

# 16.7% CAGR Expected in Cloud Infrastructure Market – What’s Driving the Demand?

*Growing demand for cloud computing, AI cloud, and hybrid cloud is fueling the expansion of the global cloud infrastructure market.*

WILMINGTON, DE, UNITED STATES, February 5, 2025 /EINPresswire.com/ -- According to a recent report by Allied Market Research, the global [cloud infrastructure market share](#) was valued at \$96.9 billion in 2022 and is projected to reach \$440.2 billion by 2032, growing at a robust CAGR of 16.7% from 2023 to 2032.



The surge in demand for scalable, on-demand IT resources, alongside the increasing adoption of artificial intelligence (AI), hybrid cloud solutions, and IoT, is driving market expansion. The rise in cloud adoption across industries has positioned cloud infrastructure as a fundamental component of modern IT ecosystems, enabling businesses to operate with greater agility, efficiency, and cost-effectiveness.

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Cloud infrastructure encompasses virtualized computing resources provided by cloud service providers over the internet. It includes computing power, storage, and networking services, allowing businesses and individuals to access IT resources without investing in physical hardware. Typically, cloud infrastructure relies on geographically distributed data centers, ensuring high availability, reliability, and redundancy. One of its core benefits is elasticity, which allows organizations to scale resources up or down based on demand, ensuring optimized cost management.

The cloud infrastructure landscape is broadly categorized into three key service models:

1. Infrastructure as a Service (IaaS): Offers virtual machines, storage, and networking resources

as foundational building blocks.

2. Platform as a Service (PaaS): Provides a framework for developers to build, test, and deploy applications efficiently.
3. Software as a Service (SaaS): Delivers software applications via the cloud, eliminating the need for on-premise installations.

#### Deployment Trends: Public vs. Hybrid Cloud Growth:

In 2022, the public cloud segment held the dominant market share due to the increasing adoption of multi-cloud strategies. Businesses are leveraging services from multiple cloud providers to reduce risk, optimize costs, and access a diverse range of capabilities. The trend toward serverless computing is also accelerating, as cloud providers enhance platforms to simplify application development and improve resource allocation. However, hybrid cloud solutions are expected to witness the fastest growth during the forecast period. Organizations are increasingly adopting multi-cloud strategies to avoid vendor lock-in, enhance cost efficiency, and gain access to specialized cloud services. This shift underscores the growing preference for flexibility and control in cloud deployments.

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#### Regional Insights: North America and Asia-Pacific in Focus:

North America led the cloud infrastructure market in 2022, driven by the rapid adoption of edge computing for real-time data processing. The rise of cloud security frameworks and compliance measures has also contributed to market growth in the region. Meanwhile, Asia-Pacific is poised for the fastest growth, fueled by the adoption of cloud-native architectures, microservices, and containerization. Companies in the region are increasingly embracing multi-cloud strategies to optimize operations and enhance scalability while mitigating risks associated with vendor dependency.

#### Key Growth Drivers and Market Opportunities

1. Rise in Cloud Computing Demand: Businesses are increasingly adopting cloud solutions to enhance operational efficiency and reduce IT infrastructure costs.
2. Growing AI and Hybrid Cloud Adoption: Organizations are leveraging AI-driven cloud services and hybrid cloud environments to optimize workflows and ensure seamless integration between private and public clouds.
3. Increased Spending on Cloud Services: Enterprises are allocating higher budgets for cloud

infrastructure to meet evolving digital transformation needs.

4. IoT and Connected Devices Growth: The proliferation of smart devices and IoT solutions is fueling the demand for cloud infrastructure, enabling seamless connectivity and data management.

5. Despite these positive trends, challenges such as lack of technical expertise and cybersecurity risks pose potential roadblocks to widespread cloud adoption.

Impact of COVID-19 on Cloud Infrastructure:

The COVID-19 pandemic accelerated cloud infrastructure adoption, as businesses rapidly shifted to remote work and digital collaboration. Organizations turned to cloud-based platforms for data storage, communication tools, and application deployment, ensuring business continuity amid disruptions. However, the surge in cloud reliance also highlighted security vulnerabilities, with cyber threats and data privacy concerns becoming critical challenges. As a result, businesses are now prioritizing robust cloud security measures to mitigate risks and strengthen data protection.

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Cloud Infrastructure Services are a broad range of on-demand computing resources delivered over the internet, enabling businesses to access and manage IT infrastructure without the need for physical hardware. These services include computing power, storage, networking, and virtualization, which are essential for running applications and managing data efficiently. Cloud infrastructure services are typically categorized into Infrastructure as a Service (IaaS), which provides virtualized computing resources like virtual machines and storage; Platform as a Service (PaaS), offering a development environment for building, testing, and deploying applications; and Software as a Service (SaaS), delivering software applications via the cloud. These services support scalability, flexibility, and cost-efficiency, allowing businesses to optimize IT operations, enhance security, and improve collaboration while eliminating the complexities of maintaining on-premise infrastructure.

Key Market Segments and Leading Players:

1. By Component: The hardware segment led the market in 2022, contributing significantly to overall revenue.
2. By Deployment Mode: Hybrid cloud solutions are expected to grow the fastest due to increasing enterprise adoption.
3. By End User: The healthcare sector is projected to witness the highest growth rate, as cloud adoption accelerates in medical data management, telemedicine, and AI-driven diagnostics.

The key players driving innovation in the cloud infrastructure market include Hewlett Packard

Enterprise, Dell Inc., Cisco Systems, IBM Corporation, Amazon Web Services (AWS), Salesforce, Intel Corporation, Oracle Corporation, Google (Alphabet Inc.), and NetApp. These companies are investing in advanced cloud solutions, AI-driven infrastructure, and cybersecurity enhancements to strengthen their market position.

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The cloud infrastructure market is set for exponential growth, driven by digital transformation, AI integration, IoT expansion, and multi-cloud strategies. As enterprises continue to modernize IT operations, cloud infrastructure will remain a cornerstone for scalability, agility, and cost-efficiency. However, addressing security challenges and ensuring skilled workforce availability will be critical to unlocking the full potential of cloud technologies in the coming years.

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Pawan Kumar, the CEO of Allied Market Research, is leading the organization toward providing high-quality data and insights. We are in professional corporate relations with various companies. This helps us dig out market data that helps us generate accurate research data tables and confirm utmost accuracy. Our procurement methodology includes deep research presented in the reports published by us is extracted through primary interviews with top officials from leading online and offline research and discussion with knowledgeable professionals and analysts in the industry.

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