¡SG Provider Lens™

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions

Nordics 2021

Quadrant Report

A research report comparing provider strengths, challenges and competitive differentiators

June 2021

About this Report

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The research and analysis presented in this report includes research from the ISG Provider Lens™ program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of April 2021 for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

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

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ISG Provider Lens™ delivers leading-edge and actionable research studies, reports and consulting services focused on technology and service providers' strengths and weaknesses and how they are positioned relative to their peers in the market. These reports provide influential insights accessed by our large pool of advisors who are actively advising outsourcing deals as well as large numbers of ISG enterprise clients who are potential outsourcers.

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EXECUTIVE SUMMARY

The "2021 Next-Gen Private/Hybrid Cloud – Data Center Services & Solutions" study evaluated more than 100 niche hybrid IT, colocation and managed hosting service providers in the Nordics. During the analysis, ISG Provider Lens™ identified the key global and regional service providers and the main trends driving the markets for colocation, hybrid IT managed services, data center managed hosting and IT outsourcing services across the region.

Over the next two to three years, IT outsourcing deals are expected to increase in the Nordics. The outsourcing and insourcing market in the region is witnessing an interesting trend — with outsourcing gaining considerable traction, companies are focusing on insourcing engagements. Sweden has the highest IT outsourcing growth rate among countries in the region, followed by Denmark, Finland, Norway and Iceland. Scalability, cost reduction and hybrid cloud adoption are the main growth drivers for outsourcing engagements. Through the numerous briefings with IT service providers based in the region, ISG finds that the increase in outsourcing is aimed at bringing down costs and reinforcing the adoption of hybrid IT for core businesses.

According to the 4Q 2020 ISG Index™, the global demand for technology and business services reached a record high in the fourth quarter of 2020, even as the sourcing industry is continuing to recover from the downturn induced by the COVID-19 pandemic. The annual contract value (ACV) of outsourcing deals in EMEA was up 18 percent to US$6.2 billion — its best quarterly performance to date. With five major deals in the Nordics including contracts with Ericsson, Siemens and Daimler, ACV for managed services rose 14 percent to US$4.0 billion and IT operations (ITO) was up 55 percent at US$3.6 billion. The as-a-service market grew 25 percent to reach close to US$2.2 billion, with infrastructure as a service (IaaS) growing 34 percent to US$1.6 billion and software as a service (SaaS) up 5 percent at US$578 million. The full-year combined ACV rose 7 percent to reach US$20.5 billion, boosted by 15 percent growth in the as-a-service market that reached US$8.3 billion. Managed services grew 2 percent to reach US$12.1 billion.

Nordics market expected to be the large epicenter for Indian and global IT outsourcing providers: Enterprises in the Nordics are focused on expanding their operations across verticals globally. They are investing in cutting-edge technologies and hiring niche talent, given the shortage of such skills especially in the services and technology sector. Global and Indian service companies as well as system integrators see this as an opportunity to tap into the high demand for skilled labor enablement. In the recent past, enterprises have been outsourcing their data centers and IT managed services to providers based outside Europe, with India being a preferred destination. The aim to reduce expenses is one of the main reasons for enterprises to outsource their IT services. Global and regional IT service providers find that outsourcing enables them to enhance their services and reduce costs considerably.

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Over the last few years, Nordic countries (Norway, Denmark, Sweden and Finland) have emerged as true technological centers. However, this accomplishment comes with a cost, such as the increased compensation for experts in artificial intelligence (AI), machine learning (ML), big data and deep automation, making it a challenge to find niche talent. This had driven organizations to turn towards IT outsourcing, a dynamic that changed over the years. Most enterprises, from large to midmarket, have planned to outsource their in-house IT to third-party managed services providers. However, it is important to note that there is a shift in balance between in-house and outsourced businesses.

Sweden is expected to have the highest outsourcing growth, while Norway and Denmark would experience the lowest rates. Higher agility and scalability to business needs are expected to be the main growth drivers, followed by cost reduction and a focus on core business. Most service providers see cost reduction as the main reason for clients to turn more towards outsourcing, followed by resource availability. .

COVID-19 pandemic accelerating enterprise roadmap to hybrid-IT outsourcing contract: With the pandemic, enterprises across verticals are embracing hybrid cloud to future-proof their businesses. Hybrid IT and multi-cloud, which are integral for transformation, leverage AI, ML and digital technologies to improve productivity and data center security, plus drive cost reductions and a better customer experience. The need

to remain competitive, agile and effective while delivering value to clients, partners and stakeholders drives the adoption of hybrid IT services and solutions. However, the lack of knowledge and skills often induces a delay in the hybrid IT transformation journey, pushing enterprises to seek transformational sourcing options to revamp their businesses and IT operations. Though most are satisfied with their IT service providers, factors such as cultural differences and inaccurate technologies, services and IT labor alignment bring down the satisfaction rate.

Focus on core business: The key business drivers for data managed services are innovation, access to niche talent, increased scalability, flexibility and overall cost optimization. As stated earlier, focus on core business, cost reduction and increased transparency are the main drivers for IT outsourcing services, respectively. The large client segment for data center services has grown, bringing in increased complexity, and clients are seeking providers that can manage their complex and "spaghetti bowl-like" situation. Concurrently, business transformation and innovation are found to be the least important factors. The objective is to bring a strategic focus on innovation and a go-to-market strategy while having mundane tasks managed by a third-party IT service provider.

Reskilling and upskilling workforce: With the increased automation of horizontal IT functions, talent management is a challenge as it carries the risk of making existing

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employee skills obsolete. Reskilling and upskilling are thus critical to address this issue. Several organizations are collaborating with service providers to upskill their workforces on digital skills such as AI, ML and advanced analytics to help them focus on core innovation. IT service providers are collaborating with local universities and startups to ensure that the market has enough niche talent in the region.
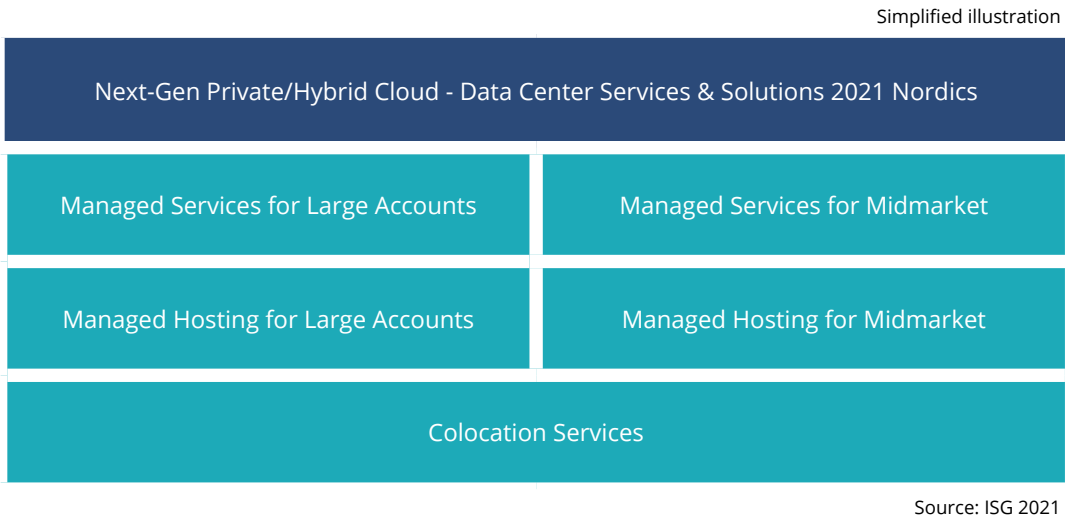
AI-led IT operations for hybrid-IT infrastructure: Nordic enterprises are reaching digital maturity rapidly, but there is still scope for improvement. Vintage data centers, cultural differences and complex management are grounds for this digital slowness. Regular/ mundane IT functions distract organizations from focusing on core competencies. The adoption of AI and ML helps clients achieve cost reduction and improve IT efficiency and business agility. This does not replace humans with machines, but rather helps enterprises to automate mundane tasks and enhance employee skills by using cutting-edge automation technologies. The overall strategy is focused on more value-creating activities among digital and physical labor.

Colocation market gaining momentum: The colocation market in the Nordics is primarily dominated by hyperscalers, manufacturing, banking and finance, and the public sector. The region is continuing to attract global investors in this segment due to low energy prices in

Europe; the average cost of power in the Nordics is reasonably lower than DACH, Benelux and emerging Europe. Furthermore, northern Sweden has high availability of renewable hydro and wind energy sources, with more than a 50 percent surplus available for international exports. Low average temperatures and climatic risk profile, fewer natural disasters, relatively satisfactory connectivity, stable political environments, natural cooling and the energy mix with a low carbon footprint are also attracting global investors to the Nordics. Other factors include a skilled workforce, progressive enterprises with a cloud-native mindset and the high rate of cloud adoption.

