



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

U.K. 2021

Quadrant Report



A research report
comparing provider
strengths, challenges
and competitive
differentiators

Customized report courtesy of:



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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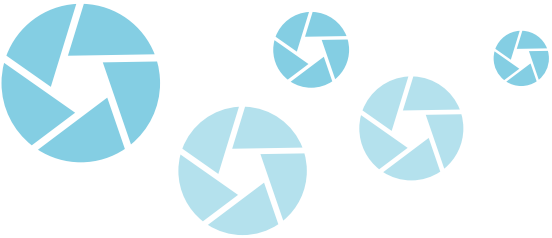
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EXECUTIVE SUMMARY

The Next-Gen Private/Hybrid Cloud – Data Centre Services and Solutions 2021 study evaluated more than 100 niche hybrid IT, colocation and managed hosting service providers in the U.K. ISG Provider Lens™ has identified the key global and regional providers and analysed key trends driving the IT outsourcing, hybrid IT managed services, data centre managed hosting services and colocation markets in the U.K.

COVID-19 pandemic accelerates the adoption of hybrid IT solution and services

among enterprises: The impact of COVID-19 on the economy will be long lasting. As a result, enterprises are implementing hybrid IT and artificial intelligence (AI)-led IT operations to optimise IT assets, costs, productivity and capacity, as well as to reduce risks in the short term to stay prepared for the future. As businesses across sectors focus on technology-driven transformation, the IT outsourcing market in the U.K. continues to grow.

In the U.K., enterprise clients are shifting their focus towards IT outsourcing. They are adopting effective agendas to drive both bottom-line productivity and top-line business growth. Firms also are recognising the skills required to effectively manage business and supplier relationships. The enterprises are re-evaluating the balance in the IT supply chain ecosystem between insourcing and outsourcing, while ensuring that contracts with suppliers recognise and facilitate new ways of working, such as linear, agile and DevOps. They are also taking a pragmatic long-term view of the relationship with key suppliers. Over the next two to three quarters, many IT outsourcing deals are anticipated in the U.K. market, with the majority of enterprises planning to outsource at the same momentum. However, the true scale and implications will only become visible in the coming months.

Deal pipelines show continued growth, as the economy begins to emerge from

pandemic: According to the ISG Index for Q1 2021, the market in EMEA grew by 20 percent when compared to the last year, reaching US\$6 billion. However, the market experienced a 5 percent dip from Q4 2020. Both the as-a-Service and managed services segments showed strong results in the first quarter of 2021. The as-a-Service segment grew by 16 percent when compared to the last year, reaching US\$2.5 billion. It was driven by the increased demand for Infrastructure-as-a-Service (IaaS), with an annual contract value (ACV) of US\$1.8 billion, an increase of 19 percent when compared to the last year. Software-as-a-Service (SaaS) grew by 9 percent, reaching US\$658 million. On the other hand, managed services generated US\$3.5 billion of ACV, an increase of 23 percent compared to the previous year — its second straight quarter of sizeable results. ITO is growing by 17 percent year over year, reaching US\$3 billion, because of demand for ADM and infrastructure services.

The retail, pharmaceuticals, technology and utilities industries continue to invest in digital capabilities and core technology operations (cloud, network and data) to support artificial intelligence (AI) and machine learning (ML). Due to the COVID-19 pandemic, the travel, hospitality and retail sectors are looking for cost-saving options, which, in turn, has led to a rise in new sourcing partnerships, as well as revival and renewal of existing deals.

ISG provider Lens™ has observed the following trends in the global next-generation private/hybrid IT solution and services space:

Large enterprises are increasingly adopting hybrid IT services: The adoption of hybrid IT is high among large enterprises in the U.K., as they have the niche talent to implement specific solutions in the hybrid IT segment. ISG observed that small- and midsize companies are also moving towards this direction.

Cost optimisation and business transformation are the key factors driving outsourcing in the U.K. market: Desire for cost reduction is the main factor prompting organisations in the U.K. to outsource more by a significant margin, followed by business transformation and elevation in service quality. Adoption of hybrid IT services continues to grow in the region, with most companies planning to include hybrid IT solutions in their application portfolio by 2023. One of the key challenges enterprises face for a successful migration to the hybrid IT cloud is the integration of existing or legacy systems. Security and privacy issues and governance and internal capabilities to manage cloud providers/solutions are the other main challenges. Enterprises are adopting hybrid IT services to remain competitive, agile and effectively deliver value to their stakeholders' ecosystems. However, insufficient knowledge and skills often disrupt the adoption of hybrid IT services, driving enterprises to seek transformational sourcing options to revamp the business and IT operations. The trend of IT outsourcing and investments in technology services continues to grow. This, along with the impact of COVID-19, are pushing organisations to quickly move away from physical to the digital ecosystem. Various hybrid IT accelerators and technologies provide significant opportunities for service providers to deliver seamlessly.

Growth in the IT outsourcing market in the U.K.: In the next two to three years, IT outsourcing will continue in the region, as enterprises are planning to outsource, with significant investments in digital transformation. This contrasts with the last five years, which saw a slight drop in IT outsourcing deals across verticals in the U.K. However, there has been a fundamental shift between insourcing and outsourcing deals due to increased pressure on the chief technology officer (CTO) to drive digital transformation and cost reduction due to the impacts of COVID-19 pandemic. Although ISG observed many midsize IT outsourcing deals over the last year, these could not be categorised as billion-dollar, multiyear deals.

Milestone and outcome-based deals: Enterprises in the region have matured their IT outsourcing deal cycle, while selecting the right IT service provider to support their hybrid IT transformation journey. Milestone and outcomes-based engagement are becoming mainstream requirements, wherein clients are choosing providers as their joint partners rather than suppliers.

Workforce reskilling and upskilling: With the increasing alignment of automation in classic and new-edge data centres, talent management is a challenge. Also, carrying the risk of existing employee skills will soon become obsolete. Therefore, training and upskilling are critical. Several enterprises are collaborating with local universities and providers to upskill their workforces on digital skills such as workflow automation and modernisation with real-time analytics to empower them to focus on high-value tasks.

In the past few years, the U.K. has seen significant adoption of software-defined data centres, along with hyperconverged infrastructure (HCI) in remote and branch offices (ROBO). A significant percentage of enterprises is leveraging HCI for mission-critical applications around container services for cloud-native applications. IT outsourcing deals have shown steady development due to the adoption of cloud and advances in the digital space.

