ISG Provider Lens™

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions

Managed Services for Large Accounts

USA 2020

Quadrant Report

A research report comparing provider strengths, challenges and competitive differentiators

Customized report courtesy of:

Infosys®

July 2020

About this Report

Information Services Group Inc. is solely responsible for the content of this report. Unless otherwise cited, all content, including illustrations, research, conclusions, assertions and positions contained in this report were developed by, and are the sole property of Information Services Group Inc.

The research and analysis presented in this report includes research from the ISG Provider Lens™ program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of April 2020 for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

All revenue references are in U.S. dollars ($US) unless noted.

The lead author for this report is Shashank Rajmane. The editors are Grant Gross and Ambrosia Sabrina. The research analyst is Prakash N and the data analyst is Vijaykumar Goud. The quality and consistency advisor is Richard Chang. The enterprise context and global overview analyst is Blair Hanley Frank.

ISG Provider Lens™

ISG Provider Lens™

ISG Provider Lens™ delivers leading-edge and actionable research studies, reports and consulting services focused on technology and service providers' strengths and weaknesses and how they are positioned relative to their peers in the market. These reports provide influential insights accessed by our large pool of advisors who are actively advising outsourcing deals as well as large numbers of ISG enterprise clients who are potential outsourcers.

For more information about our studies, please email ISGLens@isg-one.com, call +49 (0) 561-50697537, or visit ISG Provider Lens™ under ISG Provider Lens™.

ISG Research™

ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research™ delivers guidance that helps businesses accelerate growth and create more value.

For more information about ISG Research™ subscriptions, please email contact@isg-one.com, call +49 (0) 561-50697537 or visit research.isg-one.com.

EXECUTIVE SUMMARY

Enterprises opting for a hybrid cloud solution has become the new norm. Most of them have active hybrid cloud initiatives or have already deployed the model in their digital journey. However, the question is if it really addresses their requirements. If not, then the hybrid cloud just becomes an off-premise solution with a significant dollar value attached to it. The hybrid cloud option has been a strong model for several businesses of all sizes and across verticals. The architecture can store sensitive and valuable data in a private environment, while non-critical applications can be moved to the public cloud. Its adoption has grown considerably, as anticipated in ISG's 2019 report. The overall managed data center services market was valued at over $200 billion last year. It is expected to grow to around $250 billion, reaching $500 billion by 2025. North America accounts for the largest market size, especially the U.S. According to the latest 1Q20 ISG Index™, the cloud market in the Americas has grown 9 percent in combined market annual contract value (ACV) since 4Q19, while the as-a-service ACV was up by 11 percent at $4.2 billion. Also, the IaaS market grew 17 percent to $2.9 billion and SaaS went up by 1 percent to $1.3 billion.

However, IT spend is expected to decline for at least the next two quarters due to the current global situation. There are multiple factors affecting the quarterly and full-year forecast. Each industry faces a different level of impact from COVID-19. Travel and transport, as well as retail, are facing the brunt of the wide shutdown. ISG has assessed the need for each industry to request discounts and extended payment terms, including short-term cuts in digital transformation. We expect 60 percent of our clients to delay technology spends for more than 90 days. The managed services industry is predicted to be down 17 percent in the second quarter and fall 7 percent for the full year. On a positive note, we forecast a 5 percent rise in as-a-service ACV in the second quarter and a 12 percent increase by the end of the year. The impact of the pandemic has mostly been positive on enterprises that have implemented the hybrid cloud model, as it gave them the required flexibility to address several challenges such as business continuity, employee safety and running of critical operations in secure environments. They now want to equip their mobile workforce with a highly secure work-from-home environment. In addition, the implementation of lockdown measures across regions has caused a dearth of on-site IT personnel support. Enterprises have thus moved on to leveraging cloud capabilities to check, maintain and monitor their server and storage installations in data centers.

Managed services providers play a key role: With the cloud infrastructure getting commoditized, enterprises have been increasingly adopting cloud technology into their digital journey, thus driving growth in the cloud sector. However, in the current situation, CTOs and CIOs are seeking rapid cloud adoption and are focused on moving severe to critical workloads to a hybrid cloud environment as quickly as possible. Once the crisis is brought under control and businesses stabilize, they need to think of ways to scale down in order to avoid high capital expenditures and billing from cloud providers. Enterprises should turn towards mature service providers as some hand-holding will be required for such tasks; they need to adopt strategies that will change the way employees work in large, complex siloed enterprises. CIOs and CTOs are concerned about the high costs

incurred from downtime as well as the shrinking IT budget, which is forcing enterprises to leverage managed services providers. These providers play a key role here as they have extensive experience in infrastructure management and are well equipped to support enterprises in their digital journey. They understand the requirement of the enterprise and define a problem statement so that the outputs can be quantified and measured. The deployments are efficient and quick due to the providers' vast experience accumulated over the years, capabilities in leveraging new technologies, and their large workforce.

