IDC MarketScape

IDC MarketScape: Worldwide Managed Public Cloud Services 2023 Vendor Assessment

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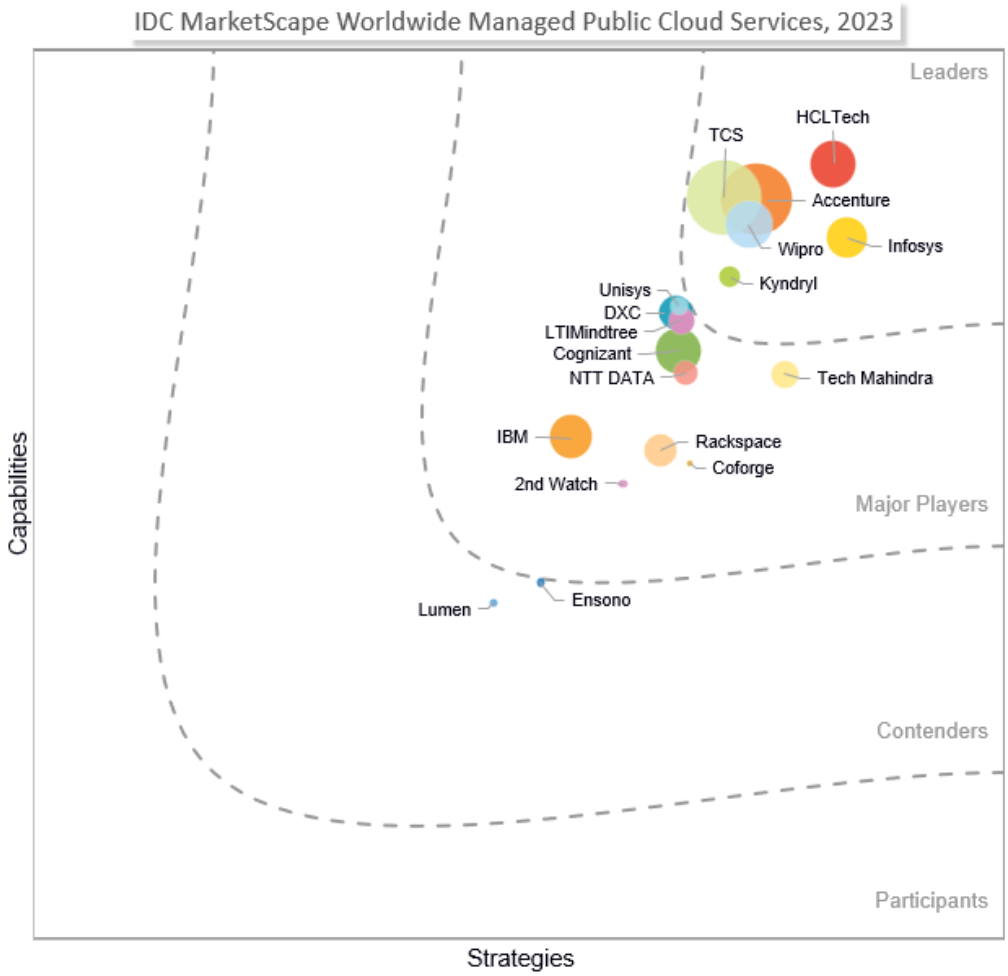
THIS IDC MARKETSCAPE EXCERPT FEATURES KYNDRYL

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Managed Public Cloud Services Vendor Assessment



Source: IDC, 2023

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Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Managed Public Cloud Services 2023 Vendor Assessment (Doc # US49116023). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

Using the IDC MarketScape model, IDC evaluated 18 managed service providers (SPs) that provide managed public cloud services utilizing public cloud infrastructure-as-a-service (IaaS) platforms (Note: For the purposes of this document, public cloud refers to public cloud *IaaS*). IDC research highlights that when it comes to utilizing managed public cloud services, enterprises are seeking to use these services to become more agile, improve customer experience by leveraging artificial intelligence (AI) and analytics, more closely link IT with business performance, and increase revenue by building new revenue-generating products and services faster. From a technology perspective, firms are looking to simplify and standardize IT infrastructure and applications platforms, restructure IT financial footprint and shift from capex to opex, and pursuing a mandate for a new approach to managing IT. However, enterprises continue to have concerns when utilizing managed public cloud services that include not being able to meet the operational/performance requirements of critical applications and critical service-level agreements (SLAs) such as availability, speed of provisioning, and responsiveness along with potential loss of control over management of IT.

Complicating meeting these business and technology objectives while mitigating these concerns when utilizing managed public cloud services, firms are increasingly confronted with the need to manage an ever-expanding estate of technologies that are increasingly consumed as a set of services provisioned by public cloud providers (e.g., AWS, Azure, Google, IBM, Alibaba, OVH, Tencent). The complexity in using public cloud providers is in determining on which public cloud platform to host and/or procure workloads and application types (e.g., ERP, SCM, CRM), critical software brands (SAP, Oracle, Microsoft), and competencies (e.g., analytics, blockchain, cognitive/artificial intelligence, hybrid cloud, IoT), to name a few, while optimizing the quality of services, financial management, and ability to adapt technology requirements as demanded by business needs and the market. This is where managed SPs can help enterprises orchestrate and manage across a constantly expanding and shifting portfolio of public cloud resources to support client public cloud needs.

IDC used more than 250 criteria and 35 in-depth customer interviews spanning 8 countries and 12 industries to evaluate managed SPs that provide managed public cloud services, for which there are an array of players competing in this market. IDC's findings revealed that while each of these managed SPs exhibited many similarities in their capabilities supporting a broad portfolio of managed public cloud services, players do differentiate and are differentiated by key factors involving platforms and infrastructure, partner ecosystems, innovation, critical operational capabilities and service delivery models, software assets, financial management, and across four major public cloud IaaS providers: AWS, Azure, Google, and IBM.

