Upcoming Contract Renewals – Infrastructure Services

Cloud & Infrastructure Services (CIS)
Market Report – January 2019: Complimentary Abstract / Table of Contents

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- 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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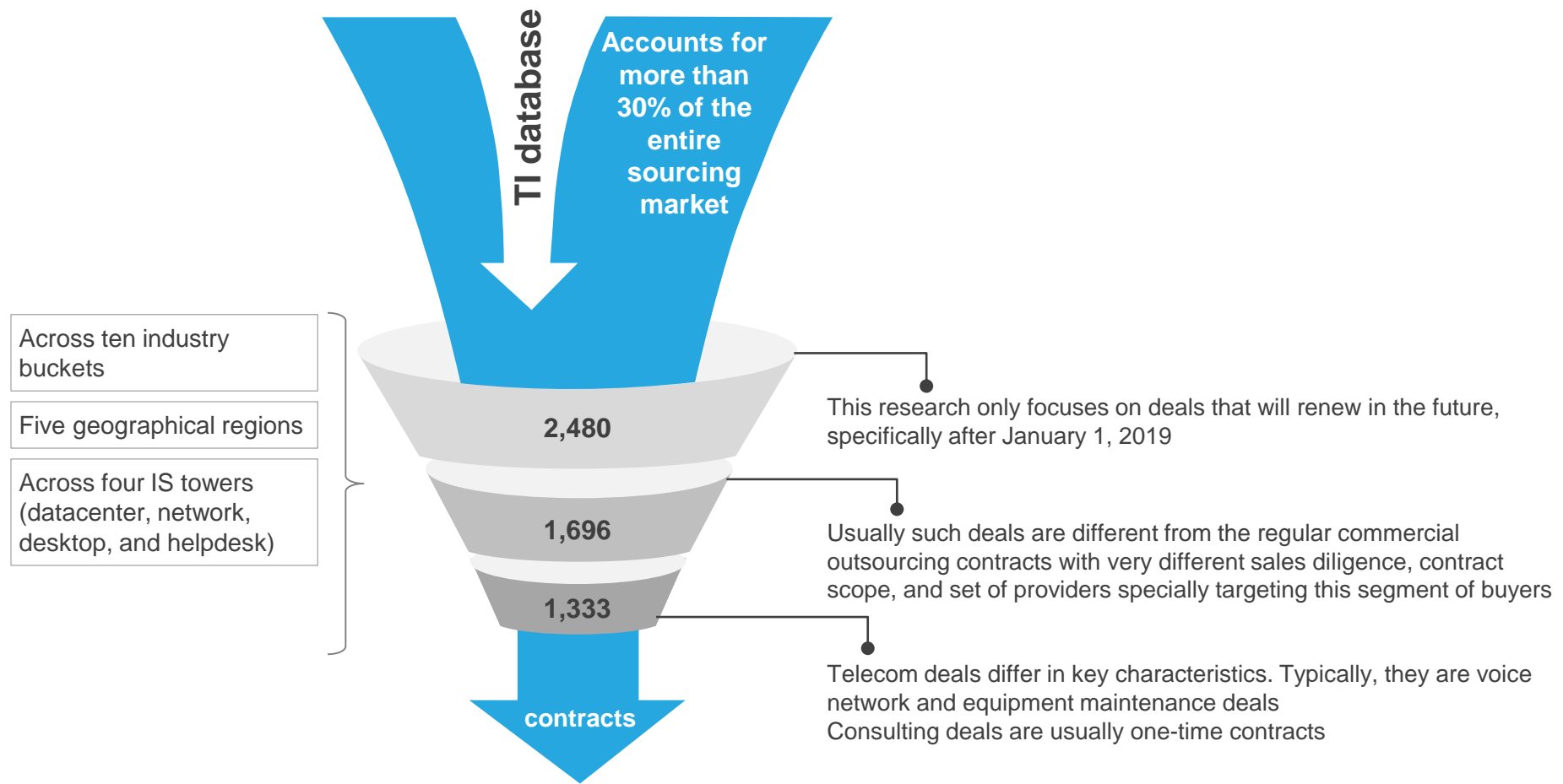
Background and methodology of the research

