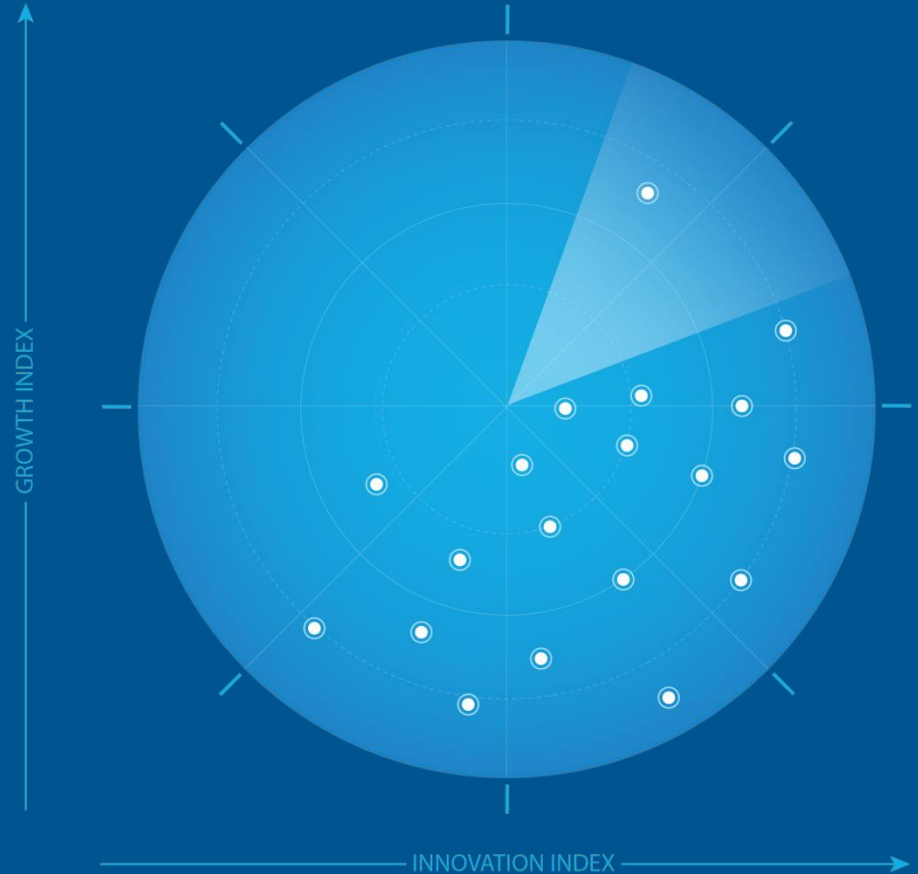


# Frost Radar™: Global Managed Cloud Services Market, 2021

A Benchmarking System  
to Spark Companies to  
Action—Innovation that  
Fuels New Deal Flow and  
Growth Pipelines

Global Information &  
Communications Technologies  
Research Team at Frost & Sullivan



**K6AF-72**  
**October 2021**

# Strategic Imperative and Growth Environment



# Strategic Imperative

- Cloud has become an essential foundation for business growth. For enterprises around the world, cloud has unlocked cost efficiencies and increased speed-to-market while providing access to new technologies such as analytics, blockchain and AI.
- During COVID, businesses accelerated their cloud strategies to gain greater flexibility and agility in digital operations. However they quickly discovered that the complexity of hybrid and multi-cloud environments outpaced their own resources. As a result, they turned to third-party expert managed services providers for help with designing, implementing, and managing their hybrid cloud environments.
- According to the 2019 Frost & Sullivan Cloud User Survey, just 37% of businesses worldwide invested managed infrastructure services. By 2020, this number had increased dramatically with nearly two-thirds of businesses engaging some sort of managed cloud service, and another 25% planning to add or expand their use of managed services in the next two years.

