IDC MarketScape

IDC MarketScape: European Public Cloud IaaS 2024 Vendor Assessment

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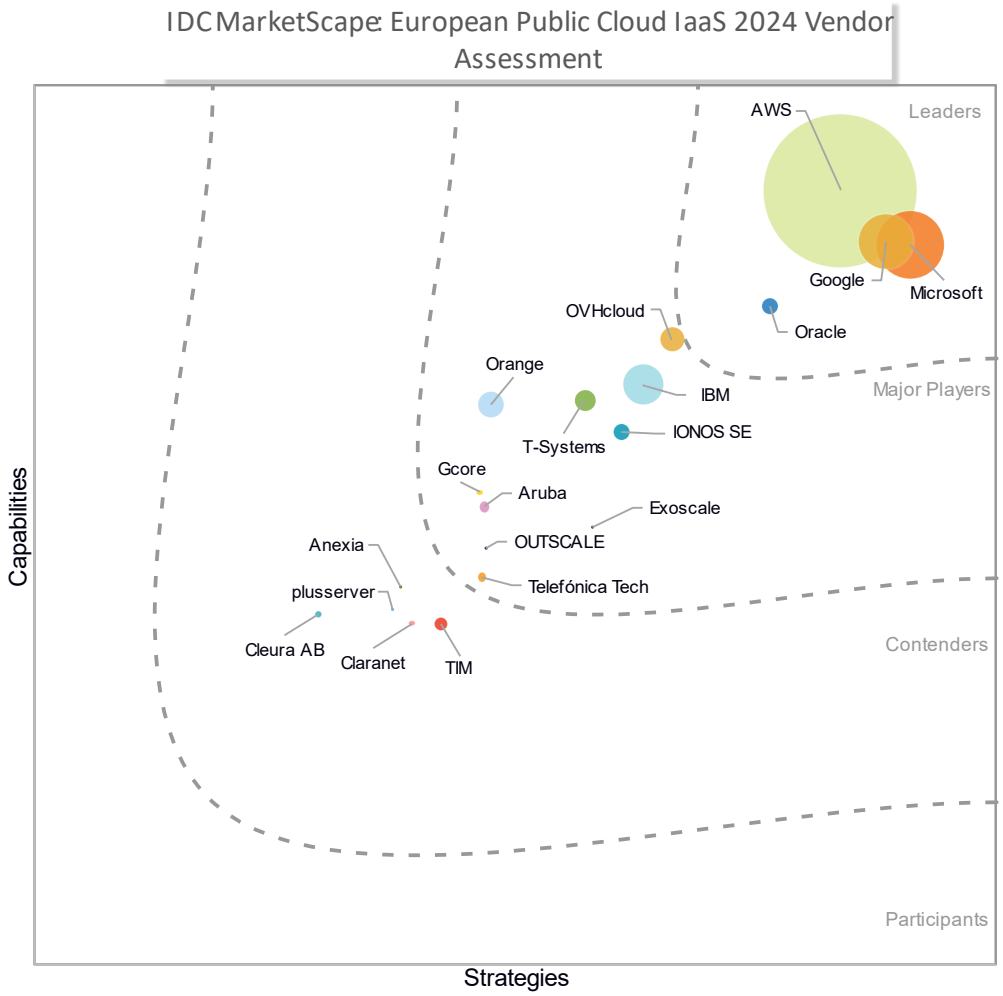
THIS IDC MARKETSCAPE EXCERPT FEATURES OVHCLOUD

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape for European Public Cloud IaaS 2024 Vendor Assessment



Source: IDC, 2024

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Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: European Public Cloud IaaS 2024 Vendor Assessment. All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

According to IDC's *EMEA Cloud Survey* in August 2023 of 1,610 respondents, a combined 60% of organizations across Europe are currently spending most of their IT budgets on some type of public cloud environment, which could include IaaS and PaaS, multiple public clouds, or SaaS. About 24% are using a hybrid approach that combines private and public cloud. The top workloads organizations are planning to rehost from on-premises to a public cloud IaaS platform include databases/data warehouses/data lakes, their own proprietary applications, industry-specific applications, and analytics and Big Data applications. The business outcomes they expect to achieve from using cloud include cost reductions, more efficient or optimized operations, and improved employee productivity, satisfaction, and retention.

However, despite cloud computing as we currently know it having been around for around 18 years now, many organizations in Europe are still at the beginning of their cloud journeys. Most of these organizations are at a cloud maturity level that can be described as "opportunistic," meaning their cloud requirements are driven by business needs when requested by internal stakeholders and they lack staff with any significant cloud training or certifications. Most organizations in Europe are aiming to move up the maturity scale, and over the next two years their ambition is to become "optimized" by having broadly a substantial cloud team that is proactively managed and resourced well.