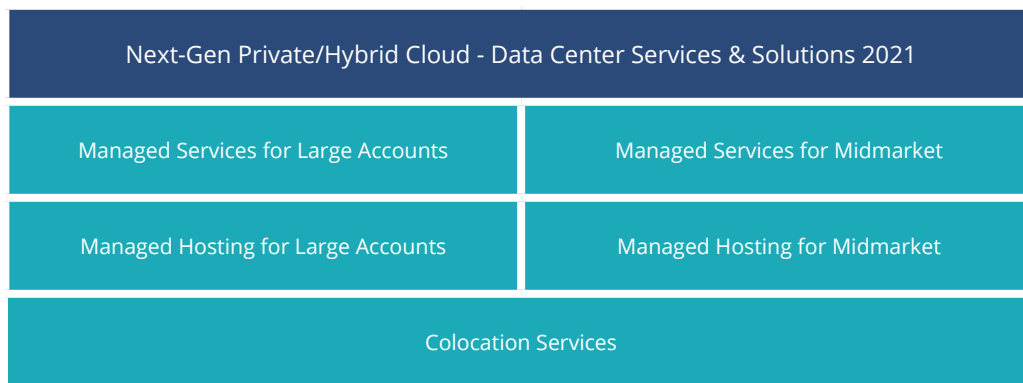
Colocation providers in the U.K. are being viewed as an extension of a customer's business: The U.K. colocation market is the fastest growing in Europe and is expected to grow in double digits over the next three years. Most briefings with the largest colocation players in the U.K. and globally revealed that the firms would grow their business in the coming quarters. The colocation market in the region is dominated by hyperscale sites, which include those owned and operated by the largest cloud computing providers in the U.K. such as Google Cloud, AWS and Microsoft. The U.K. continues to be the largest market in Europe for colocation data centres — which are seen as a less costly alternative to expensive dedicated premises. Public and private sector organisations in verticals such as finance, manufacturing and retail are consistently focussing and investing in acquiring colocation space as part of their global business expansion plans.

Large enterprises continue to accelerate hybrid IT adoption: It is estimated that 60 percent of enterprise workloads still reside on-premises, many in private data centres operated by internal staff. To save valuable time, costs and space, many large enterprises will increasingly look to move in-house IT operations to a managed colocation facility or engage in a sale-leaseback deal, where a company sells its own data centre facility to a third party, then leases the space required to operate.

Managed hosting market will continue to grow reasonably: The U.K. managed hosting market is expected to grow at a reasonable pace over the new few years. As enterprises are expanding their businesses globally, the need for space and utilities has increased. Hosting service providers associated with cloud providers and hardware vendors have been offering exclusive services to their clients. These data centres are extremely flexible and offer governed solutions, ranging from simple data warehousing to data analytics, thereby promising a reduction in expenses. This is anticipated to have a positive effect on the global managed hosting services market over the next two years.

Introduction

Simplified illustration



Source: ISG 2021

Definition

Data centre outsourcing is the practice of transferring the responsibility of managing end-to-end data centre assets; orchestration provisioning; integrated monitoring; and management of computing, storage, database, middleware resources and other components of the infrastructure to a third-party provider. The data centre 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 centre or dedicated delivery centre 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 that need to handle large data volumes and ensure tight integration with other enterprise applications and workflows may prefer on-premises or a private cloud environment characterised 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 centres or over a shared infrastructure and configure it to isolate a private cloud.

Definition (cont.)

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 is to combine services and data from a variety of cloud models and create a unified, automated and well-managed computing environment. One of the fundamental advantages of hybrid cloud deployment is the high degree of control offered to the organisation. Hybrid clouds allow businesses to leverage the capabilities of public cloud platform providers without the need to outsource their entire data to a third-party data centre. This provides greater flexibility, while keeping the vital components within the company's firewall.

Scope of Report

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

- A differentiated positioning of providers based on competitive strengths and portfolio attractiveness.
- A perspective on different markets, including the U.S., Germany, Switzerland, the 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, defining or setting up the architecture, standards and policies, and transformation projects such as virtualisation, consolidation and cloud-enablement services.

Definition (cont.)

Scope of Report

For standalone services such as colocation and managed hosting, the level of services and support varies from those in a fully managed data centre 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 independently handle it or outsource it to a managed service provider.

ISG studies are intended to anticipate the investigation efforts and buying decisions of typical enterprise clients. While contemplating a significant strategy transformation, 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 comprise 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 centre infrastructure for large businesses. The client enterprises are subject to strict regulations that add to complexities. They typically have more than 5,000 employees and generate revenues of more than US\$1 billion.
- **Managed Services for Midmarket:** This quadrant assesses a service company's ability to provide ongoing management services for data centre infrastructure for medium-sized business. The enterprise client typically has less than 5,000 employees or generates less than US\$1 billion in revenue.

Definition (cont.)

Scope of Report

- **Managed Hosting for Large Accounts:** This quadrant assesses 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 centre 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 centre infrastructure for medium-sized 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 standardised data centre 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) who ISG believes has a strong potential to move into the leader's quadrant.

Rising Star

Rising stars are mostly product challengers with high future potential. When receiving the “rising stars” award, such companies have a promising portfolio, including the required roadmap and an adequate focus on key market trends and customer requirements. Also, the “rising stars” has an excellent management and understanding of the local market. This award is only given to vendors or service providers that have made extreme progress towards their goals within the last 12 months and are on a good way to reach the leader quadrant within the next 12-24 months, due to their above-average impact and innovative strength.

Not In

This service provider or vendor was not included in this quadrant as ISG could not obtain enough information to position them. This omission does not imply that the service provider or vendor does not provide this service.

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions - Quadrant Provider Listing 1 of 5

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services
3stepIT	● Contender	● Product Challenger	● Contender	● Not In	● Not In
Accenture	● Leader	● Not In	● Not In	● Not In	● Not In
acora	● Not In	● Product Challenger	● Not In	● Not In	● Not In
Atos	● Leader	● Not In	● Leader	● Not In	● Not In
BT	● Product Challenger	● Leader	● Leader	● Leader	● Leader
CANCOM	● Not In	● Leader	● Product Challenger	● Rising Star	● Not In
Capgemini	● Leader	● Not In	● Not In	● Not In	● Not In
Centron	● Not In	● Contender	● Not In	● Not In	● Not In
Claranet	● Product Challenger	● Leader	● Not In	● Leader	● Not In
Cloudreach	● Contender	● Product Challenger	● Not In	● Not In	● Not In
Codero	● Not In	● Not In	● Contender	● Not In	● Not In
Cognizant	● Rising Star	● Not In	● Not In	● Not In	● Not In
Colt DCS	● Not In	● Not In	● Not In	● Not In	● Product Challenger

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions - Quadrant Provider Listing 2 of 5

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services
Computacenter	● Leader	● Not In	● Not In	● Not In	● Not In
Core IT Solutions	● Not In	● Contender	● Not In	● Not In	● Not In
Coreix	● Not In	● Not In	● Not In	● Not In	● Product Challenger
CWCS	● Not In	● Not In	● Not In	● Contender	● Not In
Cyrusone	● Not In	● Not In	● Not In	● Not In	● Contender
Cyxtera	● Not In	● Not In	● Not In	● Not In	● Product Challenger
Digital Realty	● Not In	● Not In	● Not In	● Not In	● Leader
DXC	● Leader	● Not In	● Market Challenger	● Not In	● Not In
Ensono	● Market Challenger	● Leader	● Leader	● Leader	● Not In
Equinix	● Not In	● Not In	● Not In	● Not In	● Leader
Fujitsu	● Leader	● Leader	● Not In	● Leader	● Not In
Global Switch	● Not In	● Not In	● Not In	● Not In	● Leader
gtt	● Not In	● Not In	● Not In	● Not In	● Market Challenger

