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Cloud Enablement Services – Market Trends and Services PEAK Matrix™ Assessment 2018: Containers and SDI Gathering Steam

Cloud & Infrastructure Services (CIS)
Market Report – December 2017: Complimentary Abstract / Table of Contents

EGR-2017-4-PD-2456

Our research offerings for global services

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

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- The full report is included in the following subscription(s)
  – Cloud and Infrastructure services
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
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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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Background of the research

Background of the research

- Cloud deployment continues to witness increasing acceptance/traction as enterprises are looking to make their IT setups more streamlined and flexible, while at the same time adhering to various industry- and geography-specific security and compliance requirements. Maximizing returns from existing investments in IT infrastructure/hardware and specialized performance requirements for high volume and resource-intensive workloads also remain some of the key drivers for cloud adoption
- That said, the technology complexities associated with hybrid cloud deployments and lack of internal skills are pushing enterprises to increasingly seek third-party support for hybrid cloud initiatives. This phenomenon has new-found implications given the rapid rise of containers and emergence of software-defined concepts within enterprise datacenters. Service providers are beefing up their cloud enablement services capabilities, specifically around supporting multiple industry-standard cloud platforms, hybrid cloud consulting & rapid migration, security, multi-cloud orchestration, and vertical-specific cloud solutions
- In this research, we present the assessment and detailed profiles of 21 IT service providers featured on the cloud enablement services PEAK Matrix. Each service provider profile gives a comprehensive picture of their cloud enablement services vision and strategy, scope of services offered, innovation and investments, and delivery capabilities
- The assessment is based on Everest Group's annual Request for Information (RFI) process conducted in H2 2017, interactions with leading cloud service providers, and analysis of the broader cloud services marketplace

Scope of this report

- **Services:** Cloud enablement services
- **Geography:** Global
- **Service providers:** 21 leading cloud enablement service providers

This report includes the profiles of the following 21 service providers on the cloud enablement and management services PEAK Matrix:

- **Leaders:** Accenture, Cognizant, DXC Technology, HCL Technologies, IBM, TCS, and Wipro
- **Major Contenders:** Atos, Capgemini, CGI, CSS Corp, Fujitsu, Infosys, LTI, Mphasis, NTT DATA, and Tech Mahindra
- **Aspirants:** GAVS Technologies, Syntel, Virtusa, and Zensar

This report focuses on cloud enablement services and offers insights into prominent service providers operating in this space

NOT EXHAUSTIVE

Cloud type

- Public cloud
- Dedicated Private cloud (DPC)
- Virtual Private cloud (VPC)
- On-premise private cloud

Asset ownership

- Service provider / partner
- Enterprise

Cloud enablement services

System integrators:
IT service providers facilitating cloud consumption (application migration, cloud application development, cloud deployment & integration, and cloud infrastructure management services) <u>across cloud types</u>

Focus of this PEAK Matrix™ assessment

Cloud hosting services

Broad-based cloud service providers:
Cloud hosting business of Atos, CSC, Dell, Fujitsu, HPE, IBM, T-Systems; third-party cloud providers such as AWS, Azure, and Google

Other DPC/VPC service providers:
Service providers offering dedicated/virtual pool of assets (e.g., telecom service providers and stand-alone cloud hosting providers)

The assessment includes professional and management services around cloud; it excludes core hosting services and productized offerings/solutions

What is included in the analysis:

- **Professional services (for both private and public cloud deployments; private clouds considered here can be of any type; on-premise or off-premise)**
  - Cloud consulting services: Strategy, roadmap formulation, readiness assessment, Total Cost of Ownership (TCO) analysis, etc.
  - Design and build services: Designing and building grounds-up cloud infrastructure/customization, implementation of cloud infrastructure, application migration, developing green-field applications with cloud features, etc.)
- **Management services:** Management of cloud assets, lights-on/helpdesk, orchestration, day-to-day operations, and other related activities (only for cloud infrastructure)
- **Types of constructs that are included within the private cloud:**
  - On-premise private cloud: The private cloud is deployed within the client datacenter with assets that are owned either by the client or by the provider. In either case, service providers offering upfront design, build-out, migration, and ongoing management services is included are the analysis
  - Off-premise private cloud (dedicated or virtual): The assets are owned by, and hosted within the datacenter owned by the service provider or a provider partner. In this case, service providers providing upfront assessment and migration services are included in the analysis. Additional management services such as middleware management (Web server software, application servers, database servers, etc.), storage management (backup and data recovery), and security management are also included in the scope

