IDC ANALYZE THE FUTURE

IDC MARKET SPOTLIGHT

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The complexity of utilizing a wide array of IT and cloud resources to meet dynamic market needs is driving enterprises to leverage managed multicloud services for continuous transformation and operational excellence.

Optimizing Business Performance and Enabling Continuous Transformation with Managed Multicloud Services

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Written by: David Tapper, Program Vice President, Outsourcing and Managed Cloud Services

Introduction

To meet critical business and IT objectives, enterprises are utilizing a diverse set of IT assets that span traditional IT and private, public, and hybrid cloud; ecosystems of cloud providers (IaaS, PaaS, SaaS); and locations (on premises, hosted). Increasingly, enterprises are looking to Managed Service Providers (MSPs) to help them achieve these objectives while optimizing the value of these IT and cloud resources through multicloud management platforms and capabilities. Critical factors that enterprises expect MSPs to support include linking business strategy and a firm's processes to the performance of IT, ensuring governance and operational excellence, optimizing utilization across all IT assets by aligning risk with appropriate use of cloud resources, transforming IT to new operating models using different types of clouds and new provisioning processes (e.g., DevOps, CI/CD, SRE), and enabling use of public cloud providers to help accelerate the shift to cloud.

AT A GLANCE

KEY TAKEAWAYS

- The need to utilize a broad array of IT and cloud resources including different types of clouds (private, public, hybrid) and public cloud providers is creating complexity in managing these resources.
- Ensuring effective use of cloud resources requires implementing new development, deployment, and operational models of service delivery.
- Managed multicloud services can help optimize the move to cloud and the use of multiple cloud resources and cloud service providers.

This IDC Market Spotlight examines how utilizing managed multicloud services from MSPs can help enterprises accelerate their journey to the cloud, optimize the value of all IT resources, support all stakeholders, and meet critical market and business requirements.

Definition of Managed Multicloud Services

IDC defines managed multicloud services as an engagement between customers and MSPs that involves overseeing multiple clouds from different sources, a form of multisourcing. IDC identifies two fundamental types of these engagements:

- **Managing two or more clouds from different cloud providers.** This engagement would involve a managed SP helping support multiple clouds from different cloud providers across IaaS, PaaS, and SaaS business models (e.g., AWS, Azure, Google Cloud Platform, Dell Technologies, ServiceNow, and salesforce.com).

- **Managing enterprise private clouds and clouds from cloud providers (hybrid cloud).** Combining an enterprise private cloud with a public cloud from a cloud service provider, which could also include noncloud technologies as part of a broader hybrid IT engagement, would be classified as a hybrid cloud engagement (private plus public). This type of engagement can also include managing more than one cloud from different cloud service providers in addition to supporting an enterprise private cloud (see *Buyer Needs for Managed Multicloud Services for Delivering Multicloud Management Capabilities,* IDC #US45946219, February 2020).

Benefits

The benefits of using managed multicloud services are anchored in helping enterprises achieve critical business objectives including growth (entering new markets, launching new products/services), financial obligations (optimizing ROI, reducing costs), workforce productivity, and compliance with regulatory requirements. To achieve these goals, firms expect MSPs to help them link their business strategies and processes with the right IT resources, drive efficiencies, shift to agile capabilities, transform to new technologies and processes, and enable access to a comprehensive set of cloud resources.

Managed multicloud services can achieve efficiencies through implementation of a robust governance structure, including a project management office and the use of a multicloud management platform with cognitive and artificial intelligence (AI) capabilities that provision services seamlessly across the life cycle of services for applications and infrastructure. The goal is to enable centralized management of all IT and cloud resources as well as provide for federated use of services by aligning requirements at the user level across CXOs, IT, and lines of business (LOBs). This can help meet critical KPIs (e.g., cost reductions, business outcomes, customer experience) and SLAs (e.g., provisioning times, availability, time to response for remediation).

Utilizing managed multicloud services can also support implementing new capabilities (e.g., CI/CD, DevOps, SRE, agile/scrum processes) and innovative technologies (e.g., infrastructure as code, containers, VMs), which help in modernizing and migrating IT to cloud-native applications and infrastructure. Implementing these new capabilities and technologies results in enabling dynamic capabilities, helping transform processes and IT on a continuous basis, and accelerating time to market. According to IDC research, more than 30% of enterprises are looking to provision applications on a cloud within one week, and 10% are looking to do so within one day or less (see *Managed CloudView 2018: Executive Summary,* IDC #US44367318, October 2018).

