

**ISG** Provider Lens™

# Private/Hybrid Cloud – Data Center Services

## Managed Services

A research report comparing provider strengths,  
challenges and competitive differentiators

QUADRANT REPORT | JUNE 2023 | GLOBAL

Customized report courtesy of:

**DXC** TECHNOLOGY

Preface 04

Managed Services for Large Accounts – U.S. 05 – 16

Executive Summary 06  
 Introduction 09  
 Scope of Report 11  
 Who Should Read This Section 12  
 Quadrant 13  
 Definition & Eligibility Criteria 15  
 Provider Profile 16

Appendix

Methodology & Team 104  
 Author & Editor Biographies 105  
 About Our Company & Research 110

Managed Services for Large Accounts – U.K. 17 – 28

Executive Summary 18  
 Introduction 21  
 Scope of Report 23  
 Who Should Read This Section 24  
 Quadrant 25  
 Definition & Eligibility Criteria 27  
 Provider Profile 28

Managed Services – Australia 29 – 40

Executive Summary 30  
 Introduction 33  
 Scope of Report 35  
 Who Should Read This Section 36  
 Quadrant 37  
 Definition & Eligibility Criteria 39  
 Provider Profile 40

Managed Services for Large Accounts – France 41 – 52

Executive Summary 42  
 Introduction 45  
 Scope of Report 47  
 Who Should Read This Section 48  
 Quadrant 49  
 Definition & Eligibility Criteria 51  
 Provider Profile 52

Managed Services – Netherlands 53 – 65

Executive Summary 54  
 Introduction 58  
 Scope of Report 60  
 Who Should Read This Section 61  
 Quadrant 62  
 Definition & Eligibility Criteria 64  
 Provider Profile 65

Managed Services for Large Accounts – Nordics 66 – 77

Executive Summary 67  
 Introduction 70  
 Scope of Report 72  
 Who Should Read This Section 73  
 Quadrant 74  
 Definition & Eligibility Criteria 76  
 Provider Profile 77

Managed Services – Singapore and Malaysia 78 – 89

Executive Summary 79  
 Introduction 82  
 Scope of Report 84  
 Who Should Read This Section 85  
 Quadrant 86  
 Definition & Eligibility Criteria 88  
 Provider Profile 89

---

## Managed Services for Large Accounts – Germany

90 – 102

Executive Summary	91
Introduction	95
Scope of Report	97
Who Should Read This Section	98
Quadrant	99
Definition & Eligibility Criteria	101
Provider Profile	102

ISG has identified DXC Technology as a leading player worldwide and a Leader in Australia, France, Germany, the Netherlands, Singapore and Malaysia, the U.K. and the U.S., and a Rising Star in the Nordics. Among the approximately 80 companies assessed for this study, DXC is one of the few providers to be identified as a Leader in almost all geographies.

DXC has extensive experience in managing on-premises infrastructure for Fortune 500 enterprises globally, with many certified professionals managing on-premises and hybrid cloud environments for clients. The company has a strong presence worldwide with major footprints in North America, Western Europe, APAC and ANZ, and its global cloud delivery model includes onshore and offshore locations. It has strong partnerships with industry-leading infrastructure vendors, such as VMware, IBM, Cisco and HPE, and public cloud providers, such as AWS, Microsoft Azure and Google Cloud, which gives it the deep technology expertise to develop client-centric solutions.

DXC leverages its Platform X™ to support hybrid cloud infrastructures globally, including 143 managed data centers. It has created a strong cloud and infrastructure platform with self-diagnosing and self-healing capabilities and has the expertise to deliver edge, mainframes and cloud-native solutions. The provider has extensive experience in delivering software-defined, hyperconverged infrastructure solutions; managing mainframes; and implementing edge computing strategies.

To deliver advanced infrastructure services, it focuses on next-gen technologies that include AI, ML and cognitive capabilities, especially for automating management. Also, the platform provides data-driven insights for AIOps, FinOps, DevSecOps and SRE, enabling clients to take informed decisions. The company takes a holistic approach to IT infrastructure asset management, offering customized support to customers.

The company has a certified workforce for managing clients' on-premises, private, and hybrid cloud environments. It has taken the

lift-and-shift approach to help several clients successfully migrate to cloud environments and takes a holistic approach to managing legacy infrastructure in adherence with regulations. Its services include the expertise of specialists across technologies and platforms, robust delivery and 24/7 support, globally, covering all day-to-day infrastructure processes. It helps clients achieve cost efficiency and has enabled savings of up to 20 percent on infrastructure expenditures.

DXC's comprehensive managed services include design, build, test migration, data center infrastructure, application discovery and automated migration, where it uses delivery frameworks, tools, templates and assets. It adheres to client SLAs and has, so far, delivered a few predefined, outcome-based engagements with stringent SLAs. DXC has vast experience in providing managed infrastructure services remotely to enterprises worldwide and does so with the help of more than 10,000 FTEs situated in various locations. Its data-to-run-anywhere solution enables robust mainframe

management and it excels in legacy application code development, empowering clients for future transformations. DXC's security solution includes threat intelligence that uses AI and ML and breach simulation techniques for multimodal threat prevention.

DXC has delivered migration and modernization for several legacy applications globally, transforming operations to enable support for modern applications using the principles of SRE, DevOps and IaC. DXC has expertise in financial services, manufacturing, healthcare and pharmaceuticals, and travel and transportation industries, which enables it to create several vertical-specific solutions. Clients have rated DXC well above the industry average for its infrastructure services. It has also scored high in terms of CX.





# Managed Services for Large Accounts – U.S.

Report Author: Shashank Rajmane

**Managed services are moving toward industrialized service delivery models and cost optimization**

In the last four quarters, enterprises marginally restricted their spend on cloud technologies and business models to bring innovation and value to their end users. They are benefiting from using cloud computing environments and leveraging cutting-edge technologies like AI, analytics and RPA, which are speeding the rate and pace of technological improvements and UX. Hybrid cloud has become the norm in the last few years, with private cloud having the lion's share. With the growing demand for hybrid cloud solutions, IT infrastructure environments have become more complex and difficult to manage. Enterprises are now more open to outsourcing these operations to service providers that have significant expertise in managing hybrid cloud infrastructure for enterprises in multiple industries. Some of the

key variables influencing outsourcing decisions are the integration and consolidation of data centers, server performance, virtualization, containerization, governance and compliance, downtime and data loss. ISG observed that due to inflation and several economic and political downturns, enterprises were seen spending less or holding or pushing their infrastructure transformation engagements to the next year. They are more cautious and strategic in their outsourcing decisions to manage their costs effectively in this volatile economic scenario. This is corroborated by our ISG Index numbers, present in the Introduction part of the report.

We have also observed that providers have been increasingly trying to make customers aware of the need to standardize infrastructure, as this can enable them to offer better services at a lower cost. Several benefits can be achieved through standardization, such as:

- It enables providers to automate infrastructure operations and reduce the need for manual intervention, which can lead to significant cost savings and improved efficiency.

Multicloud strategies are evolving into polycloud and hybrid cloud strategies.



## Executive Summary

- Standardized infrastructure allows providers to scale their operations more easily and quickly; they can simply replicate the standardized components across different locations and customers.
- Standardization also enhances the reliability and consistency of the infrastructure, which can improve customer satisfaction and reduce the risk of downtime and service disruptions.

By standardizing infrastructure services through infrastructure as code (IaC) and software-defined infrastructure, providers can achieve greater efficiency, scalability and reliability, which can ultimately benefit both providers and enterprise clients.

ISG's Star of Excellence™ program was very well received and has gained significant traction during the last four quarters. This program is based on the voice of the customer concept. Providers are rated on six parameters: service delivery; governance and compliance; collaboration and transparency; innovation and thought leadership; people and culture fit; and business continuity. The score/data comes from a Star of Excellence study that measures CX with providers based on direct client feedback.

ISG found that the average provider CX score for the private/hybrid cloud domain in North America was 79.6 in 2022. Accenture, Cognizant, HCLTech, Microland and PwC were the top five providers with above-average CX scores.

Some of the trends observed in the last year are:

**Infrastructure modernization has become inevitable:** Several enterprises in the U.S. have been using their IT infrastructure for several years or even decades, and these infrastructures have reached the end of their life; they are no longer able to keep up with the demands of modern applications and business processes and are more vulnerable to security threats and other risks. As modernizing IT infrastructure requires a significant investment of time, money and resources, as many enterprises see it as a big bet. Service providers offer a thorough assessment of the existing infrastructure, identify the gaps and inefficiencies, and develop a roadmap for how to update or replace these systems. However, the payoff is not immediate, and there may be risks involved, such as disruptions to business operations during the migration process. Overall, infrastructure modernization has

become a critical step for many enterprises to stay competitive and meet the evolving demands of the digital age. While it may be a big bet, the potential rewards are substantial, notably improved operational efficiency and enhanced business outcomes.

**Evolution of hybrid cloud to多云:** As cloud providers, particularly AWS, Microsoft Azure and Google Cloud, continue to distinguish their offerings in 2023, we anticipate businesses to be very deliberate about where they put their workloads. With this多云 strategy, applications will have access to the best-of-breed services available for their use case, be it an industry-specific cloud solution, a specialized database or an AI and ML service. Businesses will embrace their on-premises and private cloud footprints in their roadmaps as they continue to recognize that not all workloads belong to public cloud, primarily owing to cost, performance and regulatory factors.

**Cloud cost optimization is a top priority:** Enterprises have changed their 2023 objectives to focus on cost reduction and efficiency because of the likelihood of an upcoming economic downturn. As a result of the rapid

expansion of public cloud usage over the past two years, cloud expenses are one of the greatest areas for cost reduction. To uncover opportunities to optimize and monetize cloud transitions, IT, finance and FinOps teams are visualizing their TCO across their full hybrid cloud footprint (on-premises and private and public clouds). After achieving elementary cost reductions through basic FinOps in 2021 and 2022, organizations are now aiming to rearchitect their applications to make use of more affordable, cloud-native technologies, such as serverless, to further optimize their cloud spend.

**Midmarket providers winning more deals:** We have seen several large global system integrators losing clients to many midsize providers. Some of the key reasons are:

- **Cost:** Midsize providers are able to offer more competitive pricing, as they have lower overhead costs and are more agile in adapting to changing market conditions.
- **Innovation:** Midsize providers are more agile and innovative and are able to respond more quickly to emerging technologies and trends. Some also offer more cutting-edge solutions.



## Executive Summary

- **Personalized services:** Midsize providers give more attention and focus to clients and have more flexibility to tailor their services to the unique needs of their clients, unlike the standardized service offerings provided by large providers.

Overall, the reasons for the shift in business from large to midsize IT infrastructure service providers are likely complex and multifaceted, with a combination of factors at play.

**Changing hosting landscape:** Within the managed hosting domain, U.S. enterprises continue to give priority to OpEx models for hybrid cloud deployments. However, there are important issues that influence sourcing selections, such as the difficulty in replacing hardware and poor profit margins. The widespread use of VMware technology by service providers in hosting settings is reducing technological distinction at a lower level in hosting environments. Enterprises in several industries are investing in improving security protocols and automated managed backup and recovery services that use cutting-edge computing and AI technologies. As a result,

for applications that require low latency, businesses are turning away from on-premises infrastructure and instead opting for services that are closest to the workload.

**Rapid growth in the colocation business:** Over the last two years, the colocation business in the U.S. has undergone substantial growth. Providers have made significant investments to increase their regional data center presence, primarily in the Southwest region, which is attracting many technology firms and other establishments from places like California. Colocation providers were seen offering tailored colocation solutions and establishing stronger partnerships with technology vendors and network service providers. This is aimed at improving IT operations, reducing latency and enhancing network performance for businesses of all sizes. U.S.-based colocation providers are increasingly prioritizing environmental, social and governance (ESG) mandates and green initiatives. Few providers are setting targets for sustainability measures and committing to using renewable energy sources to power their colocation facilities. Furthermore, there is a

growing emphasis on ensuring that data center facilities comply with standards such as LEED and Energy Star.

Colocation facilities with near proximity are the preferred choices among enterprises, as they are looking to grow business with an asset-light strategy. This enables them to access modern data centers while achieving greater cost efficiencies. Public cloud providers are also relying on colocation providers to expand their business in existing and new geographic locations. Colocation providers are upgrading their capabilities to offer smooth integration with hyperscalers and edge data centers, enabling them to support emerging applications in AI, IoT, big data and more.

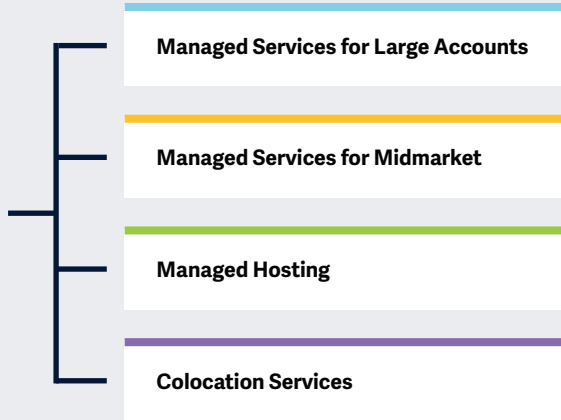
Provider conversations with enterprises are now focusing on delivering business value, while also helping them with infrastructure modernization and management rather than just day-to-day operational management. Providers are also helping enterprises create a roadmap to improve performance and reduce the costs of running workloads.





This study focuses on what ISG perceives as most critical in 2023 for **Private/Hybrid Cloud and Data Center outsourcing services**.

Simplified Illustration; Source: ISG 2023



**Definition**

This study assesses service providers of data center outsourcing, including the providers of managed hosting, colocation facilities and managed services. Typical participants use automation tools on highly secure data centers, providing security, operations management and client dashboards.

Data center outsourcing is the practice of transferring the responsibility of managing data center assets to a third-party provider. It includes orchestration; provisioning; integrated monitoring; and managing infrastructure components, including computing, storage, database, middleware and others. The data center may be owned by the enterprise client, service provider or a third-party colocation provider. Integrated monitoring and operations can be delivered from a provider's shared service center located offshore, onshore, nearshore or via a dedicated delivery center such as a remote infrastructure management (RIM) model.

A private cloud is an extension of a client's computing environment that leverages the investments made in virtual infrastructure and applications. Enterprises with stringent security

and governance requirements, large data volumes and close integration of enterprise applications and workflows needs may prefer an on-premises or a private cloud environment and may choose to host in their facility. As businesses are becoming software and data driven, they need an infrastructure base that can adapt to the changing market conditions, be managed based on a hybrid model, and be always accessible. Currently, most data center outsourcing engagements have elements of private/hybrid cloud and intuitive cloud management cognitive platform enablement.

A hybrid cloud connects the existing on-premises infrastructure services with a private cloud, a public cloud, or many multicloud arrangements. An enterprise can also leverage colocation and hosting providers, and not necessarily own a data center, to have a hybrid cloud setup. Globally, there is a massive surge in demand for a multicloud environment from the enterprise community as enterprises adopt hybrid and multicloud strategies to migrate and manage their workloads with improved agility, reduced operating costs and high application performance and availability.



## Introduction

There has been a rapid increase in the use of proprietary platforms and tools by service providers and enterprises for automating cloud operations, thereby increasing the adoption of AI and machine learning (ML) technologies. One of the fundamental advantages of a hybrid cloud deployment is the high degree of control offered to the organization; hybrid clouds allow enterprises to leverage the capabilities of public cloud platforms without the need to offload their entire data to a third-party data center. Although still evolving, edge computing is another technology that enterprises of all sizes are adopting for various existing and new use cases, such as software-defined solutions, IoT processing, hybrid cloud connectivity, firewall and network security, branch and micro data centers, internet-enabled devices and asset tracking. Edge is also being used to address the latency challenges in the present, highly distributed environments by removing network barriers and bringing processing to the edge.

ISG reports consistent demand for infrastructure services as enterprises are becoming more vigilant toward spending on large and complex cloud implementations. The demand for managed services, especially infrastructure and workloads management services, also is growing slowly. According to the ISG 1Q 2023 ISG Index™ figures, the global market grew by 1 percent in combined market ACV to reach its current value of \$24.1 billion for the first three months. Managed services ACV increased by 1 percent year-over-year and reached \$9.8 billion, while the XaaS ACV decreased by 13 percent to reach \$14.3 billion. IaaS spending declined 16 percent to reach \$10.4 billion, while the SaaS market declined by 4 percent to reach \$3.9 billion during the same period.



### Scope of the Report

In this ISG Provider Lens™ quadrant report, ISG covers the following four quadrants for services/solutions: Managed Services for Large Accounts, Managed Services for Midmarket, Managed Hosting and Colocation Services.

This ISG Provider Lens™ study offers IT decision makers the following:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments (quadrants)
- Focus on the regional market

Our study serves as the basis for important decision-making in terms of positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

### Provider Classifications

The provider position reflects the suitability of IT providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the IT service requirements from enterprise customers differ and the spectrum of IT providers operating in the local market is sufficiently wide, a further differentiation of the IT providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions IT providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between \$20 million and \$999 million with central headquarters in the respective country, usually privately owned.

- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above \$1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product Challenger, Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens™ quadrant may include service providers that ISG believes have strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).



## Managed Services for Large Accounts

### Who Should Read This Section

This report is relevant to large enterprises across all industries in the U.S. for evaluating the providers of private/hybrid cloud data center managed services.

In this quadrant, ISG defines the current market positioning of managed service providers in the U.S. and how they address the key challenges faced by large enterprises with their hybrid cloud model. These providers are adept at managing data center infrastructure on behalf of their enterprise clients, enabling them to focus on other tasks.

The U.S. currently leads globally in hybrid cloud adoption, having produced positive growth in revenue, clients and managed services contracts. Enterprises are seeking integrated solutions and hybrid cloud deployment strategies, with a focus on edge solutions. There is also a growing emphasis on integrating AI and ML technologies to automate operations, leading to cost savings and process optimization. Large-scale enterprises are evaluating managed service providers that

offer industry-specific offerings and have strong capabilities in application management and orchestration.

Consolidation, virtualization and containerization of data centers, along with compliance, server downtime, data loss and security, are the key factors influencing sourcing.

This year, service providers implemented a business-value-driven approach to help enterprises effectively assess workload migration. FinOps and sustainability were the two major elements in all the hybrid cloud engagements. Furthermore, service providers have increased their efforts to enhance strategic partnerships with technology vendors and hyperscalers, enabling enterprises to continue their digital transformation journeys.



**IT and infrastructure leaders** should read this report to analyze the modernization and service capabilities of managed service providers and the market advancements impacting hybrid cloud strategies.

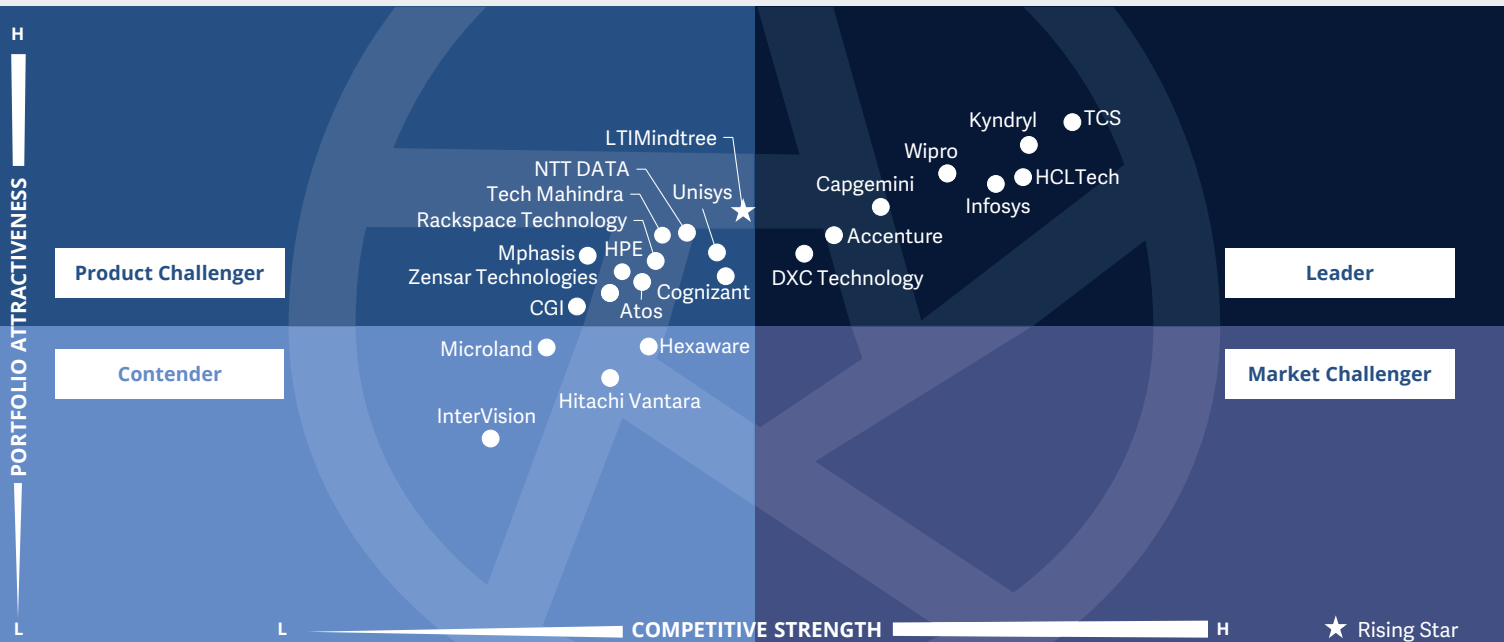


**Software development and technology leaders** should read this report to understand providers' positioning, their offerings and their influence on ongoing infrastructure transformation initiatives.



**Sourcing, procurement and vendor management professionals** should read this report to better understand the current landscape and partner ecosystem of managed service providers in the U.S.





This quadrant assesses service providers that offer **managed services** for **private and hybrid clouds** and **traditional data center** infrastructure. Providers typically offer **transition services** and guide clients to optimize their existing IT landscapes.

*Shashank Rajmane*



DXC Technology offers strong cloud and infrastructure services that include self-diagnosing and self-healing capabilities. The company has heavily invested in AI and ML technologies to automate processes and improve its managed hybrid cloud services that enable it to provide operational and cost efficiency to its clients.

**Shashank Rajmane – U.S.**



## Managed Services for Large Accounts

### Definition

This quadrant assesses a provider's ability to offer ongoing management services for private and hybrid clouds and traditional data center infrastructure and platforms to midmarket and large enterprise clients. The infrastructure and platforms comprise physical and virtual servers, middleware, storage, databases and networking components. The infrastructure may reside at a client's data center, in a multicloud environment, in the service provider's facilities or even be co-located in a third-party facility.

Such providers typically offer transition services, guiding clients to optimize their existing IT landscapes. Common projects include large-scale data center consolidation, virtualization, cloud enablement and configuration and implementation of a software-defined data center (SDDC). Transition services can also include expanding existing facilities, transferring new workloads or creating new private/hybrid clouds.