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions - Quadrant Provider Listing 3 of 5

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services
HCL	● Leader	● Not In	● Not In	● Not In	● Not In
Hexaware	● Product Challenger	● Leader	● Not In	● Not In	● Not In
HYVE	● Not In	● Contender	● Not In	● Market Challenger	● Product Challenger
IBM	● Leader	● Not In	● Leader	● Not In	● Not In
Infosys	● Rising Star	● Not In	● Not In	● Not In	● Not In
IT Backbone	● Not In	● Contender	● Not In	● Not In	● Not In
Ldex Group	● Not In	● Not In	● Not In	● Not In	● Contender
Logicalis	● Product Challenger	● Product Challenger	● Not In	● Product Challenger	● Not In
LTI	● Product Challenger	● Not In	● Not In	● Not In	● Not In
Lumen	● Not In	● Not In	● Rising Star	● Not In	● Product Challenger
Microland	● Contender	● Not In	● Not In	● Not In	● Not In
Mindtree	● Product Challenger	● Rising Star	● Not In	● Not In	● Not In
Mphasis	● Not In	● Product Challenger	● Not In	● Not In	● Not In

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions - Quadrant Provider Listing 4 of 5

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services
Navisite	● Not In	● Not In	● Not In	● Market Challenger	● Not In
Nouveau	● Not In	● Contender	● Not In	● Not In	● Not In
NTT Ltd.	● Product Challenger	● Not In	● Product Challenger	● Not In	● Product Challenger
PlusServer	● Not In	● Not In	● Not In	● Product Challenger	● Not In
Pulsant	● Not In	● Not In	● Product Challenger	● Not In	● Product Challenger
Rackspace Technology	● Not In	● Leader	● Leader	● Leader	● Rising Star
Redcentric	● Not In	● Not In	● Product Challenger	● Contender	● Contender
Sopra Steria	● Not In	● Market Challenger	● Not In	● Product Challenger	● Not In
Sungard AS	● Not In	● Not In	● Product Challenger	● Rising Star	● Product Challenger
TCS	● Leader	● Not In	● Not In	● Not In	● Not In
Tech Mahindra	● Product Challenger	● Not In	● Not In	● Not In	● Not In
Telehouse	● Not In	● Not In	● Not In	● Not In	● Leader
TierPoint	● Not In	● Not In	● Contender	● Not In	● Not In

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions - Quadrant Provider Listing 5 of 5

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services
T-Systems	● Not In	● Leader	● Not In	● Leader	● Not In
UKFast	● Not In	● Not In	● Not In	● Not In	● Contender
Unisys	● Market Challenger	● Leader	● Product Challenger	● Not In	● Not In
UST	● Not In	● Contender	● Not In	● Contender	● Not In
Veber	● Not In	● Not In	● Not In	● Not In	● Contender
VIRTUS	● Not In	● Not In	● Not In	● Not In	● Market Challenger
Vodafone	● Product Challenger	● Leader	● Not In	● Not In	● Not In
Volta	● Not In	● Not In	● Not In	● Not In	● Product Challenger
Wipro	● Leader	● Not In	● Not In	● Not In	● Not In
Zensar	● Not In	● Product Challenger	● Not In	● Not In	● Not In



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

ENTERPRISE CONTEXT

Managed Services for Large Accounts

This quadrant is relevant to enterprises across industries in the U.K. for evaluating hybrid cloud managed service providers.

In this quadrant report, ISG defines the current market positioning of managed service providers in the U.K., and how they counter the key challenges large enterprises face 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, large 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. U.K. enterprises are looking for seamless delivery of data center managed services, anywhere, as a part of remote work enablement to ensure business continuity.

Enterprises in the U.K. are trying to determine the best course of technical investments in the wake of Brexit. Hybrid cloud managed services can help enterprises unburden the responsibility of data center operations by providing localized infrastructure and a robust understanding of the operating environment. They can also help enterprises comply with data protection, and data confidentiality and residency regulations.

Enterprises are focusing on leveraging automation, DevOps integrated framework, AIOps, and zero-touch support processes to 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. ISG has observed that large enterprises in the U.K. are increasingly opting for hybrid IT to avail niche talent to implement specific solutions; this is in keeping with the increasing focus on outcome-based pricing models.

At the same time, enterprises can 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, as well as 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 service providers and gain a better understanding of how their offerings can impact the ongoing 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 service providers in the U.K.

MANAGED SERVICES FOR LARGE ACCOUNTS

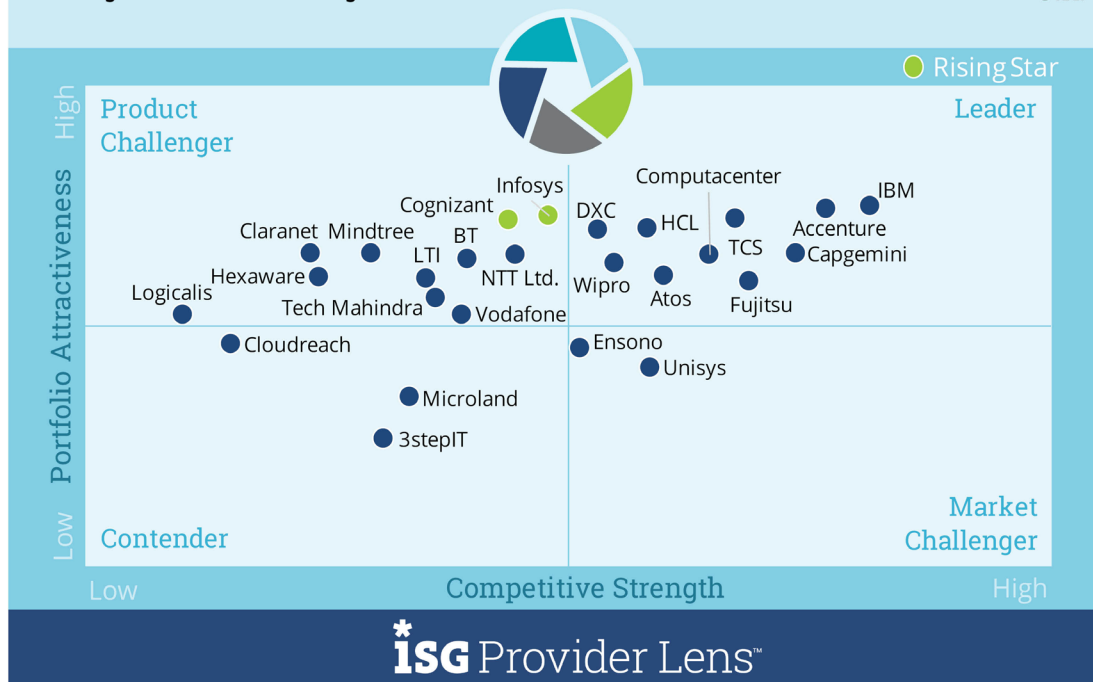
Definition

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

Participating companies usually take over the transition services where they guide clients to optimise their existing IT landscape. Typical projects include large-scale data centre consolidation, virtualisation, cloud enablement and configuration/implementation of a software-defined data centre (SDDC). Transition services also include expanding the facilities, transferring new workloads or creating new private clouds. Managed services are characterised by the transfer of responsibility to a service provider, governed by service level agreements (SLAs) and

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

2021
U.K.



MANAGED SERVICES FOR LARGE ACCOUNTS

Definition (cont.)

corresponding penalties if 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 maximising 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, which also include continuous integration and delivery processes.

