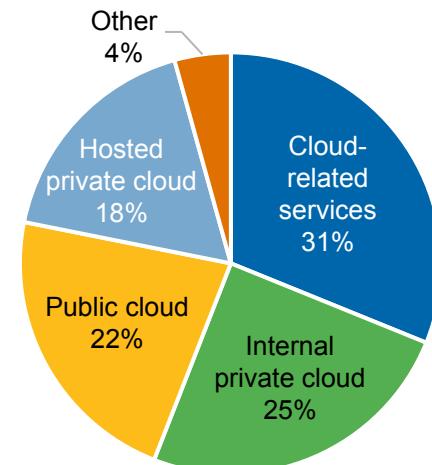
22% of cloud budgets are allocated to public clouds.

31% of cloud budgets are allocated to cloud services.

Cloud deployment plans



Budget by Cloud type

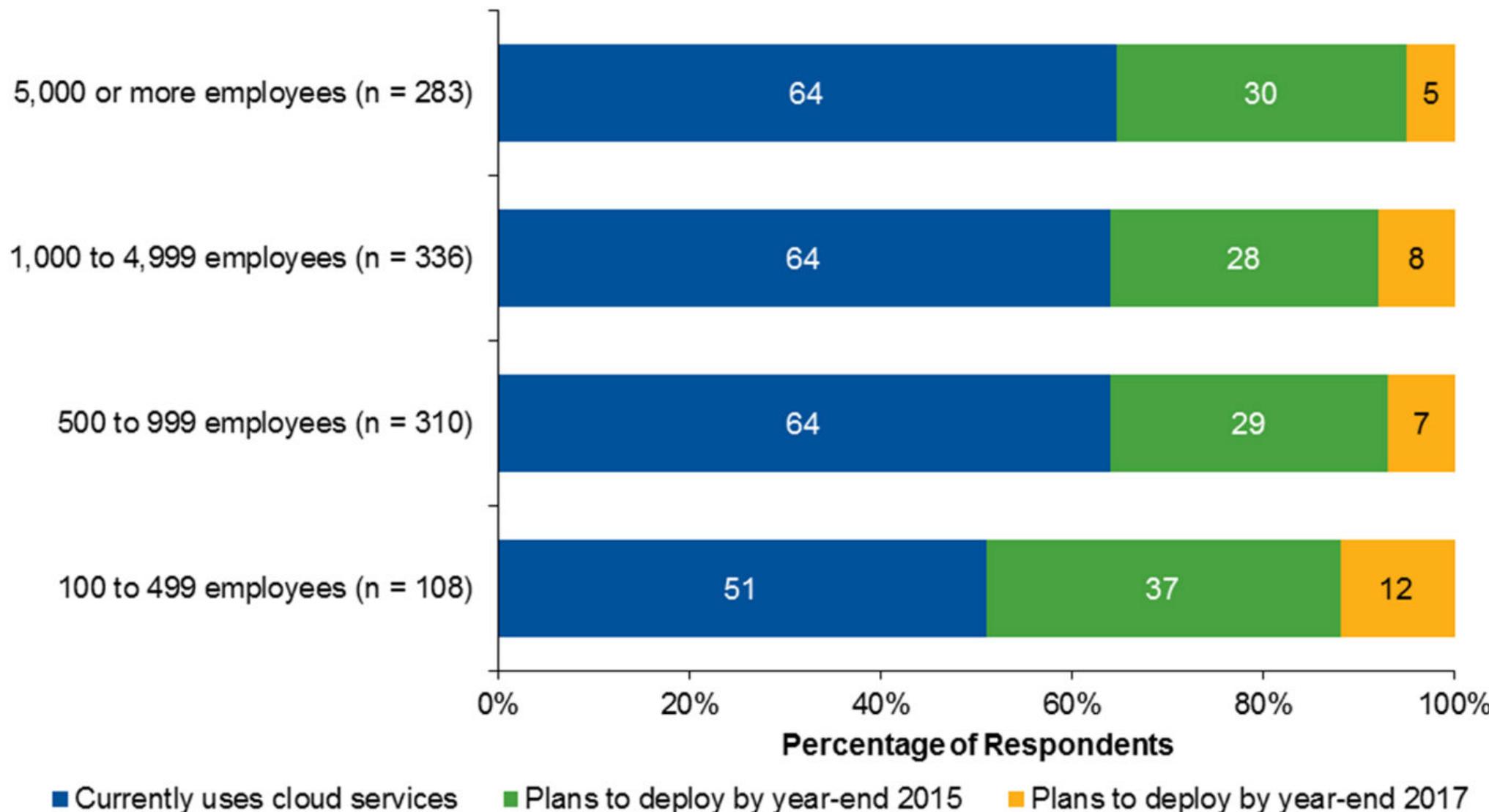