Managed services are characterized by the transfer of responsibilities to a service provider and are governed by service level agreements (SLAs) with penalties for any deviation. At a broad level, these services include provisioning; enabling real-time and predictive analysis; and monitoring and managing operations of a customer's on-premises, private and hybrid cloud environments. These activities are aimed at maximizing workload performance in the cloud, reducing costs and ensuring compliance and security. Providers should have the capability to manage traditional and cloud-native application releases, including continuous integration and delivery processes.

### Eligibility Criteria

1. Ability to offer **services for private and hybrid clouds and data center infrastructure** (servers, middleware, storage and databases) **on their own** without depending on partners
2. Ability to provide services within a client's premises or remotely and preferably through its **shared service centers** (RIM)
3. Demonstrate experience in **large transition** projects that include **automation, consolidation, virtualization and containerization** of data centers and cloud enablement
4. Ability to act as an **extension of clients' IT organization** and get involved in creating blueprints, architecture frameworks and management processes at the client's location
5. Ability to provide services for a **centralized orchestration/**management of hybrid IT infrastructure
6. Showcase **appropriate certifications** to ensure security and compliance at the local level





“DXC Technology has significantly grown its managed services practice in the U.S. through its dedicated focus on helping clients manage their multicloud hybrid environments in a highly automated manner.”

*Shashank Rajmane*

# DXC Technology

## Overview

DXC Technology is headquartered in Virginia, U.S. and operates in 70 countries. It has more than 130,000 employees across over 130 global offices. In FY22 the company generated \$16.2 billion in revenue, with Global Infrastructure Services as its largest segment. In the U.S., it manages more than 30 traditional data centers and has a significant number of certified cloud professionals managing on-premises and hybrid cloud environments. The company serves customers from industries such as financial services, healthcare and pharmaceuticals, manufacturing and travel and transportation.

## Strengths

### Significant infrastructure management capabilities:

DXC has considerable experience in managing on-premises infrastructure for large U.S.-based Fortune 500 enterprises. The company also has vast experience in enabling clients with software-defined, hyper-converged infrastructure solutions, along with mainframe management and edge computing strategies. DXC takes a holistic approach toward clients' entire IT infrastructure asset management, supporting specific customer requirements.

**Focus on next-generation technologies:** To deliver advanced infrastructure services, DXC focuses on next-generation technologies that leverage AI, ML and cognitive capabilities, especially for automating management activities. DXC's integrated delivery model

ensures a team structure with the right mix of DevOps and SRE skills for hybrid IT operations.

**Robust partner ecosystem:** DXC has established strong partnerships with industry-leading infrastructure vendors, such as VMware, IBM, Cisco and HPE, and public cloud providers, such as AWS, Microsoft Azure and Google Cloud, to ensure it has deep technology expertise and develop client-centric solutions. In the U.S., it has strong hybrid cloud capabilities, especially in Google Cloud, and is continuously investing substantially in the AWS and Microsoft ecosystems.

## Caution

DXC relies heavily on the BFSI industry, which has recently been on a tightrope. The company should target clients from other verticals, such as energy, healthcare, pharmaceuticals and retail.







# Managed Services for Large Accounts – U.K.

Report Author: Rohan Thomas

**Service providers have to alleviate operational costs due to a surge in energy expenditure**

As part of its ISG Provider Lens™ Next-Gen Private/Hybrid Cloud - Data Centre Services and Solutions 2023 study, ISG examined more than 100 providers of hybrid IT and colocation services in the United Kingdom and identified the most important service providers and trends affecting the managed services and colocation market in the region.

Brexit continues to have major implications on the British economy since its finalisation in 2020. While trade agreements continue to be negotiated with countries, the UK has lost its broad market access with other EU member states, hurting its digital competitive edge. In fact, according to the IMD Digital Competitiveness Ranking, the UK slipped two positions from its 2021 ranking to 16 out of the 63 countries considered for the study.

Since 2019, many companies across industry spectra have relocated businesses to other EU member states, anticipating the loss of market access they would suffer due to Brexit. Most businesses remaining in the UK have expressed challenges in complying with the new trade rules between the UK and the rest of the EU. The Brexit phenomenon continues to affect staff relocation, with onshore hubs experiencing a pause in growth and Dublin becoming the most favoured destination for nearshore expansion.

London is an important global financial hub, and the UK has an established IT infrastructure characterised by high-speed broadband internet penetration. As a result, despite Brexit, many companies choose to co-locate close to London's financial trading houses to reduce latency, per the UK's Financial Conduct Authority (FCA). This makes London an important colocation hub and an interconnection exchange because companies who co-locate their infrastructure to other countries also prefer network access to London.

AIOps, IaC and SDx gain traction as users automate cloud ops to mitigate expenditure.



Although the UK is no longer a part of the common EU market, the EU approved adequacy decisions for EU GDPR until June 2025. This allows for a continuous data flow between EU member states and the UK without disruption due to Brexit.

Cybersecurity is an important investment area for the UK government to boost its digital economy. While the funding for its National Cyber Security Program continues to increase, the UK is also encouraging the startup community in the region to be proactive in solving critical cybersecurity issues. The necessity to solve the cybersecurity issues has increased multifold, especially since the beginning of the Russia-Ukraine conflict, which is also significantly impacting energy inflation. Except for Northern Ireland, the electricity prices across the UK surged from around €23 per kWh in January 2021 to over €60 per kWh by July 2022. The soaring prices have accelerated data centre consolidation across the UK and caused some of its data centres to be nearshored to Dublin. The energy price rise also has resulted

in expensive operation costs and driven service providers to contend with higher wages owing to the inflation that employees face.

Service providers in the UK are struggling to offer services at the same price as before Brexit. This has led many service providers to renegotiate their contracts with end users and pass some of the extra costs incurred to them. Consequently, many enterprises in the region are increasingly navigating away from well-established service providers toward smaller cloud specialists for their cloud transformation requirements. But as the well-established service providers have made significant investments in acquiring competencies from key hyperscalers so they would likely remain an indispensable part of the enterprises' hybrid and multicloud migration and optimisation.

Service providers are adopting capabilities that will automate several IT operations to reduce labour costs. ISG believes that the surge in operational expenses is, therefore, transient and will recede soon.

The following are the key trends impacting the UK's private/hybrid cloud data centre outsourcing market. Several of these are macrotrends that are also evident outside the UK.

**Acquisition of new capabilities:** Large service providers aim to develop comprehensive end-to-end platform services to facilitate cloud migration effectively. They are achieving this by acquiring smaller cloud transformation specialists and integrating their capabilities into the existing cloud transformation platforms. However, ensuring that these acquisitions do not result in redundant services and that the overall customer experience remains seamless and reliable is a challenge. Alternatively, some providers are partnering with a network of specialists and outsourcing tasks based on their partners' areas of expertise. TCS' COIN ecosystem is a prime example of such an approach, where cloud transformation services are provided to customers while leveraging emerging technologies like blockchain from the TCS startup community during implementation.

### **Implementing enhanced automation**

**capabilities:** Service providers are increasingly adopting technologies such as AIOps and autonomous IT operations to balance the costs associated with inflation and higher employee compensation. By incorporating infrastructure as code (IaC), these providers can facilitate faster provisioning of cloud infrastructure for end users, identify and resolve anomalies automatically and perform root cause analysis. The service providers in the UK have either formed partnerships with independent software vendors (ISVs) to leverage their automation capabilities or have developed capabilities in-house. Automation can serve as a powerful equaliser, levelling the playing field between large, established service providers and smaller, regional ones. It will continue to be a significant force across various markets, including the UK.

### **Edge computing and cloud orchestration:**

As IoT and 5G technologies become prevalent across the UK, the demand for edge computing infrastructure will increase. This infrastructure needs to be distributed and located closer to end users with applications that can be



## Executive Summary

easily deployed and operated independently. Microservices and container management services will become popular as enterprises strive to develop agile and quick-to-deploy edge computing infrastructure and applications. Service providers with SDx (software-defined anything) expertise and multivendor cloud infrastructure from the edge to the data centre will have an added advantage. The expertise and automation capabilities can also improve cloud orchestration and avoid vendor lock-ins in a multicloud environment.

### **Environmental, social and governance (ESG)**

**initiatives:** Sustainability is at the core of cloud services delivery to customers. Inflation and the spike in energy costs have significantly impacted service providers, resulting in them deploying additional measures to stem their emissions. It has also led to the service providers adopting an unwavering commitment to meet the environmental compliance regulations of the local government and those embraced by their customers.

**Focus on FinOps to continue:** The demand for FinOps grew considerably during the COVID-19 pandemic as enterprises operating in vast,

hybrid and multicloud environments aimed to optimise their cloud expenditure and weather their financial distress. The Russia-Ukraine crisis also brought FinOps to the forefront as service providers grappled with higher operating costs.

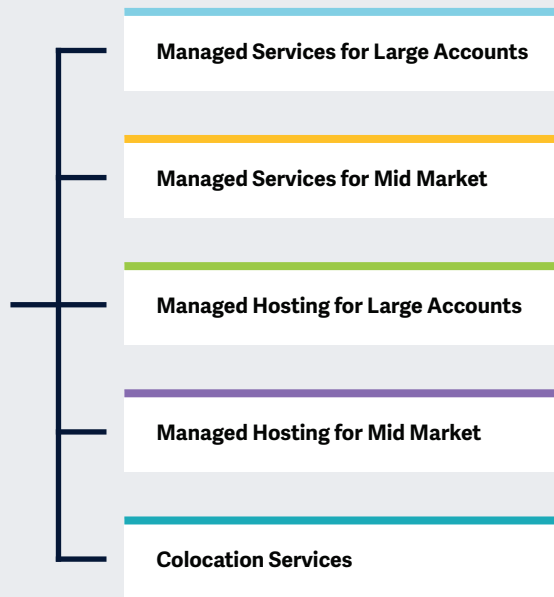
Although the impact of the COVID-19 pandemic and the international unrest caused by the war between Russia and Ukraine are causing economic difficulties, the IT market in the UK continues to show brisk growth.

UK enterprises want transformation solutions that reduce operational expenditure while improving their sustainability and compliance with UK regulations. Service providers constantly innovate to address their customer requirements while rolling out industry- and use-case-specific solutions.



This study focuses on what ISG perceives as most critical in 2023 for **Private/Hybrid Cloud and Data Centre Outsourcing**.

Simplified Illustration; Source: ISG 2023



**Definition**

This study assesses service providers of data centre outsourcing, including the providers of managed hosting, colocation facilities and managed services. Typical participants use automation tools in highly secure data centres, providing security, operations management and client dashboards.

Data centre outsourcing is the practice of transferring the responsibility of managing data centre assets to a third-party provider. It includes orchestration; provisioning; integrated monitoring; and managing infrastructure components, including computing, storage, database, middleware and others. The data centre may be owned by the enterprise client, service provider or a third-party colocation provider. Integrated monitoring and operations can be delivered from a provider's shared service centre located offshore, onshore, nearshore or via a dedicated delivery centre such as a remote infrastructure management (RIM) model.

A private cloud is an extension of a client's computing environment that leverages the investments made in virtual infrastructure and

applications. Enterprises with stringent security and governance requirements, large data volumes and close integration of enterprise applications and workflows needs may prefer an on-premises or a private cloud environment and may choose to host in their facility. As businesses are becoming software and data-driven, they need an infrastructure base that can adapt to the changing market conditions, be managed based on a hybrid model, and be always accessible. Currently, most data centre outsourcing engagements have elements of private/hybrid cloud and intuitive cloud management cognitive platform enablement.

A hybrid cloud connects existing on-premises infrastructure services with private, public or multi-cloud arrangements. An enterprise can also leverage colocation and hosting providers, not necessarily own a data centre, to have a hybrid cloud setup. Globally, there is a massive surge in demand for a multi-cloud environment from the enterprise community as enterprises adopt hybrid and multi-cloud strategies to migrate and manage their workloads with improved agility, reduced operating costs and high application performance and availability.



## Introduction

There has been a rapid increase in the use of proprietary platforms and tools by service providers and enterprises for automating cloud operations, thereby increasing the adoption of AI and machine learning (ML) technologies. One of the fundamental advantages of a hybrid cloud deployment is the high degree of control offered to the organisation; hybrid clouds allow enterprises to leverage the capabilities of public cloud platforms without the need to offload their entire data to a third-party data centre. Although still evolving, edge computing is another technology enterprises of all sizes are adopting for various existing and new use cases, such as software-defined solutions, IoT processing, hybrid cloud connectivity, firewall and network security, branch and micro data centres, internet-enabled devices and asset tracking. Edge is also being used to address the latency challenges in the present, highly distributed environments by removing network barriers and bringing processing to the edge.

ISG reports consistent demand for infrastructure services as enterprises are becoming more vigilant toward spending on large and complex cloud implementations.

The demand for managed services, especially infrastructure and workloads management services, also is growing slowly. According to the ISG 1Q 2023 ISG Index™ figures, the global market grew by 1 percent in combined market ACV to reach its current value of \$24.1 billion for the first three months. Managed services ACV increased by 1 percent year-over-year and reached \$9.8 billion, while the XaaS ACV decreased by 13 percent to \$14.3 billion. IaaS spending declined by 16 percent to reach \$10.4 billion, while the SaaS market declined by 4 percent to reach \$3.9 billion during the same period.



### Scope of the Report

In this ISG Provider Lens™ quadrant report, ISG covers the following four quadrants for services/solutions: Managed Services for Large Accounts, Managed Services for Midmarket, Managed Hosting, and Colocation Services

This ISG Provider Lens™ study offers IT decision-makers with the following:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments (quadrants)
- Focus on the regional market

Our study serves as the basis for important decision-making in terms of positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

### Provider Classifications

The provider position reflects the suitability of IT providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the IT service requirements from enterprise customers differ and the spectrum of IT providers operating in the local market is sufficiently wide, a further differentiation of the IT providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions IT providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between \$20 million and \$999 million with central headquarters in the respective country, usually privately owned.

- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above \$1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product Challenger, Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens™ quadrant may include service providers that ISG believes have strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).



## Managed Services for Large Accounts

### Who Should Read This Section

This report is relevant to large enterprises across all industries in the UK for evaluating private/hybrid cloud data centre managed service providers.

In this quadrant report, ISG defines the current market positioning of managed service providers in the UK and how they address the key challenges large enterprises face with their hybrid cloud model. These providers are adept at managing data centre infrastructure for their enterprise clients, enabling them to focus on other tasks.

The UK has traditionally been favoured by non-European service providers seeking to extend their reach into other EU countries. However, the situation changed with Brexit when the UK ceased its obligations as an EU member and lost access to the EU single market, significantly impacting enterprises

in the region. Post Brexit and the COVID-19 pandemic, UK enterprises have begun to identify the optimal cloud adoption investment strategies. Hybrid cloud-managed service providers can provide localised infrastructure and a comprehensive understanding of the operating environment, thereby relieving enterprises of the responsibility of data centre operations. Furthermore, they can ensure data privacy and regulatory compliance by offering sovereign cloud services, which are the primary concerns for enterprises.

Managed service providers in the UK are improvising on their automation and AI capabilities, enabling large enterprises to monitor infrastructure, predict failures and reduce maintenance costs. They can also utilise high-speed networks to minimise latency and ensure seamless connectivity between data centres.



**IT and infrastructure leaders** should read this report to analyse managed service providers' modernisation and service capabilities and the market advancements impacting hybrid cloud strategies.



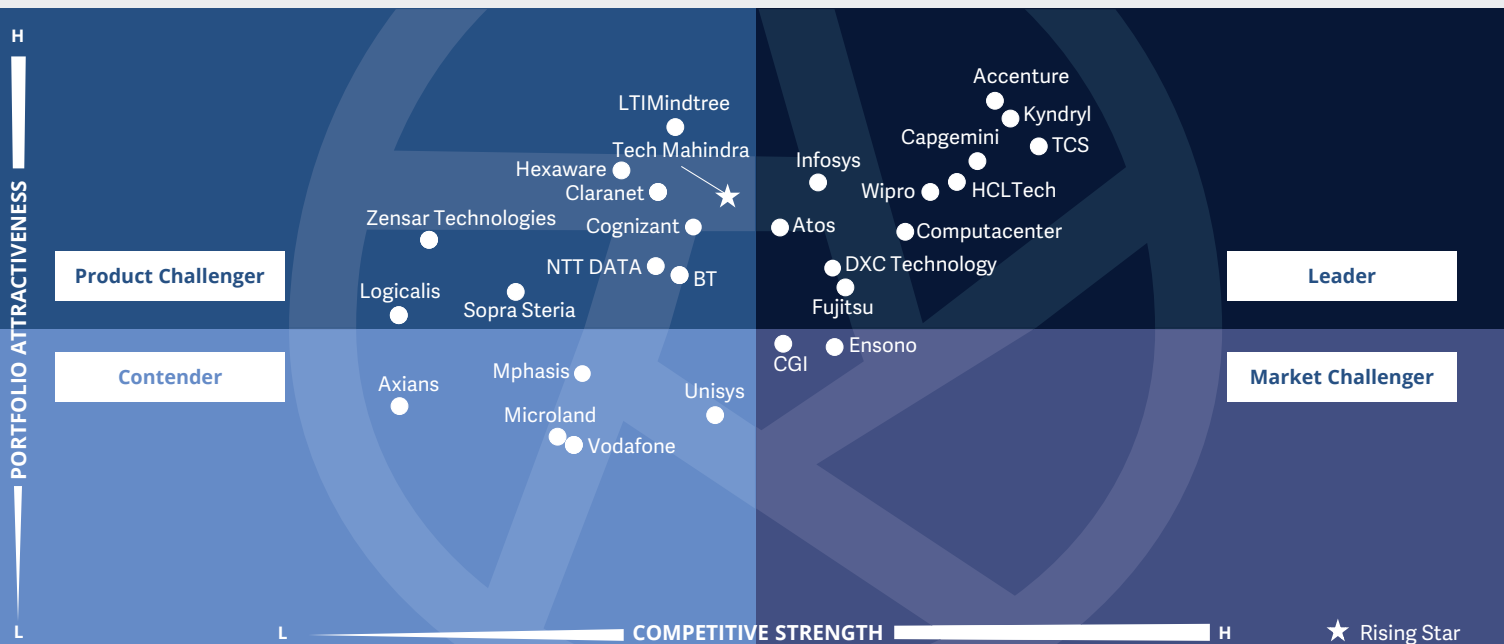
**Software development and technology leaders** should read this report to understand providers' positioning, offerings and impact on the ongoing infrastructure transformation initiatives.



**Sourcing, procurement and vendor management professionals** should read this report to better understand the current landscape and partner ecosystem of managed service providers in the UK.







Leading service providers in the UK have set up **dedicated cloud practices**. These provide customers with **niche technologies** that are **industry-** and **use-case-specific**, increasing the return on their overall investment in **cloud transformation**.

Rohan Thomas



DXC Technology provides a broad range of managed services to large enterprises inside the U.K. Its SDN and automation capabilities help its customers significantly improve their cloud orchestration, improving power and network utilization.

**Rohan Thomas – U.K.**



## Managed Services for Large Accounts

### Definition

This quadrant assesses a provider's ability to offer ongoing management services for private and hybrid clouds and traditional data centre infrastructures and platforms to midmarket and large enterprise clients. The infrastructures and platforms comprise physical and virtual servers, middleware, storage, databases and networking components. The infrastructure may reside at a client's data centre, in a multi-cloud environment, in the service provider's facilities or even be co-located in a third-party facility.

Such providers typically offer transition services, guiding clients to optimise their existing IT landscapes. Common projects include large-scale data centre consolidation, virtualisation, cloud enablement and configuration and implementation of a software-defined data centre (SDDC). Transition services can also include expanding existing facilities, transferring new workloads or creating new private/hybrid clouds.

Managed services are characterised by the transfer of responsibilities to a service provider and are governed by service level agreements (SLAs) with penalties for any deviation. At a broad level, these services include provisioning; enabling real-time and predictive analysis; and monitoring and managing operations of a customer's on-premises, private and hybrid cloud environments. These activities are aimed at maximising workload performance in the cloud, reducing costs and ensuring compliance and security. Providers should have the capability to manage traditional and cloud-native application releases, including continuous integration and delivery processes.

### Eligibility Criteria

1. Ability to offer **services for private and hybrid clouds and data centre infrastructure** (servers, middleware, storage and databases) **on their own** without depending on partners
2. Ability to provide services within a client's premises or remotely and preferably through its **shared service centres** (RIM)
3. Demonstrate experience in **large transition** projects that include **automation, consolidation, virtualisation and containerisation** of data centres and cloud enablement
4. Ability to act as an **extension of clients' IT organisation** and get involved in creating blueprints, architecture frameworks and management processes at the client's location
5. Ability to provide services for a **centralised orchestration/**management of hybrid IT infrastructure
6. Showcase **appropriate certifications** to ensure security and compliance at the local level





“DXC Technology’s data centre consolidation can potentially save energy spent on cloud operations by leveraging its SDN and automation capabilities to improve cloud orchestration.”

Rohan Thomas

# DXC Technology

## Overview

DXC Technology is headquartered in Virginia, U.S. and operates in 70 countries. It has more than 130,000 employees across over 130 global offices. In FY22 the company generated \$16.2 billion in revenue, with Global Infrastructure Services as its largest segment. The Global Infrastructure Services (GIS) business unit comprises modern workplace and cloud infrastructure & ITO services. In FY22 the GIS represented 54 percent of DXC’s total revenue, with 14.1 percent of the share in the UK. But DXC has experienced a decline in revenue since 2019.

## Strengths

**Managed container services:** DXC provides cloud-native migration, modernisation and managed container services, DevSecOps platform and advisory services. It partnered with over 200 hyperscalers and vendors and developed App2Container with AWS to containerise legacy applications. DXC also created a zero-touch deployment tool with VMware, automating over 200 tasks.

**Hyperscaler partnerships:** DXC has established strong partnerships with major hyperscalers such as AWS, Azure and Google Cloud, collaborating on industry-specific solutions. For example, DXC and AWS co-created SPARK IoT for CPG and manufacturing launched cybersecurity services with Azure and developed regulated landing zones for the banking

sector with Google. DXC boasts numerous competencies with its hyperscaler partners and has 28,000 employees certified in cloud technologies.

### Improved power and network utilisation:

DXC has consolidated over 120 data centres, saving 111 MW of power and eliminating over 1 million square feet of space. Interoperability and software-defined networking optimise power consumption while improving availability and security. Automation can improve power utilisation, and CloudOps engineers can identify and implement automation opportunities using DevOps techniques such as infrastructure as code (IaC).

## Caution

DXC helped transform many applications and 70,000 workloads in 2022, but a few large enterprises remain dissatisfied with DXC’s proactiveness in bringing forth new ideas. DXC can improve its innovation and thought leadership and align its workforce to suit the enterprise’s culture to mitigate this.





# Managed Services – Australia

Report Author: Phil Hassey

**As hybrid cloud accelerates, the providers' business requirements focus on measurable value**

The 2023 Private/Hybrid Cloud - Data Centre Services Australia study evaluated 68 hybrid IT, colocation and managed hosting service providers that operate in Australia and provide a range of IT services. From the analysis, ISG Provider Lens™ has identified the key service providers and the prominent trends driving the markets for hybrid IT, colocation and managed hosting across the region. Each of the three quadrants in the report has central core tenants that connect them, but they operate as distinctive markets.

