

Private/Hybrid Cloud – Data Center Services

A research report aligning enterprise requirements
and provider capabilities

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Vendors Perspective

- In 2021 there were 602 managed services awards over \$5 million in ACV, a 14% increase over 2020
- ISG acts as the Sourcing Advisor on approximately \$15 billion of contract value each year
- For every advised deal there are normally 3-6 Bidders shortlisted
- Understanding the archetype of your Buyer is key in your pursuit effectiveness – ensuring bid success
- This study lays a foundation to understand the current landscape of Buyer archetypes

Buyers Perspective

- Traditional quadrant studies assume all Buyers have the same set of needs from Vendors
- Price is important but other factors play a vital role - The lowest bidder only wins the deal 40% of the time¹
- When compiling a shortlist, it's important that you select Vendors who can address your needs most effectively
- Selecting the right Vendors for your shortlist is crucial to negotiating a successful partnership
- This research analyses which Vendors are most effective at addressing different Buyer archetypes in the market today

¹ [ISG Index - View \(isg-one.com\)](https://www.isg-one.com)



Focus on infrastructure modernization and cost optimization

In the last four quarters, enterprises have slightly reduced their spending on cloud technologies and business models to bring innovation and value to their end users. However, they continue to recognize the benefits of cloud computing environments and are leveraging cutting-edge technologies such as AI, analytics and RPA to drive innovation and enhance UX. Hybrid cloud has become the standard in the last few years, with private cloud dominating the landscape. With the growing demand for hybrid cloud solutions, managing IT infrastructure environments has become more complex. Enterprises are considering outsourcing these operations to service providers with significant expertise in managing hybrid cloud infrastructure for enterprises across various industries. Key factors influencing outsourcing decisions include

attitudes toward or expectations for data center integration and consolidation, server performance, virtualization, containerization, governance and compliance, downtime and data loss. ISG observed that inflation and economic and political uncertainty have made enterprises more cautious and strategic in their infrastructure transformation engagements, carefully managing costs in this volatile economic scenario.

Our ISG Index numbers corroborate this. ISG reports consistent demand for infrastructure services as enterprises become more vigilant toward spending on large and complex cloud implementations. The demand for managed services, especially infrastructure and workload management services, is also 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

Multicloud strategies are evolving into poly-hybrid cloud strategies



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 16 percent to reach \$10.4 billion, while the SaaS market declined by 4 percent to \$3.9 billion during the same period.

However, service providers and enterprises are increasingly adopting proprietary platforms and tools to automate cloud operations, thereby driving the adoption of AI and ML technologies. One of the fundamental advantages of a hybrid cloud deployment is the high degree of control offered to the organization. Hybrid cloud deployments enable enterprises to leverage public cloud capabilities without fully transferring their data to third-party data centers. Edge computing is also gaining traction, with enterprises of all sizes adopting it for various 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.

The ISG Star of Excellence™ program, which rates providers based on customer feedback, has gained significant traction during the last four quarters. Providers are evaluated 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 North America's average provider CX score for the private/hybrid cloud domain 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 presented below.

Infrastructure modernization has become inevitable: Enterprises with legacy infrastructure struggle to meet the demands of modern applications and business processes, exposing them to several security risks. Modernizing IT infrastructure requires significant investment in 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 updating or replacing these systems. However, the payoff is not immediate and may involve risks, such as disruptions to business operations during migration. Overall, infrastructure modernization has become a critical step for many enterprises to stay competitive and meet the evolving digital

needs for improved CX and enhanced business outcomes.

Cloud cost optimization is a top priority: Enterprises have changed their 2023 objectives to focus on cost reduction and efficiency improvement 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 has resulted in cloud expenses becoming one of the largest areas for cost reduction. To uncover opportunities to optimize and monetize cloud migrations, IT, finance, and FinOps teams are visualizing the TCO across their full hybrid cloud footprint (on-premises, private and public clouds). After achieving elementary cost reductions through basic FinOps in 2021 and 2022, organizations aim to rearchitect their applications to use more affordable, cloud-native technologies, such as serverless, to optimize their cloud spend further.



Evolution of hybrid cloud into polycloud

approach: As cloud providers, particularly AWS, Microsoft Azure and Google Cloud, continue to differentiate their offerings in 2023, we anticipate businesses to become very deliberate about where they place their workloads and will use a polycloud environment. With this polycloud strategy, applications will access the best-of-breed services available for their specific use cases, including industry-specific cloud solutions, specialized databases, AI and ML services. Businesses will incorporate their on-premises and private cloud environments into their roadmaps, recognizing that not all workloads are suitable for the public cloud due to factors like cost, performance and regulations.

