on 02-Oct-2026

BERNSTEIN
SOCIETE GENERALE GROUP

2 October 2026

Global Software

Global Software: How do the AI Labs and neoclouds impact Cloud (IaaS / PaaS)



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The IaaS/PaaS market is changing in a way we have not seen since Microsoft Azure started to compete with AWS. The change, not surprisingly is being driven by AI and the emergence of surprisingly not the neocloud but rather the AI labs. AI labs, especially OpenAI and Anthropic have been morphing into development platform vendors which will put them on a trajectory to compete with their hyperscaler partners and the general development ecosystem.

The AI labs have already expanded beyond building models into other areas and especially the development platform space with initially coding tools and then agentic app development offerings. That migration increases substantially the reach of the companies and places them into direct competition with the broad range of development product companies including the hyperscaler and SaaS vendors that are targeting the agentic platform space. This shift into development can be seen in the appearance of OpenAI and Anthropic in the PaaS market space. It is still early days, but this trend is important and must be watched by anyone interested in the space.

As part of our Cloud in the Quarter series (and even before those notes), we have been tracking the market dynamics of Infrastructure-as-a-Service and Platform-as-a-Service. These two are the core market of the hyperscalers, and we have watched over time the hyperscalers slowly but surely gaining share. Now we see two new sets of competitors entering the market: the neoclouds in IaaS and the AI Labs in PaaS.

Today's note gives the most recent data (CY25) from the two leading industry analysts groups (Gartner and IDC) and discusses the ramifications of the changes in the market dynamics and our opinions of the impact of the AI labs and neoclouds.

We believe that while the neoclouds, currently, are taking share in AI IaaS, as demand/ supply normalizes and inferencing becomes by-far the largest driver of AI spending the neoclouds will likely become small / specialized providers and not have a big impact on the overall market.

On the other hand, as discussed in this note, the AI Labs are targeting the platform market and gaining share and could be stronger than more specialized competitors at the platform layer of PaaS. The two main labs (OpenAI and Anthropic) have expanded beyond being purely model vendors into becoming platform vendors, and we expect that trend to continue.

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.
First Published: 02 Oct 2026 09:19 UTC Completion Date: 02 Oct 2026 09:19 UTC

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BERNSTEIN TICKER TABLE

			1 Oct 2026		TTM	Adjusted EPS				Adjusted P/E (x)		
Ticker	Rating	Cur	Closing Price	Price Target	Rel. Perf.	Cur	2026A	2027E	2028E	2026A	2027E	2028E
MSFT (Microsoft)	O	USD	512.80	660.00	(14.8)%	USD	17.28	19.96	24.01	29.7	25.7	21.4
ORCL (Oracle)	O	USD	138.07	325.00	(66.4)%	USD	7.63	8.37	12.19	18.1	16.5	11.3
CRM (Salesforce.com)	U	USD	236.69	195.00	(15.2)%	USD	12.52	17.13	15.49	18.9	13.8	15.3
SNOW (Snowflake)	M	USD	341.99	377.00	27.9%	USD	4,684	6,391	8,490	25.8	18.9	14.3
MDB (MongoDB)	O	USD	351.73	470.00	(6.4)%	USD	2,464	3,075	3,728	10.5	8.4	7.0
SPX			7,666.45									

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

SNOW, MDB estimate is Revenues (M); SNOW, MDB valuation is EV/Sales (x);

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

For the hyperscalers and neoclouds the transformation of the AI labs into platform vendors solidifies their route to growth but also creates new competitors in part of the platform development layer which could in theory impact their mix of PaaS and IaaS. The neoclouds on the other hand are point solutions delivering raw compute and while they may try to move up the stack they lack both the platform software (e.g. databases, development tools, system management, cybersecurity etc.) and the data.

While leveraging open-source platform / infrastructure software is a possibility for both the AI Labs and the neoclouds to target broader PaaS it only targets new apps and limits the ability to capture all the existing especially enterprise apps. Data gravity is one of the more misunderstood factors, at least in enterprises, that will limit where they will run not just their apps but also their inferencing.

Microsoft has been aggressively investing at the development platform level, recognizing the importance of protecting their differentiation as the leading platform (also called infrastructure) software vendor. Hosting all the variant development tools / platforms, including OpenAI and Anthropic's offerings, as well as a very wide range of models (including their own models which are becoming increasingly competitive) should sustain / increase the moat. Most enterprise workloads and data that sits on PaaS, sits at Microsoft and this creates an underestimated center of gravity that will pull AI workloads to Microsoft.

Oracle offers both AI datacenters, predominantly to AI Labs and model vendors, but also OCI Gen 2 public Cloud, private Cloud, white-boxed IaaS/PaaS (Alloy) and sovereign Cloud. The success of OpenAI in platform, which is the largest customer Oracle's OCI AI, protects that revenue stream for Oracle and does not today compete against Oracle's key platform offerings, especially the Oracle database which is moving to the Cloud quickly (triple-digit growth each of the last few quarters) driven by the 3 largest hyperscalers.

MongoDB is a database vendor and neither the neoclouds nor the AI labs target their market. AI does not replace database. It in fact increases the usage of database and will long term be a tailwind to growth for MongoDB.

Snowflake is also a database vendor, in the data warehousing space, but is aggressively trying to grow into the AI platform space which will bring it into competition with not only the AI Labs but also the hyperscalers.

