

***ISG** Provider Lens™

Cloud Transformation/ Operation Services & XaaS

U.S. 2019

Quadrant
Report



A research report
comparing provider
strengths, challenges
and competitive
differentiators

Customized report courtesy of:



November 2018

About this Report

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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 September 2018, 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.

The lead authors for this report are Douglas Pollei and Shashank Rajmane. The editor is Jan Erik Aase.



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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™](#).



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EXECUTIVE SUMMARY

In 2018, enterprise organizations are quickly advancing their multi-cloud strategies using public cloud providers. Large companies are now willing to trade in their old capital expenditure models of managing data centers and servers in exchange for more speed, cost flexibility and a great amount of elasticity, the key ingredients of public cloud offerings.

At a recent cloud conference, a multinational financial services firm discussed its multi-cloud strategy, a good illustration of how the market is developing. The organization uses each major cloud provider for different purposes. The company stressed the importance of having multiple suppliers to meet regulatory requirements and of expanding its IT organization to become increasingly multiskilled. The company uses one provider for the client's data warehousing and its communications platform, another for applications as well as testing and development, and another for enterprise cloud software required for specific geographic locations. ISG observes that this new, complex, multi-cloud, multi-skilled approach is now the standard in business and a key trend driving enterprise organizations.

In the first six months of 2018, the combined annual contract value (ACV) for outsourcing in the Americas commercial sector was up more than 30 percent year-over-year for both traditional sourcing and as-a-service engagements, according to the July 2018 ISG Index™ report. ISG's quarterly ISG Index™ report covers wider cloud trends and the state of the global IT services, both the traditional sourcing market and the as-a-service market (both infrastructure-as-a-service and software-as-a-service). The July 2018 Index revealed that ACV

from IaaS contracts in the Americas continues to grow. The year-over-year ACV totals for the first six months of the past three years were \$1.6 billion in 2016, \$2.6 billion for the first half of 2017 and \$3.5 billion in the first half of 2018. The full report provides market-place intelligence related to real sourcing contract data and knowledge of outsourcing transaction structures and terms, industry adoption, geographic prevalence and service provider performance. ISG's Contracts Knowledgebase is used to determine placements based on the annual value of commercial contracts awarded in the past 12 months.

This Provider Lens report provides deeper insight into the U.S. public cloud market. Key trends and observations in this cloud transformation report are summarized below.

Providers are essential to help enterprises with cloud complexity: Enterprise organizations can't keep up with the complexity and thousands of yearly offerings being released by the hyperscale and other public cloud providers. ISG sees that the flood of innovation makes it extremely important that enterprise clients receive provider guidance for public cloud consulting and implementation.

Service providers with extensive hyperscale cloud partnerships are becoming more important to enterprises: Enterprises planning large and complex cloud transformation projects are looking beyond providers' technical capabilities. Key factors for enterprise partner selection and service retention include depth of hyperscale joint partnerships, certifications, industry specializations and the providers' cloud business unit growth.

Technology vendors are also placing high emphasis on ecosystems and partner-led deals by increasing their collaborative joint ventures, business units and centers of excellence (CoEs). Technology vendors are also placing high emphasis on partner led deals and ecosystems by increasing collaborative joint ventures, business units, and centers of excellence (CoEs).

Multi-cloud enterprise strategies are key driver: As much as hyperscale cloud providers would like enterprises to exclusively go “all in” with one provider, clients are increasingly shifting toward multi-cloud services with numerous vendors. The specialization of hyperscale provider offerings gives enterprises choices for the right service to match the application or business need. As cloud providers expand their service lines to compete, enterprises should anticipate reduced costs and increased flexibility to attract their business.

Hyperscale investments into new platforms: Hyperscale cloud providers have started to offer modern software-defined network (SDN) architectures, hybrid cloud offerings and container readiness in combination with Kubernetes and serverless code deployments.