IDC's findings also highlight client feedback that reflects client experience in utilizing managed SPs for managed public cloud services to execute these capabilities. If your organization is focused on using

managed public cloud services, leverage this IDC MarketScape as a companion tool to evaluate providers your organization is considering or shortlisting to support your use of these services.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

IDC collected and analyzed data on managed SPs within its 2023 IDC MarketScape for managed public cloud services assessment. The use of the term *public cloud* throughout this analysis refers to infrastructure-as-a-service public clouds. Vendor options for managed public cloud services are extensive and cover a broad set of different types of players. In determining the group of vendors for analysis in this IDC MarketScape, IDC utilized the following set of inclusion criteria:

- **Revenue.** Minimum of $50 million worldwide revenue generated by managed public cloud services
- **Delivery locations.** Geographic presence (i.e., feet on the ground, delivery capability across major regions) in a minimum of two regions (e.g., Americas, EMEA, APAC)
- **Managed public cloud services coverage.** Focus on using public cloud IaaS platforms and providers
- **Technology coverage.** Applications (e.g., ERP, productivity, SCM, CRM), development and deployment software, and/or systems infrastructure software and innovative technologies; managed SPs not required to support all these areas; managed SPs could be supporting just a segment of these software technologies
- **Number of public cloud partners.** Minimum of utilizing one public cloud IaaS provider (e.g., AWS, Google, IBM, Azure, Alibaba)
- **Life cycle of services (end-to-end services).** From modernizing (e.g., architecting, developing/migrating) to ongoing management

ADVICE FOR TECHNOLOGY BUYERS

Succeeding in business today requires a firm to manage across a vast set of resources while facing a myriad of challenges spanning volatility in geopolitics, changing societal norms, elevated buyer expectations, and potential impacts from climate change and even pandemics. Critical business objectives that are also influencing success involve meeting growth expectations, developing more agile and resilient capabilities, and meeting new standards such as sustainability by which firms needs to develop the right business, financial, and services metrics to determine the degree of success. Enterprises acknowledge that the key building blocks in achieving these objectives involving a triad of technology capabilities that involve the use of public cloud platforms (AWS, Google, Azure, Salesforce, Workday, ServiceNow, etc.), automation (cognitive/AI, machine learning [ML]), and hybrid cloud (combining private and public cloud) with public cloud IaaS is now the locus of how firms are building their IT capabilities and strategies.

However, as firms expand the use of cloud resources with public cloud, they are facing an increasingly daunting task of not just maintaining control over these resources but achieving an array of goals to ensure effective use of these resources that include aligning the use of public cloud IaaS providers (AWS, Azure, Google, IBM, Alibaba) by type of technology (e.g., IoT, analytics, compute, storage, blockchain), optimizing financial management of cloud (e.g., IaaS, platform as a service [PaaS], software as a service [SaaS]), and implementing multicloud/cloud management system as part of maintaining control over all IT and cloud resources. In addition, in modernizing IT to the cloud,

enterprises are looking to move enterprise applications (CRM, ERP, SCM) to public cloud, leverage cloud for innovative technologies (e.g., IoT, edge computing, blockchain), utilize cloud to support environmental and sustainability initiatives, and invest in data management and analysis capabilities using cloud capabilities.

Consequently, in utilizing public cloud as the locus of IT capabilities to meet these business and IT goals and objectives, enterprises are leveraging managed SPs to support their public cloud needs. While enterprises do expect managed SPs to have a broad set of capabilities in supporting their public cloud requirements, through detailed client interviews and extensive demand-side research, IDC has identified the following critical areas that buyer organizations indicate as critical in their process of selecting the optimal managed SP to meet their needs when utilizing managed public cloud services. As such, IDC suggests buyer organizations implement the following:

- **Lead with strategic road map and planning.** Aligning use of managed public cloud services with top enterprise cloud priorities of implementing the right processes to ensure control of all IT and cloud services that includes financial management and alignment of where to deploy assets and technologies across different public cloud providers requires enterprises to develop a strategic road map and plan. This road map and plan must clearly articulate what are the business and IT objectives that must be met, what are critical architectural decisions that must be defined and how they align with objectives, and how the values of the managed SP align with those of the enterprise. Key signals that will demonstrate the approach of managed SPs in their ability to support a strategic road map and plan include providing access to senior executives from the managed SP, the maturity of a vendor's road map showing their approach in the journey to the cloud, and the performance of the managed SP as reflected by its track record of results.
- **Define risk management and accountability.** The complexity in managing a multitude of technologies, processes, and talent when using public clouds that involve use of managed SPs, which also may require integration with noncloud (legacy) technologies as well as private clouds, significantly elevates the degree of risks and accountability. Part of these risks is understanding that not all public clouds are equal. Each public cloud platform has its benefits, challenges, and strengths. In addition, not all technologies and processes need to be deployed on public clouds. Many technologies and processes may require private clouds (dedicated to a single firm) or remain in their legacy, noncloud state. Consequently, to mitigate the risks in managing such complex portfolios of capabilities while using managed SPs to support enterprise use of public clouds requires enterprises to define clearly which parties are responsible for which services and service levels, which include SLAs for the managed SP; establish the optimal alignment of where technologies and processes should be deployed (e.g., private clouds, public clouds, noncloud/legacy); and ensure that contracts support the move to and use of DevOps and agile methodologies. In addition, enterprises need to develop risk mitigation approaches involving implementation of a multicloud framework that defines and prioritizes where there is a need to deploy the same processes (e.g., DevOps, continuous integration/continuous delivery [CI/CD], recovery), management approaches (e.g., containers, APIs), and/or protocols and procedures (e.g., security, compliance) across two or more public cloud IaaS providers (e.g., AWS, Google, Azure, IBM, Alibaba) to ensure resilience of operations.
- **Require an integrated organizational structure and agile culture.** Firms that are looking to use managed SPs to support their use of public clouds to help achieve critical business and IT objectives involving agility, resiliency, growth, and sustainability should expect that managed SPs have the right organizational structure and culture. Feedback from enterprises highlight

that an effective organizational structure is designed to eliminate all barriers between the different stages of services from business development to designing, testing, deploying, and managing technologies and processes using public cloud platforms. Incorporating processes such as site reliability engineering (SRE), continuous integration/continuous delivery, and DevOps as part of this organizational structure is critical to ensure achieving the level of agility needed to meet these objectives as is the use of cloud-native architectures. Finally, ensuring that firms achieve implementing these organizational outcomes requires implementing a multicloud management platform that can support all of these capabilities while acting as the control center to orchestrate, monitor, and manage every aspect in using public clouds when working with managed SPs.

