



SWOT Assessment: Tencent Cloud

Analyzing the strengths, weaknesses,
opportunities, and threats

Publication Date: 07 May 2020 | Product code: INT003-000438

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Summary

Catalyst

The cloud market is mature with many well-established service providers, although it is still growing with a healthy number of newer entrants. Although it has been in the cloud business for more than five years and therefore has a certain level of maturity, Tencent still has the feel of a startup in many respects. Its full set of services and marketplace is only available in its native China, and it is only now starting to develop its services for a global market. However, its security features are more extensive than those of some of its competitors and it is certainly moving in the right direction.

Key messages

- Tencent allows customers to calculate the cost of a service before committing to a purchase.
- Tencent is widely available with a presence in North America, South America, and EMEA, as well as its native APAC region.
- Tencent offers a range of market options for finance, retail, utility, and energy.
- Tencent's extensive marketplace is only available in APAC.

Omdia view

Tencent was founded in Shenzhen, China in 1998, and has been listed on the Main Board of the Stock Exchange of Hong Kong since June 2004. Although it operates globally with points of presence in Great China, Asia Pacific, North America, South America, and Europe, some of its services are only available in China, which puts it at a disadvantage over more mature cloud providers that have a wide range of services across all geographies. Tencent's cloud services are not as mature as many of its competitors, because it is still a relatively young cloud provider. However, Tencent's performance demonstrates that it performs well in some areas and there are other areas where it is developing its offerings, and Omdia expects it to mature and improve. Omdia believes Tencent is an emerging vendor that is now beginning to address the needs of global markets.

Recommendations for enterprises

Why consider Tencent?

Not all of its services and marketplace are available in all of the regions it has a presence, but Tencent does have many features that will appeal to enterprises. Its security measures are better than average for cloud providers and Tencent can be securely connected with servers in third-party data centers, enabling enterprises to use multiple clouds. This is an important capability because Tencent is developing its service offerings for a global market, and enterprises might struggle to run all of their applications on the Tencent cloud at present. However, it would suit enterprises that want to manage their own applications in the cloud.

SWOT analysis

Strengths

Customers can calculate the cost of a service before committing to purchase

Tencent's prices for the different scenarios is consistently best in class, but Omdia cautions that because prices vary frequently, regular comparisons must be made. Tencent also performs well for its capabilities that enable customers to predict future cloud spending based on their own historical usage data. Omdia also likes Tencent's tools that enable customers to calculate the cost of any offering before they commit to purchase. This transparency is critical to winning the trust of customers, but equally critical is delivering the service at the calculated cost.

Tencent is expanding from its native region to become a global player

Tencent's dominant region is APAC, where it has 40 availability zones in 15 geographic regions, while in North America it has three geographic regions, and South America and EMEA have six geographic regions between them. The expansion by Tencent from its core APAC regions demonstrates its maturity. While the number of different types of resource packages is smaller than leading providers, Omdia believes that the more than 30 different offerings represents a pragmatic number, not too many to create confusion and not too few to make them ill-fitting to customers' needs.

Tencent offers a range of market options for finance, retail, utility, and energy

Tencent has more than 3,000 solution offerings available from 6000+ partners, and the marketplace is growing 64% year on year. Omdia believes the market-vertical offerings for the finance, retail, utility, energy, and education sectors are a demonstration of the maturity of Tencent's marketplace.

Weaknesses

Tencent's extensive marketplace is only available in APAC

If Tencent wants to become a true global cloud player, it needs to make its marketplace available in all the geographies in which it has a point of presence. Its marketplace comprises 6000+ partners and 3000+ offerings but these are only available in APAC.

Opportunities

Increasing the number of languages available would open up new opportunities to expand

Four languages are supported: English, Chinese, Korean, and Japanese. This shows a bias toward its base in South East Asia. Increasing the number of languages supported would open up new opportunities to build its market share in regions where it already has a presence, in particular emerging countries in South America, and non-English speaking parts of Europe. However, in order to achieve growth, increasing its service offerings in these regions is vital.

Tencent offers special rates for startup companies

By offering special rates to startup companies and individual developers working on marketing campaigns, Tencent is creating an opportunity to get in at the start of a company's journey and

develop loyalty that is perhaps not present in more established companies. Tencent could also extend special rates to not-for-profit and educational organizations.

Threats

Tencent faces reluctance to engage from some enterprises

As a company headquartered in China, Tencent will inevitably suffer as a result of the political agenda around the adoption of Chinese technologies, despite the extensive security features included in the offering. Tencent needs to continue its expansion away from its Southeast Asian base and establish itself as a truly global provider.

The Tencent proposition is not as mature as competitor offerings

Tencent Cloud has not been established as long as many of its competitors' offerings, which puts it at a disadvantage. It is still very much a product in development, and Tencent needs to expand its marketplace outside of China and make all of its services available across all of its geographies. Only then can Tencent compete on equal terms with more mature cloud providers.

Data sheet

Key facts about the solution

Table 1: Data sheet: Tencent

Product name	Tencent	Product classification	public cloud
Version number	n/a	Release date	n/a
Industries covered	all	Geographies covered	All
Relevant company sizes	all	Platforms supported	Windows, CentOS, CoreOS, Debian, FreeBSD, OpenSUSE, SUSE, Ubuntu
Languages supported	English, Chinese, Korean, Japanese	Deployment options	cloud
	cloud	URL	https://intl.cloud.tencent.com/
Company headquarters	Shenzhen, China		

Source: Omdia

Appendix

Methodology

Omdia SWOT Assessments are independent reviews carried out using Omdia's evaluation model for the relevant technology area, supported by conversations with vendors, users, and service providers of the solution concerned, and in-depth secondary research.

Further reading

Ovum Decision Matrix: Selecting a Cloud Services Provider, 2019–20, INT003-000382 (September 2019)

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