

Cloud service providers' battle drives the worldwide cloud infrastructure market up 42% in Q1 2017

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The worldwide cloud infrastructure services market continued growing in Q1 2017, up 42% year on year to reach US\$11.4 billion, according to Canalys' latest estimates. Amazon's AWS maintained its dominance, holding a stable global market share of 31%. It was followed by its strongest hyper-scale rivals - Microsoft,

Google and IBM. Microsoft grew 93% and Google was up 74% compared to the same quarter a year ago.

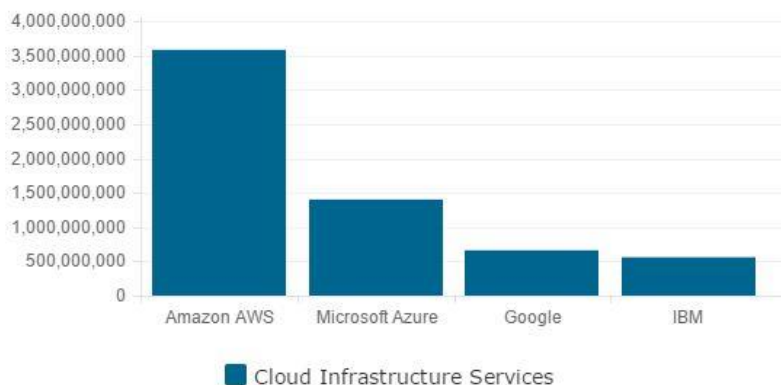
These growth rates were faster than those of AWS and IBM, which grew 43% and 38% respectively.



Worldwide cloud market grew 42% in Q1 2017 to US\$11.4bn via @Canalys - <http://bit.ly/2pNL494>



Cloud infrastructure services, Worldwide, value (\$) by vendor, Q1 2017



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“Competition for enterprise customers is intensifying among leading cloud service providers, which are investing heavily to secure key national and global accounts,” said Canalys Research Analyst Daniel Liu. “Timing is crucial, as many large accounts are assessing, formulating and executing strategies to move existing workloads and infrastructure to the cloud, and develop new types of workloads as part of digital transformation initiatives.”

Cloud players are therefore looking to the channel to expand their reach, especially into mid-market opportunities. “The channel has become integral to winning in the enterprise, with top cloud players focusing on channel expansion plans,” said Canalys Senior Analyst Jordan De Leon.

AWS has an established channel program that is growing and is cited by the company as helping to win key global clients. Microsoft’s growth in Q1 2017 demonstrates the benefit of having a huge enterprise client base and converting it to Azure. Many of the leading enterprise vendors are all building on Azure Stack, Microsoft’s latest cloud initiative, to provide customers with hybrid solutions.

Third-placed Google has revamped its partner program as it strives to catch-up. “It has made progress toward meeting the technology and feature requirements of large enterprise customers. But to rival the others, it needs to demonstrate its enterprise readiness and enhance its credibility. To achieve this, it needs to sustain investment in both technology and go-to-market, and continue to highlight key customer wins,” De Leon commented.

“Go-to-market strategy, including both customer and channel partner engagement, will ultimately determine vendor success in this segment.” He added “Larger enterprises will adopt a multi-cloud strategy to distribute risk. Ultimately, to challenge AWS, vendors will need deep financial resources to continue to participate and advance.”

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