# AI Stands to Make IT Infrastructure Services "Invisible"

Cloud & Infrastructure Services
Annual Report – July 2018: Complimentary Abstract / Table of Contents

# Our research offerings for global services

**▶ Market Vista™**
Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

| | |
|---|---|
| ▶ Application Services | ▶ Human Resources |
| ▶ BPS \| Banking & Financial Services | ▶ ITS \| Banking & Financial Services |
| ▶ BPS \| Healthcare & Life Sciences | ▶ ITS \| Healthcare & Life Sciences |
| ▶ BPS \| Insurance | ▶ ITS \| Insurance |
| ▶ Catalyst™ | ▶ IT Services Forecaster™ |
| ▶ Cloud & Infrastructure | ▶ Locations Insider™ |
| ▶ Customer Experience Management Services | ▶ PricePoint™ |
| ▶ Digital Services | ▶ Procurement |
| ▶ Engineering Services | ▶ Recruitment & Talent Acquisition |
| ▶ Finance & Accounting | ▶ Service Optimization Technologies |

## Membership information

- This report is included in the following research program(s)
  - **Cloud and Infrastructure services**
- **If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at info@everestgrp.com, unitedkingdom@everestgrp.com, or india@everestgrp.com**

## More about membership

In addition to a suite of published research, a membership may include

- Price book
- Pinnacle Accelerators
- Data cuts
- Analyst access
- Virtual Roundtables
- Workshops

## Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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# Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

- Market thought leadership
- Actionable and insightful research
- Syndicated and custom research deliverables

**1 Robust definitions and frameworks**
(PEAK Matrix™, market maturity, and technology adoption/investment)
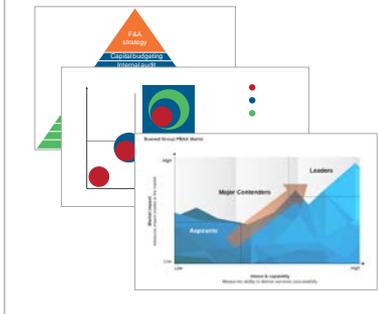


**2 Primary sources of information**
(Annual, contractual, and operational RFIs, service provider briefings and buyer interviews, and web-based surveys)



**3 Diverse set of market touchpoints**
(Ongoing interactions across key stakeholders, input from a mix of perspectives and interests, supports both data analysis and thought leadership)
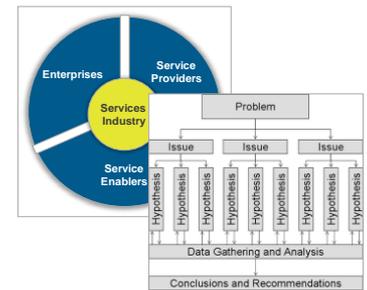


**4 Fact-based research**
(Data-driven analysis with expert perspectives, trend analysis across market adoption, contracting, and service providers)
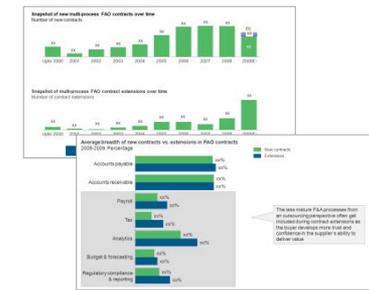


- Annual RFI process and interaction with leading cloud service providers
- Year-round tracking of 50+ IT service providers
- Dedicated team for IT services research, spread over two continents
- Over 20 years of experience in advising clients on global services decisions
- Executive-level relationships with buyers, service providers, technology providers, and industry associations

# This report provides an insight into the current trends and future outlook for infrastructure services relationships in the global IT services industry