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DETAILS

IaaS/PaaS has been a relatively stable market with the hyperscale Cloud providers taking market share from smaller vendors who could simply not compete on depth and breadth of functionality and global footprint. Specialized providers have flourished in specific markets (e.g. governments, highly regulated industries) and localities outside the US but until relatively recently the market dynamics has not meaningfully changed in many years. Since then one hyperscaler has incrementally gained share from another; and providers focused on China were growing slower or even shrinking due to local market dynamics, but the major trend has been the 4 big hyperscalers (Microsoft, Amazon, Google and Oracle) taking share. The market has broadened, and new entrants have appeared with Gen AI and the need for massive GPU-based compute initially for training and over time from inferencing. We are now seeing incremental and interesting changes starting to appear in the market data (depending on whose data one uses) that point to potentially increased competition (and also a larger market)[1]

AI and more specifically the lack of sufficient capacity for model training created the opportunity for new smaller / specialized vendors to appear (e.g. the neoclouds) and for Oracle to start to break out. But in the case of Oracle, management found a part of the market where they could dominate (sovereign Cloud) and that drove the 1st major leg of OCI's growth which was then followed by an even bigger opportunity, AI datacenters, setting the company up to become either a close #4 or even #3. Today's note does not focus on Oracle's differentiation from the smaller competitors and the investment opportunity- you can find this in Oracle: The story is better than we thought, with better upside potential)

While we normally publish this type of data as part of our Cloud in the Quarter series. But in the 2025 datasets from IDC and Gartner we start to see new dynamics in the IaaS and PaaS markets that we believe are worth pulling out and discussing separately. While the numbers / impact are still small and the segment definitions are still fluid (which we will discuss throughout the note), a few new entrants are making inroads into the markets and given the growth or the neoclouds and the AI labs so far in 2026, are expected to continue gain share this year.

PORTFOLIO MANAGERS SUMMARY

IaaS/PaaS was, prior to Gen AI, a market dominated by a handful of US based global hyperscalers (Microsoft, Amazon and later Google) with China centric providers (e.g. Alibaba). Oracle came to the market much later and with the launch of OCI Gen 2 they have had some success in public Cloud but even more in sovereign Cloud and private Cloud - niche markets with differentiated requirements.

Then along came Gen AI and the massive demand for very large GPU-centric datacenters for model training. With the differentiated requirements of high-end GPU servers (2-3x the power and cooling and high bandwidth / very low latency

[1] We are not re-sizing our TAM analysis for IaaS/PaaS at this time but rather pointing to industry analyst data as to the impact of AI on market TAM.

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networking) the existing datacenter providers (dominated by the hyperscalers) had to re-architect and build / rebuild creating a demand /supply inequality that created the entry point for other vendors - especially the neoclouds (many of whom had GPU-centric datacenters for data mining) and Oracle, which quickly built very successful AI datacenters for XAI and Microsoft (including for use by OpenAI) amongst others and then for OpenAI (and Meta, Byte Dance, NVIDIA, etc.).

- The 1st change to the IaaS/PaaS was driven by the demand for GPU-centric datacenters for model training.

The 2nd and 3rd changes are happening almost simultaneously:

- AI spending shifting from training to inferencing with inferencing going to be far larger than training in annual spending (we estimate 5x to 20x). Note that while frontier model inferencing (e.g. ChatGPT) can be run effectively on these GPU-centric datacenters enterprise inferencing requires mixed use datacenters that contain the GPUs for inferencing, the CPUs for the apps, and disks for data storage (e.g. storing corporate data that is used to ground inferencing queries or used in the answers to those queries).

- The two leading AI labs (OpenAI and Anthropic) have morphed their businesses from being model vendors into becoming AI development platform vendors (and in the case of OpenAI also into becoming a search / research solution for consumer and enterprise).

The ramifications of these changes were 1st seen in the IDC and Gartner IaaS and PaaS market share data in 2025 with CoreWeave appearing in the top 10 IaaS vendors by market size and OpenAI and Anthropic appearing in the top 10 PaaS vendors by market size.

THE APPEARANCE OF THE AI LABS IN PAAS MARKET SHARE DATA

We believe the appearance of OpenAI and Anthropic in the list of the top 10 PaaS vendors by market sizing (IDC - Exhibit 8, Gartner - Exhibit 9) validates our work that shows the two leading AI Labs are successful in the AI development platform market and even as viable PaaS vendors, even though they:

- Don't offer the breadth of PaaS functionality that the leading vendors offer

- Don't own their own IaaS offerings.

Note that most of the other smaller PaaS vendors also do not offer IaaS; own their datacenters; or offer the full breadth of PaaS functionality. This could be a function of the size of the PaaS business or a limiting factor in their ability to grow - only time will tell.

The reason that OpenAI and Anthropic now appear in the top 10 PaaS vendors by market share list is that they are far more than simply frontier model vendors. Their business and their revenue streams have shifted to offering an increasingly large set of development capabilities and not just for development of AI and agentic applications. Their AI capabilities are being used to develop and test traditional non-AI code faster than the prior generation of tools. We believe that this transition is not well understood, as investors are focused on their models and not their broader applicability leveraging models.

THE APPEARANCE OF NEOCLOUDS IN OUR IAAS MARKET SHARE DATA

The other major change to market share is in IaaS as the neoclouds have grown quickly and gained share.

With demand greater than supply model developers, AI labs and even hyperscalers have had to find additional compute capacity beyond their traditional approaches of building / leasing datacenters shells and installing their own hardware. This has driven an opportunity for the growth of the neoclouds, many of which were formerly cryptocurrency miners and thus had expertise in building large GPU centric data farms.

