



2022 China vs U.S. SaaS Marketing Insights

M A R K E T I N G
I N S I G H T S

D O T C U N I T E D G R O U P

New Science and Technology Research Institute

Cloud computing is one of the fastest growing areas of the IT industry, and the global market for cloud services is undergoing rapid, systemic change as digitization continues and is impacted by the epidemic. Today more and more enterprises are moving or have moved their activities, processes, and operations to the cloud, and cloud deployments are scrambling across industries and enterprises. Among them, the rapid development of IaaS (Infrastructure as a Service) has fueled the faster and more stable growth of SaaS (Software-as-a-service) services, and the SaaS market has seen explosive growth in recent years based on features such as cost reduction and efficiency, and ease of maintenance.

China vs U.S. SaaS Development History

U.S.

A number of SaaS companies, led by Salesforce, are founded. Salesforce launched its first CRM product and then successfully went public in 2004.

The U.S. cloud computing market has reached a high level of maturity. Giants such as Salesforce and Adobe continue to expand through mergers and acquisitions (M&A).



800APP announced the establishment and released the first SaaS product: CRM beta. Cloud computing enters China and defines the three-tier framework of SaaS, PaaS and IaaS.

Alibaba released DingTalk 1.0 and officially entered the SaaS market. SaaS financing events occur frequently.



China

Data Source: New Science and Technology Research Institute

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The emergence of SaaS in the U.S. dates back to the 1980s, decades ahead of China, when the U.S. company Salesforce was founded in 1999 and launched its first Internet-delivered CRM product the following year, thus giving birth to the prototype of SaaS services. From 1999 to the present, the SaaS industry in U.S. has evolved from a start-up phase to a development phase and has now entered a mature phase.

In 2004, the U.S. company, Salesforce was successfully listed, and in the same year, the domestic SaaS company 800APP was established and launched its first SaaS product, and the domestic SaaS industry entered the budding stage. After that, the domestic SaaS industry experienced a wave of growth peak in 2015 after 10 years of uneventful waves, and this year was mostly called the first year of China SaaS by the industry. From the outbreak of the epidemic in 2020 to the post-epidemic era today, the epidemic has accelerated the digital transformation of enterprises and the domestic SaaS market has entered a critical growth period.

Public cloud dominates global cloud market with over 70% share

Public cloud SaaS accounts for about 40% of the market

Global Cloud Computing Market Size from 2019 to 2023

(Unit: USD 100 million)



Data Sources: [t4.ai/grandviewresearch/Gather/IDC/New Science and Technology Research Institute](https://www.grandviewresearch.com/) [New Science and Technology Research Institute](https://www.newscienceandtechnology.com/)

In 2020, the emergence of a widespread global epidemic caused various industries around the world to be hit hard economically to varying degrees, but also stimulated the urgent and rapid transformation of digital business, home control, etc. had a positive impact on the cloud market in vertical industries such as IT, telecommunications, media, and entertainment, etc. In 2020, the cloud computing market size was reduced by the economic impacted of the growth rate, but the overall still achieved positive growth with reaching \$331 billion. 2021 in the post-epidemic era of gradual recovery, the world ushered in a new wave of digital transformation peak, cloud computing market size reached \$406 billion, a growth rate of up to 22.6%, is expected to reach \$490.9 billion by the end of 2022, a growth rate of about 20.9% which implies a slowdown in growth.

Global Cloud Computing Market Size Distribution from 2019 to 2023

(Unit: 100 million yuan)



Data Sources: t4.ai/grandviewresearch/Gather/IDC/New Science and Technology Research Institute New Science and Technology Research Institute

Global Public Cloud Market Size Distribution from 2019 to 2023

(Unit: 100 million yuan)



Data Sources: t4.ai/grandviewresearch/Gather/IDC/New Science and Technology Research Institute New Science and Technology Research Institute

At present, the global cloud computing market is still dominated by the public cloud market, with more than 70%. The annual growth rate of public cloud will basically remain at around 18% after 2020. In the global public cloud market, SaaS accounts for about 40%. The global public cloud SaaS market is expected to reach \$141 billion by the end of 2022, an increase of about 16.5% year-on-year.

Domestic public cloud dominates cloud market accounting for about 60%

Public cloud SaaS accounts for less than 30%

Scale of China's Cloud Computing Market from 2019 to 2023



Data Sources: Gather/CAICT / New Science and Technology Research Institute

New Science and Technology Research Institute

Cloud computing in China is one of the fastest growing markets in the world, and after decades of development, it has moved from the initial concept to the stage of universal application, especially since the outbreak of the epidemic, the explosive growth in demand for telecommuting and online education has further driven the rapid development of the domestic cloud computing market. According to statistics, the domestic cloud computing market is still growing steadily at a growth rate of 30% after the growth peak in 2020. The market size is expected to reach 377.7 billion yuan by the end of 2022, or approaching 500 billion yuan by 2023.

Scale Distribution of China's Cloud Computing Market from 2019 to 2023

(Unit: 100 million yuan)

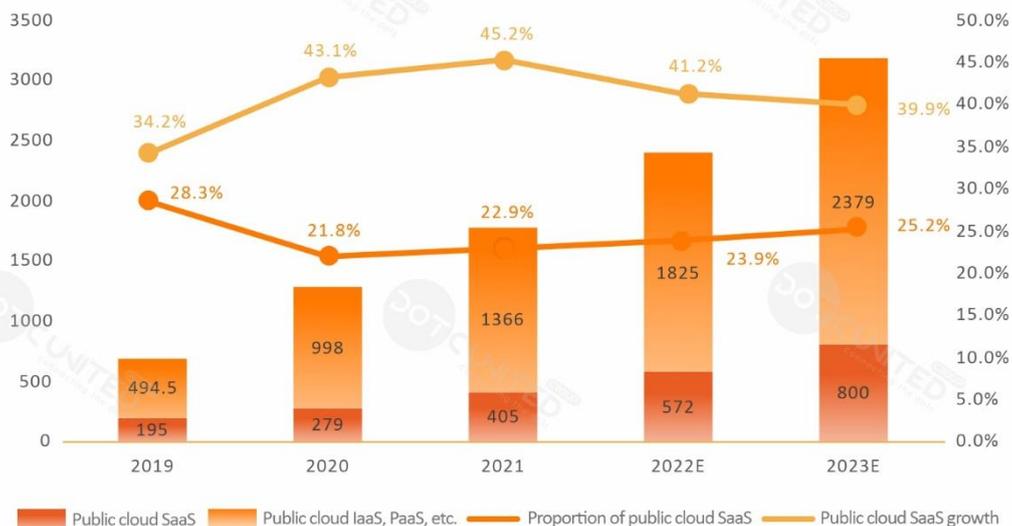


Data Sources:Gather/CAICT / New Science and Technology Research Institute

New Science and Technology Research Institute

Scale Distribution of China's Public Cloud Market from 2019 to 2023

(Unit: 100 million yuan)