- **Ensure availability of the right type of talent and quality of services**. As captured by the following statement made by a client that IDC interviewed and that utilizes managed SPs to support its public cloud requirements, "It's not the quantity of human resources, but the quality of the cloud knowledge that truly makes a difference." And while the quality of talent is critical, the type of talent required, as clients emphasized, must shift toward professionals that have more a of "systems" thinking approach in supporting public cloud capabilities and ability to "reverse engineer" from business and IT objectives to architecture and design. In addition, the pool of talent must be best in class, which requires that access to critical partners working with managed SPs for any type of technology, process, or resource is provided to enterprises. Finally, having the right pool of talent must be complemented increasingly with utilizing greater levels of automation spanning technologies such as infrastructure as code (IaC), cognitive/AI, and ML. Consequently, enterprises should expect managed SPs to effectively combine talent with automation that can help meet business and IT objectives that are becoming more stringent such as faster time to market, greater agility in adjusting resources as required, and resiliency to weather unforeseen events.
- **Establish collaborative environment with effective communications**. Enterprises expect that their relationship with the managed SP is based on one of open communication and collaboration. However, the process of collaboration must be centered on the concept of partnership in which both parties, the client and the managed SP, contribute equally to the entire process from brainstorming to defining criteria of delivery and measuring outcomes. This process must also allow for robust communications that include a regular cadence of meetings to prevent issues from delaying initiatives that are imperative and rigorous review processes. Factors that firms should confirm are integrated as part of a managed public cloud services engagement include access to senior executives, a blueprint of the processes for communications, a framework for remediation and benchmarking progress, and assignment of stakeholders for accountability.
- **Implement robust governance with financial operations (FinOps) capabilities.** Coordinating all of the aforementioned facets required to achieve business and IT objectives while utilizing managed SPs to support public cloud needs requires enterprises to create a robust governance structure. The goal of this structure is to provide a means of control that spans gaining visibility into all resources; meeting SLAs, security, regulatory, and compliance requirements; enabling access to any resource that includes public cloud providers as well as innovative technologies; helping standardize technologies (e.g., toolsets, cloud architectures) to drive operational efficiencies; and providing a means of assessing performance via analytics particularly as related to speed at which value is generated (e.g., revenue, launching products). Finally, firms need a means of optimizing financial management of public cloud resources that requires implementing FinOps, which should be considered a fundamental underpinning in utilizing public cloud resources with managed SPs. Capabilities that firms should seek in using FinOps should center on effective utilization of all types of financial

instruments (e.g., reserved instances, spot instances); mapping costs to business units, cost centers, technologies, and projects; optimizing spend across cloud resources; establishing policies and controls for usage and spending; and forecasting spending and budgeting. Utilizing FinOps with a robust governance structure should allow firms to gain the level of control required to ensure achieving their business and IT objectives when using cloud resources as part of managed public cloud services.

VENDOR SUMMARY PROFILES

IDC evaluated 18 managed SPs against more than 250 criteria and involving more than 4,500 data points and metrics as part of this 2023 IDC MarketScape for worldwide managed public cloud services analysis. IDC also interviewed 35 buyer organizations to learn more about how the organizations were able to navigate cultural change and generate business results from using managed public cloud services. Companies that IDC interviewed came from a wide range of industries including education, financial services, healthcare, insurance, computer services, manufacturing, personal and consumer services, government, real estate and legal services, retail, transportation, and wholesale. IDC interviewed managed cloud services buyers that are located in Australia, Denmark, India, Japan, Singapore, Switzerland, the United Kingdom, and the United States. This section explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Kyndryl

Kyndryl's capabilities and forward-looking strategy positioned the managed SP in the Leaders category in this 2023 IDC MarketScape for worldwide managed public cloud services.

The foundation of Kyndryl's managed public cloud services business is centered on the company's cloud practice portfolio that combines Kyndryl Vital, which provides clients and alliance partners with an environment in which to cocreate digital solutions; Kyndryl Bridge, which is a purpose-built, open hybrid IT governance and control plane for technical operations for hybrid IT estates (datacenter, private cloud, public cloud, and edge environments) that provides visibility across enterprise technology assets while offering actionable insights to support enterprise business priorities and objectives; and Kyndryl Consult, which focuses on business-led consulting services. Kyndryl's public cloud services portfolio is made up of 188 offerings spanning the full life cycle of services from consulting, implementing, and managed services and is designed to support client use of hyperscaler platforms, for which Kyndryl has developed alliances with AWS, Azure, IBM, and Google. Kyndryl also has developed more than 700 public cloud-native IP and assets and 35,000 certifications as well as built 12 cloud centers of excellence (CCoEs) that Kyndryl utilizes to develop new solutions and capabilities, which includes an innovation lab dedicated to Microsoft.

To help firms optimize the value of managed public cloud services, Kyndryl assists enterprises in accelerating adoption of public cloud services through the modernization journey across infrastructure, application, data, and business. Kyndryl looks to drive strategic outcomes for enterprises utilizing its portfolio of cloud services spanning cloud and application modernization services that incorporates cloud-native services and cloud-native rapid assessments using proven methods along with frameworks and accelerators based on modern ways of working; agile migration involving modernization on cloud; cloud-native services for VMware that leverage repeatable processes,

methods, and automation; and operational and optimization services for AWS, Azure, and Google that is supported by cloud-native design principles and operations frameworks.

Strengths

As part of service delivery and operations, Kyndryl exceeded market standards in bundling managed public clouds with private clouds to create hybrid clouds along with providing FinOps and supporting client use of SRE with managed public cloud services. When it comes to assisting customers in utilizing public cloud platforms for platforms and software, Kyndryl was above market averages for integration and orchestration middleware, endpoint management software, and network software as well as for SaaS applications involving collaboration, content workflow and management, engineering, and supply chain management. Kyndryl also surpassed industry standards in working with clients utilizing Kyndry's CoEs for Google and IBM. Client feedback indicated that Kyndryl surpassed the market average in providing access to a full array of partnerships with public cloud providers (e.g., AWS, Azure, Google, IBM, Alibaba, OVH, Tencent, Huawei).

When it comes to public cloud provider platforms, Kyndryl surpassed market averages in supporting client use of AWS with Microsoft and VMware, Azure with PaaS, and Google with Microsoft, VMware, PaaS, and SaaS, including the number of SaaS applications hosted on Google. With IBM, Kyndryl was above industry standards in supporting client use of the IBM Cloud with managed public cloud services for application software (e.g., ERP, SCM, CRM) including the number of SaaS applications hosted on the IBM Cloud, industry platforms, Oracle, Microsoft, VMware, Kubernetes clusters, total number of VMs managed, and bare metal.