Note: Survey based on 35% of 6,300 respondents who indicated that they have adopted or planning to adopt cloud

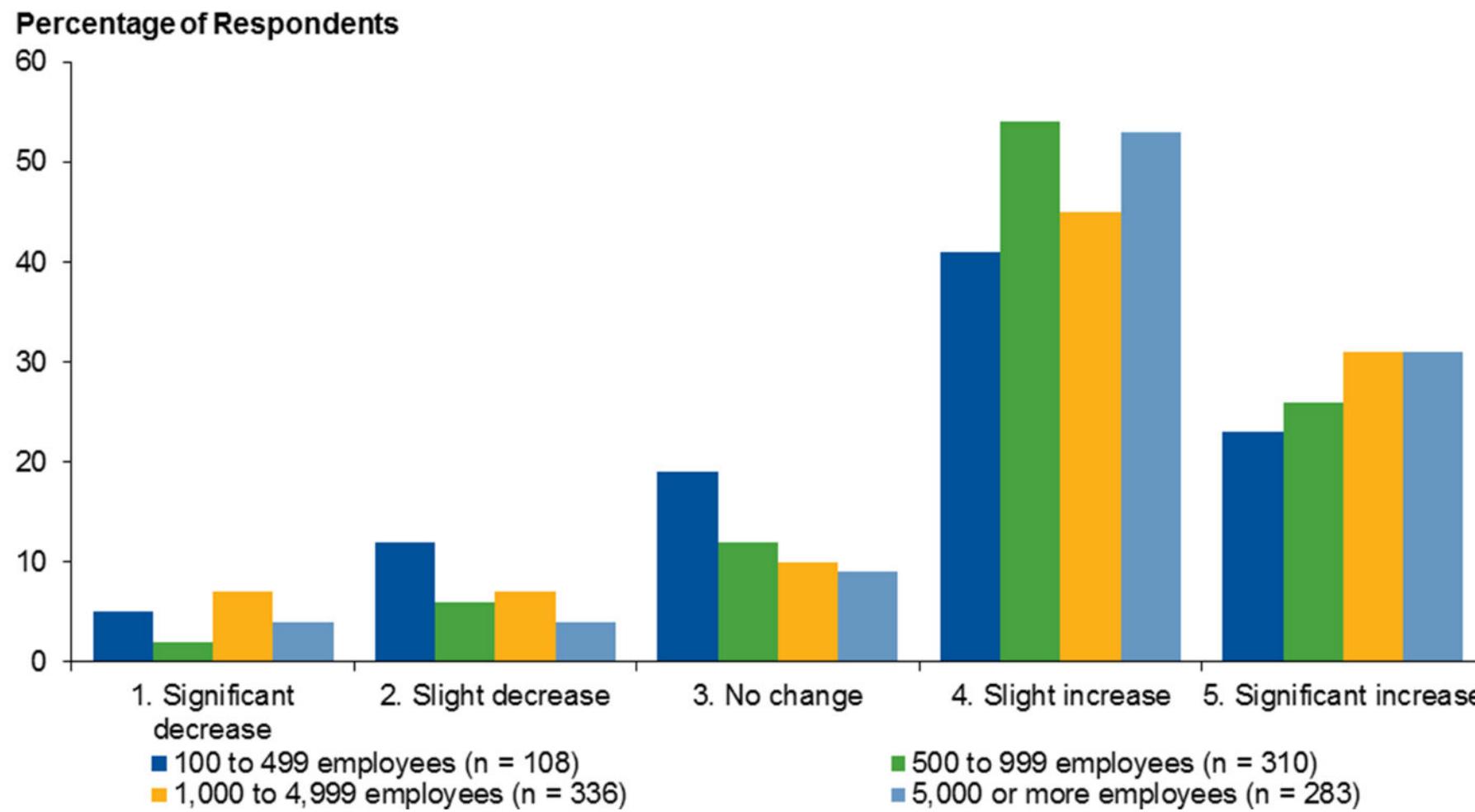
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Cloud Deployment Plans By Size of Enterprise