Continued IaaS market contraction: The hyperscale IaaS public cloud market will continue to contract and be dominated by a few players. Providers are building cloud practices primarily around Amazon Web Services (AWS), Microsoft Azure and Google Cloud Platform (GCP). These organizations are making the largest infrastructure investments globally. Chinese hyperscale provider Alibaba announced in August 2018 it would not expand in the U.S. due to recent tariffs and regulation fears.

The majority of cloud business is still within the U.S., but Europe is gaining. The U.S. is currently the largest market for public cloud adoption by enterprise organizations migrating applications to various platforms as part of a multi-cloud strategy. Europe is gaining in as-a-service market share, but current regulations may hinder large gains in the region.

Midsize provider specialization and large provider optimization: Midsized managed service providers (MSPs) with deep technology expertise can win larger deals where specialization and not scale is most important to customers. The specialization trend continues to disrupt larger, more established providers. Enterprises will rely heavily on MSPs to manage their global application requirements and geographic compliance as services become more complex.

Enterprises are continuing their DevOps journey: The public cloud partner ecosystem is essential to enterprises on their DevOps journeys. This calls for a highly automated and orchestrated system, which is where MSPs and implementation service firms provide their greatest value. .

Introduction

Simplified illustration

Cloud Transformation/Operation Services & XaaS 2019 (US)		
Transformation	Public Cloud Transformation	
Operations	Managed Public Cloud Services	
IaaS	IaaS – Enterprise Cloud	IaaS – Public Cloud Hyperscaler

Source: ISG 2018

Definition

Cloud computing services include the Internet-based provisioning of infrastructure (compute, storage and networking), platforms (environments to build and integrate applications) and software (hosted applications). A broadly accepted set of characteristics that define a cloud has been laid out by the U.S. National Institute of Standards and Technology (NIST). These characteristics are: on-demand self-service, broad network access, resource pooling, rapid elasticity or expansion and measured service.

A public cloud is a multi-tenant environment shared by different organizations. A private cloud is for the dedicated use of a single client. In this study, we focus primarily on the public cloud and associated services.

Definition (cont.)

Our studies are intended to anticipate the investigation efforts and buying decisions of typical enterprise clients. Enterprise clients will benefit from a study that examines an entire ecosystem for a certain service line when contemplating a significant strategy transformation, making infrastructure purchase-versus-rent decisions, implementing agile practices or incorporating automation into their environments. Therefore, ISG studies are comprised of multiple quadrants covering a spectrum of services that an enterprise client would require. Our research investigates several of the service models (infrastructure, platforms and software) and the ecosystem of partners that provide consulting and managed services on top of the public cloud infrastructure.

Scope Of The Report

The Cloud Transformation/Operations Services & XaaS 2019 Global report will assist buyers when reviewing a significant cloud transformation strategy as well as capable service providers in numerous geographies. Enterprise clients will also benefit from the study because it incorporates ISG's strengths in global sourcing advisory, contract knowledge databases, regional research and expertise in technology ecosystems and innovations.

This study includes various reports from nine quadrants that cover cloud service models. Not all quadrants are covered within each geography. Coverage depends on provider responses, participation and relevance. Quadrants not covered in a geographic region may be covered in future studies. Geographic report areas include U.K., Germany, Switzerland, Australia/New Zealand, Brazil and the U.S.

The full set of quadrants covered in various geographic versions of this study are:

- **Public Cloud Transformation – Consulting and Integration:**
 - An assessment of providers of advisory and migration services for public cloud infrastructure, primarily Amazon Web Services, Google Cloud Platform and Microsoft Azure.

- **Public Cloud Operations – Managed Services:**
 - An assessment of companies that provide ongoing management and support services on top of public cloud infrastructure, primarily Amazon Web Services, Google Cloud and Microsoft Azure.

Definition (cont.)

