



## Cloud Computing

Cloud computing enables organizations of all sizes – in every industry – to benefit from unprecedented economies of scale and accelerate the pace of innovation. The cloud offers rapid deployment and quicker time to value. It enables organizations to shift capital expense to operating expense and makes costs more predictable. And it dramatically reduces IT effort and costs – enabling organizations to reprioritize IT resources and devote a higher percentage of their technology budgets to new investments that create new business value.

We have seen strong adoption of cloud-based enterprise applications and productivity solutions – especially collaborative applications that enable employees to share files with external stakeholders and access their information on the go from their mobile devices.

By 2020, a corporate *no-cloud* policy will be as rare as a *no-Internet* policy is today, according to Gartner, Inc. Cloud-first, and even cloud-only, is replacing the defensive no-cloud stance that dominated many large providers in recent years. Today, most provider technology innovation is cloud-centric, with the stated intent of retrofitting the technology to on-premise.

Cloud will increasingly be the default option for software deployment. The same is true for custom software, which is being increasingly designed for some variation of public or private cloud.

This does not mean that everything will be cloud-based, and concern will remain valid in some cases. However, the extreme of having nothing cloud-based will largely disappear. Hybrid will be the most common usage of the cloud – but this will require public cloud to be part of the overall strategy. Technology providers increasingly assume that their customers will be able to consume cloud capabilities.

### Global Scenario

According to the latest forecast from International Data Corporation (IDC), total spending on IT infrastructure products (server, enterprise storage, and Ethernet switches) for deployment in cloud environments will increase by 15.5 percent in 2016 to reach USD 37.1 billion. In comparison, spending on enterprise IT infrastructure deployed in traditional, non-cloud, environments will decline by 4.4 percent in 2016, but will still account for the largest share, 63.4 percent, of end-user spending. Spending on private cloud IT infrastructure will grow by 10.3 percent year-over-year to USD 13.8

billion with more than 60 percent of this amount contributed by on-premise private cloud environments. Spending on public cloud IT infrastructure will increase by 18.8 percent in 2016 to USD 23.3 billion.

All regions are expected to increase spending on cloud IT infrastructure in 2016 with investments in public cloud growing at a faster rate than investments in private cloud IT infrastructure. For cloud environments combined, spending on Ethernet switches will be growing at the highest rate, 39.5 percent, while spending on server and storage will grow at 11.4 percent and 14.2 percent, respectively.

For the long-term forecast, IDC expects that spending on IT infrastructure for cloud environments will grow at a 13.1 percent compound annual growth rate (CAGR) to USD 59.5 billion in 2020. This will represent 48.7 percent of the total spending on enterprise IT infrastructure. Spending on non-cloud IT infrastructure will decline at 1.4 percent CAGR during the same period. Within the cloud segment, spending on public and private cloud IT infrastructure will grow at 18.8 percent and 10.3 percent CAGR respectively. In 2020, IDC expects public cloud service providers (CSPs) will spend USD 38.4 billion on IT infrastructure for delivering services, while spending on private cloud IT infrastructure will reach USD 21.1 billion.

“Despite weakness in hyperscale CSP demand for IT infrastructure products in the first quarter, we expect spending on public cloud to increase in the second half of the year,” said Natalya Yezhkova, research director, Storage Systems, “Overall, we will continue to see steady growth in demand for public cloud services and, as a result, underlying spending on IT infrastruc-



## ABS India

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Enterprise networking industry trend continues to embrace changing business requirements. Today,

CapEx-to-OpEx is fast becoming an obsolete phenomenon. Future is going to be a cloud-based model with managed services at the core. Elucidation of networking segment will be another trend to watch out for. Revelation of networking services will reach every business segment, be it SMB or mid to large enterprise requirements. With cloud-based models at the core, evolution is moving toward pay-as-per-usage rather than pay-as-per-deployment. This will make life very easy for the CIOs as it optimizes the cost of technology and also it takes care of evolution of technology.

Another interesting development is the need for augmentation of service capabilities. The industry has many technologies which would normally assume a core position, but the success depends upon design of the integration, management, and services capabilities for any networking environment. NMS (network management services) will make huge difference for effective delivery and execution of key projects.

Economic outlook is green. Industry is opening up and investments are flowing in. It is an era of converged and end-to-end solutions and services on a platter for the enterprises. Enterprise networking industry is no more a complex environment. ●

ture by CSPs. The economic and financial volatility we see in some regions will push demand further as increasing sophistication of public cloud offerings allows organizations to fulfill their needs across a growing variety of IT domains while OpEx-oriented pricing models provide some relief to tightening IT budgets.” ■

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