Challenges

To enhance its market position with managed public cloud services, Kyndryl should focus on a number of key areas where Kyndryl trailed industry averages. When it comes to service delivery and operations, Kyndryl lagged behind the industry standard for the largest number of landing zones managed on a public cloud for a single client and the largest data lake managed on a public cloud platform based on volume of data by terabytes for a single client as well as trailing use of sustainability as part of providing managed public cloud services. Innovative capabilities for which Kyndryl was below industry averages in supporting client use of public clouds when delivered as part of managed public cloud services include quantum computing, ML, cognitive/AI, analytics, and RPA as well as client use of CoEs for analytics and cognitive/AI capabilities.

Across public cloud provider partners, Kyndryl was below industry standards in assisting clients in utilizing AWS with industry platforms and SAP; Azure with application software (e.g., ERP, SCM, CRM), industry platforms, SAP, and Office 365; and Google with application software (e.g., ERP, SCM, CRM), industry platforms, and Anthos. With IBM, Kyndryl lagged behind market standards in supporting client use of the IBM Cloud that involved the IBM Private Cloud.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and service today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the share of each individual vendor within the specific market segment being assessed.

The IDC MarketScape vendor assessment represents IDC's opinion on key vendors that not only possess the key capabilities today to serve customer needs in managed public cloud services but also possess the strategies to serve evolving customer needs in the next few years. As part of the IDC MarketScape model, IDC defines measures for success by two primary categories:

- Capabilities. Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well it is aligned to customer needs. The capabilities category focuses on the capabilities of the company and services today. In this category, IDC reviews how well a vendor is building, pricing, positioning, and/or delivering services capabilities that enable it to execute its chosen strategy in the market. On the y-axis, a position toward the top (north of center) indicates a strong set of differentiated capabilities to be successful in today's market.
- Strategy. Positioning on the x-axis, or strategy axis, indicates how well the vendor's future strategy aligns with what customers will require in the next few years. The strategy category focuses on high-level strategic decisions and underlying assumptions about road maps for service offerings, customer segmentation, business, and go-to-market plans for the next few years. In this category, IDC reviews whether or not a vendor's strategy in various areas are aligned with projected customer requirements. On the x-axis, a position toward the right (east of center) indicates a strategy that is not only well aligned with customer requirements but also agile and differentiated from the pack.

The IDC MarketScape figure (refer back to Figure 1) shows each vendor's position in the vendor assessment chart. The size of the bubble reflects a vendor's share of the total revenue captured by the participants in this study.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts

base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Service Provider Customer Interviews

As part of this IDC MarketScape, IDC conducted interviews with vendor-provided client references. IDC utilized these customer interviews to learn about six areas: the customers' project backgrounds, how customers approached the service provider selection process and what critical criteria they used to select their vendor, what sort of results customers were able to generate from managed public cloud services, next steps for their managed public cloud services evolution, key lessons learned, and what customers felt were the differentiating and key strengths that their chosen managed SP possessed. The results of these interviews contributed to the ratings and weighting scales used in assessing the vendors participating in this analysis.

The managed public cloud services assessment is designed to evaluate the characteristics of each vendor and each vendor's global presence, measured by vendor revenue and scope of capabilities. Many managed SPs compete in various aspects of managed public cloud services. As such, this evaluation is not an exhaustive list of all the players to consider for managed public cloud services. Instead, this evaluation reviews the primary players that offer capabilities spanning the life cycle of services across designing, building, and managing cloud environments for the full stack of IT from infrastructure to applications involving public clouds. Client factors like business and information technology (IT) objectives and requirements along with culture of both vendor and client organizations play integral roles in determining which vendors should be considered as potential candidates for a managed public cloud services engagement.

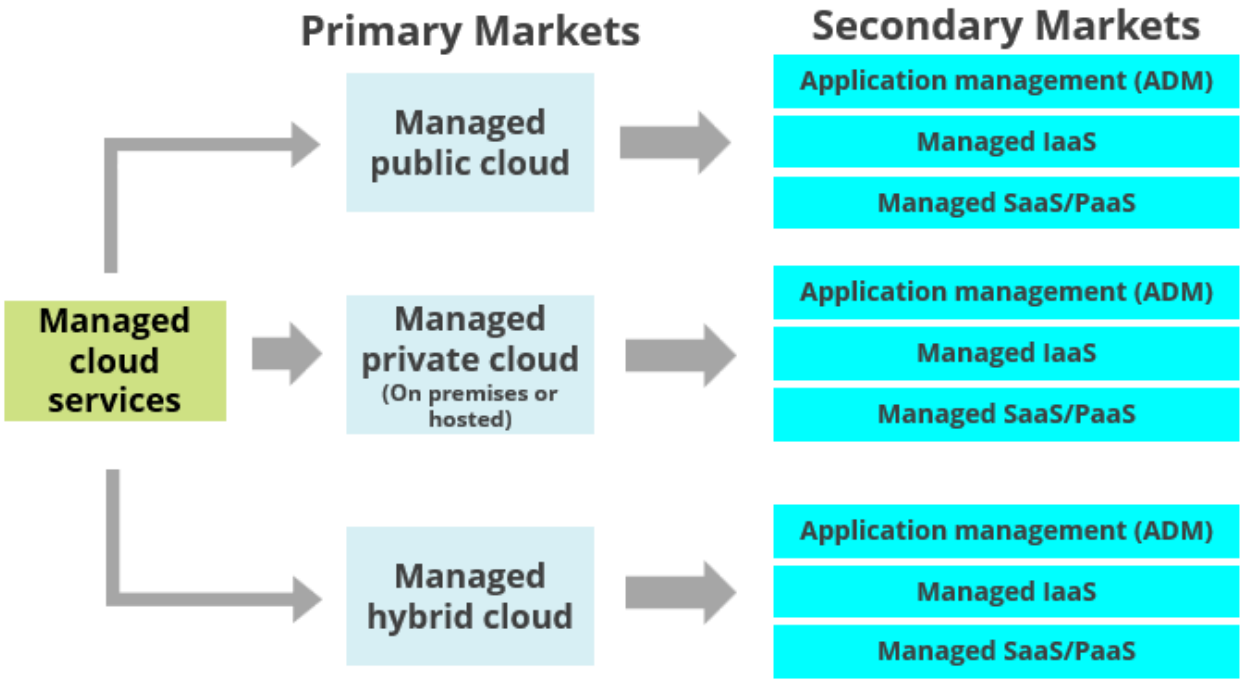
Market Definition

Managed Public Cloud Services

Managed public cloud services is a subset of managed cloud services (MCS). Essentially, managed cloud services provide a holistic view of managing all types of cloud environments as highlighted in Figure 2 (see *IDC's Worldwide Managed Cloud Services Taxonomy, 2022,* IDC #US48523822, June 2022).

