ISG Provider Lens™

Multi Public Cloud Services

A research report comparing provider strengths, challenges and competitive differentiators

Customized report courtesy of:

unisys

QUADRANT REPORT | DECEMBER 2023 | U.S. PUBLIC SECTOR

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Assessing services and providers for the U.S. state and local governments and educational organizations

While the interest of U.S. public sector entities, including state, local and educational (SLED) agencies, in public cloud services has continued to boom, their investments in such services have not yet kept pace. The expected surge in large-scale public sector adoption and cloud solutions use, especially point solutions, has been more of a slow rising tide over the past year. The reasons for this include waning enthusiasm among SLED CIOs for new cloud investment as post-pandemic fiscal and political factors weighed more heavily on IT budgeting and spending than anticipated. As such, ISG estimates that less than 10 percent of SLED IT workloads are currently cloud-based or cloud-native, and this figure may be as low as 5 percent in many agencies. Contrastingly, our research with clients and providers suggests that between 15 and 20 percent of large enterprise IT workloads were cloud-based as of mid-2023.

Another factor for limited cloud adoption is the service providers' less-than-expected sales and engagements with the U.S. SLED agencies. Sales and support for SLED organizations remain more expensive for providers than U.S. federal agencies, largely due to the widely varying SLED contracting vicissitudes. The greatest challenge for service providers selling to and supporting SLED and similar public sector organizations is the relative fragmentation of the marketplace, especially for service contracts. The U.S. federal market is simpler to access as it is built on a single contracting template — the General Services Administration (GSA) Alliant Governmentwide Acquisition Contract (GWAC).

State governments tend to use different contracting vehicles, sometimes even within a single government. Efforts by organizations such as the National Association of State Procurement Officials (NASPO) have helped develop and streamline contracting for many types of IT and business services.

We see **more service providers competing in more ways** for SLED cloud service engagements.

However, longstanding practices are difficult to change, and most states that rely on NASPO's ValuePoint solution still use other vehicles, including those that are copied from other states. Even so, we are encouraged to see the increasing use of cooperative purchase/procurement contracts and contracting vehicles by multiple state agencies (e.g., NASPO ValuePoint).

We are also witnessing more service providers competing in many ways for SLED cloud service engagements. This is largely because although the expected wave of cloud spending on point solutions has not yet occurred, providers see more widespread opportunities throughout SLED agencies over time. More providers are competing for a position as this business tide rises.

We also see increasing use of state IT resources by municipalities. This is due to the continuing and accelerating loss of IT and business staff and shifting skill requirements while employee and citizen/constituent expectations of cloud-based capabilities increase rapidly. This shift will help drive the SLED's use of all things cloud, especially consulting, hyperscale infrastructure services and managed services.

As a result of the shifting buyer-side expectations and pace, we observe some noteworthy changes in provider positioning. As many as 50 percent of providers in this study's quadrants have changed their positions considerably, especially regarding their relative market competitiveness. Twelve of 24 providers assessed in our Consulting and Transformation Services research have shifted position significantly since our 2022 study – resulting in some moving out of the Leader quadrant and others moving in. We also see similar changes in providers' positioning in the Public Cloud Managed Services quadrant.

As noted in other Provider Lens studies for U.S. public sector clients, more providers are entering the market to capitalize on the rising tide of opportunities. Where there were 24 providers and seven Leaders competing meaningfully in the Consulting and Transformation Services quadrant in 2022, we now include 25 providers and nine Leaders in 2023. We expect these numbers to continue increasing as SLED public cloud use continues to rise.

Based on ISG's estimates, we have observed that the overall cloud services market has grown by approximately 50 percent in the U.S. since last year. However, when we looked at the global geography, the growth was more than 100 percent during the period. This shows that although the U.S. is one of the major markets in the world, its growth rate is half when compared to the global cloud services growth rate. In the ISG Index™ call for the Americas market, we reported that the combined market (managed services and XaaS) witnessed a seven percent decline in the first nine months of 2023, with the annual contract value (ACV) reaching $35.4 billion. ISG observed slowing demand for XaaS, with year-to-date spending declining at 16 percent. However, managed services gained traction and grew by six percent, with ACV reaching $15.7 billion. ISG also observed that a total of 1,090 managed services contracts were signed in the first nine months of 2023. Within Managed Services, the ITO market grew by 21 percent to $11.6 billion, while the BPO market slid by 20.5 percent to reach an ACV of $4.2 billion.

Recently, ISG rolled out the Star of Excellence™ program, which is based on the voice of the customer concept. Here, providers are rated on six parameters, namely Service Delivery, Governance and Compliance, Collaboration and Transparency, Innovation and Thought Leadership, People and Culture Fit, and Business Continuity. The scores and data come from the Star of Excellence™ study that measures CX with providers based on direct client feedback. ISG found that the average provider CX score for the public cloud domain in North America was 79.9 in 2022. Cognizant, Computacenter, DXC Technology, HCLTech, HPE and Infosys are the top six providers with above-average CX scores. Infosys won the overall global public cloud Star of Excellence™ award for 2022.

What makes Leaders

ISG assesses providers' suitability in Provider Lens studies based on their relative Portfolio Attractiveness and Competitive Strengths that each exhibits in the market(s) under consideration.

Portfolio Attractiveness is not limited to having the best or most capabilities, tools and technologies but also assesses portfolios suited to clients' current and emerging business requirements. The relative value of providers' offerings to clients' business and IT needs is important. In ISG's U.S. public sector studies, Portfolio Attractiveness tends to closely mirror that seen in our U.S. regional studies. However, sometimes, there are a few significant differences based on how well providers adapt their offerings and capabilities to the demand and usage characteristics of SLED agencies and other public sector organizations.

ISG's evaluation of Competitive Strength includes market presence, expertise, influence, scope of resources and number of offices. This means that the largest providers are not always the most competitive. The most competitive providers include those that have the strongest influence on and deliver the most value to client organizations. In ISG's U.S. public sector studies, Competitive Strength relies significantly on the depth and breadth of providers' existing sector presence and relationships, proven expertise in sector organizations, cultures, technology preferences and how clients need to work or want to change. It also depends heavily on the providers' ability to work well within the public sector contracting environments and having capable partner ecosystems to supplement and improve their value delivery to sector clients.

Many providers have excellent portfolios but limited (or no) active sector presence and experience; some providers have excellent sector presence but with portfolios that do not meet current and emergent needs. Leaders demonstrate both.

The most recent market — and provider positioning — shifts the spotlight on the need for providers' continuous market intelligence and effective investment to develop additional skills and relationships. Leaders are, and always will be, best positioned to address the dynamic client needs and expectations. Of course, providers satisfying the current needs should be considered very competitive; however, those that can anticipate and be prepared for emerging market shifts will almost always be considered leaders.

As a result of shifting buy-side expectations and pace, we see some noteworthy shifting in providers' positioning. As many as 50 percent of providers in this study's quadrants have shifted position notably, especially with regard to their relative market competitiveness.

