Cloud Services State of the Market: Maximizing Value from Cloud – Europe

December 2022: Complimentary Abstract / Table of Contents

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Contents

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Contents

Background of the research

- Enterprise objectives and outlook have rapidly evolved as their cloud journeys mature. Enterprises in Europe are no longer looking at the cloud from cost optimization, technology/process efficiency, and digital enablement perspective, but are considering it cloud to enable from the business value creation standpoint
- However, they are faced with unexpectedly high costs, Europe geography and industry-specific security and compliance concerns, operations complexity, dynamic sustainability mandates, and complex vendor landscapes. Enterprises look up to service providers to recalibrate strategy, drive transformation initiatives, enable ecosystem orchestration, and meet cloud sovereignty and sustainability-related requirements to realize an expected level of value from the cloud
- This report discusses key levers that can help enterprises unlock value from the cloud across monetary, agility, innovation, compliance, resiliency, and agility factors. It covers the underlying context, definition, and execution of these levers
- This report provides an outlook on the current state of the market of global cloud services market trends and growth outlook. It focuses on the Europe market and provides perspectives on some of the key demand drivers, cloud adoption themes, and enterprise challenges in driving the expected level of value from cloud investments
- The analysis is based on Everest Group's annual RFI process, interactions with leading cloud service providers, client reference checks, enterprise interactions, and an ongoing analysis of the European cloud services market

Scope of this report

Geography
Europe

Industry
All industries

Services
Cloud services

Overview and abbreviated summary of key messages

This report examines the IT cloud services market and provides an overview of the cloud services market in Europe, including trends, demand drivers, and key enterprise concerns along with enterprise strategies for maximizing value from the cloud.

Some of the findings in this report, among others, are:

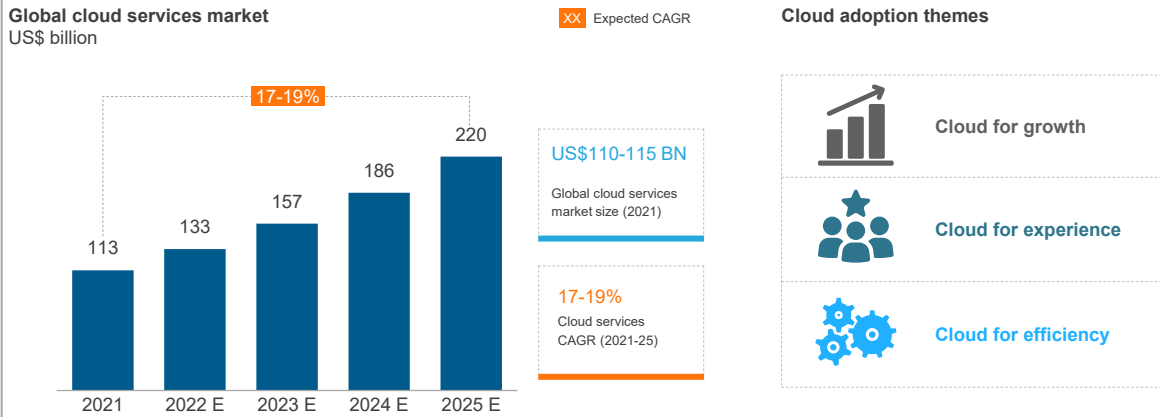| **Global cloud services market**	• Enterprises are considering the cloud as a lever for growth and value addition resulting in a robust global cloud services spend
	• North America and Europe lead the cloud services market as enterprises focus on modernizing and optimizing their cloud landscape; APAC follows

Europe cloud service market	• The Western and Northern European regions continue to be the most mature European regions for cloud services and dominate the cloud services demand in the area
	• Cloud operation and modernization accounts for around half of the cloud services market as enterprises focus more on their journey within the cloud
	• However, enterprises' lower value realization from cloud has led them to focus on automation, sovereignty, and economics as key levers to better facilitate their cloud journey
	• While enterprises are increasingly focusing on extracting the most from their cloud initiatives, concerns around security, governance, and costs continues to be a challenge

Enterprise adoption strategy for maximizing value from cloud	• To tackle challenges and differentiate themselves, enterprises need to reimagine their cloud objective to focus on value from the cloud
	• As the outlook shifts from the cloud for efficiency and digital toward the cloud for value, the value from the cloud is best enabled by four key value-generation levers: industry-contextualization of cloud, cloud economics, cloud sovereignty, and sustainable cloud infrastructure