This trend can be seen in the appearance of CoreWeave within the IDC (Exhibit 1) and Gartner (Exhibit 2) Infrastructure-as-a-Service market sizing data starting in CY25.

But we believe that:

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1. The neoclouds are going to have great difficulty to expand beyond IaaS and especially GPU based IaaS.

2. Many of the neoclouds have a significant portion of their business from the largest Cloud vendors including Microsoft and once demand and supply normalize these vendors will move their business into their own datacenters rather than leverage the neoclouds.

3. To expand into PaaS would require offering open source platform software (e.g. databases, development tools, system management, cybersecurity etc.) which while available via open source will not be differentiated enough to capture market share.

4. To become full inferencing platforms they would also need to get enterprises and digitally native organizations to move their data to the neocloud's facilities, something that especially for enterprises will be very difficult.

5. Once the demand / supply inequality that currently exists disappears, which we believe could happen in the next 2 years, the ability to grow will be highly constrained.

IAAS AND PAAS - INTER-RELATED BUT DIFFERENT

Before looking at the IaaS and PaaS markets themselves we want to step back and explain the interrelationship between the two. Platform-as-a-Service is built on Infrastructure-as-a-Service and the separation between the two not very well defined. In fact, the different industry analysts define IaaS and PaaS differently which has required us to look at both vendors data to understand the market. In addition, the hyperscale Cloud providers do not separate the businesses or the revenue streams.

But there are meaningful differences between the two and just because a vendor can supply IaaS does not mean they can supply PaaS or vice versa. With the advent of AI there are those providers who can supply the GPU compute at the scale needed to train models or support basic Cloud functionality + inferencing such as the neoclouds. But their ability to support up the stack is quite limited and therefore, we believe, over time they are going to be low-cost limited providers that could get squeezed out as demand / supply normalizes.

On the flip side there are the AI labs that can supply the development platform technology, but they run today on someone else's infrastructure (IaaS) and do not offer the full breadth of PaaS beyond the development tools layer.

Note the fact the AI labs do not offer IaaS may not be a limited factor as we saw this with SaaS. While most SaaS vendors started out with their own Cloud datacenters over time they shifted most, if not all, of their SaaS onto the hyperscalers and co-location vendors.

Since there are differences in functionality, gross margin, and stickiness we discuss the data and the drivers of IaaS and PaaS separately every time we look at the market. Again even though the hyperscalers bundle them together and our Cloud in the quarter notes also bundles the two as the companies we discuss do not break them apart (Cloud in the Quarter: How did the hyperscalers do in 2Q26?)

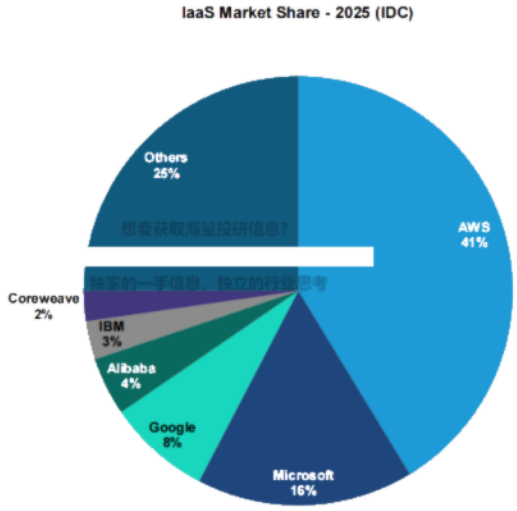
INFRASTRUCTURE-AS-A-SERICE (IAAS)

IaaS has been historically been dominated by the major hyperscalers, with the top 4 (Amazon AWS, Microsoft Azure, Google GCP, Alibaba) commanding over 70% of the market share (Exhibit 1, Exhibit 2) - although the specific share of any individual company differs across data vendors due to the blurred lines between IaaS/PaaS and the methodologies each data provider uses (see Exhibit 3 and Exhibit 4).

As the Gen AI build out accelerates, one notable new entrant in the space is CoreWeave, which captured around 2% share of the $220B market over the past 2 years. We also note that Oracle appears in the Gartner breakdown chart (Exhibit 2) and not in the IDC's chart (Exhibit 1) simply because IDC places most of Oracle OCI's revenue in PaaS -which shows the categorization differences between the two vendors.

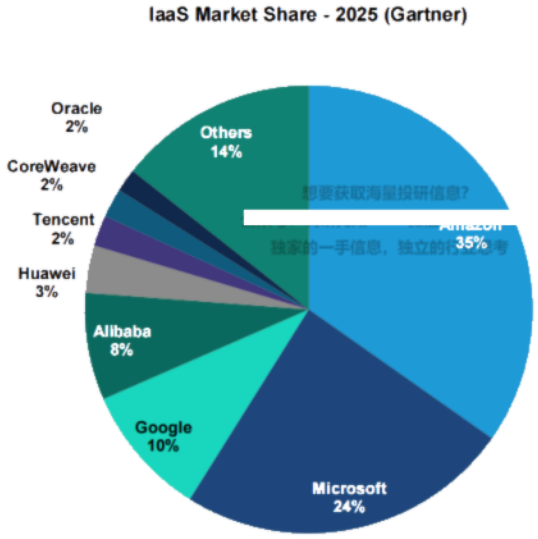
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EXHIBIT 1: **According to IDC, we continue to see AWS, Microsoft, Google and Alibaba holding >70% share of the IaaS market in 2025...**