Challenge of managing large amounts of data is real: Over the past couple of years, there has been an explosive growth of data generation. Data lakes are becoming data oceans. These large volumes of data have to be stored and managed in a secure environment, which posed a major challenge for enterprises. Also, data transfer in petabytes is expensive and should be fast. Providers have been addressing these challenges by developing expertise in managing large amounts of data efficiently, which has spurred growth in managed data center services space. As data sets grow bigger, providers are leveraging various methods to overcome issues involving concentration and distribution of data. Some of these include data thinning, use of new technologies around networking for faster data transfer, and bringing data sources closer to applications instead of centralizing them and then sorting and moving into the destination system.

Managed hosting revitalized: Contrary to the previous year's prediction, the managed hosting market has reversed the trend of losing relevance. This year, ISG observed a growing interest among hosting providers to invest in improving their managed services and updating their data center facilities. The market has seen several changes due to the exit of some players by selling off their assets or by merging with another hosting provider to combine resources and offer better hosting solutions. Providers have been strictly following compliance and regulations, such as ISO, PCI DSS, HIPAA and GDPR, and are continuously updated as per the new checklists. The requirement of auditing data location, migrating software licenses to the public cloud, hyperconverged systems capacity and affordability, and improved management tools are small yet key aspects that drive the shift of some particular applications to managed hosting as part of a hybrid environment. Also, high density servers that run heavy virtualized workloads involve considerable energy consumption and heat generation. However, it still more efficient to host several clients on this server than on low density units and the cost savings achieved can be transferred to clients. An emerging trend is the use of colocation facilities, rather than in-house data centers, to host the service provider's hardware and software for managed hosting services.

Increased usage of AI and ML technology: This year, ISG has observed more solutions leveraging artificial intelligence (AI)-based cognitive capabilities and/or machine learning (ML) tools and services to provide high-quality outcomes, speed up service delivery, increase IT efficiency and deliver a superior user experience. Providers have developed tools that take data from various sources to predict downtime and implement self-healing measures to prevent such situations. AI for IT operations (AIOps) can monitor various elements of the entire hybrid environment and provide predictive analytics for incident management to aggregate events, reduce noise, auto-correlate and identify the probable root cause using ML technology. Also, running AI/ML-based applications requires

significant processing capabilities and powerful servers, which were in limited quantity or considerably expensive until now. Currently, efficient infrastructures with specialized high computing equipment are being used to run AI-based cognitive capabilities and/or ML tools.

Lack of talent in data center industry: The data center industry is facing a major shortage of talent. Employees with more than 20 years of experience are either moving toward retirement or management positions, while a small percentage of the workforce has less than five years of experience. It has been difficult to find qualified candidates in this domain. In addition, few women opt to join the data center business as they comprise a fraction of the entire workforce in the industry. The industry should focus on hiring and train new candidates to replace the highly experienced personnel who are moving out.

Edge data centers: Edge computing has been around for a while, but edge data centers are predicted to be the next big thing. In a way, edge solutions are designed to complement data center and cloud services. By bringing data collection closer to the network edge for processing, it can drastically reduce the latency and processing time and increase responsiveness. With the technological advances in the internet of things (IoT), processing power has increased and devices are able to handle the additional load to a point where edge computing in data centers has become more viable. This will enable data center providers to extend their network reach, improve speed, and provide more powerful processing resources to manage tasks that are too big for IoT devices. If enterprises want to design their own edge system, they need to keep an eye on efficiency, resiliency, and how the architecture can improve the business. As edge computing and edge data centers are still in the nascent stage, it remains unclear whether this framework will be profitable or not. This concern will be a major deciding factor for enterprises to invest in edge strategies.

New-age colocation services: The colocation industry has been undergoing a significant transformation by upgrading its IT assets and physical infrastructure for enhancing power and cooling capabilities apart from providing more floor space. The hybrid cloud continues to be a major factor when it comes to designing a data center and integrating it with cloud environments. Colocation providers have been using AI technology to dynamically monitor and regulate the environment of a data center. Tweaks and adjustments in cooling systems translate to significant energy and cost savings plus an improvement in the overall efficiency of the data center. Some U.S.-based colocation providers have been designing zero carbon footprint or green data centers and play a larger role in supporting environmental goals. Some California-based providers have adopted renewable energy for their power requirements, primarily due to environmental concerns and high power costs. Few have also opted for on-site power generation, which gives them full control over power generation and consumption.

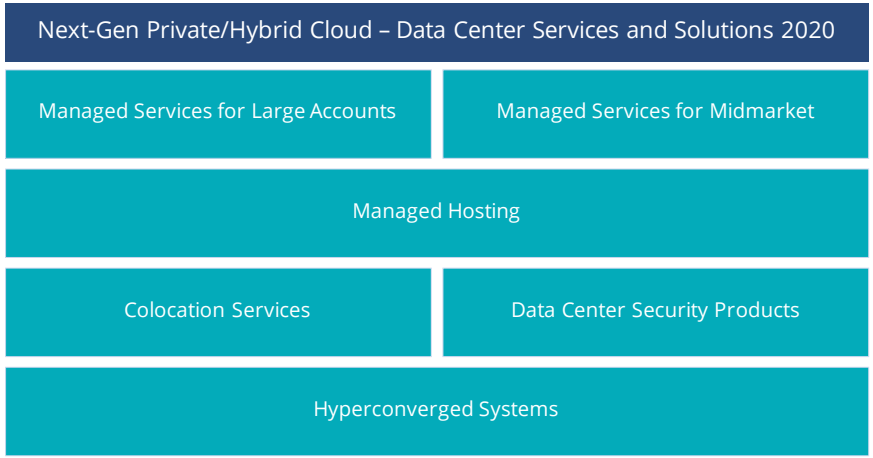
Rise in demand for securing data centers: Due to the increased adoption of virtualization and cloud-based services, the need for enhanced security has become imminent and is being implemented in data centers worldwide. Enterprises can deploy these on-demand tools and services quickly and efficiently to secure their IT infrastructure assets. Replication and duplication of data are one of most sought-after features and are used to withstand malware attacks. Also, the increase in data traffic from multiple sources