Managed hosting services: The demand for managed hosting services is anticipated to grow in the next two to three years, with various vendors providing advanced controlled scalability solutions to enterprises. As enterprises are expanding their businesses globally, the need for space and utilities has increased significantly. Hosting service providers that are associated with cloud providers and hardware vendors have been offering exclusive services to their clients. These data centers are highly flexible, offering governed solutions ranging from simple data warehousing to data analytics. Managed hosting services typically help enterprises to reduce expenses, which should have a positive impact on the global managed hosting services market.

Introduction

Simplified illustration

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions 2021 Nordics	
Managed Services for Large Accounts	Managed Services for Midmarket
Managed Hosting for Large Accounts	Managed Hosting for Midmarket
Colocation Services	

Source: ISG 2021

Definition

Data center outsourcing is the practice of contracting the responsibility of managing end-to-end data center assets to a third-party provider. It covers orchestration, provisioning, integrated monitoring and management of computing, storage, database, middleware resources and other components of the infrastructure. The data center may be owned by the enterprise, service provider or a third-party colocation provider. Integrated monitoring and management services are usually delivered from the provider's location through an offshore/onshore/nearshore shared service center or a dedicated delivery center model, classified as remote infrastructure management (RIM) services.

A private cloud is an extension of the existing computing environment of an enterprise and leverages the investments made in virtual infrastructure and applications. Enterprises with stringent security and governance requirements, large data volumes and tight integration needs (with other enterprise

Definition (cont.)

applications and workflows) may prefer an on-premises or a private cloud environment characterized by hardware hosted locally at a client facility. IT service providers can also create private clouds with scalable virtual compute, networking and storage resources running in their data centers or over a shared infrastructure, and configure it to isolate a private cloud.

A hybrid cloud combines the best of on-premises, private and public cloud. It connects the existing on-premises infrastructure services with a private or public cloud, or both. The goal, while combining services and data from a variety of cloud models, is to create a unified, automated and well-managed computing environment. One of the funda-mental advantages of hybrid cloud deployment is the high degree of control offered to the organization. Hybrid clouds allow businesses to leverage the capabilities of public cloud platform providers without the need to offload their entire data to a third-party data center. This provides greater flexibility while keeping the vital components within the company's firewall.

Scope of the Report

The ISG Provider Lens™ study offers IT-decision makers:

- A differentiated positioning of providers based on competitive strengths and portfolio attractiveness
- Focus on different markets, including U.S., Germany, Switzerland, U.K., Nordics and Brazil

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

Typical outsourcing activities include level 1, 2, and 3 technical support, server monitoring, application performance monitoring, storage and database administration, hosting, colocation, disaster recovery testing and execution. It also involves defining or setting up the architecture, standards, policies and transformation projects such as virtualization, consolidation and cloud-enablement services.

For standalone services such as colocation and managed hosting, the level of services and support varies from those in a fully managed data center outsourcing contract. For example, a colocation provider will provide the facilities and infrastructure to host equipment and some basic support services. However, all other aspects of infrastructure management are the responsibility of the client, which may be independently handled or outsourced to a managed service provider.

Definition (cont.)

ISG studies are intended to anticipate the investigation efforts and buying decisions of typical enterprise clients. While contemplating a significant transformation strategy, making purchase-versus-rent decisions for infrastructure, implementing agile practices, or incorporating automation into their environments, enterprise clients will benefit from a study that examines an entire ecosystem for a certain service line.

The studies are comprised of multiple quadrants covering the spectrum of services that an enterprise client requires, as illustrated below:

The quadrant descriptions are as follows:

- **Managed Services for Large Accounts:** This quadrant assesses a service company's ability to provide ongoing management services for data center infrastructure to large businesses. Enterprises are subject to strict regulations that add to complexities. They typically have more than 5,000 employees and generate more than US$1 billion in revenue.

- **Managed Services for Midmarket:** This quadrant assesses a service company's ability to provide ongoing management services for data center infrastructure to midsized business. The enterprise client typically has less than 5,000 employees or generates less than US$1 billion in revenue.

- **Managed Hosting for Large Accounts:** This quadrant ranks service providers that offer enterprise-grade hosting solutions and use their facilities and infrastructure. They take responsibility for the day-to-day management and maintenance of data center assets such as servers, storage and operating systems.

- **Managed Hosting for Midmarket:** This quadrant assesses a service company's ability to provide ongoing management hosting services for data center infrastructure to midsized business. The enterprise client typically has less than 5,000 employees or generates less than US$1 billion in revenue.

- **Colocation Services:** This quadrant assesses service providers that offer professional and standardized data center operations as colocation services. These providers typically supply network connectivity and access points for various hosting providers, system houses, independent software vendors (ISVs) and carriers or telecommunication providers.

Provider Classifications

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

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

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

Provider Classifications

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product & Market Challenger and Contender), and the providers are positioned accordingly.

Leader

The Leaders among the vendors/ providers have a highly attractive product and service offering and a very strong market and competitive position; they fulfill all requirements for successful market cultivation. They can be regarded as opinion leaders, providing strategic impulses to the market. They also ensure innovative strength and stability.

Product Challenger

The Product Challengers offer a product and service portfolio that provides an above-average coverage of corporate requirements, but are not able to provide the same resources and strengths as the Leaders regarding the individual market cultivation categories. Often, this is due to the respective vendor's size or weak footprint within the respective target segment.

Market Challenger

Market Challengers are also very competitive, but there is still significant portfolio potential and they clearly fall behind the Leaders. Often, the Market Challengers are established vendors that are somewhat slow to address new trends due to their size and company structure, and therefore have some potential to optimize their portfolio and increase their attractiveness.

Contender

Contenders still lack mature products and services or sufficient depth and breadth in their offering, but also show some strengths and improvement potential in their market cultivation efforts. These vendors are often generalists or niche players.

Provider Classifications (cont.)

Each ISG Provider Lens™ quadrant may include a service provider(s) which ISG believes has strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star. Number of providers in each quadrant: ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).

Rising Star

Companies that receive the Rising Star award have a promising portfolio or the market experience to become a leader, including the required roadmap and adequate focus on key market trends and customer requirements. Rising Stars also have excellent management and understanding of the local market. This award is only given to vendors or service providers that have made significant progress toward their goals in the last 12 months and are expected to reach the Leader quadrant within the next 12-24 months due to their above-average impact and strength for innovation.

Not In

The service provider or vendor was not included in this quadrant. There might be one or several reasons why this designation is applied: ISG could not obtain enough information to position the company; the company does not provide the relevant service or solution as defined for each quadrant of a study; or the company did not qualify due to market share, revenue, delivery capacity, number of customers or other metrics of scale to be directly compared with other providers in the quadrant. Omission from the quadrant does not imply that the service provider or vendor does not offer this service or solution, or confer any other meaning.

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Next-Gen Private/Hybrid Cloud - Data Center Services & Solution - Quadrant Provider Listing 1 of 4

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services
3stepIT	Not In	Market Challenger	Not In	Not In	Not In
Accenture	Leader	Not In	Not In	Not In	Not In
Advania	Product Challenger	Product Challenger	Market Challenger	Market Challenger	Not In
Anexia	Not In	Not In	Contender	Contender	Not In
Asseco	Contender	Market Challenger	Not In	Not In	Not In
ATEA	Market Challenger	Leader	Leader	Leader	Not In
Atos	Product Challenger	Not In	Not In	Not In	Not In
Basefarm (OBS)	Leader	Leader	Leader	Leader	Leader
Bulk Infrastructure	Not In	Not In	Not In	Not In	Leader
Capgemini	Leader	Not In	Not In	Not In	Not In
CGI	Leader	Not In	Leader	Not In	Not In
Cognizant	Product Challenger	Not In	Not In	Not In	Not In
Columbus	Not In	Product Challenger	Not In	Not In	Not In
Conapto	Not In	Not In	Not In	Not In	Product Challenger

Next-Gen Private/Hybrid Cloud - Data Center Services & Solution - Quadrant Provider Listing 2 of 4

