

AWS and Microsoft grow strongly as cloud adoption shows no sign of cooling

Palo Alto, Shanghai, Singapore and Reading (UK) – Friday, 1 February 2019

Canalys' latest estimates show that Amazon Web Services (AWS) and Microsoft Azure grew strongly again in Q4 2018 as the adoption of cloud infrastructure services showed no sign of cooling. AWS grew 46% to US\$7 billion in the latest quarter, according to Canalys data.

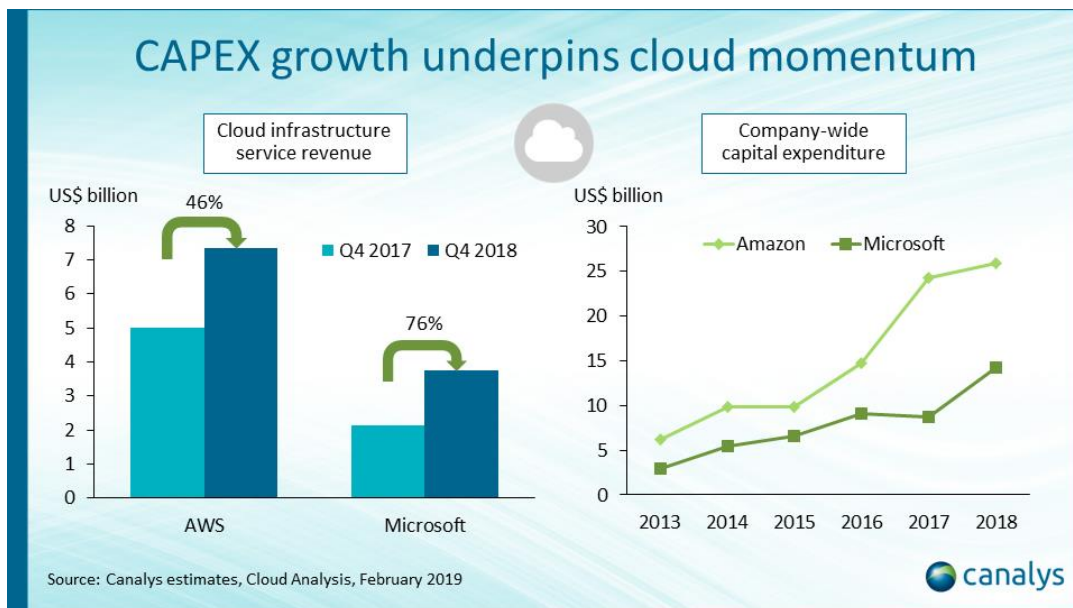


@AWS and @Microsoft grow strongly as cloud adoption shows no sign of cooling - via @Canalys <https://tinyurl.com/yd8lnr5w> #AWS #Azure

Microsoft Azure grew faster than AWS, up 76% to US\$4 billion, but remained the second largest provider. Underpinning this growth is the massive infrastructure investment both companies are making in expanding their geographic coverage and refreshing existing data centers.

“2018 was another year of rapid growth as businesses accelerated digital transformation projects and workload migration. This is set to continue in 2019, with more customers adopting multi-cloud strategies, including hybrid IT,” said Canalys Research Analyst Daniel Liu. “AWS maintained momentum due to traction from its enterprise customers, while Microsoft’s progress benefits from its long-standing hybrid IT initiatives, taken up by its existing large base of on-premises customers.”

Another key driving force for AWS and Microsoft is their growing investment in data center infrastructure. According to the latest public financial reports from Amazon and Microsoft, their company-wide capital expenditure (CAPEX) continued to rise annually. These CAPEX numbers are not cloud-only, but refer to investment activities, including purchase of property and equipment or facility assets. AWS currently has 60 cloud infrastructure locations worldwide, with another 12 under construction in Bahrain, Hong Kong, Italy and South Africa. It fueled Amazon’s CAPEX spend to reach US\$26 billion in 2018, though the rate of growth slowed to 7% year on year. In comparison, Microsoft’s CAPEX reached US\$14 billion, up 64%. It has 54 cloud regions worldwide, with another 10 being launched across Western Europe and Africa.



The need for data sovereignty, lower latency and higher performance, not to mention competition, is driving cloud providers to increase infrastructure investment and bring data centers closer to customers. “The investment needed to build new interconnected cloud data centers is huge, and due to the constant pressure to optimize data center operating costs, refresh cycles are shorter as they drive innovation. Cloud providers are under pressure to be profitable and have to manage CAPEX. The signs are they are currently focusing more on capacity utilization, which will be reflected in their CAPEX numbers in the first half of 2019. This will impact infrastructure and component suppliers in the short term”.

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