has elevated the need for secure connectivity for critical and confidential information. The risks have also escalated significantly with all kinds of cyber and malware attacks, information breaches from third-party vendors and information theft. Revenue loss and the high costs incurred from downtime have raised concerns among CIOs and CTOs. Therefore, implementing a robust and strong data security solution has become pertinent for all the data center assets of an enterprise. Data center security is a highly competitive market. Vendors have been developing intellectual properties (IPs) by investing in R&D, establishing security centers of excellence where engineers work on prototypes with cutting-edge technologies, and gathering as many patents as possible to get a competitive edge.

Converged hyperconverged solutions: The hyperconverged infrastructure (HCI) industry is in a major transition wherein hardware and software vendors are working together to develop better HCI solutions. Hardware vendors are focused on improving their offerings to be more compliant with the standards of software-defined data centers (SDDCs), while virtualization vendors are working with their hardware counterparts to improve their software products and make them a best fit for their hardware. An HCI solution was initially used for multiple purposes and was deployed to respond to a dynamic change in infrastructure requirements. Nowadays, vendors position HCI as a dedicated, single purpose solution. In this report, ISG refers HCI to appliances (either box or software). HCI solutions are first offered for a dedicated virtual desktop infrastructure (VDI) use case, as a single cluster can handle thousands of virtual desktops. IT managers are keen on the idea of having a single appliance that can manage this scale, streamline management, and deliver predictive and reliable performance. HCI solutions are also endorsed for SAP HANA as a dedicated appliance as clustering enables high availability and performance for a core business application. It is also recommended for high-performance compute requirements where clusters are dedicated to AI appliances. Clients can deploy high-performing TensorFlow appliances to run ML applications. Other use cases are for big data analytics and storage. However, due to the availability of other cost-effective solutions in the market, they are not exclusively used for analytics and storage purposes.

Introduction

Simplified illustration



Source: ISG 2020

Definition

A private cloud is an extension of an isolated IT or cloud system landscape, consisting of a company's existing computer environment and leveraging the investments already made in virtual infrastructure and applications. It is essential that the cloud infrastructure consists of either a physical or logical separation between systems on which no other customers are served. Companies with stringent security and governance requirements that need to handle large volumes of data and ensure tight integration with other business applications and workflows may prefer an enterprise cloud or a private cloud. Service providers or managed service providers can use cloud technologies to create private clouds with virtual machines or containers, network and storage resources running in their data centers or shared infrastructure, but in a suitably configured, isolated environment.

A hybrid cloud combines the best of on-premise infrastructure at the customer/user site, a hosted cloud in a service provider's data center, and a public cloud from a hyperscaler. It connects the existing on-site infrastructure services with a private or public cloud or both. The aim is to combine services and data from

Definition (cont.)

different cloud models to create a uniform, automated and well-managed computing cloud infrastructure environment. Hybrid clouds enable companies to leverage the capabilities of public cloud platform providers without having to outsource all their data to a third-party data center or a shared infrastructure environment. This gives them greater flexibility in sourcing workloads, while allowing them to continue to operate key components within their own firewall or private cloud.

Data center outsourcing is the practice of transferring the responsibility of provisioning, monitoring and management of computing and storage resources to a third-party provider. The data center may be owned by the enterprise, service provider or a third-party colocation provider. Monitoring services are usually delivered from the provider's location and are called remote infrastructure management (RIM) services.

Scope of Report

The ISG Provider Lens™ study offers IT-decision makers:

- Transparency on the strengths and weaknesses of relevant providers;
- A differentiated positioning of providers by segments;
- Focus on markets, including the U.S., Germany, Switzerland, U.K., Nordics and Brazil.

This study serves as an important decision-making basis for positioning key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their current vendor relationships and potential new engagements.

Typical outsourcing activities include level 1, 2, and 3 technical support, server monitoring, application performance monitoring, storage and database administration, hosting, colocation, disaster recovery testing and execution, defining or setting up the architecture, standards and policies, and transformation projects such as virtualization, consolidation and cloud-enablement services.

For standalone services such as colocation and managed hosting, the level of services and support varies from those in a fully managed data center outsourcing contract. For example, a colocation provider will provide the facilities and infrastructure to host equipment and some

Definition (cont.)

basic support services. However, all other aspects of infrastructure management are the responsibility of the client, which may independently handle it or outsource it to a managed service provider.