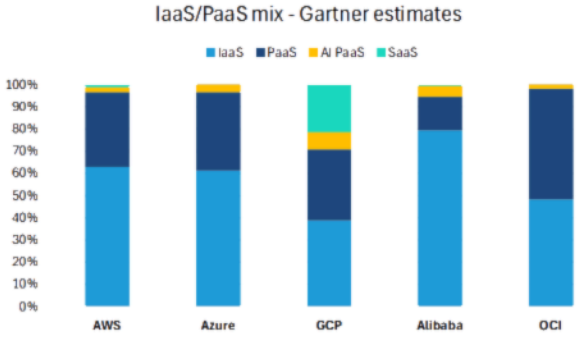
Source: IDC, Bernstein analysis

EXHIBIT 2: **...similarly in Gartner, the same 4 players control >70% of IaaS, although share is different potentially due to different treatment of what falls into IaaS vs. PaaS**



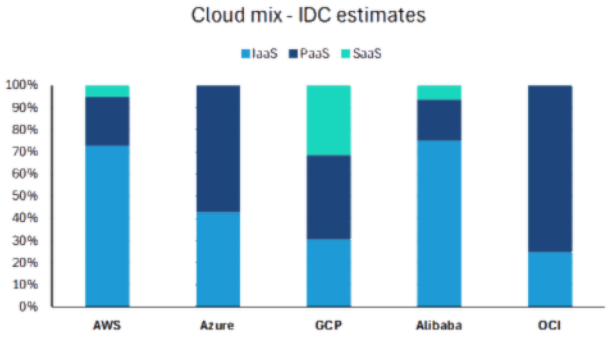
Source: Gartner, Bernstein analysis

EXHIBIT 3: **Note that Gartner and IDC categorizes cloud revenues differently, as Gartner puts more AWS revenues in PaaS...**



Source: Gartner, Bernstein analysis

EXHIBIT 4: **...while IDC categorizes more of AWS revenues as IaaS, and more of Azure and Oracle revenues in PaaS**



Source: IDC, Bernstein analysis

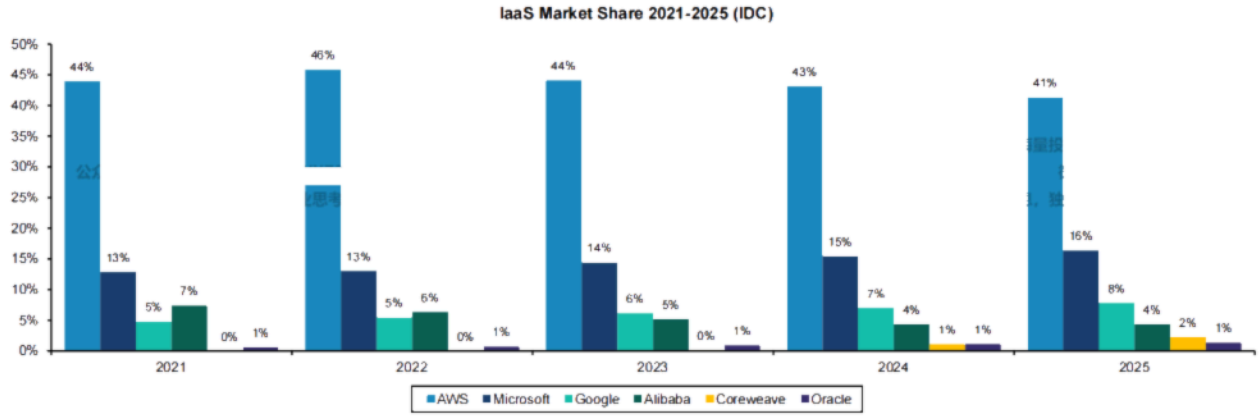
If we look at the IaaS market we see similar trends with both IDC (Exhibit 5) and Gartner (Exhibit 6). We can see that:

- Amazon has incrementally lost share while Microsoft and Google have gained share.
- In the IDC data Alibaba lost and then regained share between 2021 and 2026 while Gartner has them maintain ~8% market share.
- CoreWeave did not enter this market until Generative AI took off, when demand was greater than supply for AI datacenters
- Even though Oracle has substantially grown their OCI business their share of market has not meaningfully changed in the IDC data (as IDC categorizes OCI as mostly PaaS) but has grown from 1% to 2% in the Gartner data. We believe that as the OCI AI datacenters start driving significant revenue growth they should start to take share.

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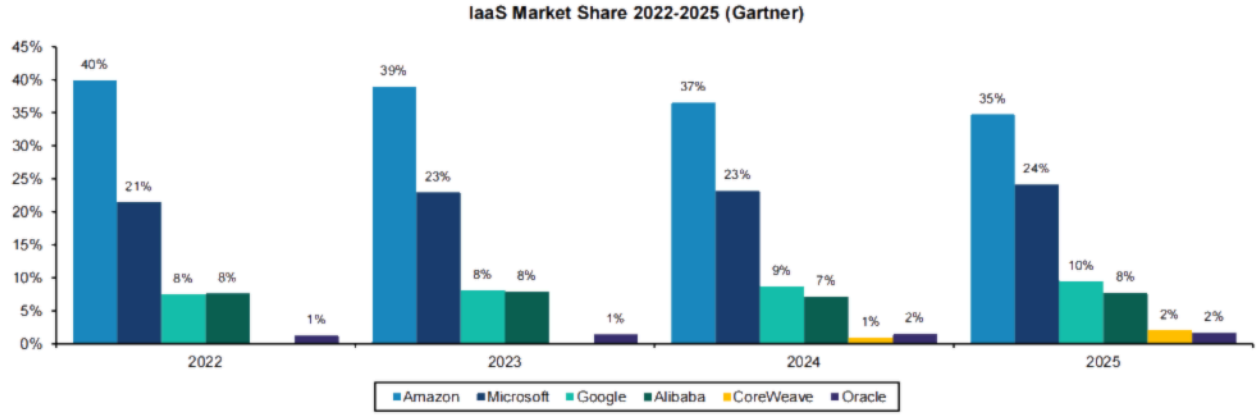
- One will also notice that the AI Labs are not included in IaaS. This is because the AI Labs do not have their own IaaS offerings, focused instead on development platforms.