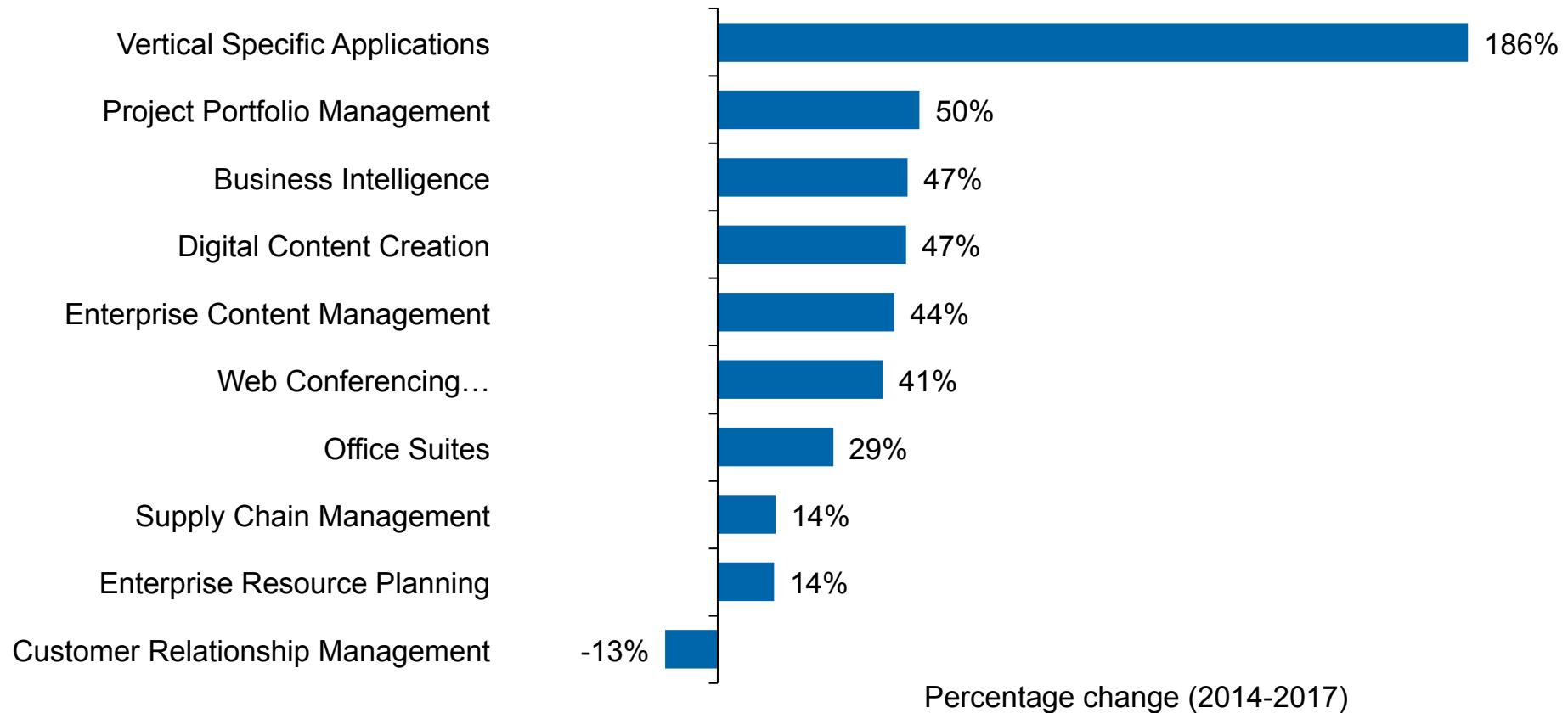


Ninety-Three Percent of Respondents Indicate Cloud Budgets Will Increase in the Next 24 Months Across Midsize and Larger Enterprises



IT spending growth on cloud application will shift to business applications

Please rank the applications you expect your organization will deploy via SaaS using public cloud by 2017 in order of your organization's expected spending, considering both internal IT budget and outside IT budget for SaaS.