**Services industry**

## IT Infrastructure Services (IS)

- Datacenter services (servers, storage, networks, etc.)
- End-user compute
- Database/middleware
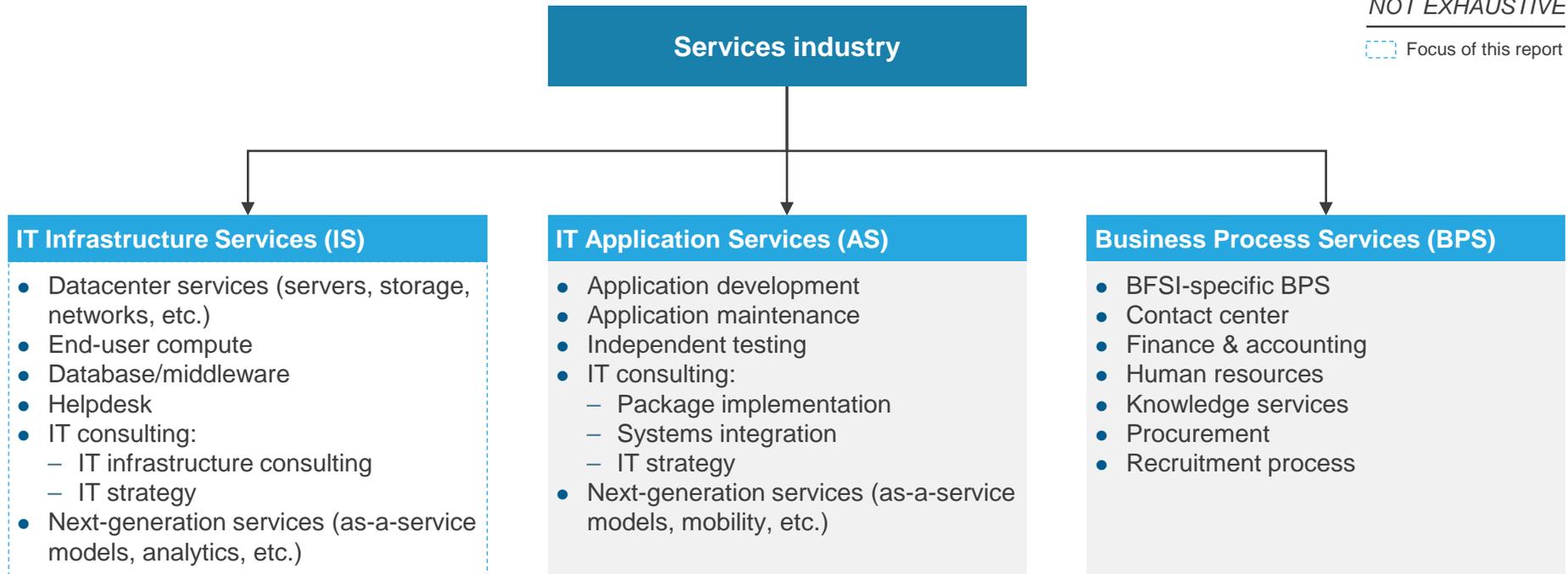- Helpdesk
- IT consulting:
  - IT infrastructure consulting
  - IT strategy
- Next-generation services (as-a-service models, analytics, etc.)

## IT Application Services (AS)

- Application development
- Application maintenance
- Independent testing
- IT consulting:
  - Package implementation
  - Systems integration
  - IT strategy
- Next-generation services (as-a-service models, mobility, etc.)

## Business Process Services (BPS)

- BFSI-specific BPS
- Contact center
- Finance & accounting
- Human resources
- Knowledge services
- Procurement
- Recruitment process

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- The report provides insights across a comprehensive IS landscape. This includes analyses across buyers from different industries, geographies, and revenue segments
- The research also covers global IT services market size and its distribution by service type, geography, and industry
- Apart from typical IS, the research also analyzes the key trends in automation and real-time analysis

# Overview and abbreviated summary of key messages

About 72% of enterprises cite IT infrastructure services as a key hurdle in becoming a digital first enterprise. Most of the enterprises believe their infrastructure services are not moving fast enough to support and drive the future of business. Expectations on infrastructure alignment with business have been around for ages. However, to date enterprises have not had a meaningful mechanism in place to drive this alignment. "Aware" automation is a concept wherein automation systems are underpinned by AI and analytics, making them conscious of the environment and helps to drive self configuring, healing, and evolving IT infrastructure services

This research provides fact-based trends impacting the cloud and infrastructure services market. It analyzes multiple aspects such as overall cloud and infrastructure service market size, leading players, deal sizes, deal durations, and pricing. Buyers will gain by understanding these trends and evolving their sourcing portfolio accordingly. Service providers will benefit by aligning their strategy to cater to these trends.