EXHIBIT 5: **According to IDC, over the past 5 years AWS share in IaaS remained relatively flat until 2025, while Microsoft and Google has gained incremental share. Coreweave is the most notable new entrant.**



Source: IDC, Bernstein analysis

EXHIBIT 6: **Gartner data shows a similar trend over the past 4 years, with AWS slightly losing share while Microsoft, Google, Oracle and Coreweave gaining share.**



Source: Gartner, Bernstein analysis

Note that Gartner separately tracks traditional IaaS and AI optimized IaaS. With traditional IaaS, as the name states it is the IaaS business we have seen grow over the last 10+ years and is comprised of CPU servers. AI optimized IaaS is what many have called AI datacenters and is predominantly GPU based servers.

THE APPEARANCE OF THE NEOCLOUDS AS MAJOR IAAS VENDORS

The other fascinating factor is that CoreWeave now appears in the top 10 vendors list for IaaS at both IDC and Gartner. Until now the neoclouds were simply too small and a couple of years ago they really did not exist (many were cryptocurrency mining vendors leaving GPUs. The reason CoreWeave appears (and others may be in the list for 2026), we believe, is that demand for AI compute is far larger than supply, which has created the entry point for new entrants, especially those with GPU expertise.

With demand greater than supply model developers, AI labs and even hyperscalers have had to find additional compute capacity beyond their traditional approaches of building / leasing datacenters shells and installing their own hardware. This has driven an opportunity for the growth of the neoclouds, many of which were formerly cryptocurrency miners and thus had expertise in building large GPU centric data farms.

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This trend can be seen in the appearance of CoreWeave within the IDC (Exhibit 5) and Gartner (Exhibit 6) Infrastructure-as-a-Service market sizing data starting in CY24 and CoreWeave appearing in the list of the top 10 in CY25.

The obvious question is whether this is an anomaly driven by an inequality in supply / demand or a major trend which could impact the market share and growth rates of the top 4 hyperscalers? We believe that in fact this is more an artifact of the time rather than a disruptive occurrence as:

1. The neoclouds are going to have great difficulty to expand beyond IaaS and especially GPU based IaaS.
2. Many of the neoclouds have a significant portion of their business from the largest Cloud vendors including Microsoft and once demand and supply normalize these vendors will move their business into their own datacenters rather than leverage the neoclouds.
3. To expand into PaaS would require offering open source platform software (e.g. databases, development tools, system management, cybersecurity etc.) which while available via open source will not be differentiated enough to capture market share.
4. To become full inferencing platforms they would also need to get enterprises and digitally native organizations to move their data to the neocloud's facilities, something that especially for enterprises will be very difficult.
5. Once the demand / supply inequality that currently exists disappears, which we believe could happen in the next 2 years, the ability to grow will be highly constrained.

HOW BIG IS THE AI OPTIMIZED IAAS MARKET?

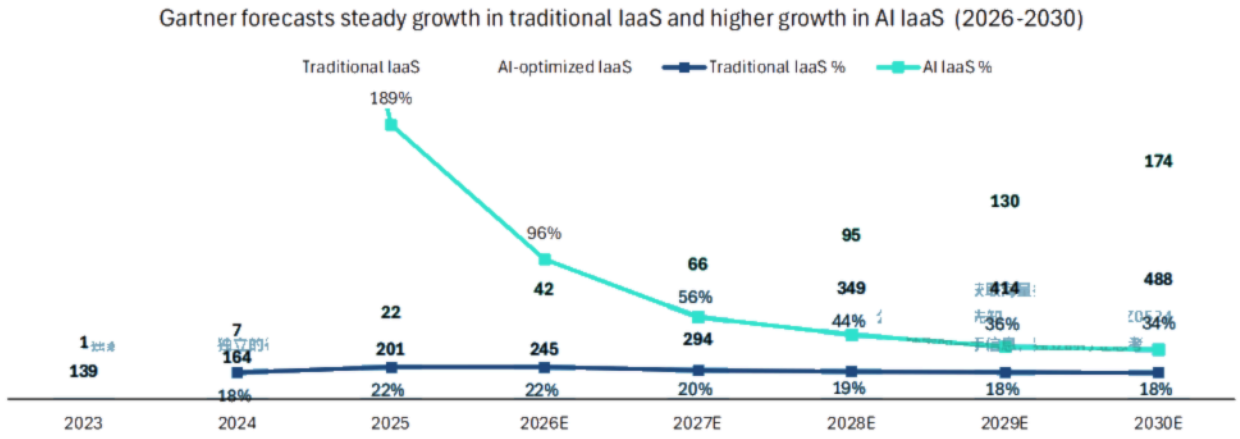
Gartner has recently started to model what they call the AI optimized IaaS market which they model will reach $174B in CY30 (Exhibit 7). This market is, not surprisingly expected to grow faster than the traditional IaaS market but off a relatively tiny base. While $174B is a relatively large number compared to many SaaS markets it is small compared to the overall IaaS market. But it creates an interesting question about the industry projections for GPU and related spending: How does one rationalize $174B in AI optimized IaaS with a trillion or more (depending on who one listens to). At a high level we see 4 possibilities:

