the 451 group
Analyzing the Business of Enterprise IT Innovation

EXECUTIVE OVERVIEW

CLOUD COMPUTING:
IAAS, PAAS AND ENABLING TECHNOLOGIES
Report I, 2010

451 MARKET MONITOR

Market Sizing and Forecasts

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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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SECTION 1
Executive Summary

This is the introductory report for The 451 Group's Market Monitor: Cloud Computing service, a series of market-sizing reports on the rapidly evolving cloud computing marketplace. The following analysis examines the revenue generated by cloud service providers and by technology vendors via cloud platforms – including platform-as-a-service (PaaS) and infrastructure-as-a-service (IaaS) offerings, as well as the enabling technologies needed to build and manage a public cloud environment.

This report provides the current aggregate market size and growth expectations through 2013 for the aforementioned cloud sectors, and serves as the foundation for our quantitative cloud computing coverage.

The cloud computing marketplace is in an embryonic state, with momentous events occurring regularly. As vendors continue to enter the mix to address an evolving set of requirements, we will be expanding the scope of our market-sizing model to include new segments and will be adding appropriate new entrants on a biannual basis.

Updated estimates for the aggregate market and each subsector will be released to subscribers of the 451 Market Monitor service on a quarterly basis. In addition, we will be publishing monthly subsector reports that provide a more granular analysis of trends impacting the subsector in question, along with vendor market-share details.

1.1 METHODOLOGY

This report leverages our deep knowledge of and relationships within the cloud computing marketplace, resulting in a proprietary forecast of industry revenue based on bottom-up analysis of each vendor's current revenue and growth expectations.

Our cloud computing database tracks 175 vendors in the market, and segments revenue into 14 market subsectors. This market-sizing analysis represents an ongoing collaborative effort among 11 analysts within The 451 Group and Tier1 Research.

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:** In aggregate, the 11 analysts involved with this project have 170 years of experience in the technology sector. Due to the nascent state of the cloud marketplace, the first-hand knowledge brought to bear by this team is the cornerstone of this analysis.
- **Vendor interviews:** We utilize information disseminated to analysts by venders in the cloud computing market and companies adopting cloud technology.

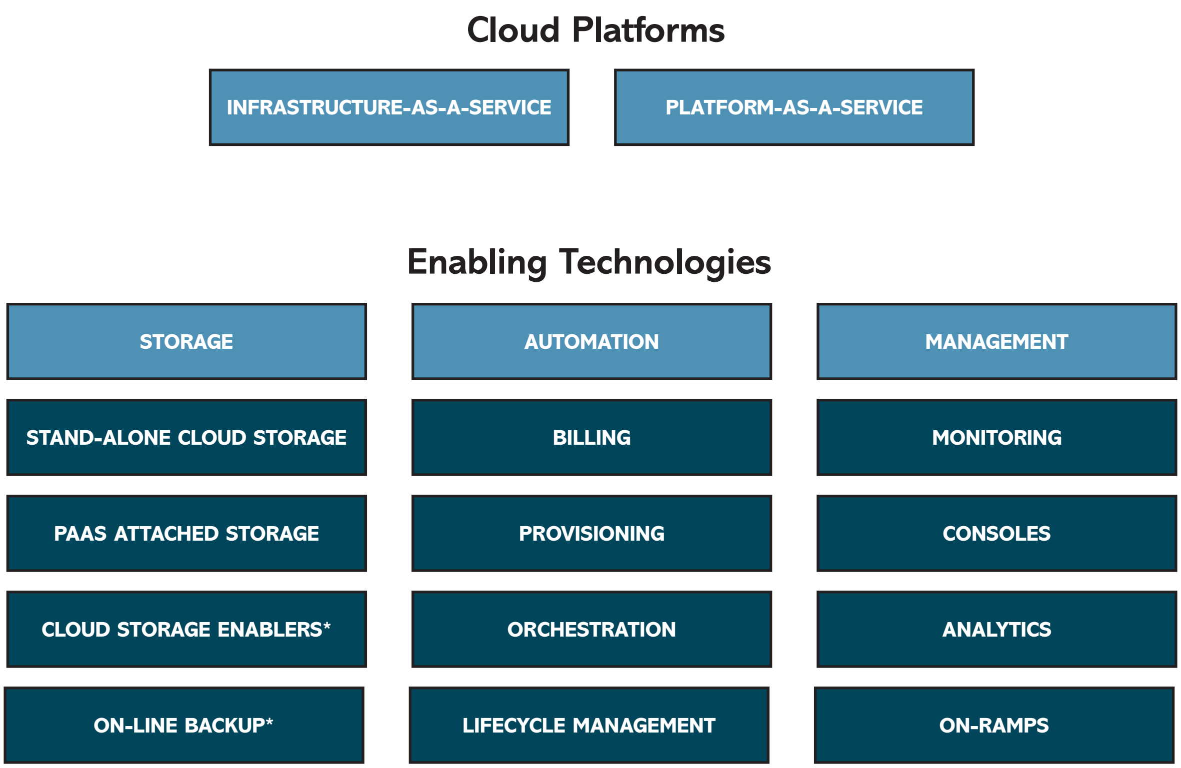
- **End users:** Another crucial component of our information-gathering process is interviews with end users. This firsthand, 'in the trenches' view of cloud computing products and services and vendor pricing provides extremely valuable insight. In addition, the findings from user surveys are incorporated in our assumptions.

- **Published data:** While scarce, cloud revenue data published by vendors has been incorporated in our analysis. Due to the dearth of published data, the vast majority of current estimates are set using information obtained through the methods listed above.

1.2 SCOPE OF ANALYSIS

This report focuses on cloud platforms (IaaS and PaaS) and enabling technologies (cloud storage, management and automation). Although it is often included as part of the underlying cloud infrastructure, we believe that storage represents an enabling technology for cloud computing, and it has been treated as such in our analysis. The cloud components and market subsectors examined in this report are illustrated in Figure 1.

FIGURE 1: MARKET TAXONOMY



** Examined as adjacent cloud storage markets and not included in aggregate revenue estimates*

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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