**Some of the findings in this report, among others, are:**

| **Major highlights and key trends** | • 72% of enterprises cite IT infrastructure services as a key hurdle in becoming digital-first; there are limited mechanisms to drive alignment between business and IT infrastructure services |
| --- | --- |
| | • Aware automation can help achieve more than 35% cost savings as compared to traditional automation approaches; help realize significant improvement in business operations and user experience KPIs |

| **Overview** | • IS deal size increased significantly over 2017 as enterprises increased overall IT spend as well as realigned their investments from next-generation initiatives to core IT infrastructure upgrade |
| --- | --- |
| | • Output-based pricing was the norm for IS engagements in 2017 |

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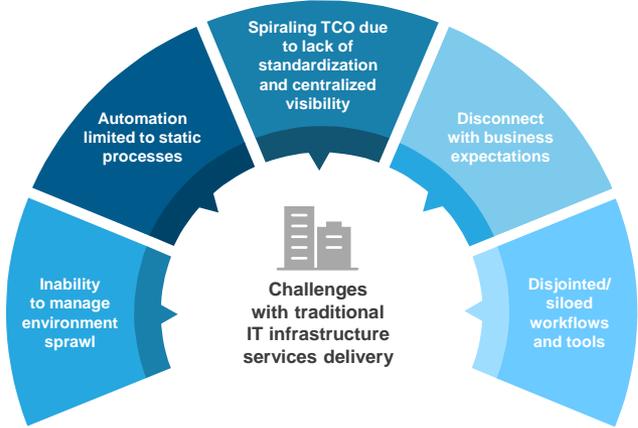
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**Buyer adoption**

- BFSI deal activity contribution continued to decline and stood at 17% as compared to 19% last year
- Impact of vendor consolidation was evident as average ACV increased across industries
- Contribution of North America to the overall deal activity reached 35%, the lowest in the last five years
- GDPR did not create meaningful deal flow for infrastructure services
- The contribution of deals from APAC significantly increased to 19% as compared to 6% last year
- Australia continues to dominate the APAC region, with some large deals in BFSI and telecom

**Outlook for 2018-19**

- As enterprises continue their infrastructure refresh, they will plan to reduce complexity and requirement for services. Enterprises will focus on self-serving infrastructure
- Service providers will witness cloud services further entering their turf. As leading cloud vendors enhance the level of automation and orchestration, service providers will invest in becoming a trusted partner of their clients to navigate the journey to cloud
- We expect to witness convergence of service providers, and most of them will offer services across the broad spectrum of IT infrastructure. This will also lead to new challenges for service providers around their partnership models

# This study offers two distinct chapters providing a deep dive into key aspects of IT infrastructure services market; below are four charts to illustrate the depth of the report

## Challenges with traditional IT infrastructure services delivery

Spiraling TCO due to lack of standardization and centralized visibility

Automation limited to static processes

Disconnect with business expectations

Inability to manage environment sprawl

Disjointed/ siloed workflows and tools

**Challenges with traditional IT infrastructure services delivery**

## Aware can resolve the challenges faced by traditional IT infrastructure

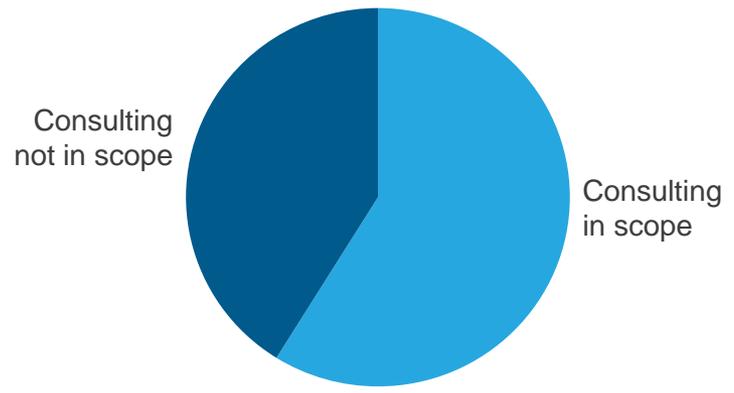Aware automation ➤ Intelligent automation **+** Cognitive/AI-driven automation