Provider Positioning

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	Consulting and Transformation Services	Managed Services	Hyperscale Infrastructure and Platform Services	SAP HANA Infrastructure Services
2nd Watch	Product Challenger	Contender	Not In	Not In
Accenture	Leader	Leader	Not In	Not In
Atos	Not In	Contender	Not In	Not In
AWS	Not In	Not In	Leader	Leader
Capgemini	Product Challenger	Product Challenger	Not In	Product Challenger
CGI	Leader	Leader	Not In	Not In
Cognizant	Contender	Product Challenger	Not In	Not In
Deloitte	Leader	Leader	Not In	Not In
DigitalOcean	Not In	Not In	Contender	Not In
DXC Technology	Contender	Product Challenger	Not In	Not In

Provider Positioning

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	Consulting and Transformation Services	Managed Services	Hyperscale Infrastructure and Platform Services	SAP HANA Infrastructure Services
Ensono	Leader	Not In	Not In	Not In
Eviden	Contender	Not In	Not In	Not In
EY	Market Challenger	Contender	Not In	Not In
Fujitsu	Contender	Market Challenger	Not In	Market Challenger
Google	Not In	Not In	Product Challenger	Product Challenger
HCLTech	Rising Star ★	Product Challenger	Not In	Not In
HPE Greenlake	Not In	Not In	Product Challenger	Product Challenger
IBM	Leader	Not In	Leader	Leader
Infosys	Leader	Leader	Not In	Not In
KPMG	Market Challenger	Not In	Not In	Not In

Provider Positioning

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	Consulting and Transformation Services	Managed Services	Hyperscale Infrastructure and Platform Services	SAP HANA Infrastructure Services
Kyndryl	Leader	Leader	Not In	Rising Star ★
Microsoft	Not In	Not In	Leader	Leader
NTT DATA	Leader	Product Challenger	Not In	Not In
Oracle	Not In	Not In	Market Challenger	Not In
OVHcloud	Not In	Not In	Contender	Contender
PwC	Not In	Contender	Not In	Not In
Rackspace Technology	Market Challenger	Leader	Not In	Leader
SAP	Not In	Not In	Not In	Leader
Syntax	Not In	Not In	Not In	Contender
TCS	Product Challenger	Product Challenger	Not In	Not In

Provider Positioning

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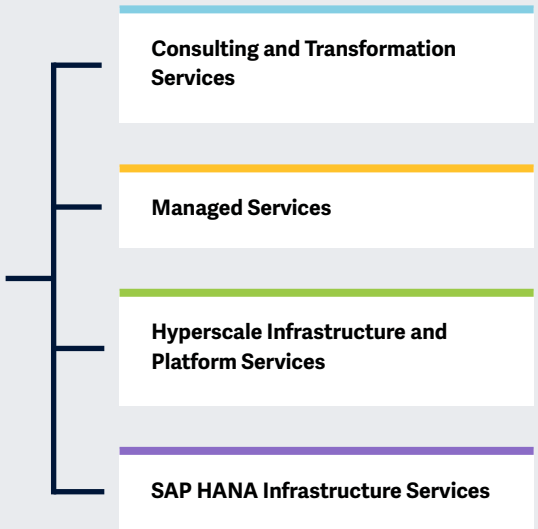
	Consulting and Transformation Services	Managed Services	Hyperscale Infrastructure and Platform Services	SAP HANA Infrastructure Services
Tech Mahindra	Product Challenger	Rising Star ★	Not In	Not In
Unisys	Leader	Leader	Not In	Not In
UST	Contender	Not In	Not In	Not In
Virtustream	Not In	Not In	Not In	Product Challenger
Wipro	Product Challenger	Product Challenger	Not In	Not In
Zensar Technologies	Product Challenger	Not In	Not In	Not In
Zones	Market Challenger	Not In	Not In	Not In

This 2023 **Multi Public Cloud Services** report examines services and providers regarding four key areas for U.S. public sector clients.



Simplified Illustration; Source: ISG 2023

Definition

The accelerated expansion of public cloud services and their use in back-office and public-facing systems and operations have been among the most significant changes in the public sector IT over the past few years. In the wake of the COVID-19 pandemic, widespread loss of staff and budget uncertainties, U.S. state, local and education (SLED) organizations have been among those agencies rapidly expanding public cloud services.

Such expansion results in potentially expensive complications and questions. Clients need a growing range of strategic and operational services to develop effective approaches, identify and resolve likely issues, and enable adaptive optimization as cloud use expands and shifts.

This ISG Public Sector Provider Lens™ research study assesses select providers of consulting, infrastructure and managed public cloud services for U.S. state and municipal government, public education and associated public sector agencies.

The study includes providers of public cloud hyperscale infrastructure services, consulting and transformation services, managed services, and infrastructure services for SAP HANA environments. Each of these is described in detail below.

ISG clients use these studies for provider and vendor consideration, evaluation and selection. ISG's advisory and consulting teams can also help clients understand the scope of capabilities and offerings suitable to clients' requirements. The studies also provide competitive insights for vendor and provider positioning, key relationships and go-to-market considerations.

Scope of the Report

This ISG Provider Lens™ quadrant report covers the following four quadrants for services/solutions: Consulting and Transformation Services, Managed Services, Hyperscale Infrastructure and Platform Services, and SAP HANA Infrastructure Services.

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

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments (quadrants)
- Focus on the regional market

Our study serves as the basis for important decision-making by covering providers' positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements

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 $20 million and $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 $1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product Challenger, Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens™ quadrant may include service providers that ISG believes have strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).

Provider Classifications: Quadrant Key

Product Challengers offer a product and service portfolio that reflect excellent service and technology stacks. These providers and vendors deliver an unmatched broad and deep range of capabilities. They show evidence of investing to enhance their market presence and competitive strengths.

Leaders have a comprehensive product and service offering, a strong market presence and established competitive position. The product portfolios and competitive strategies of Leaders are strongly positioned to win business in the markets covered by the study. The Leaders also represent innovative strength and competitive stability.

Contenders offer services and products meeting the evaluation criteria that qualifies them to be included in the IPL quadrant. These promising service providers or vendors show evidence of rapidly investing in products/ services and a follow sensible market approach with a goal of becoming a Product or Market Challenger within 12 to 18 months.

Market Challengers have a strong presence in the market and offer a significant edge over other vendors and providers based on competitive strength. Often, Market Challengers are the established and well-known vendors in the regions or vertical markets covered in the study.

★ **Rising Stars** have promising portfolios or the market experience to become a Leader, including the required roadmap and adequate focus on key market trends and customer requirements. Rising Stars also have excellent management and understanding of the local market in the studied region. These vendors and service providers give evidence of significant progress toward their goals in the last 12 months. ISG expects Rising Stars to reach the Leader quadrant within the next 12 to 24 months if they continue their delivery of above-average market impact and strength of innovation.

Not in means the service provider or vendor was not included in this quadrant. Among the possible reasons for this designation: ISG could not obtain enough information to position the company; the company does not provide the relevant service or solution as defined for each quadrant of a study; or the company did not meet the eligibility criteria for the study quadrant. Omission from the quadrant does not imply that the service provider or vendor does not offer or plan to offer this service or solution.

Consulting and Transformation Services

Who Should Read This Section

This quadrant report is relevant to the U.S. public sector organizations evaluating consulting and transformation service providers. In this quadrant, ISG lays out the current market positioning of service providers in the U.S. public sector and discusses how they address the key challenges organizations face while migrating to a public cloud environment.

U.S. public sector organizations, especially state, local and education (SLED) agencies, are challenged with the obsolescence of complex legacy systems, outdated IT operational approaches, a shortage of qualified IT personnel and the critical necessity to achieve greater results with limited funding. Public sector entities are well behind in cloud service adoption and usage rates compared to other sectors. This is largely due to the shifting budget emphases, economic uncertainties and political realities.

Organizations seek providers with extensive expertise in specific industries, considerable presence in the public domain and a strong background in cloud consulting and transformation services. They also collaborate with providers with strong GRC services to reduce risk exposure, improve governance and ensure proactive compliance management.