ISG studies are intended to anticipate the investigation efforts and buying decisions of typical enterprise clients. While contemplating a significant strategy transformation, making purchase-vs.-rent decisions for infrastructure, implementing agile practices, or incorporating automation into their environments, enterprise clients will benefit from a study that examines an entire ecosystem for a certain service line.

The studies are comprised of multiple quadrants covering the spectrum of services that an enterprise client requires, as illustrated below:

The quadrant descriptions are as follows:

Managed Services for Large Accounts: This quadrant assesses a service company's ability to provide ongoing management services for data center infrastructure for large businesses. The enterprises are subject to strict regulations that add to complexities. They typically have more than 5,000 employees and revenues of more than $1 billion.

Managed Services for Midmarket: This quadrant assesses a service company's ability to provide ongoing management services for data center infrastructure for medium-sized business. The enterprise client typically has less than 5,000 employees or generates less than $1 billion in revenue.

Managed Hosting: This quadrant ranks service providers that offer enterprise-grade hosting solutions and use their facilities and infrastructure. They take responsibility for the day-to-day management and maintenance of data center assets such as servers, storage and operating systems.

Colocation Services: This quadrant assesses service providers that offer professional and standardized data center operations as colocation services. These providers typically supply network connectivity, access point for various hosting providers, system houses, independent software vendors (ISVs), and carriers or telecommunication providers.

Hyperconverged Systems: This quadrant analyzes the systems built around preconfigured hardware and software appliances. The systems comprise network, storage and compute resources that are equipped with management software for orchestration purposes and are often the first step to build a private or hybrid cloud.

Data Center Security Products: This market ranks software and appliances that are designed to protect the IT infrastructure, regardless of whether they are installed in a public or private cloud. It assesses the capabilities of independent software vendors (ISVs).

Provider Classifications

The ISG Provider Lens™ quadrants were created using an evaluation matrix containing four segments, where the providers are positioned accordingly.

Leader

The "leaders" among the vendors/providers have a highly attractive product and service offering and a very strong market and competitive position; they fulfill all requirements for successful market cultivation. They can be regarded as opinion leaders, providing strategic impulses to the market. They also ensure innovative strength and stability.

Product Challenger

The "product challengers" offer a product and service portfolio that provides an above-average coverage of corporate requirements, but are not able to provide the same resources and strengths as the leaders regarding the individual market cultivation categories. Often, this is due to the respective vendor's size or their weak footprint within the respective target segment.

Market Challenger

"Market challengers" are also very competitive, but there is still significant portfolio potential and they clearly lag behind the "leaders." Often, the market challengers are established vendors that are somewhat slow to address new trends, due to their size and company structure, and have therefore still some potential to optimize their portfolio and increase their attractiveness.

Contender

"Contenders" are still lacking mature products and services or sufficient depth and breadth of their offering, while also showing some strengths and improvement potentials in their market cultivation efforts. These vendors are often generalists or niche players.

Provider Classifications (cont.)

Each ISG Provider Lens™ quadrant may include a service provider(s) who ISG believes has a strong potential to move into the leader's quadrant.

Rising Star

Rising stars are mostly product challengers with high future potential. When receiving the "rising stars" award, such companies have a promising portfolio, including the required roadmap and an adequate focus on key market trends and customer requirements. Also, the "rising stars" has an excellent management and understanding of the local market. This award is only given to vendors or service providers that have made extreme progress towards their goals within the last 12 months and are on a good way to reach the leader quadrant within the next 12-24 months, due to their above-average impact and innovative strength.

Not In

This service provider or vendor was not included in this quadrant as ISG could not obtain enough information to position them. This omission does not imply that the service provider or vendor does not provide this service.

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions - Quadrant Provider Listing 1 of 6

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting	Colocation Services	Data Center Security Products	Hyperconverged Systems
Accenture	Leader	Not In	Not In	Not In	Not In	Not In
Atos	Product Challenger	Not In	Not In	Not In	Not In	Not In
Barracuda Networks	Not In	Not In	Not In	Not In	Product Challenger	Not In
Broadcom/Symantec	Not In	Not In	Not In	Not In	Leader	Not In
BT	Not In	Contender	Not In	Not In	Not In	Not In
Capgemini	Leader	Not In	Leader	Not In	Not In	Not In
CenturyLink	Not In	Market Challenger	Product Challenger	Product Challenger	Not In	Not In
Check Point	Not In	Not In	Not In	Not In	Leader	Not In
Cisco	Not In	Not In	Not In	Not In	Leader	Leader
Citrix	Not In	Not In	Not In	Not In	Market Challenger	Not In
Codero	Not In	Not In	Contender	Not In	Not In	Not In
Cogent	Not In	Not In	Not In	Product Challenger	Not In	Not In
Cognizant	Leader	Not In	Not In	Not In	Not In	Not In
Colocation America	Not In	Not In	Market Challenger	Not In	Not In	Not In

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions - Quadrant Provider Listing 2 of 6