FIGURE 2

Managed Cloud Services Family of Primary and Secondary Markets



Source: IDC, 2023

Managed Public Cloud (IaaS)

Managed public cloud IaaS involves providing managed services to support both application and infrastructure capabilities utilized with public cloud IaaS platforms (e.g., AWS, Azure, Google, IBM, Alibaba, OVH, Tencent, Huawei) across the following major segments:

- **Applications (including SaaS)**. Applications include enterprise business applications (e.g., ERP, SCM, CRM, SFA, collaboration, operations and manufacturing, and content). Further, these types of applications involve legacy, custom-coded, packaged, and/or cloud-native coded applications.
- **Development and deployment applications**. Development and deployment applications involve areas such as structured data management software (e.g., databases), quality and life-cycle tools, application development software, integration and orchestration middleware, and data access, analysis, and delivery software.
- **Systems infrastructure software**. Systems infrastructure software involves systems management software, network software, security software, storage software, and systems software (e.g., operating systems, virtual client computing, and software-defined compute software – for example, VMs, containers, microservices, and cloud system software).
- **Infrastructure.** Infrastructure includes providing support for compute, storage, and network environments required to deliver different software capabilities using public cloud IaaS platforms.

- **Hybrid cloud.** It refers to the use of private clouds with public clouds to create hybrid clouds that include sovereign clouds, OEM as-a-service private clouds, and the private clouds of public cloud providers.

The following are some additional factors that IDC included as part of its definition on managed public cloud services:

- **Branded platforms.** This IDC MarketScape is focused on managed cloud services supporting public cloud platforms and providers (e.g., AWS, Azure, Google, IBM, Alibaba, OVH, Tencent, Huawei) across cloud operating models (hybrid, public), cloud platforms (IaaS, PaaS, SaaS), and full stack of technologies. Key characteristics of these branded platforms include:
  - **Broad technology support**: Spans broad sets of technologies (e.g., infrastructure, middleware, systems, applications, innovative technologies)
  - **Multi-branded**. Support for multiple branded software (multivendor) including ISVs and SaaS applications and vendors
  - **All operating models**. Focus on all cloud operating models (private, public, hybrid)
  - **All cloud platforms**. Can support use of all cloud platforms (IaaS, PaaS, SaaS)
  - **Own IaaS platform**. Have their own public cloud infrastructure (IaaS) on which to provision any capability
- **Services life cycle**. This IDC MarketScape is focused on managed services supporting public cloud capabilities (also referred to as *managed public cloud services*) and the professional services "embedded" as part of these managed public cloud services (e.g., migration, modernization).

Exceptions and Exclusions

In assessing the vendors competing in the managed public cloud services market, IDC excluded the following types of "discrete" engagements:

- **Discrete private clouds**. Excluded use of just private clouds (However, this study included use of private clouds as part of hybrid clouds involving public cloud platforms and providers.)
- **Branded software platforms**. Excluded branded software platforms such as Salesforce.com, Workday, Oracle, SAP, and ServiceNow
- **Discrete professional services**. Excluded "discrete" professional services (e.g., business consulting, IT consulting, systems integration, custom application development, network consulting and integration services) that are not sold as part of a managed public cloud service (This means these professional services are *not bundled* as part of a managed public cloud services engagement. However, we do include these professional services as part of [embedded with] managed public cloud services if they are bundled [included] with the managed public cloud service.)
- **Managed public cloud services bundled as part of BPO/BPaaS**. Excluded use of managed public cloud services that are bundled with managing a business process as part of a managed services engagement, referred to as BPO or BPaaS
- **Additional discrete services excluded**. Excluded use of managed public cloud services in which these services are bundled with discrete services markets involving R&D product engineering services, IT education and training services, and hardware and software support and deploy services

In addition, IDC excluded branded software platforms (e.g., Salesforce.com, Workday, Oracle, SAP, ServiceNow) in which these platforms provision capabilities that met the following criteria:

- **Narrow technology support**. Focus on their branded software
- **Single brand**. Do not support multiple branded software (not multivendor)
- **Mostly public cloud**. Focus primarily on the public cloud operating model
- **Mostly SaaS/PaaS**. Are mostly focused on just PaaS and/or SaaS cloud platforms
- **Limited or lack IaaS platform**. May have own IaaS platform but also partner for it