ISG foresees a substantial demand from the U.S. public sector for business transformation services and new software platform adoption. This demand is driven by the need for quick transitions to achieve cost-saving improvements in organizational and operational aspects. The key focus of the public sector consulting approach is to maximize the value of existing IT and operational investments and expertise to enable future-proof, sustainable and agile improvement over time.

IT leaders should read this report to better understand the relative strengths and weaknesses of consulting and transformation service providers and how they lead the digital transformation drives in their organizations.

Software development and technology leaders should read this report to understand the positioning of consulting and transformation service providers, learn how these providers' offerings can influence an organization's ongoing transformation initiatives and discover the benefits they can achieve via cloud migration.

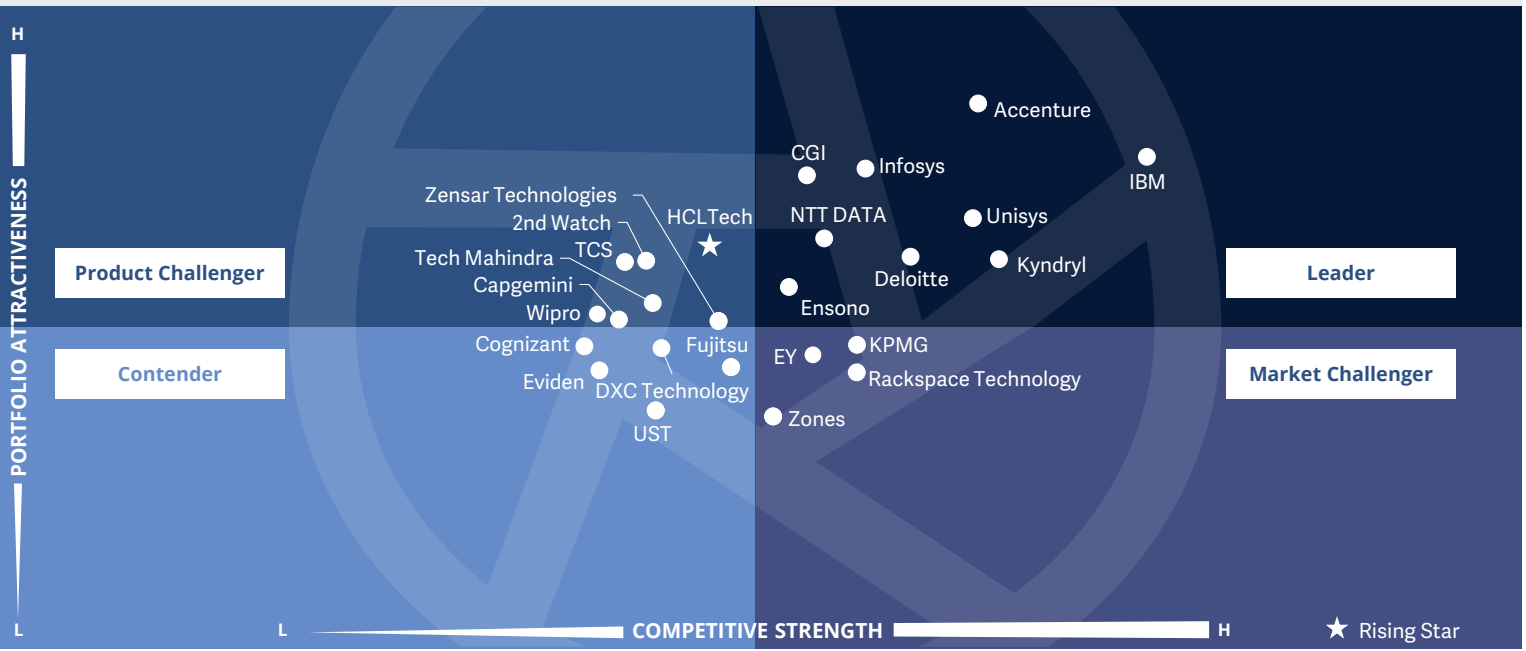
Sourcing, procurement and vendor management professionals should read this report to better understand the current landscape of consulting and transformation service providers in the U.S. public sector.

ISG Provider Lens™

Source: ISG RESEARCH

Multi Public Cloud Services Consulting and Transformation Services

U.S. Public Sector 2023



This quadrant assesses providers of **digital transformation** built in multi/public cloud service environments. The **best-positioned** are those combining sector expertise with effective use of advanced, **emerging capabilities such as generative AI (GenAI)**.

Bruce Guptill

Definition

This quadrant evaluates providers that help public sector organizations modernize, optimize and transform their use of public cloud services to increase efficiency, agility and security.

Participating service providers utilize highly skilled developers and software architects who leverage design thinking, Scrum development initiatives and short work cycles to meet the growing customer demands. They also partner with public cloud infrastructure providers to offer creative approaches for multicloud programs, industry cloud solutions and customer-specific complexities faced during the adoption and deployment of public cloud services and solutions.

Provider services typically include the following:

- **Consulting services:** Consultants design a business case for multicloud environments and assess workloads for migration. They also build a transformation roadmap to address risks, security and compliance issues and offer guidance on migrating applications from the existing environment to a public cloud.
- **Transformation services:** Cloud services experts design and build multicloud architectures or environments. They also support migrating and integrating applications to harness cloud computing features and benefits.
- **Governance, risk and compliance (GRC) services:** Cloud experts design frameworks, policies, processes and functions to ensure that enterprise cloud workloads operate in a secure and compliant environment regardless of the location.

Eligibility Criteria

1. **Public sector presence and expertise**, especially for U.S. SLED organizations
2. **Methods and frameworks** to analyze IT landscapes, help avoid additional technical debt and realize the value in their IT expenditure
3. Experience in **planning and implementing multicloud services** for sector clients
4. **Application migration experience** (templates, automation engines and many other techniques) with cloud-native application development for greenfield and brownfield workloads
5. **Partner and practice certifications** with multiple cloud service hyperscalers
6. **API libraries** for application and service integration in public cloud
7. Demonstrated competence in **governance, risk and compliance** for sector clients, especially in complex environments
8. **Carbon-neutral strategy** and operations management expertise

Observations

While the trend toward cloud IT adoption is persistent among the U.S. SLED agencies, what was envisioned as a wave of cloud IT and organizational transformation has emerged as a slow rising tide. This is partly because, as noted in 2022, public sector entities, including most SLED agencies, tend to be well behind in cloud service adoption and usage rates in other sectors. However, at least as important, the wave of cloud IT investment that was expected based on massive federal government grants and loans has not (yet) translated into actual spending. This is largely due to shifting budget emphases, economic uncertainties and political realities.

We still see public sector clients poised to progress from early cloud environments toward cloud-first, strategically digital futures in a relatively short time. Factors driving this still include the end of useful life for legacy systems, outdated IT operating models, a lack of skilled IT staff and the need to do more with less funding. As predicted, such progression was recorded in late 2022. However, given the realities encountered since our last study, we now expect the progression to occur slowly – and be much more widespread, resulting in greater impact on more aspects of SLED agencies. Providers well-positioned to serve clients in a swiftly moving wave are not necessarily positioned to excel in the gradual rising tide environment.

Even so, most providers still offer a solid and serviceable portfolio. However, relatively few combine the strong presence, influence and sector contracting proficiency required to be Leaders.