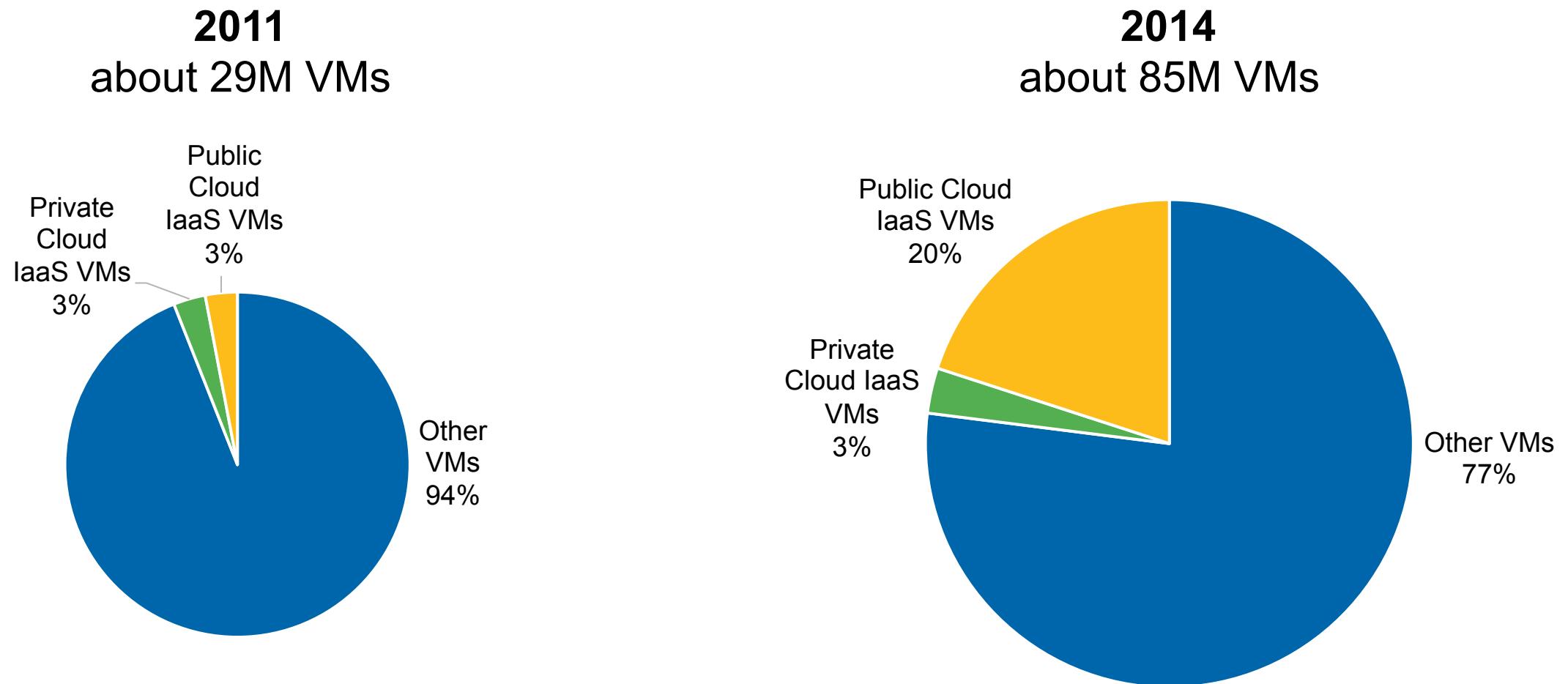


Source: Gartner, Cloud Adoption Survey, 2014

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Public cloud is growing faster than private cloud