The Australian data centre services and solutions market is highly competitive in the regional and global context. A substantial number of local and foreign providers play significant roles in developing the local ecosystem.

Data centre location and data sovereignty has grown in importance in the post-pandemic environment, aligned with local and global market drivers such as security, essential infrastructure requirements and competitive advantage. In 2023, providers with the most robust footprints provide offered data centre clients with multiple Sydney and Melbourne locations, alongside more national coverage. Canberra and Perth are the two strongest and most critical secondary locations, albeit for different reasons, Canberra for Australian Federal Government access, and Perth due to logistical requirements, and in some cases to align with a more Asia-friendly time zone.

As when the environment was examined for the 2022 report, local providers remain incredibly important in the Australian market. Whilst they do not have the scale for inclusion as Leaders in the managed hosting or colocation quadrants, they are still relevant. Although these local providers are yet to achieve leadership in the ISG Provider Lens™ study, they are suitable for clients requiring regional market capacity. Locations such as Newcastle, Townsville,

Continual investment  
in facilities  
is required to  
drive data centre  
service maturity.



## Executive Summary

Tasmania and the Gold Coast have local providers with the required capabilities.

Hybrid cloud services uptake is accelerating due to several factors, some specific to the Australian market, others more global. Several critical factors drive investments in dynamic data centre provision from an infrastructure service provision. The factors that influence the market evolve year by year. Some of the key considerations are summarised below.

**Skills remain a significant issue:** Australia's unemployment remains near record lows. Migration has not fully rebounded since the COVID-19 pandemic. Skills challenges are ongoing, despite layoffs in technology still making headlines in 2023. The local market needs to build skills, continue innovating and change the narrative around technology as a career to attract and develop new talent. Automation is not the only means to overcome this skills gap; the overall education system needs an overhaul across skill categories, not just technology but also for data centres.

**Investments in AI:** Whilst AI investments in the public cloud domain are overwhelming,

leveraging data centres to optimise AI and ML is critical to provide scale and sustainability and fulfil the time requirements of AI solutions. Data centres must evolve as quickly as the technology for these use cases.

**Edge computing:** Applications for edge computing in Australia are growing, albeit slower than anticipated. Key industry sectors with asset-rich requirements, such as mining and utilities, combined with investments in IoT devices and edge computing to manage latency, can derive measurable business value from the investment and improve customer outcomes through real-time data processing.

**Data centre in a box:** Modular data centres are being increasingly deployed to enable capacity and immediacy of service delivery from a discrete location. While they do not scale from the delivery or cost perspectives, they provide strong business cases in particular industries with unique requirements.

**Sustainability initiatives:** Sustainability investments have been accelerating across industries due to the change in the Australian Federal Government in 2022. Data centres are

at the front and centre of this shift to locations, energy sources and management that are even greener than were expected in 2021.

While the public cloud garners the most robust growth and attention, it is not the only approach Australian enterprises are taking to the cloud. A private cloud is still a legitimate approach to delivering technology infrastructure and digital transformation. From a private cloud perspective, there are several drivers specific to the market. It is clear is that the drivers of private versus public cloud adoption tend to be based more on emotions than facts. Security is essential in both models, as are cost savings and flexibility. Ultimately, an organisation's culture and how it measures business requirements drive the decision on its balance between public and private cloud. Hence, the ideal model for cloud delivery, now and in the future, is hybrid cloud, which draws from the best of the public and private models.

**Security:** Security is a misunderstood but essential business requirement. Some private data centres can provide greater control over security implementations and capabilities with internally developed protocols. In reality,

the security of a private cloud can be as compromised, if not more, than a public cloud. Hence, enterprises aligning security with their investments in the private cloud need to be incredibly vigilant.

**Cost savings:** As with security, the cost savings benefits of public versus private cloud can be objective and will depend deeply on the individual client requirements and business case. Some private cloud data centres can offer cost savings for consistent and predictable service delivery.

**Touch and feel of the data centre:** Public data centres are hands-off in every aspect. It may be impossible for a client to even know where data is stored, let alone enable someone to access the data centre. Many organisations understand and embrace this feature, but for others, having the data centre on-site and under the organisation's control is an essential business requirement.

**Compliance requirements:** For highly regulated industries, in particular, compliance is an essential driver for private data centre investments.



## Executive Summary

### **Legacy systems creating unique economics:**

Many enterprises leverage legacy systems for financial, cultural and skills access reasons. Enterprises may not have the skills to migrate to the cloud, their economics may be skewed and for some, especially those untouched by significant competitive pressures coming from digital transformation, there is a lack of impetus and compelling business case to make the shift.

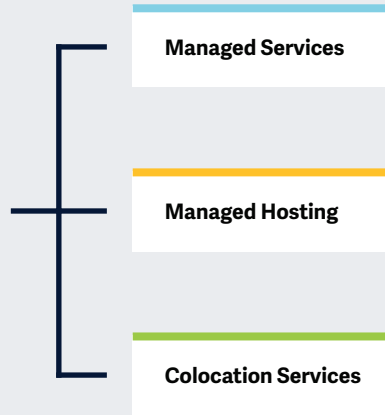
As the Australian economy continues to embrace digital transformation, investments in every form of cloud will continue to be the centrepiece of meeting business requirements for improved scale, flexibility and customer experience.





This study focuses on what ISG perceives as most critical in 2023 for **Private/Hybrid Cloud and Data Centre** outsourcing.

Simplified Illustration; Source: ISG 2023



**Definition**

This study assesses service providers of data centre outsourcing, including the providers of managed hosting, colocation facilities and managed services. Typical participants use automation tools on highly secure data centres, providing security, operations management and client dashboards.

Data centre outsourcing is the practice of transferring the responsibility of managing data centre assets to a third-party provider. It includes orchestration; provisioning; integrated monitoring; and managing infrastructure components, including computing, storage, database, middleware and others. The data centre may be owned by the enterprise client, service provider or a third-party colocation provider. Integrated monitoring and operations can be delivered from a provider’s shared service centre located offshore, onshore, nearshore or via a dedicated delivery centre such as a remote infrastructure management (RIM) model.

A private cloud is an extension of a client’s computing environment that leverages the

investments made in virtual infrastructure and applications. Enterprises with stringent security and governance requirements, large data volumes and close integration of enterprise applications and workflows needs may prefer an on-premises or a private cloud environment and may choose to host in their facility. As businesses are becoming software and data-driven, they need an infrastructure base that can adapt to the changing market conditions, be managed based on a hybrid model, and be always accessible. Currently, most data centre outsourcing engagements have elements of private/hybrid cloud and intuitive cloud management cognitive platform enablement.

A hybrid cloud connects the existing on-premises infrastructure services with a private cloud, a public cloud, or many multi-cloud arrangements. An enterprise can also leverage colocation and hosting providers, and not necessarily own a data centre, to have a hybrid cloud setup. Globally, there is a massive surge in demand for a multi-cloud environment from the enterprise community as enterprises adopt hybrid

## Introduction

and multi-cloud strategies to migrate and manage their workloads with improved agility, reduced operating costs and high application performance and availability.

There has been a rapid increase in the use of proprietary platforms and tools by service providers and enterprises for automating cloud operations, thereby increasing the adoption of AI and machine learning (ML) technologies. One of the fundamental advantages of a hybrid cloud deployment is the high degree of control offered to the organisation; hybrid clouds allow enterprises to leverage the capabilities of public cloud platforms without the need to offload their entire data to a third-party data centre. Although still evolving, edge computing is another technology that enterprises of all sizes are adopting for various existing and new use cases, such as software-defined solutions, IoT processing, hybrid cloud connectivity, firewall and network security, branch and micro data centres, internet-enabled devices and asset tracking. Edge is also being used to address the latency challenges in the present, highly distributed environments by removing network barriers and bringing processing to the edge.

ISG reports consistent demand for infrastructure services as enterprises are becoming more vigilant toward spending on large and complex cloud implementations. The demand for managed services, especially infrastructure and workloads management services, also is growing slowly. According to the ISG 1Q 2023 ISG Index™ figures, the global market grew by 1 percent in combined market ACV to reach its current value of \$24.1 billion for the first three months. Managed services ACV increased by 1 percent year-over-year and reached \$9.8 billion, while the XaaS ACV decreased by 13 percent to reach \$14.3 billion. IaaS spending declined 16 percent to reach \$10.4 billion, while the SaaS market declined by 4 percent to reach \$3.9 billion during the same period.



### Scope of the Report

In this ISG Provider Lens™ quadrant report, ISG covers the following three quadrants for services/solutions: Managed Services, Managed Hosting and Colocation Services

This ISG Provider Lens™ study offers IT decision makers with the following:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments (quadrants)
- Focus on the regional market

Our study serves as the basis for important decision-making in terms of positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

### Provider Classifications

The provider position reflects the suitability of IT providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the IT service requirements from enterprise customers differ and the spectrum of IT providers operating in the local market is sufficiently wide, a further differentiation of the IT providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions IT providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between \$20 million and \$999 million with central headquarters in the respective country, usually privately owned.

- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above \$1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product Challenger, Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens™ quadrant may include service providers that ISG believes have strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).



## Managed Services

### Who Should Read This Section

This report is relevant to enterprises across all industries in Australia that are evaluating hybrid cloud managed service providers.

In this quadrant report, ISG defines the current market positioning of managed service providers in Australia and how they address the key challenges that enterprises face with their hybrid cloud investments. These providers are experienced in managing a diverse data centre infrastructure portfolio on behalf of clients.

Historically, Australia has been a highly competitive market for managed services across the technology spectrum. The competition among an array of global firms and local firms can benefit clients because increased competition leads to increased innovation. Key attributes of the

Australian market include the increased focus on sustainability, cost management and overcoming skills issues. As with the data centre market, providers focus on localisation of services to meet clients' specific requirements from an industry and geographic perspective.



**IT and infrastructure leaders** should read this report to better understand managed service providers' relative strengths and weaknesses, along with their modernisation and service capabilities.

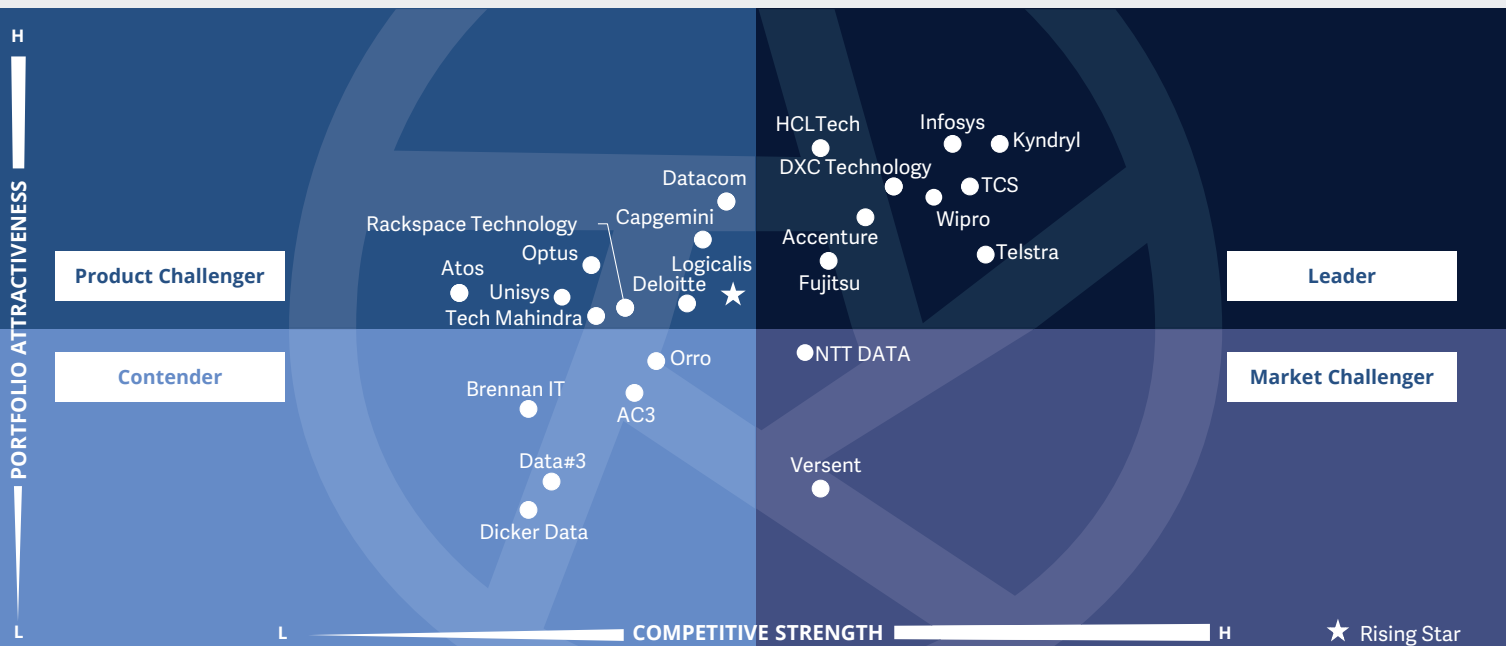


**Digital leaders** should read this report to gain insights into how cloud investments can enable digital transformation, and managed services can be an optimised approach to mitigating labour shortages and attrition.



**Sourcing, procurement and vendor management professionals** should read this report to better understand Australia's current MSP landscape and managed service providers' partner ecosystems.





This quadrant assesses service providers that offer **managed services for Australia’s hybrid cloud and data centre market**. The **highly competitive market** enjoys the presence of global systems integrators and local providers.

*Phil Hassey*



DXC Technology uniquely draws on a rich Australian legacy in the managed services environment to provide clients with industry-aligned solutions that optimise investments in hybrid cloud solutions for the local market.

**Phil Hassey – Australia**



## Managed Services

### Definition

This quadrant assesses a provider's ability to offer ongoing management services for private and hybrid clouds and traditional data centre infrastructures and platforms to midmarket and large enterprise clients. The infrastructures and platforms comprise physical and virtual servers, middleware, storage, databases and networking components. The infrastructure may reside at a client's data centre, in a multi-cloud environment, in the service provider's facilities or even be co-located in a third-party facility.

Such providers typically offer transition services, guiding clients to optimise their existing IT landscapes. Common projects include large-scale data centre consolidation, virtualisation, cloud enablement and configuration and implementation of a software-defined data centre (SDDC). Transition services can also include expanding existing facilities, transferring new workloads or creating new private/hybrid clouds.

Managed services are characterised by the transfer of responsibilities to a service provider and are governed by service level agreements (SLAs) with penalties for any deviation. At a broad level, these services include provisioning; enabling real-time and predictive analysis; and monitoring and managing operations of a customer's on-premises, private and hybrid cloud environments. These activities are aimed at maximising workload performance in the cloud, reducing costs and ensuring compliance and security. Providers should have the capability to manage traditional and cloud-native application releases, including continuous integration and delivery processes.

### Eligibility Criteria

1. Ability to offer **services for private and hybrid clouds and data centre infrastructure** (servers, middleware, storage and databases) **on their own** without depending on partners
2. Ability to provide services within a client's premises or remotely and preferably through its **shared service centres** (RIM)
3. Demonstrate experience in **large transition** projects that include **automation, consolidation, virtualisation and containerisation** of data centres and cloud enablement
4. Ability to act as an **extension of clients' IT organisation** and get involved in creating blueprints, architecture frameworks and management processes at the client's location
5. Ability to provide services for a **centralised orchestration/**management of hybrid IT infrastructure
6. Showcase **appropriate certifications** to ensure security and compliance at the local level





“DXC Technology has longstanding experience offering infrastructure and data centre managed services in the Australian market.”

*Phil Hassey*

# DXC Technology

## Overview

DXC Technology is headquartered in Virginia, U.S. and operates in 70 countries. It has more than 130,000 employees across over 130 global offices. In FY22 the company generated \$16.2 billion in revenue, with Global Infrastructure Services as its largest segment. The company has deep expertise in service delivery and engagement in Australia, particularly for highly regulated industries. DXC has also made substantial advances in relationships with key public and private cloud providers in recent years.

## Strengths

**Mature partner ecosystem relationships:** DXC leverages its decade-old relationships with private cloud technology providers such as Cisco, Dell and HPE and has, more recently, partnered with IBM. The company is investing in partnerships with the three big hyperscalers, AWS, Google Cloud and Microsoft Azure, that are highly active in the Australian market. It has succeeded in building an AWS practice in the Australian market that provides it with momentum and reference capabilities, which had been a challenge for several years.

## The heavy lifting of enterprise infrastructure:

DXC has a proven record of managing infrastructures for significant Australian enterprises and government agencies. This engagement has evolved from traditional outsourcing deals in the 1990s to the current hybrid cloud service delivery models. It ensures that clients get innovation at the heart of their cloud computing engagements across aspects such as converged infrastructure, edge computing, asset management and licensing.

## Caution

DXC focuses on the public sector (notably the federal government) and financial services industry clients. It must develop approaches to build a broader industry vertical approach for the Australian market.







# Managed Services for Large Accounts – France

Report Author: Pedro L. Bicudo Maschio

**Enterprises use hybrid cloud to accelerate innovation and respond to economic uncertainties.**

Several factors have been driving the consistent adoption of hybrid clouds. After experimenting with the cloud, enterprises have new expectations, such as pay-per-use, shorter innovation cycles, reduced need for capital investments, higher availability and business resilience. However, many workloads rely on legacy architectures and do not benefit from serverless computing and open-source databases on public clouds. Legacy software maintenance can be more expensive in shared infrastructures, and stable applications do not demand cloud elasticity. Many enterprises that try public clouds find them more expensive for legacy workloads and prefer to move to private clouds with software-defined data center (SDDC) technology. A typical hybrid cloud uses SDDC over managed hosting and colocation

data centers that offer hyperconnectivity to the public cloud and other data centers.

From 2020 to 2022, the COVID-19 pandemic and the Russia-Ukraine war reinforced the importance of sovereign cloud, data protection and cybersecurity defense. In 2022, the abrupt rise of energy costs in Europe and the change in euro exchange rates also impacted decisions around cloud adoption. In some cases, energy costs more than doubled. The exchange ratio of €0.88 to \$1.00 in January 2022 went to equal parity in June 2022, representing a 13 percent cost increase for cloud services paid in dollars. Although there were uncertainties in 2022, the exchange rate returned to historical ranges in 2023.

In 2022, ISG received many client inquiries regarding cost of living agreement (COLA) clauses and advice regarding changing or introducing COLA clauses in their deals. ISG included this question in this study. The findings are that, in France, most deals do not include COLA clauses. Enterprises prefer to guide their negotiations based on labor cost indexes published by Fédération Syntec. Service

Enterprises  
accelerated  
outsourcing  
to transfer  
uncertainty and  
risk to providers.



providers have negotiated compensations for energy costs case by case, with clients pushing for energy efficiency improvements rather than transferring energy costs to service fees.

Sustainability has become a prevalent factor in selecting a service provider. One of the service providers shared that more than 30 percent of its deals include contractual sustainability commitments. All participants in the study shared their sustainability programs and decarbonization targets, indicating that sustainability is critical in defining hybrid cloud architecture and selecting the best service provider.

Compliance and sovereign cloud concerns also drive hybrid cloud decisions. Many enterprises focus on replacing commercial software with open-source solutions to reduce dependence on external technology sources. The sovereign cloud is the natural continuation of the same desire, and uncertainties in Europe just reinforced its importance.

ISG believes the hybrid cloud market will continue to expand in France for several reasons:

- SDDC solutions enable a cloud-like experience in private clouds comprising hosting and colocation data centers.
- AI and cloud-native technologies run better on public cloud, while hybrid binds the best of private and public clouds.
- Uncertainty drives outsourcing because enterprises can transfer risk to service providers. Historically, crises have benefitted outsourcing growth.
- The cloud pay-per-use model frees capital and improves enterprise cash flows. The same model permeates managed hosting and colocation.

The **Managed Services for Large Accounts** quadrant identifies service providers that can support French companies in their international expansion. Large accounts demand a well-balanced distribution of workloads to protect data in France and secure and compliant data access in other countries. A hybrid cloud is essential for companies operating internationally. The Leaders in this quadrant have global operations and the sophistication to support complex

client requirements. Approximately half of the service providers in this quadrant have data centers in France. The others partner with colocation providers to configure and manage hybrid clouds in compliance with French regulations around data sovereignty. They aim to deliver a cloud experience with self-service and advanced automation, regardless of the location of the data centers.

The **Managed Services for Midmarket** quadrant assesses providers that understand the local needs of companies operating in France and neighboring countries. Most of the service providers in this quadrant (63 percent) offer managed hosting services, providing clients full infrastructure outsourcing. Market dynamics include infrastructure modernization to increase the use of automation, AI services, data analytics and application performance monitoring. Compared to last year, the market shifted from impulsive cloud migrations to conscious decisions based on the best hybrid architecture that balances cost, innovation and performance. Leading service providers offer consulting and advisory services to support clients' decisions.

The **Managed Hosting** market has accelerated, promising a cloud-like experience based on self-service, automation, security and compliance. Only four providers have obtained the SecNumCloud certification issued by the National Agency for the Security of Information Systems (ANSSI). Many more companies have the Health Data Hosting (HDS) certification. All providers are committed to sustainability targets, but only some can offer clean energy data centers. No service provider operates on zero-carbon facilities in France today. Services are converging to similar technologies. Providers offer different service levels, such as the time required to deploy new services, particularly for bare metal availability, which varies from minutes for virtual servers to hours for most common bare metal (hardware in stock). However, many providers in France do not offer bare metal as a service and prefer to deploy custom configurations that take longer to acquire and deploy.

The **Colocation Services** quadrant shows that more companies are investing in building facilities to offer data center space in France. The demand for cloud services is driving market



## Executive Summary

expansion, either from hyperscalers' demand for leasing data centers or from managed hosting providers that use collocation to compete with hyperscalers and benefit from scalable infrastructure, security, modernization and hyperconnectivity to public cloud and global infrastructures. Telecom operators compete in the collocation market by leveraging France as a global network hub, connecting the Atlantic subsea cables from America with the Middle East and Asia subsea cables. France is strategically positioned as the internet entry point for Europe. Collocation data centers offer strict physical security, high connectivity and many certifications, which enables health data storage and data sovereignty for end clients and service providers. Finding or developing clean energy sources is a challenge for collocation providers. Companies invest in building solar and wind farms directly or in partnership with their stakeholders. Access to clean energy and data center energy efficiency is increasingly important to differentiate leaders and followers. Another benefit of building data centers in

France is that weather conditions require less cooling and heating than in North America and North Europe. Clients can find data centers that use free cooling technology to offer better energy efficiency than elsewhere in Europe. Clean energy is central to meeting sustainability targets.