Data Sources:Gather/CAICT / New Science and Technology Research Institute

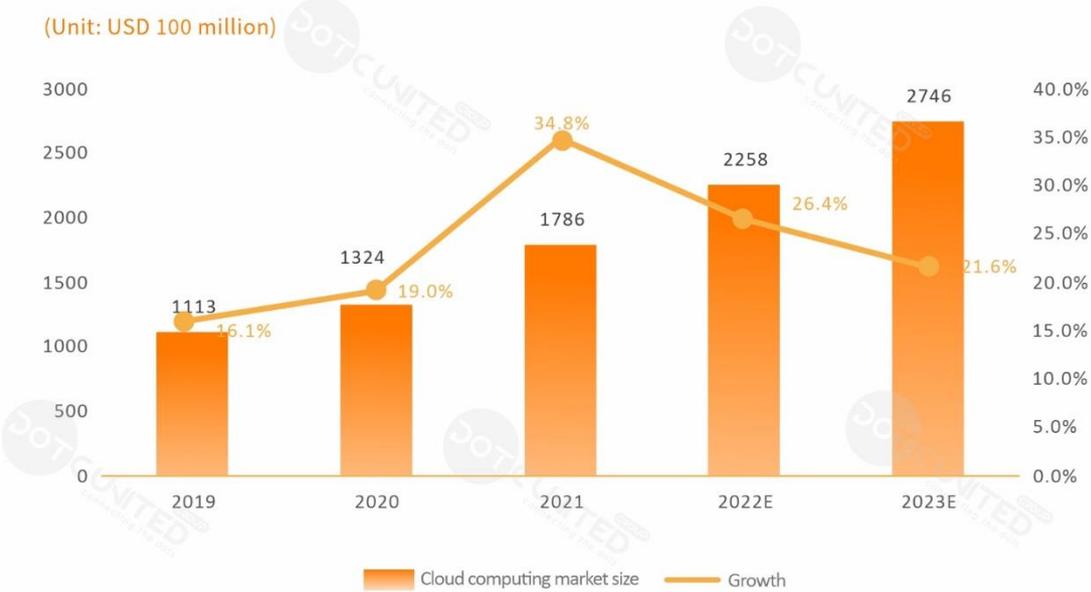
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Currently, the domestic cloud computing market is dominated by the public cloud, accounting for more than 60%. The public cloud market continues to grow at a steady rate of more than 30% after a wave of rapid growth in 2020. SaaS accounts for less than 30% of the public cloud market, and the domestic SaaS market is still in a vigorous growth phase, with an annual growth rate of about 40%. It is expected that by the end of 2022, the domestic public cloud SaaS market size will reach 57.2 billion yuan, a year-on-year growth of about 41.2%, and may reach 80 billion yuan market size by 2023.

U.S. public cloud market accounts for over 60% of the market

Public cloud SaaS accounts for up to 70% of the market

U.S. Cloud Computing Market Size from 2019 to 2023



Data Sources: grandviewresearch/Gather/IDC/New Science and Technology Research Institute New Science and Technology Research Institute

The U.S. is the world's largest cloud computing market. Cloud computing has developed earlier in the U.S. and has now entered a mature development stage. The maturity of cloud computing technology in the U.S. is high, and cloud computing has now become a mainstream business model in the US. According to year 2021 statistics fueled by the epidemic, the U.S. cloud computing market ushered in a wave of growth spikes, with 34.8% year-over-year growth. It is expected that by the end of 2022, the U.S. cloud computing market size will exceed \$200 billion mark, with a year-on-year growth of about 26.4%.

U.S. Cloud Computing Market Size Distribution from 2019 to 2023

(Unit: USD 100 million)

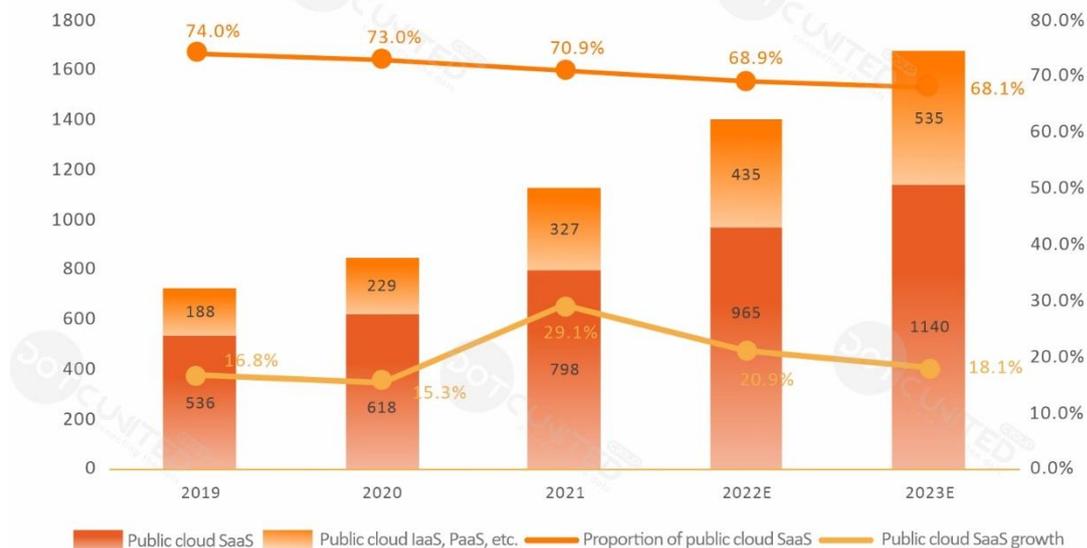


Data Sources: grandviewresearch/Gather/IDC/New Science and Technology Research Institute

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U.S. Public Cloud Market Size Distribution from 2019 to 2023

(Unit: USD 100 million)



Data Sources: grandviewresearch/Gather/IDC/New Science and Technology Research Institute

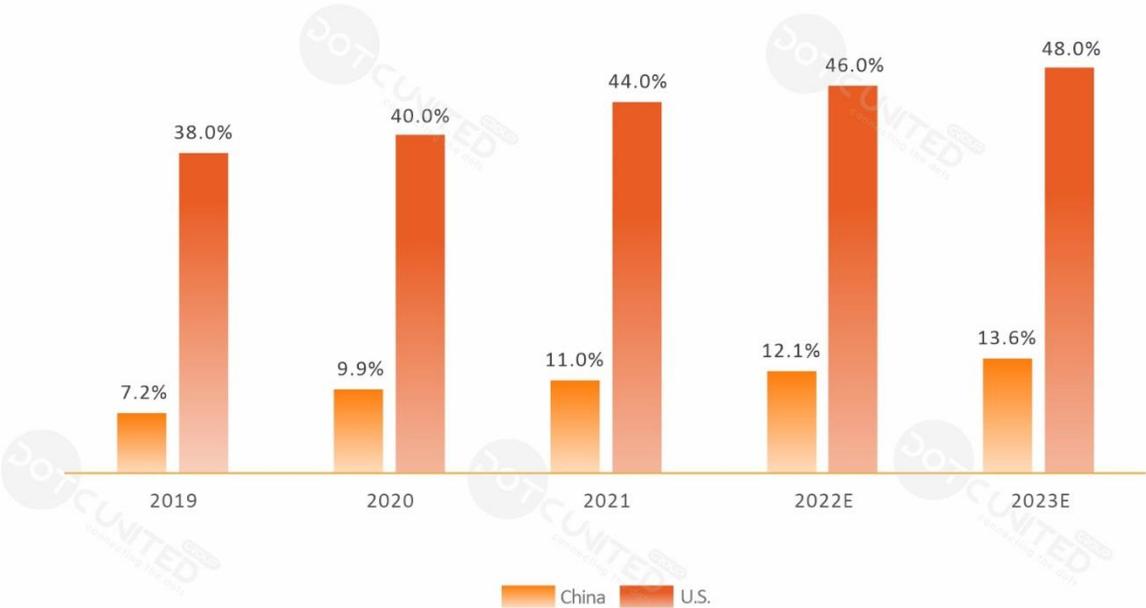
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Currently, the U.S. cloud computing market is dominated by the public cloud, dominated for more than 60% of the market. The public cloud market continues to grow at a steady rate of about 20% after a wave of high growth in 2021. In the public cloud market, SaaS accounts for up to 70% of the market. The U.S. SaaS market has matured, and SaaS has penetrated deeply into various industries in the U.S. region, with an overall penetration rate of over 70%. It is expected that by the end of 2022, the U.S. public cloud SaaS market will reach \$96.5 billion, up about 20% year-on-year, and may exceed the \$100 billion targeted by 2023.