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting	Colocation Services	Data Center Security Products	Hyperconverged Systems
Cologix	Not In	Not In	Not In	Product Challenger	Not In	Not In
Coresite	Not In	Not In	Not In	Leader	Not In	Not In
CyrusOne	Not In	Not In	Not In	Leader	Not In	Not In
Cyxtera	Not In	Not In	Not In	Leader	Not In	Not In
Dell EMC	Not In	Not In	Not In	Not In	Not In	Leader
Digital Realty	Not In	Not In	Not In	Leader	Not In	Not In
DXC	Leader	Not In	Product Challenger	Not In	Not In	Not In
Ensono	Not In	Leader	Leader	Product Challenger	Not In	Not In
Equinix	Not In	Not In	Not In	Leader	Not In	Not In
FireEye	Not In	Not In	Not In	Not In	Product Challenger	Not In
Flexential	Not In	Contender	Product Challenger	Rising Star	Not In	Not In
Fortinet	Not In	Not In	Not In	Not In	Product Challenger	Not In
Fujitsu	Market Challenger	Leader	Product Challenger	Not In	Not In	Not In
GAVS	Not In	Product Challenger	Not In	Not In	Not In	Not In

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions - Quadrant Provider Listing 3 of 6

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting	Colocation Services	Data Center Security Products	Hyperconverged Systems
HCL	Leader	Not In	Not In	Not In	Not In	Not In
Hexaware	Contender	Leader	Not In	Not In	Not In	Not In
Hitachi Vantara	Not In	Not In	Not In	Not In	Not In	Contender
HPE	Not In	Not In	Not In	Not In	Not In	Leader
HTBASE	Not In	Not In	Not In	Not In	Not In	Contender
HTC (Ciber/CareTech)	Not In	Contender	Contender	Not In	Not In	Not In
IBM	Leader	Not In	Leader	Not In	Leader	Not In
INAP (Internap)	Not In	Not In	Not In	Market Challenger	Not In	Not In
INAP (SingleHop)	Not In	Not In	Product Challenger	Not In	Not In	Not In
Infosys	Leader	Not In	Not In	Not In	Not In	Not In
Juniper Networks	Not In	Not In	Not In	Not In	Product Challenger	Not In
Kaspersky	Not In	Not In	Not In	Not In	Market Challenger	Not In
Lenovo	Not In	Not In	Not In	Not In	Not In	Product Challenger
Liquid Web	Not In	Not In	Rising Star	Not In	Not In	Not In

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions - Quadrant Provider Listing 4 of 6

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting	Colocation Services	Data Center Security Products	Hyperconverged Systems
Logicalis	Not In	Contender	Not In	Not In	Not In	Not In
LogRhythm	Not In	Not In	Not In	Not In	Product Challenger	Not In
LTI	Contender	Product Challenger	Not In	Not In	Not In	Not In
Maxtra	Not In	Not In	Not In	Not In	Not In	Market Challenger
McAfee	Not In	Not In	Not In	Not In	Market Challenger	Not In
Micro Focus	Not In	Not In	Not In	Not In	Contender	Not In
Microland	Product Challenger	Product Challenger	Not In	Not In	Not In	Not In
Microsoft	Not In	Not In	Not In	Not In	Not In	Product Challenger
Mindtree	Contender	Rising Star	Not In	Not In	Not In	Not In
Mphasis	Product Challenger	Leader	Not In	Not In	Not In	Not In
Navisite	Not In	Not In	Product Challenger	Not In	Not In	Not In
NetApp	Not In	Not In	Not In	Not In	Not In	Contender
NIIT Technologies	Not In	Product Challenger	Not In	Not In	Not In	Not In
NTT	Product Challenger	Not In	Leader	Market Challenger	Not In	Not In

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions - Quadrant Provider Listing 5 of 6

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting	Colocation Services	Data Center Security Products	Hyperconverged Systems
Nutanix	Not In	Not In	Not In	Not In	Not In	Leader
Orange Business Services	Not In	Contender	Product Challenger	Not In	Not In	Not In
Palo Alto Networks	Not In	Not In	Not In	Not In	Leader	Not In
Pivot3	Not In	Not In	Not In	Not In	Not In	Product Challenger
QTS	Not In	Not In	Not In	Contender	Not In	Not In
Rackspace Technology	Not In	Leader	Leader	Rising Star	Not In	Not In
Rapid7	Not In	Not In	Not In	Not In	Contender	Not In
Red Hat	Not In	Not In	Not In	Not In	Not In	Market Challenger
SonicWall	Not In	Not In	Not In	Not In	Contender	Not In
StarWind	Not In	Not In	Not In	Not In	Not In	Contender
Stratoscale	Not In	Not In	Not In	Not In	Not In	Market Challenger
Sungard AS	Not In	Market Challenger	Leader	Market Challenger	Not In	Not In
TCS	Leader	Not In	Not In	Not In	Not In	Not In
Tech Mahindra	Product Challenger	Not In	Not In	Contender	Not In	Not In

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions - Quadrant Provider Listing 6 of 6

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting	Colocation Services	Data Center Security Products	Hyperconverged Systems
TierPoint	Not In	Not In	Contender	Product Challenger	Not In	Not In
Trend Micro	Not In	Not In	Not In	Not In	Leader	Not In
T-Systems	Not In	Market Challenger	Not In	Not In	Not In	Not In
Unisys	Product Challenger	Not In	Not In	Not In	Not In	Not In
UST Global	Not In	Product Challenger	Not In	Contender	Not In	Not In
VMware	Not In	Not In	Not In	Not In	Not In	Leader
Wipro	Leader	Not In	Not In	Not In	Not In	Not In
Zayo	Not In	Not In	Not In	Leader	Not In	Not In
Zensar	Not In	Leader	Not In	Not In	Not In	Not In

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions Quadrants

ENTERPRISE CONTEXT

This quadrant is relevant to large enterprises in the U.S. that are evaluating hybrid cloud managed services providers.

