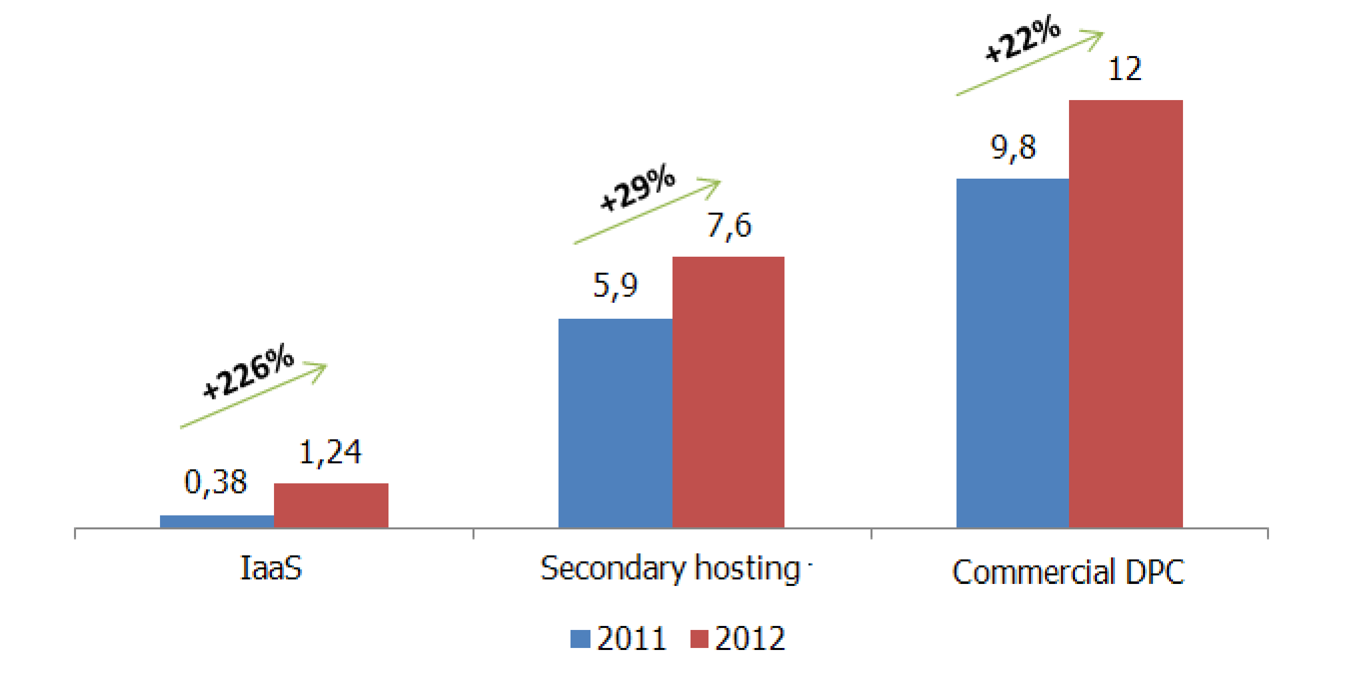
J'son & Partners Consulting company presents the results of the research of **Russian market of cloud IaaS solutions**.

Infrastructure-as-a-Service (IaaS) is the automatic or on demand provision of data-center infrastructure elements (processing capacity, storage, network settings) and network resources (bandwidth reservations, VPN, etc.) supporting corporate-class SLA[1] by availability parameters, performance and security. IaaS services are designed to replace and supplement secondary hosting services and commercial data processing center (DPC) services.

Fig. 1. Comparison of market size of IaaS , commercial DPC and secondary hosting in Russia, 2011 – 2012, billion RUB



Source: J'son & Partners Consulting

According to J'son & Partners Consulting, for 2012 IaaS market grew by 226%, while annual growth rate of secondary hosting market and commercial DPC did not exceed 30%.

[1] Service Level Agreement – agreement on the level of service provided

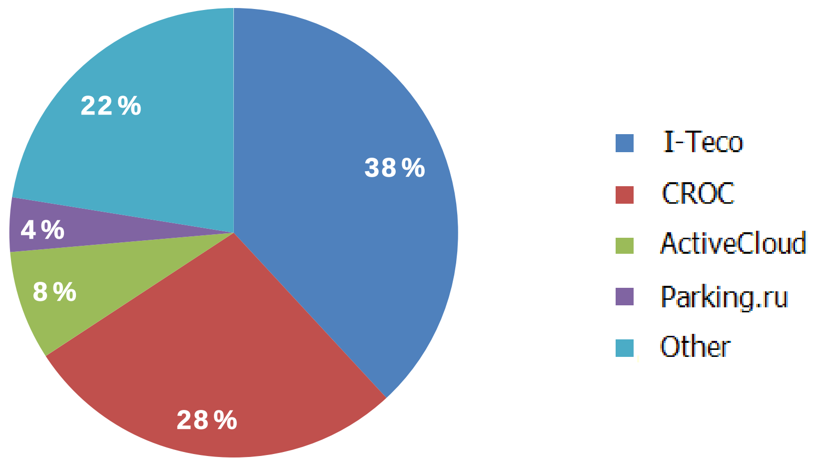
Such high growth indicates growing demand on IaaS services on the Russian market. It also shows that more and more companies switch to the cloud infrastructure.