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

Eligibility Criteria

- Ability to service data centre infrastructure (networks, servers, middleware, storage and databases) on their own, without the need of partners
- Ability to provide services within a client's premises or remotely, and preferably through its RIM/ shared services centre
- Established or emerging basic/standard relationships with one of the major public cloud hyperscale providers such as AWS, Microsoft, Google or IBM
- Experience in large transition projects that include automation, consolidation, virtualisation and containerisation of data centres and cloud enablement
- Ability to act as an extension of a clients' IT organisation and involve in creating blueprints, architecture frameworks and management processes at the client's location
- Ability to manage high memory and compute-intensive workloads and consulting on individual shoring alternatives

MANAGED SERVICES FOR LARGE ACCOUNTS

Observations

According to the ISG Index Q1 2021, the European market for IT and business services remains robust, with increased demand for cloud-based services in the first quarter and continued strength in managed services. The EMEA ISG Index™, which measures commercial outsourcing contracts with ACV of US\$5 million or more, shows that the ACV for the combined market, which includes both as-a-Service and managed services, rose by 20 percent year over year, reaching US\$6.0 billion, but dropped by 5 percent when compared to the fourth quarter. The ACV of managed services in the UK increased by 20 percent when compared to the previous year, reaching US\$866 million. A noteworthy point is that the dynamics of IT outsourcing deals in the region have changed. The typical recently awarded contract has been a combination of classic IT outsourcing, in-flight consulting projects and rebadging of existing in-house IT resources to a new incumbent. To address the enterprise demand for IT outsourcing deals in the region, suppliers are investing jointly to accelerate client's hybrid IT transformation journey. Stakeholders acting as joint growth partners in the client's transformation journey, which is a positive move in the market.

In this quadrant, we evaluated 26 providers, of which 10 are Leaders and two Rising Stars.

- **Accenture** leads the hybrid cloud managed services space, with its cloud-first strategy. It strengthened its portfolio by a series of acquisitions in the cloud and digital spaces.
- **Atos** offers end-to-end hybrid IT portfolio with its new Atos OneCloud offering, which involves cloud advisory consulting, application transformation expertise, prebuilt cloud accelerators and innovative talents to enable a secure cloud journey for clients.
- **Capgemini** offers robust hybrid IT capabilities with a unified management mechanism that uses its eAPM cognitive analytics platform to provide data-driven visual insights to accelerate transformation.
- **Computacenter** has a broad portfolio of services and tools stack that help clients with its zero-touch and one-touch IT operations. The company has strategic partnerships with all top technology vendors to address various client requirements.

MANAGED SERVICES FOR LARGE ACCOUNTS

Observations (cont.)

- **DXC Technology** offers intuitive AIOps in its managed services offering that provides real-time insights into the business and operations, including data mining, machine learning (ML) and predictive intelligence.
- **Fujitsu** offers a comprehensive managed services portfolio with a productised IP-based approach and framework. It has many clients across the healthcare and financial service verticals in the U.K.
- **HCL** is one of the leading managed services providers in the U.K. that has shown positive momentum in hybrid IT deals.
- **IBM** accelerated its hybrid cloud managed services with the acquisition of Red Hat and offers automation through its Watson® platform.
- **TCS** provides autonomous IT operations to its managed services clients through the ignio™ platform. It helps with hybrid IT management for several enterprises in the U.K.
- **Wipro** offers an end-to-end infrastructure modernisation portfolio in the data centre segment. It also offers AIOps capabilities through the Holmes platform to enable high business outcomes for its clients.
- **Cognizant** (Rising Star) takes a consultative approach and offers autonomous IT operations that help in its clients' transformation journey.
- **Infosys** has shown a positive momentum in the region with its net new and existing new client's base expansion in the UK region.

FUJITSU



Overview

Fujitsu offers a comprehensive managed services portfolio with a productised IP-based approach and framework. The firm provides managed services through many productised offerings that use analytics, automation and AI. It works with clients across industries to accelerate enterprises' hybrid IT transformation journey.



Strengths

Framework-centric monitoring and managed services: Fujitsu offers a comprehensive managed services framework with a set of tools stacks to address clients' regular IT operations challenges. It also has created a range of blueprint services that can be used in a plug-and-play model to increase the level of automation in the clients' ecosystem.

Key supplier for the U.K. public sector: With more than two decades of experience working with government-related clients in the U.K., Fujitsu is recognised as the key supplier in the public sector. The company has a substantial presence across verticals in the hybrid IT managed service segment.

Multi-industry experience: Fujitsu has experience in providing managed services solutions to many clients in the healthcare and financial services industries in the U.K. It also signed hybrid IT managed services deals in various other verticals in the U.K.



Caution

Enterprises in the U.K, and Europe in general, prefer service providers that have a local R&D facility to offer region-specific services. Thus, Fujitsu should focus on accelerating its work on a next-generation, cloud-led and vertical-specific R&D centre in the region.

The firm should focus on increasing awareness of its hybrid IT managed services in the region.



2021 ISG Provider Lens™ Leader

Fujitsu is a well-known brand for managed multi-cloud and hybrid IT managed services in the U.K. Its strong focus and delivery capabilities for managed hybrid IT services, along with automation, AI and analytics-enabled intelligent support framework, act as differentiators.

ENTERPRISE CONTEXT

Managed Services for Midmarket

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

In this quadrant report, ISG defines the current market positioning of managed service providers in the U.K., and how they counter the key challenges midsize enterprises face 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, midsize 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. U.K. enterprises are looking for seamless delivery of data center managed services, anywhere, as a part of their remote work enablement to ensure business continuity.

Enterprises in the U.K. are trying to determine the best course of technical investments in the wake of Brexit. Hybrid cloud managed services can help enterprises unburden the responsibility of data center operations by providing localized infrastructure and a robust understanding of the operating environment. They can help enterprises comply with data protection, and data confidentiality and residency regulations.

Enterprises are focusing on leveraging automation, DevOps integrated framework, AIOps, and zero-touch support processes to 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.

ISG has observed midsize enterprises in the U.K. are increasingly opting for hybrid IT. Significant cost reduction is the main driver for enterprises planning to increase outsourcing in the U.K., followed by focus on business transformation and the need to improve service quality. Midsize companies 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 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 service providers and gain a better understanding of how their offerings can impact the ongoing 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 service providers in the U.K.