In this quadrant report, ISG lays out the current market positioning of managed services providers in the U.S., and how they interact with key challenges facing large enterprises' hybrid cloud effort. These providers are adept at managing data center infrastructure on their clients' behalf so these enterprises can focus on other tasks.

In order to be successful in the current digital business environment, enterprises must take a unified approach to their technical infrastructure across public and private clouds. ISG sees that enterprises in the U.S. are leading the charge globally when it comes to cloud adoption, though their overseas counterparts are not far behind. Managed services providers must be able to integrate a client's on-premises technology investments with resources they have procured in the public cloud.

Using hybrid cloud managed services can help enterprises alleviate the burden of operating a private data center, while still allowing some control over the underlying hardware and systems that underpin the applications hosted there. Enterprises will get the benefit of the managed services providers' investment in automation and processes that can accelerate agility in these arenas.

In addition, managed services providers may be able to deliver services that are physically closer to key client locations, which is an important consideration for applications that are highly sensitive to latency.

IT leaders should read this report to better understand the relative strengths and weaknesses of managed services providers, as well as how these providers' approaches to the market can impact enterprise hybrid cloud strategies. Changing managed hybrid cloud services providers can have a significant impact on an enterprise's overall IT estate.

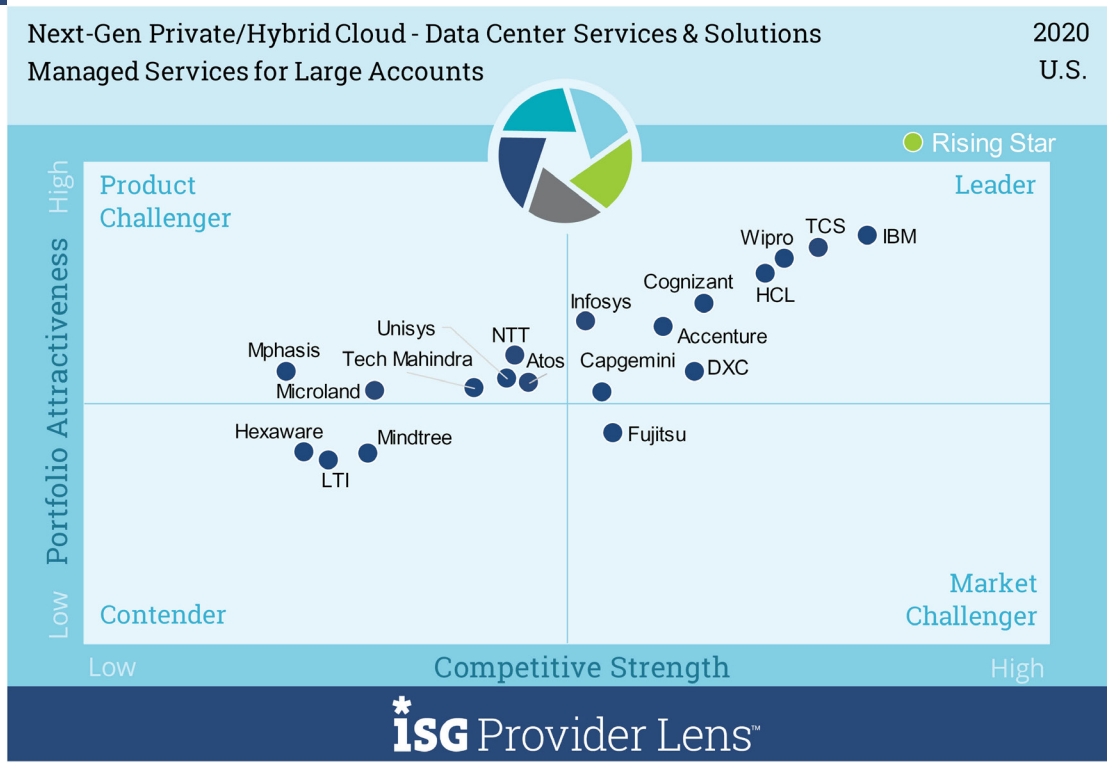
Software development and technology leaders should read this report to understand the positioning of managed services providers, and gain a better understanding of how those providers' offerings can impact the ongoing development of software products within an enterprise.

Sourcing, procurement and vendor management professionals should read this report to develop a better understanding of the current landscape of managed services providers in the U.S.