What is excluded from the analysis:

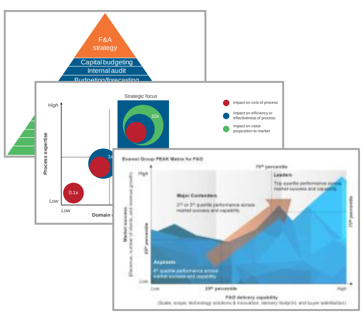
- Ongoing day-to-day monitoring and management of cloud applications
- Stand-alone SaaS/BPaaS implementations
- Boxed cloud-based solutions (offered in a SaaS or BPaaS model)
- Stand-alone cloud hosting engagements
- Revenues from core hosting services for off-premise private clouds

Our 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

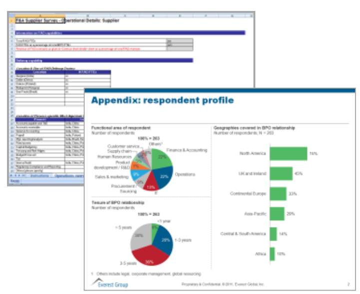
1

Robust definitions and framework
(PEAK Matrix, market maturity, and technology adoption/investment)



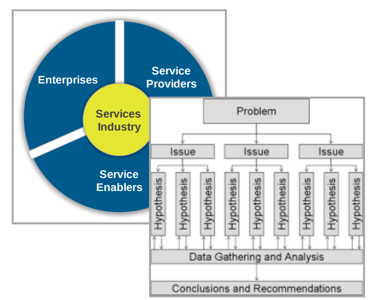
2

Primary sources of information
(Annual contractual and operational RFIs, service provider briefings, and market feedback)



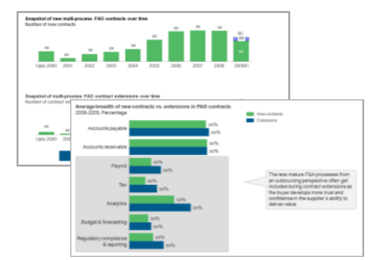
3

Diverse set of market touchpoints
(Ongoing interactions with key stakeholders, input from a mix of perspectives and interests, as well as support via 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 IT infrastructure and cloud service providers
- Dedicated team for IT infrastructure and cloud services adoption trends
- Over 25 years of experience in advising clients on global services decisions
- Executive-level relationships with buyers, service providers, technology providers, and industry associations

Everest Group's cloud services research is based on four key sources of proprietary information

1

- Proprietary database of IT services contracts of major IT service providers with cloud services in scope of work (updated annually)
- The database tracks the following elements of each contract:
  - Buyer details including size and signing region
  - Contract details including service provider, contract type, TCV & ACV, service provider FTEs, start & end dates, duration, and delivery locations
  - Scope details including share of individual buyer locations being served in each contract, Line of Business (LOB) served, and pricing model employed

2

- Proprietary database of IT service providers (updated annually)
- The database tracks the following for each service provider:
  - Revenue and number of FTEs
  - Number of clients
  - FTE split by different LOBs
  - Revenue split by region
  - Location and size of delivery centers
  - Technology solutions developed

3

- **Service provider briefings**
  - Vision and strategy
  - Annual performance and future outlook
  - Key strengths and improvement areas
  - Emerging areas of investment

4

- **Buyer reference interviews, ongoing buyer surveys, and interactions**
  - Drivers and challenges for adopting cloud enablement services
  - Assessment of service provider performance
  - Emerging priorities
  - Lessons learnt and best practices

Service providers assessed

accenture, Atos, Capgemini, CGI, Cognizant, CSS Corp, DXC.technology, Fujitsu, GAVS, HCL, IBM, Infosys, LTI, Mphasis, NTT Data, Syntel, Tata Consultancy Services, Tech Mahindra, Virtusa, Wipro, Zensar Technologies