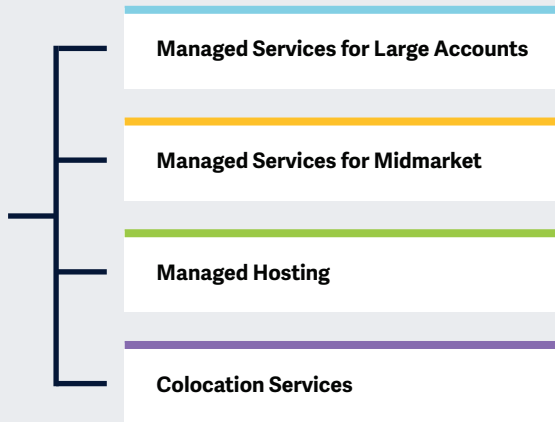
Energy cost and carbon neutrality impact all service providers evaluated in all quadrants of this study. Clients that migrate their IT infrastructure to hosting, collocation and public cloud can accelerate their sustainability plans and reduce the time required to achieve zero emission targets.

**Clients integrate managed hosting and public clouds to reduce carbon emissions and accelerate IT modernization while maintaining data sovereignty and compliance.**



This study focuses on what ISG perceives as most critical in 2023 for **private/hybrid cloud and data center outsourcing**.

Simplified Illustration; Source: ISG 2023



**Definition**

This study assesses service providers of data center outsourcing, including managed hosting providers, colocation facilities and managed services. Typical participants use automation tools on highly secure data centers, providing security, operations management and client dashboards.

Data center outsourcing is the practice of transferring the responsibility of managing data center assets to a third-party provider. It includes orchestration; provisioning; integrated monitoring; and managing infrastructure components including computing, storage, database, middleware and others. The data center may be owned by the enterprise client, service provider or a third-party colocation provider. Integrated monitoring and operations can be delivered from a provider's shared service center located offshore, onshore, nearshore or via a dedicated delivery center such as a remote infrastructure management (RIM) model.

A private cloud is an extension of a client's computing environment that leverages the investments made in virtual infrastructure and applications. Enterprises with stringent security

and governance requirements, large data volumes and close integration of enterprise applications and workflows needs may prefer an on-premises or a private cloud environment and may choose to host in their facility.

As businesses are becoming software and data driven, they need an infrastructure base that can adapt to the changing market conditions, be managed based on a hybrid model, and be always accessible. Currently, most data center outsourcing engagements have elements of private/hybrid cloud and intuitive cloud management cognitive platform enablement.

A hybrid cloud connects the existing on premises infrastructure services with a private cloud, a public cloud, or many multi-cloud arrangements. An enterprise can also leverage colocation and hosting providers, and not necessarily own a data center, to have a hybrid cloud setup. Globally, there is a massive surge in demand for a multicloud environment from the enterprise community as enterprises adopt hybrid and multicloud strategies to migrate and manage their workloads with improved agility, reduced operating costs and high application performance and availability.



## Introduction

There has been a rapid increase in the use of proprietary platforms and tools by service providers and enterprises for automating cloud operations, thereby increasing the adoption of AI and machine learning (ML) technologies. One of the fundamental advantages of a hybrid cloud deployment is the high degree of control offered to the organization; hybrid clouds allow enterprises to leverage the capabilities of public cloud platforms without the need to offload their entire data to a third-party data center. Although still evolving, edge computing is another technology that enterprises of all sizes are adopting for various existing and new use cases, such as software-defined solutions, IoT processing, hybrid cloud connectivity, firewall and network security, branch and micro data centers, internet-enabled devices and asset tracking. Edge is also being used to address the latency challenges in the present, highly distributed environments by removing network barriers and bringing processing to the edge.

ISG reports consistent demand for infrastructure services as enterprises are becoming more vigilant toward spending on large and complex cloud implementations. The demand for managed services, especially infrastructure and workloads management services, also is growing slowly. According to the ISG 1Q 2023 ISG Index™ figures, the global market grew by one percent in combined market ACV to reach its current value of \$24.1 billion for the first three months. Managed services ACV increased by one percent year-over-year and reached \$9.8 billion, while the XaaS ACV decreased by 13 percent to reach \$14.3 billion. Also, IaaS spending witnessed a declining growth of 16 percent to reach \$10.4 billion, while the SaaS market declined by 4 percent to reach \$3.9 billion during the same period.



### Scope of the Report

In this ISG Provider Lens™ quadrant report, ISG covers the following four quadrants for services/solutions: Managed Services for Large Accounts, Managed Services for Midmarket, Managed Hosting and Colocation Services.

This ISG Provider Lens™ study offers IT decision makers the following:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments (quadrants)
- Focus on the regional market

ISG studies serve as the basis for important decision-making in terms of positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

### Provider Classifications

The provider position reflects the suitability of IT providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the IT service requirements from enterprise customers differ and the spectrum of IT providers operating in the local market is sufficiently wide, a further differentiation of the IT providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions IT providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between \$20 million and \$999 million with central headquarters in the respective country, usually privately owned.

- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above \$1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product Challenger, Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens™ quadrant may include service providers that ISG believes have strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).



## Managed Services for Large Accounts

### Who Should Read This Section

This report is relevant to enterprises across all industries in France for evaluating hybrid cloud managed service providers.

In this quadrant report, ISG defines the current market positioning of managed service providers in France and how they address the key challenges large enterprises face with their hybrid cloud models. These providers are adept at managing data center infrastructure for their enterprise clients, enabling them to focus on other tasks.

Large enterprises in France are adopting hybrid and multicloud environments to gain more flexibility, scalability and efficiency in their IT operations. Organizations are considering providers to manage comprehensive hybrid cloud architectures, complex disaster recovery solutions and advanced cybersecurity protection to enable data residency in different regions. To help them achieve this, service providers offer enterprises platform-based solutions equipped with enhanced ML and

AI technologies that help them migrate their infrastructure to multicloud. These advanced solutions can enable them to unify their operational processes, security policies and development practices across heterogeneous environments, enabling automated provisioning of cloud infrastructures. Clients can derive insights from the data dashboard using advanced analytic tools and utilize FinOps functionality integrated with the IT management tool.

Managed service providers in France need to comply with the data sovereignty requirements of the EU and their clients. They are forming strategic partnerships with other managed and hosting service providers to enhance their offerings and ensure the protection of their clients' sensitive data.



**IT and infrastructure leaders** should read this report to analyze the modernization and service capabilities of managed service providers and market advancements impacting hybrid cloud strategies.



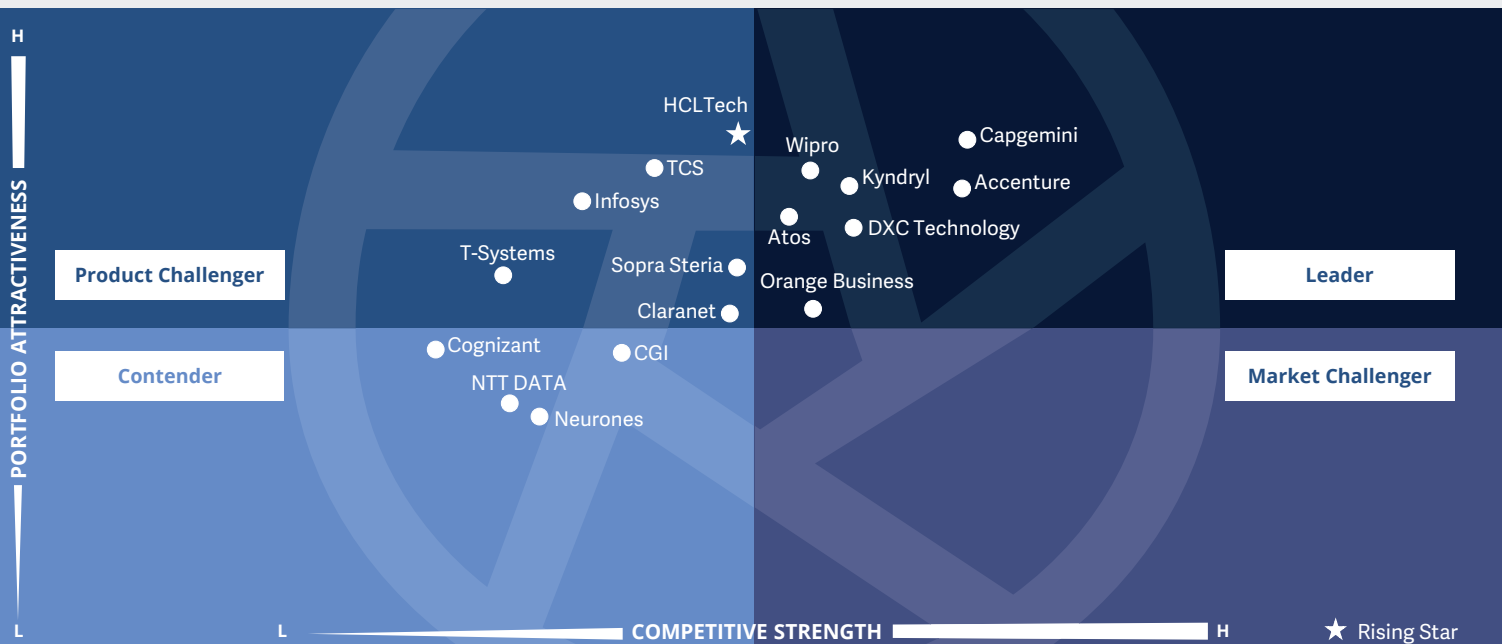
**Software development and technology leaders** should read this report to understand providers' positioning, their offerings and their impact on the ongoing infrastructure transformation initiatives.



**Sourcing, procurement and vendor management professionals** should read this report to better understand the current landscape and partner ecosystem of managed service providers in France.







This quadrant evaluates providers' ability to **manage private/hybrid clouds** for large accounts, offering infrastructure modernization, maximizing workload performance, reducing costs and ensuring **compliance and security**.

*Pedro L. Bicudo Maschio*



DXC uses a global service platform with hyperautomation to drive cost-effectiveness and service quality for modern and legacy systems. The company is a part of a broad ecosystem and has the necessary certifications to optimize infrastructure performance across public and private clouds, together with 65 data centers and various options in managed hosting services.

**Pedro L. Bicudo Maschio – France**



## Managed Services for Large Accounts

### Definition

This quadrant assesses a provider's ability to offer ongoing management services for private and hybrid clouds and traditional data center infrastructures and platforms to midmarket and large enterprise clients. The infrastructures and platforms comprise physical and virtual servers, middleware, storage, databases and networking components. The infrastructure may reside at a client's data center, in a multi-cloud environment, in the service provider's facilities or even be co-located in a third-party facility. Such providers typically offer transition services, guiding clients to optimize their existing IT landscapes. Common projects include large-scale data center consolidation, virtualization, cloud enablement and configuration and implementation of a software-defined data center (SDDC). Transition services can also include expanding existing facilities, transferring new workloads or creating new private/hybrid clouds.

Managed services are characterized by the transfer of responsibilities to a service provider and are governed by service level agreements (SLAs) with penalties for any deviation. At a broad level, these services include provisioning; enabling real-time and predictive analysis; and monitoring and managing operations of a customer's on-premises, private and hybrid cloud environments. These activities are aimed at maximizing workload performance in the cloud, reducing costs and ensuring compliance and security. Providers should have the capability to manage traditional and cloud-native application releases, including continuous integration and delivery processes.

### Eligibility Criteria

1. Ability to offer **services for private and hybrid clouds and data center infrastructure** (servers, middleware, storage and databases) **on their own** without depending on partners
2. Ability to provide services within a client's premises or remotely and preferably through its **shared service centers** (RIM)
3. Demonstrate experience in **large transition** projects that include **automation, consolidation, virtualization and containerization** of data centers and cloud enablement
4. Ability to act as an **extension of clients' IT organization** and get involved in creating blueprints, architecture frameworks and management processes at the client's location
5. Ability to provide services for a **centralized orchestration/**management of hybrid IT infrastructure
6. Showcase **appropriate certifications** to ensure security and compliance at the local level





“DXC Technology offers clients access to the most modern technologies from a broad ecosystem, providing hybrid clouds that include all possible infrastructure combinations.”

*Pedro L. Bicudo Maschio*

# DXC Technology

## Overview

DXC Technology is headquartered in Virginia, U.S. and operates in 70 countries. It has more than 130,000 employees across 130 global offices. In FY22, the company generated \$16.2 billion in revenue, with global infrastructure services as its largest segment.

The company uses DXC Platform X™ to manage and support hybrid cloud infrastructures globally, including 143 managed data centers. It has four Global Innovation and Delivery Centers (GIDCs) and 12 Regional Delivery Centers (RDC). In France, DXC Technology has offices in Courbevoie. The company does not disclose local revenues and headcount.

## Strengths

**Global service platform:** DXC has pioneered creating a global service platform to enable 24/7 service availability. Regional and global service centers use DXC Platform X to offer clients resilient and self-healing infrastructure. It automates operations of the most modern technologies and legacy systems such as mainframes and SAP ERP. The platform provides data-driven insights for AIOps, FinOps, DevSecOps and site reliability engineering (SRE).

**Broad ecosystem:** DXC has more than 38,100 employees certified by over 200 partners, and has top partnerships with hyperscalers. It selects the best-of-breed solutions to optimize clients' infrastructure performance and deliver a balanced approach to public, multi and private cloud transformations.

It selects the best computing platforms for cloud-native workloads, edge-computing, legacy systems and mainframes with security and networking solutions.

**More infrastructure choices:** DXC can host client workloads in 65 global data centers and configure virtual private clouds across data centers and public cloud infrastructure. Clients can also include managed hosting and partner colocation centers under DXC's management platform. Hyper-automation is a central strategy to increase cost-effectiveness and quality of services.

## Caution

DXC Technology's service model is the most suitable for global companies that prefer to engage with one provider to manage multi-country infrastructures. Its operation model may be overwhelming for companies operating only within France.





# Managed Services – Netherlands

Report Author: Rohan Thomas

**AI, ML, and FinOps are crucial for local enterprise as they struggle to optimize their cloud cost**

As a part of its ISG Provider Lens™ Next-Gen Private/Hybrid Cloud - Data Center Services and Solutions 2023 study, ISG examined more than 60 providers of hybrid IT and colocation services in the Netherlands and identified the most important service providers and trends affecting the managed services and colocation markets in the region.

Post Brexit, The Netherlands has experienced higher growth compared to other EU member states. While fewer regulations and a competitive wage structure have contributed to this growth, the maturity of its network infrastructure has also been an important driver. Given the mature IT ecosystem of the region, enterprises from a diverse range of industries have sophisticated cloud requirements. Most of these enterprises are already at some stage of their cloud migration journey and now seek

solutions to optimize their migration to public, multicloud and hybrid cloud environments that can assure greater agility and more scalability. The impending release of the Sovereign Cloud, cloud infrastructure designed to store sensitive data, will further accelerate the migration to hybrid and public clouds.

In November 2022, the Dutch government announced a spending package of €7.5 billion to improve its transportation infrastructure. Due to favorable investments and credits in the area of technology, the Netherlands is consistently ranked among the top five European countries for innovation. The high scores on the innovation scale make , the country a kind of testing ground; service providers operating here have to consistently improve upon their managed service capabilities for their local customers. Success in this region will make it easier to address the needs of customers in other EU countries.

The Russia-Ukraine war has had a significant impact on the Dutch data center outsourcing market, particularly on colocation services. In the first half of 2022, electricity prices for

Cloud-based managed services are increasingly seeing **a convergence** of hyperscalers



## Executive Summary

non-households in the Netherlands increased to €0.15 and €0.20 per kWh, according to Eurostat. This, in turn, had significant repercussions on the market as it grappled with high energy costs and often passed them to customers. The surge in energy costs in the Netherlands impacted inflation and the wages of the average Dutch employee.

To mitigate their substantial increase in operating expenditures, service providers are utilizing some of their offshore and nearshore locations to address the requirements of local customers. Given the high costs involved in procuring managed services for their data centers, enterprises are increasingly opting for services from niche players rather than using elaborate end-to-end transformation services from larger providers. Even the well-established service providers are now facing the challenge of retaining their market shares, while niche, more regional companies could see their shares grow. In this scenario, large, multinational service providers are focusing on enhancing their service offerings; they are acquiring local companies with niche expertise.

Recent editions of the ISG Index™ have indicated that the infrastructure outsourcing market is still growing, but the cost per unit continues to fall. By automating services, suppliers can offset the high cost of labor. Although prices of long-term IT service contracts continue to fall, overall spending is increasing due to increased consumption. In the Netherlands, the projected inflation rate for 2023 could prompt suppliers to renegotiate their contracts.

**Trends in Managed Services:** Tools for managing a hybrid infrastructure must, in many cases, be compatible with VMware and ServiceNow products to integrate ML with automation. Modern service platforms look for possible causes through incident analysis to provide service teams with contextual information and automate incident resolution, resulting in a reduction in mean time to detection (MTTD) and mean time to repair (MTTR). Managed service providers will continue to automate their operations to improve service quality and save costs. For midmarket customers, this means

simplifying infrastructure management and reducing operational risks. Large customers, on the other hand, want to minimize service interruptions to improve the quality of services. Large service providers use automated systems to improve performance and reduce administration efforts. With data analytics, customers are provided insights into consolidation and rightsizing to enable them to make informed decisions. Infrastructure as code (IaC) gives customers the ability to fully control the setup of new services and DevOps environments. Modern managed service platforms have IaC and DevOps automation options in both on-premises and colocation environments.

**Hybrid cloud trends:** As companies have come to realize that it is difficult to integrate legacy applications with a public cloud environment, they are increasingly opting for operations in colocation data centers or migration to a managed hosting model. Service providers can manage colocation, hosting and cloud from a single AIOps platform that gives customers a similar experience across

all infrastructures. However, on-premises data centers do not have the same connectivity as colocation and hosting data centers, making relocation inevitable.

**Colocation, edge computing and software-defined networks:** Amsterdam is an important colocation hub in Europe and a preferred destination for companies seeking access to global markets. The Netherlands' robust transportation infrastructure contributes to its resilient supply chain connecting the Dutch economy to diverse global markets. Colocation providers are increasingly showcasing the benefits of their network tools to their customers through marketing initiatives. Using software-defined networking tools, customers can deploy a private data center across disparate colocation data centers, enabling disaster recovery (DR) opportunities, offering high-availability services, enabling edge computing and operating offshore data centers. Some vendors are positioning edge computing appliances and bare metal servers to complement their colocation facilities; the edge devices are integrated into



## Executive Summary

a software-defined networking platform and are part of a colocation service offering.

**Expansion of data center capacities:** In 2022, investments in infrastructure indicated that hosting and colocation would replace on-premises data centers with a cloud-like experience in a hybrid infrastructure. ISG expects several large facilities to be built to meet the corresponding demand and for M&A to continue to drive data center services expansion. To improve energy efficiency and sustainability, ISG has observed growth of data centers in tier-2 and tier-3 cities, closer to enterprises.

**Network connectivity:** The Netherlands has fast, reliable and secure network connections compared with the other major European data center locations. It also has direct connections between the data centers of U.S.-based companies and their subsidiaries. This allows customers to easily avail managed edge computing services or managed hosting solutions. The data centers can be operated independently of the network, giving customers more options and flexibility.

**Focus on FinOps to continue:** In comparison with other markets, the data center outsourcing market in the Netherlands is highly developed. Many of the clients have already adopted some form of the hybrid, multicloud environment and are trying to optimize their migration. This gained further traction during the pandemic when enterprises required agile environments but without significantly increasing their expenditure. The Russia-Ukraine war and the rise in inflation associated with it will sustain enterprise interest in adopting FinOps expertise from managed service providers.

**Sustained ESG commitments:** Service providers are increasingly prioritizing environmental, social and governance (ESG) concerns – including by monitoring, measuring and publishing assessment standards for specific areas, particularly data centers. Access to inexpensive green electricity makes the Netherlands an attractive location for data centers and the provision of managed cloud-based services. The vendor ecosystem is expected to undergo consolidation; companies planning to enter the Dutch market should

consider acquiring or collaborating with an existing supplier. In the immediate future, service providers in the Netherlands would need to adopt renewable energy sources to decouple the rise in energy prices from operating expenditures. Besides the ongoing war, going forward, there will continue to be concerted efforts among service providers to build upon their gains in their ESG commitments. This will partly be driven by customer requirements to cut carbon emissions, which must be taken into account by suppliers. At the same time, the ESG commitments of the MSPs would be sustained by regional compliance guidelines aimed at helping the Netherlands achieve its 2030 and 2050 climate objectives.

**Implementing automation across an entire value chain:** Automation and AI are here to stay, given the multi-vendor and multicloud ecosystems that most enterprises have migrated to. RPA and AIOps will continue to experience demand among enterprises here. The need to automate operations across the cloud environment should increase,

given automation's ability to reduce energy consumption and thereby reduce operating expenditure brought about by the current energy crisis. Often, winning a deal depends on how well a service provider can automate the operations of a customer, keeping in mind its unique requirements. Partnerships are often formed to meet customer needs, given the complexity of engineering customized, automated solutions. The power of automation levels the playing field between small, regional providers of niche services and large, well-established service providers.

**Growth of edge data centers:** The Netherlands is experiencing growth in the adoption of IoT applications such as smart cities and connected cars, and in 5G services. Because these systems will support mission-critical applications, the services will require higher bandwidths with low latency. ISG, therefore, foresees a significant increase in edge computing installations. Leading service providers in the Netherlands are revamping their portfolios to include programmable edge computing and storage solutions.





## Executive Summary

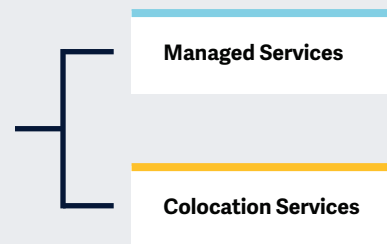
Although the impact of the COVID-19 pandemic and the global unrest caused by the Russia-Ukraine war are causing economic difficulties, the IT market in the Netherlands continues to show brisk growth, which is also attracting investors from Europe and the U.S., that are helping to strengthen the country's infrastructure.

The availability of low-cost green energy is increasingly making the Netherlands an attractive location for data center construction.



This study focuses on what ISG perceives as most critical in 2023 for **private/hybrid cloud and data center** outsourcing.

Simplified Illustration; Source: ISG 2023



**Definition**

This study assesses service providers of data center outsourcing, including the providers of managed hosting, colocation facilities and managed services. Typical participants use automation tools on highly secure data centers, providing security, operations management and client dashboards.

Data center outsourcing is the practice of transferring the responsibility of managing data center assets to a third party provider. It includes orchestration; provisioning; integrated monitoring; and managing infrastructure components including computing, storage, database, middleware and others. The data center may be owned by the enterprise client, service provider or a third-party colocation provider. Integrated monitoring and operations can be delivered from a provider's shared service center located offshore, onshore, nearshore or via a dedicated delivery center such as a remote infrastructure management (RIM) model.

A private cloud is an extension of a client's computing environment that leverages the investments made in virtual infrastructure and applications. Enterprises with stringent

security and governance requirements, large data volumes and close integration of enterprise applications and workflows needs may prefer an on-premises or a private cloud environment, and may choose to host in their facility.

As businesses are becoming software and data driven, they need an infrastructure base that can adapt to the changing market conditions, be managed based on a hybrid model, and be always accessible. Currently, most data center outsourcing engagements have elements of private/hybrid cloud and intuitive cloud management cognitive platform enablement.