From the 37 companies assessed for this study, 25 qualified for this quadrant, with nine being Leaders and one a Rising Star.

accenture

Accenture has a robust cloud strategy and management consulting service portfolio leveraging exceptional industry business and operational expertise, along with a widespread presence in the state, municipal and federal government sectors.

CGI

CGI, a Rising Star in our 2022 study, meets with many state, local and provincial client leaders annually to assess IT and organizational developments, trends and needs. It has substantial public sector organizational, operational, IT and business transformation experience.

Deloitte

Deloitte has one of the most comprehensive public cloud consulting and transformation service portfolios assessed for this study, complemented by government and public sector competency certifications by key hyperscale services providers, including AWS and Microsoft Azure.

Ensono

Ensono has progressed into the Leader quadrant due to its advancing and expanding integration of public cloud skills and unique expertise in modernizing large-scale, complex, legacy mainframe and UNIX environments, which are common among public sector clients.

IBM

IBM has the most widespread and longstanding U.S. public sector presence of any IT service and software firm, with more than six decades in the market and contracting vehicles with every U.S. state.

Infosys

Infosys has been expanding its U.S. government and public sector presence, influence and service delivery through its wholly-owned Infosys Public Services (IPS) subsidiary. Its Cobalt and Topaz offerings allow rapid, sustainable cloud service adoption, adaptation and optimization.

Kyndryl

Kyndryl joins the Leader quadrant, building on its IT infrastructure service legacy for state, local and other government agencies. Kyndryl Consult addresses digital business transformation, system and workplace consultation, design, building and service engagements.

NTT DATA has one of the most robust U.S. public sector presences in this study, with 35 U.S. state government agencies, at least 17 U.S. municipalities and more than a dozen federal agencies among its client base as of August 2023.

Unisys is second only to IBM in decades-long U.S. public sector IT presence. Its extensive cloud, applications and infrastructure offerings include systems and software migration, applications and data modernization, cloud use optimization, industry cloud(s), and BPO and cybersecurity services.

HCLTech (Rising Star) has a strong portfolio of domain-specific SLED solutions, including application modernization and integration, cybersecurity, digital workplace, hybrid cloud and hosting, networks and smart cities.

Leader

"A strong legacy of presence, influence and leading-edge solution development and consulting expertise make Unisys a multi-public cloud consulting and transformation service leader for U.S. public sector clients."

Bruce Guptill

Unisys

Overview

Unisys is headquartered in Pennsylvania, U.S. and operates in 28 countries. It has more than 16,200 employees across 71 global offices. In FY22 the company generated $2.0 billion in revenue, with Enterprise Computing Solutions as its largest segment. One of the most established U.S. public sector IT providers, Unisys is an AWS Advanced Tier and Government Consulting Competency partner, a Google Workspace Reseller Partner and a Microsoft Gold Partner with Azure Expert MSP status.

Strengths

Robust public cloud consulting and solutions portfolio: Unisys' cloud, applications and infrastructure service portfolios for the public sector and government clients include systems and software migration (including hybrid and multicloud environments), application modernization, data modernization and management, automated operations, cloud use optimization, industry cloud(s), government BPO and cybersecurity services.

Modernization and digitalization for public services and organizations: Unisys focuses its public sector consulting business on modernizing applications and operations to reduce costs and improve constituent satisfaction.

Sector security strengths: Unisys' cybersecurity consulting and services are optimized for U.S. SLED agencies. These offerings include business- and operation-specific security services, improvement and compliance across multi or hybrid cloud infrastructures and technology partners.

Robust government cloud partnerships with AWS and Azure: One of AWS' pioneer Government Consulting Competency Partners in 2016, Unisys works with AWS to develop and optimize sector-related offerings and support, including best practices and operations management (including remote) to minimize potential disruptions. Unisys also serves sector clients as an Azure Expert Managed Service Provider.

Caution

Unisys' emphasis on client-specific solutions enables it to deliver exceptional value. Still, its approach can lead to narrowly focused solutions that may increase costs for operating and integration with other providers' services, systems and solutions.

Managed Services

Who Should Read This Section

This quadrant report is relevant to the U.S. public sector organizations evaluating public cloud managed service providers. In this quadrant, ISG lays out the current market positioning of service providers in the U.S. public sector and how they address the key challenges organizations face while managing infrastructure in a public cloud environment. These providers manage organizations' workloads in third-party, public cloud and hyperscale environments so that they can focus on their core tasks.

Managed services are becoming increasingly significant as more client organizations commit to establishing and expanding cloud-first or cloud-inclusive environments. Therefore, there is an increased focus on optimizing cloud spending with platform-led integrated solutions, including intelligent automation and integrated operations, leading to potential cost savings and process optimization.

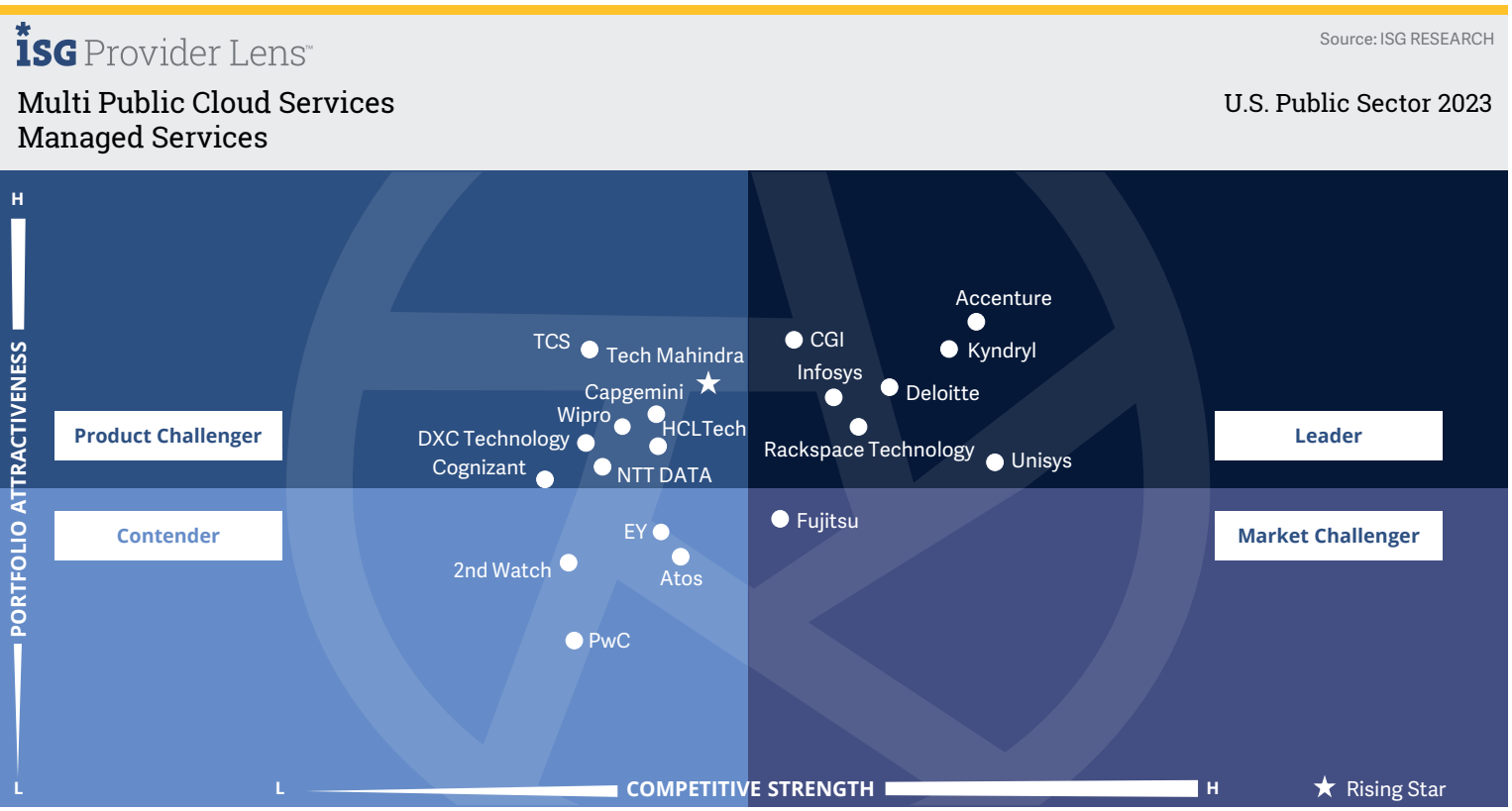
Public sector organizations are evaluating the potential adoption of poly-cloud solutions for their vital systems. They seek holistic, efficient and reliable solutions and demand agile security measures to mitigate the sourcing- and infrastructure-related risks associated with multiple providers and their offerings in a multicloud environment.