Source: Frost & Sullivan

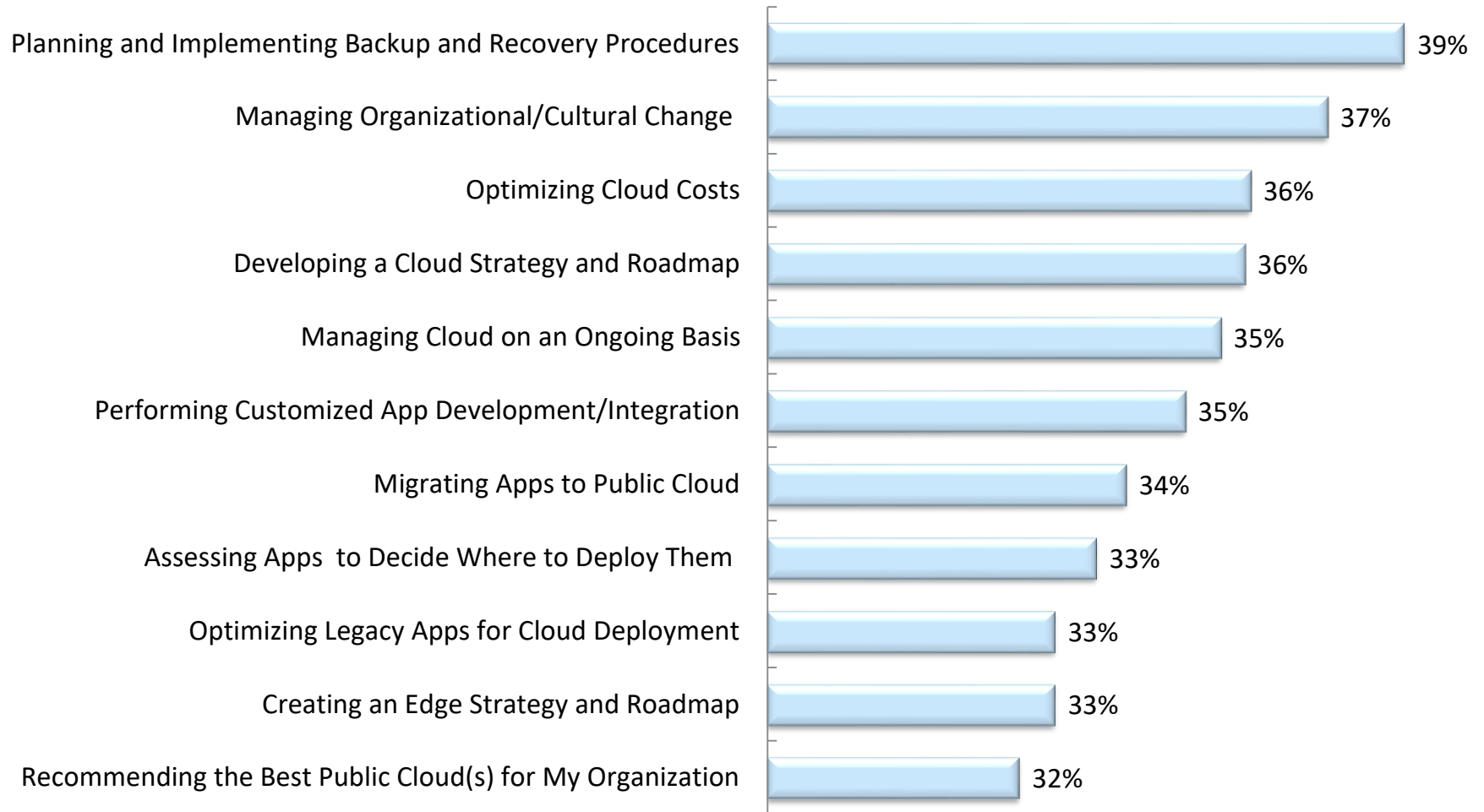
# Growth Environment

- According to the 2020 Frost & Sullivan Cloud User Survey, we see greater percentages of businesses engaging with MSPs than at any point in the past.
- Multi-cloud and hybrid cloud approaches are growing more commonplace, as enterprises knit together an optimal infrastructure composed of disparate IT environments (on-premises, multiple clouds, edge) into a flexible resource pool, and managed and orchestrated via a common platform. Multi-cloud adoption increased by 54% in 2020 and hybrid cloud adoption was up 14%. Despite—or maybe because of—the rush to expand their infrastructure options, organizations are still struggling to implement an effective hybrid, multi-cloud. This is driving growth in managed cloud services.
- For managed cloud service providers, it is critical to be able to support multiple IT environments (on-premises, public and private clouds) while also having the resources and tools to securely manage applications and data.
- In addition, managed cloud service providers are increasingly called on to perform specific contracted tasks related to environment assessment and design, workload migration, and application modernization.