- Will most of the GPU spending that some are modeling in be generated by enterprise owned datacenters, and digitally native vendors owning their own AI datacenters?
- Are expectations too high?
- Are Gartner's numbers too low?
- Will most of the GPUs be owned and leveraged by PaaS vendors that own their own IaaS?

We do not have answers at this time other than to say there is likely a mix of the 4 driving the discrepancy. Even though we don't have an answer at this point, and are not sure anyone does, we believe it is worth pointing out this discrepancy.

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EXHIBIT 7: **Gartner forecasts total IaaS to grow to $662B, with AI-optimized IaaS reaching $174B by 2030**



Source: Gartner, Bernstein analysis

PLATFORM-AS-A-SERVICE (PAAS)

The PaaS market is more fragmented than IaaS, and analyzing it is more complex as what counts towards PaaS differs across data providers (Exhibit 3 vs Exhibit 4). For example, Gartner places more of AWS's revenues in PaaS as compared to IDC, resulting in a lower share of AWS in IaaS and higher share in PaaS. Therefore, by IDC's definition, Microsoft leads the PaaS market, while by Gartner's definition, Amazon is the leader.

With the fast growth and disruptive effects of the AI Labs, how to properly account for their revenues is still an evolving initiative. Even how to consider model revenue - is it PaaS? Is it something else entirely? The jury is still very much out and will change, especially as the AI Labs move beyond frontier models to generating an increasing percentage of their revenue from software built on-top of and around the models. In fact, how to categorize AI labs will also likely change and is AI a separate category, requiring even a separate GIC code or is their model and development platform businesses categorized as enterprise software as we believe is most likely to occur.

As shown in Exhibit 8, IDC estimates OpenAI was 6% of PaaS market share in CY25 while Gartner estimates they were 2% of the market (Exhibit 9).

IDC and Gartner look at the PaaS markets somewhat differently. As discussed above their definitions of what are PaaS and IaaS are different, and thus revenue streams may be categorized as IaaS with one and PaaS with the other. In addition, as discussed above Gartner breaks out AI optimized IaaS and AI optimized PaaS. Gartner also treats the AI platforms as a separate sub-category from the typical PaaS, but combining the two to create their PaaS market and market sizing to create an overall PaaS market similar to what IDC does.

IDC sizes OpenAI as 6% of the market and thus the 4th largest vendor by revenue in PaaS and Anthropic as ~2% of the market. On the other hand Gartner (Exhibit 9) sizes OpenAI and Anthropic each as having <2% market share as of 2025. We believe the difference is how they define and size the market. Specifically how much revenue is placed into the PaaS bucket for all the other vendors. As seen in Exhibit 10 IDC and Gartner's revenue numbers for the two leading AI labs are not meaningfully different. What is different is everyone else in PaaS.

No matter how one categorizes the data we can see that both OpenAI and Anthropic are gaining share as their development platform capabilities (and not just coding) drive revenue growth and gain share (Exhibit 11). Looking ahead to 2026, both OpenAI and Anthropic are likely to deliver tens of billions of revenues, according to various new sources, enabling them to claim potentially high-single to low double-digit share this year, depending on how fast the PaaS market grows.

What is really important to understand is why OpenAI and Anthropic are appearing in the PaaS market. Initially it was because of their models which other companies leveraged and built on top of. But that has changed Anthropic has expanded beyond models to become 1st a coding tool (Claude Code) and then into automation and agentic app development. At this point Anthropic is enterprise focused with the majority of their revenues falling into enterprise software. This will only continue, we

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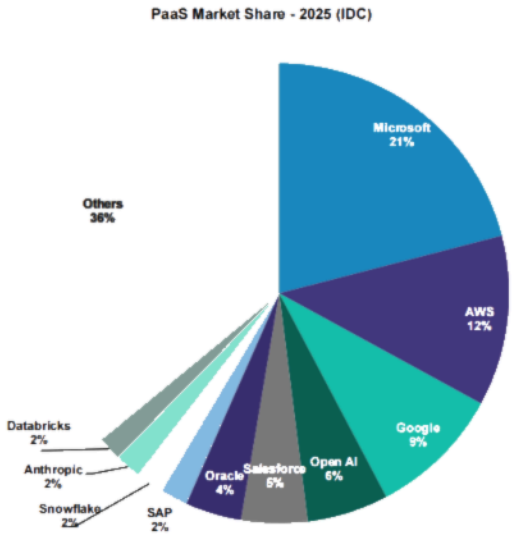
believe to expand as Anthropic competes more broadly across the development platform space.

OpenAI has built a substantial business with ChatGPT and all the related search and research solutions, but they have been aggressively expanding into the platform development space adding coding (Codex) and agentic development solutions. We expect this will not only continue but in fact accelerate as they gain traction in enterprises.

While their core model and in OpenAI's case search centric businesses will continue to be large and meaningful these businesses are competing more and more aggressively in the development space, and we would expect that when the 2026 data comes out the development platform revenues will be larger than the model revenues.

