



IDC: China's Public Cloud Service Market Tops US\$5.4 Billion in 1H 2019 as Competition Intensifies

Beijing, Nov. 7, 2019 - China's Public Cloud Service market (IaaS/PaaS/SaaS) hit US\$5.42 billion in 1H 2019, driven by non-Internet sectors as they are accelerating cloud service adoption to deepen digital transformation, according to International Data Corporation's (IDC) China Public Cloud Service Market Historical Tracker 1H 2019 released today.

In breakdown, the growth of IaaS market maintained steady pace, with 72.2% year over year while the PaaS market expanded 92.6% year over year, slowing down from its previous pace.

Public Cloud Service market in China is also seeing further consolidation as the top 10 vendors now command more than 90% market share in both IaaS and IaaS+PaaS, intensifying competition as players scramble to grab a slice of the market.

IaaS competitive landscape

In the IaaS market, Alibaba, Tencent, China Telecom, AWS and Huawei are the top five vendors, and together control 75.3% of the market.

Alibaba, thanks to its robust customer, ecosystem and operational capabilities, continues to help Internet sector migrate their business system to cloud, deepening its presence in retail, government and finance segments as they accelerate their digital transformation.

Tencent is tapping into the opportunities of the industrial Internet through its advantages in cloud gaming and live streaming, as well as its strong ecosystem transformation capabilities offered by its WeChat and applets.

China Telecom, as a carrier, is helping its government and industrial customers transform digitally via typical scenarios such as cloud, 5G, and edge computing.

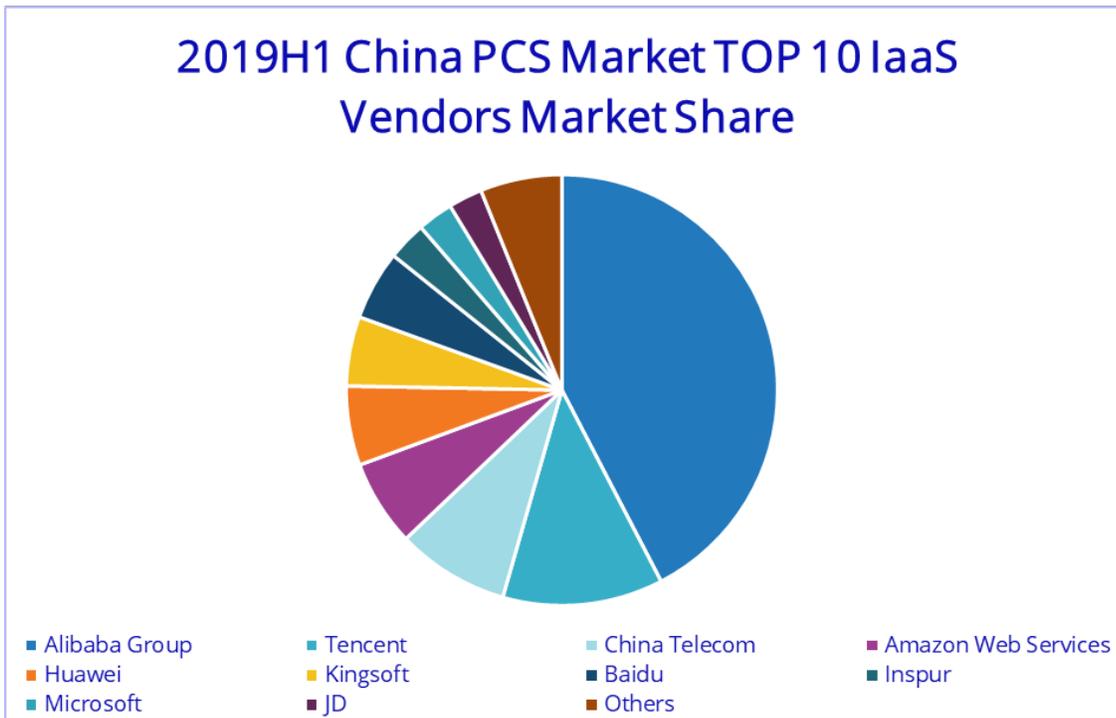
AWS, which leads in the international market, continues to maintain its leading edge in terms of helping Chinese enterprises entering overseas markets.

Huawei Cloud has entered fast-lane and has made outstanding gains in organizational expansion, market operations, and industry expansion.

Kingsoft's Internet business continues to grow steadily following breakthroughs in the finance, government, and traditional enterprise segments.

Baidu Cloud is gradually integrating the Baidu Group's ecosystem. While enriching its comprehensive cloud service capabilities, Baidu continues to enhance its operations in the video, finance, and other segments.

Figure 1



Source: IDC 2019

IaaS+PaaS competitive landscape

In the IaaS+PaaS market, Alibaba, Tencent, AWS, China Telecom, and Huawei command 74% market share, maintaining their leading edge.

Baidu continues to outperform in the PaaS market. Its strategy of accelerating the deployment of underlying AI technologies and application capabilities in the cloud has stimulated substantial growth for Baidu's cloud services in this market.

Figure 2



Source: IDC 2019

Industry Development

The Internet industry still accounts for half of the public cloud service market, but the growth rate is stabilizing.

Major cloud service providers are now setting their sights on non-Internet segments, including in government, finance, manufacturing, and services, as digital government, convenient government service, fintech, financial channel transformation, industrial Internet, industrial quality, and process optimization emerge as the priority business areas.

As a growing number of non-Internet businesses scramble to adopt cloud services amid the sweeping digital transformation, it is becoming a new battleground for the vendors.

“The development of China's digital economy is heading for a new stage. The new generation of information technology is developing towards deep integration, among which the combination of cloud, AI, and 5G is the most representative,” said Julia Zhuge, research manager China PCS Market, at IDC.

“The cloud and 5G is a must to accumulate strategic data resources for enterprise intelligence while the development of AI also requires the adoption of cloud and 5G. Cloud service providers should focus on cloud plus AI and 5G as the key growth engine, tapping the opportunities as government and enterprise are accelerating cloud adoption and building an open and win-win cloud ecosystem while providing secure and trusted services,” Zhuge said.

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Figure 3



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