Further, managed multicloud services enable enterprises to gain access to any cloud resource for any purpose at any time while aligning the use of these resources based on strategic business risks and industry requirements. These resources span any type of cloud or cloud provider, as well as any geography, location, and workload. Ultimately, having access to an ecosystem of cloud providers can help accelerate transformation to cloud and ensure provisioning the right application on the right type of cloud.

Considerations

When enterprises consider using managed multicloud services, IDC research shows that MSPs need to address a range of customer concerns. Top customer issues include inability of cloud to support the operational performance of critical applications and meet critical SLAs, loss of control in management of IT and access to innovation, and lack of effective security and service provider knowledge. In helping customers overcome these concerns, MSPs need to make strategic

investments in security and recovery capabilities; implement a multicloud management platform that supports any IT and cloud resource including any cloud provider; and ensure access to talent with in-depth knowledge of industries, IT, and business processes. Further, MSPs need to have an ecosystem of technology and cloud partners to complement the provider's own capabilities in ensuring access to any type of innovation.

From an organizational perspective, many enterprises struggle with creating the right organizational structure and processes to support utilizing the value of all IT and cloud resources. They also struggle with the ability to align consumption with demand to support rapid provisioning of applications and infrastructure based on user-specific needs, whether from IT, LOBs, or CXOs. MSPs can aid enterprises in transforming their development, deployment, and operations models by integrating new processes involving DevOps, CI/CD, and SRE. This transformation will help create a more streamlined organization across stakeholders, meet the more stringent requirements of provisioning cloud capabilities, and support the changing demands of users and customers.

Trends

IDC projects the managed cloud services market to grow at a five-year compound annual growth rate (CAGR) of 15.3% to $101.2 billion worldwide by 2024. This market encompasses private cloud, public cloud, and hybrid cloud, which includes utilizing multiple sources involving enterprise IT and cloud service providers, referred to as managed *multicloud* services.

Strategic Roles of MSPs

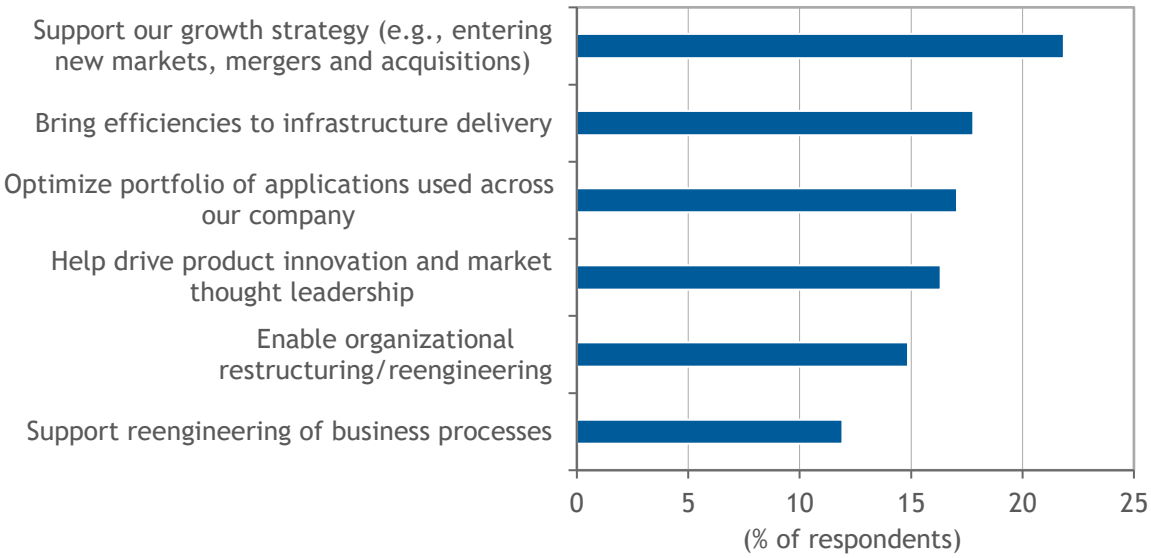
IDC research shows that MSPs serve a broad set of roles in provisioning managed multicloud services to enterprises. As Figure 1 highlights, enterprises view the roles of MSPs in providing managed cloud services as centered on supporting a firm's growth strategy, ensuring efficient infrastructure, and optimizing application portfolios. Organizations expect MSPs to have industry expertise in supporting their growth strategy and in implementing robust governance capabilities that rely on a set of multicloud management tools and platforms to help run, measure, and ensure proper usage of all cloud and noncloud resources that span financial, compliance, and asset utilization requirements. The goal is to align business outcomes with the use of all IT and cloud resources while complying with security and regulatory policies.