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services
Conscia	Not In	Product Challenger	Not In	Not In	Not In
DigiPlex	Not In	Not In	Not In	Not In	Leader
DXC	Product Challenger	Not In	Not In	Not In	Not In
EcoDataCenter	Not In	Not In	Not In	Not In	Rising Star
Embriq	Contender	Not In	Not In	Product Challenger	Not In
Equinix	Not In	Not In	Not In	Not In	Leader
Ficolo	Not In	Not In	Not In	Not In	Leader
FS Data	Not In	Not In	Not In	Not In	Contender
Fujitsu	Leader	Not In	Leader	Not In	Not In
GleSYS	Not In	Not In	Contender	Contender	Contender
GlobalConnect	Not In	Not In	Not In	Not In	Market Challenger
Green Mountain	Not In	Not In	Not In	Not In	Leader
HCL	Leader	Not In	Not In	Not In	Not In
Hydro66	Not In	Not In	Not In	Not In	Product Challenger

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Next-Gen Private/Hybrid Cloud - Data Center Services & Solution - Quadrant Provider Listing 3 of 4

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services
IBM	● Leader	○ Not In	● Leader	○ Not In	○ Not In
ICME	○ Not In	○ Not In	○ Not In	○ Contender	○ Not In
Infosys	● Product Challenger	○ Not In	● Product Challenger	○ Not In	○ Not In
Interxion (Digital Realty)	○ Not In	○ Not In	○ Not In	○ Not In	● Leader
Iver	○ Not In	● Product Challenger	○ Not In	● Product Challenger	○ Not In
KMD	● Market Challenger	● Product Challenger	● Product Challenger	○ Not In	○ Not In
Lefdal Mine	○ Not In	○ Not In	○ Not In	○ Not In	● Product Challenger
LTI	● Rising Star	● Leader	○ Not In	○ Not In	○ Not In
Lumen	○ Not In	○ Not In	○ Contender	○ Contender	● Product Challenger
MEDIAM	○ Not In	○ Not In	○ Not In	○ Not In	○ Contender
Mindtree	○ Not In	● Product Challenger	○ Not In	○ Not In	○ Not In
Netcompany	○ Contender	○ Contender	● Product Challenger	● Product Challenger	○ Not In
Netic	○ Not In	○ Contender	○ Not In	○ Not In	○ Not In
Nordlo	○ Not In	● Product Challenger	○ Contender	○ Not In	○ Not In

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Next-Gen Private/Hybrid Cloud - Data Center Services & Solution - Quadrant Provider Listing 4 of 4

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services
Portlane	Not In	Not In	Contender	Contender	Not In
Proact	Not In	Market Challenger	Not In	Not In	Not In
Rg19	Not In	Contender	Not In	Not In	Not In
Sopra Steria	Product Challenger	Not In	Rising Star	Not In	Not In
Sweden Dedicated	Not In	Not In	Not In	Not In	Contender
Systematic	Product Challenger	Product Challenger	Not In	Not In	Not In
TCS	Leader	Not In	Not In	Not In	Not In
Tech Mahindra	Product Challenger	Leader	Not In	Not In	Not In
TietoEVRY	Leader	Leader	Leader	Leader	Not In
T-Systems	Rising Star	Leader	Rising Star	Leader	Not In
Visolit	Product Challenger	Rising Star	Not In	Rising Star	Not In
Vodafone	Not In	Not In	Not In	Contender	Not In
Wipro	Leader	Not In	Not In	Not In	Not In
Xfiber	Not In	Not In	Not In	Not In	Contender

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ENTERPRISE CONTEXT

Managed Services for Large Accounts

This quadrant is relevant to large enterprises across industries in the Nordics, for evaluating hybrid cloud managed service providers.

In this quadrant report, ISG defines the current market positioning of managed service providers in the Nordics and the way they counter the key challenges faced by large enterprises in their hybrid cloud efforts. These providers are adept at managing data center infrastructure on behalf of these enterprise clients, thereby sparing them to focus on other tasks.

Due to the COVID-19 pandemic, enterprises faced challenges related to changing work environments, enabling remote working, ensuring the health and safety of employees and providing a consistent experience to employees working from home and in office premises. Therefore, Nordics enterprises are looking for a seamless delivery of data center managed services anywhere, as a part of enabling remote working to ensure business continuity. This has, in turn, accelerated investments in IT outsourcing deals among enterprises.

Using hybrid cloud managed services can help enterprises unburden the responsibility of data center operations by providing a localized infrastructure and a robust understanding of the operating environment. At the same time, managed service providers can help enterprises in the Nordics comply with critical regulations, including the ones regarding data protection and data residency.

Enterprises are focusing on leveraging automation, DevOps integrated framework, AIOps and zero-touch support processes that can accelerate agility in data center operations. They will benefit from a managed service provider's automation and AI capabilities to monitor infrastructure and predict failures to reduce maintenance costs.

Enterprises can also benefit from a managed service provider's expertise in application modernization, cost optimization, DevOps and cloud-native journeys. Managed services providers may be able to deliver services in proximity to key client locations, which is particularly relevant for applications that are highly sensitive to latency.

IT and infrastructure leaders should read this report to better understand the relative strengths and weaknesses of managed services providers, and to ascertain how their approaches to the market can impact enterprise hybrid cloud strategies.

Software development and technology leaders should read this report to understand the positioning of managed services providers and gain a better understanding of how their offerings can impact the development of software products within an enterprise.

Sourcing, procurement, and vendor management professionals should read this report to have a better understanding of the current landscape of managed services providers in the Nordics.
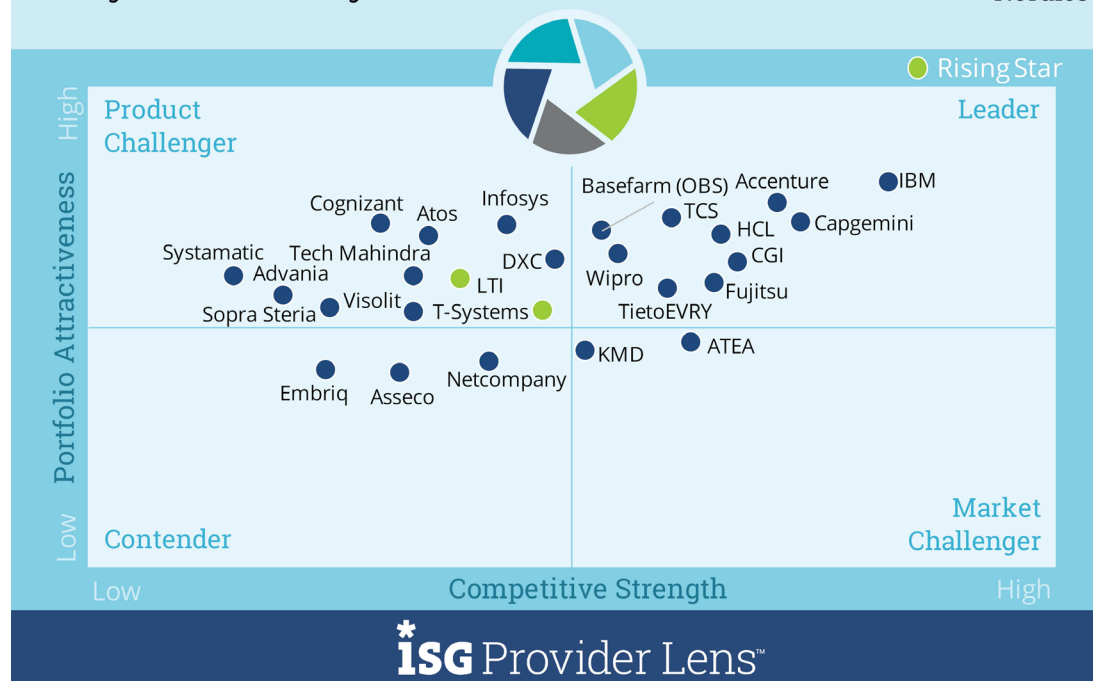
MANAGED SERVICES FOR LARGE ACCOUNTS

Definition

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

Participating companies usually take over transition services, guiding clients to optimize their existing IT landscape. Typical projects include large-scale data center consolidation, virtualization, cloud enablement and configuration/implementation of a software-defined data center (SDDC). The services also help in expanding the facilities, transferring new workloads or creating new private clouds. Managed services are characterized by the transfer of responsibility to a service provider and

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions
Managed Services for Large Accounts

2021
Nordics

Source: ISG Research 2021

MANAGED SERVICES FOR LARGE ACCOUNTS

Definition (cont.)

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

A primary difference between managed service providers and managed hosting providers is that the former has stronger integration practices that involve breaking monolithic and traditional applications into individual services or microservices.

