Magic Quadrant for Public Cloud IT Transformation Services

Published 2 August 2021 - ID G00733897 - 64 min read

By Analyst(s): Mark Ray, Tobi Bet, David Groombridge, Craig Lowery, DD Mishra, William Maurer

Initiatives: IT Services and Solutions; Cloud and Edge Infrastructure

As the move to public cloud accelerates, clients are seeking specialized help with IT transformation. Sourcing, procurement and vendor management leaders can use this assessment of 16 providers focused on cloud-native solutions associated with managed and professional services for the public cloud.

This Magic Quadrant is related to other research:

View All Magic Quadrants and Critical Capabilities

Market Definition/Description

Providers in this market offer solutions designed to deliver transformational IT outcomes via cloud-native professional and managed services built exclusively from public hyperscale cloud infrastructure and platform services. Organizations seeking to use public clouds like Amazon Web Services, Google Cloud, Microsoft Azure, and other "hyperscale" platforms engage with providers in this market to get the greatest transformational benefits from cloud services. While there are many global system integrators (GSIs) that have cloud transformation capabilities (covered in Gartner's Magic Quadrant for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Global and Critical Capabilities for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Global), this Magic Quadrant offers a view of providers more specifically focused on public cloud transformation. Many of the traditional GSIs are covered in the Honorable Mentions section of this document as well.

The market definition comprises the following key aspects:

- **Providers deliver positive business impacts born from IT transformation.** A "transformational IT outcome" is one that uses new technologies and paradigms to meet or improve upon achieving business objectives. For example, if the transformative outcome from building a cloud-native solution in a hyperscale cloud infrastructure and platform services (CIPS) platform results directly in a significantly improved or new key performance indicators (KPIs) — like revenue, margin, and customer satisfaction and retention — then it is considered transformational.

- **The engagement between the customer and the service provider is application-led rather than infrastructure-led.** Discussions of specific technical solutions are deferred until an understanding of the business objective has been achieved. Business objectives are more effectively stated as application and data requirements rather than technical requirements for what infrastructure and platform services should be used to achieve them.

- **Solutions are built exclusively with public hyperscale CIPS and software as a service (SaaS).** Providers can deliver complete, transformative solutions using only public cloud resources, thereby freeing the customer from the responsibility of building, maintaining and managing a data center.

- **Cloud-native precepts are emphasized for application architecture and operational models.** Benefits of the cloud model are maximized when cloud services are used as designed, with technical and operational choices that result in autoscalability; resiliency; and elastic, fine-grained resource consumption.

- **The five R's of cloud transformation.** Rehost, revise, rearchitect, rebuild and replace are generally considered the five R's of cloud transformation. Rehost and some portion of revise are considered infrastructure-led activities, while the remaining R's (rearchitect, rebuild and replace) are the focus of applications-led transformation services.

- **Application development services are in scope.** Providers have some degree of application development capability, ranging from the ability to take existing code and modernize it for use in the cloud to building new applications from scratch to be operated as custom services.

- **SaaS integration and management is in scope.** Providers may optionally deliver services for managing and integrating SaaS into the customer's environment.

- **Complex application integration and management is in scope.** Providers may optionally deliver services for integration and management of complex enterprise applications from vendors such as SAP, Oracle, JD Edwards and others in the public cloud.

- **Managed services capabilities are in scope.** Providers must offer the capability to deliver fully managed services for its clients. This includes oversight of daily operations and optimization of infrastructure operations and management in the public cloud.

Market Evolution

The adoption of public cloud services has accelerated as demonstrated by a five-year compound annual growth rate of 20.7% (see Forecast: Public Cloud Services, Worldwide, 2019-2025, 1Q21 Update). In the wake of the COVID-19 pandemic, organizations have realized the business benefits of cloud-based solutions. Increased reliability, scalability, availability; flexible economic models; low-barrier access to the latest innovations; and the ability to shed responsibility for low-value/high-cost activities like building and maintaining a data center are compelling reasons to make the move to public cloud.

But achieving these benefits is difficult, at best, and requires new skills, tools and processes that most organizations do not currently possess and cannot easily acquire for themselves. Professional and managed service providers (MSPs) have filled these gaps with offerings for cloud strategy, migration assessment and implementation, and ongoing management of the operational environment that results. Historically, however, these offerings have been largely driven by an infrastructure mindset. Cloud adoption was initially perceived to replace an organization's data center with a radically different sourcing paradigm but with familiar technologies, such as virtualization and block storage.

In the infrastructure-led model, customers need expertise to choose the right service elements and to configure them appropriately. Customers also retain responsibility for the proper configuration and maintenance of those aspects of the service over which they have control. This responsibility includes, but is not limited to, guest OSs and middleware and applications that run on their IaaS compute instances, as well as their associated data services.

The infrastructure-led model has the primary effects of placing the customer into the cloud on a somewhat familiar footing and, with the help of an MSP, providing an operational model not too different from the customers' own on-premises models. However, a consequence of being placed in the public cloud environment is that newer types of platform services for which there is no equivalent in on-premises data centers are discovered and usually adopted quickly. Through experimentation, customers gain an understanding of what a true cloud-native strategy can achieve with cloud-native applications, but they also realize that such achievements may be beyond their skill sets and capabilities, especially when dealing with a short timeline.

The market has been adopting public cloud primarily with an infrastructure-led approach for most of the last 15 years (see [Magic Quadrant for Public Cloud Infrastructure Professional and Managed Services, Worldwide](#)). Most organizations have done something in the public cloud and have experienced a taste of the transformative possibilities. The number of cloud MSPs providing these services has swelled as technology and service providers from declining markets seek relevancy in the cloud market. The increased number of MSPs has further promulgated the use of public clouds, and many acquisitions have been occurring as traditional MSPs scramble to organize around cloud skill sets.

As the benefits of cloud-native solutions become self-apparent, and with a global pandemic to underscore the value, a new market that focuses on cloud-native development and management engagements has quickly taken shape. The public cloud IT transformation services market encompasses MSPs that are making the leap from infrastructure-led engagements to application-led engagements by fully embracing the public cloud and the philosophies that maximize its positive impacts on an organization's business or mission.