In optimizing applications, enterprises require MSPs to support critical needs such as modernizing IT, which includes rehosting or replatforming legacy or older packaged applications onto private and/or public cloud infrastructures and ensuring integration of applications from public clouds to internal systems. On the infrastructure side, firms are looking to MSPs to support modernization with particular focus on upgrading legacy infrastructure to a private cloud infrastructure and offering datacenter infrastructure design and optimization capabilities. Further, according to buyers, MSPs must have public cloud expertise. Collectively, these capabilities will help enterprises create an efficient IT environment using cloud capabilities.

However, buyers are also looking to MSPs to help restructure organizations and processes to support use of DevOps, CI/CD, and PaaS. According to IDC research, by 2024, approximately 50% of enterprises will utilize PaaS involving DevOps methodology with the goals of enabling coordination across IT and users (including LOB), improving security, and delivering an improved user experience. Achieving these goals requires MSPs to have expertise in critical areas such as security, the full DevOps life cycle of services, CI/CD skills, and DevOps strategy. Shifting to these new operating capabilities will help providers meet the demands of a more dynamic market (see *Managed CloudView 2019: Executive Summary,* IDC #US45601719, October 2019).

FIGURE 1: ***Strategic Roles of Managed Service Providers***

Q ***Which of the following is the core area that you would want a managed service provider (outsourcer) to assist your company/organization as part of delivering managed cloud services?***



n = 1,501

Source: IDC's Worldwide Managed CloudView Survey, 2019

Business and Technology Requirements

Enterprises that utilize managed cloud services to support multicloud environments do so to support a broad set of critical business and technology requirements. On the business side, enterprises view the value of these services as helping meet business demands for greater agility and speed to market, driving revenue with new products/services, linking IT with business, and restructuring IT's financial footprint from capex to opex. Managed cloud services can help organizations meet changing customer needs, optimize business investments, and ensure seamless business operations.

Enterprises are also shifting to a new approach in the management and use of IT that requires integrating multicloud management with strategic processes such as DevOps, CI/CD, and SRE. Based on IDC interviews with more than two dozen executives, in shifting to this new approach when using managed multicloud services, enterprises also require MSPs to incorporate strategic plans and technology road maps along with governance structures. The goal is not only to ensure the enterprise's journey to the cloud and the effective ongoing management of its cloud portfolio but also to help the organization achieve its business objectives. Part of this road map is the enterprise expectation that MSPs will help simplify and standardize IT infrastructure and applications platforms that increasingly utilize templates and blueprints with the goal of building a more dynamic set of cloud capabilities.

Enterprises are looking to managed multicloud services to support a wide array of innovation and technology needs related to cloud. They expect that MSPs can support emerging technologies and capabilities such as PaaS, containers/serverless, VMs, open source, cloud-native development, DevOps, and infrastructure as code (IaC). By 2024, upwards of 50% of enterprises expect to rely on third-party service providers for help with containers, open source, and cloud-native application development for a broad set of workloads and applications from the front office, back office, and IT operations . Additionally, as Figure 2 shows, organizations are looking to utilize cognitive/artificial intelligence in managed cloud services to enable efficient IT operations, link IT with business process, and align IT with end-user roles/needs.

FIGURE 2: ***Cognitive Priorities for Managed Cloud Services***

Q *What is the primary objective that your company/organization would want to achieve when using cognitive/artificial intelligence capabilities as part of managed cloud services?*

n = 1,501

Source: IDC's Worldwide Managed CloudView Survey, 2019

Cloud Provider Partnership Requirements

Enterprises expect MSPs to support use of public cloud IaaS with a focus on integrating and managing across cloud providers in addition to provisioning services not offered by public cloud providers. MSPs also need to help enterprises switch public cloud providers when it comes to pursuing improved quality of service, accessing new capabilities, and lowering costs. Further, managed SP need to support enterprises that are looking to utilize different public IaaS providers for competencies such as the Internet of Things (IoT), blockchain, hybrid cloud, cognitive/artificial intelligence, DevOps, or analytics.