Note: Assessment for Capgemini, CGI, Fujitsu, Infosys, and NTT DATA excludes service provider input in this particular study and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of these service providers, service provider public disclosures, and interaction with buyers

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any information, that is contract-specific, will be presented back to the industry only in an aggregated fashion

As enterprises jump on board the hybrid cloud ship, technology advancements are collapsing the IT stack both within and across the stack layers

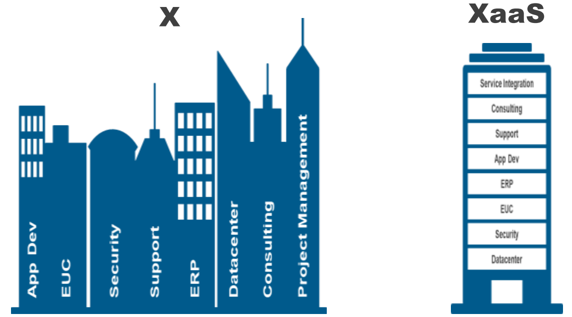
Cloud is now an integral part of global services engagements

>85%	Enterprises believe cloud to be the bedrock of their digital business
>US$12 billion	Worth of large IT services contracts signed in the last two years involved **cloud-based delivery**[1]
One in every three	Cloud infrastructure transformation deals witnesses the **production environment** being moved to the cloud
Two in every five	Enterprises want cloud providers to provide an **end-to-end spectrum** of services (i.e., build, host, and manage)

The monolithic IT services stack will eventually collapse and be realigned to "outcome-oriented" agility stacks/pods

Current: "Towers" X

Future: "Stack+Pod" XaaS



Talent	Factory	Lean team / Pod
Systems Integration (SI)	Army of specialists One and Done	Persistent team Ongoing journey
Decision maker	IT	Business
Results	SLAs	Business outcomes

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This compendium report has 21 IT service provider profiles, focusing on their cloud enablement services vision and strategy, scope of services, innovation and investments, and delivery footprint

XYZ | Cloud enablement services profile (page 1 of 2)

Overview

Strengths

- Strong focus on leveraging its own datacenters across North America and Europe to offer dedicated and virtual private cloud services to enterprises
- Given its traditional focus on the government segment, XYZ's cloud services come across as highly relevant for this buyer segment (strong referenceability)

Areas of improvement

- Needs to enhance its focus on cloud consulting and implementation services for large enterprises that are aligned to other industries beyond the public sector
- Current investments in internal IP/tools for cloud transformation/implementation are "behind the curve" as compared to other peers/leaders in the market

Cloud enablement services revenue

<US$200 million	US$200-US$500 million	US$500 million-US$1 billion	>US$1 billion

Adoption by service segments High (>20%) Medium (10-20%) Low (<10%)

Consulting services | Managed services | Build/design services

Scope of coverage

XYZ offers cloud services that include cloud advisory, implementation of cloud solutions, integration of cloud-based & traditional IT environments, and managed cloud services across the public, private, and hybrid cloud environments. Consulting services focus on cloud roadmap, cloud readiness assessments, application rationalization, cloud architecture & design, infrastructure & application readiness assessment, transition roadmap, and DevOps enablement.

Adoption by geography High (>25%) Moderate (10-25%)

Adoption by industry High (>20%) Medium (10-20%) Low (<10%)

BFSI	Energy and utilities
Technology	Healthcare and life sciences
Manufacturing	Retail, distribution, and CPG
Public	Telecom, media, and entertainment

Adoption by buyer groups High (>20%) Medium (10-20%) Low (<10%)

- Small (annual revenue < US$1 billion)
- Medium (annual revenue = US$1-5 billion)
- Large (annual revenue > US$5 billion)

XYZ | Cloud enablement services profile (page 2 of 2)

Offerings

NOT EXHAUSTIVE

Through its cloud and hybrid IT enablement and transformation services, XYZ aims to reduce cost, complexity & risk, maximize utilization, improve security, and provide clear direction on the best-fit approach to its client organizations. The XYZ XXXXXXXXX suite enables holistic management of both on-premise and cloud-based services.

