

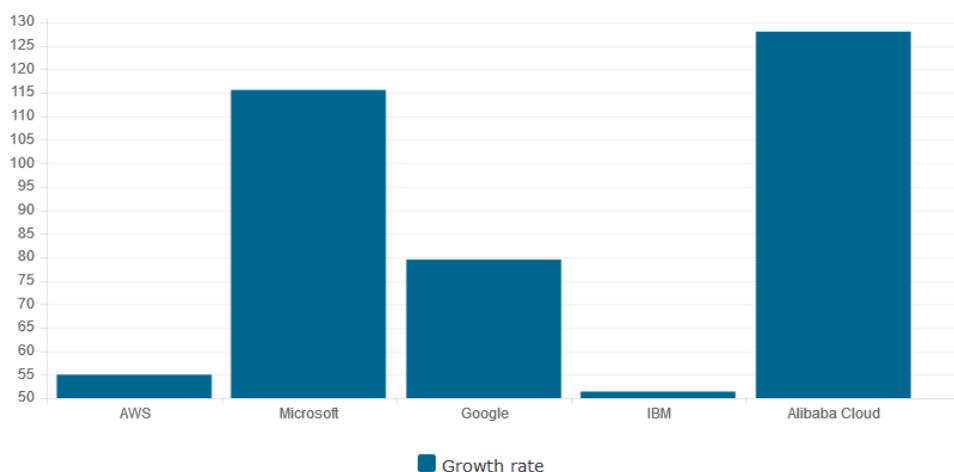
## Media alert: Alibaba Cloud grows 128% in Q3 as cloud adoption accelerates in China

Palo Alto, Shanghai, Singapore and Reading (UK) - Wednesday, 2 November 2016

The need for scale-out, on-demand infrastructure, especially for new digital workloads in both consumer and enterprise environments, continues to drive demand for cloud services. Overall, worldwide cloud infrastructure services expenditure increased 53.1% year on year to reach US\$10 billion for the first time in Q3 2016. AWS increased its lead, accounting for 32.2% of total spend, followed by Microsoft Azure with 17.3% and Google Cloud with 7.6%. Both Microsoft (up 115.6%) and Google (up 79.6%) grew faster than Amazon, but Alibaba Cloud outpaced all three with growth of 128% to reach US\$221 million.



Cloud infrastructure services, Worldwide, growth (%), Q3 2016



‘Alibaba has established itself as the largest e-commerce business in China and is starting to dominate the provision of cloud infrastructure services in the country,’ said Daniel Liu, Research Analyst at Canalys. The government is playing a key role in market development by making cloud computing a strategic priority in the nation’s twelfth five-year plan through the Internet Plus initiative. ‘Digitalization in the country is having a major impact on people and businesses. The popularity of WeChat, which has over 700 million monthly active users, and the reach of Alipay, which enables over 80 million transactions per day, are cases in point,’ Liu added. ‘But the difficult regulatory environment and different business practices will only make domestic competitors even stronger.’

The rapid growth in cloud infrastructure services highlights the fundamental shift in the IT industry away from a model based primarily on building systems to one that is more consumption led, which also

includes managed services. 'The key benefit of public cloud as one of several consumption models is access to potentially unlimited compute and storage resources. These are best suited to new digital workloads with unpredictable traffic patterns,' said Matthew Ball, Principal Analyst at Canalys. 'But costs can be prohibitive once businesses reach a certain level of use, and the threat of vendor lock-in increases as customers use more of a provider's digital platform to incorporate IoT, machine learning, mobile and other development tools.'

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Media alert 2016/1621  
2 November 2016



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