This study offers three distinct chapters providing a deep dive into key aspects of cloud and infrastructure services market; below are four charts to illustrate the depth of the report
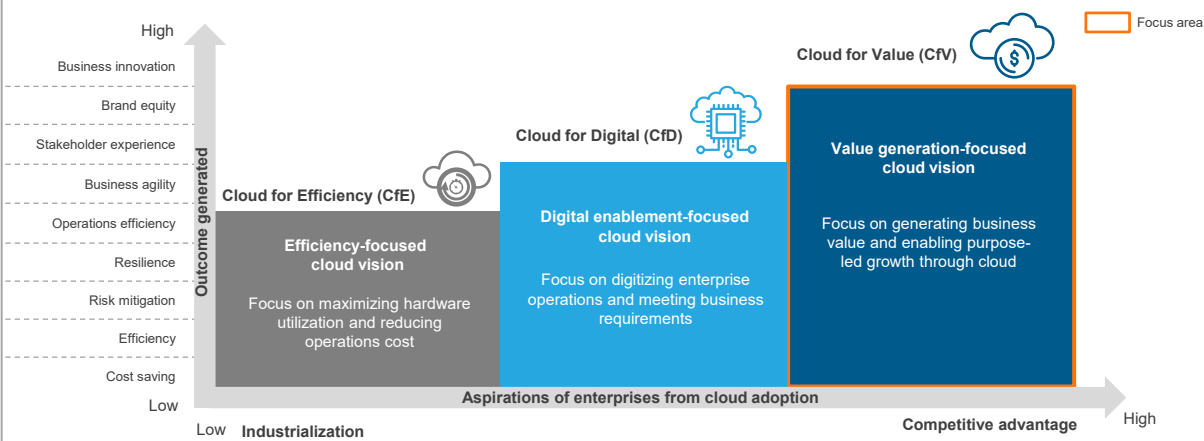
## Global cloud services market size, growth rate, and adoption drivers

Global cloud services market
US$ billion

| XX | Expected CAGR |

17-19%

Year	Value
2021	113
2022 E	133
2023 E	157
2024 E	186
2025 E	220

US$110-115 BN
Global cloud services market size (2021)

17-19%
Cloud services CAGR (2021-25)

Cloud adoption themes

Cloud for growth

Cloud for experience

Cloud for efficiency

Europe cloud services market size, growth rate, and split by geography

US$37-40 BN — Europe cloud services market size (2021)

16-18% — Cloud services CAGR (2021-25)

Cloud services market split by geography (Europe)

US$10-12 BN (14-15% CAGR)	US$8-9 BN (15-16% CAGR)	US$8-9 BN (16-17% CAGR)	US$5-6 BN (16-17% CAGR)	US$3-4 BN (18-19% CAGR)	US$1-2 BN (24-25% CAGR)
UKI	DACH	France & Southern Europe	Nordics	Benelux	Others
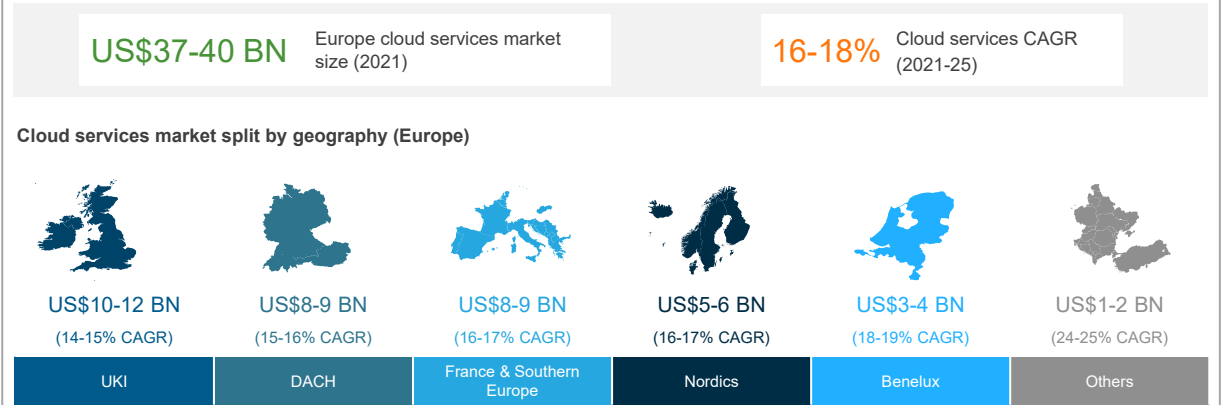
Reimagining cloud objective to focus on value from the cloud