Source: Frost & Sullivan

# Growth Environment (continued)

Percent of Businesses That Have Engaged With an MSP for Each Function, Global, 2020



Question from the 2020 Frost & Sullivan Cloud User Survey: For which of the following did you engage support? (n=1,621)

Source: Frost & Sullivan

# Definitions

- Frost & Sullivan defines **Managed Services** as subscription-based services, in which the third-party provider contributes technology, infrastructure, and expertise; and the enterprise and provider generally share control and oversight of application performance. Early managed services allowed enterprises to offload routine management tasks; but today's complex IT landscape can require expertise that the business does not have in-house. Managed service providers bridge the expertise gap with knowledgeable professionals who work in partnership with the enterprise IT organization to meet business goals.
- Managed services are proactively monitored by the providers, and utilize rich, real-time performance and operations data, which is visible via a management portal, and supports real-time actions which drive customer-defined success parameters.
- **Managed Cloud Services** can address any layer in the cloud stack. In managed cloud infrastructure services, the cloud service provider provides a level of oversight absent from most self-service cloud offers; for example, the managed cloud service provider may monitor performance of the customer's cloud-based workloads to determine when to launch an additional instance. Managed cloud application or SaaS services may include end-to-end performance monitoring across environments (e.g., public or private cloud, hybrid cloud).

