



451 Research: OpenStack revenues to grow at a 35% CAGR and exceed \$5bn by 2020

Private cloud revenue will overtake public cloud revenue by 2019 for service providers

London and New York City, 24th October 2016 -- Ahead of the OpenStack Summit in Barcelona, [451 Research](#) has published its latest findings about OpenStack. In the most rigorous analysis of its kind, 451 Research's Market Monitor service expects revenue from OpenStack business models to exceed \$5bn by 2020 and grow at a 35% CAGR.

To date, OpenStack-based revenue has been overwhelmingly from service providers offering multi-tenant IaaS, but the latest research indicates that private cloud revenue will exceed public cloud by 2019. Moreover, while OpenStack's growth rate is high, overall revenue is still relatively small compared with market leaders such as VMware and AWS.

Based on its latest analysis, 451 Research believes OpenStack's success going forward will be in the private cloud space and in providing the orchestration for public cloud integration with on-premises and hosted OpenStack environments. There are examples of organizations across most vertical sectors running mission-critical workloads on OpenStack but in general it remains a platform for test and development environments, web hosting and pilot projects.

451 Research predicts a growing number of OpenStack use cases across software-defined networking, network function virtualization, mobile and Internet of Things by both service providers and enterprises. This is in addition to traditional use cases in big data, DevOps, PaaS and serving developers and lines of business.

451 Research believes container software, such as Docker, continues to be mostly beneficial and complementary to OpenStack. Nevertheless, persistent attention to containers and their management threatens to eclipse OpenStack, similar to how OpenStack surpassed its rival CloudStack in mindshare and then market share.

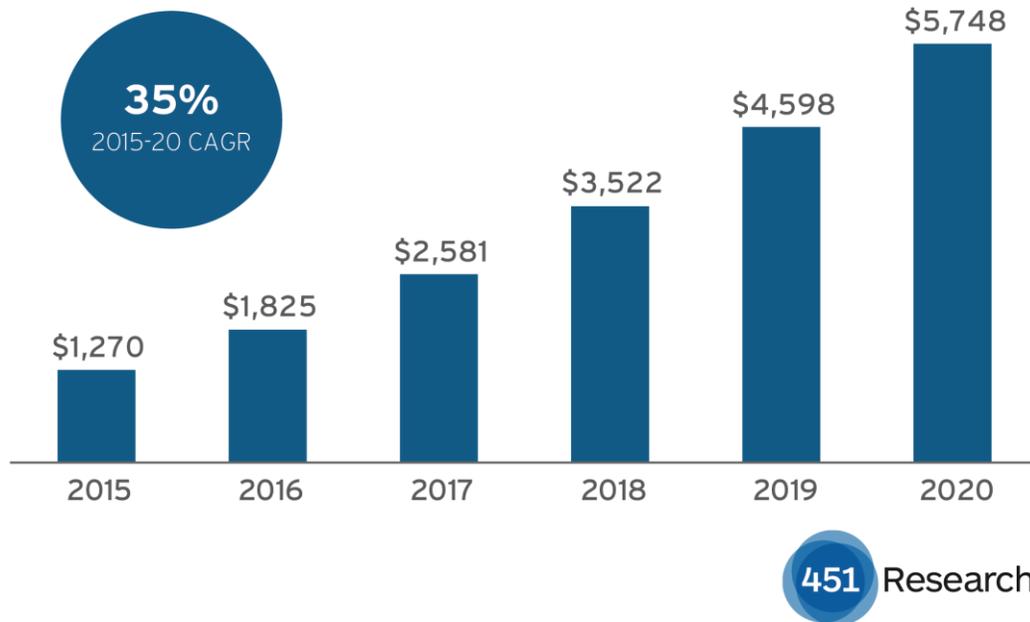
"This year OpenStack has become a top priority and credible cloud option, but it still has its shortcomings," said Al Sadowski, research vice president at 451 Research. "We continue to believe the market is still in the early stages of enterprise use and revenue generation. We expect an uptick in revenues from all sectors and geographic regions, especially from those companies in the OpenStack Products and Distributions category that are targeting enterprises."

451 Research finds that OpenStack mindshare continues to grow for enterprises interested in deploying cloud-native applications in greenfield private cloud environments and eliminating dependencies on proprietary software. However, its appeal is limited for legacy applications and for those enterprises already comfortable using hyperscale cloud providers such as AWS and Microsoft. There are several marquee enterprises with OpenStack as the central component of

cloud transformations, but many enterprises are still leery of the perceived complexity associated with configuring, deploying and maintaining OpenStack-based architectures.

OpenStack Market Size 2015-2020

Source: 451 Research's Market Monitor: OpenStack, 2016



OpenStack Pulse 2016 and 451 Research

[OpenStack Pulse 2016](#) offers an annual pulse check on the OpenStack business models that have emerged and changed, quantitative market sizing data, regional perspectives and customer-survey feedback. It covers a variety of software vendors and service providers leveraging OpenStack both internally and for commercial offerings as well as up-to-date insight into the open source platform's functionality, governance and direction.

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