Proprietary solutions (representative list)

Solution	Details
XXXXX	A comprehensive services framework with four tiers: enablement services, hybrid IT management & integration platform, fully-managed hybrid IT services, and hybrid infrastructure services (including dedicated & virtual private clouds globally)
XXXXX	Helps clients with application readiness assessment initiatives to take full advantage of cloud hosting
XXXXX	Helps quickly assess the state of clients' infrastructure as a baseline to decide on the optimal hybrid mix (including private cloud)
XXXXX	Built in collaboration with XXXX, the solution offers a hyper-converged dedicated private cloud offering (<400VMs) and can be deployed in less than six weeks from order date

Cloud services partnerships (representative list)

Partner name	Type of partnership	Details
XXXX	Technology partnership	Partnership to enable cloud migration and management
XXXX	Technology partnership	Partnership to provide cloud services
XXXX	Technology partnership	Partnership to provide cloud services
XXXX	Technology partnership	Partnership to deliver XXXX powered cloud services
Some of XYZ's other key partners include XXXX, XXXX, XXXX, and XXXX.		

Recent activities (representative list)

Development	Details
Acquisition of XXXX (2017)	Acquired XXXX, an IT consulting firm with expertise in digital experience and agile software development
Global licensing with XXXX (2016)	Leveraging XXXX as the hybrid IT billing and charge-back component in the XXXXXX platform and for all of XYZ's hybrid infrastructure services

Source: Everest Group (2017)

Research calendar – Cloud and infrastructure services (CIS)

Published | Planned | Current release

Flagship CIS reports	Release date
Infrastructure Services – Annual Report 2016	July 2016
Private Cloud Enablement Services – PEAK Matrix™ Assessment and Profiles Compendium	September 2016
Hosted Private Cloud Services – PEAK Matrix™ Assessment and Profiles Compendium	December 2016
IT Infrastructure Automation – Market Update and PEAK Matrix™ Assessment for Solutions (Focus on IT service providers)	April 2017
IT Operations Automation – Market Trends, PEAK Matrix™ Assessment for Products & Profiles Compendium	May 2017
Workplace Services – Market Trends and PEAK Matrix™ Assessment: "End Users are no Less than Customers!"	July 2017
IT Security Services – Market Trends and PEAK Matrix™ Assessment: "Security – The Biggest Digital Insecurity"	August 2017
CIS Annual Report 2017 – "The Future of Stack is No Stack!"	November 2017
IoT Services – PEAK Matrix™ Assessment & Profiles Compendium	December 2017
Cloud Enablement Services – Market Trends and Services PEAK Matrix™ Assessment 2018: Containers and SDI Gathering Steam	**December 2017**

Thematic CIS reports	Release date
Customer (Dis)Satisfaction: Why Are Enterprises Unhappy with Their Service Providers?	January 2017
Contract Renewals – Infrastructure Services: "Over 40% Incumbents Replaced Annually; Providers Beware!"	February 2017
Security Trailblazers – Smart startups to combat smart hackers	Q4 2017

Note: For a list of all cloud and infrastructure services reports published by us, please refer to our website page

Additional Cloud and Infrastructure Services research recommendations

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

1. **Cloud and Infrastructure Services – Annual Report 2017: "The Future of Stack is No Stack!"**
   (EGR-2017-4-R-2423); 2017. The rapid strides in technology in context of cloud-based delivery models, software-defined infrastructure, automation, containerization, and serverless computing are leading towards a collapsing technology stack, which is set to have a profound impact on the IT service operating models within enterprises. Our annual research analyses this theme and provides data-driven facts and perspectives on the overall cloud and Infrastructure Services (IS) market. The research covers cloud and IS adoption trends, demand drivers, key buyer initiatives, and pricing trends, amongst others.

2. **IT Security Services – Market Trends and PEAK Matrix™ Assessment: "Security – The Biggest Digital Insecurity"**
   (EGR-2017-4-R-2310); 2017. Skills is pushing enterprises to increasingly seek third-party support for security services. Service providers need to beef up their global security service delivery capabilities and coverage, expand their partnership network to align with next-generation security requirements of clients, and invest in nurturing their security services talent to stay relevant. This report provides a market trend assessment of IT security services along with the detailed profiles and assessment of 17 IT service providers featured on Everest Group's PEAK Matrix for IT security services.

For more information on this and other research published by Everest Group, please contact us:

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