Overall, the enterprise community is becoming more agile and globally distributed. Automation and analytics services are top priorities to ensure a high level of end-customer centricity and satisfaction.

Managed services are moving toward industrialized service delivery and cost optimization.



ISG Archetype

A very typical group of Buyers in the market today who share the same set of objectives and needs from their Vendor or Services Provider.

Private/Hybrid Cloud – Data Center Services Annual Study

This ISG Provider Lens™ report summarizes the relative capabilities of 29 private/hybrid cloud and data center service providers and their ability to address the requirements of four typical, frequently encountered categories of enterprise buyers (“archetypes”). Each archetype represents a unique set of business and technological needs and challenges. ISG’s research found a number of providers with the capabilities needed to satisfy the private/hybrid cloud

4 Distinct Archetype identified

and data center services requirements across most archetypes. This is primarily due to two core realities regarding the archetypes:

1. The characteristics of each archetype are in a constant state of flux; while the core requirements rarely change, the relative importance of the requirements can vary based on changes in the business and/or technological environments.

29 Vendors Analyzed

2. Most enterprises, especially large firms, encompass multiple archetypes. As each archetype’s requirements evolve based on business and technological changes, so too does the presence and value of each archetype within the enterprise. Therefore, enterprises have an ongoing series of options when it comes to contact center service provider selection. They will need to strike a balance between optimal business value and the relative cost

23 Identified as Leaders

of provider engagement, integration and management. Market changes, new business models, fluctuating economic factors and other variables will continually add to and subtract from user needs.



About This Research

This report uses research and analysis from ISG's long-running work with enterprise clients and BPO services providers to identify and examine key changes in, approaches for and buyers of Private/Hybrid Cloud and Data Center Services. We map the user-side requirements to provider-side offerings and capabilities. Not every user enterprise has the same requirements. In this report, we use 4 buyer archetypes – detailed in the following sections – to identify and assess buy-side requirements for business value relative to provider-side offerings and capabilities. All revenue references are in U.S. dollars (\$US) unless noted.

The assessment methodology has been developed and refined over several years of working with buyers to understand and articulate their services requirements and from working with services providers to

understand how those buyer requirements influence the development of suitable solutions and go-to-market strategies.

This report assesses the capabilities of total 29 providers. Some services providers that are typically included in our work are not included in this report because they were unable to or declined to participate. They may be included in future versions of this report, based on merit and on the services providers' willingness to provide current and relevant materials. Readers should not make any inferences based on a services provider's absence from this report.

How To Use This Report

This report is intended to provide advice founded on ISG's experienced-based, proprietary assessment of services providers' relative suitability to the needs of the typical Private/Hybrid Cloud and Data Center Services customer.

This advice is then applied across each of the 4 archetypes as profiled. No recommendation or endorsement is indicated, suggested or implied. Clients must make the decision to engage with any provider based not only on their specific, current workplace needs, but also on other factors such as cost, culture and timing.

This report is organized as follows:

Client Archetype Description: This section identifies and describes the most common user-side archetypes that we have identified in our ongoing research and analysis.

Assessments by Archetype: These sections first detail each of the client archetypes, along with the types of service offerings that each typically requires to realize the most business value. Each archetype section includes our assessment of the relevant capabilities

and positioning of the services providers surveyed and interviewed. It covers the relative suitability of the providers for each archetype based on the information they have provided to ISG. These assessments are developed using the data, analysis and comparative methodology described in the methodology section.

Methodology: In this section, we outline and explain how we developed and applied the data, analysis and insights provided in this report.

Please note: This report presents services providers' known capabilities in the context of user enterprises' typical project needs (which are categorized as specific archetypes). This report is not meant to rank providers or to assert that there is one top provider with capabilities that can meet the requirements of all clients that identify themselves as a particular archetype.





Client Archetype Descriptions

Client Archetype Descriptions

Client archetypes used in this report (and in our ongoing advisory and consulting engagements) represent the various types of clients ISG has observed and how we classify them according to their relative outsourcing maturity and objectives. Each client archetype encapsulates the typical characteristics of a specific type of buyer that is looking to outsource one or more processes or functions. The use of archetypes enables us to develop sets of characteristics and needs that can be applied uniformly and repeatedly across multiple environments, industries, provider types and other variables within one service line.

