

Introducing Azure platform

The cloud market in New Zealand



Executive Summary

This document provides an overview of the New Zealand cloud market and the opportunities that exist to meet the growing demand for cloud – and more specifically hybrid cloud – and what this means for business performance. Microsoft New Zealand has recently launched its latest cloud product, Azure Stack, to ensure an optimum level of services for the needs of today's businesses. Through research partner IDC, Microsoft has undertaken to find out more about the cloud market in New Zealand uncovering the main barriers to cloud adoption the opportunities for hybrid cloud and the future of the cloud market looking ahead to 2021.



The Business Context

New Zealand organisations are currently undergoing a significant amount of change - digital transformation is at the forefront of this as it impacts on all facets of a company's operation. Transformation driven by cloud-enabled products and services is now seen as a key way to enable more growth. This is accelerating the New Zealand cloud market.



Cloud currently worth circa

NZ\$1.1billion

51%



of CEO's see the role of IT as transformation, only 6% see IT as a stabiliser

90%



of New Zealand organisations believe that they are consuming some form of cloud-based service and due to this they are moving towards a "cloud-first" based IT strategy.

The majority of New Zealand organisations, across organisational sizes, expect to have optimised cloud strategies within two years.

Third platform technologies are seen as the main competitive tools

Other considerations for digital transformation (DX)

#1

NZ CEOs number one concern is cost



Followed by the threat of new competitors and new business models



34%

see change management as the biggest challenge of the DX economy



71%

of organisations have multiple DX budget holders but digital leadership teams are small



28%

of CIO resources are dedicated to governance



52%

of CIOs say integration is a top priority but business and IT struggle to come together to make this work

Because of this transformation focus from business, cloud is in high demand



Public cloud growth is accelerating at **20.8%** compound annual growth rate(CAGR).

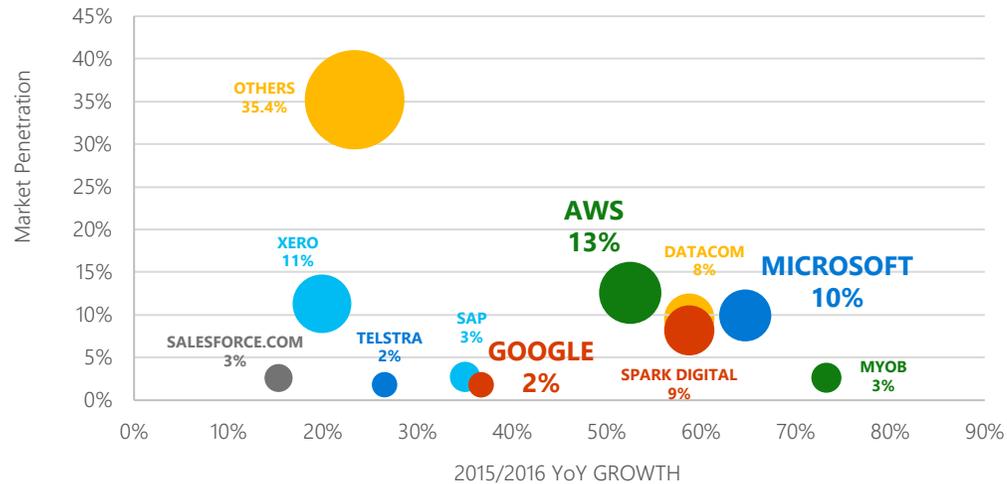


Private cloud is also showing strong growth at **6.5%** CAGR

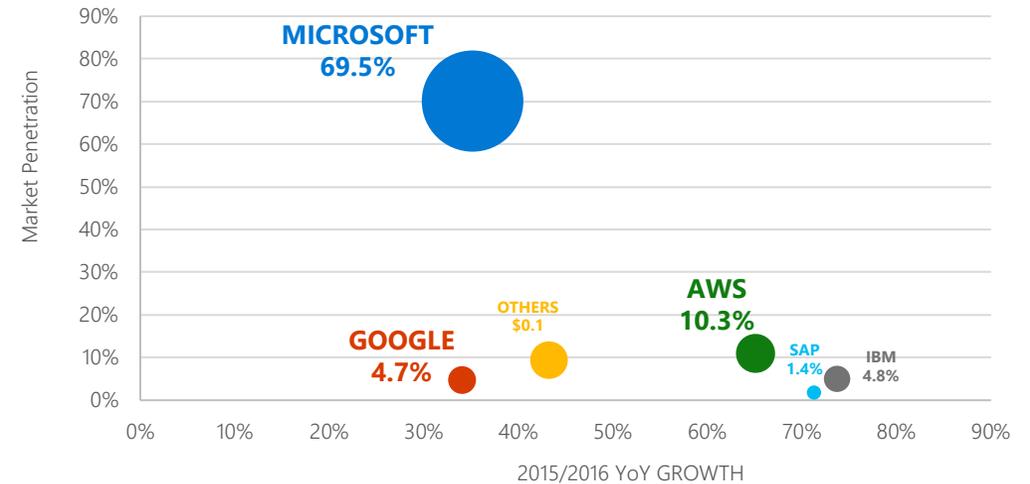
Current Market Share for Public Cloud and PaaS