In this application-led model, customers are primarily responsible for expressing business needs, objectives and requirements to the provider. This usually manifests as application, data and performance requirements. Details of the implementation, infrastructure choices, technical choices and operation are more in the purview of the MSP. Though still called "MSPs," these providers do much more than traditional MSPs or the cloud MSPs previously described. These MSPs deliver professional and managed services that focus on business outcomes through the use of public cloud services to build a new breed of applications that could not have existed outside of public CIPS environments.

This Magic Quadrant replaces the Magic Quadrant for Public Cloud Professional and Managed Services, Worldwide. Infrastructure-led services for public cloud are now covered in the Magic Quadrant for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Global. See Public Cloud IT Transformation Services to Replace Cloud MSP in Magic Quadrant Coverage for more information on these two markets and how they are related.

Magic Quadrant

Figure 1: Magic Quadrant for Public Cloud IT Transformation Services

Source: Gartner (August 2021)

Vendor Strengths and Cautions

Accenture

Accenture is a Leader in this Magic Quadrant. Headquartered in Dublin, Ireland, Accenture has global capabilities, but focuses mainly on Europe, North America (NA) and Asia/Pacific (APAC). Its primary verticals include financial services/insurance, government (federal, state or local) and life sciences/biotech/pharmaceuticals. Accenture's revenue for services in this MQ grew about 18% last year. It performed roughly 2,900 cloud-native/agile applications engagements with a DevOps style of delivery last year and has about 1,320 clients with managed cloud services. Accenture sees cloud as an urgent and critical mandate for organizations, both as a response to the pandemic and as a driver for digital enterprises. Accenture supports multicloud use cases and the following cloud service providers: Alibaba, Amazon Web Services (AWS), Google Cloud Platform (GCP), IBM Cloud, Microsoft Azure and Oracle Cloud.

Strengths

- **Focus on cloud:** Accenture has placed increased emphasis on listening to the client to determine its urgent needs and fostering co-creation to deliver measurable business value to the client. It has initiated a cloud-first team to shape clients' journeys and reimagine their services. To drive positive client relationships, Accenture has invested over 200 million hours into staff training for cloud-native skills and has acquired over 30 cloud-native consultancies.

- **Hyperautomation increases productivity:** Accenture's systems resilience is supported, in part, by hyperautomation to mitigate the impact of disruption. Hyperautomation also provides resource capacity that leads to increased workforce productivity. The provider has separate business groups aligned to each of the major hyperscale providers. Accenture is leveraging its myNav platform and ecosystem partners to drive improved automation capabilities to build industry solutions that deliver enhanced value faster.

- **Offers outcome-based pricing:** Accenture offers multiple pricing approaches, including risk and reward models, and outcome models are based on client business KPIs. It offers a cloud factory model, utilizing cloud specialists and accelerators to reduce delivery time for industrialized cloud solutions.

Cautions

- **Transformation focus could leave out some clients**: Accenture's strong transformation-centric vision of cloud may not fit well for clients seeking a simple lift-and-shift migration or a traditional managed service. Recent acquisitions strengthen its cloud portfolio but will take time to integrate into a holistic delivery model.

- **Offering confusion**: Accenture's offering can be challenging to navigate given the size of the company, the way cloud solutions are organized into different business groups, and the large number of tools that are available. It can develop custom tools used for projects during the course of the project, but this can extend the time to deliver.

- **Focus is toward large clients**: Accenture is focused on large-enterprise clients, so small or midsize enterprise (SME) clients need to ensure that they receive the right level of focus from Accenture and validate the capabilities of the assigned resources.

AllCloud

AllCloud is a Niche Player in this Magic Quadrant. Headquartered in the United States, AllCloud has global capabilities, but focuses mainly on Europe, North America, and the Middle East and Africa (MEA). Its primary verticals include financial services, technology, consumer goods and general manufacturing. Revenue for services in this MQ grew at about 16% last year. It performed over 750 cloud-native/agile applications engagements with a DevOps style of delivery last year and has about 300 clients with managed cloud services. AllCloud works mostly with Amazon Web Services, for whom it is a Premier Consulting Partner and Audited MSP Partner, and it has six competencies, including DevOps Competency designation. AllCloud aims to differentiate itself by being one of the largest boutique providers of AWS capabilities globally, and by its specialisms in creating SaaS solutions, security and data analytics.

Strengths

- **Depth of AWS expertise**: AllCloud has a strategic collaboration agreement with AWS, having chosen to focus mainly on AWS services. It has over 200 staff certifications on AWS, including skills in SaaS, analytics, AI and ML, and it aims to support edge and Internet of Things (IoT) solutions on AWS. Its strategic partnership with Salesforce enables it to create integrations between AWS and Salesforce platforms.

- **Acceleration of cloud adoption:** AllCloud's Solutions Factory uses a catalog of production-ready reference architectures to reduce time to market for clients. These cover solutions for creating landing zones, rapid delivery of SaaS solutions, DevOps automation and vertical solutions such as manufacturing automation. AllCloud helps individual clients develop cloud centers of excellence (CCOEs).

- **Business transformation focus:** AllCloud believes that cloud is an essential enabler of business transformation, and it focuses on the client's business objectives in moving to cloud. As part of this, it seeks to modernize the application stack to cloud-native architectures to drive business innovation, rather than cloud lift and shift.

Cautions
- **Focus on single cloud providers:** AllCloud has elected to primarily work with AWS on an ongoing basis, which may limit client options for the best-fit solution. Clients that are not solely focused on AWS may need to consider other providers.

- **Limited geographic focus:** Despite investment and growth plans in North America and Germany, Austria and Switzerland (DACH), AllCloud currently has very little revenue from Europe and NA, with over 50% of its revenue from MEA (primarily Israel). Despite significant revenue in 2020, AllCloud has about 300 staff members, and large clients may find it struggles to scale as they grow.

- **Lack of outcome commitments:** AllCloud's contracts remain very traditional, with a focus on technical SLAs and with limited commercial commitment to business outcomes for clients. AllCloud uses automation to scale, but some cloud-native transformation projects have significant components requiring manual intervention, potentially limiting AllCloud's ability to deliver large, complex projects.

