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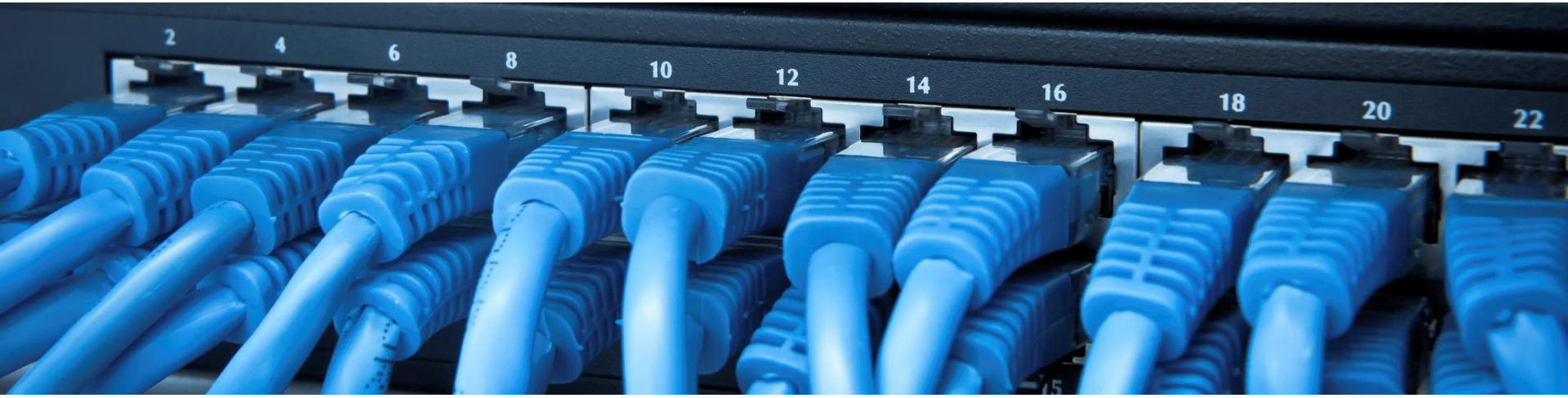


# Exploring the Enterprise Journey Towards "Invisible" IT Infrastructure

## Cloud and Infrastructure Services (CIS)
## Annual Report – October 2019: Complimentary Abstract / Table of Contents

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# 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
- BPS | Banking & Financial Services
- BPS | Healthcare & Life Sciences
- BPS | Insurance
- Catalyst™
- Cloud & Infrastructure
- Customer Experience Management Services
- Data & Analytics
- Digital Services
- Engineering Services
- Enterprise Platform Services
- Finance & Accounting
- Human Resources
- ITS | Banking & Financial Services
- ITS | Healthcare
- ITS | Insurance
- IT Services Executive Insights™
- ITS | Life Sciences
- Locations Insider™
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- Procurement
- Recruitment & Talent Acquisition
- Service Optimization Technologies

## Membership information

- This report is included in the following research program(s)
  - Cloud & Infrastructure Services (CIS)
- 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

- Accelerators™
- Analyst access
- Data cuts
- Pinnacle Model™ reports
- PriceBook
- 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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# Table of contents (page 1 of 2)


| Topic | Page no. |
|---|---|
| **Introduction and overview** | **6** |
| **Summary of key messages** | **9** |
| **Section I: Cloud and infrastructure services market – size and growth** | **12** |
| • Summary | 13 |
| • Global IT services market: Size and growth | 15 |
| • Global IT services market by geography | 16 |
| • Global IT services market by industry | 17 |
| • Market share of leading service providers | 18 |
| • CIS market overview | 19 |
| **Section II: Infrastructure services – exploring the enterprise journey towards "invisible" IT infrastructure** | **25** |
| **Section III: Infrastructure services – overview** | **42** |
| • Summary | 43 |
| • Deals landscape | 44 |
| • Deal size trends | 46 |
| • Deal duration trends | 47 |
| • Scope of services | 48 |
| • Pricing trends | 49 |
| • Anti-incumbency and new vs. renewal trends | 50 |