■ IaaS – Enterprise IaaS:

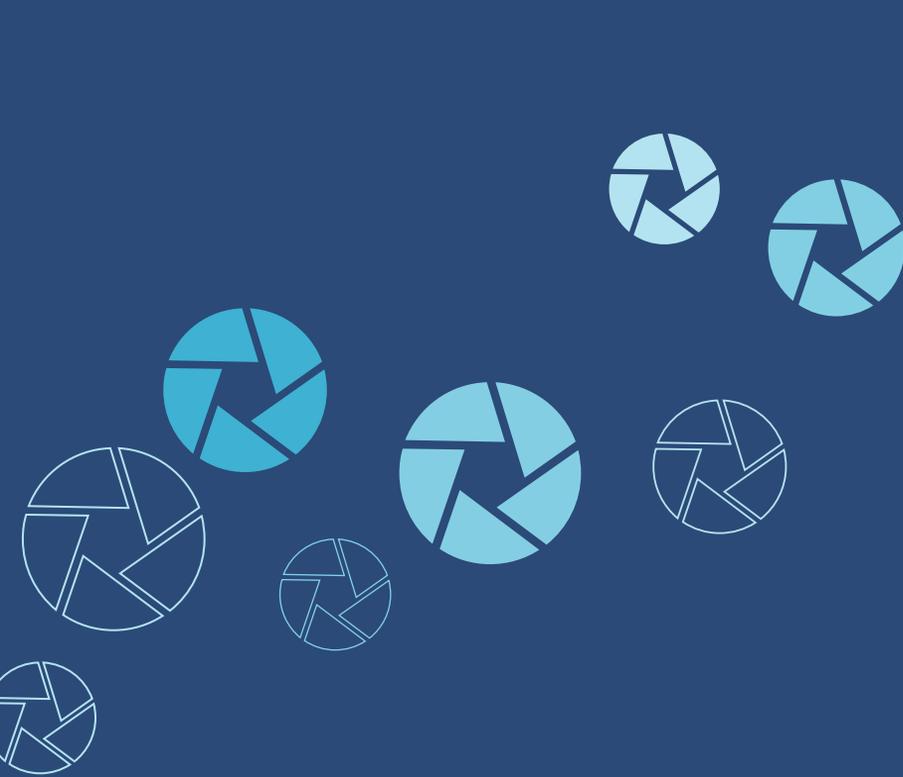
- Infrastructure-as-a-Service (IaaS) is a form of cloud computing called public cloud. The cloud compute form of IaaS called hyperscale computing is offered by the largest cloud service providers globally, which are sometimes referred to as hyperscalers..

■ IaaS – Public Cloud Hyperscale IaaS:

- An assessment of services providers that provide on-demand infrastructure commonly referred to hosted private cloud (enterprise cloud). Enterprise cloud providers can supply multiple clouds that are customized at the customer's request including the use of hybrid, multiple public and multiple private cloud providers.

The U.S. Cloud Transformation/Operations Services & XaaS 2019 report covers four quadrants: Public Cloud Transformation – Consulting and Integration; Public Cloud Operations Managed Services; Public Cloud Hyperscale IaaS; IaaS – Enterprise IaaS.





Cloud Transformation/ Operation Services & XaaS Quadrants

MANAGED PUBLIC CLOUD SERVICE

Definition

Public cloud managed services providers (MSPs) provide managed services on top of third-party public cloud IaaS platforms. At a broad level, these services include proactive monitoring, automation and management of the customer's cloud environment, aiming to maximize the performance of the workloads in the cloud, reduce costs and ensure compliance and security. Services provided typically include:

- Monitoring of CPU, storage, memory, databases, operating systems and more
- Upgrades and patching
- Expense management
- Governance, security and compliance management
- Cloud management platforms (CMPs)
- Support services such as incident management, configuration, security services and automation setup
- Deep knowledge and service practice with public cloud providers

Cloud Transformation/Operation Services & XaaS
Managed Public Cloud Services

2019
US



Source: ISG Research 2018

PRODUCT CHALLENGER: TRIANZ

Overview

Trianz is a US based IT service provider headquartered in Santa Clara, California. Trianz's cloud and infrastructure services team includes more than 300 FTEs servicing over 100 clients across the globe. The company has several offices in the U.S. and few in middle east and India. In the previous year, Trianz was recognized as a Contender in this quadrant, whilst this year the company has shown some growth opportunities and innovative solutions, consequently, has been placed as a Product Challenger this year.