The archetypes are not meant to be comprehensive examinations of all potential or likely client situations and requirements. They are meant to provide a simple, relevant and repeatable set of

user-side requirements against which a similarly simple, relevant set of provider capabilities can be assessed.

The archetypes included in our reports are based on the most current marketplace knowledge regarding prevalent buy-side goals, resources, initiatives and requirements. Archetype characteristics are also developed (and refined over time) based on our advisory and consulting work with enterprise clients and IT service providers, and on our global business IT market research and advisory programs.

The Archetypes used in our reports are based on most current market knowledge regarding prevalent buy-side goals, resources, initiatives and requirements.

Note: None of the service providers that have participated in this study are confined to a particular archetype in terms of their portfolio of services. While each service provider is best suited to a particular archetype based on its strengths and other characteristics, they all have some elements of services that are applicable across all the archetypes.



Traditional Archetype

These clients prefer having substantial control over their IT organization. They view outsourcing as a way to address skill gaps through staff augmentation or by offloading a part of the management of their non-mission-critical IT assets, primarily from a cost containment perspective. They outsource small to midsize projects focused on standardization or incremental virtualization. Their main aim is to improve capacity utilization and set up simplified infrastructure management practices aligned with Information Technology Infrastructure Library (ITIL). These clients evaluate providers primarily on their ability to deliver these services cost-effectively, and therefore, contract sizes are small, where mostly project-based

transformation engagements are carried out. Ongoing infrastructure management for some of their IT assets is primarily achieved through RIM services from low-cost delivery centers. Service quality and alignment with industry-standards are still evolving. These clients want a provider with significant experience in leveraging software and hardware to manage legacy infrastructures and applications, enabling enterprises to manage legacy assets efficiently. Clients here also seek providers that assess their requirements and recommend a suitable service delivery model and infrastructure environment for efficient day-to-day management and improved cost efficiencies.

Prime Decision Making Criteria

1. Traditional day-to-day management of operations of data centers located across geographies.
2. Optimization of IT expenses to maximize value through cost-saving mechanisms.
3. Experience in project-based work that includes standardization, consolidation and expansion of virtualization.
4. Skill gap filling through staff augmentation for short or long-term requirements.
5. Ability to manage legacy infrastructure that includes old mainframe systems, data center assets and more.



Managed Services Archetype

These clients have previous experience in outsourcing parts of their data center operations and are open to transferring additional responsibility to service providers. While they prioritize cost reduction, they also value improving IT productivity by leveraging the expertise of an outsourcing partner. This archetype is looking for a broader range of managed services, including mainframe management. The clients are looking for providers with significant experience in managing legacy mainframes and, in some cases, transforming them to next-gen platforms and/or cloud environments. Monitoring and management operations have evolved considerably, and clients in this archetype prefer providers that remotely deliver services with a focus on secure infrastructure practices.

The size of the outsourcing contract varies from medium to large. These clients typically engage with multiple service providers in a managed services and professional mode. In these relationships, service providers are required to comply with service-level agreements (SLAs) or business-level agreements (BLAs) and meet agreed-upon deadlines. In this model, the client no longer micromanages operational aspects and collaborates with providers to ensure proper productivity monitoring and measurement. These relationships mostly follow a time-and-material (T&M) pricing model, enabling the client to pay for only the time and resources spent on the project.

Prime Decision Making Criteria

1. Provide structure and control for ongoing infrastructure operations generally involving hardware, software and networking in physical and virtual environments.
2. Adhere to standard operational SLAs, which are tactical.
3. Focus on remote service design and delivery, mainly to reduce operational costs.
4. Experience in legacy mainframes management.
5. Improve security features within the client's IT estate with a future outlook of protection from cyberattacks.



Transformational Archetype

These clients are second- or third-generation outsourcers and have embraced cloud technology with the desire to go further with features such as policy-based self-service provisioning, a robust governance structure and chargeback mechanisms for metered billing by business units. These clients plan to transform their current IT setup into hybrid cloud environments. However, they will not force-fit legacy infrastructure and applications to the cloud unless there is strategic value. They are willing to take risks to achieve strategic value. These clients seek quicker, more closely integrated, and user-friendly applications, platforms and systems in place. They undertake massive transformational projects and prefer to work with service providers that have achieved a significant

scale of operations. Unlike managed services buyers looking for improvements in processes and systems, transformation-oriented clients want to change the environment. Such a massive change requires mature service providers that have evolved over time. Transformational archetype clients also want to achieve high hybrid cloud adoption levels and prefer a centrally managed multicloud environment using sophisticated cloud management platforms. They also aspire to achieve workload portability across some of their multicloud components. These clients have diverse technology requirements and prefer system integrators that can aggregate the best-of-breed technologies and offer unified solutions.