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# Table of contents (page 2 of 2)


| Topic | Page no. |
|---|---|
| **Section IV: Infrastructure services – buyer adoption** | **51** |
| • Adoption by buyer industry | 54 |
| • Adoption by buyer size | 57 |
| • Adoption by buyer geography | 59 |
| – North America | 61 |
| – Europe | 63 |
| – Asia Pacific | 65 |
| **Section V: Outlook for 2019-2020** | **67** |
| **Appendix** | **69** |
| • Estimating the global IT services market | 70 |
| • Glossary of terms | 71 |
| • Research calendar | 72 |
| • References | 73 |


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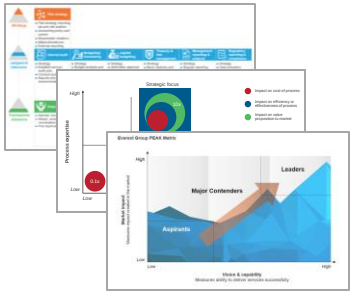
# Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

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

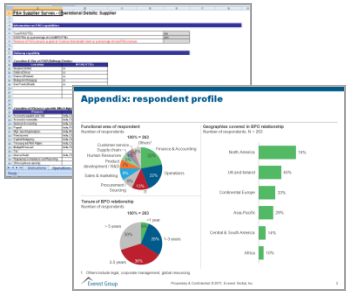
**1 Robust definitions and frameworks**

PEAK Matrix, market maturity, and technology adoption/investment



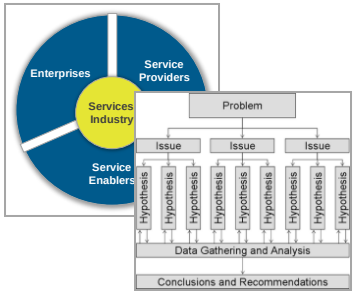

**2 Primary sources of information**

Annual contractual and operational RFIs, service provider briefings, and market feedback



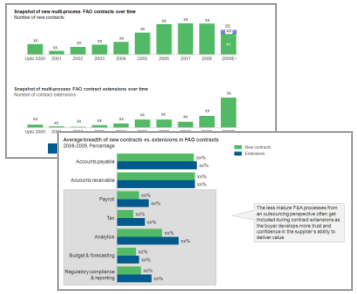

**3 Diverse set of market touchpoints**

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 services providers
- Dedicated team for IT infrastructure 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