A hybrid cloud connects the existing on-premises infrastructure services with a private cloud, a public cloud, or many multi-cloud arrangements. An enterprise can also leverage colocation and hosting providers, and not necessarily own a data center, to have a hybrid cloud setup. Globally, there is a massive surge in demand for a multi-cloud environment from the enterprise community as enterprises adopt hybrid and multi-cloud strategies to migrate and manage their workloads with improved agility, reduced operating costs and high application performance and availability.



## Introduction

There has been a rapid increase in the use of proprietary platforms and tools by service providers and enterprises for automating cloud operations, thereby increasing the adoption of AI and machine learning (ML) technologies. One of the fundamental advantages of a hybrid cloud deployment is the high degree of control offered to the organization; hybrid clouds allow enterprises to leverage the capabilities of public cloud platforms without the need to offload their entire data to a third-party data center. Although still evolving, edge computing is another technology that enterprises of all sizes are adopting for various existing and new use cases, such as software-defined solutions, IoT processing, hybrid cloud connectivity, firewall and network security, branch and micro data centers, internet-enabled devices and asset tracking. Edge is also being used to address the latency challenges in the present, highly distributed environments by removing network barriers and bringing processing to the edge.

ISG reports consistent demand for infrastructure services as enterprises are becoming more vigilant toward spending on large and complex cloud implementations. The demand for managed services, especially infrastructure and workloads management services, also is growing slowly. According to the ISG 1Q 2023 ISG Index™ figures, the global market grew by one percent in combined market ACV to reach its current value of \$24.1 billion for the first three months. Managed services ACV increased by one percent year-over-year and reached \$9.8 billion, while the XaaS ACV decreased by 13 percent to reach \$14.3 billion. Also, IaaS spending witnessed a declining growth of 16 percent to reach \$10.4 billion, while the SaaS market declined by 4 percent to reach \$3.9 billion during the same period.



### Scope of the Report

In this ISG Provider Lens™ quadrant report, ISG covers the following two quadrants for services/solutions: Managed Services and Colocation Services.

This ISG Provider Lens™ study offers IT decision makers with the following:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments (quadrants)
- Focus on the regional market

Our study serves as the basis for important decision-making in terms of positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

### Provider Classifications

The provider position reflects the suitability of IT providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the IT service requirements from enterprise customers differ and the spectrum of IT providers operating in the local market is sufficiently wide, a further differentiation of the IT providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions IT providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between \$20 million and \$999 million with central headquarters in the respective country, usually privately owned.

- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above \$1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product Challenger, Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens™ quadrant may include service providers that ISG believes have strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).



## Managed Services

### Who Should Read This Section

This report is relevant to enterprises across industries in the Netherlands for evaluating hybrid cloud managed service providers.

In this quadrant report, ISG highlights the current market positioning of managed service providers in the Netherlands and how they address the key challenges faced by enterprises of all sizes with their hybrid cloud model. These providers are adept at managing data center infrastructure on behalf of their enterprise clients, enabling them to focus on other tasks.

ISG notes that the increase in costs of managed services is driving enterprises in the Netherlands to sign up with niche players for cloud transformations and migrations.

Hybrid cloud managed service providers can play a crucial role by relieving enterprises of the burden of managing data center operations through support for localized infrastructure and a deep understanding of the operating environment. Furthermore, these providers can enhance data protection by offering sovereign

cloud options that ensure privacy and compliance with regulations. They also help enterprises re-architecture legacy applications, integrate automation, adhere to any updates in security requirements and optimize cloud governance.

Enterprises in the Netherlands are expecting providers to consistently improve their managed service capabilities to address the diverse needs of the hybrid cloud model.

Managed service providers have automation and AI capabilities that can help enterprises monitor infrastructure, predict failures and reduce maintenance costs. They can attract more enterprise clients by highlighting their commitment to environmental protection, which has become a major area of focus in the region.



**IT and infrastructure leaders** should read this report to analyze the modernization and service capabilities of managed service providers and the market developments impacting hybrid cloud strategies.

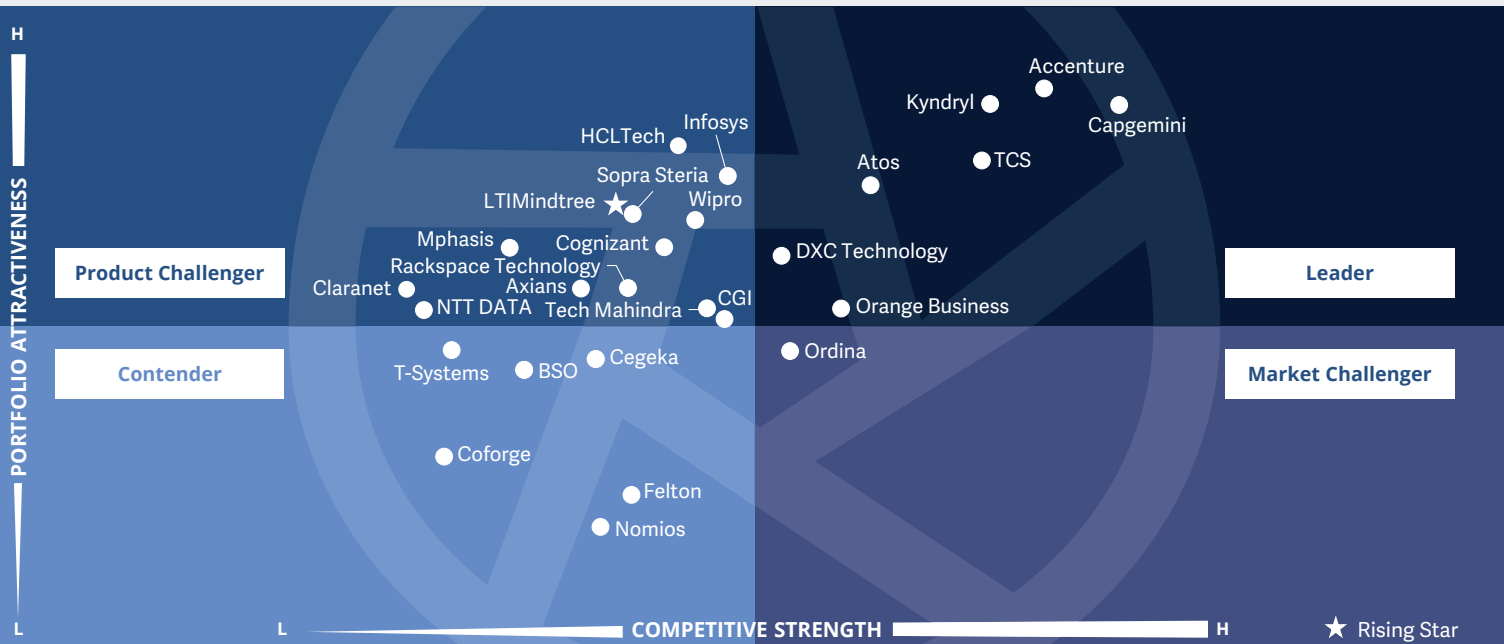


**Software development and technology leaders** should read this report to understand providers' positioning, their offerings and their impact on ongoing infrastructure transformation initiatives.



**Sourcing, procurement and vendor management professionals** should read this report to better understand the current landscape and partner ecosystem of managed service providers in the Netherlands.





This quadrant assesses service providers that offer **managed services** for **private and hybrid clouds** and **traditional data center** infrastructure. Providers offer **transition and optimization services** during the **cloud transformation** process.

Rohan Thomas



DXC Technology has a well-established presence inside the Netherlands. Its powerful automation and AI capabilities substantially improve the efficiency of transformation to the private and hybrid cloud.

**Rohan Thomas – Netherlands**



## Managed Services

### Definition

This quadrant assesses a provider's ability to offer ongoing management services for private and hybrid clouds and traditional data center infrastructures and platforms to midmarket and large enterprise clients. The infrastructures and platforms comprise physical and virtual servers, middleware, storage, databases and networking components. The infrastructure may reside at a client's data center, in a multicloud environment, in the service provider's facilities or even be co-located in a third-party facility.

Such providers typically offer transition services, guiding clients to optimize their existing IT landscapes. Common projects include large-scale data center consolidation, virtualization, cloud enablement and configuration and implementation of a software-defined data center (SDDC). Transition services can also include expanding existing facilities, transferring new workloads or creating new private/hybrid clouds.

Managed services are characterized by the transfer of responsibilities to a service provider and are governed by service level agreements (SLAs) with penalties for any deviation. At a broad level, these services include provisioning; enabling real-time and predictive analysis; and monitoring and managing operations of a customer's on-premises, private and hybrid cloud environments. These activities are aimed at maximizing workload performance in the cloud, reducing costs and ensuring compliance and security. Providers should have the capability to manage traditional and cloud-native application releases, including continuous integration and delivery processes.

### Eligibility Criteria

1. Ability to offer **services for private and hybrid clouds and data center infrastructure** (servers, middleware, storage and databases) **on their own** without depending on partners
2. Ability to provide services within a client's premises or remotely and preferably through its **shared service centers** (RIM)
3. Demonstrate experience in **large transition** projects that include **automation, consolidation, virtualization and containerization** of data centers and cloud enablement
4. Ability to act as an **extension of clients' IT organization** and get involved in creating blueprints, architecture frameworks and management processes at the client's location
5. Ability to provide services for a **centralized orchestration/**management of hybrid IT infrastructure
6. Showcase **appropriate certifications** to ensure security and compliance at the local level







“DXC Technology enjoys high rates of success in data center transformation and application modernization with its Digital Platform X offering.”

Rohan Thomas

# DXC Technology

## Overview

DXC Technology is headquartered in Virginia, U.S. and operates in 70 countries. It has more than 130,000 employees across over 130 global offices. In FY22 the company generated \$16.2 billion in revenue, with Global Infrastructure Services (GIS) as its largest segment. In FY22 GIS represented 54 percent of DXC’s overall revenue, of which Europe (excluding the U.K.) represented 31.5 percent. DXC has been experiencing a decline in revenue since 2019. It manages six data centers and operates a remote infrastructure management center in the Netherlands.

## Strengths

**Automation and AI:** DXC’s automation and AI are focused on improving CX as well as bringing about efficiency in the overall transformation process. Its Platform X enjoys healthy traction and has over 12,000 automation blueprints embedded into it. The platform enables customers to accelerate their journey to a resilient, self-healing IT. DXC has digitally transformed over 17,000 applications and 70,000 workloads transformed in 2022.

**Hyperscaler partnerships:** Through its deep partnerships with hyperscalers, DXC has co-created industry specific solutions. For instance, SPARK IoT for the CPG and manufacturing industries was created with AWS. Similarly, DXC launched cybersecurity services with Azure and developed regulated

landing zones for the banking industry with Google. DXC has been recognized by its hyperscaler partners for its various competencies and has 28,000 cloud-certified employees.

**Edge computing capabilities:** DXC’s IoT and edge platform services cover a wide array of use cases across smart manufacturing, intelligent transportation, smart ports and smart metering. Built in collaboration with AWS, DXC SPARK IoT optimizes CPG and Retail processes from production to distribution. The solution is deployable on-premises and on the edge. DXC’s IoT-managed services support over 26,000 IoT endpoints and 100 edge computing nodes.

## Caution

DXC has transformed more than 17,000 applications and 70,000 workloads last year, yet some enterprises are dissatisfied with the company’s proactiveness in bringing forth new ideas. DXC can address this by focusing more on innovation and thought leadership, and by aligning its workforce to the culture of the enterprise.





# Managed Services for Large Accounts – Nordics

Report Author: Rohan Thomas

**Nordics' robust network and data centers are underlying reasons for its competitive digital edge**

As part of its ISG Provider Lens™ Private/Hybrid Cloud — Data Center Services study, ISG examined more than 100 providers of hybrid IT and colocation services in the Nordics and identified the most important service providers and trends affecting the managed services and colocation market in the region.

Market activity across the Nordics is driven by Denmark, Sweden, Finland and Norway, ranking 1, 3, 7 and 12 on IMD's Digital Competitiveness Ranking. A significant part of the success of these countries had to do with their business-friendly environment, strong public policy such as investment into R&D and a highly skilled workforce. The countries have a robust IT infrastructure, characterized by high-speed broadband internet penetration.

Cybersecurity and data sovereignty are placed high on the Nordic nation's list of priorities. Large enterprises across the region continue to advocate for a cloud environment that complies with local data privacy and secrecy regulations. Nordic companies and public institutions have suffered from cyber intrusions and attacks, particularly from Chinese entities since 2021. Incidents of ransomware attacks have increased since the Russia-Ukraine war. The ongoing Russia-Ukraine war has not only had an impact on security but also upon inflation, mostly brought about by a spike in energy costs.

According to Eurostat, electricity prices for non-household consumers rose by approximately 40 percent during the first half of 2022 compared with 2021. The electricity price rise has been uneven among the main Nordic countries, with Finland experiencing a significantly lower price rise of approximately 20 percent compared with Sweden, Norway and Denmark; which experienced price rises of approximately 60 percent, 75 percent and 100 percent, respectively. Yet, the electricity prices

**Nordics'** competitive energy strategy helps local enterprises keep their **energy costs** at bay.



per kWh in these countries continue to remain lower than the average across the European Union (EU), with enterprises in Finland having to pay the least at approximately €0.75 per kWh. Therefore, while the Nordic enterprises have been affected by the hike in energy price rise, it is still lesser than the average EU hike in prices.

The Russia-Ukraine war's effect on the data center outsourcing market will be felt in energy costs and wage increases because of inflation that employees will need to contend with. The spike in operating expenditure has made profit margins significantly slimmer, with many data center operators passing the rise in operating expenditure to their customers. This could prompt a realignment of contracts between the enterprises and their service providers.

The data center outsourcing industry across the Nordics continues to hold strong despite the fallout from the war, as many enterprises favor the strong data privacy laws and the collective stability of the countries in the Nordics and the operators' investments into sustainability initiatives. To mitigate the rise in costs, enterprises are adopting technologies from niche companies than incorporating

elaborate transformations. Well-established service providers operating across the Nordics are on the back foot. Given that enterprises across the Nordics operate cloud environments that are highly sophisticated and often operate across multicloud environments, they will still rely on those service providers that are established in this space and have the backing of competencies from key hyperscalers.

Service providers are adopting capabilities that will automate several IT operations, which will help blunt the high cost of labor. ISG believes that the surge in operational costs is therefore momentary and that the operational cost will continue to fall moving forward.

The following are key trends that will impact the private/hybrid cloud data center outsourcing market in the Nordics.

- **Acquisition of new capabilities:** The effort to build a holistic end-to-end platform service that holistically mitigates the migration to the cloud continues unabated among large service providers. Many large providers, like Accenture, continue to acquire smaller cloud transformation

specialists and implement their capabilities into their cloud transformation platforms. The challenge with a multitude of such acquisitions lies in ensuring that there will be no duplication in services and that overall customer experience would continue to be seamless and reliable. Another method would be working with a network of specialists and outsourcing tasks based upon the partner's specialty. TCS' COIN ecosystem is an example of such a partnership, where it provides the cloud transformation service to its customers while leveraging emerging technology such as blockchain from its startup community into the implementation process.

- **Automating an entire value chain of operations:** Technologies such AIOps and autonomous IT operations will continue to experience traction among service providers as they try to offset costs brought about by the rise in employee compensation and inflation. Along with infrastructure as code (IaC), service providers will help provision the end users' cloud infrastructure quicker while automatically remediating anomalies

and conducting root cause analysis. Service providers that are active in the region have either partnered with ISVs to leverage their automation capabilities or have built their own automation capabilities from scratch. The power of automation will continue to play a pivotal role across many markets, including this one, and can level the playing field between a large, established service provider and a smaller, more regional one.

- **Microservices, edge computing and the multicloud environment:** With the proliferation of industry-specific IoT technologies and 5G across Nordics, there will be more demand for edge computing infrastructure that is distributed and closer to the end user and applications, which are easy to deploy and work independently. Microservices and container management services will experience traction as enterprises look on developing edge compute infrastructure and applications that are quick and agile to deploy. There is significant heterogeneity across the cloud infrastructure from the edge to the data center code. Service providers with



software-defined anything (SDx) expertise will have an upper hand over those without since this expertise and the right automation capabilities would improve cloud orchestration and avoid vendor lock-ins, which might arise when operating in a hybrid, multicloud environment.

- **Environmental, social and governance (ESG) initiatives:** Sustainability is at the core of managed cloud services delivered to customers. Although the spike in energy costs and general inflation has impacted the service providers deploying further measures to stem emissions, they continue to have unwavering commitment in meeting environment compliance regulations set out by the local government and their customers. Many regional service providers tap into renewable energy to meet their scope 1 emission norms. In addition, many colocation companies supply waste hot water to local residential communities as well as to companies from diverse industrial backgrounds, actively participating in the circular economy.

- **Focus on FinOps to continue:** The demand for FinOps grew considerably during the pandemic as the enterprises operating in vast, hybrid and multicloud environments were looking to further optimize their cloud spend to weather the financial distress they found themselves in. The Russia-Ukraine war has again brought FinOps to the fore as service providers grapple with higher operating costs.

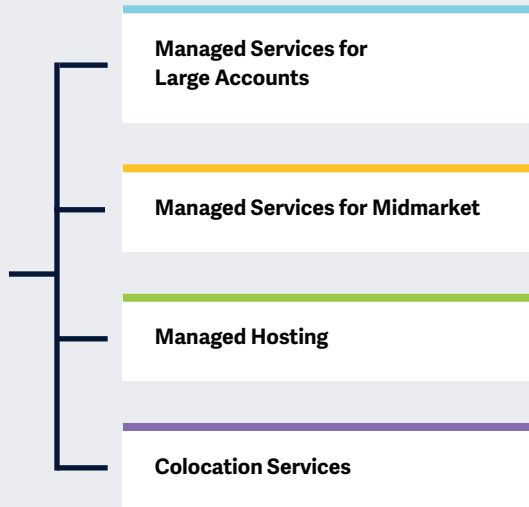
Although the impact of the COVID-19 pandemic and the international unrest caused by the war between Russia and Ukraine are causing economic difficulties, the IT market in the Nordics continues to show brisk growth.

Service providers leverage FinOps and implement automation across the value chain of cloud operations to alleviate operations cost brought by geopolitics.



This study focuses on what ISG perceives as most critical in 2023 for **private/hybrid cloud and data center outsourcing**.

Simplified Illustration; Source: ISG 2023



**Definition**

This study assesses service providers of data center outsourcing, including the providers of managed hosting, colocation facilities and managed services. Typical participants use automation tools on highly secure data centers, providing security, operations management and client dashboards.

Data center outsourcing is the practice of transferring the responsibility of managing data center assets to a third-party provider. It includes orchestration; provisioning; integrated monitoring; and managing infrastructure components including computing, storage, database, middleware and others. The data center may be owned by the enterprise client, service provider or a third-party colocation provider. Integrated monitoring and operations can be delivered from a provider’s shared service center located offshore, onshore, nearshore or via a dedicated delivery center such as a remote infrastructure management (RIM) model.

A private cloud is an extension of a client’s computing environment that leverages the

investments made in virtual infrastructure and applications. Enterprises with stringent security and governance requirements, large data volumes and close integration of enterprise applications and workflows needs may prefer an on-premises or a private cloud environment, and may choose to host in their facility. As businesses are becoming software and data driven, they need an infrastructure base that can adapt to the changing market conditions, be managed based on a hybrid model, and be always accessible. Currently, most data center outsourcing engagements have elements of private/hybrid cloud and intuitive cloud management cognitive platform enablement.

A hybrid cloud connects the existing on-premises infrastructure services with a private cloud, a public cloud, or many multicloud arrangements. An enterprise can also leverage colocation and hosting providers, and not necessarily own a data center, to have a hybrid cloud setup. Globally, there is a massive surge in demand for a multicloud environment from the enterprise community as enterprises adopt hybrid and multicloud strategies to migrate and



## Introduction

manage their workloads with improved agility, reduced operating costs and high application performance and availability.

There has been a rapid increase in the use of proprietary platforms and tools by service providers and enterprises for automating cloud operations, thereby increasing the adoption of AI and machine learning (ML) technologies. One of the fundamental advantages of a hybrid cloud deployment is the high degree of control offered to the organization; hybrid clouds allow enterprises to leverage the capabilities of public cloud platforms without the need to offload their entire data to a third-party data center. Although still evolving, edge computing is another technology that enterprises of all sizes are adopting for various existing and new use cases, such as software-defined solutions, IoT processing, hybrid cloud connectivity, firewall and network security, branch and micro data centers, internet-enabled devices and asset tracking. Edge is also being used to address the latency challenges in the present, highly distributed environments by removing network barriers and bringing processing to the edge.

ISG reports consistent demand for infrastructure services as enterprises are becoming more vigilant toward spending on large and complex cloud implementations. The demand for managed services, especially infrastructure and workloads management services, also is growing slowly. According to the ISG 1Q 2023 ISG Index™ figures, the global market grew by one percent in combined market ACV to reach its current value of \$24.1 billion for the first three months. Managed services ACV increased by one percent year-over-year and reached \$9.8 billion, while the XaaS ACV decreased by 13 percent to reach \$14.3 billion. Also, IaaS spending witnessed a declining growth of 16 percent to reach \$10.4 billion, while the SaaS market declined by 4 percent to reach \$3.9 billion during the same period.



### Scope of the Report

In this ISG Provider Lens™ quadrant report, ISG covers the following four quadrants for services/solutions: Managed Services for Large Accounts, Managed Services for Midmarket, Managed Hosting and Colocation Services.

This ISG Provider Lens™ study offers IT decision makers with the following:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments (quadrants)
- Focus on regional market

Our study serves as the basis for important decision making in terms of positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

### Provider Classifications

The provider position reflects the suitability of IT providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the IT service requirements from enterprise customers differ and the spectrum of IT providers operating in the local market is sufficiently wide, a further differentiation of the IT providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions IT providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between \$20 million and \$999 million with central headquarters in the respective country, usually privately owned.

- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above \$1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product Challenger, Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens™ quadrant may include service providers that ISG believes have strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).





## Managed Services for Large Accounts

### Who Should Read This Section

This report is relevant to large enterprises across all industries in the Nordics for evaluating private/hybrid cloud data center MSPs.

In this quadrant, ISG defines the current market positioning of MSPs in the Nordics and how they address the key challenges large enterprises face with their hybrid cloud model. These providers are adept at managing data center infrastructure for their enterprise clients, enabling them to focus on other tasks.

The Nordic region has witnessed a surge in cloud adoption among enterprises in recent years. Furthermore, these enterprises are seeking end-to-end management services from service providers. The pandemic has resulted in an increased need for adopting multicloud strategies by these enterprises to meet their business objectives. Hybrid cloud MSPs can assist such enterprises by providing localized infrastructure and an in-depth understanding of the operating environment. Furthermore, they can ensure data privacy and regulatory compliance by providing sovereign cloud services.

The region's enterprises emphasize automation, containerized infrastructure management and support, edge solutions, AIOps, autonomous IT systems and zero-touch support processes in their data center operations. MSPs can offer automation and AI capabilities that enable enterprises to monitor infrastructure, predict failures and reduce maintenance costs. Providers can also appeal to enterprises by highlighting their use of green energy, which has become a significant area of focus in the region.