Bespin Global

Bespin Global is a Niche Player in this Magic Quadrant. Headquartered in South Korea and China, Bespin Global has global capabilities, but focuses mainly on large enterprises in South Korea, China and the Middle East. Its primary verticals include government, financial services and manufacturing. Bespin Global's revenue for services in this MQ more than doubled last year. It performed almost 500 cloud-native/agile applications engagements with a DevOps style of delivery last year and has almost 700 clients with managed cloud services. Bespin Global is focused on automation and operational excellence while maintaining client intimacy. Bespin Global supports multicloud use cases and the following cloud service providers: Alibaba, AWS (MSP; DevOps), Google (MSP) and Azure (MSP).

Strengths

- **Cloud native and alignment with operational technology:** Bespin Global has focused on growing cloud-native capabilities in breadth, exhibited by its MSP audited certifications from three major ISPs, and it sells its proprietary CMP as a SaaS product. It is expanding within its client base and moving into operational technology to transform its business.

- **Offering for ecosystem and service:** Bespin Global provides cloud-native services while cooperating with large system integrators (SIs) for legacy services, allowing clients access to best-of-breed services offerings. Bespin Global aims for customer intimacy, with 2020 investments in integrated customer support and data-based customer experience (CX) management.

- **Investment in automation:** Bespin Global has invested in its "ITOps" portfolio of automation, including FinOps, DevOps, DataOps, SecOps and MigrationOps. Bespin Global's investment in automation has allowed it to reduce its headcount by over 10% year over year (YoY), while growing its client base by over 25%.

Cautions

- **Large enterprise focus:** Bespin Global focuses on large enterprise customers (approximately 70%) and cloud-native startups (approximately 30%). Midmarket customers should closely explore their alignment with Bespin Global. Bespin Global's strategy is also more technology-led and may not align with some customer expectations.

- **Limited geographical footprints:** Bespin Global's business is skewed toward Korea and China; it generates maximum revenue from these two regions. However, it has plans to extend its footprint beyond Korea, including Southeast Asia and the Middle East. Customers having requirements outside Korea should investigate Bespin Global's regional footprints, experience and cultural alignment to work with customers outside its key regions.

- **Limited multicloud capability:** Bespin Global's business is currently skewed toward AWS, where it gets more than half of its revenue. The workload and experience on other cloud platforms are limited comparatively. Clients having requirements outside of AWS should investigate Bespin Global's capabilities and footprints carefully.

Capgemini

Capgemini is a Challenger in this Magic Quadrant. Headquartered in France, Capgemini has global capabilities, focusing mainly on Europe and North America. Its primary verticals include automotive, financial services and manufacturing. Capgemini revenue for services in this MQ grew about 20% last year. It performed almost 450 cloud-native/agile applications engagements with a DevOps style of delivery last year and has about 420 clients with managed cloud services. Capgemini differentiates itself from its competitors primarily with its deep technical capabilities. It supports multicloud use cases and the following cloud service providers: AWS (MSP), Google and Azure (Azure Expert MSP with the Modernization of Web Applications to Microsoft Azure advanced specialization).

Strengths

- **Time-saving approach to transformation:** Capgemini sees cloud as the foundation to fuel client transformation built on four pillars: IT, digital, data and business transformation. It helps clients to realize this transformation based on the client's maturity and ability to change. Its acquisition of Altran (now Capgemini Engineering) boosted its early-stage product engineering capabilities, especially in the areas of IoT and communications.

- **Flexible offerings:** Capgemini has built flexibility into its cloud offering based on partner ecosystem, commercial models, pod-based "sprint as a service," startup business models for enterprises leveraging public cloud services, and modular transformation capabilities. Capgemini trains sprint teams together and maintains them through sprints to enhance the teams' continuity and productivity. This also builds client intimacy with the support teams.

- **Self-funding transformation:** Capgemini has implemented self-funded commercial models for cloud transformation at multiple clients. It uses Capgemini accelerators and assets to speed transitions that reduce operating costs and, as a result, to free up capital for transformation.

Cautions

- **Technology-driven approach to cloud transformation:** Capgemini has taken a technical approach to client transformation, and while it does have consulting and acceleration capabilities, its innovation and client business transformation capabilities need to improve. This may limit focus on business outcomes because technology can drive its solutioning. Clients need to assess how Capgemini initiates co-creation to drive business transformation.

- **Funding models should be evaluated**: Capgemini is increasingly using its "self-funded" model to assist client finance transformation. Clients interested in this model should push Capgemini to commit to KPI/SLAs to achieve business outcomes. This framework could lead to longer-term commitments and vendor lock-in, which requires appropriate risk-versus-benefit analysis.

- **Still Europe- and NA-centric**: Capgemini is heavily focused in Europe and NA, and its footprint in APAC remains emerging. Capgemini carefully assesses deal pursuits to ensure a good match. It considers the relationships it has with clients as key factors in pursuit, so clients that do not have or are unable to establish a relationship with it before the deal need to assess Capgemini when entering into a bidding process.

Cascadeo

Cascadeo is a Niche Player in this Magic Quadrant. Headquartered in Manila, Philippines, with business headquarters in Seattle, Washington, it focuses mainly on North American and APAC deals. Its primary vertical is telecommunications. Revenue for services in this MQ grew about 15% last year. It performed about 40 cloud-native/agile applications engagements with a DevOps style of delivery last year and had less than 20 clients with managed cloud services. Cascadeo was one of the first vendors to become a certified AWS managed services partner and aims to differentiate its services through its AWS expertise. It supports multicloud use cases and has the following cloud service providers audited certifications: Amazon Web Services (MSP Partner and Premier Consulting Partner).

Strengths

- **Solid cloud strategy**: Cascadeo's strategy includes cloud native, cloud first, automation and data centricity using its cascadeo.io platform to move as much as possible to cloud-native applications, and can be used for appropriately sized environments. It conducts initial client conversations to educate clients and gain an understanding of expected outcomes. Cascadeo's close association with Globe, the largest independent telco in the Philippines, should improve its infrastructure and resources, as well as its talent lab and potential geographic reach.