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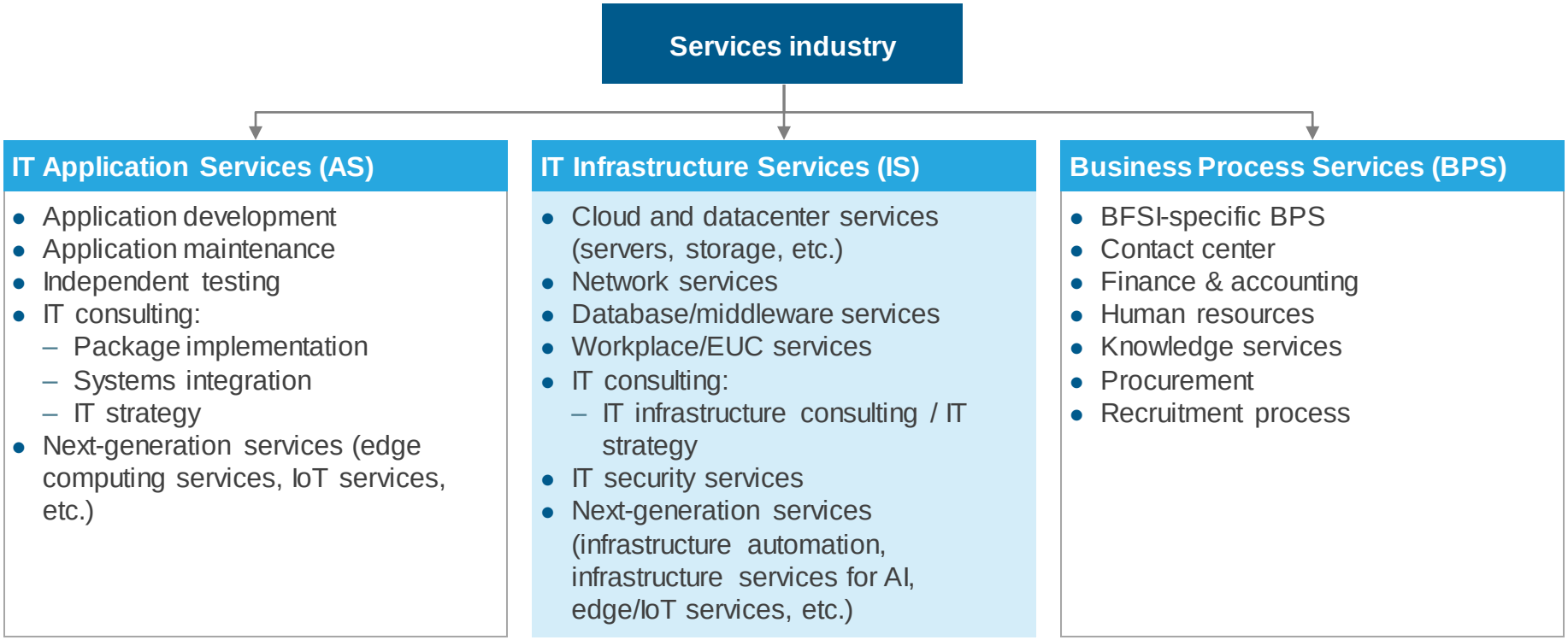
# This report provides an insight into the current market trends and outlook for infrastructure services relationships in the global IT services industry

Focus of research




- The report provides insights across a comprehensive IT infrastructure services landscape. This includes analysis across buyers from different industries, geographies, and revenue segments
- The research also covers the global ITS market size and its distribution by service type, geography, and industry
- Apart from typical infrastructure services, the research also analyzes key trends in consulting services that are bundled with the broader engagements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# Overview and abbreviated summary of key messages (page 1 of 2)

About 85% of enterprises believe that IT infrastructure is the bedrock of business transformation initiatives. However, most enterprises believe that their current IT infrastructure services model is not ready to cater to their digital needs. Infrastructure services need to be underpinned by AI, analytics, and automation to drive self-healing/self-configuring systems that can dynamically and autonomously adapt to changing business needs, thus creating an "invisible" infrastructure model that is highly secure and requires minimal oversight.

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**

- Around 85% of enterprises believe that IT infrastructure is the bedrock of business transformation. However, most enterprises believe that their IT infrastructure is not ready to support digital disruption and needs to undergo an evolution
- Infrastructure services need to be underpinned by AI, analytics, and automation to drive self-healing/self-configuring systems that can dynamically and autonomously adapt to changing business needs, thus creating an "invisible" infrastructure model that is highly secure and requires minimal oversight

**Overview**

- While 2017-2018 witnessed an increase in average deal size due to large IS modernization deals, deal sizes in 2018-2019 reduced majorly due to increase in smaller value deals driven by enterprises' need for agile innovation; enterprises' need for business transformation has increased the number of consulting-led IS engagements – 68% of IS engagements in 2018 had consulting services in scope


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# Overview and abbreviated summary of key messages (page 2 of 2)

**Buyer adoption**

- The telecommunication industry witnessed the highest growth by capturing 14% of the total deals, as BFSI and manufacturing continued their declining trend
- Vendor-agnostic behavior was witnessed across enterprises as deal durations remained within three-to five-year range. Enterprises want service providers to be a collaborative partner in their transformation journey rather than just meet SLAs
- Change management initiatives will be crucial for service providers going forward, as adoption rates are a crucial metric for buyers
- The telecommunication industry in North America is booming primarily due to focus on 5G implementation; adoption within the retail industry is driven by buyers focusing on enhancing customer experience using digital initiatives
- APAC continues its rapid growth with different levels of maturity in technology adoption; a key expectation of APAC enterprises is end-to-end capabilities from service providers