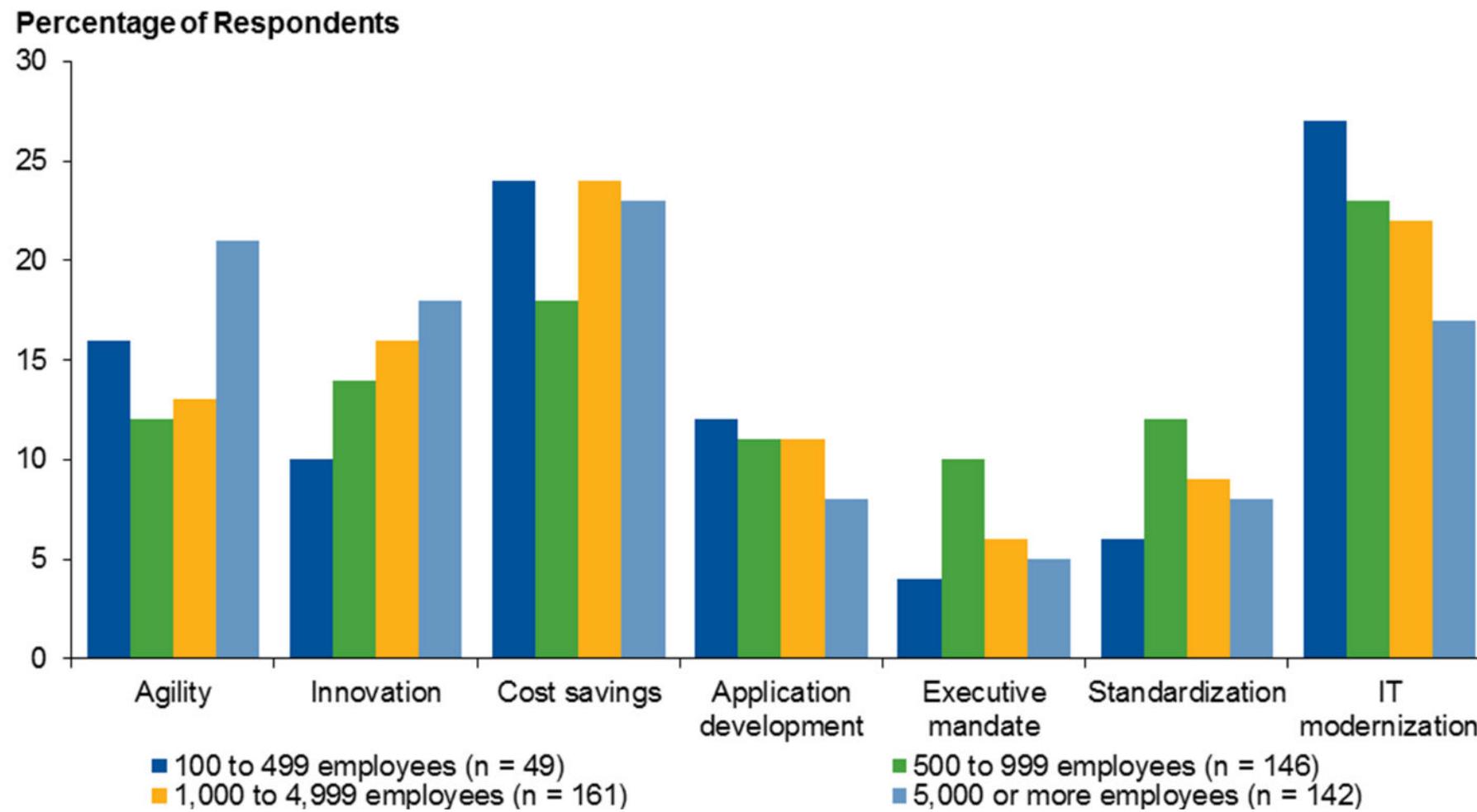
VM = Virtual Machine

Source: Gartner, "Internal Private Cloud Is Not for Most Mainstream Enterprises" (G00275251)