Eligibility Criteria

■ Ability of provider to service data center infrastructure (networks, servers, middleware, storage and databases) on its own and not through partners

■ Ability to provide services within a client's premises or remotely, and preferably through its RIM/ shared services center

■ Should have established or emerging basic/standard relationships with one of the major public cloud hyperscalers such as AWS, Microsoft, Google or IBM

■ Demonstrate experience in large transition projects, covering automation, consolidation, virtualization and containerization of data centers and cloud enablement

■ Ability to act as an extension of a client's IT organization and create blueprints, architecture frameworks and management processes at a client's location

■ Capability to manage high-memory and compute-intensive workloads and advise on individual shoring alternatives

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MANAGED SERVICES FOR LARGE ACCOUNTS

Observations

IT outsourcing in the Nordics has experienced significant growth in the last couple of years, and this trend is likely to continue. IT infrastructure services have become a commodity that most organizations are outsourcing. In 2020, enterprises in the region were investing heavily in IT infrastructure equipment and services (including high-performance computing, integration services, hybrid IT outsourcing) for both cloud and traditional IT infrastructure. The market is driven by digital transformation initiatives and the need for a more agile IT delivery mechanism that requires infrastructure modernization and the use of next-generation cloud technologies such as high-performance computing, microservices and container services.

The pandemic has caused a downturn in the overall business growth across industries. Enterprises across verticals in the Nordics are seeking immediate discounts and changes in existing IT contracts for the coming years. It is thus important for providers to offer a variety of services to clients such as deep automation during transition, elevation of services and rebadging of in-house IT services. Many companies have been expediting their long-term digital plans such as incremental

and disruptive automation and technology implementation. This drives the overall growth in the consulting and transformative IT outsourcing services market.

Most leaders in this quadrant can support large players in the transformation of their data centers and managed IT infrastructure, and can help midsized clients remain competitive and operational. Out of the 25 providers that have qualified for this quadrant, 10 have been identified as Leaders and two as Rising Stars:

- **Accenture** leads in the hybrid IT and multi-cloud consulting services market with its strong portfolio, backed by a series of acquisitions in the digital segment.
- **Basefarm (OBS)** has been investing heavily in strategic services for business models with the introduction of cloud services and initiatives in transformation and multisourcing.
- **Capgemini** offers strong consulting services to help clients streamline their IT functional processes and operational efficiencies. It has a large pool of digital and physical resources with specializations in consulting, technology consulting and digital transformation services.
- **CGI** has an end-to-end portfolio of capabilities such as strategic IT and business consulting, systems integration, managed IT and intellectual property (IP) solutions.
- **Fujitsu** has been serving hybrid IT services to the Nordics for more than a decade. The company has a large pool of consultants and domain experts to help clients accelerate their hybrid IT journey.

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MANAGED SERVICES FOR LARGE ACCOUNTS

Observations (cont.)

- **HCL** has been witnessing significant revenue growth due to its continuous investments in the Nordics and a diversified hybrid IT portfolio.
- **IBM** has extensive experience in working with large financial institutions across the Nordics. With the acquisition of Nordcloud, the firm has bolstered its presence in the region.
- **TCS** has a presence of 15 years in the region with a rooted culture experience, providing a wide range of hybrid IT service offerings.
- **TietoEVRY** is one of the largest IT service providers in the Nordics and has strong hybrid IT capabilities.
- **Wipro** offers boundaryless hybrid IT services and an end-to-end infrastructure modernization portfolio on data hybrid IT services.
- **LTI** (Rising Star) has modular service offerings and is committed to driving value for clients.
- **T-Systems** (Rising Star) has established partnerships with many Nordics-based clients to address their specific hybrid IT needs.

FUJITSU

Overview

Fujitsu provides managed services, hybrid IT deployment and data center modernization in the Nordics. Finland Oy is the third-largest IT service and equipment supplier in the Nordics market with a 2,500-strong workforce serving numerous enterprises. The company has demonstrated robust business resilience and a site reliability engineering (SRE) model during the pandemic to accelerate digital transformation journeys for Nordic clients. It has been successful in onboarding public sector enterprises in the region.

Caution

Fujitsu should focus on building a local innovation and delivery hub for hybrid IT solutions in the Nordics.

The company should strengthen its marketing strategy to increase awareness among enterprise clients for its hybrid IT services in the region.

Strengths

Operational excellence: Fujitsu's hybrid IT service portfolio helps clients to reduce complexity and enable effective governance while delivering new cloud-based IT services along with on-premises/traditional IT. The company is focused on providing visibility into IT services that are being delivered and on ensuring compliance with regulations, company policies, data security and cost control.

Agile and innovative operational model: Fujitsu offers an innovative operating model by transforming core back-end systems to deliver agility. It helps clients to reduce costs, move to consumption costs and reduce CapEx, while ensuring security and availability. This also includes moving production and mission-critical workloads to the cloud.

VMware-based managed private cloud: Fujitsu's VMware-based managed private cloud services enable enterprises to create a hybrid IT environment with flexibility and control — the key factors that are necessary for the consumption-based rapid provisioning of virtual machines. This approach uses a utility-based compute, memory and storage model and the ability to layer additional managed services, thus aligning with the changing stakeholder requirements and expectations.

2021 ISG Provider Lens™ Leader

Fujitsu has a strong presence and foothold in the Nordics. The company offers hybrid IT services that blend private and public cloud with on-premises IT to improve business agility and accessibility and deliver better business outcomes.

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ENTERPRISE CONTEXT

Managed Services for Midmarket

This quadrant is relevant to midsize enterprises across industries in the Nordics, for evaluating hybrid cloud managed service providers.

In this quadrant report, ISG defines the current market positioning of managed service providers in Nordics and the way they counter the key challenges faced by midsize enterprises in their hybrid cloud efforts. These providers are adept at managing data center infrastructure on behalf of their enterprise clients sparing them to focus on other tasks.

Due to the COVID-19 pandemic, enterprises faced challenges related to changing work environments, enabling remote working, ensuring the health and safety of employees and providing a consistent experience to employees working from home and in office premises. Therefore, Nordics enterprises are looking for a seamless delivery of data center managed services anywhere, as a part of enabling remote working to ensure business continuity. This, in turn, has accelerated investments in IT outsourcing deals among enterprises.

Using hybrid cloud managed services can help enterprises unburden the responsibility of data center operations by providing a localized infrastructure and a robust understanding of the operating environment. At the same time, managed service providers can help enterprises in the Nordics comply with critical regulations, including the ones related to data protection and data residency. The midsize enterprises have fewer complex requirements and smaller projects than large enterprises, and they prefer providers with strong niche offerings, competitive pricing and high integration capabilities.

Enterprises are focusing on leveraging automation, DevOps integrated framework, AIOps and zero-touch support processes that can accelerate agility in data center operations. They will benefit from a managed service provider's automation and AI capabilities to monitor infrastructure and predict failures to reduce maintenance costs.

Enterprises can also benefit from a managed service provider's expertise in application modernization, cost optimization, DevOps and cloud native journey. Managed services providers may be able to deliver services in proximity to key client locations, which is particularly relevant for applications that are highly sensitive to latency.

IT and infrastructure leaders should read this report to better understand the relative strengths and weaknesses of managed services providers, and to ascertain how their approaches to the market can impact enterprise hybrid cloud strategies.

Software development and technology leaders should read this report to understand the positioning of managed services providers and gain a better understanding of how their offerings can impact the development of software products within an enterprise.

Sourcing, procurement, and vendor management professionals should read this report to have a better understanding of the current landscape of managed services providers in the Nordics.