MANAGED SERVICES FOR LARGE ACCOUNTS

Definition

This quadrant assesses a service provider's ability to provide ongoing management services for data center infrastructure in the large client segment. Large enterprise clients are subject to strict regulations that add to complexities. They typically have more than 5,000 employees and revenues of more than $1 billion. Management services include servers, middleware, storage, databases and networks. The infrastructure may be in the data center of a client or service provider or co-located in a third-party facility. They include transition services that involve large-scale consolidation, virtualization and cloud enablement on a software-defined data center (SDDC). Specially developed or licensed cloud management platforms and tools are generally used to provide clients with the highest level of automation and the necessary visibility into the managed cloud resource pool in terms of capacity utilization and costs, including independent management. Provider services typically include:



Source: ISG Research 2020

MANAGED SERVICES FOR LARGE ACCOUNTS

Definition (cont.)

- Professional services for the management and monitoring of CPU, memory, databases, operating systems as standalone, micro services or virtual machine and/or container services.
- Update and patching services for operating systems, middleware and applications.
- Service portal for cost management (chargeback and showback) and identity management or IT service management.
- Governance and compliance management.
- Support services such as incident management, configuration, security services and automation setup.

Eligibility Criteria

- Ability to provide software solutions as a shield against hacker attacks and to identify anomalies through several services/tools for incident response management, application security management, encryption and key management, and virtualization/container security management.
- Offer cloud, DevSecOps monitoring, visibility, and management capabilities that seamlessly enable hybrid implementations.
- Provide firewall, intrusion detection, virtual private network, vulnerability scanning and anti-viral services.
- Offer pro-active threat intelligence, advanced detection and analysis capabilities.
- Leverage security orchestration and automation technologies to ensure an efficient incident response workflow.
- Existing relationships with private cloud technology providers and at least one large public cloud hyperscale provider.
- Advanced detection methods and analytics techniques, including response capabilities, threat intelligence (mobility, IoT and big data), etc.

MANAGED SERVICES FOR LARGE ACCOUNTS

Observations (cont.)

For large enterprises, the key selection criteria for procuring managed service providers should include the efficiency of the management platform used by the service provider. Although the client is not going to manage that platform, automation is required to handle complexity and monitor or manage costs. Scale should not be an important parameter, and neither should it be a reason to compensate for lower levels of automation. Enterprises should look at new metrics and indicators, such as cost optimization, utilization levels, response time and automation levels, or business outcome-based contracts as some of the other parameters to select the right provider.

Out of the 34 companies assessed in this study, 19 have met the criteria to be included in this quadrant. This year, ISG raised the requirements, which led to a decline in the number of qualified participants. Eight providers are leaders and one identified as a rising star for making robust investments to offer differentiated services and attract new global and local large accounts.

- **Accenture** has a wide presence and a large workforce in the U.S. for infrastructure outsourcing operations. The company stands out with its hybrid cloud consulting expertise and delivering it by leveraging new technologies, upskilled employees, and standardized and agile cloud operating environments. The firm also has a strong partner ecosystem that enables it to offer a software-defined data center (SDDC) and an industrialized delivery model. Accenture's acquisition of Symantec's cybersecurity services in 2020 helped it to strengthen its managed services security offerings.
- **Cognizant** is continuing its transformational journey with its cloud-first approach. The company has a strong focus on its automation capabilities and AIOps platform that facilitates the transition from the Ops to the ZeroOps™ operating model. The U.S. accounts for a major portion of its overall revenue. In 2020, Cognizant acquired U.S.-based Code Zero Consulting to strengthen its cloud managed services portfolio.
- **Capgemini** is continuing to grow in the U.S. market by expanding its client base with its hybrid cloud offering. It offers custom and industrialized managed service solutions that can meet individual client requirements and speed up delivery processes through AI techniques. In 2019, the company expanded its partnership with AWS to accelerate digital transformation in for clients in North America. By improving its scale of operations in the U.S., Capgemini has been elevated to a leadership position in this study from a rising star in 2019.

MANAGED SERVICES FOR LARGE ACCOUNTS

Observations (cont.)

- **DXC Technology** is focused on hybrid IT initiatives to support clients in their digital transformation journey. Its managed service offering is enhanced with robust automation capabilities provided by the AI-enabled Bionix™, platform and Platform DXC™, which provide modular, reusable and automated services. The company has a strong data center footprint in the U.S and serves a large client base through its regional delivery centers.
- **HCL** DRYiCE™ enables AI and automation services and has a strong focus on integrating its automation capabilities in their hybrid cloud offerings. The company enables autonomous IT operations by leveraging AI, ML and natural language processing (NLP) tools. It offers a comprehensive cloud management platform called MyCloud that helps clients to manage their infrastructure.
- **IBM** has robust infrastructure service offerings that include zero-touch operations for cloud-based workloads. Its Watson® AI capabilities, integrated with its managed infrastructure offerings, help clients to implement automated incident resolutions. The firm delivers a unique and flexible mainframe solution called Managed Extended Cloud Infrastructure as a Service (IaaS) for IBM Z®.
- **Infosys** offers an AI-based infrastructure management platform for hybrid IT environments that has self-service and self-healing microservice operations and analytics. The company has a strong cloud solution that is focused on the integration of advanced automation capabilities with its portfolio. Infosys was a product challenger last year and is now positioned as a rising star that is promised for growth.
- **Wipro** has a robust managed service offering that enables unified management of a hybrid cloud eco-system to accelerate the digital journey of clients. The company is making focused investments in cloud, AI and automation to develop new frameworks and solutions for rapid scaling and has remote centers that provide 24-by-7 operations. Wipro has a strong partner ecosystem for its infrastructure services.
- **TCS'** Machine First Delivery Model™ (MFDM™) helps to manage clients' business activities by automating hybrid cloud workload services with AI and ML capabilities. The company leverages its ignio™ platform to improve its automation capability. It has significant experience in data center transformation projects and a huge client base in the U.S.