- **Deep platform integration**: Cascadeo is an early adherent to cloud-native driven transformation, billing itself as the "antithesis to lift and shift," although it will perform lift and shift based on client desires and needs. This provider maximizes the value of the underlying cloud-native platform by building solutions that adopt architectural and engineering best practices specific to that platform.

- **Customized acceleration:** Cascadeo has a strong client focus, taking an individual approach with each client to help that client rethink applications and IT. It attempts to work with the client's existing applications, architecture, system and so on instead of restarting integrations with other tools and systems.

Cautions

- **Transformation focus does not work for all clients:** Cascadeo's cloud-native emphasis, and eschewing of workload rehosting through lift and shift, can disenfranchise customers that seek the transformational benefits but may not be mature enough to take full advantage of them initially. It has a relatively small scale and is limited geographically as well.

- **Strategy based on engineering:** Cascadeo is very technically focused and drives a strategy heavily based on engineering instead of business outcomes. It expects clients to be heavily engaged in solutions. Its clients need to focus on business vision while it delivers technical expertise.

- **Limited business outcomes:** Cascadeo mainly offers traditional SLAs with limited links to business outcomes, but will drive business objectives when asked and for projects with quantifiable outcomes. Contracting for business outcomes on strategic or complex client engagements with shared business risk are evaluated on a case-by-case basis.

Cloud4C

Cloud4C is a Visionary in this Magic Quadrant. Headquartered in Singapore, Cloud4C has global capabilities, a large APAC and Middle East client base, and emerging coverage in Europe and the Americas. It focuses on manufacturing, financial services and government verticals. Cloud4C's revenue for services in this MQ grew about 25% last year. It performed about 40 cloud-native/agile applications engagements with a DevOps style of delivery last year and has over 200 clients with managed cloud services. Cloud4C differentiates itself primarily with its strong focus on automation, with a goal to increase its automation capabilities to all clients by 2024. It supports multicloud use cases and the following cloud service providers: primary focus on Microsoft Azure (Azure Expert MSP with the Modernization of Web Applications to Microsoft Azure advanced specialization), and AWS and Google.

Strengths

- **Cloud-native strategy:** Cloud4C is a cloud-native managed services provider that differentiates itself by providing transformational, yet cost-effective, services to enterprises with a focus on complex enterprise applications. It emphasizes automation to avoid human intervention and to reduce outages that result in the ability to commit to high availability SLAs and business outcomes. It will provide services in a bundle from app to hosting, with penalties and cloud-specific compliance for regulated industries.

- **Comprehensive set of services:** It provides a comprehensive range of services for application modernization and operations services, including a mature DevOps practice with a strong methodology, partner ecosystem, run operations and DevOps as a service (aaS). It uses a cloud factory model that is underpinned by integration of a wide range of tools to accelerate time to value for clients.

- **Client value:** Cloud4C will work with its clients to establish employee productivity business outcomes to deliver client value. Cloud4C may be a good fit for clients looking for creative managed services pricing models, including bundling, recurring pricing linked to data growth and subsidized/free migrations in view of a multiyear contract.

Cautions

- **Enterprise focused:** Cloud4C targets enterprise clients above $100 million in revenue and does not have a midsize enterprise (MSE) focus outside of India. It has separate centers of excellence for each of the clouds it manages, each with its own roadmap, which can lead to an uneven experience.

- **Lacks wide application technologies coverage:** Cloud4C does not cover all application technologies with its application modernization. Clients seeking migration of legacy applications, such as COBOL or mainframe workloads, may find it lacks resources in these areas. Rehosting represents 65% of its application workload management.

- **Limited geography:** While Cloud4C is a global company, it is primarily active in APAC and the Middle East, with a small footprint in Africa. Cloud4C is expanding into Europe and NA markets, but it will take time to fully establish itself. Clients with complex multicloud requirements may need to evaluate Cloud4C's capabilities closely to ensure it can meet those requirements.

Cloudreach

Cloudreach is a Visionary in this Magic Quadrant. It is headquartered in London. It has global capabilities, but focuses mainly on Europe and North America. Its primary verticals include financial services, retail and utilities. Cloudreach's revenue for services in this MQ grew about 11% YoY. It performed almost 240 cloud-native/agile applications engagements with a DevOps style of delivery last year and has over 100 clients with managed cloud services. Cloudreach has continuous product-centric delivery that assists clients to transform their delivery model, and it provides assistance to train clients to maximize the use of cloud services. It has partner certifications for AWS (MSP with DevOps competency), Microsoft Azure and Google Cloud Platform.

Strengths

- **Cloud-native competency:** Being a purpose-led organization, Cloudreach believes in innovation, building high-quality talent with cloud-native competency. Cloudreach undertakes an advisory approach to cloud transformation, assisting clients in transforming their delivery model as well helping to train them to maximize the use of cloud services.

- **DevOps and transformational capability:** Cloudreach aims to differentiate itself through DevOps engineering, use of proprietary software, automation and cloud-native transformational capabilities that it brings to the table. Cloudreach provides services in all three major hyperscalers and is an audited MSP for each. Cloudreach gets 100% of its revenue from cloud services, with transformation revenue being 80% of its net revenue.

- **Business and industry outcomes:** Cloudreach offers traditional and business-outcome-related SLAs. It will commit to speed and availability as a deliverable. Its solutions are derived to address specific client issues or vertical industry needs. It uses rapid proofs of concept (POCs) to demonstrate value.

Cautions

- **Lack of focus on Asia/Pacific:** Currently, Cloudreach focuses on NA and Europe, and Asia/Pacific is not covered fully. Cloudreach currently evaluates opportunities in Asia/Pacific on a case-by-case basis, but these clients should evaluate alignment with Cloudreach before engaging with it.

- **Breadth of portfolio:** The majority of Cloudreach's focus is on transformation and cloud-native requirements. Clients with significant legacy environments that seek a gradual transformation toward the cloud should first check the alignment of their roadmap and requirements before engaging with Cloudreach.

- **Emerging low-cost centers:** Cloudreach, though it has a solid professional services capability, has an emerging offshore capability, which could limit its potential to drive down costs. Cost-focused customers should evaluate Cloudreach's abilities to optimize costs and drive value through automation.

