Cloud & Managed Services Transformation

Covering the technology and services, economics and business models, and cloud-native approaches driving enterprise cloud transformation and the re-invention of the IT industry.

The Cloud & Managed Services Transformation Channel provides a point of intellectual convergence around the evolution of enterprise IT, encompassing cloud consumption and delivery models in the context of both IT and digital business transformation. We track vendors bringing innovative and disruptive approaches to the evolving enterprise IT landscape – covering the waterfront of technology, services, operating models, business models and economics. The worlds of hosting, outsourcing, managed services and systems integration are converging as the hyperscale cloud providers extend their influence and remit in the industry, bringing with them more agile (i.e., cloud native) approaches to IT operations. In the process, the market participants – IT service providers, technology vendors, distribution/channel players and telcos – must reinvent themselves and redefine their value propositions.

The Cloud & Managed Services Transformation Channel also examines how the IT industry is itself is changing in response to cloud, tracking ecosystem development, M&A activity and shifting market dynamics.
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Introduction

COVID-19’s unpredictability and the cloud’s ability to scale without reservation has made cloud a critical technology in 2020. The flexibility it enables has supported homeworking, online entertainment and schooling, videoconferencing and the ability for companies to reinvent themselves. In 2021, COVID-19 will continue to act as a catalyst for cloud adoption, and enterprises will demand technologies and services that support adoption.

As cloud becomes embedded in the mainstream of enterprise IT, the focus shifts from cloud adoption and building to cloud optimization. Cloud is the venue (the infrastructure view), while cloud native is the application view. Containers, Kubernetes, microservices, serverless, service meshes: collectively, these cloud-native constructs are where the industry puck is heading.

Hybrid IT/multicloud, once the unintended consequence of haphazard cloud implementation, is emerging as an operating model for IT modernization and transformation. However, managing complexity is the key IT challenge. The mix of on-premises and off-premises infrastructure, containers and VMs, cloud providers, distributed workload execution venues and emerging technologies complicate the task of making cloud work ‘as advertised’ (i.e., delivering the key benefits of speed, agility and scale). Cloud-native approaches to software and service design enable enterprises to act faster, more efficiently and at greater scale. But building and maintaining the optimized IT environments will require a new breed of management, automation and orchestration tools and processes to support both modernization of existing workloads and cloud-native approaches to new application development.

Re-platforming to cloud native is therefore an imperative for digital transformation strategies, and it will sweep through the market over the next decade, much like the re-platforming to the internet and web in the 1990s and 2000s. We expect the cloud-native trend to continue to grow, fueled in part by intersections with adjacent technologies and trends, including data and analytics, AI and machine learning, security and IoT/edge computing – all of which play a role in facilitating digital transformation.

The evolving industry landscape and new approaches to IT architecture, operations, security and application development are creating a broader field of battle for vendors and service providers (both ‘legacy’ and emerging) to deliver consistent and optimized IT experiences across off-premises and on-premises environments. Key topics that the Cloud & Managed Services Transformation Channel will address include the following:

- The evolution of ‘cloud-to-ground,’ ‘ground-to-cloud’ and ‘cloud-around’ deployment approaches offered by the hyperscalers and datacenter hardware incumbents and the impact on operating models
- Transformation of the channel and the evolution of public cloud-centric ecosystems for the delivery of third-party ‘cloud-adjacent’ managed and professional services
- IT consumption models and vendor/service provider delivery models in the emerging hybrid/multicloud market landscape
- The growing portfolios of cloud-native offerings from hyperscalers and infrastructure vendors and the implications for IT architecture, management and governance
- Competitive dynamics in managed services as the focus shifts from infrastructure management to optimization- and transformation-oriented offerings
Upcoming Research on Cloud & Managed Services Transformation

DEMAND-SIDE RESEARCH: VOICE OF THE CUSTOMER
The Voice of the Customer product suite provides survey-based insights from our global panels of IT purchasing decision-makers across enterprises, service providers and technology consumers.

MACROECONOMIC OUTLOOK
Through quarterly survey-based data and insight from our Leading Indicator panel of technology users, Macroeconomic Outlook examines global macroeconomic conditions and factors such as employment trends, price pressures and credit availability to monitor the state of corporate fitness.

VOICE OF THE ENTERPRISE (VOTE)
Combining 451 Research’s industry-leading analysis with data from The 451 Alliance, a global community of IT professionals, Voice of the Enterprise tracks adoption across thousands of organizations and exposes the major opportunities for enterprises, IT vendors, suppliers and investors. The following VotE products are part of the Cloud Transformation Channel.

Cloud, Hosting & Managed Services
Quarterly survey-based data and insight on the cloud, hosting and managed services market from our global panel of enterprise IT decision-makers.

Digital Pulse
Survey-based data and insight collected six times per year from our global panel of enterprise IT decision-makers, providing a unified, top-level view of enterprise IT strategies and initiatives and the underlying business and technology drivers.