Strengths

Robust cloud frameworks: Trianz has heavily invested in developing cloud adoption frameworks and building expertise on cloud strategy and deployment. They have a well-structured 'Knowledge Management Practice' that follows industry's best practices for effective collaboration between cloud teams.

Financial stability: Trianz's has been mainly targeting the Fortune 1000 companies and almost 90 percent of its clients fall into this bracket. Trianz claims that more than 80 percent of its revenues come from referrals and repeat business. The company has achieved over 25 percent year-on-year growth in revenues, which is a testament to the fact of their financial stability and unique value to its clients.

Ambitious and flexible: Trianz has been striving to provide innovative managed services to its clients by supporting their IT infrastructure on the hyperscale providers. Some of its clients testify to Trianz's flexibility and ability to be proactive to address and resolve challenges by leveraging its well-defined governance structure and skilled resources.

Caution

Trianz has over 85 percent of its managed services revenues coming in from AWS, and the rest from Microsoft's Azure platform. Trianz should also start transacting with other popular public cloud providers like Google Cloud Platform, Oracle Cloud and IBM Cloud.



2019 ISG Provider Lens™ Product Challenger

Trianz is an upcoming managed service provider has won several innovations related awards and has also received accolades from cloud providers for its managed services. The company has also won "Impact" award at ISG's 2018 Paragon Awards in the Americas. The company also has a strong training and development program for getting its employees certified in public cloud platforms. Trianz's cloud services is among the service lines experiencing incredible traction at the company.



Methodology

METHODOLOGY

The ISG Provider Lens™ 2018 – Cloud Transformation/Operation Services & XaaS research study analyses the relevant software vendors and service providers in the US 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 Cloud Transformation/Operation Services & XaaS market
2. Use of questionnaire-based surveys of service providers/vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities & use cases
4. Leverage ISG's internal databases & advisor knowledge & experience (wherever applicable)
5. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & 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



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Lead Author, Analyst, ISG Provider Lens™

Douglas Pollei is part of the ISG Provider Lens team with responsibilities for research and technology advisory services. He has previous senior management and vice president experience with a background in alliances, business development, corporate decisions and governance, as well as experience managing cross-functional international teams, external partner relationships, P&L and budgets. Douglas has a strong consultative background in cloud services and a focus on international enterprises. He was instrumental in driving strategic planning to optimize new business initiatives, product development and collaborative partnerships.



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Shashank is an analyst and has been closely involved with the quadrant studies around cloud services and datacenter outsourcing market. He has been in the research industry for more than seven years now. He is responsible for writing reports within the Provider Lens program alongside the lead analyst. He also contributes in gathering service provider intelligence through both primary and secondary research. Shashank has also written articles around the best practices in the cloud services domain. Along with this he has executed several client requests for ad-hoc research assignments across industries, predominantly in the IT, Automotive, Banking and Energy sectors. He has also handled client communication for the team, managing the client right from on-boarding to understanding their custom research requests.

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Editor

Jan Erik Aase is a director and principal analyst for ISG. He has more than 35 years of collective experience as an enterprise client, a services provider, an ISG advisor and analyst. Jan Erik has overall accountability for the ISG Provider Lens™ reports, including both the buyer-centric archetype reports and the worldwide quadrant reports focused on provider strengths and portfolio attractiveness. He sets the research agenda and ensures the quality and consistency of the Provider Lens™ team.

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