Cognizant

Cognizant is a Challenger in this Magic Quadrant. Headquartered in New Jersey, Cognizant has global reach and its primary verticals include energy, financial services and healthcare. Cognizant's revenue for services in this MQ grew about 65% last year. It performed about 1,100 cloud-native/agile applications engagements with a DevOps style of delivery last year and has about 600 clients with managed cloud services. Cognizant believes it differentiates itself from its competitors with its align, modernize and innovate model, developing balanced strategies tied with business outcomes. Cognizant supports multicloud use cases and has the following cloud service providers: Amazon Web Services, Microsoft Azure (Azure Expert MSP Partner with the Modernization of Web Applications to Microsoft Azure advanced specialization), Oracle Cloud Infrastructure and Google Cloud Platform.

Strengths

- **Industry and outcome focus:** Cognizant is focused on industry solutions that will enable rapid time to value for clients. It is also keenly focused on identifying specific client needs and developing business outcomes that meet those needs. Cognizant acquired several cloud-native businesses in 2020, allowing it to provide a full portfolio of cloud services covering the platform, data, applications and physical/virtual experiences.

- **Enhanced migration:** In 2020, Cognizant consolidated all of its cloud migration, modernization and management tools into two platforms: Cognizant Automation Center and UpShift. These platforms cover a broad spectrum of services, including static code management of applications (to identify appropriate cloud strategies); automated migration and modernization; DevOps, containers and microservices; and operational management tools based on a site reliability engineering (SRE) model.

- **Flexible commercial models:** Cognizant is one of the few providers open to hardware buyouts and aggressive discounts for large-scale engagements based on volume commitments, including reserved instances. It is looking to simplify technology to help clients derive value for public cloud. It works toward quantifiable business outcomes through cloud modernization, such as reducing cycle times to market by 40% for a retail client on Black Friday.

Cautions

- **Emerging business outcomes:** Cognizant is still in the early stages of implementing business outcomes. Clients need to proactively engage Cognizant for these to be included in their services. Although separate business units for the major hyperscale providers maximizes innovation in each of those relationships, it can result in an uneven experience for multicloud customers.

- **Cost focus with cloud transformation:** Cloud transformation is often based on focusing on cost economies of scale rather than wider strategic change. Clients need to ensure wider application portfolio management and related business outcomes are taken into consideration during negotiations.

- **Lacks global presence:** Cognizant derives significant portions of its cloud revenue in North America. Clients in other geographies may find that it lacks a presence in their region.

Deloitte

Deloitte is a Leader in this Magic Quadrant. Headquartered in the U.S. and the U.K., Deloitte has global capabilities and focuses on North America, Europe and APAC. Its primary verticals for public cloud include financial services, insurance, government and healthcare. Deloitte's revenue for services in this MQ grew about 20% last year. It performed over 7,500 cloud-native/agile applications engagements with a DevOps style of delivery last year and has about 500 clients with managed cloud services. Deloitte supports multicloud use cases, is an AWS MSP with DevOps competency, and works with GCP. It supports Microsoft Azure and has capabilities on Alibaba, IBM Cloud and Oracle Cloud Infrastructure (OCI). It aims to help clients utilize the cloud to unlock business possibilities, enable next-level customer experience (CX) and create platforms for innovation.

Strengths

- **Strong business transformation capabilities:** Deloitte differentiates through deep vertical and domain expertise, and leads with strategic advice to help clients reimagine their businesses and technology futures, catalyzed by cloud. It offers cloud-native application development, application migration and modernization, and managed cloud services. It continually extends these through DevOps, business platform as a service and analytics to further promote transformation.

■ **Extensive automation and innovation investments**: Deloitte continues to invest in innovation, with a planned $2 billion over the next five years, including in native cloud, IP for the future of industries, acquisitions and in building internal cloud skills. It has a very wide ecosystem of partners, covering CSPs, automation vendors, application service providers and academic partnerships, as well as almost 13,000 cloud certifications globally. It continues to expand its 2,500 automation artifacts, has 74% of tickets resolved through automation, and is enhancing recruitment and training to develop advanced automation skills.

■ **Ability to financially engineer deals**: Deloitte uses its tax and financial engineering capabilities to spread client's one-off costs across the lifetime of the deal by identifying tax benefits and capital savings to fund the move to cloud. Deloitte offers business outcome contract commitments, providing visibility of the benefits achieved through client dashboards.

Cautions

■ **Poor fit for commodity deals**: Deloitte's very transformational view of the use of cloud services may not make it best-suited for clients seeking the most cost-effective provider for a simple cloud service.

■ **Traditional approach to managed services**: While Deloitte offers a catalog of SLAs, many are not best-in-class, so clients must ensure that it commits to at least industry standard SLAs. Clients must push Deloitte to deliver on business value for managed services.

■ **Risks of service gaps**: Deloitte continues to round out its portfolio of cloud capabilities through acquisitions. Clients must confirm that these have been adequately integrated to the Deloitte offerings to provide relevant use cases and avoid possible gaps in the service offering.

Hanu

Hanu is a Niche Player in this Magic Quadrant. Headquartered in Princeton, New Jersey, Hanu has global capabilities but focuses mainly on North America and APAC. Its primary verticals include manufacturing, healthcare and life sciences. Hanu doubled in size over the last year. It performed about 70 cloud-native/agile applications engagements with a DevOps style of delivery last year and has about 200 clients with managed cloud services. Hanu differentiates itself from its competitors primarily with a focus on one hyperscale public cloud provider, and it uses high degrees of automation for delivery of services. Hanu focuses almost exclusively on Azure (Azure Expert MSP with the Modernization of Web Applications to Microsoft Azure advanced specialization) but also supports AWS in a limited capability.

Strengths

- **Azure expertise:** Hanu has a strategic focus to serve midmarket customers in Microsoft Azure. This makes the company well-suited for organizations that are exclusively in Azure or have Azure-only projects that require exceptional depth in Azure expertise. Hanu holds a high number of Microsoft Azure advanced specializations, which are also audited designations.