ISG observes a rising demand for cloud managed services within the public sector, driven by the increasing adoption of multiple public, private and hybrid cloud services. Public sector organizations are emphasizing providers to deliver cloud-related IT and workload management services engineered to streamline critical IT processes and simplify the management of core applications.

IT leaders should read this report to better understand the relative strengths and weaknesses of managed service providers and how their approaches to the market can impact public sector organizations' public cloud strategies, improve business agility and reduce the TCO.

Software development and technology leaders should read this report to understand the positioning of managed service providers and learn how their offerings can impact the ongoing development of software products for public sector organizations.

Sourcing, procurement and vendor management professionals should read this report to better understand the current landscape of managed service providers in the U.S. public sector.



This quadrant assesses **service providers and systems integrators** offering U.S. public sector clients **managed infrastructure and application services** on public cloud infrastructure such as AWS, Microsoft Azure and Google Cloud.

Bruce Guptill

Definition

This quadrant assesses service providers and integrators offering managed infrastructure and application services on public cloud infrastructure such as AWS, Microsoft Azure and Google Cloud Platform (GCP).

Typically, such services include cloud services lifecycle management, real-time and predictive analysis, and monitoring and management of customers' public and multicloud environments to maximize workload performance in the cloud, reduce costs and ensure compliance and security. Licensed or owned cloud management platforms provide maximum automation and increased visibility into cloud resources in terms of utilization and costs, including self-service administration.

Providers should also offer cloud optimization using FinOps frameworks to analyze and forecast financial and organizational impacts.

Provider services typically include the following:

- Professional services for managing and monitoring CPUs, storage, memory, databases and operating systems as standalone or microservices, virtual machines and container services
- Automated upgrade services for operating systems, middleware and applications on public cloud infrastructure
- Hybrid cloud infrastructure management platforms to manage cloud cost, entity identity, FinOps and IT services
- Ability to monitor, log, patch, predict and provide analytics services to improve performance and security for continuous integration and continuous delivery (CI/CD)
- Governance and compliance management with a robust cybersecurity framework and platform(s) for securing client data
- Support services such as incident management, configuration, security services and automation setup

Eligibility Criteria

1. **Public sector presence and expertise**, especially for U.S. SLED organizations
2. **Operational excellence** and well-defined professional services
3. Experience in **building and managing public and multicloud** environments
4. Expertise in **managing configuration and integrating** platforms, systems and containers
5. **Financial dashboards and cost analysis tools** enabling cloud cost visibility
6. Support for **software development and cloud-native and legacy system integration** by leveraging DevOps, API-enabled automation and cloud analytics
7. **Robust cybersecurity** managed services offerings
8. **Managed service provider certificates** with leading hyperscalers such as AWS, Microsoft Azure, or GCP
9. **Industry-specific solutions and expertise**, including managing different workloads on public cloud infrastructure

Observations

Managed services are gaining importance as more client organizations commit to building and expanding cloud-first or cloud-plus-legacy environments. As noted in several ISG reports on cloud service provision and use, using even a single hyperscale provider can result in significant operational, technological and service complexity. Using multiple providers – as is more commonly the case – rapidly multiplies the need for effective and efficient cloud service management. These environments require effective implementation and use of managed cloud services to function efficiently and reliably and to minimize operating costs.

ISG sees public sector client organizations mostly procuring managed services from the service providers that introduced them to cloud-first or cloud-dominant environments through at least their first year of experience. As time passes, needs change, and it is not unusual to see sector entities adding services or shifting to new or additional service providers as they build cloud environment knowledge and expertise on their own.

Meanwhile, providers are coalescing their portfolios and emphasizing core services.

ISG sees the demand for and use of cloud managed services from the public sector growing at an increasing rate as the use of multiple public, private and hybrid cloud services expands and accelerates within and among sector entities. Leaders among service providers prepare for more complex environments through more effective and efficient bundling of offerings and by making offerings more capable and adaptable using generative AI.

From the 37 companies assessed for this study, 20 qualified for this quadrant, with seven being Leaders and one a Rising Star.

accenture

Accenture's managed services expertise includes multi-agency, cross-agency U.S. governmental expertise in cloud architecture as well as operating and managing cloud workloads while ensuring compliance with sector legal and regulatory requirements.

CGI

CGI joins the Leader quadrant this year owing to its sector presence, robust portfolio, public sector contracting expertise and ongoing inclusion of input from more than 140 public sector CIOs annually.

Deloitte

Deloitte's Cloud Managed Services (CMS) and Government & Public Services practices collaborate to deliver cloud-related IT and workload management services across strategic hyperscaler partnerships with AWS, Google Cloud, IBM Cloud, Microsoft Azure and Oracle Cloud Infrastructure.

Infosys

Infosys is a Premier-tier AWS public sector partner, Google Cloud's 2021 Specialization Partner of the Year for Cloud Migration, a Microsoft Gold Partner and an Azure Expert MSP. It demonstrates one of the most comprehensive cloud managed service portfolios in ISG's research.

Kyndryl

Kyndryl has decades of experience in partnering with SLED and other public sector organizations to design, build and manage IT systems. Workload optimization, operating model transformation and cybersecurity are Kyndryl's forte.

rackspace technology

Rackspace Technology's Government Solutions practice provides compliant cloud and managed services built for U.S. federal and SLED organizations. The firm is a strategic partner of AWS, Google Cloud and Microsoft Azure for hyperscale services.

Unisys' CloudForte suite includes modular capabilities deployed within Unisys cloud, applications and infrastructure solutions. The firm is an Advanced-Tier and Government Consulting Competency AWS partner, a Google Cloud and Workspace Reseller Partner, and a Microsoft Gold partner with an Azure Expert MSP.

Tech Mahindra (Rising Star) continues to leverage its public cloud managed service expertise and global public sector experiences to increase the value delivered for U.S. public sector clients.

Leader

"Unisys combines its outstanding U.S. government IT presence with top-tier security in a robust service portfolio to be positioned as a Leader in Managed Services for U.S. public sector clients."

Bruce Guptill

Unisys

Overview

Unisys is headquartered in Pennsylvania, U.S. and operates in 28 countries. It has more than 16,200 employees across 71 global offices. In FY22 the company generated $2.0 billion in revenue, with Enterprise Computing Solutions as its largest segment. One of the longstanding IT providers to the U.S. public sector, Unisys holds public sector and government cloud service certifications by key hyperscalers and cloud service providers, including AWS, and has been a VMware partner since 2001.