Public Cloud: Top-10 Players 2016 (\$NZMil)



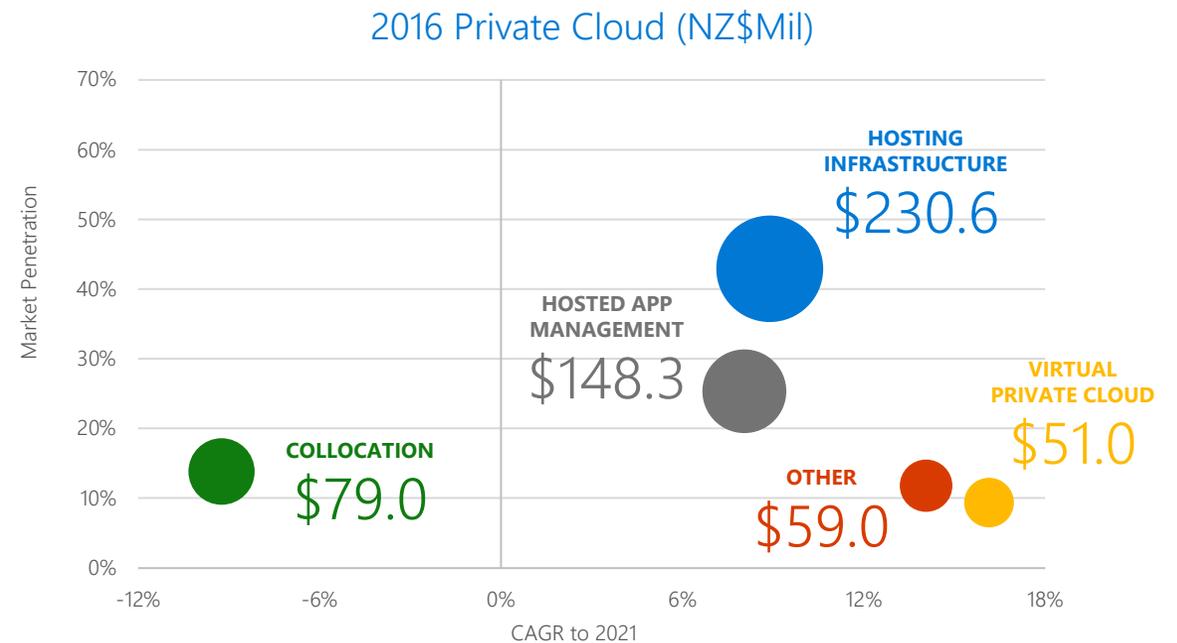
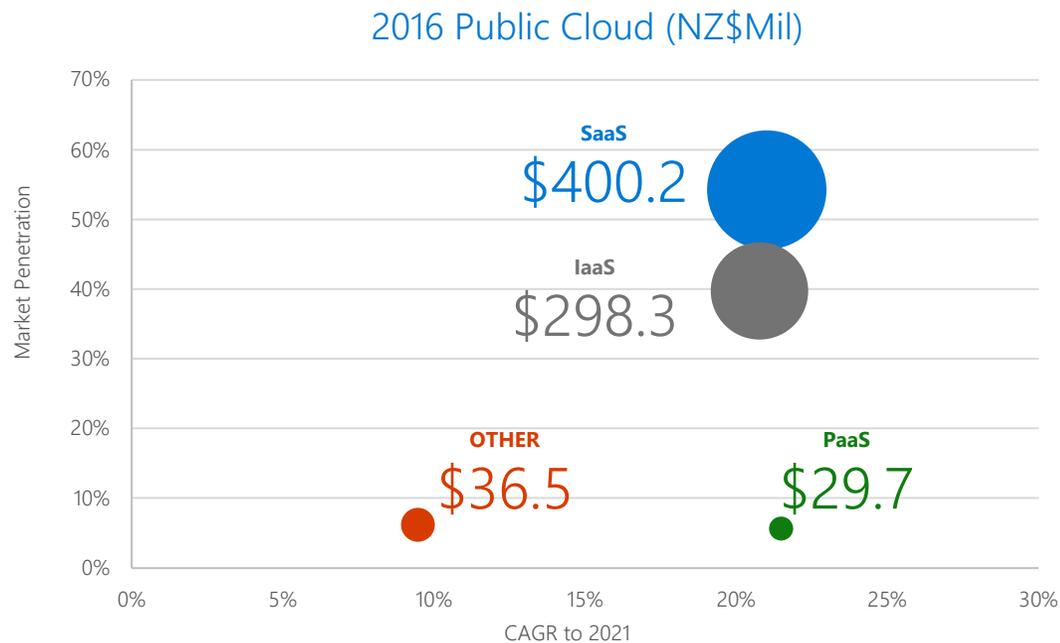
PaaS: Top-5 Players 2016 (\$NZMil)