- **Full-spectrum transformation:** Hanu champions transformation across the full spectrum of services including assessment, migration, application and data estate modernization, and optimization of managed services. It provides this full spectrum of services for about half of its clients. Hanu starts its engagements with an assessment or analysis of the client environment and creates individual roadmaps for each client based on desired business outcomes.

- **Automation focus:** Hanu targets to achieve 80% automation for migration but does customize for individual clients. Its continuous compliance assessment tool is the intellectual property (IP) that Hanu is developing to help customers assess their cloud compliance. This tool may become a key differentiator for Hanu over time.

Cautions

- **Does not lead with business outcomes:** Hanu describes customer engagements primarily from a technical perspective. Although business outcomes are a consideration, the company tends to start conversations from a migration and cost-efficiency perspective, pushing immediate benefits of cloud adoption and leaving more transformational topics until subsequent phases of the interaction.

- **Lack of focus:** Hanu does not have a well-defined customer profile and is happy to work with any customer that is looking for Azure expertise. Prospective customers will want to ask this provider for proof points that it has done work for similar customers, and that it has the necessary capabilities to meet requirements that are typical for the customer's industry, geography and use cases.

- **Limited multicloud capabilities:** Hanu delivers services primarily in conjunction with Microsoft Azure. Customers seeking multicloud solutions will find that the company is "reactive" to their requests to use other clouds, rather than having consistent, repeatable multicloud products and services.

HCL Technologies

HCL is a Leader in this Magic Quadrant. Headquartered in India, HCL has global capabilities and focuses on North America, Europe and APAC. Its primary verticals include financial services, manufacturing and life sciences. HCL's revenue for services in this MQ grew about 20% last year. It performed almost 3,000 cloud-native/virtual distributed agile applications engagements with a DevOps style of delivery last year and has about 3,600 clients with managed cloud services. HCL differentiates itself from its competitors primarily with its customized approach and breadth of offerings. HCL supports multicloud use cases and the following cloud service providers: Alibaba, AWS (MSP Partner with the DevOps competency), Google (MSP), Azure (MSP) and Oracle.

Strengths

- **Accelerates client transformation:** HCL is using its "Cloud Smart" strategy to accelerate client transformation and drive business value based on client needs, client goals and unique situations based on accelerators and predefined solutions. It has deep vertical capabilities and co-creates solutions for industry clients. HCL uses its Nexus methodology as a framework that puts customer experience at the forefront to ensure end-to-end benefits. It challenges clients to reinvent with consultative-led design thinking to capture the benefit of cloud-native capabilities.

- **Innovation- or productivity-led service propositions:** HCL offers two service propositions in its approach to digital transformation. One is innovation-led and assists clients in rethinking organizational agility and customer experience with collaboration through labs. The other is productivity-led and focuses on automation with cost accountability and optimization through financial operations (FinOps).

- **Wide selection of offerings**: HCL has a wide array of service offerings and frameworks to accelerate time to value, including one-click foundation that automates setting up a cloud environment, application and data modernization, and migration offerings across many solutions and container offerings. It also invests heavily in startups to help drive innovation, IP and vertical solutions with speed and agility.

Cautions

- **Focused on large-enterprise solutions**: While HCL has demonstrated growth in the MSE market, it is still mainly focused on large-enterprise solutions, with only a small percentage of its overall revenue attributed to the MSE market. Clients in the MSE market need to carefully assess HCL's standard offerings for fit.

- **Complex portfolio of solutions**: HCL has a large portfolio of products/services for clients, but that also makes it difficult to navigate through all the different possible directions. Clients need to be actively engaged in mapping their own strategy and directing HCL to ensure the technical solution document and roadmap are completed for the client's individual journey. Clients also need to build flexibility into contracts that allows for changes in direction as they progress through the transformation.

- **Engagement approach**: Much of HCL's execution includes coaching and assistance for self-heal and self-management, which will not be suited to companies with limited internal resourcing or a culture that values high-touch solutions.

Infosys

Infosys is a Challenger in this Magic Quadrant. Headquartered in India, Infosys has global capabilities, but North America is its largest market. Its primary verticals include financial services/insurance, manufacturing and retail. Infosys' revenue for services in this MQ grew 48% last year. It performed almost 14,000 cloud-native/agile applications engagements with a DevOps style of delivery last year and has about 2,100 clients with managed cloud services. Infosys differentiates itself primarily from its competitors by focusing on contracting for business outcomes and sees cloud transformation as the key to digital transformation. Infosys supports multicloud use cases and the following cloud service providers: AWS (MSP Partner with DevOps competency), Google (MSP), IBM, Azure (MSP) and Oracle.

Strengths

- **Innovative ideas:** Infosys tries to take a strategic approach to client engagement around the cloud with a focus on business outcomes. It aims to look across the entire cloud environment to identify opportunities for improvising business value and enters into contractual obligations that include meeting those identified outcomes. It views the market by vertical industry and focuses on delivery of everything "as a service" to clients.

- **Provides a predefined set of services:** Infosys' cloud transformation capabilities revolve around Infosys Cobalt, a set of services, solutions and platforms that enables it to provide a predefined set of services that helps drive value to its clients. Infosys is focusing on differentiation through business outcomes for discrete buying centers, mostly at the C level (e.g., manage cost, customer acquisition and risk management).

- **Adopting new technologies:** The Infosys Innovation Network provides access to a network of startups, incubators and government support. This should accelerate its ability to adopt new technologies, leverage lessons learned from a variety of sources and drive success in individual use cases.

Cautions

- **Traditional sales approach:** The majority of Infosys deals are still coming from traditional RFI/RFP routes, although it is increasingly shifting to a consultative sales approach. Clients engaging for agile deals should delve into Infosys' depth and breadth of experience in driving agile deals.

- **Limited geography:** While Infosys can operate in every region, two-thirds of its cloud revenue comes from North America, and it has a relatively smaller client footprint in other regions. It generates significant cloud revenue from managed services, and its transformations have been dependent on expanding relationships with its existing client base or dependence on its partners, although it is gaining traction with new clients.

- **Large-client focus:** Infosys focuses on deals with enterprise clients that are focused on large-scale transformation. While it offers prepackaged solutions with Cobalt, clients looking for a more traditional managed service must compare and understand the benefits of a prepackaged versus a more customized service model before signing on.