Strengths

Security strengths: Cybersecurity, including ensuring security and compliance across multiple public cloud and hybrid cloud infrastructures and software platforms, is a key strength.

Robust service portfolio: Unisys' cloud, applications and infrastructure portfolios for public sector and government clients include managed services for systems and software modernization (including migration to hybrid and multicloud environments), applications and data modernization, cloud use optimization, industry cloud(s) and BPO, and cybersecurity services. Its Cloud Management practice addresses server, storage, network capacity and FinOps. Automation and integration with legacy systems are notable strengths of the company.

Pioneering government cloud and services partnerships: As one of AWS' pioneer GovCloud partners, Unisys works with AWS to develop and optimize government and public sector-related offerings and support. Unisys also serves sector clients as an Azure Expert Managed Service Provider.

Rapid time to value: Unisys' CloudForte suite includes a modular set of capabilities deployed as part of the company's cloud, applications and infrastructure solutions. Modularity helps reduce the services' time to value while ensuring security, governance and regulatory compliance.

Caution

Clients report that Unisys' approach to providing information on its service offerings can be confusing and time-consuming, sometimes making it challenging to become aware of, understand and engage with the company.

Hyperscale Infrastructure and Platform Services

Who Should Read This Section

This report is relevant to U.S. public sector organizations that want to evaluate providers of hyperscale infrastructure and platform services. In this quadrant, ISG highlights the current market positioning of service providers in the U.S. public sector and how they address the key challenges public sector organizations face.

U.S. public sector organizations are focusing on digital transformation initiatives but are challenged with maintaining their IT infrastructure due to high costs. This factor is driving the adoption of public cloud services across industries, and they prefer multi-hyperscale environments when migrating their workloads to the cloud.

Public sector organizations are actively exploring strategies to harness the capabilities of hyperscale providers within virtual or containerized software-defined environments. Their growth drives hyperscalers to develop, engineer and manage their offerings, focusing on meeting the stringent regulatory requirements associated with public sector clients. Furthermore, they emphasize increasing investments in data security, privacy management, enhanced managed services capabilities and advancements in AI, including generative AI.

ISG observes that organizations are investing in infrastructure and platform services to efficiently manage their infrastructure, get regular end-to-end updates, help enhance processes and ensure operational efficiency. Additionally, they are embracing third-party multi-public cloud services to streamline workload migration and enhance application development.

IT leaders should read this report to better understand the relative strengths and weaknesses of hyperscale infrastructure and platform service providers and how their approaches to the market can impact public sector firms' public cloud strategies, reduce TCO, and improve business agility, scalability and flexibility.

Sourcing, procurement and vendor management professionals should read this report to better understand the current landscape of hyperscale infrastructure and platform service providers in the U.S. public sector.

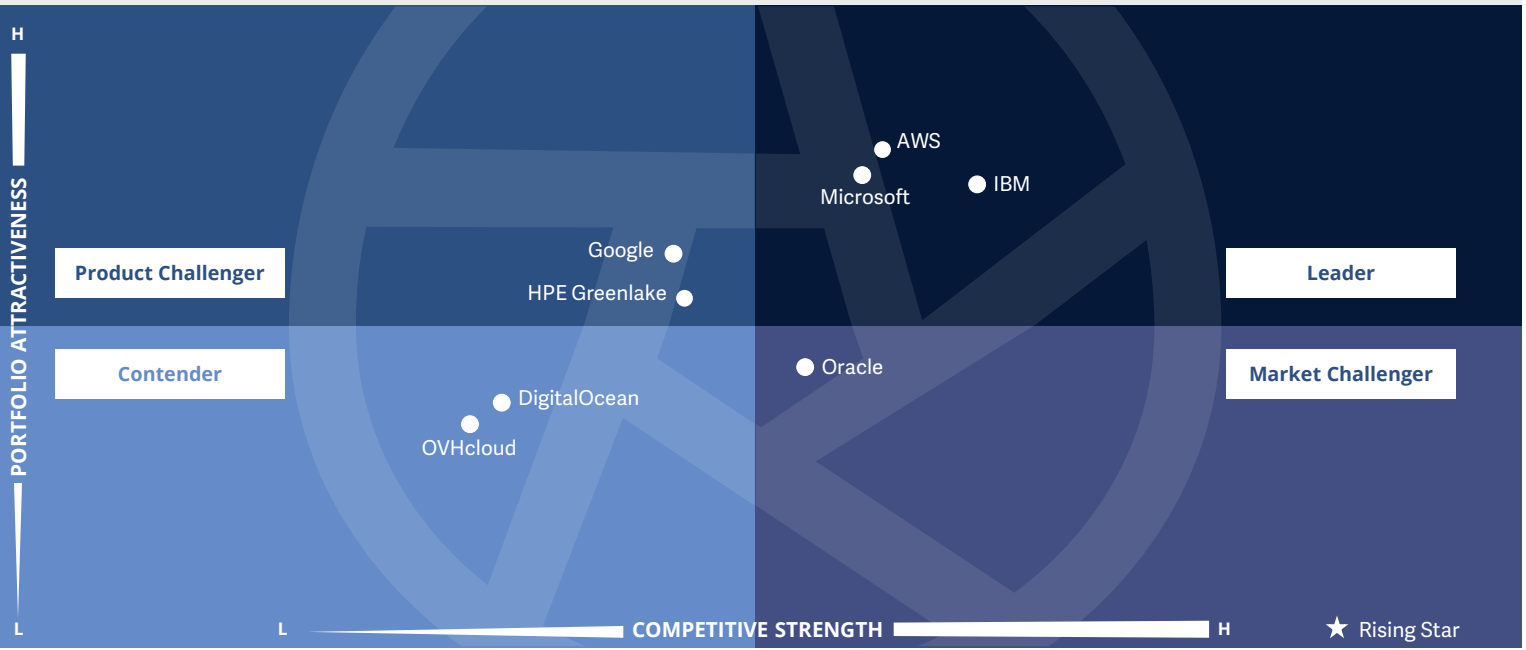
Software development and technology leaders should read this report to understand the relative positioning and capabilities of the providers in migrate their workloads to public cloud platforms.

ISG Provider Lens™

Source: ISG RESEARCH

Multi Public Cloud Services
Hyperscale Infrastructure and Platform Services

U.S. Public Sector 2023



This quadrant assesses the critical capabilities of **IaaS and PaaS** providers that support **secure and flexible** operations on multiple public clouds for public sector organizations.

Bruce Guptill

Definition

This quadrant assesses providers of infrastructure-as-a-service (IaaS) and platform-as-a-service (PaaS) capabilities that are critical to public sector organizations' ability to operate in a secure and adaptable manner on and across one or more public clouds.

Service providers in this quadrant characteristically offer include compute services, storage and network resources. Typically, these are provided as virtual or containerized software-defined offerings operating on serverless architectures. Providers' ability to deliver such services in compliance with multiple levels of sector-specific security requirements is critical for public sector clients.

Providers offer multiple microservices and runtime engines for predefined, cloud-based application development. These services help address complete lifecycle needs for building, migrating or modernizing applications, including large-scale and core business management applications.

Additional provider capabilities typically include middleware, business process management, collaboration networks, databases, analytics and ML capabilities. Internal and external (third-party) services, including tools and applications from independent software vendors (ISVs), can be made available through customer-configured, provider-managed, secure marketplaces in an approved app store environment.