To help support their business objectives and cloud projects, most organizations in Europe say their preferred partners today and in the near future are sovereign cloud providers. Demand for solutions for data sovereignty and sovereign cloud marks the European public cloud market. Increasing regulations, growing concerns over cybersecurity and data privacy, and the continent's desire to have a homegrown ecosystem of cloud providers and less dependency on extraterritorial vendors has resulted in unique market dynamics that global and local players are factoring into their public cloud offerings.

Besides IaaS solutions that can support digital sovereignty, organizations in Europe will continue to seek cloud solutions that will enable them to innovate while reinforcing their cybersecurity profiles and enhancing operational resilience. In addition, sustainability continues to rank high on the agenda, with a combined 79% of organizations across Europe considering this as either "moderately important," "very important," or "extremely important" when choosing a cloud solution. Furthermore, AI and generative AI (GenAI) solutions are already driving the next wave of cloud adoption in Europe. Only 5% of organizations IDC surveyed for its August 2023 *EMEA Cloud Survey* said that they preferred to run AI on premises while a combined 87% said that they were either already using or planning/considering cloud to build their AI solutions. When asked how they expected AI use cases to impact their cloud utilization, 24% cited increased demand for computing power, while 20% expect increased demand for storage space.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This IDC MarketScape provides an evaluation of public cloud infrastructure-as-a-service (IaaS) providers in Europe. IDC's Worldwide Semiannual Public Cloud Services Tracker includes 40 global and regional cloud providers that offer IaaS across Europe (including CEE as well as Western Europe). However, not all these vendors are included in this report, which only focuses on those that were able to meet the following criteria:

- The service provider has offered public cloud IaaS compute and storage services for at least two years in Europe as of the end of 2022.
- The service provider generated more than $10 million in IaaS business in 2022.
- The service provider has active operations (offices/datacenters) in Europe.

Publicly available information was used to assess vendors that met the above criterion but did not participate in this study.

ADVICE FOR TECHNOLOGY BUYERS

Cloud customers should always identify and focus on the business outcomes of any IT technology shift within their organization, and that includes cloud migration. IDC's *EMEA Cloud Survey* in August 2023 reveals that the top 3 benefits that organizations look for in Europe include cost reductions, improved employee productivity, satisfaction and retention, and more efficient/optimized operations. Furthermore, when selecting a cloud platform for migrating and modernizing apps, the top factors that organizations should consider are security and compliance, cost effectiveness, and availability and reliability. We therefore offer the following guidance to help organizations in choosing and using public cloud IaaS:

- **Look for vendors that can help optimize cloud spending.** After a period of accelerated cloud adoption in recent years in the wake of the COVID-19 pandemic, European organizations should now critically review and rightsize any skyrocketing cloud spending. They should work with public cloud IaaS vendors that can help determine their optimal level of cloud expenditure to ensure cost-efficient operations. Customers are also advised to work with vendors and their partners that have developed methodologies to optimize cloud spending and can act as trusted advisors. European organizations should be able to gain control of their cloud spending levels, as this will give the confidence needed to continue to invest in cloud solutions for innovation, resilience, sustainability, and generative AI.
- **Focus on sustainability.** European organizations need more sustainable IT infrastructures and deployment models, and sustainability should therefore become one of the main drivers of cloud deals. Customers should also be aware of increasing regulatory pressures that affect them as well as public cloud services providers in Europe. At the beginning of the decade, the European Commission announced the EU Green Deal, which addresses goals, regulations, and investments to make Europe the world's first carbon-neutral continent by 2050. It also released the EU Code of Conduct on Data Centre Energy Efficiency, which defines metrics and provides considerations for cloud and datacenter providers and users to improve the energy efficiency of new and existing datacenters through better energy and water efficiency, waste management (circular economy), and governance. To comply with the new regulations (e.g., new reporting requirements), European organizations must look to public cloud services that offer the required solutions.
- **Inquire about digital sovereignty capabilities**. Digital sovereignty has become an increasingly important topic for European organizations since the implementation of the EU's General Data Protection Regulation (GDPR) in 2018. Organizations want to own their data and control its use; they should therefore work with public cloud IaaS providers that can meet their sovereignty requirements, either through alliances with European partners (such as region-based telcos) or by developing dedicated and localized sovereign cloud solutions.
- **Ask about the expansion of localized infrastructure.** Customers in Europe that have diverse needs across multiple regions should work with public cloud IaaS providers that are focusing on expanding their infrastructure across different countries and regions. This involves establishing datacenters, zones, and edge locations on a country level to minimize latency and improve performance.
- **Integrate with GenAI ecosystems.** As companies increasingly use generative AI, they will need to work with public cloud IaaS providers in

Europe that can position themselves as valuable partners through integration with GenAI ecosystems. These ecosystems consist of frameworks, libraries, and tools that facilitate the development and deployment of generative AI models (e.g., deep learning models for image synthesis, natural language processing, or music generation). Customers will need to work with cloud providers that offer powerful scalable infrastructure to store data and run GenAI projects and provide substantial computational resources for training and inference. Customers should also look for partners that can offer preconfigured environments, pretrained models, and comprehensive documentation as this will simplify the development and deployment processes for generative AI projects, making it easier to get started.