U.S. cloud computing dominates nearly 50% of the world

China's public cloud accounts for about 10% of the global scale

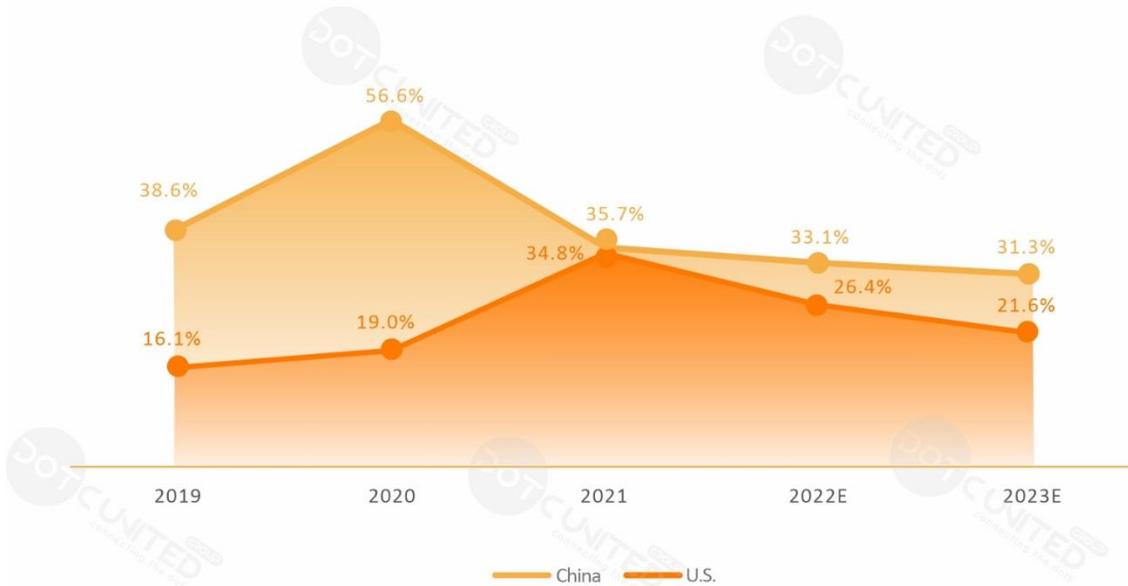
2019~2023 Global Cloud Computing Market Scale China vs U.S. Proportion



Data Sources: grandviewresearch/CAICT/Gather/IDC/New Science and Technology Research Institute New Science and Technology Research Institute

There is a large gap between the cloud computing market in China and the U.S., both in terms of scale, technology and applications. The U.S. is the global cloud computing market leader, with a market size of more than 40% of the overall global market, and is expected to take half of the global market by 2023. China's cloud computing market share in the world exceeds double digits in 2021, reaching 11%, and is expected to account for about 12.1% by 2022 and may reach 13.6% by 2023.

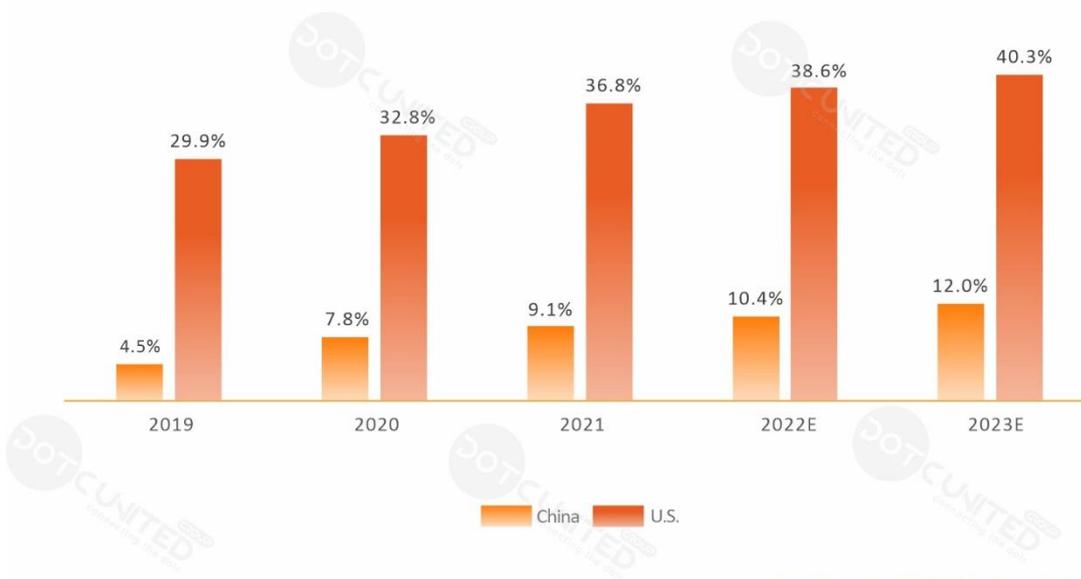
China vs U.S. Cloud Computing Market Scale Growth



Data Sources: grandviewresearch/CAICT/Gather/IDC/New Science and Technology Research Institute New Science and Technology Research Institute

Compared with the U.S., China's cloud computing started late and is still in the rapid growth stage, with a higher annual growth rate than the U.S. At present, the annual growth rate of China's cloud computing market size is about 33%, while that of the U.S. is about 26%.