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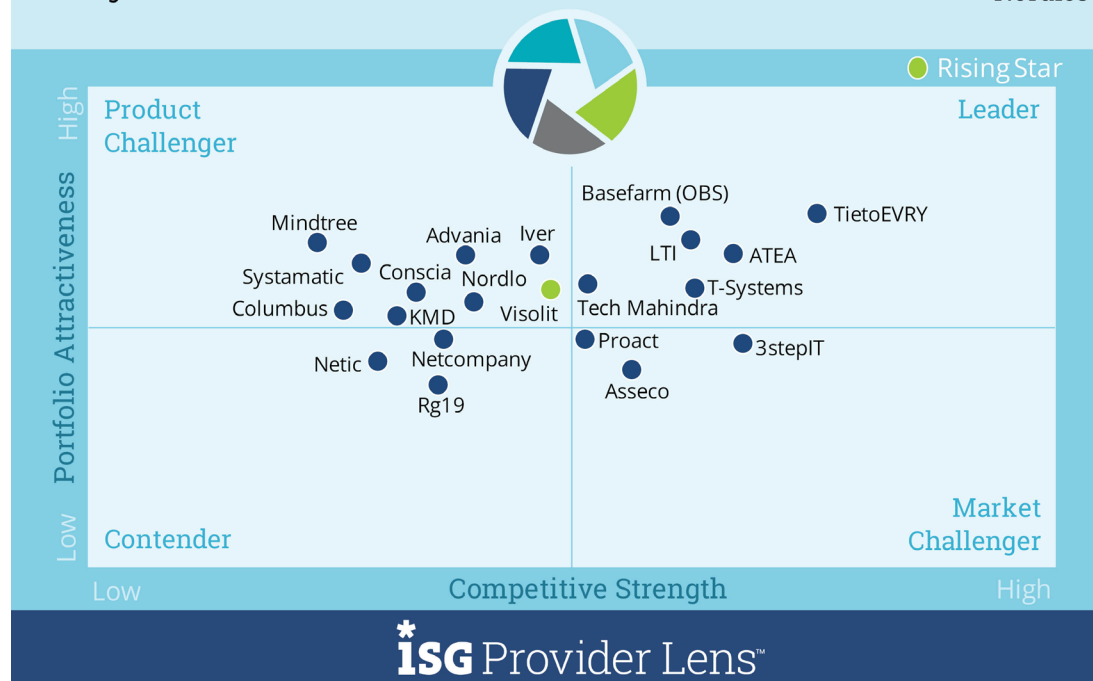imagine your future®

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MANAGED SERVICES FOR MIDMARKET

Definition

This quadrant assesses a provider's ability to offer ongoing management services for private and hybrid clouds as well as traditional data center infrastructure and platforms that comprise physical and virtual servers, middleware, storage, databases and networking components. The infrastructure may reside in the client's data center or the service provider's facilities, or even be co-located in a third-party facility. Participating companies usually take over the transition services, where they guide clients to optimize their existing IT landscape. Typical projects include large-scale data center consolidation, virtualization, cloud enablement and configuration/implementation of a software-defined data center (SDDC).

Transition services also include expanding the facilities, transferring new workloads or creating new private clouds. Managed services are characterized by the transfer of responsibility to a service provider and being governed by service-level agreements (SLAs) and penalties

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions
Managed Services for Midmarket

2021
Nordics

Product Challenger · Leader · Contender · Market Challenger · Rising Star

Portfolio Attractiveness (High / Low) — Competitive Strength (Low / High)

Mindtree, Advania, Iver, Systematic, Conscia, Nordlo, Columbus, KMD, Visolit, Netic, Netcompany, Tech Mahindra, Rg19, Proact, Asseco, Basefarm (OBS), LTI, ATEA, T-Systems, TietoEVRY, 3stepIT

Source: ISG Research 2021

MANAGED SERVICES FOR MIDMARKET

Definition (cont.)

for any deviation. At a broad level, these services include provisioning, enabling real-time and predictive analysis, and monitoring and operational management of a client's on-premises, private and hybrid cloud environments. These activities are aimed at maximizing the performance of workloads in the cloud, reducing costs and ensuring compliance and security. Participants should have the capability to manage traditional as well as cloud-native application releases that also include continuous integration and continuous delivery (CI/CD) processes. The primary difference between managed service providers and managed hosting providers is that the former have stronger integrations practices that involve breaking monolithic and traditional applications into individual services or microservices.

Eligibility Criteria

- Ability of provider to offer services for private and hybrid clouds, data center infrastructure (servers, middleware, storage and databases) on its own without relying on partners

- Should have established or emerging basic/standard relationships with one of the major public cloud hyperscalers such as Amazon Web Services (AWS), Microsoft, Google and IBM

- Demonstrate experience in large transition projects that include automation, consolidation, virtualization and containerization of data centers and cloud enablement

- Act as an extension of a client's IT organization and create blueprints, architecture frameworks and management processes at the client's location

- Provide a centralized orchestration/management of hybrid IT infrastructure

- Demonstrate experience in business continuity planning, particularly with managing a client's hybrid infrastructure remotely during the pandemic

- Hold appropriate certifications to ensure compliance at the local level.

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MANAGED SERVICES FOR MIDMARKET

Observations

In the Nordics, the demand for managed services in the midmarket segment is continuing to increase. Mergers and acquisitions (M&As) among small and midsized service providers gained significant traction in 2020. Another growing trend is that regional IT services providers are leveraging global portfolio capabilities. Companies such as Atea, TietoEVRY and Basefarm have shown strong results by wining major deals in the region. ISG has observed that midsize IT service providers are expanding their competitive strength and portfolio attractiveness by continuous capital infusion. The M&As in 2020 indicate that IT service providers based in the Nordics will compete with global system integrators for large accounts.

Most of the leaders in this quadrant have the capability to support clients in their hybrid IT journey and assist midsized clients to remain competitive and operational. Out of the 21 providers that have qualified for this quadrant, six have been identified as Leaders and one as a Rising Star.

- **Atea** enables clients to scale their cloud without expanding their hybrid IT managed service workforce.

- **Basefarm (OBS)** has a delivery model that covers everything "from idea to cable." The company provides strategic advice, project implementations and infrastructure operations under one management.

- **LTI's** managed service offerings help to enhance and manage the traditional IT environment by quickly adopting new technologies and processes.

- **Tech Mahindra** takes an integrated approach to help enterprises achieve scalability. It offers mission-critical software, solutions and IT services, primarily to the public sector in Denmark.

- **TietoEVRY,** a US$1.2 billion IT company that is the result of a merger between Tieto and the EVRY group, and is one of the leading service providers in the Nordics.

- **T-Systems** offers a cloud integration center, a joint platform covering both self-managed and managed services for infrastructure-as-a-service (IaaS), platform-as-a-service (PaaS) and software-as-a-service (SaaS) operations.

- **Visolit** (Rising Star) offers a full spectrum of services in the field of infrastructure projects and is a leading IT integrator in the region.

ENTERPRISE CONTEXT

Managed Hosting for Large Accounts

This quadrant is relevant to large enterprises in the Nordics, for evaluating managed hosting providers. In this quadrant report, ISG defines the current market positioning of managed hosting providers in the Nordics and the way they counter key challenges faced by enterprises in the region.

Enterprises face challenges in the integration of hosted computing resources into their overall hybrid cloud strategy. They wish to shift focus from CapEx to OpEx to reduce costs related to purchasing new assets. Concurrently, they are facing difficulties associated with lack of skilled resources, compliance changes, security and other factors.

Managed hosting can help enterprises alleviate the burden of operating a private data center, while still allowing some control over the underlying hardware and systems that underpin the applications hosted there. At the same time, enterprises will benefit from a managed hosting provider's investment in next-generation technologies and updates to a traditional infrastructure. In addition, local data centers can help enterprises comply with data protection and data residency regulations.

Enterprises are expanding businesses globally, with a corresponding increase in the need for space and utilities. Managed hosting service providers associated with cloud providers and hardware vendors can offer exclusive hosting services to enterprises. As enterprises reduce their focus on on-premises infrastructure, managed hosting providers can help

them by offering consumption-based hosting services, involving bare metal services, support for all operating systems and databases, compliance certifications and other services, along with providing connectivity to multi-cloud environments.

In addition, managed hosting providers can offer services in locations closer to an enterprise's core operations, which is important for latency sensitive applications.

IT and infrastructure leaders should read this report to better understand the relative strengths and weaknesses of managed hosting providers, and to ascertain how their approaches to the market can impact enterprise hybrid cloud strategies. In particular, these leaders should understand how a managed hosting provider will impact the management and operation of key workloads.

Software development and technology leaders should read this report to understand the positioning of managed hosting providers and gain a better understanding of how their offerings can impact the development of software products within an enterprise. Even if all the applications with a managed hosting provider are not under active development, new projects are likely to integrate with some of these systems.

Sourcing, procurement and vendor management professionals should read this report to have a better understanding of the current landscape of managed hosting providers in the Nordics.

ISG Provider Lens™

MANAGED HOSTING FOR LARGE ACCOUNTS

Definition

This quadrant assesses service providers that offer standalone enterprise-grade hosting solutions, using their own or third-party facilities and infrastructure. The providers assessed here are responsible for the day-to-day management and maintenance of data center equipment such as servers, storage, operating systems and connectivity to the external network. Ideally, clients state their application and operating requirements, and the managed hosting provider takes the responsibility of providing the infrastructure to keep applications running with the desired performance and security. A provider may monitor various IT assets such as legacy systems and private and public clouds via a hybrid cloud management platform. However, the ability to manage hybrid clouds has not been assessed for this quadrant. The primary service levels that are typically considered to measure managed hosting services are various tiers of data centers, multi-layered security, service availability and network (LAN) I/O at peak time.