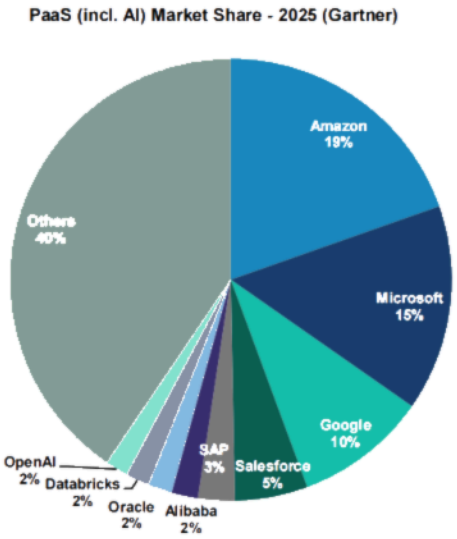
The one interesting question is whether these development offerings will be considered PaaS (e.g. model API revenues, development tools) or SaaS (e.g. Coding and agentic software products)

EXHIBIT 8: **According to IDC, the PaaS market is more fragemented and Microsoft is the leader and OpenAI has 6% market share while Anthropic as 2%...**



Source: IDC, Bernstein analysis

EXHIBIT 9: **Gartner categorizes traditional PaaS and AI PaaS separately. When combined, main leaders have not changed with the top 4 holding about half of the PaaS market and OpenAI has 2% and Anthropic < 2% marketshare.**



Source: Gartner, Bernstein analysis

EXHIBIT 10: **IDC and Gartner account for frontier model vendors revenues in PaaS segment quite differently**

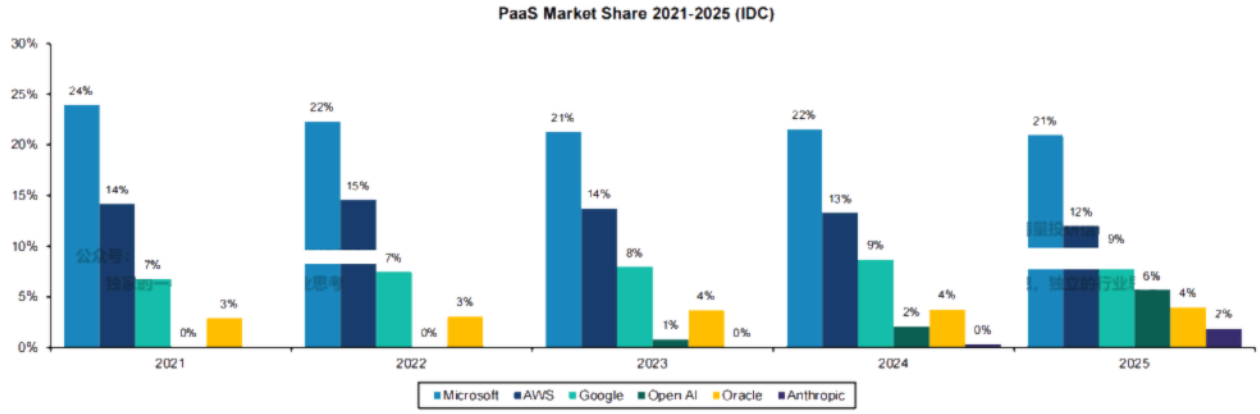
	2024	2025
Gartner - PaaS (traditional + AI)	**179,010**	**225,177**
IDC - PaaS	**159,821**	**227,462**
OpenAI PaaS share (Gartner)	1.0%	1.7%
Anthropic PaaS share (Gartner)	0.3%	1.1%
OpenAI PaaS share (IDC)	2.1%	5.7%
Anthropic PaaS share (IDC)	0.4%	1.9%

Source: IDC, Gartner, Bernstein analysis

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EXHIBIT 11: **Although IDC's methodology in accounting for OpenAI and Anthropic's PaaS market shares differently, both frontier model vendors are undeniably gaining shares quickly and will likely gain more shares in 2026 as agentic AI booms.**



Source: IDC, Bernstein analysis

WHERE ARE OPENAI AND ANTHROPIC GAINING SHARES IN PAAS?

As OpenAI and Anthropic are gaining shares in the broader PaaS market, one interesting question is whether AI labs like OpenAI and Anthropic will become more of a platform vendor or simply a model vendor. Many on the street and in the news media consider these two companies as model companies and generally ignore the powerful and growing development platform businesses which are already meaningful businesses capturing meaningful market shares according to both IDC and Gartner even when competing against vendors that are well funded and well embedded within their custom base.

In our opinion, being a platform provider rather than simply selling API's would make OpenAI and Anthropic more defensive against open-source / open-weights models vendors that are competing mostly on token prices. The other way for them to increase their moats would be to go up the layer and develop differentiated SaaS products which Anthropic especially has done with their Excel plug-in, Word plug-in and some would argue Coworks.

We would in fact define both businesses as focused on the development platforms with coding and agent building offerings available from both vendors. We would in fact consider Anthropic Coworks as a no-code automation tool that could be considered as either SaaS or PaaS. Both vendors are building and deepening enterprise customer relationship and leveraging forward deployed engineers to speed up usage. Nonetheless, selling into the enterprise space is time-consuming and simply takes time especially in what is a crowded space with more entrants every day (e.g. Meta enterprise platform).

