

## The Second Chapter of Public Cloud

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According to IDC global 2013 public IT cloud service spending will reach \$47.4 billion, before growing to over \$107bn by 2017 with a CAGR of 23.5%-- five times that of the IT industry as a whole.



Such growth signifies the cloud's shift into a "Chapter Two" phase-- one seeing cloud adoption become more user and solution driven, as well as bigger in scale. Meanwhile the cloud and other so-called "3rd platform" technologies (mobile, social, Big Data) become more interdependent, driving growth and innovation across all IT-dependent industries.

"The first wave of cloud services adoption was focused on improving the efficiency of the IT department," IDC says. "Over the next several years, the primary driver for cloud adoption will shift from economics to innovation as leading-edge companies invest in cloud services as the foundation for new competitive offerings. The emergence of cloud as the core for new 'business as a service' offerings will accelerate cloud adoption and dramatically raise the cloud model's strategic value beyond CIOs to CXOs of all types."

An important public cloud spending driver is the expanding variety of cloud deployment options-- with the likes of virtual private cloud (VPC) shifting momentum towards shared/multi-tenant cloud offerings.

IDC also expects growing commoditisation and competition to bring about basic cloud service

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consolidation (IaaS offerings), forcing vendors to expand towards high value services or "up and out" offerings in order to offset lower pricing and tighter profit margins.

The analyst forecast public cloud services will drive 17% of 2017 global IT spending, and nearly 50% of growth across the applications, system infrastructure software, PaaS, servers and basic storage segments. SaaS will remain the biggest public IT cloud service category, with 59.7% of 2017 revenues, while PaaS and IaaS will be the fastest growing with CAGRs of 29.7% and 27.2% respectively.

Go [IDC Forecasts Worldwide Public IT Cloud Services Spending to Reach Nearly \\$108 Billion by 2017](#)