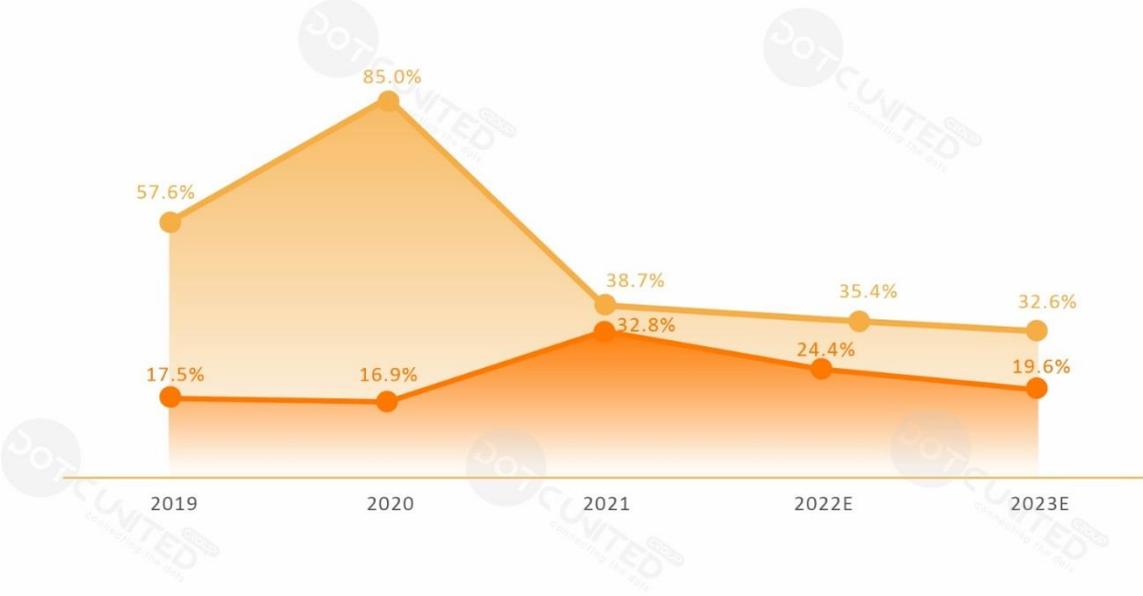
2019~2023 Global Public Cloud Market Scale China vs U.S. Proportion



Data Sources: grandviewresearch/CAICT/Gather/IDC/New Science and Technology Research Institute New Science and Technology Research Institute

In terms of public cloud market size, the U.S. accounted for about 36.8% of the global market share in 2021 and is expected to reach 38.6% in 2022, and the global share may exceed 40% by 2023. China's public cloud market size in 2021 global share of about 9.1%, is expected to exceed 10% by the end of 2022.

China vs U.S. Public Cloud Market Scale Growth



Data Sources: grandviewresearch/CAICT/Gather/IDC/New Science and Technology Research Institute New Science and Technology Research Institute

In terms of growth rate, due to the impact of epidemic, China's public cloud market size has grown up to 85% year-on-year in 2020 and decline by about 38.7% in 2021, before leveling off and basically maintaining a growth rate of about 30%. The U.S. will see year-over-year growth of about 32% in 2021, before leveling off to a growth rate of about 20%.

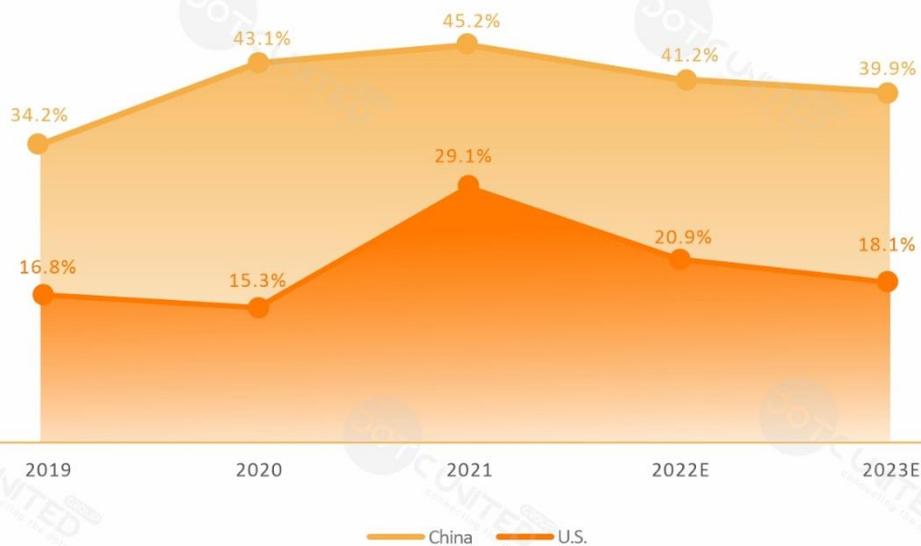
The gap between China and U.S. public cloud SaaS market size is narrowing
Public cloud SaaS layout has an inverted structure

2019~2023 Global Public Cloud SaaS Market Scale China vs U.S. Proportion



Data Sources: grandviewresearch/CAICT/Gather/IDC/New Science and Technology Research Institute New Science and Technology Research Institute

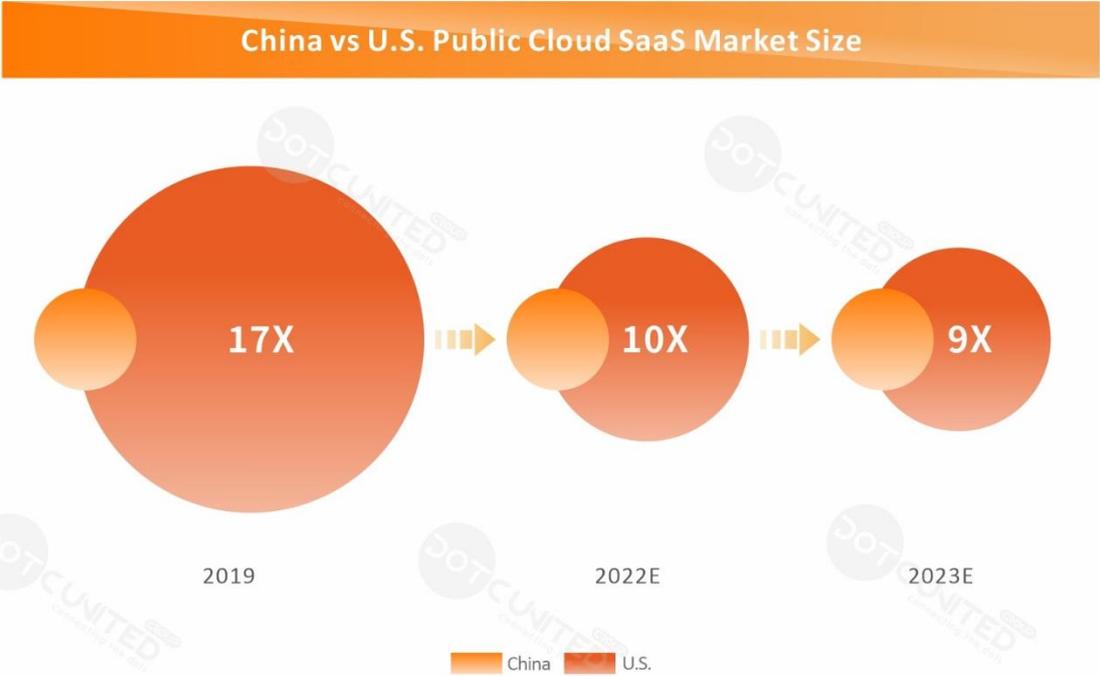
China vs U.S. Public Cloud SaaS Market Size Growth



Data Sources: grandviewresearch/CAICT/Gather/IDC/New Science and Technology Research Institute New Science and Technology Research Institute

In terms of public cloud SaaS market size, U.S. as the world's largest public cloud SaaS market, accounted for about 66% of the global public cloud SaaS market share in 2021, and is expected to reach for about 68.4% by the end of 2022, and the global market share may exceed 70% by 2023. Currently, China's public cloud SaaS market accounts are less than 10% of the global market share. According to statistics, China's public cloud SaaS market size accounted for about 5.3% of the global market in 2021, and is expected to increase to about 6% by the end of 2022.

