

10 things to know about cloud in China

\$62
billion
growth



By 2019 China aims to increase the scale of its cloud computing industry by more than 2.5 times 2015 levels.

According to the Ministry of Industry and Information Technology³, the size of the cloud computing market is expected to reach US\$62 billion in 2019.

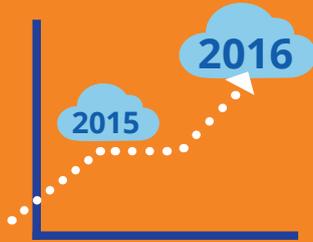
86%
using
hybrid
cloud



Of Chinese companies that use cloud technology, IDC¹ reports that 86% deploy some combination of on-premises, private, and public cloud services with IT assets and workloads dispersed across onsite and offsite data centers.

79%

According to IDC¹ the astounding increase in cloud adoption in China from 2015 to 2016, bringing the total percentage of Chinese organizations that use some form of cloud to 82%.



Compelling reasons

Forbes² says China is embracing cloud for three primary reasons:



1

The Chinese government encourages cloud adoption, as the sector has received significant interest from investors, and M&A is at an all-time high.

2

In 2015, the majority (41%) of global cloud computing jobs were in China. Today China continues to prioritize investment in cloud talent.

3

The country's "Made in 2025" plan and Internet Plus initiatives are enabling growth in cloud computing.

Open source

Of APAC organizations surveyed by IDC¹, 67% said OpenStack is critical to their cloud strategy. Meanwhile, Chinese solution providers are increasingly deploying and contributing to open source projects.

China Telecom has been involved in several open source groups working on network virtualization and was a member of the Open-O management and network orchestration (MANO) project, now known as the Open Networking Automation Platform (ONAP).



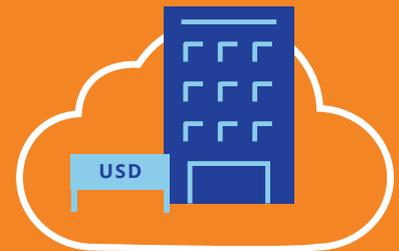
Cloud regulations

China has developed rules regulating both domestic and foreign-based cloud providers, especially concerning PaaS and IaaS.

According to the Ministry of Industry and Information Technology⁶, cloud service platforms must be located in China, and connections to overseas networks can only be made via China's approved international internet gateways.

USD
\$3
million
additional
revenue

According to an IDC report¹, companies with greater cloud maturity annually achieve \$3 million in additional revenues from new customers, faster time to market, enablement of IoT and risk mitigation, and savings of \$1 million in reduced costs per cloud-based application.



IaaS on the rise



Data backup and disaster recovery are fuelling demand for IaaS in China, where the government is driving development of cloud infrastructure services. Statista⁴ report that the size of the Chinese public IaaS market is expected to reach \$1.26 billion in 2018 from \$754.4 million in 2016.

China Telecom offers a suite of competitively priced cloud compute, storage, virtual private cloud and network options.

Cloud connectivity fuels SD-WAN growth

To make cloud work, applications must run faster, and SD-WAN architecture is key. According to Gartner⁷, the SD-WAN market could reach \$1.6 billion by 2021, and China is the largest APAC market.

China Telecom is offering SD-WAN through Versa Networks in 15 cloud hubs globally and enables direct and secure access to public cloud services such as Azure and AWS.

1. Source: IDC - www.cisco.com/c/dam/en/us/solutions/collateral/trends/cloud/cisco-bca-infobrief.pdf
2. Source: <https://www.forbes.com/sites/louiscolombus/2014/12/12/where-cloud-computing-jobs-will-be-in-2015/>
3. Source: www.atimes.com/article/china-expects-domestic-cloud-computing-industry-reach-us62-billion-2019/

4. Source: www.statista.com/statistics/600452/china-public-cloud-infrastructure-market-size/
5. Source: www.cio-asia.com/tech/cloud-computing/73-percent-of-chinese-it-decision-makers-plan-to-embrace-private-cloud-in-the-next-12-months/
6. Source: www.cio-asia.com/tech/cloud-computing/73-percent-of-chinese-it-decision-makers-plan-to-embrace-private-cloud-in-the-next-12-months/
7. Source: www.telappriase.com/sd-wan-market-growth/