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2017 Cloud	Revenue
Microsoft	\$18.68
Amazon	\$17.5B
1884	\$17.08
Salesforce.com	\$9.92B
Oracle	\$5.68
SAP	\$4.71B
Google	\$38

Amazon and IBM in the Cloud Wars. @BOBEVANSIT

While Google Cloud Platform is showing huge potential, it's far behind revenue leaders Microsoft,

(Note: After an award-winning career in the media business covering the tech industry, Bob Evans was VP of Strategic Communications at SAP in 2011, and Chief Communications Officer at Oracle from 2012 to 2016. He now runs his own firm, Evans Strategic Communications LLC.)

CLOUD WARS — In a striking example of just how big the enterprise cloud

has become and how rapidly it's growing, Google Cloud Platform's disclosure

of an impressive \$4-billion forward-looking annualized revenue run rate leaves GCP about \$15 billion behind the parallel metrics for Cloud Wars leaders Microsoft, Amazon and IBM. For calendar 2017, the seven biggest enterprise-cloud vendors—Microsoft,

Amazon, IBM, Salesforce, Oracle, SAP and Google—posted cloud revenue of \$76.3 billion, as compiled from those companies' publicly available earnings results. The Big 3 in that group—Microsoft (\$18.6 billion), Amazon (\$17.5 billion)

and IBM (\$17.0 billion)—combined for calendar-2017 cloud revenue of \$53.1

billion, and the enterprise-cloud businesses for each of those three companies

appear to be accelerating rapidly going into 2018 as this graphic reveals:

IBM	\$5.58
Microsoft	\$5.38
Amazon	\$5.18
Salesforce.com	\$2.688 ===
Oracle	\$1.58 ==
SAP	\$1.248
Google	\$18

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and Amazon in the cloud in Q4. @BOBEVANSIT

the 12 months ended Oct. 31, and that's as close to an approximation for calendar 2017 as is available. But with Salesforce continuing to grow rapidly, let's be a little crazy and say its calendar 2017 revenue is a cool \$10 billion.

In the middle of the pack, Salesforce.com posted revenue of \$9.92 billion for

Oracle, SAP and Google combined for more than \$13 billion in cloud revenue in 2017, but I can't be more precise than that because while Oracle came in at \$5.6 billion (for the 12 months ending Nov. 30) and SAP at \$4.7 billion, Google didn't release a specific full-year revenue figure for its cloud business. Some analysts are pegging the full-year number at around \$3 billion.

• IBM is a huge winner on multiple fronts, particularly in the revelation

So let's take a look at what some of those numbers mean:

- that its cloud business is only 3% smaller than Amazon's and within 10% of market leader Microsoft. • Another big win for IBM: surprise surprise, but look at which cloud
- vendor posted the biggest revenue in Q4? IBM takes that crown with \$5.5 billion, spurred by a 30% year-over-year growth rate, while Microsoft came in at \$5.3 billion on a staggering 56% growth rate and Amazon at \$5.1 billion on stellar 45% growth. • The narrative—and it is dead wrong—repeated relentlessly and tirelessly by many in the media and amplified by some analysts that
- Amazon is the runaway winner in the cloud is baseless, sloppy and terribly misleading. In the IaaS space exclusively, yes indeed, Amazon's AWS unit is the big cheese. But as the publicly available numbers shown throughout this article and within the embedded graphics reveal, Microsoft is the overall leader in the enterprise cloud, Amazon sits below Microsoft in revenue, and IBM is just barely behind Amazon. It's time for that long-running string of extremely fake news that "Amazon rules the cloud" to come to an end. • Reports that long-time enterprise-software powerhouses Oracle and SAP are lost in the clouds is also pure rubbish. Both companies are generating broad and deep growth for their cloud businesses, both are
- investing heavily in hybrid-cloud technologies to allow customers to continue to get maximum value out of their existing on-premises software in close collaboration with their new cloud services, and both companies are also investing heavily in customer-success programs essential to credibility in the cloud. • Google Cloud Platform's achievement of \$1 billion in Q4 revenue is outstanding—but it's also a clear indication that Google, for all of its astonishing technological and financial resources, has not until recently taken this market seriously. While the longtime media trope
- has been that SAP and Oracle have been "late to the cloud," these numbers reveal that if any of the major cloud vendors truly deserves to have to wear a T for tardy, it is Google. Now that Diane Greene and company have things on track, it will be most interesting to see how GCP fares in the Cloud Wars in 2018 and beyond. So, let me conclude with a couple of thoughts on each of these leading enterprise-cloud vendors as they jointly escalate the Cloud Wars here in early 2018 to the very great benefit of business customers. Microsoft is all about the hybrid cloud, and it's a subject that CEO Satya

Nadella returns to relentlessly, citing his company's success in the cloud as being due to its creation of aggressive deployment of its architectural advantage in seeing no big difference between on-premises technology, cloud

technology, and edge technology. In the end, Nadella said, it is Microsoft's job

to make it easy for customers to move across all three with grace and speed,

and to be able to exploit the full power of AI in that mega-environment to yield increasingly valuable data. That's why Nadella is my runaway pick for CEO Of The Year. Amazon is doing terrific work on many fronts, and were it not for Microsoft above it and IBM just behind it, Amazon would deserve all the hosannas the media loves to lavish upon its cloud business. But reality often intrudes on rickety narratives, and if Amazon wants to remain a top-tier cloud powerhouse, it must increase its presence in the higher-value realms of PaaS

and SaaS.

billion, but it has also exploited with great success its "power of incumbency" among the world's largest corporations by offering hardware, software and consulting services to help those customers convert their legacy systems into cloud or cloud-compatible environments. That's become a \$7-billion business for IBM with some outstanding customer use cases. On the other end, IBM's close coupling of cloud plus AI/cognitive via Watson has been brilliant. Salesforce continues to be unique (as if a company run by Marc Benioff

IBM has not only created an "as a service" cloud business approaching \$10

Benioff is hell-bent on getting to \$20 billion in just a few years, but he and his company will have to continue finding new revenue categories, notably in the platform area. **Oracle** has a fast-growing SaaS business accounting for about 75% of its total cloud revenue, but chairman Larry Ellison has said many times that he believes Oracle's PaaS business will become even bigger than its SaaS

could be anything else), innovative, and fast-growing. Having hit \$10 billion,

business, particularly as the database-as-a-service offering gains momentum among customers. Ellison also believes Oracle's advanced IaaS technology can snatch huge chunks of share from Amazon. **SAP**'s power of incumbency is centered on being and having been the world's leading supplier of enterprise applications for many, many years, giving it a great opportunity to help those trusting customers pivot as much of that on-

premises technology as possible over to the cloud. SAP's still working through some of that massive end-to-end transformation to the cloud, and when that process is complete it will be an even more formidable competitor than it is now. Google is, well, Google, and it's got not only tons of technical chops and tons of money to invest but also, at long last, a concerted sense of purpose and will

toward becoming a very serious player in the enterprise cloud. It's starting

from pretty far back in the pack, but never count out a company whose name has become a verb. I've analyzed and written about the enterprise-tech business for more than 20 years from the media side as an editor-in-chief and chief content officer, and more recently as Chief Communications Officer at Oracle from 2012-2016. I've written thousands of articles and columns... MORE

As businesses jump to the cloud to accelerate innovation and engage more intimately with customers, my Cloud Wars series analyze the major cloud vendors from the perspective of business customers.