In terms of growth rate, the annual growth of China's public cloud SaaS market size has basically remained around 40% in recent years, and the annual growth of the total cloud SaaS market size has basically remained around 20% in the U.S. after the peak growth of 29% in 2021.

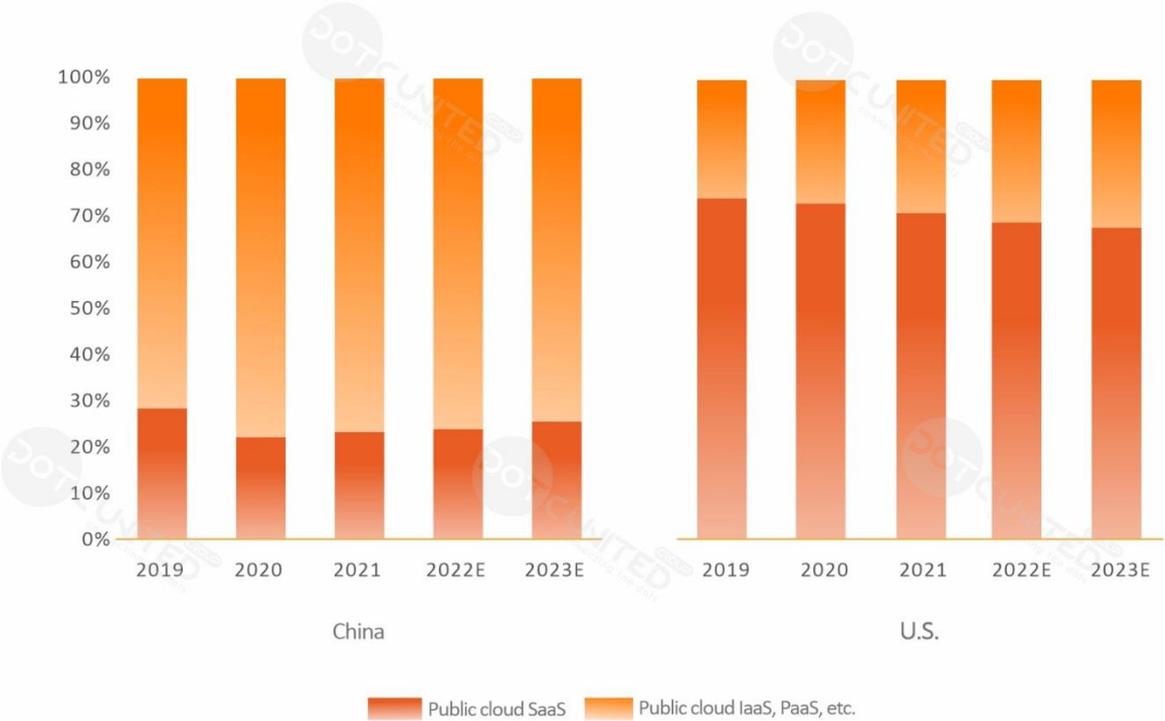


Data Sources: grandviewresearch/CAICT/Gather/IDC/New Science and Technology Research Institute New Science and Technology Research Institute

Compared with the U.S., China's total cloud SaaS market started late and is currently in the developing stage, and the overall market size is still relatively small. However, based on factors such as the rapid development of the Internet, the advancement of the digitalization process of enterprises exacerbated by the epidemic, the breakthrough of the maturity of the

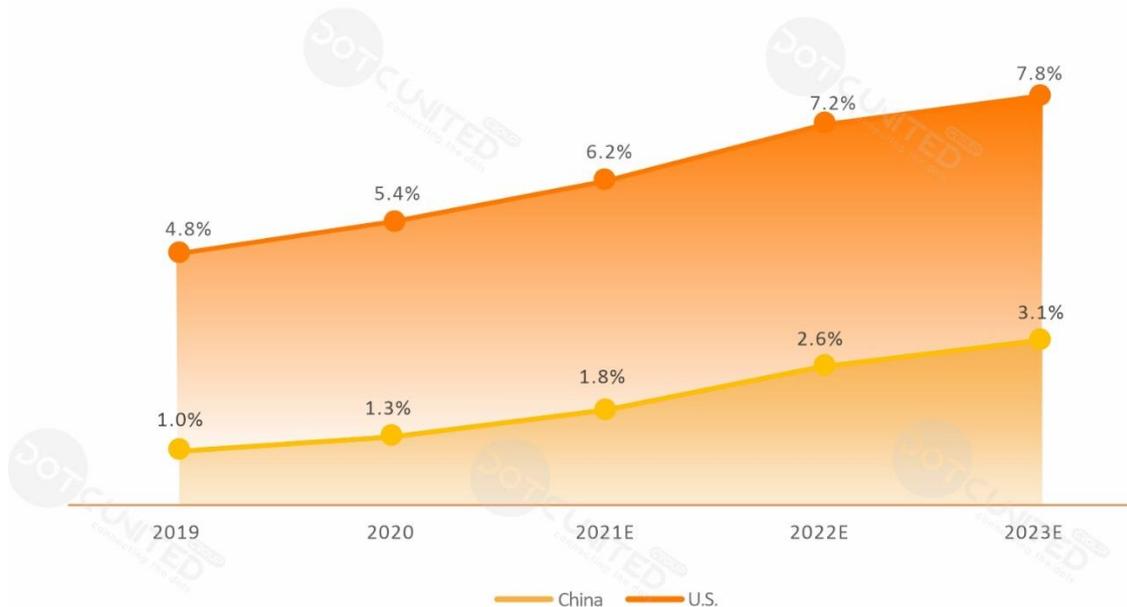
middle platform technology, and the awakening of enterprises/users, China's public cloud SaaS market has achieved rapid development in recent years, and the gap between it and the U.S. has been narrowing. According to statistics, in 2019, the U.S. public cloud SaaS market size is more than 17 times that of China, and the market size gap is expected to narrow to about 10 times by the end of 2022, and to about 9 times by 2023.

China vs U.S. Public Cloud SaaS Market Distribution



Data Sources: grandviewresearch/CAICT/Gather/IDC/New Science and Technology Research Institute New Science and Technology Research Institute