In supporting use of multiple public cloud providers, enterprises expect MSPs to implement a multicloud management platform environment. Multicloud management capabilities need to support all public cloud providers, help standardize IT environments including toolsets for development, optimize utilization and performance of all IT and cloud resources, provision granularity in capabilities such as personas or business processes, support use of new technologies such as open source or containers, and provide governance for compliance with security and industry regulations.

Feedback from customer interviews also highlights that to optimize the value of all cloud resources including use of cloud providers, MSPs need to take a service portfolio approach. This approach can more effectively assign the applications that need to be delivered in an "as a service" model because the as-a-service model may not be mature enough for functions that are much more complex and mission critical, though this will vary from organization to organization.

Conclusion

Enterprises need to consider a broad range of factors when determining how best to utilize managed multicloud services from MSPs. While potential customers need to ensure that providers offer referrals and testimonials as proof points of success in providing these services, firms also need to ensure that providers can:

- Enable transformation and seamless service delivery. Incorporating new approaches to migrating and modernizing IT to the cloud via DevOps, CI/CD, and PaaS will help align IT with LOB needs and support effective provisioning and orchestration of cloud services while meeting critical business and IT objectives.
- Incorporate standardized capabilities to enable dynamic provisioning. Providing strategic and standardized frameworks/blueprints across a more highly integrated life cycle of services will support the ability to dynamically provision IT and cloud resources while meeting industry regulations.

Enterprises want MSPs to support growth strategy and optimize applications and infrastructure.

- Provide enterprisewide control and user alignment. Incorporating multicloud management platforms and tools as part of multicloud services can provide an enterprisewide set of controls that ensure consistency, adaptability, optimization, and compliance in using cloud resources while ensuring proper governance that supports the granularity of consumption by CXOs, LOB, and IT, among others.
- Invest continuously in innovation. Ensuring that innovation is embedded across all stages of the services life cycle based on specific client needs as defined by key stakeholders, business processes, industry requirements, and workload requirements will help drive continuous transformation.
- Support comprehensive set of resources. Sustaining the entire spectrum of IT, from noncloud to cloud, including all cloud provider types, will enable alignment of the right enterprise workloads and critical ISVs with the right cloud and resources.

About the Analyst

***David Tapper**, Program Vice President, Outsourcing and Managed Cloud Services*

David Tapper provides research on emerging services areas including mobility, social media, analytics, automation, IoT, and cloud services as well as provides strategic thought leadership on the transformation of the services industry to newer models of delivery including cloud computing, managed cloud services, and SaaS (software as a service).

MESSAGE FROM THE SPONSOR

DXC Technology and VMware have teamed up to offer customers a comprehensive multicloud offering. DXC Managed Multicloud Services powered by VMware accelerates the deployment of a complete managed virtual environment in highly available and secure private and public clouds to help organizations reduce IT operating costs, deploy applications faster, and shorten time to market for new products and services.
Key features:

- **True multicloud:** provides a common cloud platform for optimizing and introducing new services across hybrid/multiple clouds
- **Consistent experience:** enables true hybrid IT, allowing for consistent governance, self-service hybrid cloud, multicloud automation, and cloud-agnostic strategy
- **Rapid deployment:** provides blueprint services for rapid, consistent deployment of new environments across private and public clouds, simplifying the initiation and management of new landing zones for workloads
- **Best-in-class security:** gives end-to-end security from your multicloud environment by protecting operating systems, applications, and data
- **DevOps:** lets users integrate their continuous integration/continuous delivery (CI/CD) pipeline for automation and deployment in a consistent manner across multiple clouds; drives the implementation of modern applications through automation and orchestration

For more details please visit: ***www.dxc.technology/vmware***

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IDC Research, Inc.
5 Speen Street
Framingham, MA 01701, USA
T 508.872.8200
F 508.935.4015
Twitter @IDC
idc-insights-community.com
www.idc.com