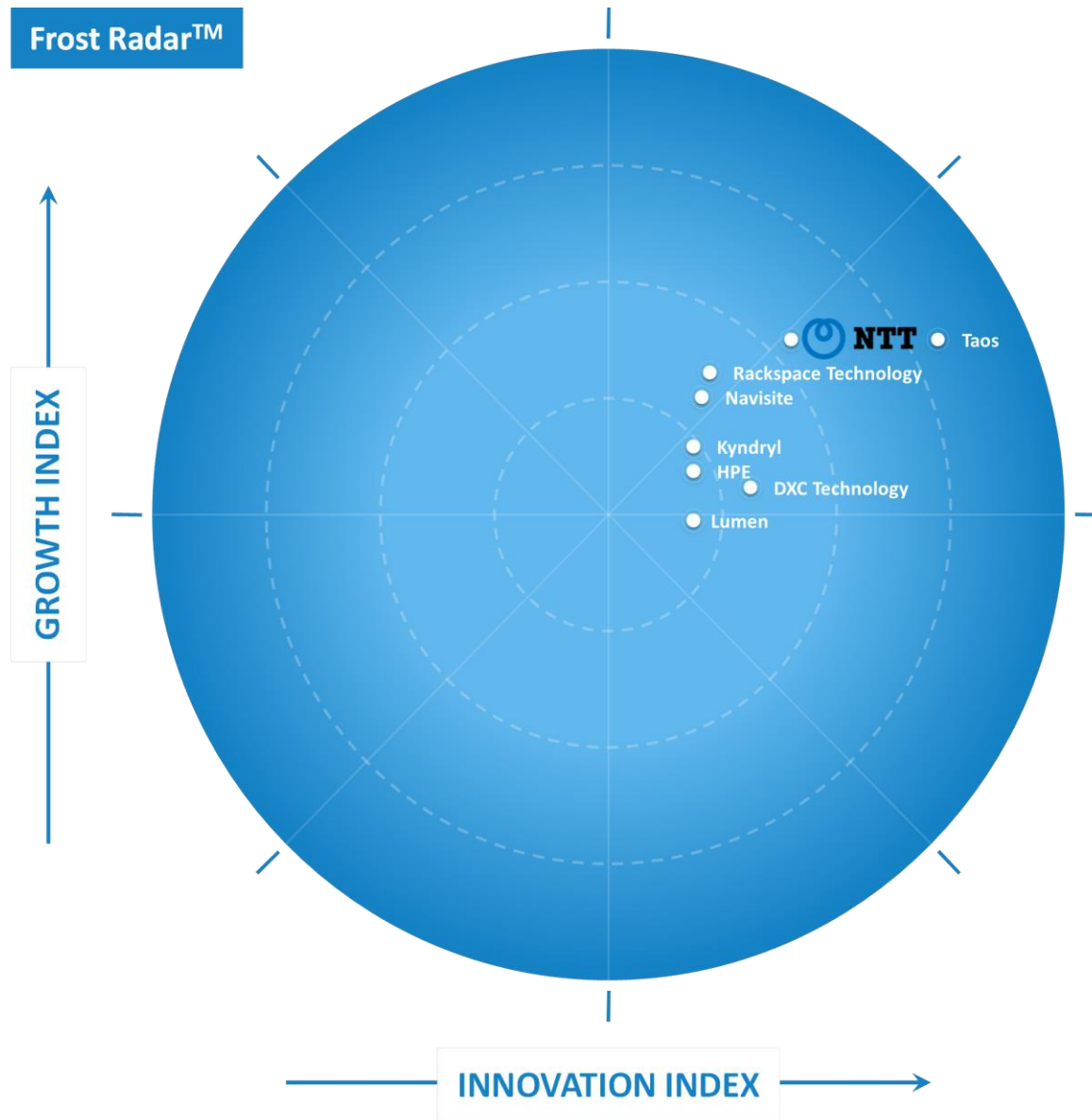
Source: Frost & Sullivan



**Frost Radar™**

**Global Managed  
Cloud Services  
Market**

# Frost Radar™: Global Managed Cloud Services Market



Source: Frost & Sullivan

# Frost Radar™: Competitive Environment

- Competition has been fierce in this market for the past 6-8 years, necessitating continued innovation and value-added services from cloud service providers. This competitive intensity is not expected to slow down in the short-term.
- Cloud service providers have been strengthening their partner programs with IaaS providers, ISVs, telecommunications, and network services providers. Industry convergence has become stronger with the growing demand for edge computing and 5G networks and the need for differentiation through industry focus (e.g., financial services, healthcare).
- Enterprises will continue to utilize specific, deep cloud-based solutions to support their critical business functions, such as ERP and CRM. This will in turn drive demand for managed cloud services providers that can help to manage and integrate the information that resides in these applications.

Source: Frost & Sullivan

# Frost Radar™: Competitive Environment (continued)

- Advanced business functionality, such as business Intelligence reporting, dashboarding, robotic process automation (RPA) services, Artificial Intelligence, machine learning are easier to access and use over the years, enabling service providers to better unlock value from the data.
- Technologies in the cloud space are constantly evolving. Keeping track of the pace of change is crucial to success of service providers in this space. The skills drought is an ongoing issue for competitors in this space. Hence, hiring, training and retaining talent is a key focus area for service providers.
- For the purpose of this Radar, we evaluated a range of companies that offer managed cloud infrastructure services. We excluded systems integrators and large consulting firms that derive their primary revenues from large scale, custom projects and professional services. The final selection includes notable companies with a strategic focus on and sizeable or growing revenues from providing ongoing managed cloud services to mid-sized and large enterprises.

Source: Frost & Sullivan

# **Companies to Action**

**Companies to Be Considered First for  
Investment, Partnerships, or Benchmarking**

## INNOVATION

- NTT Ltd, the global technology services company, offers a broad portfolio of managed and consulting services covering hybrid cloud, IT, security, network, application, and collaboration.
- Customers choose NTT as their partner for more complex and critical digital transformation initiatives, for instance, relocating an ERP system that runs the company's business.
- NTT fosters a culture of innovation within its organization. NTT Group has invested 3.6 billion USD in research and development across IT optimization, cyber-security, data and intelligence, with a big focus on 5G.
- NTT opened its second Client Innovation Center in Belgium as a means to share latest technologies with their clients. The facility can be used by clients to test their applications in different environments. NTT have also set up a 5G innovation lab to drive 5G adoption in enterprises.