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions Managed Hosting for Large Accounts

2021 Nordics

Source: ISG Research 2021

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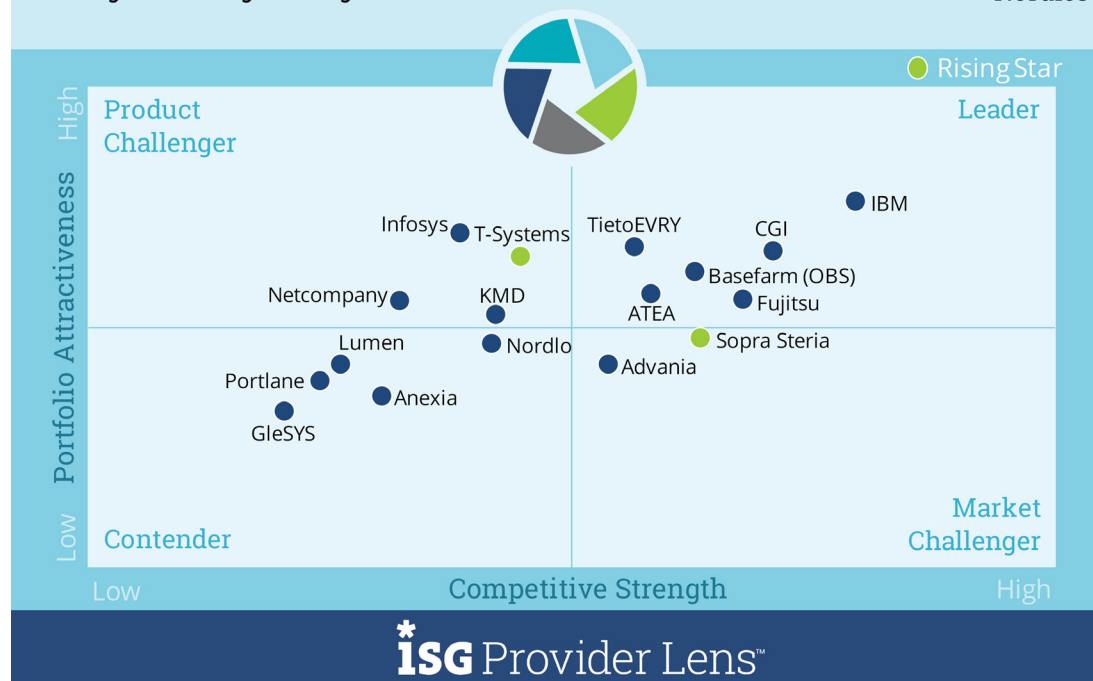
MANAGED HOSTING FOR LARGE ACCOUNTS

Eligibility Criteria

- Ability of provider to offer enterprise-grade hosting solutions using its own facilities and infrastructure

- Provide active-active disaster recovery and backup services

- Capability to securely manage and maintain all data center equipment and technology stacks

- Scale and maintain dedicated servers and storage, as well as shared cloud resources, on the same network and management platform

- Provide at least five layers of physical security in the data center;

Observations

The business IT infrastructure needs are unique regardless of the size of the enterprise. IT solutions can be customized to fit the exact requirements of each business. Clients have numerous choices to run their IT infrastructure off site. Managed server hosting provides the option of reducing capital expenses and move to the as-a-service consumption model. Managed hosting services providers offer virtualization, integrated monitoring and management, enabling clients to optimize the overall IT landscape. Some of the key drivers for the managed hosting services market in the Nordics are the increase in global data distribution, focus on core business innovation and agility with the partner ecosystem. The demand for hosting services is anticipated to be flat and growth thin over the year as this space is also being dominated by cloud and colocation providers. Providers in this space are increasingly offering cloud hosting, colocation and managed hosting services within the same data center or service offering.

Managed hosting providers with the maximum scale and size, security and data governance will continue to gain more clients. Those associated with cloud providers and hardware vendors have been offering exclusive services to their clients. These data centers are highly flexible, offering governed solutions that range from simple data warehousing to data analytics.

Most of the leaders in this quadrant can support clients in their hybrid IT journey and help them remain competitive and operational. Out of the 21 providers that have qualified, six have been identified as Leaders and 2 as Rising Stars.

MANAGED HOSTING FOR LARGE ACCOUNTS

Observations (cont.)

- **Atea** is moving to the next phase of cloud, wherein enterprises are seeking to leverage hybrid IT to not just optimize their business but also create new value through service innovation.

- **Baseform (OBS)** is a leading expert in next-generation managed hosting infrastructure services with a robust partner ecosystem. The company offers critical infrastructure for enterprise clients.

- **CGI** offers managed hosting services along with niche tooling and expert capabilities to Nordic enterprises. Its managed hosting solutions help to streamline processes and improve services.

- **Fujitsu** offers a range of IT infrastructure and database managed hosting services. These also include data backup and support for system-related software.

- **IBM** is continuously building on its refined managed hosting competencies and technologies. The company is continuing to generate revenue from its vintage data center footprint.

- **TietoEVRY** has transformed its hybrid IT managed hosting service offering with integrating monitoring and management solutions.

- **Sopra Steria** (Rising Star) has a wide presence in the Nordics and a long history in providing managed hosting services. The company has strategic partnerships for large managed hosting engagements.

- **T-Systems** (Rising Star) offers several best-of-breed approaches that go beyond infrastructure support to implement the necessary security in every hybrid hosting architecture with end-to-end support.

FUJITSU

Overview

Fujitsu offers a range of modern managed hosting service offerings that meet the requirements of large companies in all sectors. Its global presence enables the company to provide IT services across the globe. Fujitsu Finland Oy is the third-largest IT service and equipment supplier in Finland, with a 2,500-strong employee base, serving numerous enterprises in Finland alone.

Caution

Though Fujitsu has its own data centers in the Nordics, it should partner with other data center providers to enhance its managed hosting services.

Strengths

Range of hybrid IT hosting services: Fujitsu has an extensive portfolio that enables the adoption of an innovative multi-cloud strategy. The company has partnerships with leading technology providers such as VMware, Microsoft Azure, Oracle and Citrix. It offers comprehensive managed hosting solutions to large enterprises. In terms of transformation capabilities, Fujitsu offers a robust platform that combines old and new environments seamlessly.

Leveraging public cloud for large accounts: Fujitsu extends its cloud portfolio with the VMware Cloud Foundation stack in AWS and Microsoft Azure public clouds. It also offers a separate public cloud or a combined hybrid cloud with consulting, transformation and operational services. The company has numerous data centers in the Nordics to serve enterprise clients in the managed services segment.

Converged hybrid IT managed hosting and managed services: Fujitsu offers a comprehensive catalogue of data center services, which includes provisioning of administration for specific areas that lack adequate resources. The company ensures that its services are in accordance with individual policies in the IT sector. Upon request, the services can be extended to include support for Microsoft and SAP applications.

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Fujitsu's managed hosting services can help reduce complexity and ensure effective governance of new cloud-based IT services and traditional IT.

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ENTERPRISE CONTEXT

Managed Hosting for Midmarket

This quadrant is relevant to midsize enterprises in the Nordics, for evaluating managed hosting providers. In this quadrant report, ISG defines the current market positioning of managed hosting providers in the Nordics and the way they counter key challenges faced by enterprises in the region.

Enterprises face challenges in the integration of hosted computing resources into their overall hybrid cloud strategy. They wish to shift focus from CapEx to OpEx to reduce costs related to purchasing new assets. Concurrently, they are facing difficulties associated with lack of skilled resources, compliance changes, security and other factors.

Managed hosting can help enterprises alleviate the burden of operating a private data center, while still allowing some control over the underlying hardware and systems that underpin the applications hosted there. At the same time, enterprises will benefit from the managed hosting provider's investment in next-generation technologies and updates to a traditional infrastructure. In addition, local data centers can help enterprises comply with data protection and data residency regulations. Midsize enterprises have fewer complex requirements and smaller projects than large enterprises, and they prefer providers with strong niche offerings, competitive pricing and high integration capabilities.

