



451 Research: China and India emerging as cloud computing powerhouses in Asia-Pacific

Cloud computing market in China and India is expected to triple to over \$2.4bn by 2020

NEW YORK – September 26, 2016 – Although global cloud providers such as Amazon Web Services and Microsoft Azure are well known in China and India, they are hardly the only game in town. According to a new report by [451 Research](#), there are nearly 200 cloud vendors in India and China, providing cloud services in IaaS, PaaS and ISaaS.

451 Research analysts predict that China and India will emerge as cloud powerhouses in Asia-Pacific, generating revenue of over \$1.59bn and \$851m respectively with a CAGR of 27% and 24% through 2020. Combined, the two countries account for about 30% of the Asia-Pacific market.

By service component, revenue is overwhelmingly from compute as a service within the IaaS service segment today, but we believe that the evolution of data analytics and the Internet of Things will accelerate the future uptake of cloud storage in both markets.

The report points to government-led cloud initiatives and incentives as one of the driving forces behind the fast growth of cloud in China and India. Governments in both countries are heavy cloud users as they aim to create a technology-driven modern society and inspire innovation. Their efforts have generated a great deal of interest from investors and, for both markets, M&A in the cloud sector is at an all-time high.

Agatha Poon, Research Director of APAC services, said, “We believe the cloud computing markets in China and India show huge growth potential. Industry-wide business transformation has unlocked market opportunities and created an ecosystem of cloud suppliers in China and India. Anecdotal reports and survey data indicate that local businesses are sizing up service provider capability based on a set of attributes.”

While telecom incumbents and established hosting and IT providers have begun to develop meaningful cloud businesses and revenue streams, smaller firms and cloud startups are making an aggressive push to build mindshare and market share. In this report, 451 Research identifies six main groups of cloud suppliers:

- Communications service providers/network operators including China Telecom, China Mobile and Tata Communications
- Datacenter/hosting specialists including 21Vianet, GDS Services and Netmagic Solutions
- SIs and MSPs including Dimension Data, Mindtree and Wipro
- Internet services companies including Aliyun, Tencent and Sify Technologies
- Hardware/software vendors including Hitachi, Huawei and Kingsoft
- Cloud startups including EasyStack, QingCloud, Qiniu, UnitedStack and NxtGen

At present, there is no clear market leader in either country. The total cloud computing as a

service market for China and India stood at \$773m in 2015, with the top 10 cloud vendors collectively generating revenue of \$571m.

Given that the competitive landscape is still taking shape, with influential cloud players such as Microsoft, AWS and IBM fighting for platform control and a new breed of cloud providers setting out to build mindshare and market share, 451 Research expects to see the emergence of a new cooperative competitive environment down the road. The partnership between IBM and India-based Reliance Communications to offer IBM cloud infrastructure services and SaaS apps running on IBM Cloud is one example.

“Regulatory interference remains a concern and issues associated with data security, governance and network performance still exist. Yet our interviews with active cloud players have led us to conclude that continued government support, a positive investment climate, development efforts by cloud suppliers and growing enterprise readiness will give rise to cloud computing powerhouses in India and China,” Poon added.

More detailed analysis is available for subscribers in 451 Research’s report “[Will China and India Emerge as Cloud Computing Powerhouses in Asia-Pacific?](#)” 451 Research tracks the potential scale of the cloud computing market and its implications for competition through its [Market Monitor service](#), a quantitative forecasting product based on a bottom-up approach for data extraction and analysis.

Webinar – “China, India set to emerge as cloud powerhouses: The why, how, and when”

How does the cloud market shape up in China and India so far? What types of cloud services will be important in near future? What does it mean for you going forward? Learn the answer to these questions and more on Wednesday, September 28, at 11:00 am ET.

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