Situation Overview

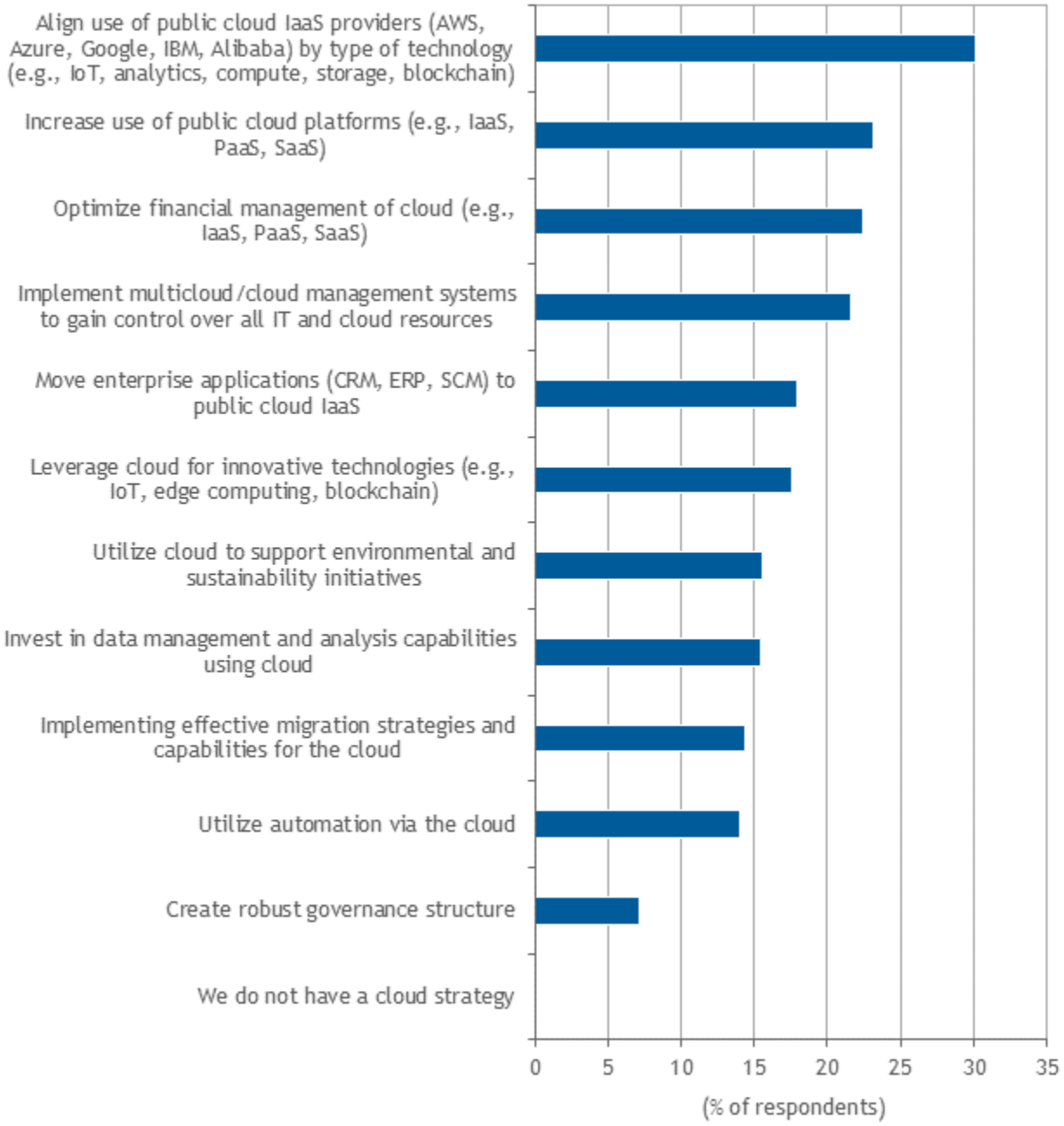
Managed SPs that are looking to meet the business and technology objectives for clients wanting to utilize managed cloud services to support use of public cloud capabilities require managed SPs to ensure that the vendor's cloud investments are aligned with client priorities in utilizing cloud capabilities, position themselves to align with the primary roles for which enterprises want them to support public cloud requirements, and help drive operational excellence and optimize financial performance. Further:

- **Aligning with enterprise cloud priorities.** The primary strategies for enterprises when it comes to utilizing cloud capabilities through 2025 starts with aligning use of public cloud IaaS providers (AWS, Azure, Google, IBM, Alibaba) by type of technology (e.g., IoT, analytics, compute, storage, blockchain) followed by increasing use of public cloud platforms (e.g., IaaS, PaaS, SaaS), optimizing financial management of cloud (e.g., IaaS, PaaS, SaaS), and implementing multicloud/cloud management systems to gain control over all IT and cloud resources (see Figure 3). IDC believes that collectively these requirements reflect the need for enterprises to find the means of gaining control over their entire estate of IT and cloud resources that includes increased focus on optimizing their investments.
- **Establishing an optimal position in supporting public cloud needs.** To position their businesses effectively when supporting public cloud providers, managed SPs need to show that they can manage software assets and technologies hosted on public cloud IaaS provider platforms (e.g., AWS, Azure, Google, IBM, Alibaba), transform IT from legacy (noncloud) technologies to public cloud via migration and modernization of applications and infrastructure, and provide value-added capabilities that public cloud providers don't deliver (e.g., migration, modernization, analytics) (see Figure 4). Essentially, managed SPs need to provide enterprises with not just a road map of how to get to the cloud but also a means of supporting any type of technology utilizing cloud capabilities spanning cloud operating models (e.g., private, public, hybrid) and cloud platforms (IaaS, PaaS, SaaS).
- **Driving operational excellence.** Helping enterprises drive operational excellence will require managed SPs to incorporate robust multicloud/cloud management platforms and systems that can support all public cloud providers (e.g., AWS, Azure, Salesforce.com, Workday), standardize IT environments including toolsets for development, and provide comprehensiveness of visibility into IT operations (see Figure 5). Ultimately, achieving operational excellence will help meet critical business objectives such as agility, resiliency, growth, and sustainability.
- **Optimizing financial performance.** Tied to achieving operational excellence is aligning investments in utilizing cloud resources to meet business objectives. This requires optimizing use of reserve and spot instances on a public IaaS cloud (e.g., AWS, Google, Alibaba, IBM, Azure); mapping costs to business units, cost centers, technologies, and projects; and optimizing spend across cloud resources (see Figure 6).

FIGURE 3

Worldwide Enterprise Future Cloud Strategy, 2022-2025

Q. Please select the two areas in which your company's/organization's cloud strategy will change over the next three years.



