

## A Majority of Asia Businesses Expect to Increase Cloud Investment in 2023

- *Four in five businesses in Asia are planning a full cloud migration by 2024*
- *Security, local support and pricing continue to drive public cloud adoption*

**Hangzhou, China, March 7, 2023** – Eighty-four percent of existing users of cloud services are expecting to increase their investment in the cloud technology in 2023, while more than four in five (84%) are planning a full cloud migration in two years, as stated in a new survey report entitled "*The Next-Generation Cloud Strategy in Asia*", commissioned by Alibaba Cloud, the digital technology and intelligence backbone of Alibaba Group.

### An increasing investment in the cloud

As more companies move their critical businesses online to efficiently handle their workloads in the post pandemic world, businesses in Asia that are already using cloud services plan to increase their investment across various cloud strategies over the coming year.

The increase will most likely come from Thailand (95%), Indonesia (94%), the Philippines (91%), Hong Kong Special Administrative Region (S.A.R.) (83%), and Singapore (83%), while a larger percentage of the surveyed businesses in Japan and South Korea indicate that they will maintain their current levels of investment. Among the key industries, the gaming sector is expected to see the sharpest increase in cloud investment, followed by Media & Telecommunications, Internet & Technology and Financial Services.

In terms of investment priorities, a larger share of businesses in Asia will focus on data analytics & AI (53%), cloud computing (52%), and automation (46%). The fact that more than half of the businesses plan to increase investment in cloud computing underscores the importance of cloud infrastructure in supporting business growth.

“The latest research reveals important insights for businesses and cloud services providers in Asia. Cloud adoption has become a prerequisite for businesses to succeed and our customers are adopting a diverse cloud strategy to drive business growth in the digital era. With cloud infrastructure being the ultimate foundation for many cutting-edge innovations such as generative AI, we are as committed as ever to providing proven cloud-based solutions for businesses in different industries and supporting their seamless migration to the cloud services,” said **Selina Yuan, Vice President of Alibaba Group and President of International Business for Alibaba Cloud Intelligence.**

While more than two-third (69%) of the overall surveyed businesses have used cloud for at least three years, those in Hong Kong S.A.R., Japan and Singapore are the earliest adopters with only one in five (20%) having less than three years of experience using cloud services. Industry-wise, Internet & Technology, Manufacturing and Financial Services show the highest level of cloud maturity.

Alibaba Cloud commissioned global market research firm NielsenIQ to conduct the survey, with an aim to better understand the state of adoption of the prevailing cloud strategies – private, public and hybrid – across Asia.

### **Full migration to the cloud by 2024**

The research also reveals that 84% of the surveyed businesses expect to fully migrate to the cloud within the next two years, partly driven by new needs emerged during the pandemic. More than a third (36%) of respondents even anticipate a complete cloud migration within the next six months.

Among the surveyed businesses, the impact of COVID-19 has led to significant changes in their use of IT, with 54% reporting an increased use of cloud-based software and 41% reporting acceleration with their cloud migration.

### **A strategy towards more diverse cloud adoption**

At the time of the survey, private cloud (40%) was the most popular strategy in Asia, followed by public cloud (27%). Strong reputation for security, reliable local support and attractive pricing are the main reasons for businesses to choose public cloud, in which 38% of the surveyed businesses are expecting to boost investment by more than one fifth in the coming year.

In the Asian markets surveyed, South Korea has the highest public cloud adoption rate (43%). The top sectors currently using public cloud are Gaming, the Public Sector, Retail, and Internet & Technology.

Meanwhile, hybrid cloud adoption is on the rise, with the survey recording a 7 percentage-point net increase in current adoption rate compared to the respondents' initial cloud strategy adoption. Moreover, of the respondents who have changed their cloud strategy, the highest proportion of 39% have switched to hybrid cloud. In addition to security, businesses tend to choose hybrid cloud for customized cloud services.

“The variety of cloud strategies adopted in Asia indicates that more businesses are looking for robust, resilient, secure and flexible infrastructures to digitalize their business. As a leading provider of cloud services, we will continue to introduce innovative and secure public cloud services to satisfy this demand,” Yuan added.

### **About the survey**

The survey was conducted between the end of September and early October 2022, collecting feedback through online questionnaires from 1,000 cloud strategy decision-makers in small to large-sized businesses that are currently using cloud services in eight markets in Asia: Hong Kong S.A.R., Malaysia, Singapore, the Philippines, Indonesia, Thailand, Japan and South Korea. The respondents represented a wide range of industries, including Financial Services, Gaming, Internet & Technology, Manufacturing, Media & Telecommunications, Public Sector and Retail.

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## **About Alibaba Cloud**

Established in 2009, Alibaba Cloud (<http://www.alibabacloud.com>) is the digital technology and intelligence backbone of Alibaba Group. It offers a complete suite of cloud services to customers worldwide, including elastic computing, database, storage, network virtualization services, large-scale computing, security, management and application services, big data analytics, a machine learning platform and IoT services. Alibaba maintained its position as the third leading public cloud IaaS service provider globally since 2018, according to IDC. Alibaba is the world's third leading and Asia Pacific's leading IaaS provider by revenue in U.S. dollars since 2018, according to Gartner.

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