Background of the research

- The sourced services market is a large multi-billion dollar market, with deals lasting for an average of two to three years. As a result, a large portion of the market scope 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 short-listing 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. It also allows buyers a chance to make course corrections based on lessons learned during the lifetime of the just-concluded engagement and adjust sourcing strategy to suit the current business environment

- In particular, buyers of infrastructure services with long-term multi-tower engagements are driving the productivity agenda hard, and are not averse to looking at alternative service providers to counter declining productivity levels

- This research analyzes renewals coming up in the next two years, with a focus on Infrastructure Services (IS) contracts

The scope of this report includes:

- Analysis of the ITS and BPS markets with deals in scope that are to be renewed in the future

- Key vertical, geographical, and scope-based analysis with a focus on IS and bundled contracts

- Analysis of IS and bundled contracts by scope (datacenter, network, helpdesk, and desktop) across geographies

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The analysis shared in this research is based on Everest Group's "Transaction Intelligence Database", the most comprehensive organized record of publicly-announced outsourcing deals

TI database

Accounts for more than 30% of the entire sourcing market

Across ten industry buckets

Five geographical regions

Across four IS towers (datacenter, network, desktop, and helpdesk)

2,480

1,696

1,333

contracts

This research only focuses on deals that will renew in the future, specifically after January 1, 2019

Usually such deals are different from the regular commercial outsourcing contracts with very different sales diligence, contract scope, and set of providers specially targeting this segment of buyers

Telecom deals differ in key characteristics. Typically, they are voice network and equipment maintenance deals
Consulting deals are usually one-time contracts

The analysis was performed on 1,333 outsourcing deals that expire on or after January 1, 2019.

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This study offers three distinct sections providing a deep dive into key aspects of upcoming contract renewals in infrastructure services market; below are four charts to illustrate the depth of the report

Sum of TCV of deals for renewal (US$ billion)

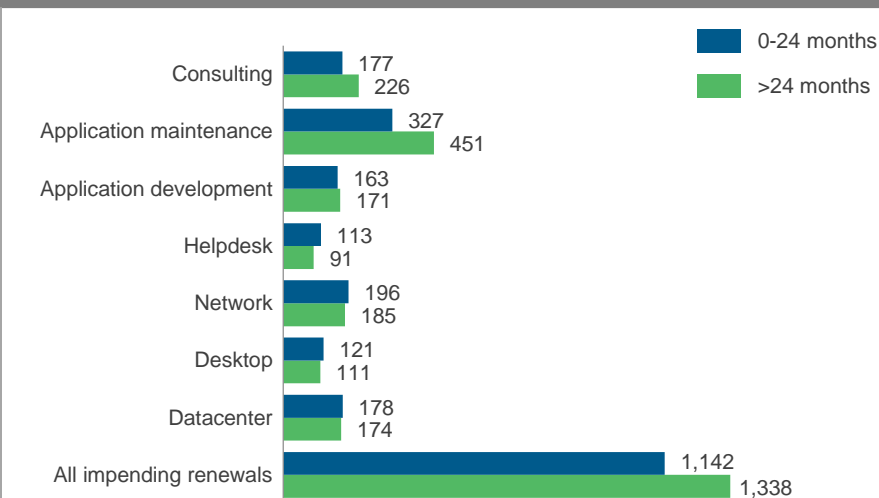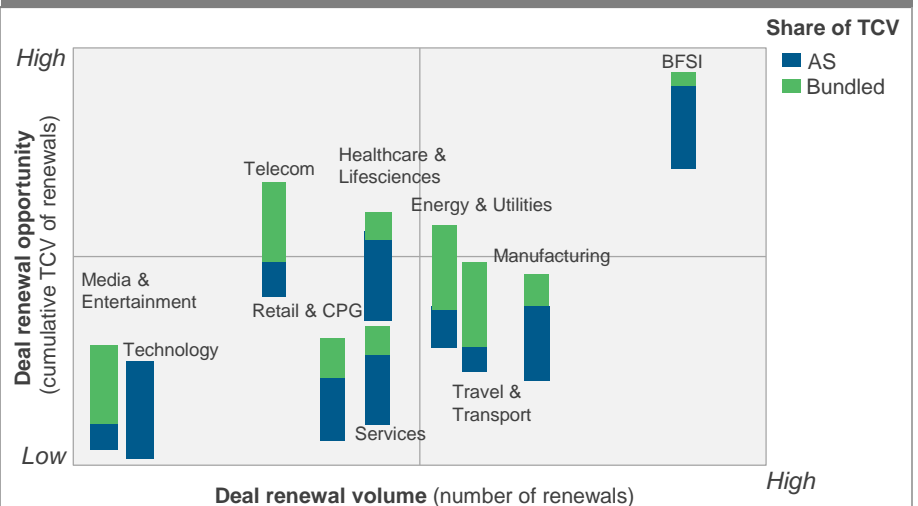100% = **19**

