

REPORT OVERVIEW

the **451** group
*Analyzing the Business
of Enterprise IT Innovation*

CLOUD COMPUTING

SEGMENT FOCUS: CLOUD STORAGE

Report I, 2010

451 MARKET MONITOR

Market Sizing and Forecasts

the **451** group

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 Tier1Research

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THE 451 GROUP: 451 MARKET MONITOR

ABOUT THE 451 GROUP

The 451 Group is a technology analyst company. We publish market analysis focused on innovation in enterprise IT, and support our clients through a range of syndicated research and advisory services. Clients of the company — at vendor, investor, service-provider and end-user organizations — rely on 451 insights to do business better.

ABOUT TIER1 RESEARCH

Tier1 Research covers consumer, enterprise and carrier IT services, particularly hosting, colocation, content delivery, Internet services, software-as-a-service and enterprise services. Tier1's focus is on the movement of services to the Internet — what they are, how they are delivered and where they are going.

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ABOUT MARKET MONITOR

The **Market Monitor** product line is a market-sizing research service from The 451 Group and Tier1 Research, offering five-year, bottom-up market size, share and growth forecasts for key segments of the enterprise technology marketplace.

Current Offerings Include:

MARKET MONITOR: VIRTUALIZATION SOFTWARE

100+ vendors in 14 market segments

MARKET MONITOR: CLOUD COMPUTING

200+ vendors in 17 market segments

ABOUT MARKET MONITOR: CLOUD COMPUTING

Market Monitor: Cloud Computing is a quantitative research service from The 451 Group and Tier1 Research that provides a five-year forecast of the size, growth and market share for the rapidly evolving cloud computing marketplace. The Monitor uses a bottom-up approach to track and project revenues for more than 200 vendors operating in 17 segments of the marketplace.

Core Components of the Service:

Market Overview Reports – *Twice-yearly* long-form reports showing overall market size and growth for the 17 segments covered in the service.

Segment Focus Snapshots – Focused monthly insight reports providing more granular detail and market-share data for one or more of the market segments.

Forecasts – Five-year market-size and growth projections for all market segments and companies.

Access to Data – Excel spreadsheets providing data contained within reports.

‘Spot’ Access to Analysts – Unlimited quick inquiry by email or phone to Market Monitor analysts.

In-Depth Access to Analysts – Structured consultation with Market Monitor analysts.

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EXECUTIVE SUMMARY

METHODOLOGY

This report leverages The 451 Group's deep knowledge of and relationships within the cloud storage marketplace, resulting in a proprietary forecast of industry revenue based on a bottom-up analysis of 16 vendors' current revenue and growth expectations. The 451 Group's cloud computing database generates a projection of the cloud storage market through 2013.

The estimates in this report are based on information gleaned from countless discussions with industry participants and management teams, followed by extensive internal debate. The information used to generate the estimates and conclusions in this report was gathered from the following sources:

- **The 451 Group/Tier1 Research Analyst Team:** Due to the nascent state of the cloud marketplace, the firsthand knowledge brought to bear by our analyst team is the cornerstone of this analysis.
- **Vendor interviews:** We utilize information disseminated to analysts by vendors in the cloud computing marketplace and companies adopting cloud technology.
- **End users:** Another component of our information-gathering process is interviews with end users. This firsthand, 'in the trenches' take on cloud computing products and services and vendor pricing provides extremely valuable insight. In addition, the findings from user surveys are included in our estimates.
- **Published data:** While scarce, cloud revenue data published by vendors has been included in or analysis. Due to the dearth of published data, the vast majority of current estimates are set using information obtained through the methods listed above.

CLOUD STORAGE DEFINED

Cloud storage is a new way of delivering storage capacity to individuals and businesses. Although definitions are somewhat amorphous at present, cloud storage services generally have two defining characteristics:

1. Capacity is offered and billed for on an on-demand basis.
2. Storage is provided by, and often located at, a third-party service provider.

Both of these characteristics mean that no up-front investment is required in building and then maintaining a storage infrastructure, which is an attractive proposition. Most consumers and many businesses are already utilizing storage 'on demand.' Anyone who uses Web-based email, social networking websites, and online media storage and sharing services, or who backs up their computer online, is essentially taking advantage of storage capacity on demand.

Is this cloud storage? In a sense it is, but because the storage itself is packaged up as one element of a broader service, and is not itself offered directly as a metered resource, we draw a distinction between Internet storage and cloud storage.

Cloud storage, then, is the provision of storage capacity, accessible over the Internet, available on demand and metered according to usage. However, we acknowledge that some providers will offer cloud storage capabilities to larger enterprises using dedicated WAN links. This component of the cloud storage marketplace is not included in this analysis.

Our primary focus for this report is to provide an estimate of the size and growth trends for the emerging landscape of public cloud storage. In addition, we provide analysis of the closely related sectors of online backup and cloud enablement.