Focus area

High

Outcome generated ↑

- Business innovation
- Brand equity
- Stakeholder experience
- Business agility
- Operations efficiency
- Resilience
- Risk mitigation
- Efficiency
- Cost saving

Low

Cloud for Value (CfV)

Cloud for Digital (CfD)

Cloud for Efficiency (CfE)

Efficiency-focused cloud vision
Focus on maximizing hardware utilization and reducing operations cost

Digital enablement-focused cloud vision
Focus on digitizing enterprise operations and meeting business requirements

Value generation-focused cloud vision
Focus on generating business value and enabling purpose-led growth through cloud

Aspirations of enterprises from cloud adoption

Low   Industrialization   Competitive advantage   High

Key value generational levers for cloud

Current enterprise maturity   Low ———→ High

Cloud value generation levers

- Industry-contextualization of cloud
- Cloud economics
- Cloud sovereignty
- Sustainable cloud infrastructure
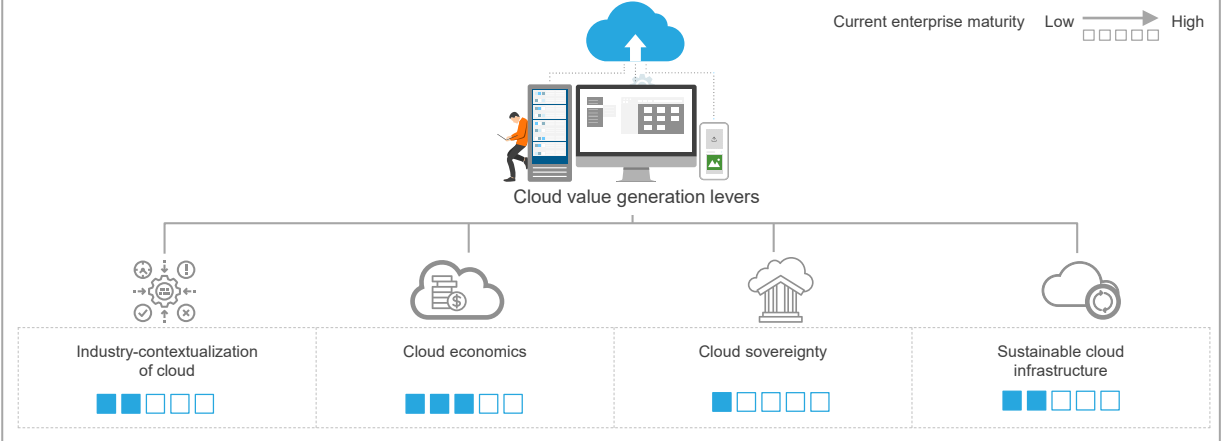
Research calendar
Cloud and Infrastructure Services

Reports title	Release date
Cloud Services Provider Compendium 2022 – North America	January 2022
Cloud Services Provider Compendium 2022 – Europe	January 2022
IT Service Provider of the Year - 2022	February 2022
Contract Renewal – Information Technology (IT) Services 2022	March 2022
Rise of Industry Cloud	April 2022
Mainframe Services – Weighing the Options for the Future of the Enterprise Mainframe	July 2022
An Integrated Operations Transformation Approach to Network Operations	July 2022
System Integration (SI) Capabilities on Amazon Web Services (AWS) PEAK Matrix® Assessment 2022	August 2022
System Integration (SI) Capabilities on Microsoft Azure PEAK Matrix® Assessment 2022	August 2022
System Integration (SI) Capabilities on Google Cloud Platform (GCP) PEAK Matrix® Assessment 2022	October 2022
Cloud Services State of the Market: Maximizing Value from Cloud – Europe	**December 2022**
Network Transformation Provider Compendium 2022 (Focus on Telcos)	Q1 2023
Network Transformation and Managed Services (Focus on SIs) PEAK Matrix® Assessment	Q2 2023
Cloud Services PEAK Matrix® Assessment – North America	Q3 2023
Cloud Services PEAK Matrix® Assessment – Europe	Q3 2023

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