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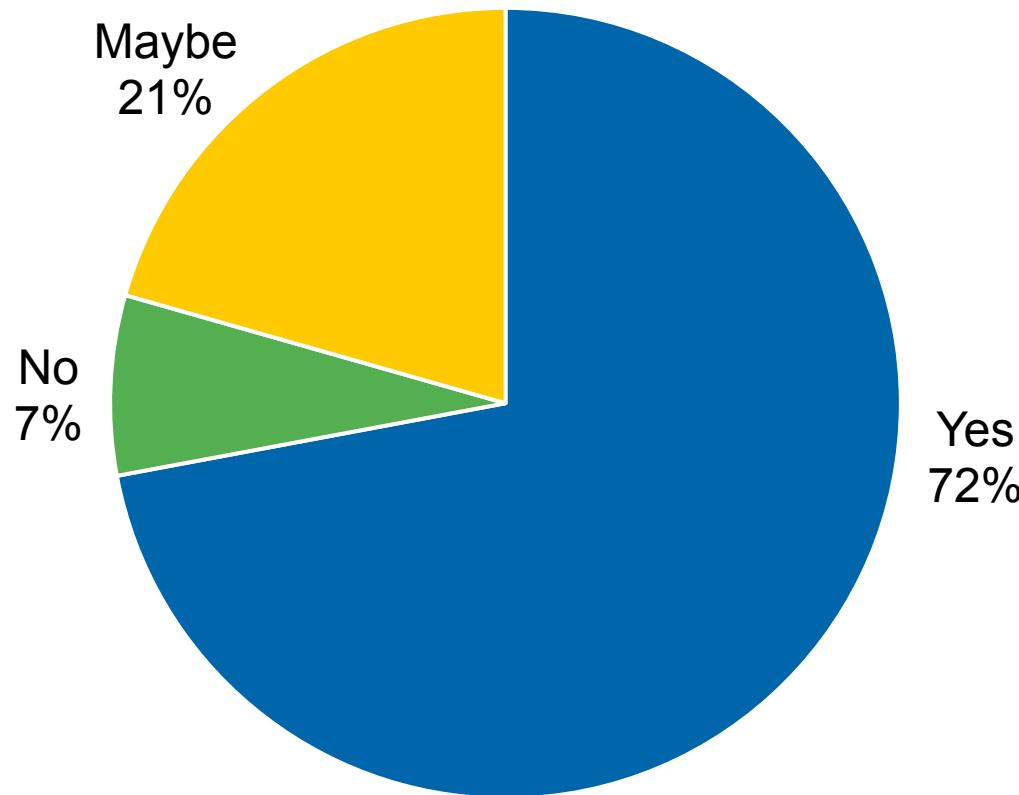
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Reasons for Using or Considering Public Cloud Services



Hybrid cloud will eventually be the primary cloud usage model

Will your enterprise be pursuing a hybrid cloud computing strategy by 2015?