MediaAgility

MediaAgility is a Niche Player in this Magic Quadrant. Headquartered in New Jersey, MediaAgility has global capabilities, but focuses mainly on North America and APAC, with some capabilities in Europe. Its primary verticals include media, life sciences and financial services. MediaAgility's revenue for services in this MQ grew over 50% last year. It performed about 80 cloud-native/agile applications engagements with a DevOps style of delivery last year and has less than 20 clients with managed cloud services. MediaAgility supports multicloud use cases and is a Google Cloud Platform (Premier Partner) cloud service provider. MediaAgility has strong technical skills in Google Cloud Platform (MSP Partner with the Application Development specialization) and prides itself on taking a client-centric view to transformation while delivering to client needs.

Strengths

- **Google Cloud Platform Partner:** MediaAgility is a specialist in GCP with a depth of expertise in GCP. It provides end-to-end professional and managed services. It takes an opportunistic approach to expansion beyond GCP. MediaAgility offers geospatial (Google Maps) and life sciences (genome sequencing) industry solutions as well as GCP-based solutions in media and entertainment, as well as in financial services. It also offers data analytics solutions on AWS and Azure based on customer needs.

- **Client intimacy focus:** MediaAgility includes customer intimacy as a core principle and looks to generate transformation with empathy. This approach allows it to identify and meet clients' needs while maintaining flexibility in the manner it delivers on its commitments. It recognizes that process and business change must be handled carefully to achieve its full benefits. With its roots in the media industry, MediaAgility still has strong services in this vertical, though it has now expanded into other verticals.

- **Continuous automation:** It uses a "continuous transformation model" to drive ongoing cost and service optimization for clients throughout the lifetime of the deal by automating continuously and returning cost savings to the client.

Cautions

- **Focus is primarily on GCP.** MediaAgility is primarily skewed toward GCP, with most of its revenue generated from GCP. Clients seeking a provider that delivers capabilities spanning multiple public clouds are unlikely to find MediaAgility a good fit.

- **May struggle with traditional RFPs:** Most of the deals won by MediaAgility in 2020 were initiated through its go-to-market (GTM) strategy in conjunction with its GCP partnership. Engaging through GCP limits MediaAgility's ability to drive business transformation on its own. Clients using a traditional RFP approach to the market may find that MediaAgility struggles to engage effectively.

- **Clients must drive solutions:** While MediaAgility considers client needs and the importance of business outcomes, it takes a technical approach to solutions. It does not offer business outcomes contractually. Clients need to be engaged with this solution orientation and then collaborate with MediaAgility to contract for business value.

Nordcloud

Nordcloud is a Visionary in this Magic Quadrant and is headquartered in Helsinki, Finland. IBM recently announced its intended acquisition of Nordcloud to enhance IBM's cloud-native capabilities. Nordcloud has global capabilities, but focuses mainly on Europe and APAC. Its primary verticals include automotive, financial services and manufacturing. Nordcloud's revenue for services in this MQ grew about 8% last year. It performed over 200 cloud-native/agile applications engagements with a DevOps style of delivery last year and has about 75 clients with managed cloud services. Nordcloud uses automation with modularity and a holistic transformation tied to business outcome contracts. Nordcloud supports multicloud use cases and has the following cloud service providers: Amazon Web Services (Expert MSP Partner with DevOps competency), Microsoft Azure (MSP) and Google (MSP).

On 21 December 2020, IBM announced that it was acquiring Nordcloud, with the acquisition being completed in mid-February 2021. This analysis focuses on the vendor's performance prior to the acquisition.

Strengths
- **Easy to navigate offerings:** Nordcloud aims to be the bridge between the capabilities of the public cloud and the aspirations of its clients, believing that trained organizations are up to 80% faster to adopt cloud. Nordcloud has a very clear vision of how its capabilities fall into common, modernization and cloud-native innovation tracks, thus making it easy for customers to navigate its offering.

- **Cost savings:** Nordcloud recognizes that clients need help to scale cloud COEs and manage costs across multiple cloud environments. To achieve this, it offers a portfolio of SaaS-based tools, services and FinOps as a service. Nordcloud's automation has delivered demonstrable savings to clients, reducing cloud capacity costs by 25% and reducing the costs of VM creation.

- **Co-creation approach to deals:** Nordcloud achieves a very strong win rate thanks to an agile "swarming" business approach to sales engagements that brings in key experts to translate client needs into sales proposals. About 45% of Nordcloud's deals come from MSEs, and it aims to capitalize on this with a range of packaged offerings and low entry points for client adoption.

Cautions

- **Disruptions taking place:** The acquisition of Nordcloud by IBM has the potential to cause strategic changes in the Nordcloud business. Nordcloud is evolving its approach for multicloud management, and clients should be prepared for changes to the operational portfolio as it matures its approach in this area.

- **Client engagement required:** Nordcloud places heavy emphasis on customer self-enablement through training and knowledge transfer and works most effectively with clients who are willing and able to develop their own internal cloud capabilities. Clients who want a full off-the-shelf service with limited internal capabilities may find that it is not a good fit.

- **Limited geographic reach:** Nordcloud currently earns almost all its revenue from Europe, with a small presence in APAC. Clients in North America and Latin America may find that it is not a good fit for a close relationship. However, as Nordcloud becomes integrated with IBM, its reach may expand to provide more global coverage.

Smartronix

Smartronix is a Visionary in this Magic Quadrant. Headquartered in Hollywood, Maryland, it has global capabilities, but focuses mainly on North America. Its primary vertical is government, but is capable of supporting any industry with high-compliance requirements. Smartronix's revenue for services in this MQ grew about 65% last year. It performed about 100 cloud-native/agile applications engagements with a DevOps style of delivery last year and supports close to 300 clients with managed cloud services. Smartronix has extensive experience and focus in the U.S. federal government. It supports multicloud use cases and the following cloud service providers: AWS (MSP with DevOps Competency), Google Cloud and Microsoft Azure (MSP).