## GROWTH

- NTT's data center footprint spans 150 data centers- the big IaaS players, such as Amazon, Microsoft and Google are NTT data center customers, enabling NTT to provide high speed, private connections directly to these public cloud vendors. This is especially important to customers for latency sensitive applications such as AI.
- In Sept 2021, NTT announced plans to grow its already significant data center footprint by 20 percent in the next 18 months.
- Over the last 2 years, NTT has augmented its managed services expertise with the acquisitions of Secure 24, Symmetry and Capside.
- To support its managed services practice, NTT has been awarded many of the highest certifications by public cloud companies and SAP, including Microsoft Azure Expert MSP, a Google Premier Partner, and AWS Consulting Partner. They also have the ISO service management and PCO-DSS accreditations.

## FROST PERSPECTIVE

- NTT's global presence and its tier one global IP network backbone, combined with their large investments in inter-connecting infrastructure capabilities give them a rare competitive advantage in this global market for cloud managed services.
- NTT has made several acquisitions over the years to strengthen their service portfolio. For instance, NTT Release, an application release automation tool came through its acquisition of Spanish cloud managed services provider Capside in 2019.
- The company's portfolio and approach are optimal for upper-mid-market companies, who represent its sweet spot. It serves both traditional entities, which are looking for agility and innovation; and "born in the cloud" firms that require greater reliability, governance, and stability.

Source: Frost & Sullivan

# Strategic Insights



# Strategic Insights

1

For enterprises looking for an MSP partner, differentiating between the various providers in this market, comparing and contrasting their services, SLAs and pricing, and eventually finding the MSP partner that is the right fit for their organization can be a tedious process. Service providers must focus on educating their target market and properly articulating their value proposition and competitive differentiation.

2

As companies increasingly rely on data-driven insights for their decision making, stitching together disparate data sources and formats will become critical. Managed cloud services providers have an opportunity to grow revenues and provide value to clients by focusing on the data pipeline, from collection to utilization.

3

Organizations are increasingly relying on a hybrid/multi-cloud environment to meet their disparate compute and storage needs. But they are daunted by the complexity involved in integrating, securing, and managing workloads across vendors and locations. Managed cloud services providers that can simplify ongoing management, and deliver business results, are well-poised for success.

Source: Frost & Sullivan



**Next Steps:  
Leveraging the Frost  
Radar™ to Empower  
Key Stakeholders**

# Significance of Being on the Frost Radar™

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Companies plotted on the Frost Radar™ are the leaders in the industry for growth, innovation, or both. They are instrumental in advancing the industry into the future.

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## GROWTH POTENTIAL

Your organization has significant future growth potential, which makes it a Company to Action.

## BEST PRACTICES

Your organization is well positioned to shape Growth Pipeline™ best practices in your industry.

## COMPETITIVE INTENSITY

Your organization is one of the key drivers of competitive intensity in the growth environment.

## CUSTOMER VALUE

Your organization has demonstrated the ability to significantly enhance its customer value proposition.

## PARTNER POTENTIAL

Your organization is top of mind for customers, investors, value chain partners, and future talent as a significant value provider.

Source: Frost & Sullivan

# Frost Radar™ Empowers the CEO's Growth Team

## STRATEGIC IMPERATIVE

- Growth is increasingly difficult to achieve.
- Competitive intensity is high.
- More collaboration, teamwork, and focus are needed.
- The growth environment is complex.

## LEVERAGING THE FROST RADAR™

- The Growth Team has the tools needed to foster a collaborative environment among the entire management team to drive best practices.
- The Growth Team has a measurement platform to assess future growth potential.
- The Growth Team has the ability to support the CEO with a powerful Growth Pipeline™.

## NEXT STEPS

- **Growth Pipeline Audit™**
- **Growth Pipeline as a Service™**
- **Growth Pipeline™ Dialogue with Team Frost**

Source: Frost & Sullivan

# Frost Radar™ Empowers Investors

## STRATEGIC IMPERATIVE

- Deal flow is low and competition is high.
- Due diligence is hampered by industry complexity.
- Portfolio management is not effective.