INFOSYS

Overview

Infosys is a large global IT service provider headquartered in Bengaluru, India. Its infrastructure services are bolstered by its AI-based infrastructure management platform offering self-service and self-healing microservice operations and analytics for hybrid IT environments. In the U.S. the firm has innovation hubs, experience centers and local delivery centers that cater to clients in different industries. Infosys has a very strong presence in the manufacturing industry, followed by retail, telecom and energy verticals.

Strengths

Automation focused delivery: Infosys is focused on improving its automation capability to deliver high quality outputs. It is engaged in fully automating the bare metal builds and golden image builds, including fully automated testing and certification against different generations of hardware. The firm leverages its PolyCloud platform that abstracts clouds for end users by using a decision engine that determines the ideal cloud platform and service for clients. It also provides a virtual agent service which uses natural language processing (NLP) with unsupervised learning, leveraging classification models for predicting the impact and priority and offers fully automated resolutions.

Strong hybrid cloud solutions: Infosys offers enterprise grade on-premise, private and hybrid cloud solutions, with an end-to-end design and deployment solution to address the various facets of the IT and business requirements of its clients. The solution leverages cloud-native tools and services, extreme automation, and AI and ML technologies to address the specialized requirements in a hybrid cloud engagement. Clients have appreciated the firm for its end-to-end approach in providing solutions for a mainframe requirement.

Robust cloud management platform: Infosys has built an in-house AI based hybrid infrastructure management platform called Infosys Infrastructure Management Suite (IIMS). The platform has several automation toolkits to automate common operational tasks, along with an analytics engine that is an AI-powered analytics workbench for providing real-time root cause analytics, pattern detection, anomalies, suggestive corrective measures and more. It also has a self-healing functionality.

Caution

When compared to its peers, Infosys has far fewer SDDC engagements. The company needs to strengthen its focus in this area by building strategic relationships with SDDC-specific vendors.

2020 ISG Provider Lens™ Leader

Infosys has a strong focus on infrastructure automation and provides end-to-end hybrid cloud solutions for enterprises, allowing it move ahead in this segment. It is continuing to grow its AI-based cloud management platform and hybrid cloud management capabilities.

Methodology

METHODOLOGY

The research study "ISG Provider Lens™ 2020 – Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions" analyzes the relevant software vendors/service providers in the U.S. market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

The study was divided into the following steps:

1. Definition of Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions market
2. Use of questionnaire-based surveys of service providers/vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities and use cases
4. Leverage ISG's internal databases and advisor knowledge and experience (wherever applicable)
5. Detailed analysis and evaluation of services and service documentation based on the facts and figures received from providers and other sources.
6. Use of the following key evaluation criteria:
   - Strategy & vision
   - Innovation
   - Brand awareness and presence in the market
   - Sales and partner landscape
   - Breadth and depth of portfolio of services offered
   - Technology advancements

Authors and Editors

Shashank Rajmane, Lead Author

Lead Analyst

Shashank Rajmane has more than a decade of extensive research experience and has led the ISG Provider Lens™ studies — Public Cloud Consulting & Transformation and Private/Hybrid Cloud & Data Center Outsourcing Services. He leads the efforts for the U.S. geography along with global geography reports. Apart from this, Shashank has been part of many consulting engagements and helps ISG's enterprise clients select the right service providers and vendors based on their IT buying requirements. He is also responsible for authoring thought leadership papers, briefing notes, blogs and service provider intelligence reports, especially in the next-generation cloud and infrastructure services domain. He has also authored several research papers on best practices for choosing cloud vendors and cloud management platforms, along with writing a few whitepapers on the cloud industry.

Blair Hanley Frank, Enterprise Context and Global Overview Analyst

Principal Analyst

Blair serves as an ISG enterprise analyst covering topics including artificial intelligence, cloud computing and Agile/DevOps transformation. This year, he is providing enterprise context for ISG Provider Lens reports on the service provider ecosystems around Private/Hybrid Cloud, Public Cloud, Microsoft, SAP and Next-Gen ADM. He provides enterprise IT decision makers with market-leading advice on key technology trends through research notes and personal consultation. Since joining ISG in 2018, Blair has provided clients with insights about how their strategy fits with emerging technology trends that are shaping markets worldwide, and how new technologies can help them drive better business value.

Authors and Editors

Jan Erik Aase, Editor

Director

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor. Now as a research director, principal analyst and global head of ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

ISG Provider Lens™ Report: Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions July 2020

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 700 clients, including more than 75 of the top 100 enterprises in the world, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; strategy and operations design; change management; market intelligence and technology research and analysis. Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,300 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data. For more information, visit www.isg-one.com.