Eligibility Criteria

1. **Public sector presence and expertise**, especially for U.S. SLED organizations
2. Innovative portfolio of **infrastructure and container management** offerings
3. Sector- and client-optimized **buying and pricing models**
4. **Support for sovereign cloud mandates** for governance and data transparency requirements
5. Certification in **data protection and cybersecurity**
6. Support for infrastructure as code (IaC) and serverless computing with **highly automated** provisioning, event triggering and failover
7. **Test and development environments**, including workflows and log/report functionality for rollouts
8. **Custom and high-performance computing** capabilities for varied requirements, including AI algorithm training
9. Open architecture with **APIs or middleware** to join multiple clouds or services and platforms
10. **Broad partner ecosystem** to support client requirements

Observations

In ISG's 2022 study, we noted that most U.S. public sector organizations, including SLED agencies, would rapidly accelerate cloud IT services adoption and adaptation in all aspects of their operations through 2027. We also expected that between 15 percent and 25 percent of such organizations would move from large-scale legacy environments into hyperscale cloud environments across most or all of their IT by the end of 2030.

Although rapid acceleration has not yet occurred, we see a more slowly increasing scope and scale of public cloud service use by sector clients. But as noted in other parts of this study, we see sector clients' cloud adoption expanding more broadly. So, while the current pace of cloud use growth is slower than expected, its breadth and depth are stronger than predicted.

Such growth drives hyperscalers to engineer and manage their offerings to comply with the typically strict regulatory environments associated with public sector clients. That includes increasing investments in data security and privacy management, advances in managed service capabilities and AI, including generative AI.

Hyperscalers are not alone. Systems integrators, IT consulting firms, VARs and other service and technology partners with sector presence and expertise are also critical to hyperscalers and are expanding their own presence. Hence, the best-suited providers in this quadrant not only boast their own technological and sector proficiencies but also those of their robust partner networks.

From the 37 companies assessed for this study, eight qualified for this quadrant, with three being Leaders.

AWS

AWS continues to shape IaaS and PaaS markets with its continued innovation and constant additions of features and options to its already large service portfolio. The company has enhanced its AI and ML offerings and developed several industry-specific solutions.

IBM

IBM holds a unique position among IaaS and PaaS providers. It has dedicated government professional, technology and cloud service practices, its own IBM Cloud hyperscale platform and maintains strategic partnerships with AWS, Google Cloud and Microsoft Azure.

Microsoft

Microsoft Azure's edge-emphasizing solutions help build its business among government agencies seeking help with IoT, remote and mobile environments. The firm drives significant partner development in generative AI based on OpenAI. Its seamless integration capabilities with the Windows OS environment have made it popular among agencies reliant upon Microsoft code.

SAP HANA Infrastructure Services

Who Should Read This Section

This report is relevant to U.S. public sector organizations that want to evaluate providers of SAP HANA infrastructure services for SAP S/4HANA workloads and large-scale HANA databases. In this quadrant, ISG highlights the current market positioning of service providers in the U.S. public sector based on the depth of their service offerings and market presence.

U.S. public sector firms encounter difficulties in managing vital workloads, particularly those associated with the SAP product line, due to challenges related to data handling, change management and a shortage of skilled personnel.

ISG notes a growing emphasis on achieving cost savings, enhancing agility, bolstering security and resilience, leveraging data analytics and implementing industry-specific solutions for migrating SAP workloads. Service providers are enhancing their relative SAP implementation and migration experience within public sector organizations and levels of expertise in SAP integration and management services. Organizations are harnessing the power of hyperscalers' compute, storage and connectivity capabilities in the public cloud environment to host SAP workloads and enable scalable operations based on usage and infrastructure needs.

There is an increasing focus on offering tools and services designed to streamline the migration of enterprise SAP workloads to cloud platforms. Additionally, integrating cutting-edge technologies such as AI and ML into their services enables providers to assist clients in modernizing their SAP applications and enhancing their overall business value. Public sector firms also expect to achieve optimal IT infrastructure and SAP security throughout their transformation journey.

IT leaders should read this report to better understand the relative strengths and weaknesses of SAP HANA infrastructure service providers and the market advancements impacting public cloud strategies.

Software development and technology leaders should read this report to understand the relative positioning and capabilities of SAP HANA infrastructure providers that can help them procure infrastructure and services to migrate their workloads to public cloud platforms.

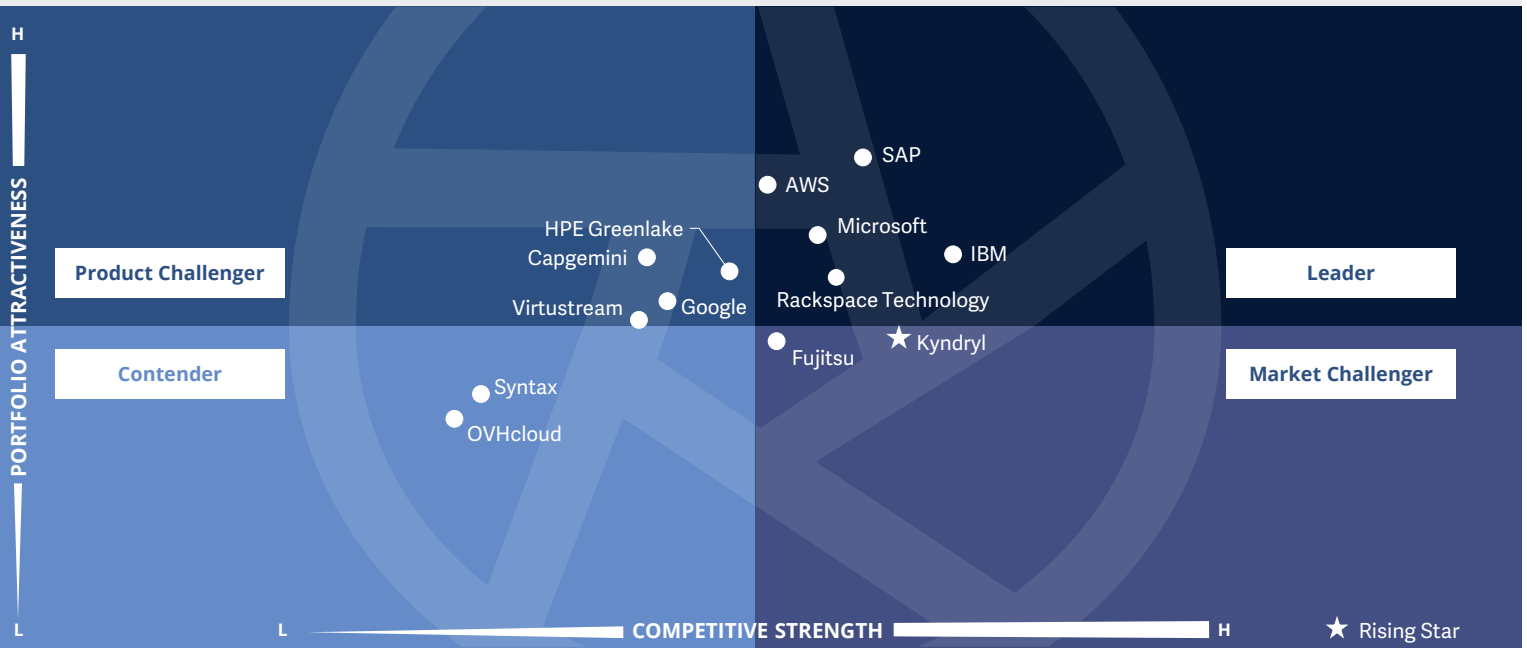
Sourcing, procurement, and vendor management professionals should read this report to better understand the current landscape of SAP HANA infrastructure service providers in the U.S. public sector.