Prime Decision Making Criteria

1. Not constrained by budget and undertaking large transformation initiatives.
2. Prefer a platform-driven approach to simplify hybrid IT management through unified monitoring and management.
3. Capabilities and strategic partnerships with leading hybrid cloud infrastructure providers with industry-specific solutions.
4. Experience in modernizing legacy infrastructure with advanced technologies.
5. Prime focus on improving CX by leveraging automation and advanced technologies.



Pioneering Archetype

These clients have more flexibility in their budgets compared to other archetypes, allowing them to focus on strategic initiatives aimed at enhancing business processes. They are at the forefront of IT management practices among their peers. The requirements of legacy operations do not encumber these clients. They consider IT a change agent and an enabler of revenue and profit growth. Customer-centricity is a top priority for these clients as they try to achieve a competitive advantage by leveraging emerging technologies. They can either be mature outsourcers or digitally born companies with multichannel customer touchpoints. Tactical priorities, such as near-term management cost reduction, are lower on the agenda than improving developer productivity by supporting a DevOps-oriented infrastructure with

programmatic capabilities. They move toward software-defined data center (SDDC) environments, which may be carried out by gradually transforming data center components or quickly using single-vendor solutions. In some cases, they seek to extend transformation initiatives with investments in software-defined networking (SDN) and storage to attain an end-to-end SDDC. Their focus is mainly on managing application delivery and reducing efforts to manage the underlying infrastructure through automation with infrastructure as code (IaC). Such clients also find this similar to achieving a public-cloud-like experience in their own data centers in the long term, with their cost per virtual machine dropping as scale and processes evolve.

Prime Decision Making Criteria

1. Strategic partner to consult on various emerging technologies such as containerization, cloud-native and hyperconverged infrastructure (HCI).
2. Automation initiatives include the adoption of ML technologies to incorporate self-healing.
3. Experience in delivering edge-computing-based initiatives.
4. Ability to create an abstract layer over the underlying infrastructure by leveraging SDDC.
5. Focus on managing and provisioning data centers through IaC practice.



Archetype Leaders Club

Of the 29 service providers included in our research, ISG found 23 that stand out above the others as matching across the 4 Archetypes of buyers based on our assessment of their capabilities. These 23, referred to as Archetype Leaders and are highly suited to meet the needs of their respective Buyer Archetypes.

Note: The service providers listed are arranged in alphabetical order. No ranking is implied.



Leaders Club

Traditional Archetype	Managed Services Archetype	Transformational Archetype	Pioneering Archetype
Atos	DXC Technology	Accenture	Accenture
Coforge	Ensono	Capgemini	HCLTech
DXC Technology	Hexaware	DXC Technology	Kyndryl
Ensono	HPE	HCLTech	Infosys
Microland	LTIMindtree	Infosys	TCS
Navisite	Mphasis	LTIMindtree	Wipro
UST	Rackspace Technology	Persistent Systems	
	Tech Mahindra	TCS	
	Unisys	Wipro	
	Zensar Technologies		



DXC Technology

DXC Technology has created a strong cloud and infrastructure platform that includes self-diagnosing and self-healing capabilities. It has expertise in delivering edge, mainframes and cloud-native solutions.

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 uses Platform X™ to manage and support hybrid cloud infrastructures globally, including 143 managed data centers. It has many certified cloud professionals managing on-premises environments for clients.

Benefits Delivered

DXC has implemented a multicloud platform to support large and midsize clients in their digital transformation journey. In 2022, for a German-based manufacturing client, the provider delivered a robust automation platform with orchestrated cloud solutions to simplify business processes. This resulted in enhanced UX along with cost savings of approximately €40 million.