**Outlook for 2019-20**

- Going forward, enterprises expect infrastructure services to enhance business metrics in addition to reducing costs through outsourcing
- Vendor-agnostic behavior will continue as buyers expect agile and continuous innovation and higher value from outsourcing contracts
- Cloud adoption is rising with hybrid cloud becoming the preferred model for enterprises. Service providers are best placed for solutions that will enable hybrid cloud as well as multi-cloud adoption amongst enterprises
- Service providers need to provide interoperable infrastructure capabilities to enable enterprises in their digital journeys


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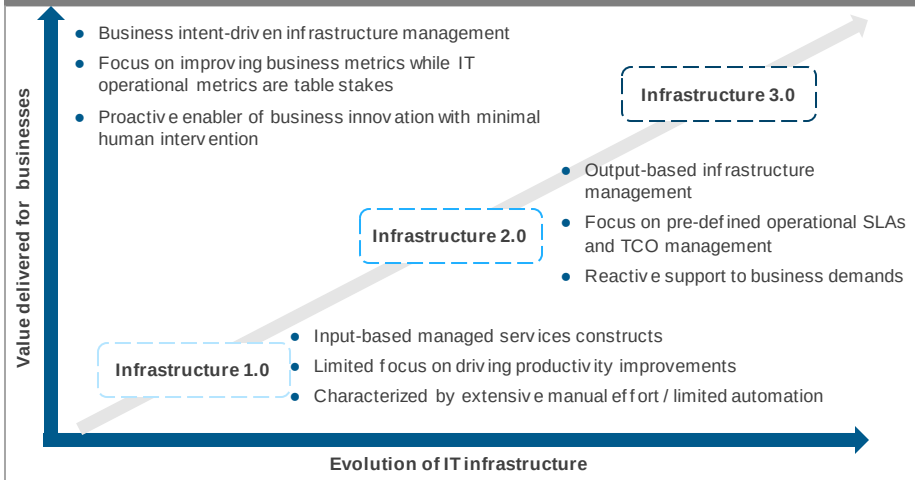
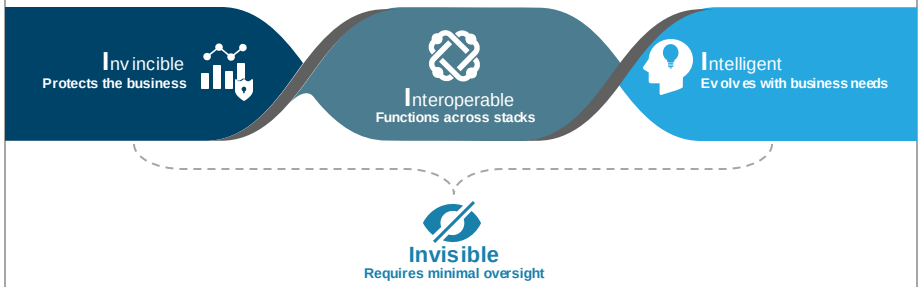
# This study offers two distinct chapters providing a deep dive into key aspects of IT infrastructure services market; below are four charts to illustrate the depth of the report