Source: IDC's Public Cloud Services Tracker, IDC's Asia/Pacific CloudView Study 2017

Current Market Share for Public Cloud vs. Private Cloud

Currently the SaaS market is by far the largest in public cloud, leaving plenty of room for growth in PaaS. In the private cloud market, app development and management is likely to increase significantly as it's the fastest growing of the private cloud segments.



However there are still some barriers and challenges to public cloud adoption

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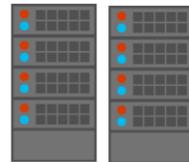
Security

#2



Lock-in
contracts

#3



Cost of
deployment

#4



Governance
and SLAs

#5



Reduced
customisation
opportunities

NZ Businesses' Top 3 IT investments right now

#1



Build a secure
IT environment

#2



Improve or
simplify IT

#3



Create a robust
governance
structure

The move to hybrid architecture

65% 

of organisations
are now focused
on a hybrid
architecture.

Overall, businesses have ambitious plans to transform their operations via cloud within the next two years, with most agreeing a mix of public and private cloud as the model that best suits their needs.

Hybrid is becoming the accepted architecture state because of the flexibility it provides, allowing bespoke in-house applications along with self-upgrading public cloud solutions, makes it the preferred choice for today's businesses. Microsoft's Azure Stack is the first hybrid cloud product available to New Zealand businesses.

What does the future look like?

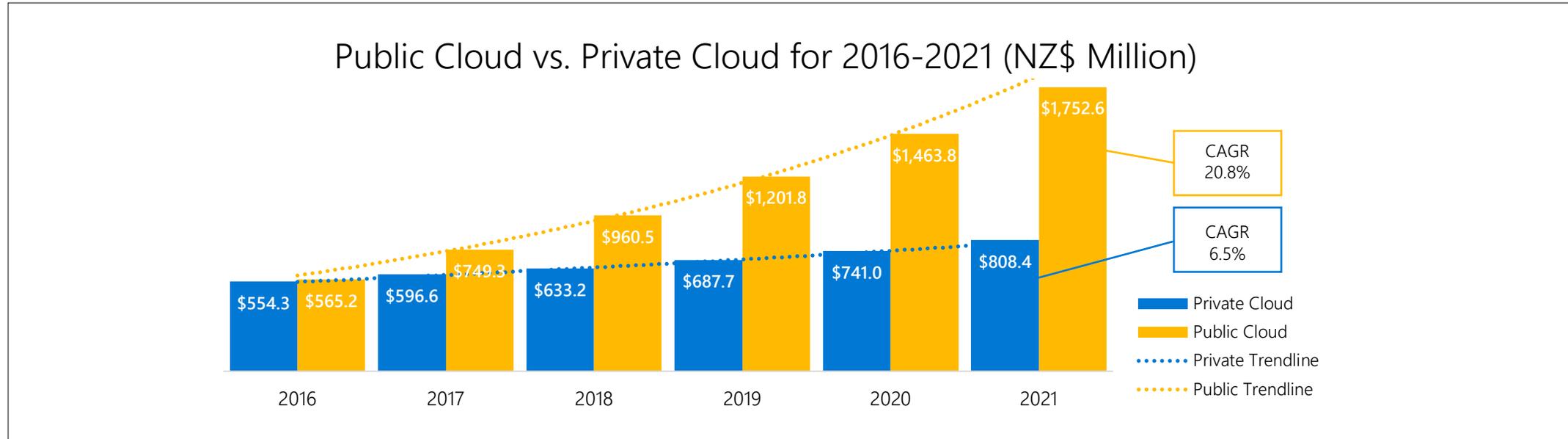
Future cloud will be workload driven instead of deployment model-driven.

Future cloud adoption is unlikely to involve wholesale business migrations onto a new platform. Instead, a less disruptive “as and when required” approach will be the norm. Different applications transferring to the cloud will happen when it makes sense to do so, while other functions will remain on existing servers and platforms that still have operational life left in them.

This future of a strong hybrid architecture has the following underlying drivers:



Cloud value in 2021



NZ cloud market is growing at **20%** per annum to 2021

The banner features a blue background with white clouds on the left and a white sailboat on the right. A silhouette of a person in a suit is standing on the deck of the sailboat, looking through a telescope. The text 'NZ cloud market is growing at 20% per annum to 2021' is centered in white.