

CLOUD REVENUE & MARKET SHARE TRENDS IN 2020



Globally many people believe that Cloud Computing is the future of technology. Looking at the recent market share numbers and revenue trend reports, it is easy to agree.

As the second decade of the 2000s came to a close, the Market Study Report LLC released the [Global Cloud Computing Market Report](#). In this report, they stated that "In 2019, the global cloud market size was \$62,730 million US dollars and it is expected to reach \$383,789 US dollars by the end of 2026, with a CAGR of 29.2% during 2021-2026." Still relatively small in the grand market scheme, the steady size growth percentages over the last decade combined with the projected size growth percentages over the next decade, turns these numbers into something very exciting.

However, as exciting as the market size numbers are, the numbers that are truly astonishing come when we look at revenue.

An industry that is forecasted by Gartner to continue to soar - at the end of 2018 global cloud revenue accounted for USD\$196.7 billion, at the end of 2019, it accounted for USD\$227.8 billion, is expected to reach USD\$266.4 billion in 2020, and USD\$354.6 billion in 2022. Up 17% since last year and seeing a 37% overall growth year-over-year, at the start of 2020, the top leaders within the cloud industry announced their best quarter. Recording historic numbers, going from millions to billions across the board, these peaks intrigued experts around the world and left everyone wondering what is the next [cloud growth](#) milestone.

In this post we will take a dive deep into the cloud industry, leader revenues, market share trends, and what is to come.

The Cloud Computing Industry

To understand the revenue and market share stats of the cloud industry, you must first understand how it's run.

Back in the early 2000s, most people did not realize cloud services existed. Marketed as Software as a Service, the industry was young and small but growing. Jump forward to 2019 and 90% of companies are on the cloud. Running most workloads on a hosted cloud [Infrastructure as a service \(IaaS\), Platform as a Service \(PaaS\), or Software as a Service \(SaaS\)](#), it only took two decades for the cloud industry to change the way business happens from day to day. Segmented in the market by service and type, it is important to note that cloud services are delivered as either [public, private, or hybrid cloud](#) – or recently [multi-cloud](#).

Public Segment Forecasts

Taking a close look at last year's numbers for each cloud segment type, when it comes to public services, it is clear that SaaS has long been the leader. With USD\$85.7 billion of global revenue in 2018, USD\$99.5 billion of global revenue in 2019, and a projected USD\$116 billion in 2020, the scalability of such software remains invaluable. Followed by infrastructure services, the [IaaS market](#) is set to hit 50 billion this year. Just a fraction of SaaS projection, we can safely say for sure that, in the next decade those who provide Software as a Service will continue to lead the market.

The Big Four Public SaaS Cloud Leaders

There are many public cloud service providers; however, like all industries, there are a handful of companies that lead. Taking a look at the leaders we see, Amazon Web Services, IBM Cloud, Google Cloud, and Microsoft Azure. As AWS has long been the market share leader, the world was shocked in early 2020 when quarterly revenue and growth reports revealed Google's Cloud numbers for the first time.

How They Stand Up At The Start Of The New Decade

1. Amazon AWS: USD\$9.9B, up 34%. This is the company's slowest growth rate in five years.
2. IBM Cloud: USD\$6.9B, up 21%. This shows a slight acceleration in growth.
3. Google Cloud: USD\$2.6B, up 53%. This shows significant growth in the market.
4. Microsoft Azure: Undisclosed dollar amount, up 62%. This is the first jump in growth since 2017.

A comparison of these numbers shows that Google still lags in revenue next to its competitors; however, it must be noted that Google grew much more than AWS in 2019 and is quickly gaining standing against Azure's 62% growth pattern. IBM showed surprise growth with double digits; however, IBM is growing at the lowest rate.

Considering these numbers, we can get a good idea of the year ahead for these cloud industry leaders. Experts agree that, "Based on its fourth quarter revenues of \$2.6 billion, [Google Cloud's run rate](#) - the amount the company would post for a full year at its current pace -- surpassed \$10 billion. AWS came in just shy of a \$40 billion run rate based on its nearly \$10 billion quarter. Microsoft's Commercial Cloud reported \$12.5 billion in revenue in the most recent quarter, good for a \$50 billion run rate." When all is said and done, these statistics show that Google is indeed catching up.

However, since Amazon and IBM reveal margins as Google and Azure do not, determining what is actually going on behind the scenes and who is the most profitable is impossible at this time.

3 Trends Influencing Cloud Market

1. Government investment
2. Growing awareness of cloud benefits
3. Larger business requirements

Exceeding almost every area of the technology market, revenue reports reveal that cloud computing is here to stay and will without a doubt take over the world. Recently debuting plans and ideas for working with the US government, AWS, Google, and Azure can all expect multi-billions over the next few years. As we take a look at the nations that will demand the most cloud usage, we see North America, Europe, China, and Japan at the top. All topping the world's richest country lists, this aligns with the reported growth of the cloud industry.

With influencing trends in mind, recent calculated market shares have remained steady--AWS 32%, Azure 17%, Google 6%, and IBM 1.8%. However, as competition grows, the key to success for our big leaders is to stay focused. IBM, adopting this mindset, has rolled out plans to come back as a bigger player. As we reach a time when people wish to do business with millions of other people around the globe, the need for more cloud storage is only going to expand. As more organizations are run on the cloud, over the years, this will inflate revenue.