IDC Forecasts Telecom (Compute and Storage) Infrastructure Market to Reach $16.35 Billion in 2022

FRAMINGHAM, Mass., August 31, 2018 – The shift to software-defined infrastructure – wherein workloads run virtualized (or containerized) on industry-standard hardware platforms – is happening at an unprecedented pace. Nowhere is this shift more visible than in the Telecommunications industry where entire datacenters are being converted from vertically integrated stacks to software-defined infrastructure. IDC expects this trend to continue unabated as Telecoms (also known as telecommunications providers, communications service providers, carriers, or telcos) seek to expand their sphere of influence on initiatives such as mobile media delivery, edge computing and the Internet of Things, and connected devices, to name a few. In an industry where legacy business models and regulations can no longer guarantee revenue growth, telecoms must stay ahead of the competition by upping their ante on innovation and, like most enterprises, driving costs down. Initiatives such as 5G or rich media delivery via mobile platforms cannot be delivered via legacy platforms that are rigid, have scaling challenges, and require months of planning to scale efficiently.

A new forecast from International Data Corporation (IDC) sizes the market for compute and storage infrastructure for Telecoms at nearly $10.81 billion in 2017. However, as Telecoms aggressively build out their infrastructure, IDC projects this market to see a healthy five-year compound annual growth rate (CAGR) of 6.2% with purchases totaling $16.35 billion in 2022.

Communications service providers worldwide have borrowed a page out of the public cloud services provider/hyperscaler operations model. They have focused maniacally on bolstering their in-house software development efforts using open source stacks, partnering with integrators to convert their datacenters to be software defined, sponsoring and participating in industrywide infrastructure consortiums, and making a concerted effort to move not just applications, but also network function workloads onto a virtualized (containerized) infrastructure. They are shifting to a single infrastructure platform that supports current and new generation telecom-specific as well as business applications that can run interchangeably in virtual machines, containers, and bare metal. Telecoms have ushered in a model for flexible and scalable consumption of compute, storage, and networking resources.

"Telecoms are the forefront of the innovation curve," said Ashish Nadkarni, group vice president for Infrastructure Systems, Platforms and Technology at IDC, which covers compute and storage infrastructure. "The shift to a software-defined infrastructure enables them to focus on

innovation, drive operations costs down, and continue to differentiate based on the uniqueness of their products and services."

The report, *Worldwide Telecom (Compute and Storage) Infrastructure Forecast, 2018-2023* (IDC #US44234018), presents IDC's inaugural forecast for a significant portion of infrastructure market for Telecoms. Revenue is presented for the overall market and each of the two market segments (infrastructure hardware, which consists of storage and servers, and infrastructure software). The report also provides a market overview, including drivers and challenges for communications service providers and advice for technology suppliers.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,100 analysts worldwide, IDC offers global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly-owned subsidiary of International Data Group (IDG), the world's leading media, data and marketing services company that activates and engages the most influential technology buyers. To learn more about IDC, please visit www.idc.com. Follow IDC on Twitter at @IDC and LinkedIn.

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