MANAGED SERVICES FOR MIDMARKET

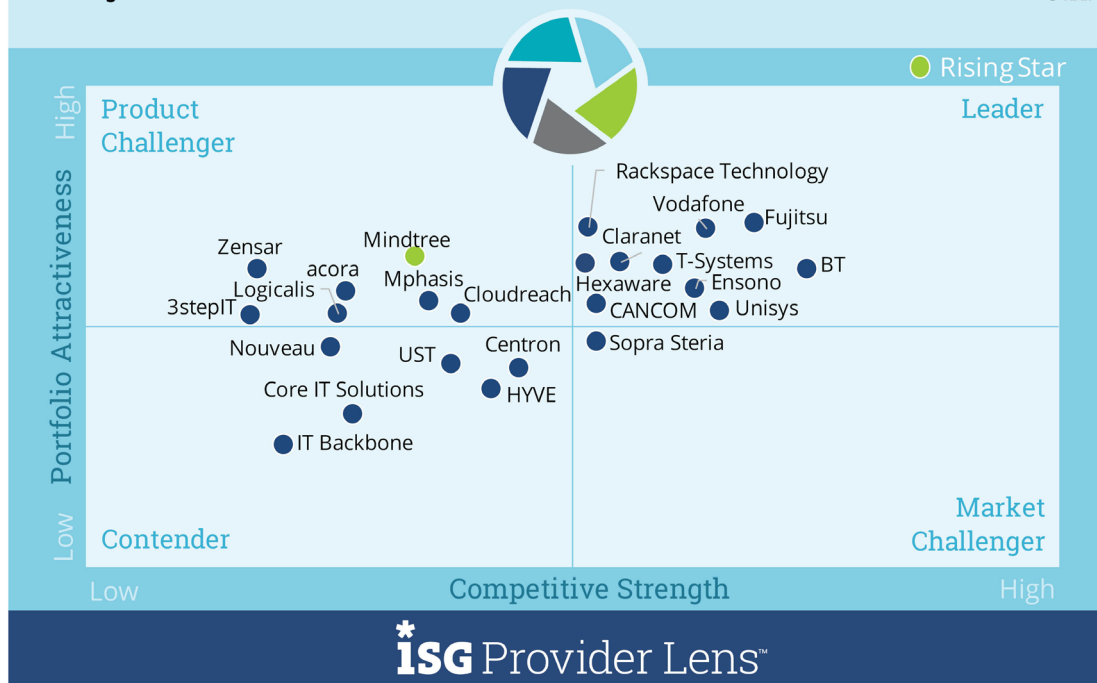
Definition

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

Participating companies usually take over the transition services where they guide clients to optimise their existing IT landscape. Typical projects include large-scale data centre consolidation, virtualisation, cloud enablement and configuration, and implementation of a software-defined data centre (SDDC). Transition services also include expanding the facilities, transferring new workloads or creating new private clouds. Managed services are characterised by the transfer of responsibility to a service provider, governed by SLAs and corresponding penalties

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

2021
U.K.



Source: ISG Research 2021

MANAGED SERVICES FOR MIDMARKET

Definition (cont.)

if any deviation. At a broad level, these services include provisioning, enabling real-time and predictive analysis and monitoring plus operational management of a customer's on-premises, private and hybrid cloud environments. These activities are aimed at maximising 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, which also include continuous integration and delivery processes.

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

Eligibility Criteria

- Ability to service data centre infrastructure (networks, servers, middleware, storage and databases) on their own, without the need of partners
- Ability to provide services within a client's premises or remotely, and preferably through its RIM/shared services centre
- Established or emerging basic/standard relationships with one of the major public cloud hyperscale providers such as AWS, Microsoft, Google or IBM
- Experience in large transition projects that include automation, consolidation, virtualisation and containerisation of data centres and cloud enablement
- Ability to act as an extension of a clients' IT organisation and involvement in creating blueprints, architecture frameworks and management processes at the client's location
- Ability to manage high memory and compute-intensive workloads and consulting on individual shoring alternatives

MANAGED SERVICES FOR MIDMARKET

Observations

The key fundamental factors that drive the managed services market are lack of niche technology and IT talent and lower IT budgets to force enterprises to leverage managed services. Increased adoption of cloud and deep automation in classic and new edge data centre and continuous growth in the demand for managed services among midsize clients are expected to create ample opportunities for managed services vendors.

The requirement for managed services and transformation offerings has increased in the U.K. In the past few years, ISG has observed a cautious transformation from on-premises operations to the private cloud. Large accounts and midmarket CXOs believe that effective deployment of technology will be essential for all verticals to continue growing at the current significant pace. Many mid-sized companies are relying on cloud computing to make their IT infrastructure more flexible and scalable and, in turn, be able to respond quicker to the requirements of the IT departments. Service providers have extended their managed services portfolios to include cloud services.

In this quadrant, we evaluated 30 providers, of which nine are Leaders and one is a Rising Stars.

- **BT** has been evolving its hybrid cloud managed services portfolio in recent years and offers smart partnering options to provide its customers with an array of choices of different clouds to suit their respective needs in the U.K.
- **CANCOM** has done a series of acquisitions, which has bolstered its U.K. business in public cloud transformation and managed services segments.
- **Claranet's** managed services portfolio modernises legacy infrastructure to modern services that support customers throughout the entire life cycle of the applications.
- **Ensono** is one of the leading hybrid IT managed service providers in the U.K. that has experience in modernising legacy infrastructure.
- **Fujitsu's** technology portfolio enables companies to improve and innovate their IT landscape. It has a deep understanding of the complexities of IT systems.
- **Hexaware** offers a flexible hybrid IT management with autonomous-led intelligent IT operation platform that provides customers with a deep business view, out-of-the-box ready playbooks, and end-to-end automation.

MANAGED SERVICES FOR MIDMARKET

Observations (cont.)

- **Rackspace Technology** has a comprehensive managed services portfolio and offers excellent customer support delivery through its Fanatical Support services.
- **T-Systems** offers cloud infrastructure services based on the VMWare cloud foundation, which drives its future hybrid cloud business.
- **Unisys** offers automated hybrid IT operations to help companies scale IT operations and brings transparency into operations.
- **Vodafone** offers tailor-made managed services solutions that are flexible and cost-effective to support its clients to give them a competitive edge.
- **Mindtree** (Rising Star) has strong IT modernisation capabilities to enable enterprises to achieve digital and future-ready operations.



FUJITSU

Overview

Fujitsu Hybrid IT service is a portfolio of solutions that combine services and technologies related to the cloud, data centre and hybrid IT managed services. Fujitsu's hybrid IT service bolsters its service capabilities, including mission-critical systems, in an integrated manner, reducing operational load and related costs. The firm has shown strong momentum in hybrid IT managed and transformation services in the U.K. market.

