

Study Forecasts More Growth, but How Much Higher in the Cloud Can We Go?

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The results of a recent study by Gartner, Inc. project worldwide growth of 18% in the public cloud services market during 2017. Gartner also expects the growing public cloud services market—projected to reach \$246.8 billion in 2017 (a more than \$35 billion increase over 2016)—to stabilize soon thereafter, with growth slowing post-2017.

According to the study, infrastructure as a service (IaaS), which includes computing, networking, and storage services provided to the public through vendor-managed data centers, is projected for the highest growth—36.8%—as this technology gains widespread acceptance. Artificial intelligence, analytics, the Internet of Things, and the growth of platform as a service (PaaS) are each expected to contribute to this industry-leading growth of IaaS.

While software as a service (SaaS) is expected to remain the second-largest segment of the cloud services market (behind only the cloud advertising segment), Gartner projects significantly lower growth (20.1%) for the SaaS market, due in large part to the maturity of SaaS offerings after their longer history in the market. In an interesting connection, many SaaS providers have decided to use IaaS instead of hosting software offerings in their own data centers, meaning a portion of the IaaS growth is inherently tied to SaaS growth.

Gartner also estimates that more than 50% of the new IT outsourcing transactions through 2020 will be influenced by cloud services adoption strategies. Gartner identified agility, scalability, cost benefits, innovation, and business growth as key drivers in organizations' continued pursuit of strategies involving public cloud services.

A recent update to the International Data Corporation (IDC) Worldwide Semiannual Public Cloud Services Spending Guide indicates a more conservative estimate of spending on public cloud services and infrastructure—\$122.5 billion in 2017—than the Gartner study, but this amount still represents an increase of 24.4% over the IDC's 2016 figures. The IDC study provides a useful comparison against the overall Gartner figures, though much of the distinction may be attributable to using different methodologies and determinations of what is part of the public cloud services market.

By any measure, the public cloud services market is showing continued growth that appears likely to persist.

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