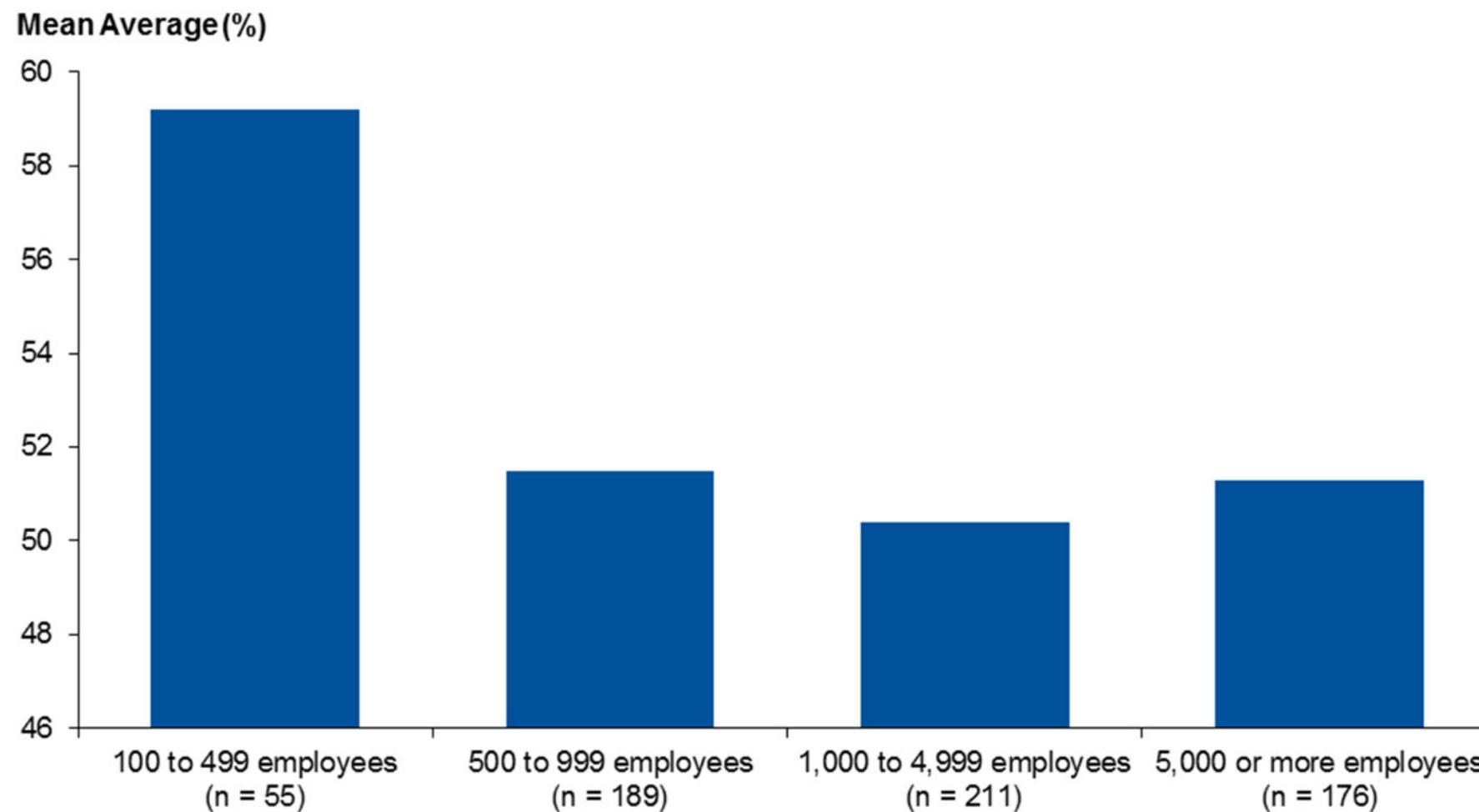
Source: Gartner, Data Center Conference Survey, 2014

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So what does all this mean for you?

Cloud "Marketplaces" as a Procurement Vehicle for Cloud Services Display Varied Consumption Trends Across Smaller and Larger Organizations