Strengths

Intuitive and cognitive management platform: The firm offers an integrated framework and tools stack, which helps enterprises manage their IT landscape from a single pane of glass. The overall solution enables clients to optimise IT resources and reduce operational expenditure.

Hybrid-IT modernisation and data centre consolidation: Fujitsu has proven experience in modernising and consolidating client's legacy data centres. It offers robust automation scripts and workflows to automate mundane IT operational task.

Digital services and co-creation: Fujitsu's technology portfolio enables companies to improve and innovate their IT landscape. Its pay-as-you-use services model lets customers scale services up and down based on business IT needs.

Caution

Fujitsu needs to focus on building a next-generation, cloud-specific and vertical-specific R&D centre in the region.



2021 ISG Provider Lens™ Leader

Fujitsu's pay-as-you-go hybrid IT service delivers scalability to support growth, innovation and competitive edge. The firm has a proven track record in the cloud and IT managed services market and can help maintain the right balance between in-house IT and the cloud.

ENTERPRISE CONTEXT

Managed Hosting for Large Accounts

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

Enterprises are facing 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 associated with purchasing new assets. Concurrently, they are facing difficulties with lack of skilled resources, compliance changes, security and other factors. Enterprises in the U.K. are trying to determine the best course of technical investments in the wake of Brexit. Managed hosting providers can help by providing a localized infrastructure and a robust understanding of the operating environment.

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. Enterprises will benefit from a managed hosting providers' investment in next-generation technologies as well as updated traditional infrastructure.

Enterprises are expanding business globally, with a corresponding increased 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 their services in proximity 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 ongoing development of software products within an enterprise. Even if all of the applications hosted 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 U.K.

MANAGED HOSTING FOR LARGE ACCOUNTS

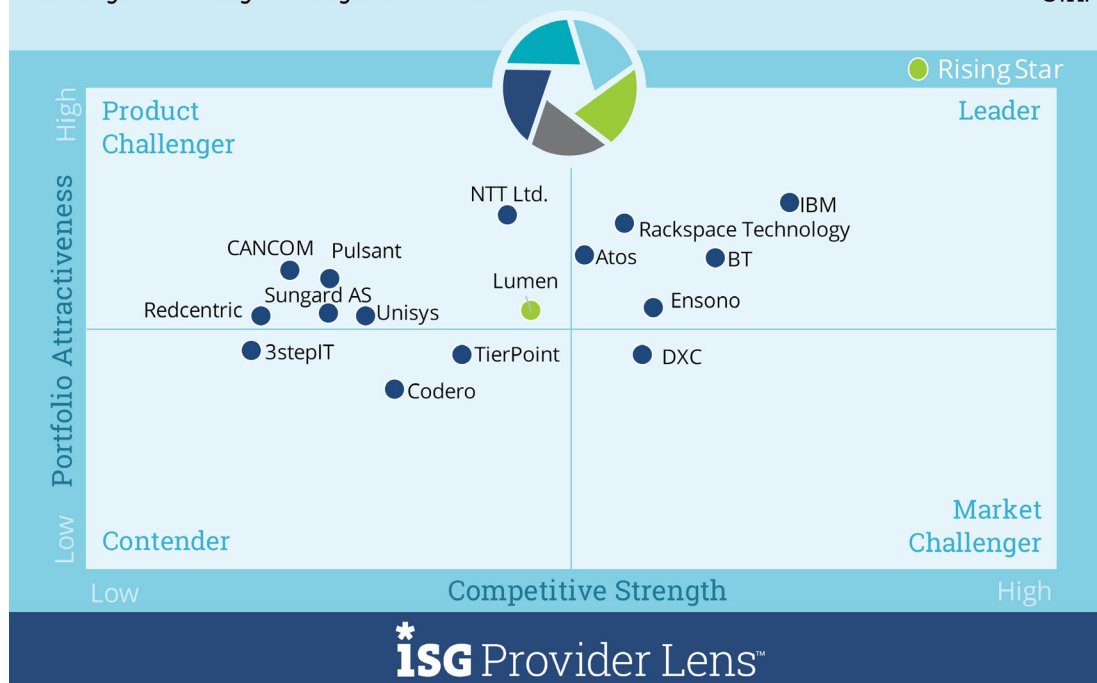
Definition

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 centre 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, managing hybrid clouds has not been assessed for this quadrant. The primary service levels typically considered to measure managed hosting services are various tiers of data centres, 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
U.K.



Source: ISG Research 2021

MANAGED HOSTING FOR LARGE ACCOUNTS

Eligibility Criteria

- Ability to offer enterprise-grade hosting solutions using the provider's infrastructure
- Ability to offer active-active and active-passive disaster recovery and backup services
- Ability to securely manage and maintain all data centre equipment and technology stacks
- Technical and financial capability to upgrade its infrastructure, maintaining capacity plans to ensure hosting
- Capability to scale and maintain dedicated servers and storage, as well as shared cloud resources on the same network and management platform
- Ability to provide at least five layers of physical security in the data centre

Observations

The global managed hosting market is expected to see substantial growth in the next two to three years, as is the U.K. segment. Increasing use of cloud-based storage systems is one of the major factors boosting the market growth. Increasing concerns over running data centres are expected to drive the market. As enterprises are expanding businesses globally, their need for space and utilities has increased significantly. Hosting comprises handling data centre services with quality, thereby helping companies reinforce operations in a specific sector. Moreover, it is a facility where renting computing servers and storage takes place. This helps customers reduce IT expenses and focus on revenue generation. Managed hosting services are governed by a service provider and purchased by clients. The increasing need for such centres globally is expected to have a positive impact on the industry over the next two years.

MANAGED HOSTING FOR LARGE ACCOUNTS

Observations (cont.)

In this quadrant, we evaluated 25 providers, of which five are Leaders and one is a Rising Star.

- **Atos'** Canopy offering is expanding from traditional managed hosting services to cloud services to increase business agility for enterprise clients.
- **BT** offers scalable and flexible managed hosting services that enable its customers to expand infrastructure using a modular approach.
- **Ensono** has five high-redundancy data centres in the U.K. to offer a wide range of managed hosting services.
- **IBM** leads the managed hosting market and is complemented by its bare metal and mainframe hosting capabilities. The company offers a single-pane-of-glass console access to manage and monitor consumption patterns across hosted environments.
- **Rackspace Technology** has helped several clients with their managed hosting requirements and custom solutions for high compute or high memory requirements.
- **Lumen (CenturyLink)** is the Rising Star and has a broad portfolio of infrastructure services and supports customers in converting customer data centre infrastructure to create a new operations concept.

ENTERPRISE CONTEXT

Managed Hosting for Midmarket

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

Enterprises are facing 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 associated with purchasing new assets. Concurrently, they are facing difficulties with lack of skilled resources, compliance changes, security and other factors. Enterprises in the U.K. are trying to determine the best course of technical investments in the wake of Brexit. Managed hosting providers can help by providing a localized infrastructure and a robust understanding of the operating environment.