Traditional Archetype	Managed Services Archetype	Transformational Archetype	Pioneering Archetype
Leader	Leader	Leader	Noteworthy

Key Provider Capabilities

DXC Technology has extensive experience in managing on-premises infrastructure for Fortune 500 enterprises globally. The provider has vast experience in delivering software-defined, hyper-converged infrastructure solutions, managing mainframes and implementing edge computing strategies. To deliver advanced infrastructure services, DXC focuses on next-generation platform technologies that leverage AI, ML and cognitive capabilities, especially for automating management tasks. The platform provides data-driven insights for AIOps, FinOps, DevSecOps and SRE, enabling clients to make informed decisions. The company takes a holistic approach to IT infrastructure asset management, tailoring its support to meet specific customer requirements. DXC Technology has established strong partnerships with industry-leading infrastructure vendors, such as VMware, IBM, Cisco and HPE, and public cloud providers, including AWS, Microsoft Azure and Google Cloud, to ensure it has deep technology expertise and is able to develop client-centric solutions.





Traditional Archetype

Traditional Archetype

Day-to-day operations

Infrastructure monitoring and management services to identify cost drivers and improve efficiency

Standardized service delivery

Activities such as standardization and virtualization to drive up capacity utilization and set up simplified infrastructure management practices, aligned with Information Technology Infrastructure Library (ITIL)

Small deal size

Value of the outsourcing contracts or engagements is mostly at a small scale

Traditional infrastructure management

Infrastructure management for some of their IT assets is primarily achieved through remote infrastructure management (RIM) services

Cost savings focused

Services received from a provider must bring cost efficiencies, preferably from low-cost delivery centers





Traditional Archetype

Peer Average	DXC Technology	Desired Provider Capabilities
		Staff augmentation-driven: DXC Technology delivers robust staff augmentation services for managing clients' on-premises, private, and hybrid cloud environments, helping them with a certified workforce.
		Lift-and-shift focus: DXC has helped several clients successfully move to cloud environments through the lift and shift approach.
		Legacy infrastructure management: DXC takes a holistic approach to manage clients' legacy infrastructure, ensuring the continued functionality of decades-old assets in compliance with regulations.
		Keeping the lights on (KTLO): DXC leverages the expertise of specialists across technologies and platforms. It offers robust service delivery management and 24/7 global support services, covering all day-to-day infrastructure processes.
		Cost savings-driven: DXC helps clients achieve cost efficiency through several methods and has facilitated savings of up to 20 percent on infrastructure expenditures.





Shashank Rajmane
Principal Analyst

DXC Technology offers a simplified infrastructure monitoring and management practice that helps clients identify cost drivers to improve operational efficiency.





Managed Services Archetype

Managed Services Archetype

Strong infrastructure management capabilities

Ability to centrally manage infrastructure resources spread across legacy, private cloud, colocation and public cloud environments

Scale of operations

Ability to scale up operations through a global network of resources and use automation to bring in operational efficiencies and relieve L1 staff from mundane IT work, along with reducing costs

Healthy mix of delivery centers

Ongoing infrastructure monitoring from a mix of low-cost, nearshore and remote locations

Mainframe transformation capabilities

Ability to migrate and modernize a mainframe ecosystem, along with extending virtualized environments to a cloud setting, offered internally through a service catalog

Secure infrastructure practice

Follows best practices to secure IT servers and infrastructure by using robust firewalls and control log-in information, SSH key authentication, encryption, backups, regular updates and more





Managed Services Archetype

Peer Average	DXC Technology	Desired Provider Capabilities
		Ongoing infrastructure management: DXC Technology offers complete managed services, including design, build, testing migration, data center infrastructure, application discovery and automated migration, using delivery frameworks, tools, templates and assets.
		SLA-driven: DXC adheres to the SLAs set by both parties and has delivered a few predefined outcome-based engagements with stringent SLAs.
		Remote operations strategy: DXC has vast experience in providing managed services remotely to enterprises across the globe. It has more than 10,000 FTEs situated in various remote locations dedicated to serving infrastructure clients.
		Mainframe management expertise: DXC's data-to-run-anywhere solution enables robust mainframe management. It excels in legacy application code development, empowering clients for future transformations.
		Secure infrastructure provisioning: DXC leverages a combination of threat intelligence, AI and ML technologies, breach simulation and deception techniques rolled into its security solution for multimodal threat prevention services.





Shashank Rajmane
Principal Analyst

Through its large dedicated resource pool, DXC helps global clients securely and efficiently manage their infrastructure resources spread across legacy, private cloud, colocation and public cloud environments.