Enterprises are expanding business globally, with a corresponding increase in the need for space and utilities. Managed hosting service providers associated with cloud providers and hardware vendors can offer exclusive hosting services to enterprises. As enterprises reduce

their focus on on-premises infrastructure, managed hosting providers can help them by offering consumption-based hosting services, involving bare metal services, support for all operating systems and databases, compliance certifications and other services, along with connectivity to multi-cloud environments.

In addition, managed hosting providers can offer services in locations closer to an enterprise's core operations, which is important for latency sensitive applications.

IT and infrastructure leaders should read this report to better understand the relative strengths and weaknesses of managed hosting providers, and to ascertain how their approaches to the market can impact enterprise hybrid cloud strategies. In particular, these leaders should understand how a managed hosting provider will impact the management and operation of key workloads.

Software development and technology leaders should read this report to understand the positioning of managed hosting providers and gain a better understanding of how their offerings can impact the development of software products within an enterprise. Even if all the applications with a managed hosting provider are not under active development, new projects are likely to integrate with some of these systems.

Sourcing, procurement and vendor management professionals should read this report to have a better understanding of the current landscape of managed hosting providers in the Nordics.

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MANAGED HOSTING FOR MIDMARKET

Definition

This quadrant assesses service providers that offer standalone enterprise-grade hosting solutions, using their own or third-party facilities and infrastructure. The providers assessed here are responsible for the day-to-day management and maintenance of data center equipment such as servers, storage, operating systems and connectivity to the external network. Ideally, clients state their application and operating requirements, and the managed hosting provider takes the responsibility of provisioning the infrastructure to keep applications running with the desired performance and security. A provider may monitor various IT assets such as legacy systems and private and public clouds via a hybrid cloud management platform. However, the ability to manage hybrid clouds has not been assessed for this quadrant. The primary service levels that are typically considered to measure managed hosting services are various tiers of data centers, multi-layered security, service availability and network (LAN) I/O at peak time.

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions
Managed Hosting for Midmarket

2021
Nordics

Source: ISG Research 2021

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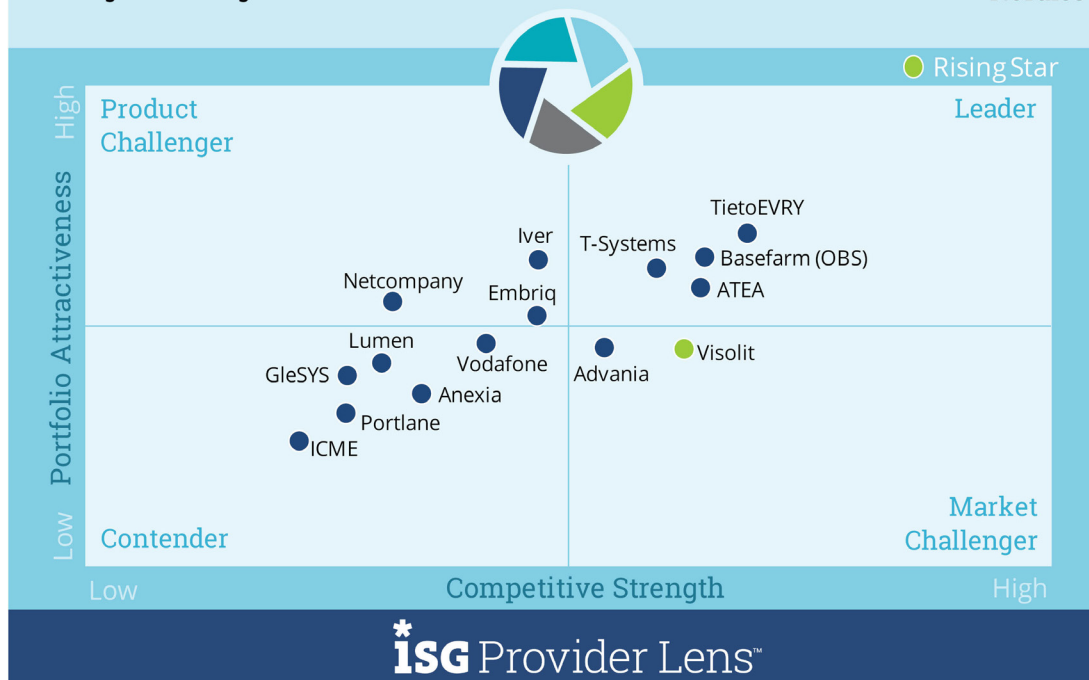
MANAGED HOSTING FOR MIDMARKET

Eligibility Criteria

- Ability of provider to offer enterprise-grade hosting solutions using its facilities and infrastructure

- Offer active-active disaster recovery and backup services

- Capability to securely manage and maintain all data center equipment and technology stacks

- Scale and maintain dedicated servers and storage, as well as shared cloud resources, on the same network and management platform

- Provide at least five layers of physical security in the data center.

Observations

With the increasing use of data to make business decisions, companies today have an array of hosting options such as managed hosting services. Hosting and cloud infrastructure services are converging as businesses incorporate IaaS into hybrid IT deployment approaches. Hybrid IaaS/hosting services are more flexible and optimization-oriented to address the strategic issues of IT and business transformation. These services also serve as a tactical approach for specific projects such as distributed enterprise applications. Managed hosting explores the evolution of end users from standalone hosting and IaaS to hybrid IT environments and analyzes market trends related to multi-cloud deployment. Companies are tracking developments in the service provider landscape, including partnerships between traditional hosting providers and the hyperscale IaaS giants. Both global and Nordics-based companies have been investing in building large, carbon neutral data centers for managed hosting services in the region.

Out of the 11 providers that have qualified for this quadrant, four have been identified as Leaders and one as a Rising Star.

MANAGED HOSTING FOR MIDMARKET

Observations (cont.)

- **Atea** provides hardware and software for storing and managing information. It also provides tools for virtualization, automation and security and for operating data center environments.

- **Basefarm's (OBS)** automation capabilities help to reduce provisioning time by an average of 80 percent.

- **TietoEVRY** has more than 15 data centers to provide managed hosting services. Most of these facilities are in Finland and Sweden.

- **T-Systems** provides products with preconfigured services that help reduce manual efforts for enterprises.

- **Visolit** (Rising Star) has numerous data centers and an extensive portfolio of managed hosting services for enterprise clients in the Nordics.

ENTERPRISE CONTEXT

Colocation Services

This quadrant is relevant to enterprises of all sizes in Nordics, for evaluating colocation providers. In this quadrant report, ISG defines the current market positioning of colocation providers in the Nordics, and how they counter key challenges faced by enterprises in the region.

Enterprises are facing the challenge of managing their assets, with a growing demand for high-density servers and increasing need to upscale or downscale based on business requirements. The increasing demand for sustainability, compliance mandates and security requirements have compelled Nordics enterprises to leverage colocation services. ISG has observed that the colocation segment is growing rapidly in the recent times due to increasing digital transformation initiatives among enterprises and the expansion of global operations.

Colocation providers can help enterprises by providing localized infrastructure and a robust understanding of the operating environment in the Nordics. Harnessing the expertise of colocation providers can help enterprises alleviate the burden of operating a private data center, while still allowing some control over the underlying hardware and systems that underpin the applications hosted there. Enterprises will benefit from a colocation provider's facilities built on the rationale of economies of scale and scalable as per their requirements.

Increased data privacy regulations are compelling Nordics enterprises to leverage colocation facilities built with high standards. Enterprises in the Nordics see the reduction in CapEx as another key reason to avail the services of colocation providers, along with the benefit of reduced time-to-market. Colocation providers may be able to deliver services that are in proximity to key client locations, which is particularly relevant for applications that are highly sensitive to latency.

IT and infrastructure leaders should read this report to better understand the relative strengths and weaknesses of colocation providers and to ascertain how their approaches to the market can impact enterprise hybrid cloud strategies. In particular, these leaders should understand how using a colocation provider will impact the management and operation of key workloads.

Software development and technology leaders should read this report to understand the positioning of colocation providers and gain a better understanding of how their offerings can impact the development of software products within an enterprise. Even if all the applications hosted with a colocation provider are not under active development, new projects are likely to integrate with some of these systems.