- **Work with providers that can offer industry-specific solutions and industry cloud plans.** Customers in Europe that need industry-specific solutions should look for vendors that collaborate with key stakeholders and understand the unique requirements of various sectors (e.g., healthcare, finance, or manufacturing). They should work with providers that can tailor their offerings to specific industries and can offer specialized services, compliance frameworks, and preconfigured templates that meet industry-specific needs and better align technology with business outcomes.
- **Look for enhanced automation and orchestration portfolios.** Customers can hasten time to market, reduce human error, and enable seamless scaling across hybrid or multicloud environments by working with cloud providers that simplify the deployment and management of applications and resources. They should partner with vendors that invest in developing robust platform-agnostic orchestration and automation frameworks. This includes offering features such as declarative infrastructure provisioning, policy-driven autoscaling, and integration with popular configuration management tools.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in this IDC MarketScape. While every vendor is evaluated against each criterion outlined in the Appendix, the description here summarizes each vendor's strengths and opportunities.

OVHcloud

OVHcloud is positioned in the Major Players category in the 2024 IDC MarketScape for European public cloud IaaS.

Founded in 1999 as an internet hosting firm, Paris-based OVH entered the public cloud market in 2011 and rebranded as OVHcloud eight years later. It currently

has 43 datacenters globally: 26 in Europe (France, Germany, Poland and the U.K.) and the remainder in Australia, Canada, India, Singapore, and the U.S. In March 2024, the company announced plans to expand its footprint with more datacenters in Europe, Asia/Pacific, and North America.

OVHcloud's portfolio features a variety of IaaS offerings, such as a VMware-based bare-metal private cloud service as well as a range of public cloud solutions. The latter includes general and optimized compute resources that support AMD and Intel-based VMs. The firm partners with NetApp for an ONTAP-based file storage service managed by OVHcloud and with Veeam for backup. Archiving service tiers and NAS capabilities are also available.

In recent years, OVHcloud has made investments in building out software services higher up the stack in areas such as AI/ML, databases, and container orchestration. After going public with an IPO in October 2021, the company added €350 million to its coffers to fund its next expansion efforts. Its ultimate ambition goes beyond being just a provider of data centers and platforms. Instead, it aims is to build a "Trusted Cloud," working with a network of partners and an ecosystem able to ensure the development of a cloud environment that is safe and compliant on all layers, from IaaS to PaaS to SaaS.

Strengths

Digital sovereignty is one of OVHcloud's major strengths, and the vendor can apply this to all levels of sovereignty (data, technical, and operations) as well as across its global regions. It offers an open cloud platform that is open sourced, ensuring reversibility (i.e., no vendor lock-in) and interoperability.

With adjacent service offerings such as dedicated private servers, web hosting, and hosted private clouds, the firm is potentially an attractive one-stop shop for organizations setting out on their cloud migrations. Customers can start the transition with OVHcloud using older deployment models and then maintain the same commercial relationship when they decide to move those workloads.

Other strengths for OVHcloud include managing and maintaining its own global network. Except for its datacenters in Australia, India, and Singapore, there are no additional charges for outgoing or incoming traffic, and OVHcloud does not charge for data traffic over the internet to keep billing clear and predictable.

The company should also be noted for its sustainability efforts. Since 2003, it has been using proprietary water-cooling technology to cool its servers, thus removing the need to operate its datacenters using air conditioning. OVHcloud also uniquely manufactures, disassembles, and upcycles its own servers.

Challenges

To be seen as Europe's answer to U.S.-based global cloud providers, OVHcloud will need to up its games when it comes to its innovation capabilities and road map velocity.

IDC research continues to show that most organizations across Europe are still spending most of their IT budgets on traditional on-premises IT followed by hybrid cloud (a combination of private and public cloud). OVHcloud is therefore advised to strengthen its on-premises offerings to work alongside its public cloud IaaS. The company says an on-premises appliance is planned next year and will complete its Managed Rancher Services that are available today on existing on-premises IaaS.