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. Enterprises will benefit from a managed hosting provider's investment in next-generation technologies as well as updated traditional infrastructure. Midsize companies 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 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, databases, compliance certifications and other services, along with connectivity to multi-cloud environments.

In addition, managed hosting providers can offer their services in proximity 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, as well as to ascertain how their approaches to the market can impact enterprise hybrid cloud strategies. In particular, these leaders should understand how using 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 ongoing development of software products within an enterprise. Even if all of the applications hosted 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 U.K.

MANAGED HOSTING FOR MIDMARKET

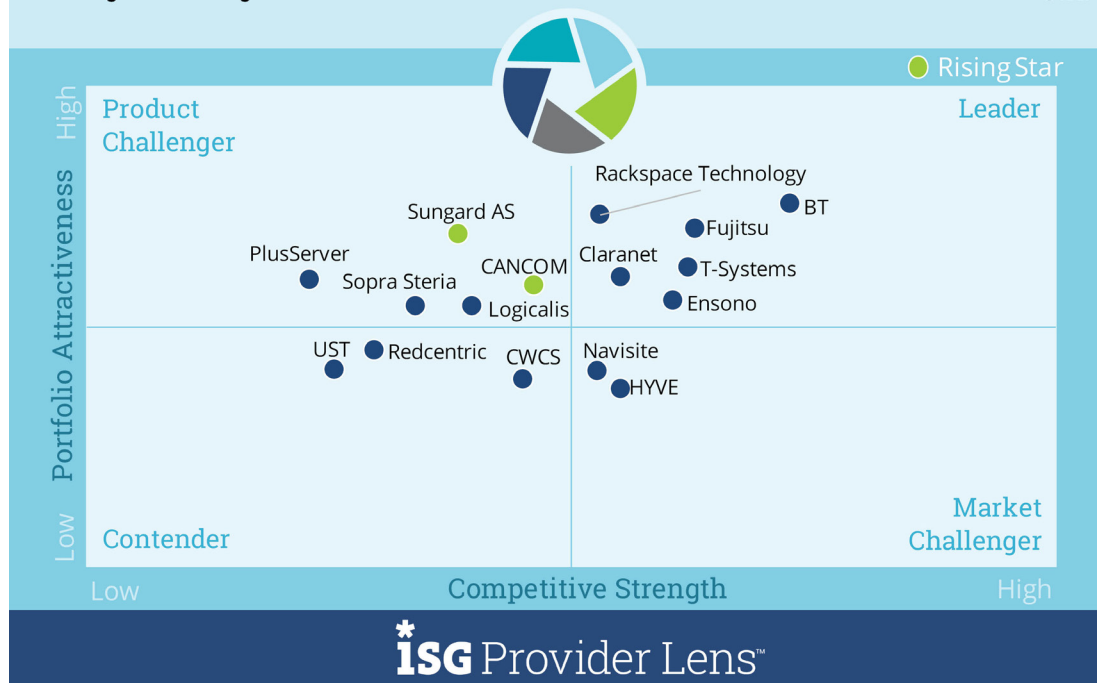
Definition

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 centre 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, managing hybrid clouds has not been assessed for this quadrant. The primary service levels typically considered to measure managed hosting services are various tiers of data centres, 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
U.K.



Source: ISG Research 2021

MANAGED HOSTING FOR MIDMARKET

Eligibility Criteria

- Ability to offer enterprise-grade hosting solutions using the provider's infrastructure
- Capability to offer active-active and active-passive disaster recovery and backup services
- Ability to securely manage and maintain all data centre equipment and technology stacks
- Technical and financial capability to upgrade its infrastructure, maintaining capacity plans to ensure hosting
- Ability to scale and maintain dedicated servers and storage, as well as shared cloud resources on the same network and management platform
- Ability to provide at least five layers of physical security in the data centre

Observations

Managed hosting services are growing at a substantial pace in the U.K. market. Managed hosting providers continue to invest in expanding the footprint in the region with the required security and sovereignty protocol accreditation. Managed hosting providers based in the U.S. and western Europe are focussed on increasing their share in the managed hosting services market in the U.K. The demand for hosting services is anticipated to increase in the next few years, with several vendors providing advanced controlled scalability options to enterprises. Simultaneously, hosting service providers associated with cloud providers and hardware vendors have been offering exclusive services to their clients. These data centres are extremely flexible with governed solutions, ranging from simple data warehousing to data analytics. Such benefits easily allow managed hosting and reduce expenses, which are anticipated to have a positive effect on the global managed hosting services market.

MANAGED HOSTING FOR MIDMARKET

Observations (cont.)

In this quadrant, we evaluated 16 providers, of which six are Leaders and two are Rising Stars.

- **BT** offers a wide range of managed hosting services with decades of experience in the U.K.
- **Claranet** is specialised in hosting mission-critical environments on flexible cloud infrastructures through end-to-end professional services and managed services.
- **Ensono** has five high-redundancy data centres in the U.K. and offers a wide range of managed hosting services to large and midsize clients.
- **Fujitsu** has more than a decade of experience in the U.K. and offers customised managed hosting services to clients.
- **Rackspace Technology** offers a broad managed hosting portfolio for operating a client's IT infrastructure, including software, backup and network security.
- **T-Systems'** managed hosting offering comprises end-to-end IT infrastructure (IaaS) and includes backup and powerful security services to manage the critical application workloads of its clients.
- **CANCOM** (Rising Star) has made a series of acquisitions that have bolstered its managed hosting business for midsize clients in the U.K.
- **Sungard Availability Services** (Rising Star) has five Tier 2 data centres in the U.K. It offers managed hosting services to a wide range of customers and caters to their application requirements.

FUJITSU



Overview

Fujitsu offers system integration services and IT outsourcing services such as data centres, managed hosting, application operation/management and more. This segment also provides hybrid IT services, data centre modernisation and consolidation services. In addition, it offers system products such as servers, storage systems, operating systems, middleware and edge computing solutions. The company has a strategic partnership with NetApp for enhancing data management infrastructure.



Strengths

Years of experience in the U.K.: Fujitsu has more than a decade of experience working in the U.K. across verticals. It has many mid-sized customers. The company has been providing systems and services with the highest level of security classification to government and commercial customers in the U.K. for many years.

Customised managed hosting services: Fujitsu supports and manages core business applications, including detailed inventory and configuration management. This helps clients move their workloads seamlessly, supported with strong monitoring integration capabilities.

SAP and Microsoft support for high-computing and memory-intensive applications: Fujitsu has been working with SAP and Microsoft software applications for many years and offers extensive optional support for these environments.



Caution

Fujitsu should focus on increasing its managed hosting market share in the private sector across industries. The firm also should continue to focus on its brand strategy to increase market awareness among prospective clients.



2021 ISG Provider Lens™ Leader

Fujitsu's cloud integration platform helps enterprises rapidly innovate through the adoption and integration of cloud services.

ENTERPRISE CONTEXT

Colocation Services

This quadrant is relevant to enterprises of all sizes in the U.K. for evaluating colocation providers. In this quadrant report, ISG defines the current market positioning of colocation providers in the U.K., 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 capacity based on business requirements. 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.