**IT and infrastructure leaders** should read this report to analyze MSPs' modernization and service capabilities and the market advancements impacting hybrid cloud strategies.



**Software development and technology leaders** should read this report to understand providers' positioning, offerings and impact on ongoing infrastructure transformation initiatives.

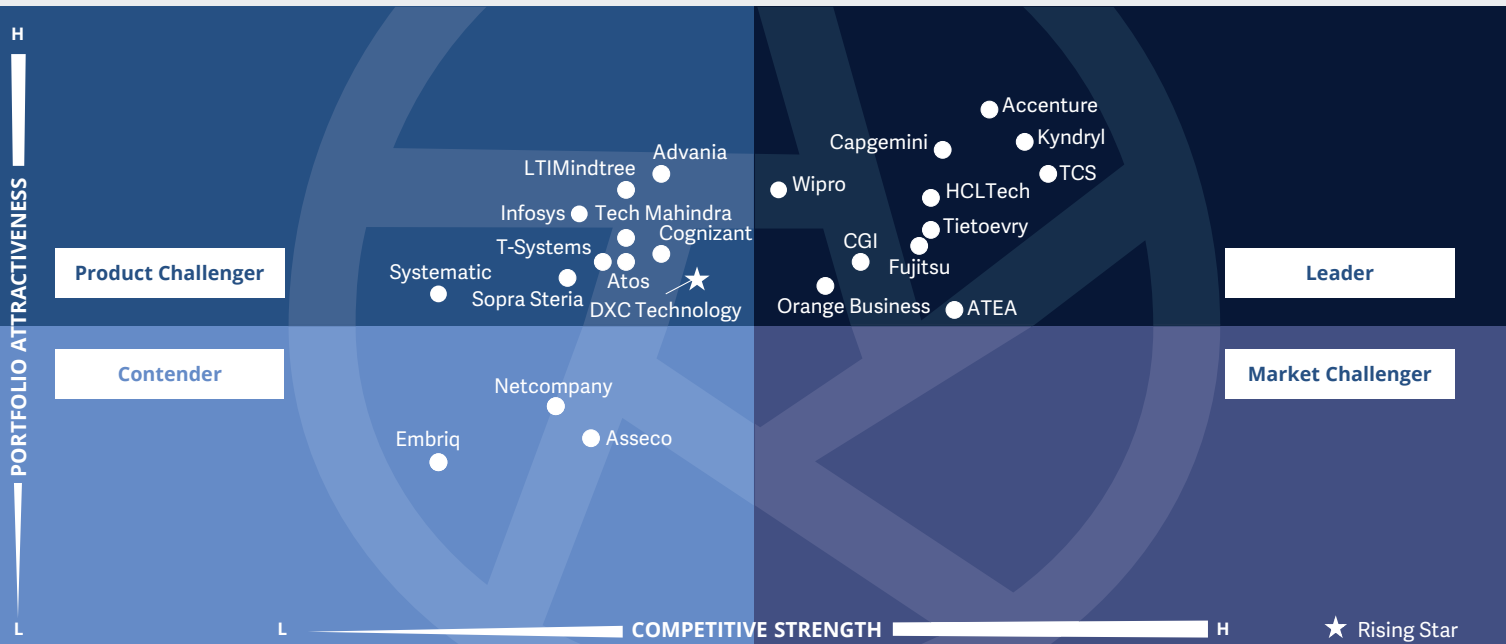


**Sourcing, procurement and vendor management professionals** should read this report to better understand the current landscape and partner ecosystem of MSPs in the Nordics.



Private/Hybrid Cloud – Data Center Services  
Managed Services for Large Accounts

Nordics 2023



Service providers that provide tooling that improves the **agility** of the enterprise's **private/hybrid cloud environment** while ensuring **data privacy, security and sovereignty** have **greater preference** among the large enterprises.

Rohan Thomas



DXC Technology provides end-to-end platform integration services to large enterprises in the Nordics for efficiently managing the cloud environment. It also provides powerful, industry-specific IoT and edge computing services.

**Rohan Thomas – Nordics**



## Managed Services for Large Accounts

### Definition

This quadrant assesses a provider's ability to offer ongoing management services for private and hybrid clouds and traditional data center infrastructures and platforms to midmarket and large enterprise clients. The infrastructures and platforms comprise physical and virtual servers, middleware, storage, databases and networking components. The infrastructure may reside at a client's data center, in a multicloud environment, in the service provider's facilities or even be co-located in a third-party facility.

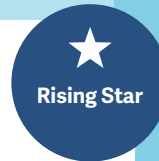
Such providers typically offer transition services, guiding clients to optimize their existing IT landscapes. Common projects include large-scale data center consolidation, virtualization, cloud enablement and configuration and implementation of a software-defined data center (SDDC). Transition services can also include expanding existing facilities, transferring new workloads or creating new private/hybrid clouds.

Managed services are characterized by the transfer of responsibilities to a service provider and are governed by SLAs with penalties for any deviation. At a broad level, these services include provisioning; enabling real-time and predictive analysis; and monitoring and managing operations of a customer's on-premises, private and hybrid cloud environments. These activities are aimed at maximizing workload performance in the cloud, reducing costs and ensuring compliance and security. Providers should have the capability to manage traditional and cloud-native application releases, including continuous integration and delivery processes.

### Eligibility Criteria

1. Ability to offer **services for private and hybrid clouds and data center infrastructure** (servers, middleware, storage and databases) **on their own** without depending on partners
2. Ability to provide services within a client's premises or remotely and preferably through its **shared service centers (RIM)**
3. Demonstrate experience in **large transition** projects that include **automation, consolidation, virtualization and containerization** of data centers and cloud enablement
4. Ability to act as an **extension of clients' IT organization** and get involved in creating blueprints, architecture frameworks and management processes at the client's location
5. Ability to provide services for a **centralized orchestration/**management of hybrid IT infrastructure
6. Showcase **appropriate certifications** to ensure security and compliance at the local level





“DXC Technology’s Platform X has helped many large enterprises transform their infrastructure. The company’s healthy industry alliances also open opportunities for further innovation in the cloud.”

*Rohan Thomas*

# DXC Technology

## Overview

DXC Technology is headquartered in Virginia, U.S. and operates in 70 countries. It has more than 130,000 employees across over 130 global offices. In FY22 the company generated \$16.2 billion in revenue, with Global Infrastructure Services as its largest segment. Global Infrastructure Services business unit is made up of modern workplace and cloud infrastructure and ITO services. In FY22 Global Infrastructure Services represented 54 percent of DXC’s entire revenue, with Europe (excluding the U.K.) representing 31.5 percent of the share. DXC has experienced a decline in revenue.

## Strengths

**End-to-end platform integration services:** DXC Platform X enjoys high rates of success in data center transformation and application modernization. It enables customers accelerate their journey to a resilient, self-healing IT. The platform has more than 12,000 automation blueprints embedded into it which has transformed more than 17,000 applications and 70,000 workloads in 2022.

**Cocreation with partners:** DXC maintains strong relationships with AWS, Azure and Google Cloud. DXC has leveraged them to cocreate industry-specific solutions. A few examples of collaboration include the creation of SPARK IoT for CPG and manufacturing and resilient AWS cybersecurity services. The company has 28,000 employees that are cloud certified.

**Edge computing capabilities:** DXC’s IoT and edge platform services cover many use cases across smart manufacturing, intelligent transportation, smart ports and smart metering. Developed in collaboration with AWS, DXC SPARK IoT optimizes CPG and retail processes from production to distribution. The solution is deployable on premises and on the edge. DXC IoT managed services are used to manage more than 26,000 IoT end points and 100 edge computing nodes.

## Caution

Some of DXC’s large enterprise clients are not content with DXC’s proactiveness in bringing forward new ideas. DXC can build upon this by improving its innovation and thought leadership and aligning its workforce to the cultural fit of the enterprise.





# Managed Services – Singapore and Malaysia

Report Author: Phil Hassey

**As cloud adoption accelerates, the competitive offerings are evolving, providing benefits to clients.**

The Private/Hybrid Cloud - Data Centre Services 2023 Singapore and Malaysia study evaluated 48 hybrid IT, colocation and managed hosting service providers that operate in the countries and provide a range of IT services. ISG Provider Lens™ has identified the critical service providers and the prominent trends driving the markets for hybrid IT, colocation and managed hosting services across the region. Each of the three quadrants in this report has central core tenants that connect them, but the quadrants operate as distinctive markets.

The Singapore and Malaysian data centre services and solutions market is surprisingly complex, reflecting local market conditions and regulatory environments. Many local and foreign providers play significant roles in developing the local ecosystem.

The Malaysia and Singapore markets operate as different entities due to regulatory, cultural and geopolitical reasons, which is unusual. However, the two markets operate similarly *and most technology solutions offered can meet both markets' needs*. Although this manifests itself in many ways, only some local Singaporean and Malaysian providers have substantial capabilities in both markets. This is particularly true for the two national telecommunications providers, Singtel and Telekom Malaysia. As a result, the only vendors that provide on-the-ground capabilities in both markets are foreign entities, including national telecommunication providers such as NTT of Japan and Telstra of Australia. Most global providers' capabilities are substantially more robust in Singapore than in Malaysia. This is, however, beginning to change. As hyperscalers continue to invest, Malaysia is expected to experience a steady rise in investments. The locations of data centres in both countries are noteworthy. Some providers are investing in the vicinity of Kuala Lumpur, focused on the local market, while others are investing in Johore Bahru to service both sides of the causeway.

The data centre market is increasing value-added services for local and regional clients.



## Executive Summary

From an infrastructure service provision perspective, several critical factors drive investment in dynamic data centre provision. These evolve from year to year. Currently, essential considerations for data centre investment in Singapore, Malaysia and, more broadly, ASEAN include the following:

**Skills remain a significant issue:** Both Singapore and Malaysia's unemployment levels remain near record lows. The COVID-19 pandemic has disrupted the migration dynamics driving population growth in both Singapore and Malaysia. Despite layoffs in the technology sector in 2023, lack of skills remains a significant challenge, especially since the ASEAN region was relatively immune from layoffs. Companies in the local market need to build skills, continue innovating and change requirements to attract and develop new talent. This is easier in Singapore, which is increasingly a magnet for global talent. Malaysia needs to be more creative in schemes to boost talent and meet the overflowing demand from Singapore. Automation is not the only measure to overcome the skills gap. The overall education system, particularly in Malaysia,

needs an overhaul across technology-related skill categories, especially for data centres.

**Artificial intelligence (AI):** AI is receiving the most public cloud scale investments because leveraging data centres to optimise AI and ML is critical to providing solutions that meet clients' scale, sustainability and time requirements. Data centres must evolve as quickly as the technology for these use cases.

**Edge computing:** Applications for edge computing in Singapore and Malaysia are growing, although slower than anticipated. Key industry sectors with asset-rich requirements, such as retail and utilities, alongside resources in Malaysia, require investments in IoT devices and edge computing to manage latency, drive measurable business value from investments and improve customer outcomes through real-time data processing.

**Data centre in a box:** Modular data centres are increasingly being deployed to enable scale and immediacy of service delivery from a location. While they do not scale from the delivery or cost perspectives, they provide strong business cases in particular industries with unique requirements.

**Sustainability initiatives:** In Singapore, government and private sector initiatives repeatedly highlight the need for sustainability. Malaysia lags in this area but will have to accelerate to remain competitive. Sustainability investments have accelerated across industries. Data centres are at the front and centre of this, shifting to greener locations, energy sources and management than expected in 2022.

**Cloud models:** While public cloud garners the most robust growth and attention, local enterprises are adopting other approaches toward cloud. Private cloud is still an honest approach to delivering technology infrastructure and digital transformation. From a private cloud perspective, several drivers are specific to the market. Factors driving the growth of private versus public cloud are based more on emotions than facts. Security is essential in both models, as are cost saving and flexibility. Ultimately, balancing the two models is driven strongly by the organisation's culture and how it measures business requirements. Hybrid cloud takes from the best of both models, making it the ideal model for cloud delivery, now and into the future.

**Security:** Security is a misunderstood but essential business requirement. Some private data centres can provide greater control over security implementation and capabilities with internally developed protocols. However, private cloud security can be as compromised as public cloud, if not more. Hence, enterprises aligning security with their investment in the private cloud need to be more vigilant.

**Cost savings:** Besides security, the benefits of public versus private cloud from a cost savings perspective can be objective and will depend extensively on individual client requirements and business cases. Some private cloud data centres can offer cost savings for consistent and predictable service delivery.

**Access to data centres:** Public data centres are hands-off in every way. It is almost impossible to know where data is stored, let alone enable someone to access the data centre. Many organisations understand and embrace this; for others, having the data centre on site and under the organisation's roof is an essential business requirement. This also relates to data sovereignty issues. It is less of a problem in Singapore due to the abundance of global data centres





there. Although hyperscalers are localising and building more data centres in Malaysia, meeting data sovereignty requirements still remains an issue in the country.

**Compliance requirements:** For highly regulated industries, compliance is an essential driver for private data centre investments, dictating the need for private data centres for enterprises cannot gain the required or implied assurances from public data centres.

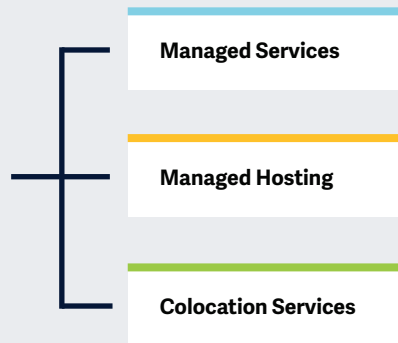
**Legacy systems create unique economics:** For financial, cultural and skill-related reasons, many enterprises rely on leveraging legacy systems. While some may not have the necessary capabilities and financial expertise to migrate to the cloud, others might still be untouched by significant competitive pressures from digital transformation, thus lacking the impetus and a compelling business case to make the shift.

Investment in green data centres and hyperscaler capabilities will transform Singapore and Malaysia's data centre-related services market, offering world-leading services.



This study focuses on what ISG perceives as most critical in 2023 for **Private/Hybrid Cloud and Data Centre** outsourcing.

Simplified Illustration; Source: ISG 2023



**Definition**

This study assesses service providers of data centre outsourcing, including the providers of managed hosting, colocation facilities and managed services. Typical participants use automation tools on highly secure data centres, providing security, operations management and client dashboards.

Data centre outsourcing is the practice of transferring the responsibility of managing data centre assets to a third -provider. It includes orchestration; provisioning; integrated monitoring; and managing infrastructure components including computing, storage, database, middleware and others. The data centre may be owned by the enterprise client, service provider or a third-party colocation provider. Integrated monitoring and operations can be delivered from a provider’s shared service centre located offshore, onshore, nearshore or via a dedicated delivery management (RIM) model.

A private cloud is an extension of a client’s computing environment that leverages the investments made in virtual infrastructure and

applications. Enterprises with stringent security and governance requirements, large data volumes and close integration of enterprise applications and workflows needs may prefer an on-premises or a private cloud environment, and may choose to host in their facility. As businesses are becoming software and data driven, they need an infrastructure base that can adapt to the changing market conditions, be managed based on a hybrid model, and be always accessible. Currently, most data centre outsourcing engagements have elements of private/hybrid cloud and intuitive cloud management cognitive platform enablement.

A hybrid cloud connects the existing on-premises infrastructure services with a private cloud, a public cloud, or many multicloud arrangements. An enterprise can also leverage colocation and hosting providers, and not necessarily own a data centre, to have a hybrid cloud setup. Globally, there is a massive surge in demand for a multicloud environment from the enterprise community as enterprises adopt hybrid and multicloud strategies to migrate and manage their workloads with improved agility, reduced operating costs and high application performance and availability.



## Introduction

There has been a rapid increase in the use of proprietary platforms and tools by service providers and enterprises for automating cloud operations, thereby increasing the adoption of AI and machine learning (ML) technologies. One of the fundamental advantages of a hybrid cloud deployment is the high degree of control offered to the organisation; hybrid clouds allow enterprises to leverage the capabilities of public cloud platforms without the need to offload their entire data to a third-party data centre. Although still evolving, edge computing is another technology that enterprises of all sizes are adopting for various existing and new use cases, such as software-defined solutions, IoT processing, hybrid cloud connectivity, firewall and network security, branch and micro data centres, internet-enabled devices and asset tracking. Edge is also being used to address the latency challenges in the present, highly distributed environments by removing network barriers and bringing processing to the edge.

ISG reports consistent demand for infrastructure services as enterprises are becoming more vigilant toward spending on large and complex cloud implementations.

The demand for managed services, especially infrastructure and workloads management services, also is growing slowly. According to the ISG 1Q 2023 ISG Index™ figures, the global market grew by 1 percent in combined market ACV to reach its current value of \$24.1 billion for the first three months. Managed services ACV increased by 1 percent year-over-year and reached \$9.8 billion, while the XaaS ACV decreased by 13 percent to reach \$14.3 billion. IaaS spending declined 16 percent to reach \$10.4 billion, while the SaaS market declined by 4 percent to reach \$3.9 billion during the same period.



### Scope of the Report

In this ISG Provider Lens™ quadrant report, ISG covers the following three quadrants for services/solutions: Managed Services, Managed Hosting, and Colocation Services

This ISG Provider Lens™ study offers IT decision makers with the following:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments (quadrants)
- Focus on the regional market

Our study serves as the basis for important decision-making in terms of positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

### Provider Classifications

The provider position reflects the suitability of IT providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the IT service requirements from enterprise customers differ and the spectrum of IT providers operating in the local market is sufficiently wide, a further differentiation of the IT providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions IT providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between \$20 million and \$999 million with central headquarters in the respective country, usually privately owned.

- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above \$1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product Challenger, Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens™ quadrant may include service providers that ISG believes have strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).



## Managed Services

### Who Should Read This Section

This report is relevant to enterprises across all industries in Singapore and Malaysia for evaluating hybrid cloud managed service providers.

In this quadrant report, ISG defines managed service providers' current market positioning in Singapore and Malaysia and how they address the key challenges enterprises face with their hybrid cloud investments. These providers are experienced in managing a diverse data centre infrastructure portfolio on behalf of their clients.

Historically, Singapore and, to a lesser extent Malaysia, have been highly competitive markets for managed services across the technology spectrum. Competition exists from an array of global firms with limited but important local providers participating in the market. This can benefit clients because raised competition leads to increased innovation.

Major focus areas in the Singaporean and Malaysian markets include emphasis on sustainability, cost management and overcoming skills issues, alongside the existing market localisation issues.



**IT and infrastructure leaders** should read this report to better understand managed service providers' relative strengths and weaknesses and their modernisation and service capabilities.

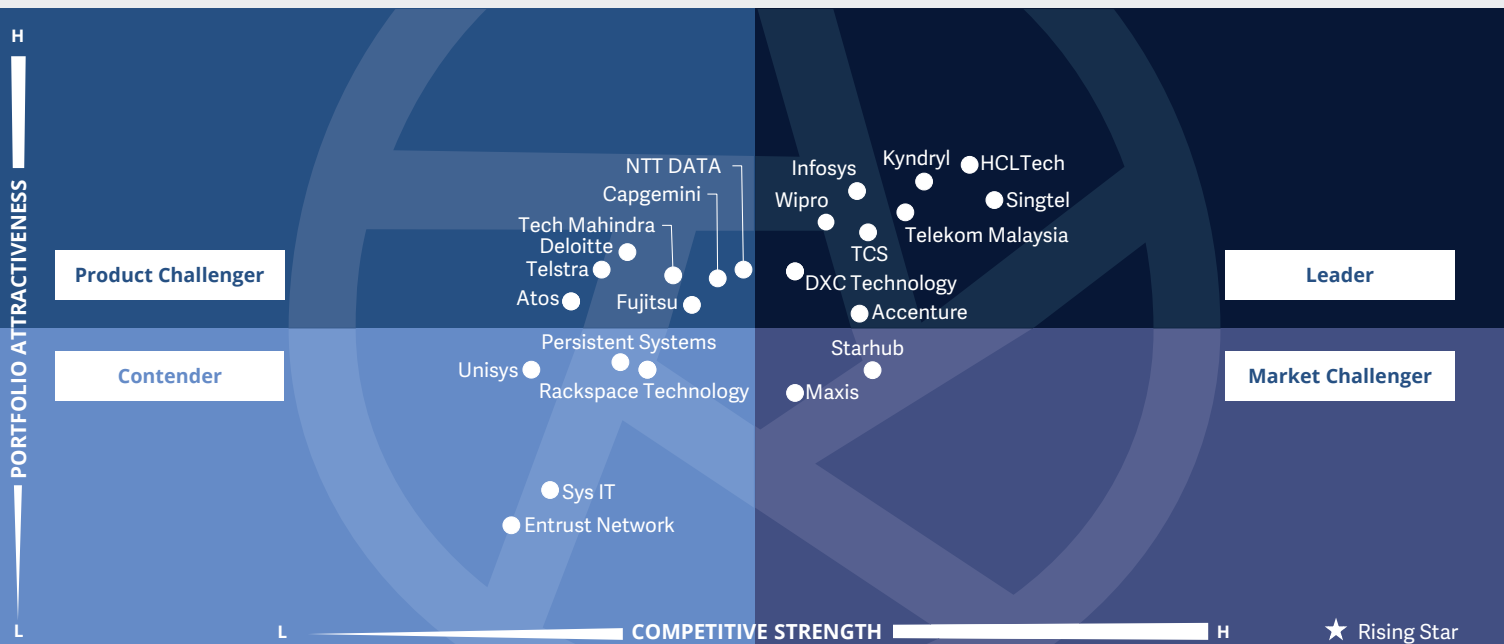


**Digital leaders** should read this report to understand how cloud investments enable digital transformation and how managed services can be an optimised approach to countering labour shortages and attrition.



**Sourcing, procurement and vendor management professionals** should read this report to better understand managed service providers' current landscape and partner ecosystem in Singapore and Malaysia.





This quadrant assesses service providers that offer **managed services for Singapore and Malaysia’s hybrid cloud and data centre market**. The **highly competitive market** enjoys the presence of global systems integrators and local providers.

*Phil Hassey*



DXC Technology is able to provide clients with a breadth of hybrid cloud managed services solutions in the Singapore and Malaysia market that is matched equally with the range of industry depth and capabilities that it provides.

**Phil Hassey – Singapore and Malaysia**



## Managed Services

### Definition

This quadrant assesses a provider's ability to offer ongoing management services for private and hybrid clouds and traditional data centre infrastructures and platforms to midmarket and large enterprise clients. The infrastructures and platforms comprise physical and virtual servers, middleware, storage, databases and networking components. The infrastructure may reside at a client's data centre, in a multicloud environment, in the service provider's facilities or even be co-located in a third-party facility.

Such providers typically offer transition services, guiding clients to optimise their existing IT landscapes. Common projects include large-scale data centre consolidation, virtualisation, cloud enablement and configuration and implementation of a software-defined data centre (SDDC). Transition services can also include expanding existing facilities, transferring new workloads or creating new private/hybrid clouds.