Other challenges for the vendor to address include limited training capabilities to support customers, partners, and its internal teams; the need to offer customers a dedicated program and partners to help support their migration needs; and more tools and solutions to optimize resource utilization and cloud costs for users.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the Y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the X-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represent the market share of each individual vendor within the specific market segment being assessed. The bubble size represents vendor revenues from IaaS products and services provided in Europe for 2023. It excludes IaaS revenues passed on to partners and all other cloud revenues such as private cloud, colocation, managed services, PaaS, and SaaS.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information and end-user experiences to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Infrastructure as a Service

The public cloud infrastructure-as-a-service (IaaS) market is defined in detail in the following sections, which describe the IaaS functional market and public cloud service deployment model. *IDC's Worldwide Public Cloud Infrastructure as a Service Taxonomy,* 2022 (IDC #US49017222, May 2022) defines public cloud IaaS as the aggregate of compute, raw storage capacity, and the associated networking capability delivered through a cloud deployment model. The public cloud IaaS market includes only compute and storage services that meet our criteria definition for public cloud services (i.e., general purpose, elastic, shared, and multitenant, as shown in Table 1). Shared networking functionality integral to the delivery of compute and storage resources and their associated fees are also included in the scope of our taxonomy (e.g., data transfer and egress). Independent networking IaaS services, such as load balancing, for example, and any higher-level or adjacent cloud infrastructure, platform, or software services, are not included in the taxonomy.

Cloud Deployment Models

Cloud deployment models describe how a cloud IT service is built and delivered to consumers of the service. The factors that determine the cloud deployment model are:

- The physical location of the hardware infrastructure systems on which the service is running
- Whether or not the service is dedicated to one organization or shared across multiple independent organizations
- The owner of the hardware infrastructure systems on which the service is running

At the broadest level, the types of deployment models for cloud services are public and private:

- Public cloud services are shared among unrelated enterprises and/or consumers, open to a largely unrestricted universe of potential users, and designed for a market, not a single enterprise.
- Private cloud services are shared within a single enterprise or an extended enterprise, with restrictions on access and level of resource dedication, and defined/controlled by the enterprise beyond the control available in public cloud offerings.

The client functionality delivered as cloud services and categorized as virtual cloud client computing (including "desktop as a service" offerings, such as those from Amazon, Microsoft, VMware, for example) fits within the software-as-a-service system infrastructure software market and is not part of the IaaS market.

Attributes that Define an IT Cloud Service

IDC defines cloud services through a checklist of key attributes that an offering must manifest to end users (see Table 1). To qualify as a "cloud service," as defined by IDC, an offering must support all the six attributes listed in Table 1. These attributes apply to all cloud services — in all public and private cloud service deployment models — although the specifics of how each attribute applies may vary slightly among these deployment models.

TABLE 1

Six Attributes of IT Cloud Services

Attribute	Remarks
Shared, standard offering	Built for massive scale, automated deployment
Delivered as an all-inclusive service	Pre-integrated and manages/updates all required resources
Elastic scaling	Dynamic, rapid, and fine grained
Elastic pricing capability	Tied to resource consumption or number of users
Self-service	Self-service provisioning and administration options
API/published service interface	Programmable access via open/published API

Source: IDC, 2024

LEARN MORE

Related Research

- *How Much of European Organizations' Total Public Cloud Spending Is Wasted or Under-Utilized?* (IDC #EUR152099224, May 2024)
- *How Will EMEA Organizations Deliver Business Impact Through GenAI?* (IDC #EUR252018324, April 2024)
- *Tackling the Cloud Skills Shortage: The Human Factor as the Key to Cloud Success* (IDC #EUR151918624, March 2024)
- *Which Types of Cloud Infrastructure Do Organizations Manage Through Third-Party Service Providers in Europe?* (IDC #EUR151952224, March 2024)
- *IDC FutureScape: Worldwide Cloud 2024 Predictions — European Implications* (IDC #EUR151750724, January 2024)
- *How Sovereign Cloud Is Impacting Organizations in Europe* (IDC #EUR151641724, January 2024)
- *IDC's Worldwide Public Cloud Infrastructure as a Service Taxonomy, 2022* (IDC #US49017222, May 2022)

Synopsis

This IDC MarketScape presents a vendor assessment for the public cloud infrastructure-as-a-service (IaaS) market in Europe based on the IDC MarketScape model. The IaaS providers identified were evaluated using the IDC MarketScape model, and the process included information collected from the market and the providers themselves. Providers were measured in terms of their current capabilities and future strategies for delivering services to customers in Europe.

"This report serves as a valuable resource for organizations navigating the European public cloud IaaS market, offering a detailed analysis of vendor capabilities and strategies," said Carla Arend, IDC's Associate Vice President of Cloud Research for Europe. "It highlights the critical factors influencing cloud adoption in Europe, including digital sovereignty, sustainability, and the integration of advanced technologies such as AI."

ABOUT IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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