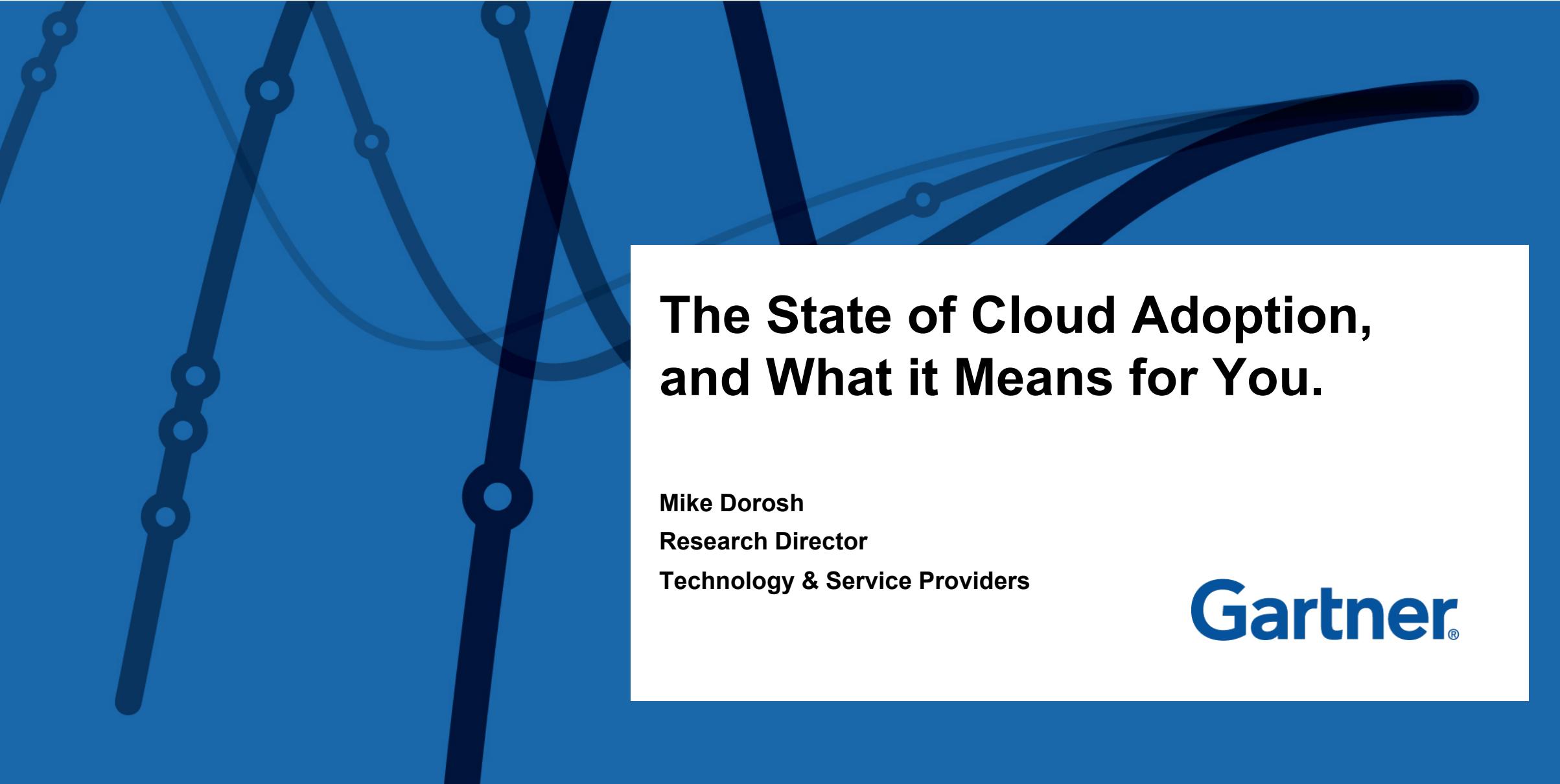


What does this mean for you?

- Across all enterprise sizes, Cloud Marketplaces are where customers are buying over half their services – sell where your customers want to buy.
- Cloud Marketplaces are a cornerstone of service providers' offer strategy – without them it is more difficult to engage the market.
- Offering a must be directed at multiple organizational sizes and profiles to capture the most possible share – understanding the needs and drivers of the different sizes is crucial.
- The shift to smaller organizations taking a more assertive cloud adoption approach through the next 24 months is an opportunity that cannot be ignored.
- While it is important to add features to cloud services, it is equally important to make these consumable and easy to deploy, as well as offer them in an industry vertical-based approach.
- Budget allocation across organization sizes will continue to increase as cloud computing becomes a key cornerstone of an organization's IT strategy.
- By happenstance or design, enterprises of all size utilizing hybrid cloud – meet you customers where they want to compute.

Gartner Research this deck was based on

- ▶ **Forecast: Public Cloud Services**
- ▶ **Forecast Overview: Public Cloud Services**
- ▶ **Forecast Analysis: Public Cloud Services**
- ▶ **Market Trends: Cloud-Related Services**
- ▶ **Competitive Landscape: Cloud-Related Services**
- ▶ **Survey Analyses: Cloud Services (2016 version available in Q1)**
- ▶ **Cloud Services Brokerage: CIO Primer**
- ▶ **Cloud Services Brokerage: Challenge Traditional Service Providers**
- ▶ **Predicts: Cloud Services**
- ▶ **Hybrid IT**



The State of Cloud Adoption, and What it Means for You.

Mike Dorosh
Research Director
Technology & Service Providers

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