Managed services are characterised by the transfer of responsibilities to a service provider and are governed by service level agreements (SLAs) with penalties for any deviation.

At a broad level, these services include provisioning; enabling real-time and predictive analysis; and monitoring and managing operations of a customer's on-premises, private and hybrid cloud environments. These activities are aimed at maximising workload performance in the cloud, reducing costs and ensuring compliance and security. Providers should have the capability to manage traditional and cloud-native application releases, including continuous integration and delivery processes.

### Eligibility Criteria

1. Ability to offer **services for private and hybrid clouds and data centre infrastructure** (servers, middleware, storage and databases) **on their own** without depending on partners
2. Ability to provide services within a client's premises or remotely and preferably through its **shared service centres** (RIM)
3. Demonstrate experience in **large transition** projects that include **automation, consolidation, virtualisation and containerisation** of data centres and cloud enablement
4. Ability to act as an **extension of clients' IT organisation** and get involved in creating blueprints, architecture frameworks and management processes at the client's location
5. Ability to provide services for a **centralised orchestration/**management of hybrid IT infrastructure
6. Showcase **appropriate certifications** to ensure security and compliance at the local level







“DXC Technology provides clients with a breadth of managed services, particularly in large-scale industries.”

*Phil Hassey*

# DXC Technology

## Overview

DXC Technology is headquartered in Virginia, U.S. and operates in 70 countries. It has more than 130,000 employees across over 130 global offices. In FY22, the company generated \$16.2 billion in revenue, with Global Infrastructure Services as its largest segment. In Singapore and Malaysia, it has a deep history of service delivery and engagement, particularly in highly regulated industries. It has also made substantial advances in relationships with key public and private cloud provider providers in recent years.

## Strengths

**Cybersecurity:** DXC has made substantial investments in cybersecurity capabilities globally, including in the Asia Pacific region. It can provide this as a baseline capability for clients to meet regulatory requirements.

**Mature partner relationships:** DXC has leveraged decade-old relationships with private cloud technology providers such as Cisco, Dell and HPE, and it more recently built a relationship with IBM. It also has relationships that it is investing in with three big hyperscalers that are active in the Singapore market, AWS, Google Cloud and Microsoft Azure. It has succeeded in building out an AWS practice in the Asia Pacific marketplace that can provide it with momentum and reference ability.

## The heavy lifting of enterprise infrastructure:

DXC enjoys a long history of working with the most significant global and local enterprises and government agencies to manage their infrastructure. These engagements have evolved from traditional outsourcing deals in the 1990s to the current hybrid cloud service delivery model. It has ensured that clients have innovation across factors at the heart of cloud computing engagements, such as converged infrastructure, edge computing, asset management and licensing.

## Caution

DXC Technologies has had a few challenges from a corporate strategy perspective. Prospects in Singapore and Malaysia must ensure they will get the required local attention.





# Managed Services for Large Accounts – Germany

Report Author: Ulrich Meister

### **Trotz sinkender Preise und politischer Krisen ist der Markt für Managed Services und Colocation Services dank steigender Gesamtausgaben weiterhin am Wachsen**

ISG untersuchte im Rahmen ihrer ISG Provider Lens™ Studie „Next-Gen Private/Hybrid Cloud – Data Center Services and Solutions 2023“, mehr als 100 Anbieter von Hybrid-IT- und Colocation-Diensten in Deutschland und identifizierte dabei die bedeutendsten Dienstleister und Trends, die den Markt für Managed Services und Colocation in der Region beeinflussen.

Der laufend erscheinende ISG Index™ wies in den letzten Ausgaben bereits darauf hin, dass der Markt für Infrastruktur-Outsourcing nach wie vor anwächst, aber die Kosten pro Einheit weiterhin abfallen. Durch die Automatisierung von Dienstleistungen können Lieferanten die hohen Arbeitskosten sowie die zunehmenden Lebenskosten kompensieren. Obwohl die Preise für langfristige IT-Dienstleistungsverträge weiter

sinken, steigen die Gesamtausgaben aufgrund des erhöhten Verbrauchs. In Deutschland könnte die prognostizierte Inflationsrate für 2023 Lieferanten dazu veranlassen, über eine Neuausrichtung der Verträge zu verhandeln.

**Trends bei Managed Services:** Tools für die Verwaltung hybrider Infrastrukturen müssen in vielen Fällen mit VMware- und ServiceNow-Produkten kompatibel sein, um maschinelles Lernen in die Automatisierung zu integrieren. Moderne Serviceplattformen suchen über die Analyse von Vorfällen nach möglichen Ursachen, um den Service-Teams mehr Kontextinformationen bereitzustellen und Vorfälle automatisiert lösen zu können, was zu einer Verringerung der mittleren Zeit bis zur Erkennung (MTTD) und der mittleren Zeit bis zur Reparatur (MTTR) führt. Service Provider werden die Automatisierung ihrer Abläufe fortsetzen, um die Servicequalität zu verbessern und Kosten zu sparen. Für mittelständische Kunden bedeutet dies eine Vereinfachung des Infrastrukturmanagements und eine Reduzierung des Betriebsrisikos. Großkunden hingegen wollen Serviceunterbrechungen minimieren, um die Qualität der

Bei cloudbasierten Managed Services ist immer mehr eine **Konvergenz** von Hyperscalern, Telekommunikationsunternehmen und den etablierten IT-Suppliern zu beobachten.



Dienstleistungen zu verbessern. Große Dienstleister nutzen automatisierte Systeme, um die Leistung zu steigern und den Verwaltungsaufwand zu reduzieren. Mit Data Analytics werden Kunden Einsichten und Erkenntnisse in Bezug auf Konsolidierung und Rightsizing zur Verfügung gestellt, damit sie fundierte Entscheidungen treffen können. Infrastructure as Code (IaC) bietet Kunden die Möglichkeit, die Einrichtung neuer Services und DevOps-Umgebungen vollständig selbst zu steuern. Moderne Managed-Service-Plattformen verfügen über IaC und DevOps-Automatisierungsoptionen sowohl vor Ort als auch in Colocation- und Managed Hosting-Umgebungen.

**Hybride Cloud-Trends:** Wie Unternehmen inzwischen gemerkt haben, sind Legacy-Anwendungen nur schwer mit einer Public-Cloud-Umgebung kompatibel; deshalb wird entweder der Betrieb in Colocation-Rechenzentren oder die Migration auf ein Managed-Hosting-Modell bevorzugt. Service Provider können Colocation, Hosting und Cloud über eine einzige AIOps-Plattform verwalten, sodass ihre Kunden über alle Infrastrukturen

hinweg ein ähnliches Erlebnis erhalten. Allerdings verfügen lokale Rechenzentren nicht über die gleiche Konnektivität wie Colocation- und Hosting-Rechenzentren, was einen Umzug unvermeidlich macht.

**Netzwerk-konnektivität:** Deutschland hat schnelle, zuverlässige und sichere Netzwerkverbindungen zu den großen europäischen Rechenzentren. Darüber hinaus bestehen direkte Verbindungen zwischen den Rechenzentren von Unternehmen mit Sitz in den USA und ihren EMEA-Tochtergesellschaften. Dies ermöglicht es den Kunden, einen verwalteten Edge-Computing-Dienst oder eine verwaltete Hosting-Lösung einzurichten. Außerdem können die Rechenzentren unabhängig vom Netzwerk betrieben werden, was den Kunden mehr Optionen und Flexibilität bietet.

**Partnerschaften:** Die meisten Anbieter haben enge Partnerschaften mit renommierten Hyperscalern wie AWS, Microsoft (Azure), Google (Cloud) und Oracle (Cloud) geschlossen. Des Weiteren pflegen sie Beziehungen zu großen Technologiefirmen wie ServiceNow, Cisco, VMware, Red Hat,

Citrix, Lenovo, Nutanix, SAP, Salesforce und Parallels. Diese Verbindungen ermöglichen es, speziell auf Kunden und Branchen zugeschnittene Go-to-Market-Lösungen und Lieferanten-Ökosysteme zu entwickeln. Als Beispiele hierfür können die gemeinsame Rechenzentrumsmigrationsinitiative zwischen Capgemini und Microsoft oder die One-Cloud-Initiative zwischen Atos und weiteren 10 Anbietern genannt werden.

**Souveräne Cloud:** Regierungen und Nichtregierungsorganisationen erkennen die Relevanz der Einhaltung der Datenschutz-Grundverordnung (DSGVO) und zeigen deshalb Interesse an der Implementierung von Cloud-Lösungen für den öffentlichen Sektor. Mehrere europäische Gremien sind dafür verantwortlich, die entsprechenden Standards wie für Storage as a Service (StaaS) und Backup as a Service (BuaaS) festzulegen, unter anderem die GAIA-X-Initiative. Einige Anbieter arbeiten aktiv in diesen Ausschüssen mit und stellen, fördern oder betreiben souveräne Cloud-Managed-Service-Lösungen. Zusammenarbeit ist entscheidend, um Datenschutzbestimmungen

in der Cloud einzuhalten. Durch das Wissen und die Erfahrung, die bei der Zusammenarbeit gewonnen werden, können Organisationen ihre Lösungen weiterentwickeln und verbessern. Die Zusammenarbeit zwischen Regierung und Industrie wird immer wichtiger, um die Einhaltung von Datenschutzbestimmungen in der Cloud sicherzustellen.

**Mainframe-Modernisierung:** Diverse Dienstleister stellen Lösungen oder Programme bereit, um die Schwierigkeiten bei der Modernisierung von Mainframe-Applikationen zu bewältigen. Die Kosten einer Migration können so gesenkt werden. Durch die Modernisierung wird es möglich, auf ein hochmodernes System umzusteigen und so die Effizienz der Unternehmensabläufe zu steigern.

**Nachhaltigkeit:** Dienstleister stellen immer mehr Umwelt-, Sozial- und Governance-Vorhaben (ESG) in den Vordergrund und überwachen, messen und veröffentlichen Bewertungsstandards für spezifische Bereiche, insbesondere für Rechenzentren. Der Zugang zu kostengünstigem grünem Strom macht Deutschland zu einem attraktiven Zentrum für Rechenzentren und die Bereitstellung



von gemanagten cloud-basierten Diensten. Es wird erwartet, dass es zu einer weiteren Konsolidierung im Ökosystem der Anbieter kommt. Unternehmen, die vorhaben, in den Schweizer Markt einzutreten, sollten daher in Betracht ziehen, einen bestehenden Anbieter zu übernehmen oder mit diesem zusammenzuarbeiten, statt eine neue Organisation oder eine Geschäftseinheit zu gründen.

**Konnektivität ist unabdingbar:** Cloud-native Anwendungen sind darauf ausgerichtet, Daten über APIs und Microservices schnell und effizient zu teilen. In einem großen Land wie Deutschland ist ein Netzwerk mit niedrigen Latenzzeiten unerlässlich, um einwandfreie Dienstleistungen über große Distanzen zu ermöglichen. Die Netzwerke von Hosting- und Colocation-Providern sind viel besser als die, die vom Kunden selbst konfiguriert werden können.

**Trends im Bereich Managed Hosting:** Die Studie ergab, dass im Jahr 2023 mehr Anbieter im Bereich des Managed Hostings zu finden sein werden. Dieser Markt, der einmal durch

den Eintritt von Public-Cloud-Hyperscalern gefährdet worden war, wird nun durch fortschrittliche Technologien wiederbelebt. Sie sind mit Cloud-Lösungen verbunden, sodass High-End-Infrastrukturtechnologie das Hosting von Anwendungen attraktiv macht, welche Cloud-Funktionen wie die automatische Skalierung nicht benötigen. Darüber hinaus bieten viele Hosting Provider Bare-Metal-Server auf einer Pay-per-Use-Basis an, um den individuellen Kundenbedürfnissen Rechnung zu tragen.

**Colocation, Edge Computing und softwaredefinierte Netze:** Colocation Provider vermarkten verstärkt die Vorteile ihrer Netzwerk-Tools für ihre Kunden. Mithilfe von SDN-Tools (Software-Defined Networking) können Kunden ein privates Rechenzentrum über voneinander getrennte Colocation-Rechenzentren aufsetzen und damit Möglichkeiten für Disaster Recovery (DR) schaffen, Hochverfügbarkeitsdienste anbieten, Edge Computing ermöglichen und Offshore-Rechenzentren betreiben. Einige Anbieter positionieren Edge Computing Appliances

und Bare-Metal-Server als Ergänzung zu ihren Colocation-Einrichtungen; sie sind in eine SDN-Plattform integriert und Teil des Colocation-Serviceangebots.

**Resilienz und Agilität:** In den letzten zwei Jahren sind insbesondere aufgrund der Zunahme von Ransomware-Angriffen in der Schweiz Resilienz und Agilität zu den essentiellen Eigenschaften eines modernen Unternehmens geworden. Um die Sicherheit und die Möglichkeit der Wiederherstellung zu verbessern, haben Unternehmen sich daran gemacht, unveränderliche Backups in einer separaten Cloud oder in einem Rechenzentrum zu speichern. Darüber hinaus werden Cloud-Technologien und Colocation-Optionen in verschiedenen Rechenzentren eingesetzt, um die Flexibilität zu erhöhen und neue Dienste schnell zu implementieren.

**Ausweitung der Rechenzentrumskapazitäten:** Im Jahr 2022 deuteten Investitionen in die Infrastruktur darauf hin, dass Hosting und Colocation die lokalen Rechenzentren durch eine cloud-ähnliche Erfahrung in einer hybriden Infrastruktur ersetzen werden. ISG erwartet,

dass mehrere große Einrichtungen gebaut werden, um die Nachfrage zu decken, und dass Fusionen und Übernahmen (M&A) die Ausweitung der Rechenzentrumsdienste weiter vorantreiben.

**Fachkräftemangel treibt M&A Aktivitäten:** Aufgrund des anhaltenden Fachkräftemangels kaufen Unternehmen Kapazitäten und Fähigkeiten und steigern damit ihre Umsätze. 2022 wurden mehrere kleine Managed-Service- und Datenanalyseunternehmen von größeren Dienstleistern übernommen. ISG erwartet auf für die kommenden Jahre weitere Fusionen und Übernahmen.

**Konsequente Integration:** Im Mittelstand ist eine deutliche Konzentration der Anbieter festzustellen, siehe die Gründung von Skylink oder der Public Cloud Group. Dabei ist in Deutschland im Gegensatz zur Schweiz eine äußerst stringente Integration bezgl. Organisation und Portfolio festzustellen, was für Kunden und Anbieter kurzfristig deutliche Vorteile bietet.



**Investitionen in Netzwerke:** Um die Anwendungen zu modernisieren, treffen selbst diejenigen Unternehmen, die sich auf große Mainframes verlassen, langfristige Pläne für eine bessere Integration ihrer Altsysteme in die Cloud-Infrastruktur. Das hybride Modell erfordert eine höhere Verlässlichkeit, Geschwindigkeit und Sicherheit, weshalb viele Telekommunikationsanbieter in den Ausbau ihrer bestehenden Netzkapazität, der Abdeckung und in 5G-Technologie investieren.

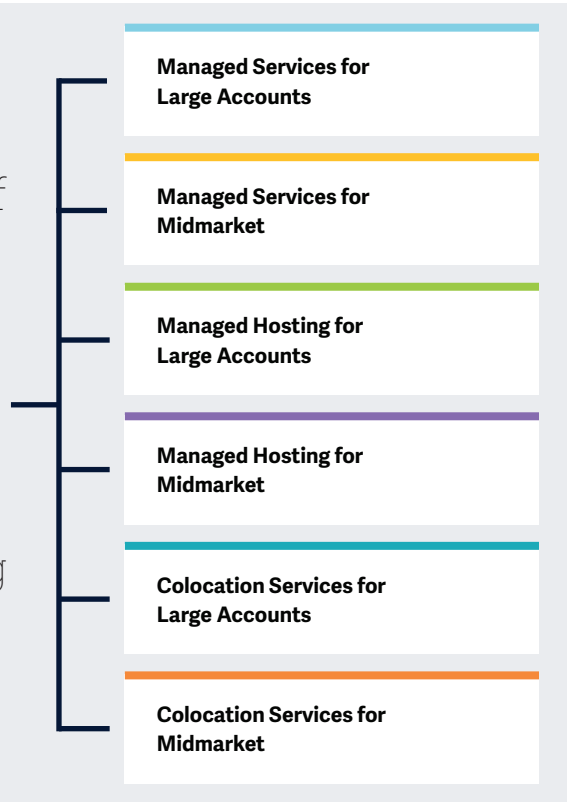
Obwohl die Auswirkungen der COVID-19-Pandemie und die internationalen Unruhen durch den Krieg zwischen Russland und der Ukraine wirtschaftliche Schwierigkeiten verursachen, zeigt der IT-Markt in Deutschland weiterhin ein reges Wachstum, das auch ausländische Investoren aus Europa und den USA anlockt, die mit dazu beitragen, die Infrastruktur des Landes zu stärken.

Die Verfügbarkeit von kostengünstiger grüner Energie macht Deutschland immer mehr zu einem attraktiven Standort für die Errichtung von Rechenzentren.



Diese Studie fokussiert sich auf das, was ISG im Jahr 2023 für den Bereich **Private/Hybrid Cloud & Data Center** Outsourcing als besonders wichtig erachtet.

Simplified Illustration; Source: ISG 2023



**Definition**

Diese Studie bewertet Anbieter von Outsourcing-Dienstleistungen für Rechenzentren, u.a. Managed Hosting, Colocation und Managed Service Provider. Typischerweise verwenden die teilnehmenden Provider Automatisierungstools in hochsicheren Rechenzentren für die Sicherheit, das Betriebsmanagement und Kunden-Dashboards.

Bei der Auslagerung von Rechenzentren wird die Verantwortung für das Management von Rechenzentrums-Einrichtungen einem Dritten übertragen. Ein solches Outsourcing umfasst die Orchestrierung, die Bereitstellung, die integrierte Überwachung und die Verwaltung von Infrastrukturkomponenten wie Datenverarbeitung, Speicher, Datenbanken, Middleware etc. Das Rechenzentrum kann sich im Besitz des Unternehmenskunden, des Service Providers oder eines Colocation-Anbieters befinden. Die integrierte Überwachung und der Betrieb können vom Shared Service Center eines Anbieters, das sich offshore, onshore oder nearshore befindet, aber

auch über ein dediziertes Delivery-Zentrum, z.B. auf Basis eines RIM-Modells (Remote Infrastructure Management), erbracht werden.

Eine private Cloud ist eine Erweiterung der Computerumgebung eines Unternehmens und nutzt die bereits getätigten Investitionen in virtuelle Infrastruktur und Anwendungen. Unternehmen mit strengen Sicherheits- und Governance-Anforderungen bzw. Unternehmen, die große Datenmengen verarbeiten und eine enge Integration (mit anderen Unternehmensanwendungen und Arbeitsabläufen) gewährleisten müssen, geben unter Umständen einer firmeninternen oder privaten Cloud den Vorzug und entscheiden sich eventuell für ein internes Hosting. Unternehmen werden immer mehr von Software- und Daten gesteuert, und deshalb benötigen sie eine Infrastrukturbasis, die sich an die sich ändernden Marktbedingungen anpassen kann, auf Basis eines hybriden Modells verwaltet wird und jederzeit zugänglich ist. Derzeit beinhalten die meisten Outsourcing-Aufträge für Rechenzentren Elemente einer



privaten/hybriden Cloud und die Möglichkeit einer intuitiven kognitiven Plattform für das Cloud-Management.

Eine hybride Cloud verbindet die vorhandenen lokalen Infrastrukturdienste mit einer privaten oder Public oder auch einer Vielzahl von Multicloud-Optionen. Unternehmen können auf Colocation- und Hosting-Anbieter zurückgreifen und müssen zum Einrichten einer hybriden Cloud nicht unbedingt ein eigenes Rechenzentrum besitzen. Weltweit steigt die Nachfrage nach Multicloud-Umgebungen massiv an, denn Unternehmen wollen anhand von hybriden und Multicloud-Strategien ihre Arbeitslasten mit verbesserter Agilität, reduzierten Betriebskosten und hoher Anwendungsleistung und -verfügbarkeit migrieren und verwalten.

Die Nutzung proprietärer Plattformen und Tools zur Automatisierung des Cloud-Betriebs durch Dienstleister und Unternehmen hat rapide zugenommen; dadurch steigt auch die Einführung von KI- und maschinellen Lerntechnologien (ML). Einer der grundlegenden Vorteile der hybriden Cloud-Bereitstellung ist das hohe Maß an

Kontrolle, das dem Unternehmen geboten wird. Hybride Clouds ermöglichen es Unternehmen, die Funktionen von Public-Cloud-Plattformen zu nutzen, ohne ihre gesamten Daten in ein Rechenzentrum eines Drittanbieters auslagern zu müssen. Das Edge Computing ist zwar noch in der Entwicklung begriffen, aber auch diese Technologie wird von Unternehmen aller Größenordnungen für verschiedene bestehende und neue Anwendungsfälle eingeführt, z.B. für softwaredefinierte Lösungen, IoT-Verarbeitung, hybride Cloud-Konnektivität, Firewall- und Netzwerksicherheit, Zweigstellen und Mikro-Rechenzentren, internetfähige Geräte und Asset Tracking. Edge Computing löst zudem Latenzprobleme in den heutigen, hochgradig verteilten Umgebungen; Netzwerkeinschränkungen werden dadurch beseitigt, und die Verarbeitung wird an das Edge verlegt.

ISG beobachtet eine konstante Nachfrage nach Infrastrukturservices, denn Unternehmen lassen bei großen und komplexen Cloud-Implementierungen immer mehr Vorsicht walten. Auch die Nachfrage nach Managed Services, insbesondere

nach Anwendungsentwicklungs- und Wartungsdiensten, steigt. Laut den ISG Index™-Zahlen für das 3. Quartal 2022 ist der globale Markt beim kombinierten Markt-ACV um 11,5 Prozent gewachsen und hat in den ersten neun Monaten einen aktuellen Wert von 71,8 Milliarden USD erreicht. Der ACV von Managed Services stieg im Jahresvergleich um 6 Prozent auf 27,7 Milliarden USD, der ACV von XaaS um 15 Prozent auf 44,1 Milliarden USD. Die IaaS-Ausgaben stiegen nur leicht auf 10,5 Milliarden USD, und der SaaS-Markt ging im gleichen Zeitraum um 12 Prozent auf 3,6 Milliarden USD zurück.





### Betrachtungsumfang der Studie

Im Rahmen dieser ISG Provider Lens™-Quadrantenstudie werden die folgenden sechs Quadranten untersucht:

- Managed Services for Large Accounts
- Managed Services for Midmarket
- Managed Hosting for Large Accounts
- Managed Hosting for Midmarket
- Colocation Services for Large Accounts
- Colocation Services for Midmarket

Diese ISG Provider Lens™ Studie bietet IT-Entscheidern folgende Vorteile:

- Transparente Darstellung der Stärken und Schwächen relevanter Anbieter
- Eine differenzierte Positionierung der Anbieter nach Segmenten (Quadranten)
- Fokus auf den regionalen Markt

Die Studie bietet somit eine wesentliche Entscheidungsgrundlage für Positionierungs-, Beziehungs- und Goto-Market-Überlegungen. ISG Advisors und Unternehmenskunden nutzen

Informationen aus diesen Reports auch zur Evaluierung ihrer derzeitigen sowie potenzieller neuer Anbieterbeziehungen.