Enterprises in the U.K. are trying to determine the best course of technical investments in the wake of Brexit. Colocation providers can help by providing a localized infrastructure and a robust understanding of the operating environment. Colocation can help enterprises by alleviating 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 that are built on the rationale of economies of scale and are scalable as per requirements.

Increased data privacy laws are compelling U.K. enterprises to leverage colocation facilities that are built with high standards. Enterprises in the U.K. see CapEx reduction 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 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, as well as ascertain how their approaches to the market can impact enterprise hybrid cloud strategies. In particular, these leaders should understand how 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 ongoing 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 U.K.

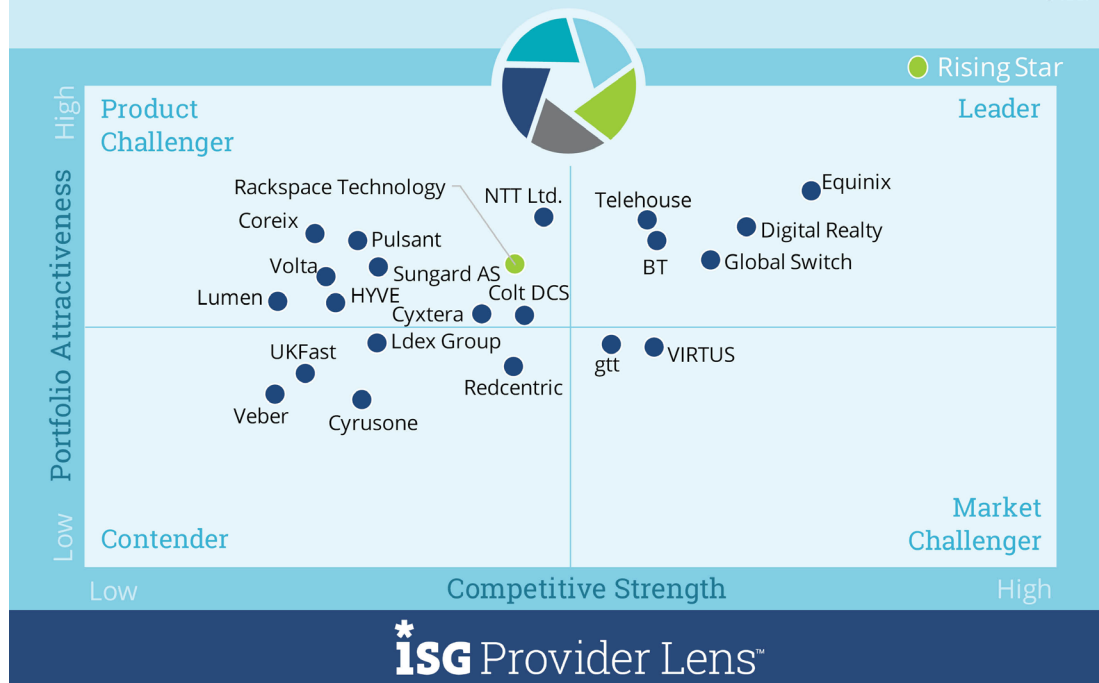
COLOCATION SERVICES

Definition

This quadrant assesses providers that offer standardised data centre 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 standardised and sophisticated data centre 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
U.K.



Source: ISG Research 2021

COLOCATION SERVICES

Eligibility Criteria

- Owns facilities that offer standardised data centre architecture design for colocation
- Offers high-quality data network equipment, appliances and connectivity
- Ability to guarantee power density to support current and future technologies
- Ability to provide at least five layers of physical security measures on the premises
- Colocation site must possess appropriate certifications such as SSAE 16, HIPAA, ISO 14001, ISO 22301, PCI DSS, NIST, FISMA and SOC Type I and II, from one or more auditing companies
- Ability to optimise hybrid/multi-cloud applications by placing traffic exchange points close to users and clouds
- Ability to offer seamless integration with hyperscalers and edge data centres to support new applications for AI, IoT, autonomous vehicles, big data, etc.
- Ability to leverage clean energy sources and solutions to reduce energy consumption. These include zero carbon emission and green data centre initiatives.

COLOCATION SERVICES

Observations

Colocation serves as a bridge to managed hosting and the cloud for organisations with existing investments in on-premises hardware. These organisations find significant value in employing colocation solutions to solve specific business needs without incurring the expense of decommissioning their own infrastructure. Rather than refactoring applications to operate in a new environment today, customers can simply lift and shift their mission-critical applications running on existing hardware into colocation data centres.

The data centre facility and colocation market in the U.K. continues to grow significantly. The factors that are augmenting the market growth include rising concerns over data security, increases in stringent new regulations such as the General Data Protection Regulation, and strong telecommunication infrastructure in the U.K. The colocation providers that are contributing to the growth of the data centre colocation market in the U.K include BT, Equinix, Digital Realty Trust, Global Switch and Telehouse. The market players are contributing to the market growth by adopting various strategies, including new product launch, mergers and acquisitions,

collaborations with government, working with niche cloud technology startups and technological advances to stay competitive in the colocation market in the U.K.

In this quadrant, we evaluated 22 providers, of which five are Leaders and one is a Rising Star.

- **BT** provides well-organised accommodation for IT infrastructure in a secure data centre environment with a high redundancy model.
- **Digital Realty** contributes to the high growth of technology with strong connectivity, interconnection, speed to market and colocation.
- **Equinix's** colocation services help companies safeguard mission-critical data with the highest levels of security and operational reliability with an industry-leading uptime commitment.
- **Global Switch** caters to clients in the financial sector and ensures low latency for electronic trading and other transactions in the region.
- **Telehouse's** London data centres have become Europe's first carrier-neutral colocation facility, home to the London Internet Exchange (LINX), as well as a backbone for the global Internet network.
- **Rackspace Technology** (Rising Star) has 25 colocation data centres across four continents. The firm is planning to establish a strategic partnership for the expansion of its colocation business in the U.K.

The slide features a dark blue background with a light blue header. On the left side, there are several circular icons resembling camera apertures, arranged in a diagonal line from the bottom left towards the center. These icons are in various shades of blue and white. The word "Methodology" is written in a white serif font on the right side of the slide.

Methodology

METHODOLOGY

The research study “Next-Gen Private/Hybrid Cloud - Data Centre Services & Solutions 2021” analyses the relevant software vendors/service providers in the U.K. 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 Centre Services & Solutions 2021 market.
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 & vision;
 - Innovation;
 - Brand awareness and presence in the market;
 - Sales and partner landscape;
 - Breadth and depth of portfolio of services offered;
 - Technology advancements.

Authors and Editors



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Senior Lead Analyst

At ISG, Manoj Chandra Jha is primarily responsible for research projects and working on the ISG Provider Lens™ (IPL) program. He actively contributes to 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 verticals. 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 the data centre outsourcing market.



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Senior Research Analyst

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