Transformational Archetype

Transformational Archetype

CX focused

Increased efforts on improving CX and willingness to invest more in IT infrastructure

Embracing hybrid cloud

Hybrid cloud model adoption that includes multiple public cloud providers (to avoid vendor lock-in), private cloud, and on-premises infrastructure. Also, leveraging hybrid cloud management platforms

Implementing infrastructure modernization strategy

Migrating mission-critical workloads and legacy mainframes from dedicated equipment to a hybrid cloud solution

Outcome-based engagements

Engage with a provider more as a partner than as a customer, and be willing to engage with them in outcome-based deals

Move toward agile operations

Considerably reduce investments in the run part of its IT-management activities and redirect savings into the change part





Transformational Archetype

Peer Average	DXC Technology	Desired Provider Capabilities
		Modernization of legacy infrastructure: DXC Technology has delivered several migrations and modernizations of legacy applications globally by transforming operations to meet the requirements of modern applications with the principles of SRE, DevOps and IaC.
		Hybrid cloud management: DXC leverages its Platform X solution for the day-to-day management of hybrid multicloud environments. It is an intelligent automation platform that uses data-driven insights to detect, prevent and resolve issues.
		Automated infrastructure management: DXC has helped several clients achieve significant cost savings through its automation platforms, DXC Economic Value Management, DXC Hyperautomation and FinOps services.
		Industry-specific solutions: DXC understands financial services, manufacturing, healthcare and pharmaceuticals, travel and transformation industries. It has created several vertical-specific solutions for providing better service delivery.
		Star of Excellence™ (SOE): Clients have rated DXC well above the industry average for its infrastructure services delivery. It has scored high in the CX domain as well.





Shashank Rajmane
Principal Analyst

DXC has vast experience in running mission-critical workloads, while modernizing and optimizing data architectures, and ensuring security and scalability across public, private and hybrid clouds, offering rich customer experience.



This report highlights four different client archetypes for private/hybrid cloud and data center managed and transformation services. The archetypes are based on clients undergoing the journey from siloed data center components to standardization, consolidation, virtualization and cloud enablement. The associated change is not only from a technology standpoint but also encompasses infrastructure management practices that evolve along this journey.

The report also distinguishes the archetypes based on buyer objectives and constraints. For example, the Traditional archetype is bound by buyers' budget constraints; the buyers view IT as a support function rather than as a business enabler. This archetype has limited outsourcing experience and prefers a phased approach to transfer responsibility to a service provider. On the other hand, the Managed Service archetype has

prior outsourcing experience and is comfortable with offloading significant control over data center management. Transformational and Pioneering archetypes have a different mindset based on years of outsourcing experience, expertise and relatively fewer budget constraints. They view service providers as strategic partners that can innovate and participate in gainshare deals based on business outcomes.

As an increasing number of clients embrace infrastructure transformation initiatives, the Traditional archetype may gradually become less visible. This is because quite a few organizations have already achieved a significant virtualization footprint and now focus on achieving an agile infrastructure through cloud enablement. Managed services clients that outsourced large portions of infrastructure monitoring and management services are now turning to

automation to reduce the dependency on labor-intensive outsourcing models. Transformation projects that span cloud advisory services, private and hybrid cloud deployments, application migration and other services are becoming mainstream. Software-defined infrastructure and HCI implementations are still in their early stages of adoption, and in the next few years, we should see accelerated activity in those areas.



Enterprise Leadership Actions

Enterprises are finding it challenging to manage complex infrastructure across on-premise, hybrid and multicloud environments. In this landscape, their main focus is on cost optimization and moving enterprise resources to core activities rather than on cloud infrastructure management. To achieve these goals, enterprises are turning to FinOps, a practice that brings together technology, business and finance expertise with a set of processes designed to efficiently monitor and track all their cloud resources, resulting in reduced cloud bills. Therefore, enterprises should adopt a FinOps strategy and engage service providers that have expertise in developing long-term cloud cost optimization roadmaps over a period of three to five years.

In the process of streamlining operations, enterprises increasingly recognize the need to outsource their cloud

management and focus on building innovative solutions for their clients. Enterprises that are exploring this avenue should consider mid-sized service providers that have demonstrated strong capabilities in addressing client needs. Choosing providers with a local delivery center can bring added benefits such as faster service delivery and assistance in resolving regulatory compliance challenges such as data residency. Such providers understand the specific challenges faced in highly regulated industries such as banking, financial services, healthcare and insurance.