While many argue that the AI labs will move into SaaS submarkets (e.g. CRM, HCM etc.) we disagree. The largest single opportunity is the PaaS development space, and they would, we believe, rather be the platform under the SaaS vendors than fragment their business to become SaaS vendors. We see the launch of Claudeforce as a key example that likely gets replicated numerous times.

As Exhibit 12 and Exhibit 13 show, Gartner categorizes a majority of OpenAI's and Anthropic's revenues in 2025 as model revenues. We suspect that the definitions have blurred as both vendors have moved up the stack and added increasingly more complex and powerful development tools around the models.

According to Gartner, OpenAI was estimated to have more revenues in developer platforms than Anthropic (they likely have categorized Claude Code in SaaS revenues for Anthropic) but it was still small at around $750M. As agentic AI took off in late 2025/early 2026, we think the revenue mix shifts significantly in 2026 and the models become less important to each company's revenue streams. It remains interesting to see:

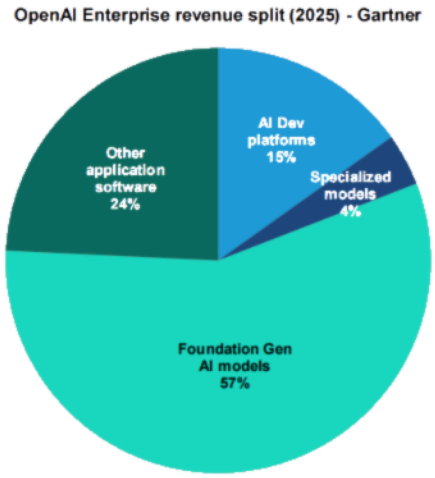
- Whether AI coding tools, such as Codex and Claude Code, should be categorized as PaaS or SaaS, and;

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- Whether OpenAI and Anthropic will gain share in the developer platform outside the coding tools; that is, a set of enterprise-grade infrastructure tools for customers to build agents and agentic products. If they succeed, this puts them directly in competition with the largest hyperscalers who offer these tools on their cloud platforms.
  - Based on Gartner's data (Exhibit 15), OpenAI already started to make inroads into this market in 2025, although the entire market was still small ($6.8B as of 2025) and we will watch closely how this might change in 2026.

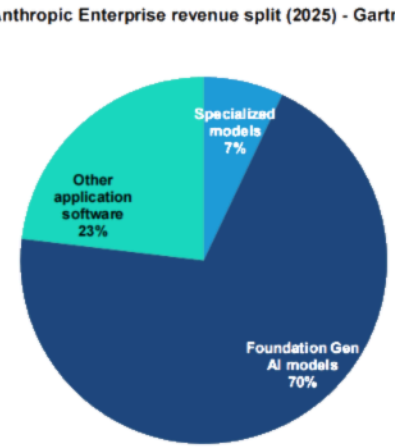
In summary the competition for the next generation of AI enabled / Agentic development platforms is in the very early days, and we believe that the AI Labs (now including Meta) are going to be very aggressively in the mix. But the market already has strong incumbents including not just the hyperscalers but also all the associated development, deployment, orchestration, cybersecurity and management tools. There are also numerous enterprise SaaS vendors that are shifting into the market. The AI Labs have the advantage of the deepest understanding of the models while the hyperscalers and SaaS vendors have the data and the critical semantic knowledge.

EXHIBIT 12: **Gartner estimates OpenAI's enterprise revenue reached ~$5B in 2025**



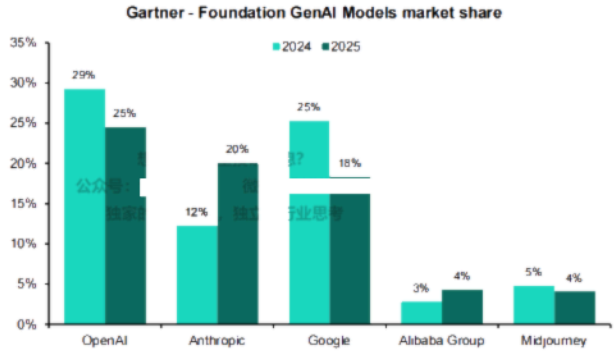
Source: Gartner, Bernstein analysis

EXHIBIT 13: **Gartner estimates Anthropic's enterprise revenue reached ~$3.3B in 2025**



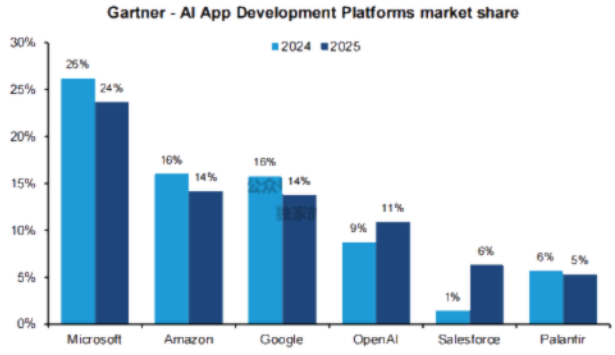
Source: Gartner, Bernstein analysis

EXHIBIT 14: **According to Gartner, the top 3 vendors claimed >60% of the foundation Gen AI market in 2025, but this market is fast evolving and competition is fierce**



Source: Gartner, Bernstein analysis

EXHIBIT 15: **According to Gartner, the big 3 hyperscalers commanded most shares in the AI development platform in 2025, but this market was still nascent. Note that OpenAI was gaining share already in 2025.**



Source: Gartner, Bernstein analysis