2019-2023 China vs U.S. on SaaS Expenses in IT Industry



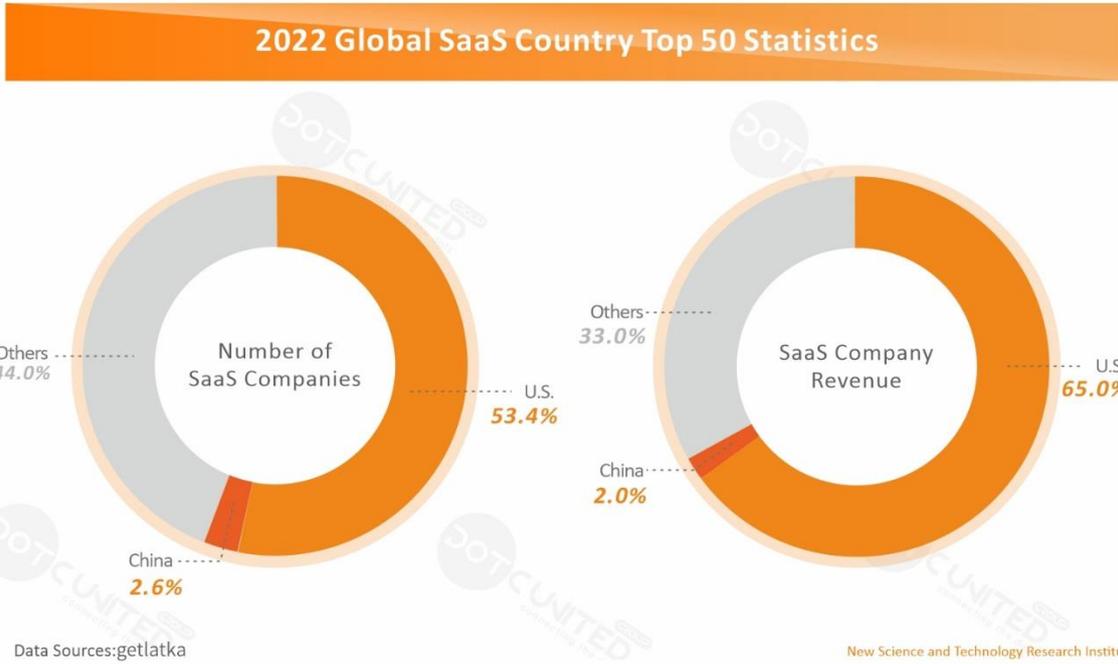
Data Source:Gather/Deloitte/New Science and Technology Research Institute

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Cloud service is a high barrier in the cloud computing industry, in terms of capital investment, technology/operation, cloud ecological construction capabilities, etc. have high requirements, at present, China's cloud service development is still in the early development stage, the cloud service market is still dominated by the bottom or middle platform type products, according to statistics, the public cloud market structure, the current domestic public cloud SaaS accounted for less than 30% of the public cloud market, is gradually rising trend, while the U.S. public cloud SaaS accounted for up to about 70% of the market layout compressed year by year, the U.S. and China public cloud SaaS market layout shows an inverted structure.

In addition to the factors of SaaS industry start-up time and enterprise/user awareness, SaaS spending in IT industry is also one of the reasons for the large gap between China and U.S. SaaS industry. According to statistics, SaaS spending in the U.S. IT industry accounts for more than 7%, while China spends less than 3%. Nevertheless, the continuous rise of IT spending still provides a good guarantee for the solid development of SaaS industry in the future.

U.S. SaaS companies account for over 60% of global revenue
Top 10 U.S. SaaS companies top trillion dollars in total market cap



U.S. has been considered as the largest SaaS market in the world, numerous small, medium and large SaaS enterprises in the U.S. region have also contributed to the world in terms of number of enterprises and revenue scale. The domestic SaaS market started late, and the number of enterprises with pure SaaS business or including SaaS business is relatively small. Statistics of SaaS enterprises in 50 major countries around the world show that the largest number of SaaS enterprises is in the U.S., followed by the United Kingdom, Canada, Germany, France, India and China, etc. The U.S. occupies more than 50% of the market share, and China accounts for about 2.6%.

In terms of enterprise revenue size, the largest number of SaaS enterprises generating revenue is still the U.S., followed by countries such as Italy, UK, Australia and India, with the U.S. occupying about 65% of the market share overall and China accounting for only 2%.

2022 China vs U.S. SaaS Listed Companies Total Market Capitalization

(Unit: USD 100 million)



Data Source: xueqiu/10jqka/mikesonders on March 25th, 2022

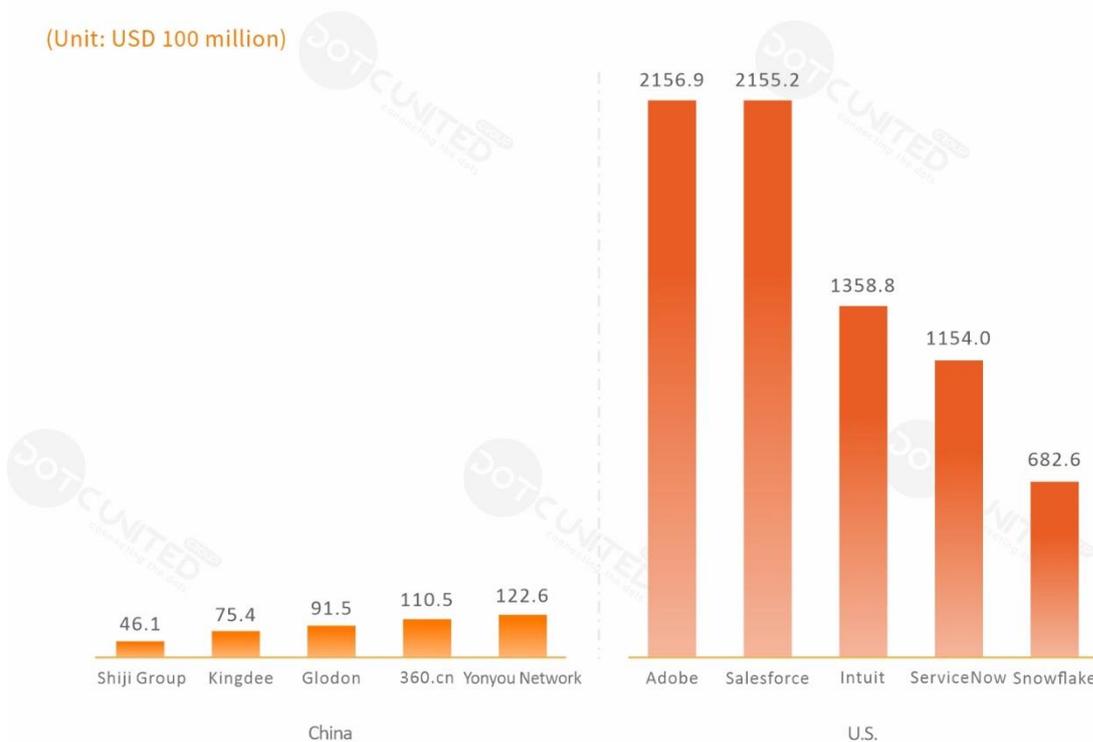
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Most of the SaaS companies in the U.S. were established after 1999, and after 8~10 years of growth, these companies are basically listed successfully. There are fewer pure SaaS companies in China, and most of them started to promote SaaS transformation only in recent years, and there are only a few listed SaaS companies in China.

According to the statistics of the listed SaaS companies in China and the U.S. (including SaaS concept stocks listed), the total market value of the TOP10 listed SaaS companies in China is about USD 61.22 billion, while the total market value of the TOP10 companies in the U.S. exceeds USD 1,096.32 billion, and the difference between the total market value of the TOP10 listed SaaS companies in China and the U.S. is as much as 17 times, and similarly, the difference between the total market value of the TOP50 The difference between the total market capitalization of the Top 50 companies is also about 17 times.

