

## **Corporate cloud spending to hit RM625 bil by 2020**

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**By Ian King, Bloomberg**

Corporate spending on cloud-computing services, software and resources will reach \$191 billion (RM625.5 billion) in 2020 as companies replace older equipment and programs with Internet-based systems, a research firm said.

Growth in the cloud market is outrunning prior forecasts, according to Forrester Research Inc (FORR), which projects a rise from \$58 billion (RM189.9 billion) last year to \$72 billion (RM235.7) this year. The market is on course to be about 20 percent bigger by 2020 than estimated earlier, Forrester said in a report to be published today.

Cloud computing has reached “hypergrowth” as businesses replace standard licensed software from companies such as Oracle Corp., SAP AG and Microsoft Corp. with Web-based subscription versions, known as software-as-a-service, said Andrew Bartels, an analyst at Forrester. Many companies have also shunned building out their own data centers in favor of using Internet-based computing power from outside vendors, he said.

“There’s been a higher level of replacement than we had assumed,” said Bartels, who is based in Cambridge, Massachusetts. “A lot of companies are not building data centers. They’re going to public providers.”

The biggest contributor to the total will be software-as-a-service, offered by companies such as Salesforce.com Inc. (CRM), which corporations typically use to manage customer, sales and operational data. By 2020, 25 percent of the total of \$523 billion (RM1.7 trillion) of software applications purchased will be software-as-a-service, Forrester projects.

### ***Data centers***

By 2020, some 19 percent of the \$230 billion (RM753.2 billion) spent on servers and storage hardware will be on machinery used for cloud data centers. Companies such as Amazon.com Inc., through its Amazon Web Services unit, and Microsoft are

building data centers on multiple continents in anticipation of increasing demand, the report said.

While the public cloud is growing quickly, it will never totally replace in-house computing resources, Forrester said. Companies want to continue to run applications that are unique to them on their own equipment, and there is some older software that isn't worth the cost of updating, the researcher said.

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