- Bundled: 7%
- BPS: 27%
- ITS: 66%

100% = **38**

- 0-12 months: **50%**
- **50%** 12-24 months

100% = **19**

- Bundled: 5%
- BPS: 27%
- ITS: 68%
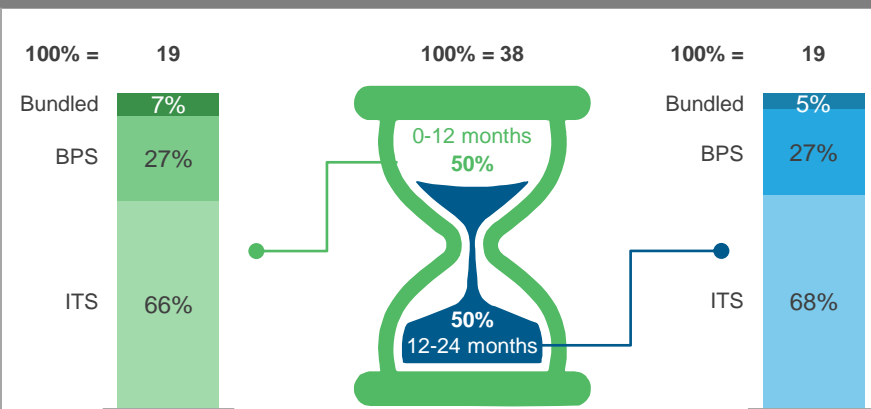
Sum of TCV of deals by signing geography – ITS (US$ billion)

Geography	Green	Blue
North America	2,660	1,874
Western Europe	7,376	8,599
Asia Pacific	2,792	3,438
EEMEA	414	158
Latin America	0	50
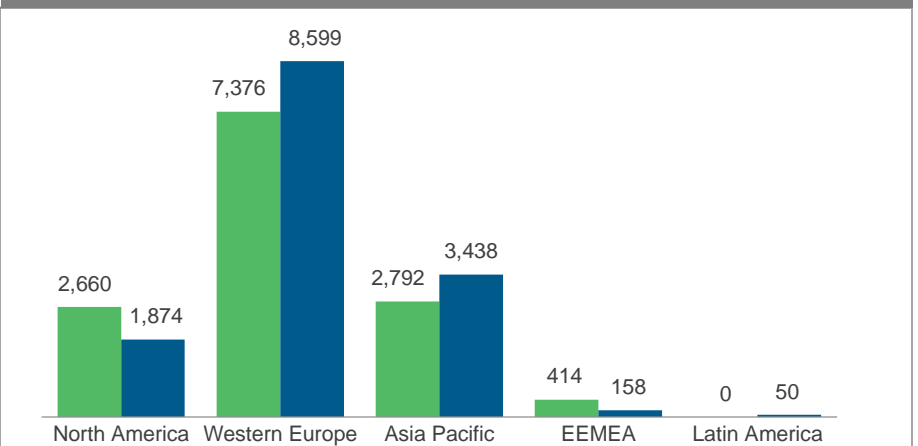
Deals currently running with the said tower in scope; Number of deals