2022 China vs U.S. SaaS Listed Companies Total Market Capitalization TOP5

(Unit: USD 100 million)



Data Source: xueqiu/10jqka/mikesonders on March 25th, 2022

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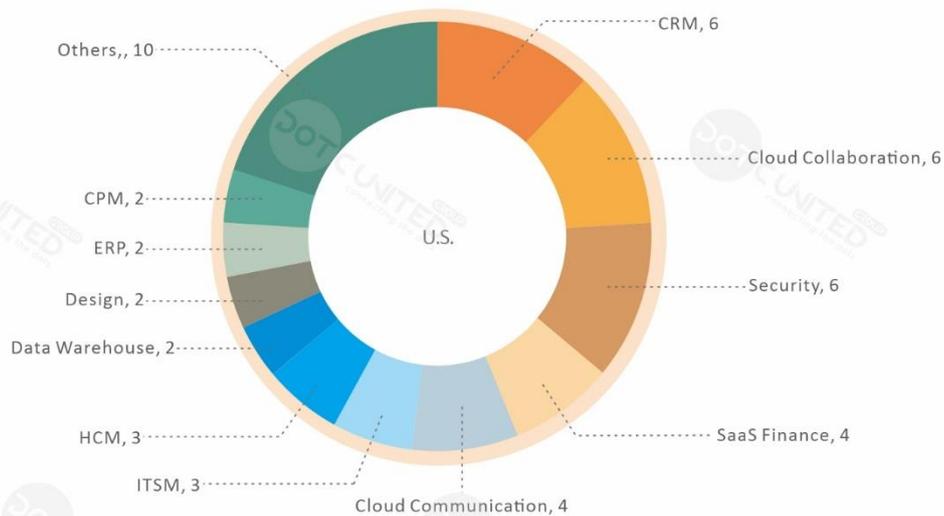
There is no shortage of leading U.S. SaaS listed companies. Adobe and Salesforce, as the global SaaS market leader, both have a market cap of over \$200 billion, and Intuit (Tax SaaS) and ServiceNow (ITSM) both have a market cap of over \$100 billion.

In contrast, the market capitalization of domestic listed SaaS companies is generally in the tens of billions of dollars, and the highest market capitalization is Yonyou Network, which is more than 70 billion yuan, or about 12.2 billion dollars, and there is a big difference between the market capitalization of Chinese and American listed SaaS companies from the leader to the whole.

Headquartered in ERP-CRM-Cloud Collaboration category

General & Internet industry segmentation dominates

2022 China vs U.S. on Business Breakdown for Top 50 Listed SaaS Companies with Total Market Capitalization



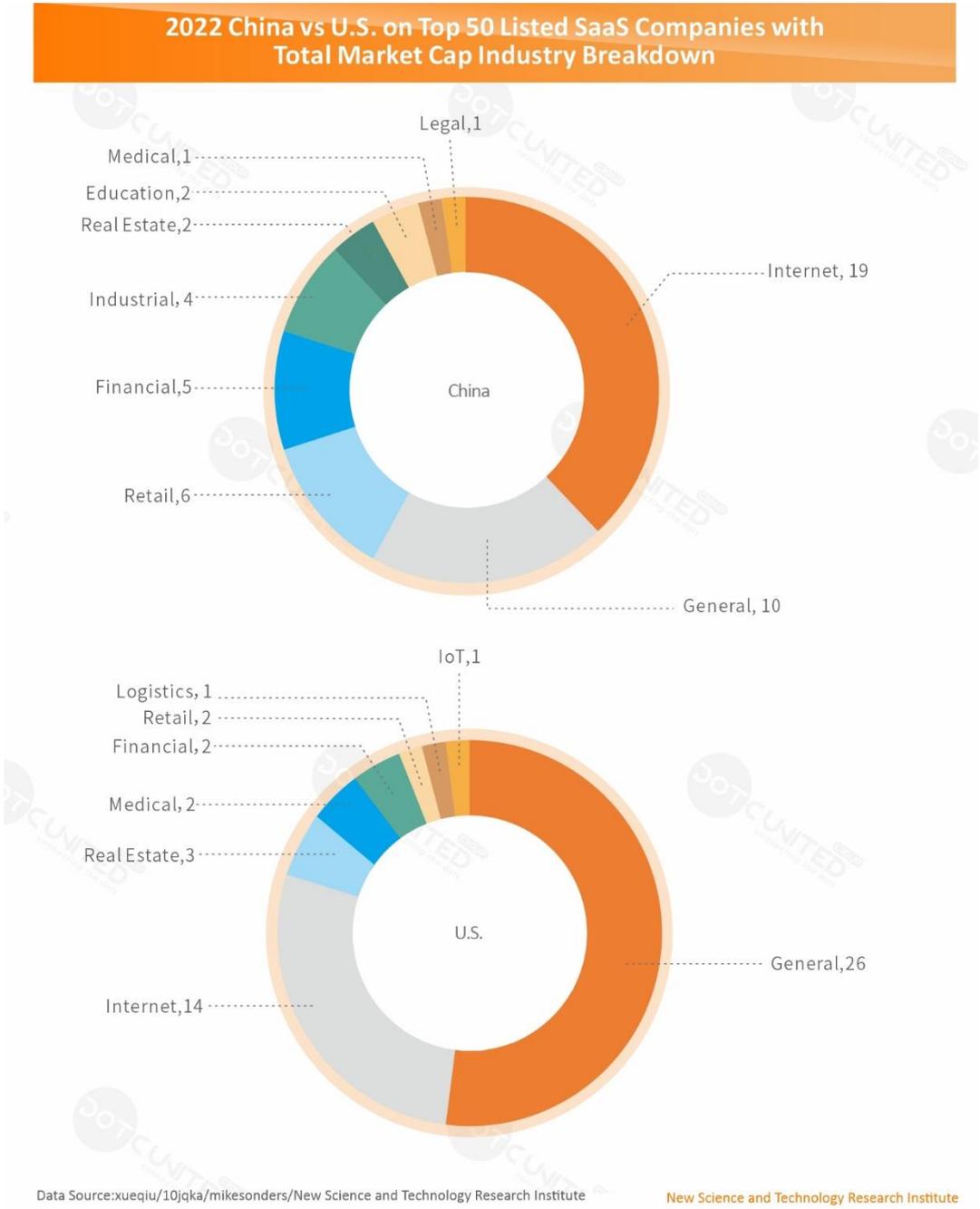
Data Source: xueqiu/10jqka/mikesonders/New Science and Technology Research Institute

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Statistics of the TOP 50 listed SaaS companies in China and the U.S. show that, in terms of business segmentation, Chinese head companies are dominated by ERP (Yonyou Network, etc.) and cloud collaboration (Kingsoft, etc.) tracks, followed by cloud communication (Montnets, etc.), SaaS finance (HOPERUN, etc.) and digital marketing (Weimob, etc.) categories. The U.S. headline companies are dominated by the CRM (Salesforce, etc.), cloud collaboration (Atlassian, etc.), and security (CrowdStrike, etc.) tracks, followed by the SaaS finance (Intuit, etc.), cloud communications (Zoom, etc.), and ITSM (ServiceNow, etc.)

categories.

Currently, both in the U.S. and China, the overall market is still dominated by general-purpose SaaS, with CRM taking the lead. The U.S. is the largest CRM market in the world, with about one-third of the global market share.