## Evolution of IT infrastructure and its value delivered for businesses

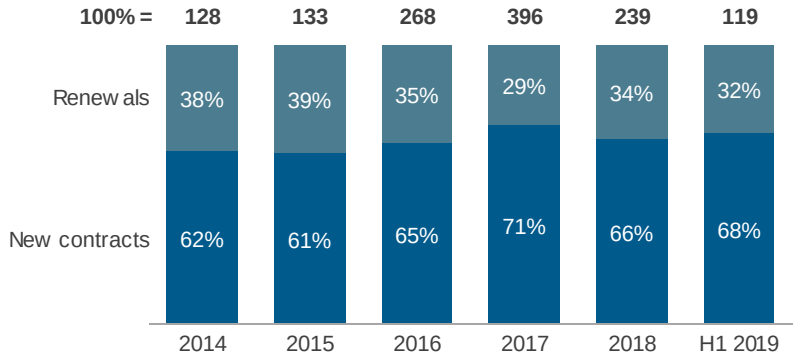



## Introducing the concept of "invisible" infrastructure

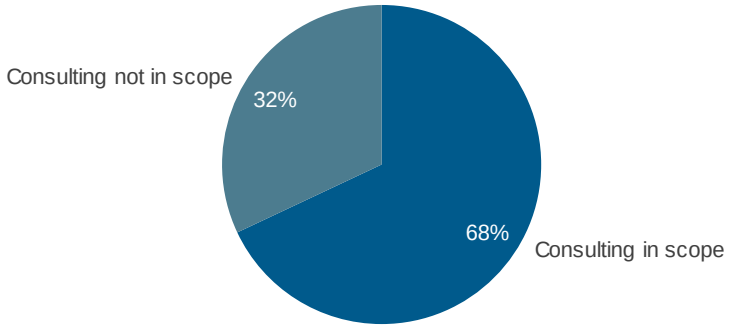



## New deals within IS continued their upward trend

**Trends in contract type in IS engagements**
2014-H1 2019; Number of deals




## Enterprises are searching for industry-specific consulting expertise

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# Research calendar – Cloud and Infrastructure Services

Published Planned Current release

| Flagship CIS reports | Release date |
|---|---|
| Digital Workplace Services PEAK Matrix™ Assessment 2019: Enterprises, It is Time to Humanize the Workplace Experience | June 2019 |
| Next-generation Infrastructure Services for Insurance PEAK Matrix™ Assessment 2019 and Market Trends | June 2019 |
| Next-generation Infrastructure Services for BFS – PEAK Matrix™ Assessment 2019 and Market Trends | June 2019 |
| DevOps Enablement Services PEAK Matrix™ Assessment 2019 and Market Trends | July 2019 |
| Top 20 Digital Workplace Trailblazers: Creating Connected Experiences for Digital-savvy Enterprises | October 2019 |
| Top 10 SD-WAN Trailblazers: The Missing "Link" in Enterprise Digital Transformation Story | October 2019 |
| **Exploring the Enterprise Journey Towards "Invisible" IT Infrastructure** | **October 2019** |
| Cloud Services PEAK Matrix™ Assessment 2019 and Market Update | Q4 2019 |
| Next-generation Network Transformation Services PEAK Matrix™ Assessment 2019 and Market Trends | Q4 2019 |

| Thematic CIS reports | |
|---|---|
| Upcoming Contract Renewals – Infrastructure Services | January 2019 |
| Enterprise Pulse Report: The Dissatisfaction Conundrum | January 2019 |
| Edge Computing | February 2019 |
| Security Operations for the Digital World | Q4 2019 |
| Tech Bytes – Debunking Containers Myth | Q4 2019 |
| Workplace services: SLA is Dead; Long Live SLAs | Q4 2019 |

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

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# Additional ITS research references

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

1. **Digital Workplace Services – Market Trends and PEAK Matrix™ Assessment 2019 "Enterprises, It is Time to Humanize the Workplace Experience"** (EGR-2019-29-R-3219); 2019. In this report, we discuss the hitherto overlooked role of empathy in the workplace, and how a humanized workplace – backed by technology – stands to deliver sustainable productivity and experience benefits. This report provides a market trend assessment of digital workplace services, along with detailed profiles and assessment of 21 IT service providers featured on Everest Group's PEAK Matrix for digital workplace services

2. **Upcoming Contract Renewals – Cloud & Infrastructure Services 2019** (EGR-2019-29-R-3050); 2019. Every year, 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 short listing of service providers. Renewals and recompetes provide opportunity for non-incumbent players to expand their wallet share amidst disruptive factors such as saturation, slowing growth rate, and new and more agile competitors. This research analyzes renewals coming up in the next two years, with a focus on Infrastructure Services (IS) contracts


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