Legend:
- 0-24 months (blue)
- >24 months (green)

Tower	0-24 months	>24 months
Consulting	177	226
Application maintenance	327	451
Application development	163	171
Helpdesk	113	91
Network	196	185
Desktop	121	111
Datacenter	178	174
All impending renewals	1,142	1,338

IS renewal opportunities by vertical and scope

Share of TCV
- AS (blue)
- Bundled (green)

Deal renewal opportunity (cumulative TCV of renewals): Low → High

Deal renewal volume (number of renewals): Low → High

Verticals: Media & Entertainment, Technology, Telecom, Retail & CPG, Healthcare & Lifesciences, Services, Energy & Utilities, Manufacturing, Travel & Transport, BFSI

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Research calendar – Cloud and infrastructure services

| | Published | Planned | Current release |

Flagship CIS reports	**Release date**
Digital workplace services Trailblazers: evaluation of upcoming start-ups for digital workplace services	Q1 2019
Digital Workplace Services – Market Trends and PEAK Matrix™ Assessment	Q2 2019
DevOps Enablement Services – Market Update and PEAK Matrix™ Assessment	Q2 2019
Cloud & infrastructure Services Annual Report 2019	Q2 2019
Next Generation Infrastructure Services for Insurance – Market Update and PEAK Matrix™ Assessment	Q3 2019
Next Generation Infrastructure Services for BFS – Market Update and PEAK Matrix™ Assessment	Q3 2019
IT Infrastructure Services Automation – Market Update and PEAK Matrix™ Assessment for Solutions (Focus on IT service providers)	Q4 2019
Software Defined Infrastructure – Market Update and PEAK Matrix™ Assessment (Focus on IT service providers)	Q4 2019

Thematic CIS reports	
Upcoming Contract Renewals – Infrastructure Services	**January 2019**
Enterprise Pulse	Q1 2019
Viewpoint – Security operations for the digital world	Q1 2019
Viewpoint – The rise of edge	Q2 2019
Viewpoint - Enterprise guide to containers	Q2 2019
Business value for security – an enterprise framework	Q3 2019
Big Tech battle for AI-platform offerings	Q4 2019
Workplace services: SLA is dead; long live SLAs	Q4 2019

Note: For a list of all CIS reports published by us, please refer to our website page

Additional ITS research references

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

1. **Cloud & Infrastructure Services – Annual Report 2018: "AI Stands to Make IT Infrastructure Services "Invisible""** (EGR-2018-29-R-2720), 2018. The report focuses on how the trinity of analytics, automation, and AI can make the infrastructure run the way business needs it to without requiring significant oversight or bandwidth. The report also provides insights across a comprehensive IS landscape. This includes analysis 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

2. **Cloud Enablement Services PEAK Matrix™ Assessment 2019 and Market Trends: "An Enterprise Primer for Adopting (or Intelligently Ignoring!)"** (EGR-2018-29-R-2850), 2018. With cloud becoming the bedrock of digital businesses, "cloud native" promises to be the default operating model for future enterprises and is garnering significant enterprise interest. However, cloud native is a complex theme and its adoption requires careful evaluation on the part of the enterprises as well as significant investments in terms of people, processes, and technologies. This report provides a market trend assessment of cloud enablement services along with detailed profiles and assessment of 24 IT service providers featured on Everest Group's PEAK Matrix for cloud enablement services

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

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