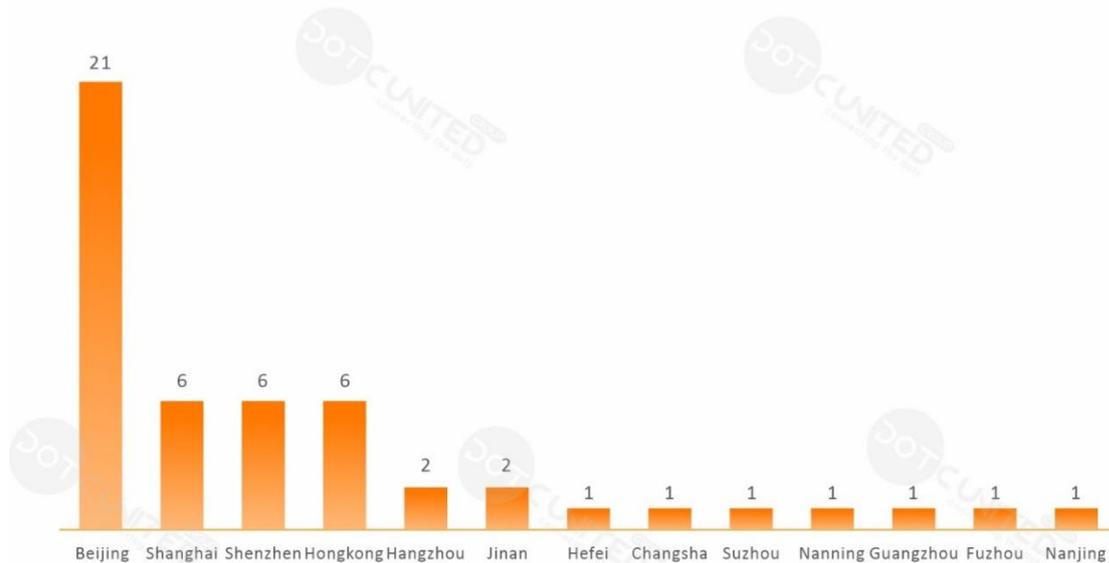


In terms of industry segmentation, the head SaaS companies in China and the U.S. are mainly in general-purpose and Internet industries. However, industry vertical SaaS focusing on niche areas can better understand customers' needs and deeply solve users' pain points.

In the future, compared with general-purpose SaaS, vertical SaaS may be more favored by capital, and the vertical SaaS market has great potential for development.

There is no shortage of leaders in the U.S. industry vertical SaaS track, such as Block, a major mobile payment company, Intuit, a super unicorn in finance and taxation, Veeva, a Microsoft office in medical field, and Autodesk, a giant in digital architectural CAD. In contrast, the domestic industry vertical SaaS market is still in the early stage of development, and the market pattern is not yet clear, in terms of the overall market, the performance of Glodon and Ming Yuan Cloud in the real estate and construction field, Shiji Group and Weimob in the retail field, and Lakala and HOPERUN Software in the financial field are all remarkable.

2022 Distribution of Top 50 Cities/Region of Listed SaaS Companies in China



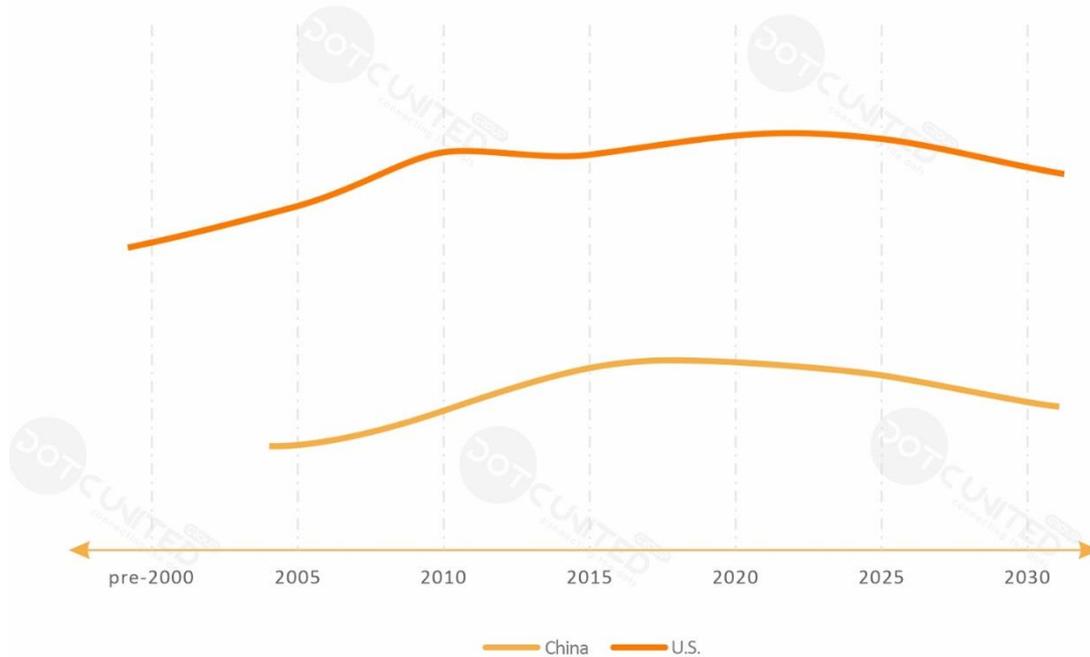
Data Source: [xueqiu/10jqka/mikesonders/](https://xueqiu.com/10jqka/mikesonders/) New Science and Technology Research Institute

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In terms of city distribution, domestic SaaS listed companies are basically concentrated in southern cities, with North, Shanghai, Shenzhen and Guangdong as the four major regions. Beijing is home to 9 of the top 10 domestic SaaS listed companies in terms of total market value, including Yonyou Network, 360.cn, Glodon, Shiji Group, and Sinnet, mainly in the fields of Internet, retail, finance, and healthcare. In Shanghai, there are enterprises such as weaver, INESA-IT and Weimob, and in Shenzhen, there are enterprises such as YeahKa and Farben. Kingdee, Kingsoft, Ming Yuan Cloud and Youzan are all headquartered in Hong Kong.

The future of SaaS market with Chinese characteristics
mixed with American experience is promising

China vs U.S. SaaS Development Trend Chart



Data Source: New Science and Technology Research Institute/SOFT6

New Science and Technology Research Institute

After more than a decade of development since its inception, China's SaaS industry has now entered the growth period of rapid development and is expected to enter the maturity period around 2025. Although the domestic SaaS industry ecology is not complete and the market is immature, lagging far behind the U.S., this gap also provides an imaginative upside for the future development of domestic SaaS. There are certain differences between China and the U.S. SaaS industry in terms of ecological environment, Degree of informativeness, industrialization stage, customer group structure and user habits, etc. While learning from the U.S. experience and benchmarking with U.S. vendors, domestic SaaS needs to adapt to local conditions and be calm and objective.

At present, the potential market for SaaS in China is large in both incremental and stock markets. With the catalyst of the epidemic and the boost of digital infrastructure, the demand for SaaS products is bound to increase as the demand for enterprises in various industries

goes to the cloud. At the same time, industry regulation will also become more and more standardized, and the industry will accelerate its inward roll-up, and market competition will become more and more intense in the future. For SaaS products, whether vertical or mixed, AI+ or X+, under the purpose of empowering customers, reducing cost and increasing efficiency, and solving pain points, SaaS products will definitely become more and more diversified and personalized, and the future of SaaS market with Chinese characteristics can be expected, combining with American experience.

About FlashCloud

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