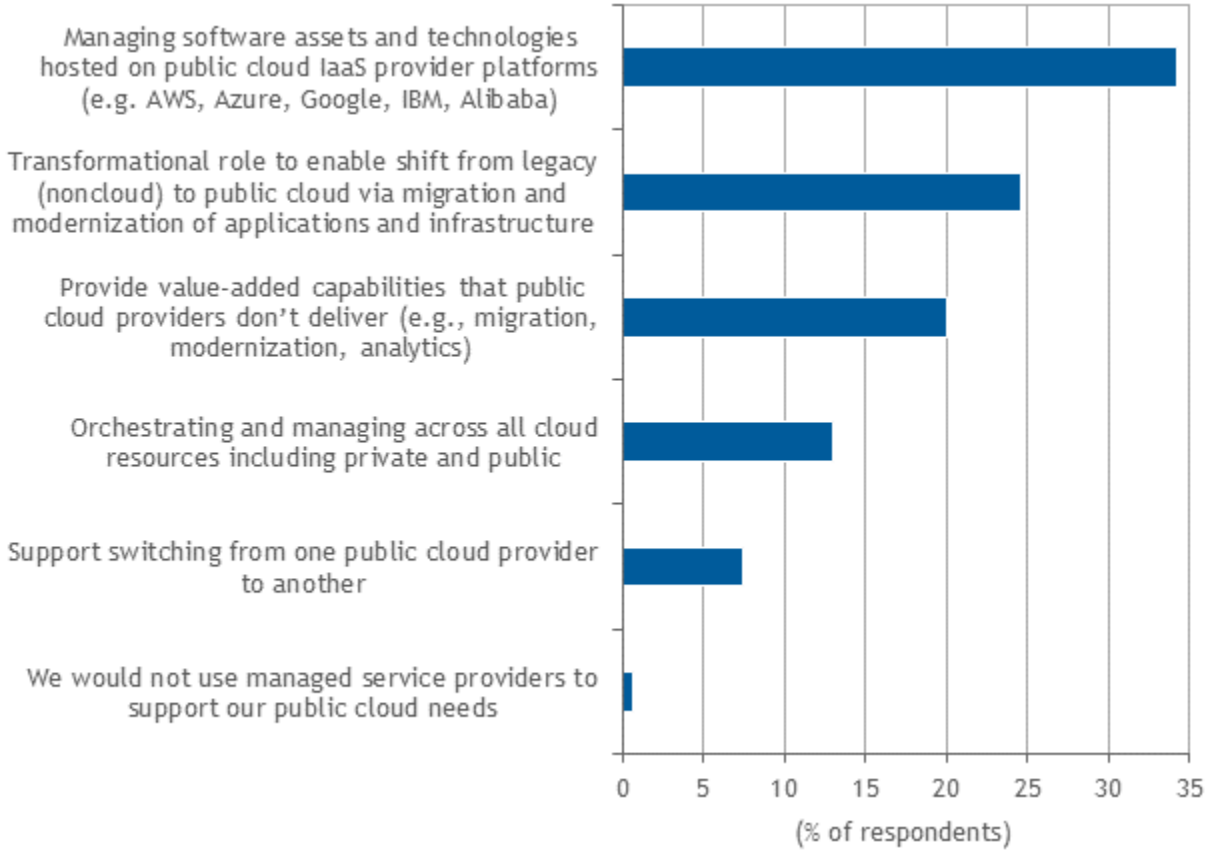
n = 1,500

Source: IDC's *Worldwide Managed CloudView Survey,* 2022

FIGURE 4

Worldwide Primary Role of Managed Service Providers for Public Cloud

Q. *Please select the primary role you believe that managed service providers (e.g., Accenture, TCS, Capgemini, Fujitsu, Atos, IBM) play in your company's/organization's use of public cloud services (e.g., AWS, Azure, Google, Salesforce.com, Workday).*



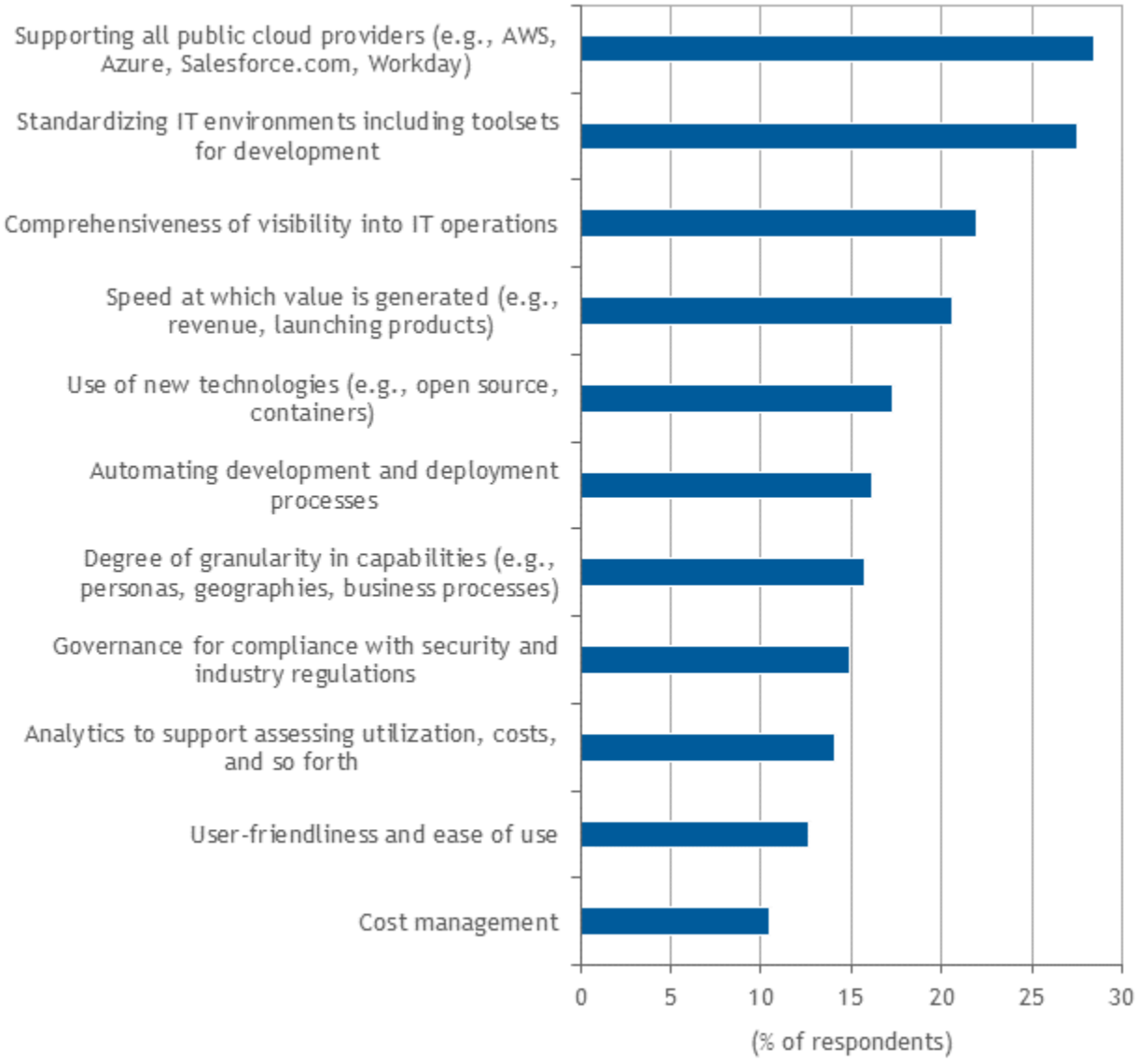
n = 734

Source: IDC's *Worldwide Managed CloudView Survey,* 2022

FIGURE 5

Worldwide Value of Cloud Management Platforms

Q. Please select the top 2 areas in which your company/organization sees value in using a cloud management platform to manage across all your IT assets and cloud resources, both private and public, including all cloud service providers (IaaS, PaaS, SaaS) with managed cloud services.



