

Coronavirus

Cloud Spending at Record Levels as Covid-19 Creates New Demand

The corona virus outbreak and the global lockdown has seen demand for cloud services reach record levels. Global spending has increased by 34 percent in the first quarter of 2020.

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The ongoing Covid-19 crisis has driven global demand for cloud services to record levels according to industry analyst Canalis. The cloud infrastructure services market grew by 34 percent to USD 31 billion in Q1/20, with the market rush being driven by companies moving to remote working solutions as lockdowns were put in place around the world.

The sudden surge in demand for online collaboration tools, e-commerce and consumer cloud services has precipitated a sharp uptake in cloud consumption that has benefited all of the major cloud providers.

Digitalization driving demand in Germany

The cloud market in Germany has seen lively development in recent years. Bitkom's Cloud Monitor 2019 reveals that three out of four companies use cloud computing.

More than half of the cloud users surveyed claim that cloud implementation plays a major role in their overall company digitalization efforts.

Cloud-based applications are finding favor in Industrie 4.0, e-commerce and data management platform settings. Different studies also show a steadily growing number of public and private cloud computing providers in a healthy domestic market. Last year, 94 percent of companies doing business in the field of cloud computing (e.g. SaaS, IaaS, consultancy) rated their state of business as being very good or good.

Nevertheless, other studies point to the cloud market in Germany's relative immaturity compared to other European markets. But with global business increasingly being shaped by digitalization and cloud-related technologies, German companies – mainly SMEs – are concentrating on digital business strategies, with cloud services being imperative to their successful execution.

Data storage, collaboration and business applications

Companies in Germany use both private and public clouds, with the "hybrid cloud" combining options from both increasingly being the preferred cloud product of choice. Typically, German companies use the cloud for data storage, workforce collaboration and business applications (e.g. ERP, email). Companies turning to cloud models consider faster

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scalability; location-independent data access to IT applications; increased data security; and improved efficiency and productivity as the most important advantages of cloud adoption.

Cloud opportunities in Germany

Companies who have not yet implemented cloud solutions cite cloud security as their primary concern. The complexity of cloud migration – and ease of integration into internal IT systems – represents another significant challenge. International expansion is an integral part of cloud provider competitiveness strategy.

Significant opportunities exist for companies who strengthen their regional presence in Germany, while developing hybrid cloud solutions to meet growing domestic demand.

Ongoing support services that meet industry requirements are intrinsic to cloud offerings, with AI and blockchain services in the cloud also representing interesting growth segments. German companies seeking to mitigate the worst effects and future developments of the ongoing Covid-19 crisis urgently need to increase efficiency and productivity – cloud-computing solutions can help them successfully realize these objectives.

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