As at the end of 2012 11 large players provided IaaS services on the Russian market: ActiveCloud, Clodo, Cloud One, CROC, Parking.ru (Inoventica group), Selectel, I-Teco, Oversun, Skalaxy, Cloud4Y, Dataline.

CloudGate (Skalaxy) has stopped to provide IaaS services starting from the 1st of August 2013.

In 2012 I-Teco was the leader by the revenues[2] received from the provision of IaaS services. The company was followed by CROC (it was the leader by revenue in 2011). Both companies work with large business. Third and fourth places are occupied by ActiveCloud and Parking.ru (Inoventica group) correspondingly.

Fig. 2. Top 4 players of the Russian IaaS market by revenues (excluding Dataline), 2012



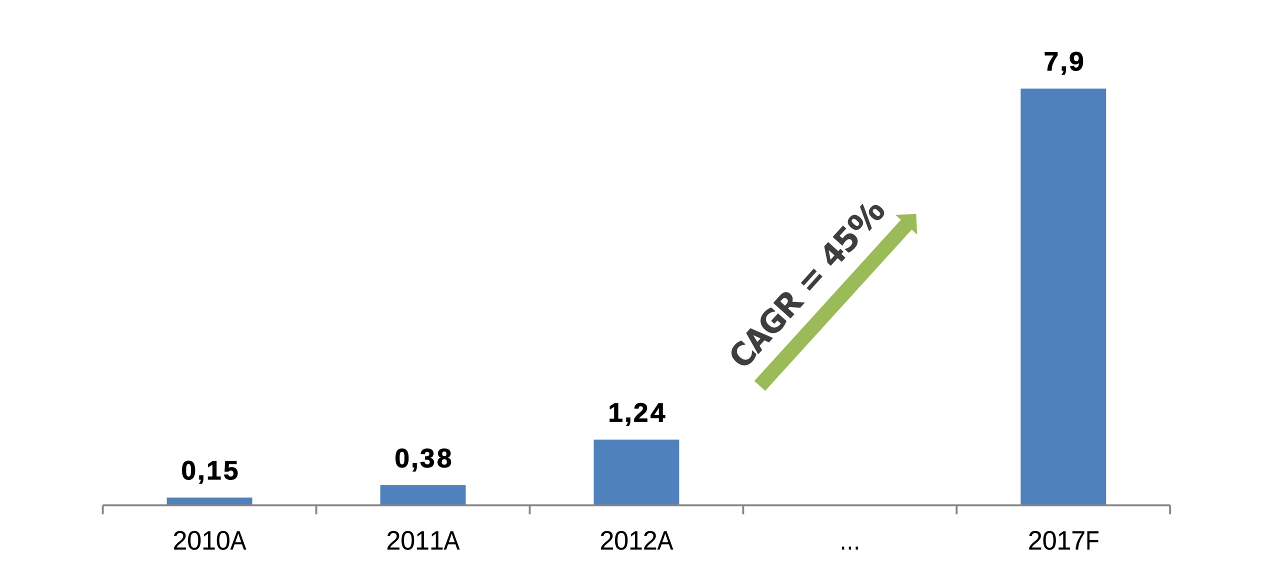
Source: J'son & Partners Consulting

According to J'son & Partners Consulting, the most massive penetration of IaaS services in January 2013 was in Saint Petersburg. It comprised 4%. Moscow was on the second place where penetration amounted to 3,8%. Penetration of IaaS services in all the other large Russian cities comprised less or 1%.

[2] excluding Dataline

According to J'son & Partners estimates, IaaS market in 2012 amounted to 1,24 billion RUB. It exceeds 3 times the same indicator for 2011.

Fig. 3. Forecast of Russian IaaS market by revenue, 2010-2017, billion RUB.



Source: J'son & Partners Consulting

Cloud IaaS services market becomes more and more popular in Russia. According to J'son & Partners Consulting, by 2017 the market will reach not less than 8 billion rubles, at the same time average annual growth rate for the period of 2012 – 2017 will comprise 45%.

Drivers and barriers

At the current moment, cloud services market shows significant growth. Even with the current level of functionality of the services the market is far from saturation. As a result, according to J'son & Partners Consulting, the speed of development of this market will not significantly correlate with changes/improvements in the quality and functionality of cloud services.

Survey of potential users showed that many still do not trust cloud services. For example, potential users of cloud services in Russia do not completely understand payment and billing methods, they still do not fully trust the technology, have lack of confidence in the security of information. Dependence on Internet access and particular provider also act as strong barriers. These barriers may become less significant with the improvement of services, emergence of large volumes of information and a greater number of qualified professionals.

Reduction in the price for cloud services may become a significant factor in the market growth. However, when comparing the cost of use of cloud services with non-cloud (classical) ones the use of the last often is more cost effective for the company[3]. The market will more likely grow thanks to the emergence of new services that are not yet presented on the Russian market rather than because of improvement of functional of existing services.

[3] at the moment of the research conduct

Content of the full version of the report 'Estimation of the current XaaS-services market in Russia' (220 pages)

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The newsletter was prepared by the J'son & Partners Consulting Company. We exert every effort to provide actual and forecasting data representing the situation in full and available at the time of the publication of the material. J'son & Partners Consulting reserves the right of revising the data after publication of some new official information by individual players.

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