ISG Provider Lens™

Source: ISG RESEARCH

Multi Public Cloud Services
SAP HANA Infrastructure Services

U.S. Public Sector 2023



This quadrant assesses **infrastructure, development and managed service providers** that are suited to host SAP's software portfolio, with an emphasis on **SAP S/4HANA workloads** and **large-scale HANA databases.**

Bruce Guptill

SAP HANA Infrastructure Services

Definition

This quadrant assesses service providers with infrastructure, development and managed services capabilities that are suited to host SAP's software portfolio, with an emphasis on SAP S/4HANA workloads and large-scale HANA databases.

Participating service providers offer IaaS that includes infrastructure operations, facilities, provisioning and scaling capacities for SAP workloads. Providers should also deliver data migration, system imaging, backup, restore, disaster recovery, resource usage monitoring and dashboard management services. The required tools can either be part of the providers' standard IaaS offerings or offered by partners in a secure marketplace.

Service providers should further offer presales consulting and support services to help clients address their complex needs, including platform and data migration, cloud architecture, sizing and performance optimization, licensing, system and database configuration, virtual private network configuration and third-party vendor solutions (toolsets).

Lastly, our study includes an assessment of providers' own support offerings (including the levels of support offered) and providers' service partner ecosystems, with their ability to conduct related migrations and operations.

Eligibility Criteria

1. **Public sector presence and expertise**, especially for U.S. SLED organizations
2. IaaS, including **servers, storage and connectivity** specific to SAP
3. Memory **capacity above 6 TB**
4. Offering **SAP IaaS-certified platforms**
5. Sector- and client-optimized **buying and pricing models**
6. Recognized **standards and certifications**, including a strong focus on data protection and sophisticated cybersecurity environments
7. **Test and development environments**, including workflows and log/report functionality for rollouts
8. Certification as an **SAP services partner**
9. Established sector-optimized **partner ecosystem and support organizations** to enable changing client support capabilities

Observations

ERP software platform vendors' move to the cloud has reduced the overall cost and simplified (and accelerated) the software's implementation and adaptation for agency- and department-specific needs, thus altering the mindsets of many governmental organizations.

While many ERP platforms are used by U.S. public sector organizations, by far, SAP holds the largest presence. SAP indicates having at least several hundred clients, including the U.S. state and municipal government entities and higher education institutions.

Between compulsory SAP migrations to the cloud and net-new SAP users attracted by cloud-based, low-cost implementations (and usage costs), ISG estimates that between 100 and 200 SAP ERP migrations and implementations will occur annually among U.S. public sector organizations through 2027.

This will create significant and changing demand for migration, development and hosting services. The relative value of providers' capabilities changes almost yearly based on shifts in sector client budgeting and spending, as well as developments and advances by SAP and its technology partners. This leads to changes in the quadrant positioning of providers; from 2022 to 2023, we have seen significant changes in providers' relative positioning based on sector buyer-side changes versus providers' capabilities and go-to-market approaches.

Even so, the most important differentiators among providers in this quadrant are relative SAP implementation and migration experience within public sector organizations and levels of expertise in SAP integration and management services.

From the 37 companies assessed for this study, 13 qualified for this quadrant, with five being Leaders and one a Rising Star.

AWS

AWS has hundreds of U.S. public sector and enterprise clients and uses its infrastructure to host SAP HANA workloads. It offers secure, reliable and extensive public cloud infrastructure, with more than 200 AWS-provided services leveraging purpose-built SAP automation tooling.

IBM

IBM provides public sector clients with SAP on its own IBM Cloud hyperscale platform and leading hyperscaler platforms such as AWS and Microsoft Azure. Longstanding public sector presence and decades of SAP expertise complement these capabilities.

Microsoft Azure

With dozens of software and solution partners, **Microsoft Azure** has developed in-house solutions that seamlessly integrate the Microsoft product and solution ecosystem with SAP products and services. Its premium storage offering provides improved performance.

Rackspace Technology

Rackspace Technology provides an exceptional SAP HANA migration, hosting and managed service portfolio that positions it as both a partner and competitor of other Leaders in this quadrant.

SAP

SAP's global public sector practice/business unit includes a dedicated Regional, State, and Local Government unit focusing on SLED client needs. Key practice areas and goals include citizen/constituent experience, operational stability and resilience, and data security.

Kyndryl

Kyndryl (Rising Star) has a significant presence among the U.S. public sector client IT organizations owing to IBM's legacy presence and influence spanning decades. We expect Kyndryl to advance in this intensely competitive market as it expands its consulting capabilities.

Appendix

The ISG Provider Lens™ 2023 – Multi Public Cloud Services study analyzes the relevant software vendors/service providers in the U.S. Public Sector market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research™ methodology.

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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 November 2023, 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.

The study was divided into the following steps:

1. Definition of Multi Public Cloud Services market
2. Use of questionnaire-based surveys of service providers/ vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities & use cases
4. Leverage ISG's internal databases & advisor knowledge & experience (wherever applicable)
5. Use of Star of Excellence CX-Data
6. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & other sources.
7. Use of the following key evaluation criteria:
   * Strategy & vision
   * Tech Innovation
   * Brand awareness and presence in the market
   * Sales and partner landscape
   * Breadth and depth of portfolio of services offered
   * CX and Recommendation

Author

Bruce Guptill
Lead Analyst

Bruce Guptill brings more than 30 years of technology business and markets experience and expertise to ISG clients.

Bruce has helped develop and lead ISG's enterprise research development and delivery, global ISG Research operations, and Research client support. His primary research and analysis for ISG clients has focused on IT services market development, disruption, adaptation and change. He currently leads U.S. Public Sector research for ISG's Provider Lens global research studies, and also leads IPL studies in procurement and software vendor partner ecosystems.

Bruce holds a Masters' degree in Marketing and Finance, and a B.A. combining business and mass media communication psychology. He also holds certifications in a wide range of software, hardware, and networking technologies, as well as in mechanical and electrical engineering disciplines.

Enterprise Context and Overview Analyst

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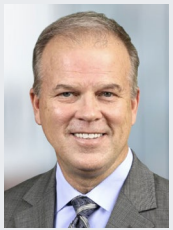
Research Analyst

Manoj is a research analyst at ISG and supports ISG Provider Lens™ studies on Private/Hybrid Cloud – Data Center Services, Mainframes, Cloud Native Services & Solutions and Public Cloud Solution and Services. He also supports the lead analysts of multiple regions in the research process. Prior to this role, he supported the ROI process in sales intelligence platform and was an individual contributor in handling research requirements for advanced technologies in different sectors.

He has considerable expertise in predicting the automation impact by considering certain parameters such as productivity, efficiency and time reduction. During his tenure, he has supported research authors and authored Enterprise Context and Global Summary reports with market trends and insights.

IPL Product Owner



Jan Erik Aase

Partner and Global Head – ISG Provider Lens™

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor.

Now as a research director, principal analyst and global head of ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

ISG Provider Lens™

The ISG Provider Lens™ Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens™ research, please visit this webpage.

ISG Research™

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ISG

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For more information, visit isg-one.com.

ISG Provider Lens™

DECEMBER, 2023

REPORT: MULTI PUBLIC CLOUD SERVICES