### Klassifizierung der Anbieter

Die Anbieterpositionierung spiegelt die Eignung von IT-Dienstleistern für ein definiertes Marktsegment (Quadrant) wider. Falls nicht anderweitig angegeben, gilt die Positionierung für alle Unternehmensgrößenklassen und Branchen.

Unterscheiden sich die IT-Serviceanforderungen von Großunternehmen und Mittelständlern und ist das Spektrum der auf dem lokalen Markt tätigen IT-Anbieter ausreichend groß, erfolgt eine weitere Differenzierung der IT-Anbieter nach Leistungen entsprechend der Zielgruppe für Produkte und Dienstleistungen. Dabei werden entweder Branchenanforderungen oder die Mitarbeiterzahl sowie die Unternehmensstrukturen der Kunden berücksichtigt und die IT-Anbieter entsprechend ihrem Schwerpunkt positioniert.

Im Ergebnis wird gegebenenfalls zwischen zwei Kundengruppen unterschieden, die wie folgt definiert werden:

- **Midmarket:** Unternehmen mit 100 bis 4.999 Mitarbeitern bzw. einem Umsatz zwischen 20 und 999 Millionen USD, zentraler Hauptsitz im jeweiligen Land, meistens in Privatbesitz.
- **Large Accounts:** Multinationale Unternehmen ab 5.000 Mitarbeitern oder mit Umsätzen von über einer Milliarde USD, weltweit aktiv und mit weltweit verteilten Entscheidungsstrukturen.

Die ISG Provider Lens™ Quadranten werden auf Basis einer Bewertungsmatrix erstellt und enthalten vier Felder, in die die Anbieter eingeteilt werden: Leader, Product & Market Challenger und Contender. Jeder Quadrant einer ISG Provider Lens™ Studie kann auch einen Anbieter beinhalten, der nach Meinung von ISG großes Potential hat, eine Leader-Position zu erreichen. Solche Anbieter können als Rising Stars eingestuft werden.

- **Anzahl Anbieter pro Quadrant:** ISG bewertet und positioniert die wichtigsten Anbieter entsprechend dem Betrachtungsumfang der jeweiligen Studie; die Anzahl der pro Quadrant positionierten Anbieter ist auf 25 begrenzt (Ausnahmen sind möglich).



## Managed Services for Large Accounts

### Wer sollte diesen lesen

Dieser Bericht ist für Großunternehmen aller Branchen in Deutschland relevant, um Anbieter von Private/Hybrid Cloud & Datacenter Managed Services zu bewerten.

Im Rahmen dieses Quadranten definiert ISG die aktuelle Marktpositionierung dieser Managed Service Provider in Deutschland und zeigt auf, wie die wichtigsten Herausforderungen von Großunternehmen hinsichtlich ihres hybriden Cloud-Modells angegangen werden. Diese Anbieter verwalten effizient die Rechenzentrumsinfrastruktur für Unternehmenskunden, so dass diese sich um andere Aufgaben kümmern können.

Die Anbieter benötigen geeignete Dienste, um die Ressourcen für die Verwaltung der Rechenzentrumsinfrastruktur optimal nutzen zu können. MSPs bieten fortschrittliche datenbasierte Workload-Bewertungen, Transformations-Roadmaps und Beratung zur Workload-Migration. Sie helfen Unternehmen auch bei der Umstrukturierung von Legacy-Anwendungen, der Integration von Automatisierungsfunktionen, der Einhaltung von Sicherheitsanforderungen und der Optimierung der Cloud-Governance.

Anbieter von Hybrid-Cloud-Diensten stehen vor Herausforderungen hinsichtlich der Interoperabilität in der Public Cloud und der Erfüllung von Sicherheitsanforderungen für Private-Cloud-Lösungen. Diese Lösungen für Kernanwendungen und sensible Daten beinhalten die Einrichtung einer Integrationsarchitektur, die IoT-, KI-, autonome IT- und Industrie 4.0-Anwendungen umfasst. Die Rechenzentrumsarchitektur spiegelt das Vorhandensein interoperabler Hardware und eines effizienten Aufbaus mit einer Synergie zwischen technischen Anforderungen und Benutzererfahrung wider.

Der Markt für Managed Services wandelt sich in Richtung Public Cloud; allerdings tun sich viele Unternehmen aufgrund der hohen Kosten immer noch schwer, Legacy-Anwendungen zu migrieren. In Deutschland besteht eine Nachfrage nach Mainframe-Diensten, aber es fehlt an erfahrenen Anbietern. Manche Unternehmen sind daran interessiert, Mainframes in die Cloud zu migrieren. Sie modernisieren ihre IT-Landschaft mit Colocation, Hosting und Automatisierungstools, um die Betriebssicherheit zu erhöhen.



### IT- und Infrastruktur-Verantwortliche

können anhand dieses Berichts die Modernisierungs- und Serviceleistungen von Managed Service Providern analysieren und sich über Marktentwicklungen informieren, die sich auf hybride Cloud-Strategien auswirken.



### Verantwortliche aus den Bereichen Softwareentwicklung und Technologie

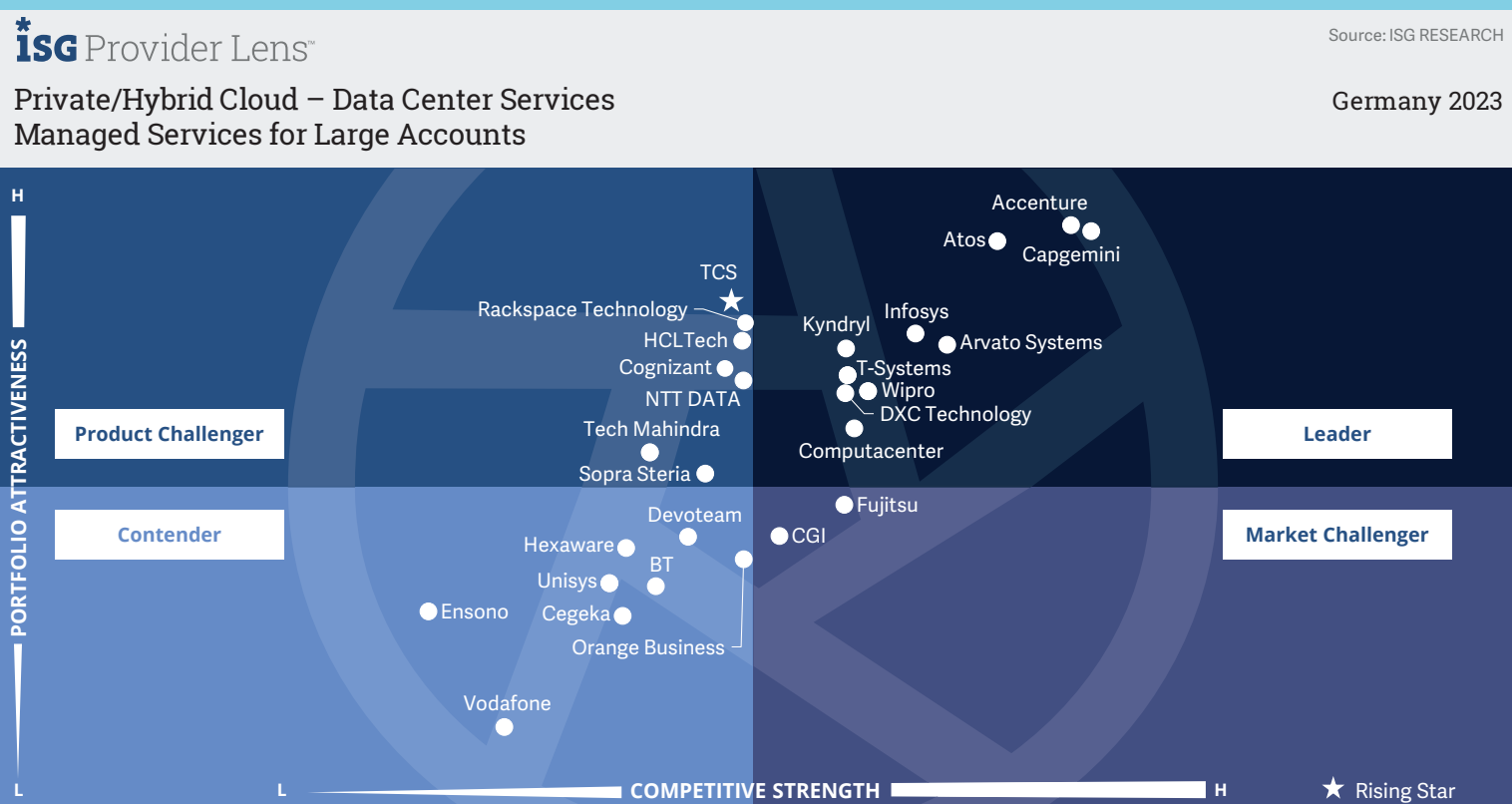
erhalten durch diesen Bericht ein besseres Verständnis der Positionierung der Anbieter, von deren Angeboten und ihrem Einfluss auf die laufenden Initiativen zur Infrastrukturtransformation.



### Experten aus den Bereichen Beschaffung, Einkauf und Vendor Management

erhalten durch diesen Bericht Einblicke in die aktuelle Landschaft der Anbieter von Managed Services in Deutschland.





In diesem Quadranten werden Managed Service Provider bewertet, die mit ihren Services **große Unternehmen** bedienen. Das Portfolio bezgl. notwendiger Innovationen, Automatisierung und Skalierbarkeit ist auf deren Belange abgestimmt.

Ulrich Meister



DXC Technology has been a respected IT outsourcing provider in Germany for decades that uses its diverse range of services to emerge as a reliable partner for large companies.

**Ulrich Meister – Germany**



## Managed Services for Large Accounts

### Definition

Dieser Quadrant bewertet die Fähigkeit der Anbieter, laufende Management-Services für private und hybride Clouds sowie traditionelle Rechenzentrumsinfrastrukturen und -plattformen für mittelständische und Großkunden zu erbringen, die physische und virtuelle Server, Middleware, Speicher, Datenbanken und Netzwerkkomponenten umfassen. Die IT-Infrastruktur befindet sich dabei entweder im kundeneigenen Rechenzentrum des Kunde, in einer Multicloud-Umgebung, im Rechenzentrum des Dienstleisters oder wird als Colocation-Service von einem Dritten bereitgestellt.

Solche Anbieter offerieren in der Regel Übergangsdienstleistungen, die Kunden bei der Optimierung ihrer bestehenden IT-Landschaft unterstützen. Typische Projekte sind die Konsolidierung großer Rechenzentren, Virtualisierung, Cloud Enablement und die Konfiguration/Implementierung eines software-definierten Rechenzentrums (SDDC). Zu den Übergangs- bzw. Transition Services

zählen auch der Ausbau der vorhandenen Einrichtung, die Verlagerung neuer Workloads oder die Erstellung neuer Private/Hybrid Clouds.

Managed Services zeichnen sich durch die Übertragung von Verantwortlichkeiten an einen Dienstleister aus und werden durch Service Level Agreements (SLAs) und entsprechende Pönalen im Fall der Nichteinhaltung geregelt. Auf breiter Ebene umfassen diese Dienste die Bereitstellung, Echtzeit- und vorhersagende Analysen sowie das Monitoring und Management des Betriebs der On-Premise-, privaten und hybriden Cloud-Umgebungen des Kunden. Ziel ist es, die Performance der Workloads in der Cloud zu maximieren, Kosten zu reduzieren und Compliance und Sicherheit zu gewährleisten. Die Anbieter sollten in der Lage sein, sowohl traditionelle als auch cloudnative Anwendungs-Releases zu managen, u.a. auch kontinuierliche Integrations- und Delivery-Prozesse.

### Zulassungskriterien

1. **Eigenes Angebot an Services für private und hybride Clouds und Rechenzentrumsinfrastruktur** (Server, Middleware, Storage und Datenbanken), ohne auf Partner angewiesen zu sein
2. Bereitstellen von Dienstleistungen in den Räumlichkeiten des Kunden bzw. aus der Ferne und nach Möglichkeit im Rahmen eines **Shared Service Centers (RIM)**
3. Erfahrung mit **großen Transitionsprojekten**, einschließlich **Automatisierung, Konsolidierung, Virtualisierung und Containerisierung** von Rechenzentren sowie Cloud-Enablement
4. Möglichkeit, als „**verlängerter Arm**“ der Kundenorganisation zu handeln und an der Konzipierung von Blueprints, Architektur-Frameworks und Management-Ablaufplänen am Kundenstandort mitzuwirken
5. Angebot einer **zentralisierten Orchestrierung**/Verwaltung der hybriden IT-Infrastruktur
6. Nachweis **geeigneter Zertifizierungen** zur Gewährleistung von Sicherheit und Konformität auf lokaler Ebene





„DXC Technology ist ein angesehenener IT-Outsourcing-Anbieter, der sein vielfältiges Leistungsangebot einsetzt, um als verlässlicher Partner für Großunternehmen in Erscheinung zu treten.“

*Ulrich Meister*

# DXC Technology

## Übersicht

DXC hat seinen Hauptsitz in Virginia, USA, und ist in 70 Ländern tätig. Der Dienstleistungsanbieter beschäftigt über 134.000 Mitarbeiter in mehr als 130 Niederlassungen weltweit. Im Geschäftsjahr 2022 erwirtschaftete das Unternehmen einen Umsatz von 18 Milliarden US-Dollar, wobei Applications das größte Segment darstellen.

## Stärken

**Einzigartiges Portfolio:** Das Portfolio von DXC Technology basiert auf einer Kombination aus Prozess- und Technologiewissen. Das Unternehmen vereint umfassendes Prozesswissen mit herausragender Technologie- und Service-Kompetenz. Dabei setzt DXC Technology auf ein hochgradig automatisiertes Service- und Delivery-Modell, das auf einer von Grund auf industrialisierten Basis beruht.

**Clevere Plattformsteuerung:** Die Cloud-Plattform zeichnet sich weiterhin durch ihre bemerkenswerte Intelligenz und Automatisierung aus, die DXC Technology-Kunden ein nahtloses Cloud-Management ermöglichen. Ganzheitliche Managementlösungen für hybride Cloud-Infrastrukturen sind für

DXC Technology keine große Herausforderung, was besonders für große Unternehmen von entscheidender Bedeutung ist. Mit ganzheitlichen Managementlösungen für hybride Cloud-Infrastrukturen stellt DXC Technology sicher, dass auch die Anforderungen großer Unternehmen erfüllt werden können.

**Fokus auf regulierte Branchen:** Das Unternehmen verfügt über hohe Partner-Akkreditierungen für Managed Services und ist uneingeschränkt über fast alle Plattformen und Anbieter hinweg tätig. Hochwertige Zertifizierungen helfen DXC Technology dabei, die Anforderungen stark regulierter Branchenkunden zu erfüllen und das Unternehmen als zuverlässigen Partner zu etablieren.

## Herausforderungen

Der Abwärtstrend der Marke DXC Technology muss umgehend gestoppt werden, u.a. durch höhere Zufriedenheit der Stakeholder sowie eine gesteigerte Innovationskraft des Portfolios. DXC Technology sich auf die Stärkung seiner Kernkompetenzen konzentrieren und gleichzeitig neue Technologien und Geschäftsmodelle erforschen.





# Appendix

## Methodology & Team

The ISG Provider Lens™ 2023 – Private/Hybrid Cloud – Data Center Services report analyzes the relevant software vendors/service providers in the U.S. market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research™ methodology.

**Lead Author:**

Shashank Rajmane

**Editors:**

Dona George and John Burnell

**Research Analyst:**

Chandra Shekhar Sharma

**Data Analysts:**

Sachitha Kamath and Lakshmi Kavya Bandaru

**Consultant Advisors:**

Bernie Hoecker, Rob Brindley and Anay Nawathe

**Project Manager:**

Manikanta Shankaran

Information Services Group Inc. is solely responsible for the content of this report. Unless otherwise cited, all content, including illustrations, research, conclusions, assertions and positions contained in this report were developed by, and are the sole property of Information Services Group Inc.

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 April 2023, 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.

All revenue references are in U.S. dollars (\$US) unless noted.

The study was divided into the following steps:

1. Definition of Private/Hybrid Cloud – Data Center Services 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. Use of Star of Excellence CX-Data
6. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & other sources.
7. Use of the following key evaluation criteria:
  - \* Strategy & vision
  - \* Tech Innovation
  - \* Brand awareness and presence in the market
  - \* Sales and partner landscape
  - \* Breadth and depth of portfolio of services offered
  - \* CX and Recommendation





## Author & Editor Biographies

Author



**Shashank Rajmane**  
**Principal Analyst**

Shashank Rajmane has more than a decade of extensive research experience and has led the ISG Provider Lens™ studies — Public Cloud Services & Solutions, and Private/Hybrid Cloud & Data Center Outsourcing Services. He leads the efforts for the U.S. geography along with global geography reports. Apart from authoring these reports, Shashank has been part of many consulting engagements and helps ISG's enterprise clients select the right service providers and vendors based on their IT buying requirements.

He is also responsible for authoring white papers, thought leadership papers, briefing notes, blogs and service provider intelligence reports, especially in the next-generation cloud and infrastructure services domain. He has also authored several research papers on best practices for choosing cloud vendors and cloud management platforms, along with writing several white papers on the cloud industry.

Enterprise Context and Overview Analyst



**Chandra Shekhar Sharma**  
**Research Specialist**

Chandra Shekhar Sharma is a Research Specialist at ISG and is responsible for supporting ISG Provider Lens™ studies on Private Hybrid Cloud and Public Cloud Data Center Solution and Services. He supports the lead analysts of multiple regions in the research process and authors the global summary report. Shekhar is responsible for delivering enterprise' perspective for IPL and collaborates with analyst, advisors, and enterprise clients on various ad-hoc research requests. He comes with more than eight years of research and consulting experience into IT industry. Prior to this role,

he has been associated with several custom market and procurement research firms, in which he has delivered actionable insights and recommendations around market sizing and forecasting, industry-level trends and drivers, procurement best practices, sourcing models and strategy, competitive benchmarking, market share analysis and vendor landscapes for industry verticals such as IT hardware, IT services, transportation and warehousing.



## Author & Editor Biographies



Author

**Rohan Thomas**  
**Senior Lead Analyst**

Rohan Thomas has nearly a decade's worth of knowledge expertise in the realms of ICT, which include telecommunications, data centers, and networks and application performance management. At ISG, Rohan is the lead analyst for ISG Provider Lens™, leading research activities and benchmarking exercises pertaining to the regional adoption of digital infrastructure such as private/hybrid cloud.

He has a Bachelor's degree in Mechanical Engineering from Visveswaraya Technological University and a Master's degree in Computer Aided Design and Manufacturing from Vellore Institute of Technology.



Enterprise Context and Overview Analyst

**Meenakshi Srivastava**  
**Senior Research Analyst**

Meenakshi Srivastava is a Senior Research Analyst at ISG and is responsible for supporting and co-authoring Provider Lens™ studies on the Private Hybrid Cloud Data Center. She creates content for Provider Lens™ studies and supports lead analysts in the research process for multiple regions. She has an experience of 3 years in IT industry and 2.5 years in market research industry. She is also responsible for authoring the enterprise context and global summary reports for her respective study.

Prior to her role in ISG, she has worked on various signature research projects which involved both qualitative and quantitative analysis as well as content creation and contextualization for other market research firm. She has an expertise of working on both primary and secondary research projects and is also associated with other custom and ad-hoc research projects.



## Author & Editor Biographies



Author

**Phil Hassey**  
**Lead Analyst**

Phil has an enviable reputation for understanding, assessing and communicating insight into the increasingly diverse and complex technology sector as it attempts to tightly integrate to business requirements. He is constantly “tilting the world view” with unique but grounded perspectives for clients.

He has worked for some of the largest, and smallest enterprises in the world to help them understand the role of the intersection of technology and business. At the same time, he has also worked with technology and business providers to help ensure they place the customer requirements at the centre of their business.

He has undertaken research and strategy projects on every continent, and for every possible application of technology and business.



Author

**Pedro L. Bicudo Maschio**  
**Lead Analyst**

Distinguished analyst and author, Pedro Maschio brings extensive experience in the research of the SEMEA (Southern Europe Middle East and Africa) and Latin America service markets. With more than 30 years of experience in sourcing, he has developed vendor assessments plus contract restructuring, services scope and IT benchmarking programs for diverse vertical markets in the Americas and APAC.

Before joining ISG, Pedro was a partner of TGT Consult and managing vice president at Gartner Inc., responsible for the consulting business in APAC and Latin America.



## Author & Editor Biographies



**Manoj M**  
**Research Analyst**

*Enterprise Context and Overview Analyst*

Manoj is a research analyst at ISG and supports ISG Provider Lens™ studies on Private/Hybrid Cloud – Data Center Services, Mainframes, Cloud Native Services & Solutions and Public Cloud Data Center Solution and Services. He also supports the lead analysts of multiple regions in the research process. Prior to this role, he supported the ROI process in sales intelligence platform and was an individual contributor in handling research requirements for advanced technologies in different sectors.

He has considerable expertise in predicting the automation impact by considering certain parameters such as productivity, efficiency and time reduction. During his tenure, he has supported research authors and authored Enterprise Context and Global Summary reports with market trends and insights.



**Ulrich Meister**  
**Lead Analyst**

*Author*

Ulrich ist maßgeblich an den ISG Provider Lens™ Quadrantenstudien beteiligt. Er schreibt hauptsächlich über digitale Technologie, IT Services und Cloud-Technologie. Seine Forschungsagenda umfasst die Bewertung der Auswirkungen der digitalen Transformation, die Analyse der Marktdynamik, die Positionierung

von Anbietern auf dem Markt, das Verfassen von POVs, die Beobachtung des Softwaremarktes und die Identifizierung von Chancen für Unternehmen.



## Author & Editor Biographies



*IPL Product Owner*

**Jan Erik Aase**  
**Partner and Global Head – ISG Provider Lens™**

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor.

Now as a research director, principal analyst and global head of ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.



## **\*ISG** Provider Lens™

The ISG Provider Lens™ Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens™ research, please visit this [webpage](#).

## **\*ISG** Research™

ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research™ delivers guidance that helps businesses accelerate growth and create more value.

ISG offers research specifically about providers to state and local governments (including counties, cities) as well as higher education institutions. Visit: [Public Sector](#).

For more information about ISG Research™ subscriptions, please email [contact@isg-one.com](mailto:contact@isg-one.com), call +1.203.454.3900, or visit [research.isg-one.com](http://research.isg-one.com).

## **\*ISG**

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 900 clients, including more than 75 of the world's top 100 enterprises, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; strategy and operations design; change management; market intelligence and technology research and analysis.

Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,600 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data.

For more information, visit [isg-one.com](http://isg-one.com).





**JUNE, 2023**

---

**REPORT: PRIVATE/HYBRID CLOUD – DATA CENTER SERVICES**