VOICE OF THE SERVICE PROVIDER (VSP)
Through semiannual surveys and in-depth interviews with a curated global service provider panel, 451 Research’s Voice of the Service Provider helps to qualify and quantify buying behaviors, business drivers and strategic priorities for the expanding universe of public cloud providers, hosts, MSPs, telcos, systems integrators, SaaS companies and colocation providers. Each survey has a focused theme.
SUPPLY-SIDE RESEARCH

MARKET MONITOR & FORECAST

Understanding the pace of growth and identifying the segments and industries driving value in the market is the focus of 451 Research's market tracking and forecasting methodologies. Through regular updates, 451 Research delivers its tracking and forecasting of the supply of key business application market indicators by region and country.

Cloud Computing

Proprietary forecast based on a bottom-up market-sizing analysis that incorporates revenue estimates and five-year growth forecasts for 450+ competing cloud providers; includes vendor statistics and a breakdown of revenue by geographic region and vertical across 12 market segments.

Cloud Native

Proprietary forecast based primarily on a bottom-up analysis of 700 vendors’ current revenue and growth expectations by segment through 2024.

Hosting, Cloud & Managed Services

Proprietary forecast based primarily on a bottom-up analysis of 1,500+ providers’ current revenue and growth expectations by segment through 2024, across 20 market sectors.

CLOUD PRICE INDEX

The Cloud Price Index is a cross-channel lens that looks to simplify and unravel the economics of technology across all the areas touched by the cloud paradigm. We track two million price line items across the five key hyperscalers, and use this information to deliver country price benchmarks, machine-learning-based studies, price comparison calculators and data-led reports. We simplify and standardize complex cloud pricing models so clients can rapidly analyze the cost of cloud. Enterprises shouldn’t be making complex spreadsheets of provider differences, which requires technical expertise and a mind-bending attention to detail. The CPI gives enterprise decision-makers the tools to survey their options and tweak as appropriate, without the need to invest time and money in complex data gathering and analysis.

TECHNOLOGY & BUSINESS INSIGHT REPORTS

CLOUD MANAGED SERVICES MARKET MAP 2021

Analyst: Nicole Henderson
Publication Date: Q1 2021

This report profiles competitors in specific major segments with a graphical display of the market and key segments in the form of a 451 Research Market Map™. The analysis includes key attributes for each segment and a view of each vendor’s solution.
HYBRID AND MULTICLOUD: CLOUD PRICE INDEX: CLOUD-TO-GROUND AND CLOUD-AROUND

**Analysts:** Jeal Atelsek, Owen Rogers

**Publication Date:** Q1 2021

An avalanche of hybrid cloud offers from hyperscalers has created an abundance of choice and no small measure of confusion. Considering expenditure can be cut 25% by shopping around for cloud services, it’s clear to see why 57% of enterprise have a strategic vision for hybrid IT. Although each hybrid approach is different, they all look to offer the same value proposition: a seamless experience, regardless of location.

PUBLIC CLOUD ANNUAL REVIEW

**Analyst:** Jean Atelsek

**Publication Date:** Q1 2021

Subtle but impactful changes to cloud service pricing are increasing complexity, which is further amplified when hybrid and multi-cloud approaches are brought into the mix. This complexity can impact performance, security and resilience; managed services to handle these issues are becoming more widely available as enterprises seek to offset uncertainty and risk. With environments that span multiple venues and serve different groups, understanding the constantly changing dynamic of cloud pricing, and cloud value, has never been more important. In this annual summary report, we examine how this increasing complexity has impacted the public cloud market, and predict how it will continue in 2021.

UNDERSTANDING THE VALUE OF ‘ALTERNATIVE’ CLOUDS

**Analyst:** Liam Eagle

**Publication Date:** Q2 2021

Although the hyperscalers are known as the de facto public cloud providers, there are still opportunities for alternative public cloud providers to differentiate through vertical-specific capabilities, managed services and regional datacenters. In this report, we examine the market for alternative clouds and consider the opportunities and threats for service providers in a world dominated by hyperscalers.

PREVIEW: 2022 TRENDS IN CLOUD TRANSFORMATION

**Analysts:** Melanie Posey, Owen Rogers, William Fellows

**Publication Date:** Q4 2021

Cloud and IT service markets continue to evolve rapidly. This report provides a view of key trends that will affect the market in 2022. It details the top trends, likely impact and recommendations for each.

SPOTLIGHT REPORTS

**Q1 2021**

- Outlining the alternative cloud market (Liam Eagle)
- Cloud’s position as the leading engine of transformation is accelerating (Nicole Henderson)
- Serverless and service mesh - disrupting legacy architectures and controls (William Fellows)

**Q2 2021**

- What does HPC mean now that everyone needs high performance? (James Sanders)
- What’s the deal with serverless containers? (Jean Atelsek)
About 451 Research

451 Research is a leading information technology research and advisory company focusing on technology innovation and market disruption. More than 100 analysts and consultants provide essential insight to more than 1,000 client organizations globally through a combination of syndicated research and data, advisory and go-to-market services, and live events. Founded in 2000, 451 Research is a part of S&P Global Market Intelligence.

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