## LEVERAGING THE FROST RADAR™

- Investors can focus on future growth potential by creating a powerful pipeline of Companies to Action for high-potential investments.
- Investors can perform due diligence that improves accuracy and accelerates the deal process.
- Investors can realize the maximum internal rate of return and ensure long-term success for shareholders.
- Investors can continually benchmark performance with best practices for optimal portfolio management.

## NEXT STEPS

- **Growth Pipeline™ Dialogue**
- **Opportunity Universe Workshop**
- **Growth Pipeline Audit™ as Mandated Due Diligence**

Source: Frost & Sullivan

# Frost Radar™ Empowers Customers

## STRATEGIC IMPERATIVE

- Solutions are increasingly complex and have long-term implications.
- Vendor solutions can be confusing.
- Vendor volatility adds to the uncertainty.

## LEVERAGING THE FROST RADAR™

- Customers have an analytical framework to benchmark potential vendors and identify partners that will provide powerful, long-term solutions.
- Customers can evaluate the most innovative solutions and understand how different solutions would meet their needs.
- Customers gain a long-term perspective on vendor partnerships.

## NEXT STEPS

- **Growth Pipeline™ Dialogue**
- **Growth Pipeline™ Diagnostic**
- **Frost Radar™ Benchmarking System**

Source: Frost & Sullivan

# Frost Radar™ Empowers the Board of Directors

## STRATEGIC IMPERATIVE

- Growth is increasingly difficult; CEOs require guidance.
- The Growth Environment requires complex navigational skills.
- The customer value chain is changing.

## LEVERAGING THE FROST RADAR™

- The Board of Directors has a unique measurement system to ensure oversight of the company's long-term success.
- The Board of Directors has a discussion platform that centers on the driving issues, benchmarks, and best practices that will protect shareholder investment.
- The Board of Directors can ensure skillful mentoring, support, and governance of the CEO to maximize future growth potential.

## NEXT STEPS

- **Growth Pipeline Audit™**
- **Growth Pipeline as a Service™**

Source: Frost & Sullivan

# Frost Radar™ Analytics



# Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

## VERTICAL AXIS

**Growth Index (GI)** is a measure of a company's growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline™ system; and effective market, competitor, and end-user focused sales and marketing strategies.

## GROWTH INDEX ELEMENTS

- **GI1: MARKET SHARE (PREVIOUS 3 YEARS)**  
This is a comparison of a company's market share relative to its competitors in a given market space for the previous 3 years.
- **GI2: REVENUE GROWTH (PREVIOUS 3 YEARS)**  
This is a look at a company's revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.
- **GI3: GROWTH PIPELINE™**  
This is an evaluation of the strength and leverage of a company's growth pipeline™ system to continuously capture, analyze, and prioritize its universe of growth opportunities.
- **GI4: VISION AND STRATEGY**  
This is an assessment of how well a company's growth strategy is aligned with its vision. Are the investments that a company is making in new products and markets consistent with the stated vision?
- **GI5: SALES AND MARKETING**  
This is a measure of the effectiveness of a company's sales and marketing efforts in helping it drive demand and achieve its growth objectives.

# Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

## HORIZONTAL AXIS

**Innovation Index (II)** is a measure of a company's ability to develop products/services/solutions (with a clear understanding of disruptive Mega Trends) that are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers' changing needs.

## INNOVATION INDEX ELEMENTS

- **II1: INNOVATION SCALABILITY**

This determines whether an organization's innovations are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.

- **II2: RESEARCH AND DEVELOPMENT**

This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.

- **II3: PRODUCT PORTFOLIO**

This is a measure of a company's product portfolio, focusing on the relative contribution of new products to its annual revenue.

- **II4: MEGA TRENDS LEVERAGE**

This is an assessment of a company's proactive leverage of evolving, long-term opportunities and new business models, as the foundation of its innovation pipeline. An explanation of Mega Trends can be found [here](#).

- **II5: CUSTOMER ALIGNMENT**

This evaluates the applicability of a company's products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.

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