Sourcing, procurement and vendor management professionals should read this report to have a better understanding of the current landscape of colocation providers in the Nordics.
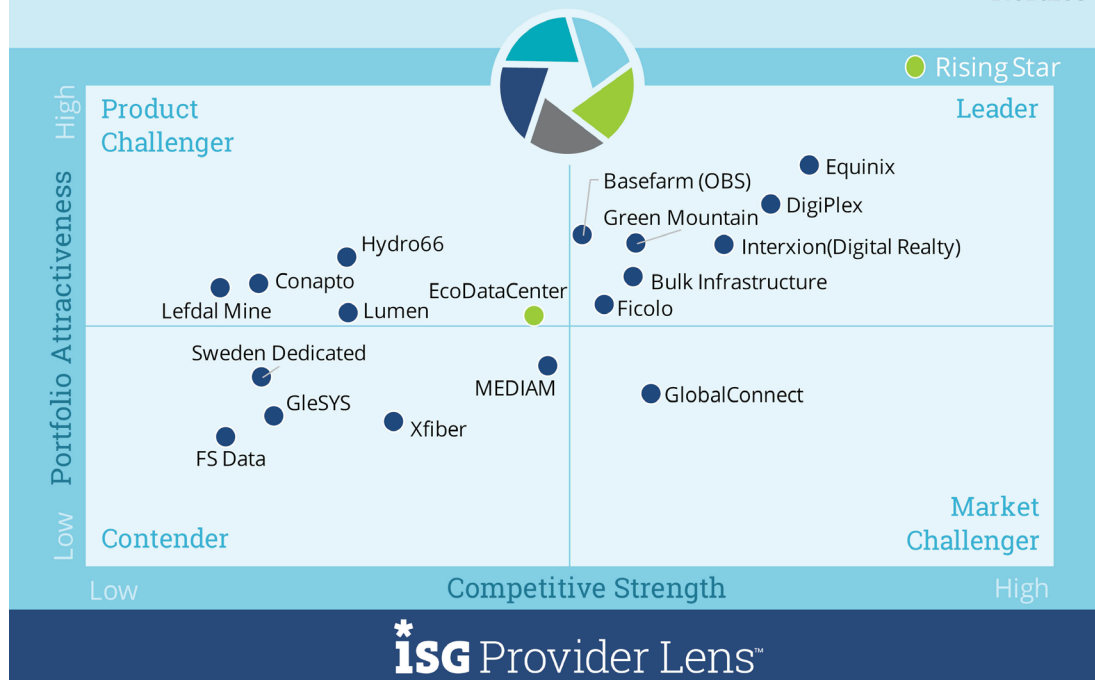
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COLOCATION SERVICES

Definition

This quadrant assesses providers that offer standardized data center operations as colocation services for midmarket and large enterprise clients. The participating companies offer community access points for various hosting providers, system houses, carriers or telecommunication providers and end users. Enterprise clients that opt for colocation services expect a standardized and sophisticated data center setup, many carrier choices, low latency and high bandwidth at affordable prices to deliver rich content or critical, latency-sensitive information to users in and outside major metropolitan areas.

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions
Colocation Services

2021
Nordics

Product Challenger

Leader

Rising Star

Equinix
Basefarm (OBS)
DigiPlex
Green Mountain
Interxion(Digital Realty)
Hydro66
Bulk Infrastructure
Conapto
EcoDataCenter
Ficolo
Lefdal Mine
Lumen
Sweden Dedicated
MEDIAM
GlobalConnect
GleSYS
Xfiber
FS Data

Portfolio Attractiveness (High / Low)
Competitive Strength (Low / High)

Contender

Market Challenger

iSG Provider Lens™

Source: ISG Research 2021

COLOCATION SERVICES

Eligibility Criteria

- Ability to use a standardized data center architecture design for colocation field offices

- Provide colocation-hosting facilities with high-quality data network equipment

- Guarantee power density to support current and future technologies

- Provide at least five layers of physical security measures on the premises

- Colocation site to have appropriate certifications such as SSAE 16, HIPAA, ISO 14001, ISO 22301, PCI DSS, NIST, FISMA, SOC Type I and II from one or more auditing companies

- Offer edge computing and networking

- Offer interconnected fabric hub services

- Leverage clean energy sources and solutions to reduce energy consumption, including zero carbon emission and green data center initiatives.

Observations

The Nordics colocation market has gained significant momentum. Over the last two years, the Nordics has seen a surge in interest for data center services with the arrival of several global hyperscale data centers in Denmark and Sweden. The locations of colocation facilities are closely connected to larger connectivity hubs that are available for data traffic exchange in Stockholm and Copenhagen. Large power supplies from sustainable sources such as hydro and wind power, together with cold temperatures, make the Nordics a preferred location for building sustainable data centers. With these factors and a fast-growing market in Northern Europe, the region has also been witnessing a growing number of hyperscale data center projects in both Denmark and Sweden. Stockholm has become an even larger and more attractive connectivity hub in the Nordics over the past decade. It is highly connected through several key Internet exchanges by strong carrier-neutral colocation providers and has the most network and cloud platforms in the region. The city has become a strategic gateway location, connecting western Europe to the rapidly growing Internet economies of Russia, the Baltics and beyond. From an overall market perspective, Stockholm and Copenhagen have potential to become crucial nodes for data traffic exchange, competing with the traditional big four European markets of London, Paris, Frankfurt and Amsterdam. Furthermore, the overall connectivity and hub solution helps in creating synergies for businesses, attracting more global companies to Sweden.

COLOCATION SERVICES

Observations (cont.)

Out of the 18 providers that have qualified for this quadrant, six have been identified as Leaders and two as Rising Stars.

- **Basefarm's** colocation services provides clients with private halls, private rooms and racks in data centers with proven high uptime. These services enable full control of servers and applications in robust data centers with redundant solutions.

- **Bulk Infrastructure** leads the industry with its resilient, cost-effective, scalable and sustainable solutions that deliver long-term business growth with the lowest total cost of ownership.

- **DigiPlex** has seven colocation centers that deliver robust interconnectivity, security and sustainability through its solutions.

- **Equinix** has announced a US$38.8 million expansion plan for two data centers in Finland. This will meet the growing demand in the region, which was driven by the need to work remotely during the COVID-19 pandemic.

- **Ficolo** has multiple colocation data centers across the Nordics. The company is planning to establish strategic partnerships to expand its colocation services in the region.

- **Green Mountain's** robust, secured workload deployment ensures that mission-critical infrastructures are up and running quickly.

- **Interxion (Digital Realty)** has colocation services to support Nordic clients with hydro power and ensures the lowest possible carbon footprint. It also provides a platform that is highly suitable for interconnection and exchange with Europe and Russia.

- **EcoDataCenter** (Rising Star) offers innovative design and leading technologies with a new generation of large-scale data centers in the colocation segment.

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Methodology

METHODOLOGY

The research study "Next-Gen Private/Hybrid Cloud – Data Center Services & Solutions 2021" analyzes the relevant software vendors/service providers in the Nordics market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology. The study was divided into the following steps:

1. Definition of Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions

2. Use of questionnaire-based surveys of service providers/vendor across all trend topics.

3. Interactive discussions with service providers/vendors on capabilities and use cases.

4. Leverage ISG's internal databases and advisor knowledge and experience (wherever applicable).

5. Detailed analysis and evaluation of services and service documentation based on the facts and figures received from providers and other sources.

6. Use of the following key evaluation criteria:
   - Strategy and vision;
   - Innovation;
   - Brand awareness and presence in the market;
   - Sales and partner landscape;
   - Breadth and depth of portfolio of services offered;
   - Technology advancements.

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At ISG, Manoj Chandra Jha is primarily responsible for research projects and working on the ISG Provider Lens™ (IPL) program. He actively contributes in gathering service provider intelligence through both primary and secondary research. He is responsible for writing thought leadership reports and papers on briefings provided by the service providers. In addition to these, Manoj also writes blogs on trending topics, specifically on cutting-edge technology. Manoj has executed several client requests for research and consulting assignments across industries, predominantly in the IT, manufacturing and insurance sectors. He has handled client communication for the team, managing the client right from on-boarding to understanding their custom research requests to scheduling briefing calls. Along with this, he has been closely involved with the quadrant studies around cloud services and data center outsourcing market.

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Prakash N is a senior research analyst at ISG. He is responsible for supporting ISG Provider Lens™ studies on Private/Hybrid Cloud, Public Cloud, and Cloud Native - Container Services. His areas of expertise are cloud, data center, public cloud platforms, and cloud-native services. During his tenure, he has developed research content for ISG Provider Lens™ in the areas of Private Cloud, Cloud-native Services, and Public Cloud. He is responsible for authoring the enterprise content and the global summary report, which includes market trends and insights.

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ISG Provider Lens™ | Quadrant Report
June 2021

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 700 clients, including more than 75 of world's top 100 enterprises, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; strategy and operations design; change management; market intelligence and technology research and analysis. Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,300 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data. For more information, visit www.isg-one.com.