- Invisible infrastructure services would not require massive oversight or enterprise resources. IT infrastructure services will run and evolve the way business expects it to
- Aware automation is self-learning, configuring, and healing. It is much beyond task execution or processing preconfigured command. It is sentient and understands the context of its environment
- The last two to three years have witnessed intelligent automation making enterprise inroads backed by a rapid proliferation and maturation of solutions in the market

## IS deal size showcased a significant increase of 30% in 2017

2013   2014   2015   2016   2017
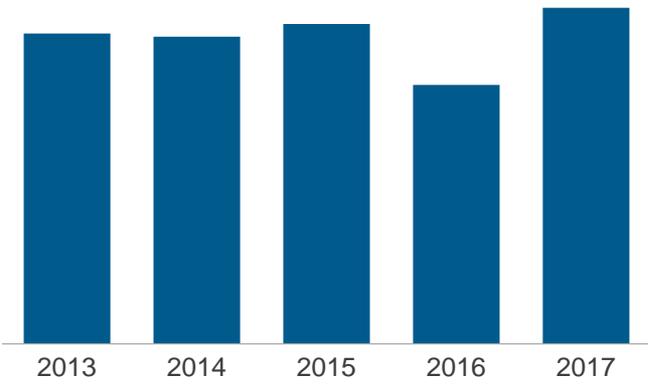
## Enterprises are searching for industry-specific consulting expertise

Consulting not in scope

Consulting in scope

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# Research calendar – Cloud & Infrastructure Services

| | | Published | | Planned | | Current release |
|---|---|---|---|---|---|---|

| Flagship Cloud & Infrastructure Services reports | Release date |
|---|---|
| Top 30 IT Security Trailblazers: Rise of the "Digital" Security Paradigm | January 2018 |
| Digital Workplace Services – Market Trends and PEAK Matrix™ Assessment: Enterprise's Wish is Not Service Provider's Command! | June 2018 |
| IT Infrastructure Services Automation – Market Trends and Services PEAK Matrix™ Assessment 2018: Become AI Aware or Fall Behind | July 2018 |
| **AI Stands to Make IT Infrastructure Services "Invisible"** | **July 2018** |
| IT Security Services – Market Trends and PEAK Matrix™ Assessment | Q3 2018 |
| Cloud Enablement Services – Market Trends & PEAK Matrix™ Assessment | Q3 2018 |
| Cloud Identity and Access Management (IAM) Trailblazers | Q4 2018 |
| Software Defined Infrastructure (SDI) Solutions – Market Trends & PEAK Matrix™ Assessment | Q4 2018 |

| Thematic Cloud & Infrastructure Services reports | |
|---|---|
| Upcoming Contract Renewals – Infrastructure Services | February 2018 |
| Enterprise Pulse | March 2018 |
| Enterprise Primer for Artificial Intelligence & Machine Learning | Q3 2018 |
| BigTech Wars – Container Orchestration | Q3 2018 |
| Demystifying IT Infrastructure Services Automation | Q3 2018 |
| Security Services Automation and Analytics: Hype vs Reality | Q3 2018 |

Note:    For a list of all Cloud & Infrastructure Services reports published by us, please refer to our website page

# Additional Cloud & Infrastructure Services research references

**The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest**

1. **Upcoming Contract Renewals – Infrastructure services** (EGR-2018-29-R-2555) 2018; A large portion of the sourced services market comes back to the planning/negotiating table as contracts keep expiring. Most of these deals had originally been procured via a competitive process involving Request for Proposals (RFPs), capability assessment, and of service providers. Renewals and recompetes provide opportunity for non-incumbent players to expand their wallet shares amidst disruptive factors such as saturation, slowing growth rate, and newer and more agile competitors. This research analyzes renewals coming up in the next two years, with a focus on IS contracts.

2. **Annual Report 2017: "The Future of Stack is No Stack"** (EGR-2017-4-R-2310) 2017; The report provides insights across a comprehensive IS landscape. This includes analyses across buyers from different industries, geographies, and revenue segments. The research also covers global IT services market size and its distribution by service type, geography, and industry

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# About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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