For every enterprise, automation should be one of the top priorities and should be leveraged to improve operational efficiency through remediation and self-healing capabilities that offer enhanced UX. Most providers offer automation expertise to enable enterprises with these capabilities. Enterprises can negotiate

contracts by adding an operational cost-reduction clause through automation. Some providers also leverage AI and ML technologies to further enhance automation and provide better actionable insights to clients.



Provider Leadership Actions

In the last couple of years, there has been a massive shortage of skills that greatly impacts hybrid cloud transformation deliverables. However, compromising on quality is not a solution because it harms business. Large-scale providers should hire and train certified talent to bridge the skills gap and deliver high-quality transformation engagements.

Several providers are conducting successful proofs of concepts while enterprises are preparing for AI adoption. Enterprises are seeking new metrics and indicators such as cost optimization, utilization levels, response time and automation. Service providers must focus on developing AI and ML-based technologies for automating infrastructure management, providing significant benefits such as improved IT operations, failure prediction, process optimization, anomaly detection and defect analysis in complex hybrid cloud environments.

Enterprises seek industry-specific solution providers with deep knowledge and experience in serving their industry. Compliance with industry regulations and guidelines instills confidence in clients.

ISG has observed that enterprises prefer flexible and agile SLAs, and providers need to adapt to changing client requirements and showcase flexibility in their service delivery models to enable greater agility, performance and cost efficiency compared to traditional IT services contracts.





Appendix

As previously noted, this report uses four archetypal sets of buy-side client requirements to assess the relative suitability of private hybrid cloud and data center outsourcing services providers. Data regarding the providers' capabilities and positioning was provided to ISG via briefings, ISG advisor interviews and surveys of service providers, including client references if appropriate.

Private/hybrid cloud and data center outsourcing services providers (SPs) shared their data across different service dimensions through the research initiatives noted above. These dimensions cover their technological competency, preferred engagement models, scope of work performed, service capability, functional expertise and industry

1. Categorize and assess provider data

The data provided by the services providers were categorized and assessed according to the private/hybrid cloud and data center outsourcing services requirements described for each of the four client archetypes. In cases in which provider descriptions and data were not worded as precisely as our archetype requirements, our private/hybrid cloud and data center outsourcing services analysts relied on their expertise and experience to classify provider capabilities.

2. Weight Important of capability requirement

Each archetype capability requirement was weighted based on its relative importance to that archetype's typical requirements. Weightings for each archetype's requirements add up to a total of 100 percent.

3. Determine provider position in quartile

Once the relative ability of each services provider was assessed for each of the archetype requirements, each provider was then positioned in a relevant quartile (e.g., top 25 percent, second 25 percent and so on). The top quartile was awarded a numerical "capability score" of 4/4; the second quartile earned a score of 3/4, the third quartile earned a score of 2/4, and the fourth quartile earned a score of 1/4.

4. Create cumulative score

Provider capability scores from Step 3 were then multiplied by the weightings developed for each client archetype requirement in Step 2. The results for each provider were then totaled to develop a cumulative score for each service provider. These cumulative scores are not disclosed in this report.

5. Categorize providers in archetypes

The cumulative scores were then used to identify the services providers most well suited for each archetype's requirements. These providers are listed alphabetically and briefly profiled in each archetype section. Where relevant, additional services providers with noteworthy capabilities are also mentioned (e.g., providers that may have scored well on a specific requirement but not across all the requirements for that archetype).

Note: This report simply presents services providers' known capabilities in the context of user enterprises' typical project needs. This report is not meant to rank providers or to assert that there is one top provider with abilities that meet the requirements of all clients that identify themselves with a particular archetype.







Additional relevant private/hybrid cloud and data center outsourcing make it service providers

Other relevant Service Providers	Headquartered Country
CGI	Canada
Deloitte	U.K.
Hitachi Vantara	U.S.



Provider Capability Scores

The cumulative score for each of the selected services providers against each archetype requirement is represented using Harvey Balls. For example: if a provider is assessed with a score of 4 out of 4, then a full Harvey Ball is used to represent their capability against that requirement. Similarly, if a provider is assessed a score of 1 out of 4, then a one-quarter Harvey Ball is used, as shown in the adjacent chart

Harvey Ball Representation	Score
	Score 4 out of 4
	Score 3 out of 4
	Score 2 out of 4
	Score 1 out of 4



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.

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.



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