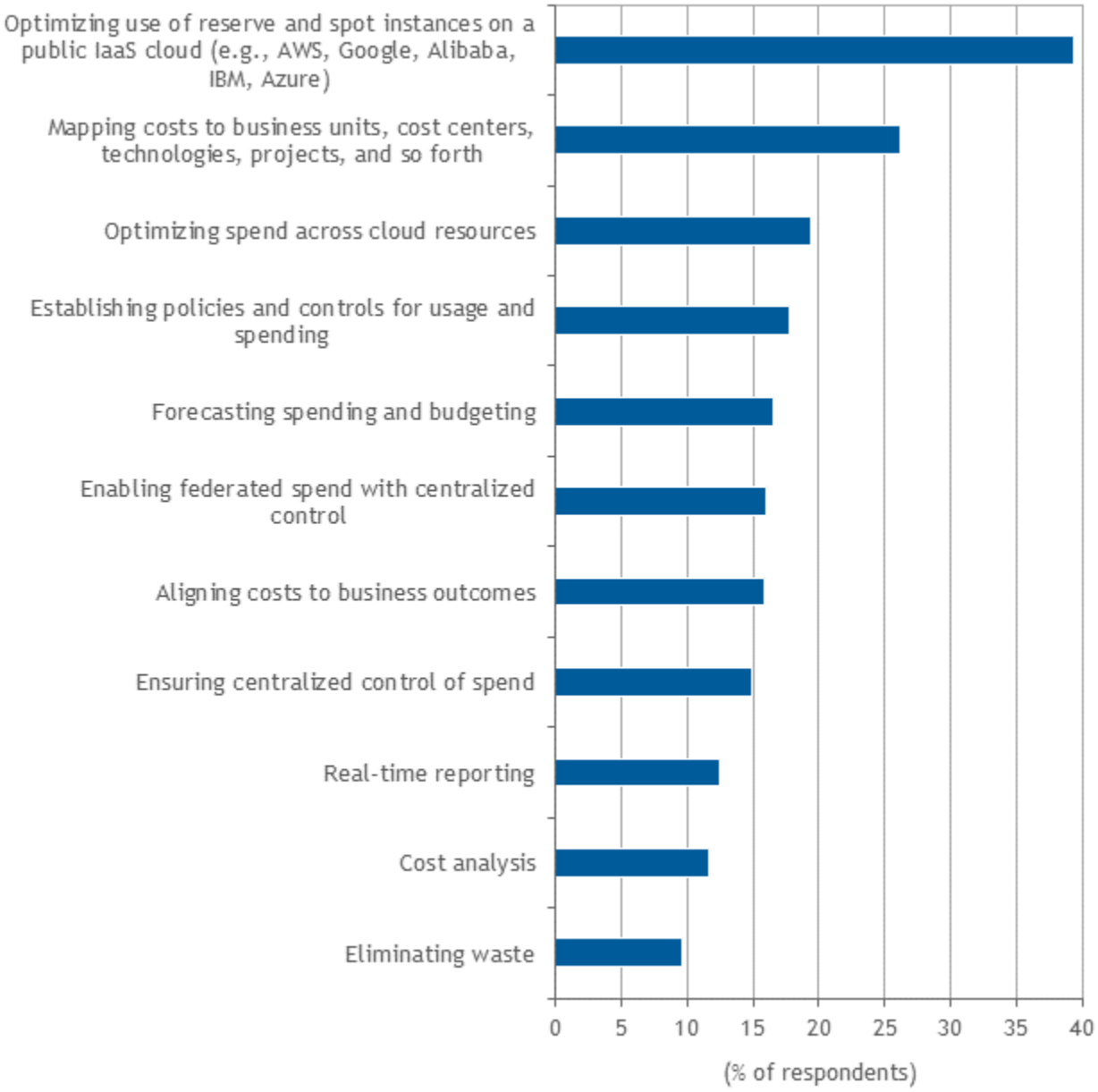
n = 1,500

Source: IDC's *Worldwide Managed CloudView Survey,* 2022

FIGURE 6

Worldwide Financial Management for Public Cloud

Q. *Please indicate which two of the following your company/organization believes are the most significant issues in optimizing financial management when using private and/or public clouds (IaaS, PaaS, SaaS) with managed cloud services.*



n = 1,500

Source: IDC's *Worldwide Managed CloudView Survey,* 2022

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- *Worldwide Managed Cloud Services Forecast, 2023-2027: An Extraction View of Technology Outsourcing Services Markets* (IDC #US50028423, August 2023)
- *IDC's Top 100 Worldwide Outsourcing-Managed Services Deals of 2020-2022 Update* (IDC #US49162223, April 2023)
- *Managed Cloud Services: Optimizing Use of Public Cloud Providers as Partners Using an Integrated Matrix* (IDC #US49161823, April 2023)
- *Worldwide Buyer Needs and Requirements for Managed Cloud Services* (IDC #US49161923, February 2023)
- *Managed Cloud Services: Meeting Business Objectives with Robust Governance and Multicloud Management Capabilities* (IDC #US50100923, February 2023)
- *Managed CloudView 2022: Value of Public Cloud Providers as Partners with Managed SPs* (IDC #US50055823, January 2023)
- *Worldwide Managed Cloud Services Market Shares, 2021: Top 10 Worldwide Managed SPs* (IDC #US48525522, November 2022)
- *The Pancake Is Flipping - So How Will Managed SPs Stay on Top of It?* (IDC #US49782222, November 2022)

Synopsis

This IDC study represents a vendor assessment of providers offering managed public cloud services through the IDC MarketScape model. The assessment reviews both quantitative and qualitative characteristics that define current market demands and expected buyer needs for managed public cloud services. The evaluation is based on a comprehensive and rigorous framework that assesses how each vendor stacks up against the defined scoring criteria, and the framework highlights the key factors that are expected to be the most significant for achieving success in the managed public cloud services market over the short term and the long term.

"Organizations are increasingly faced with managing public cloud environments and related resources that are becoming highly complex while needing to address an ever changing and expanding set of business and IT requirements that has led many organizations to utilize managed SPs to support their public cloud needs via the use of managed public cloud services. Ensuring successful use of managed public cloud services from managed SPs in delivering the operational performance clients need requires that enterprises develop a robust blueprint that incorporates a strategic road map and plan, define risk management and accountability, require an integrated organizational structure and agile culture, ensure availability of the right type of talent and quality of services, establish a collaborative environment with effective communications, and implement a robust governance with FinOps capabilities." — David Tapper, VP, Outsourcing and Managed Cloud Services at IDC

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