Strengths

- **High-compliance solutions across many market segments:** Smartronix has over 13 years of experience delivering professional and managed services in the cloud and is best known in the U.S. federal government market. It has experience in managing high-compliance solutions in commercial and government (at all levels), and can serve midsize enterprises and large enterprises equally well.

- **Cloud-native expertise:** Smartronix is in the vanguard of providers delivering end-to-end cloud-native solutions, as evidenced by its SRE, DevOps, app development and modernization practices combined with agile delivery. Automation is a core tenet of the Smartronix strategy, with investments in AIOps designed to deliver more resilient and autonomous cloud operations.

- **Investing in transformation:** Over half of Smartronix's business comes from transformational services. In the last year, this provider has invested in creating a range of cloud-native professional services focused on creating a platform for digital transformation that ensures foundational elements are delivered consistently. Its acquisitions of Datastrong and Trident further strengthen these capabilities.

Cautions

- **Recent leadership changes:** Smartronix changed its chairperson, CEO and directors in 2020, which may lead to strategic changes in its vision or its services. Clients must reconfirm Smartronix's strategic direction following these changes.

- **Longer time to positive ROI:** Smartronix has a relatively high gross margin in this market, and often shows higher price points than its competitors. By its own measures, benefits are unlikely to outweigh initial costs of the deal, but a positive return can be generated over time. Clients looking for a cost-led deal with rapid returns may not find it competitive.

- **Optimized for servicing the U.S. government:** Although Smartronix can serve a broad range of customers with high-compliance workload requirements, it is optimized for servicing the U.S. federal government. Some customers may find that these optimizations do not align with the requirements of their own industry. Smartronix still gains 75% of its business by traditional tender, but customers seeking the agile engagements common in cloud services may find it does not have a strong depth of capability in this regard.

Taos

Taos is a Niche Player in this Magic Quadrant. Taos is headquartered in San Jose, California. IBM recently announced its intended acquisition of Taos to enhance IBM's cloud-native capabilities. Taos has global capabilities but focuses mainly on North America and APAC. Its primary verticals include technology, financial services, retail and life sciences. Gartner estimates that Taos revenue for services in this MQ grew about 15% last year. It is estimated that Taos performed approximately 150 cloud-native/agile applications engagements that included DevOps transformation last year and has an estimated 60 clients with managed cloud services. Taos differentiates itself from its competitors primarily by seeking specialized transformative engagements and by supporting clients via a structured trademarked methodology. Taos supports multicloud use cases and the following cloud service providers: Amazon Web Services (MSP Partner with DevOps competency), Google Cloud Platform (Premier MSP) and Microsoft Azure (MSP).

On 14 January 2021, IBM announced that it would be acquiring Taos and the agreement was finalized on 4 February 2021. This analysis focuses on the vendor's performance prior to the acquisition.

Strengths

- **Client transformation roadmaps**: Taos has developed four major categories for cloud transformation to accelerate cloud adoption, leveraging a guided, customized roadmap. Taos structures its services based on the voices of both the market and its clients, using multiple client-led technology councils to drive innovation in its tools and offerings.

- **Automation and expansion**: Taos specializes in cloud migrations with a focus on automation, with flexibility for clients to use the tools of their choice. This customized approach helps meet client-specific requirements. Toas has invested in creating nearshore services in Canada and offshore services in India.

- **Talent development and flexibility:** Taos has developed a trademarked Technical Interview (TIV) framework, which enables it to objectively measure the depth of its technical capabilities and map these skills to projects, and also to develop customized learning plans for its staff. Taos works with AWS, Google Cloud Platform and Microsoft Azure to allow flexibility while implementing cloud solutions.

Cautions

- **IBM acquisition:** Taos is highly selective when competing in RFP processes. It is not focused on low-cost provisioning of services, and therefore, clients seeking a low-cost leader must understand how Taos goes to market. Taos' recent acquisition by IBM is likely to change its strategic direction and focus. Clients and prospects must reconfirm whether Taos will retain its independence of approach under the IBM umbrella.

- **Short bench and talent risk:** Taos operates with a strategy that focuses on its technical expertise and maintains a team of highly skilled individuals, which leads to an overall smaller project team compared with competitors. This may make the provider less-suited to tasks where manual intervention at scale is required. While Taos is capable of providing cloud-native application development services, it is a capability it currently does not deliver at scale.

- **NA focus:** Most of Taos' cloud revenue comes from North America. Therefore, clients in other regions must ensure that Taos can and has the geographical coverage, as well as relevant and available talent to meet their expectations.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

This is a new Magic Quadrant, and as such, it does not have added or dropped participants.

Inclusion and Exclusion Criteria

For Gartner clients, Magic Quadrant research identifies and then analyzes the most relevant providers and their products in a market. Gartner uses, by default, an upper limit of 20 providers to support the identification of the most relevant providers in a market. On some specific occasions, the upper limit may be extended by Gartner Methodologies where the intended research value to our clients might otherwise be diminished.

The inclusion criteria represent the specific attributes that analysts believe are necessary for inclusion in this research.

To qualify for inclusion, each provider had to meet all of the following criteria:

1. Must meet one (or more) of these three conditions:

    ▪ AWS MSP Partner with the DevOps competency

    ▪ Google Cloud MSP Partner with the Application Development specialization

    ▪ Azure Expert MSP with the Modernization of Web Applications to Microsoft Azure advanced specialization

2. Revenue generated from traditional data center services as defined below cannot represent more than 35% of the providers total revenue for cloud services (cloud IT transformation services and cloud managed services) and data center outsourcing services. In other words, cloud services revenue should be greater than or equal to 65% of the combined revenue for cloud and data center outsourcing services (cloud services revenue plus data center outsourcing services revenue). (A provider's total revenue is defined as the total revenue of the provider in aggregate. Business units within a larger enterprise need to meet the criteria based on revenue of the entire enterprise.) Traditional data center revenue is defined as:

- **Data center outsourcing:** These deals are mostly a bundle of standardized managed services and customized transition and transformation services. They may include the management of client premises, as well as colocation, mainframe, hosting, cloud services and edge computing (micro data centers and edge data centers). Information management software and system management tools may be provided and used by the outsourcer or the enterprise client. Services may be provided at the client site or remotely. IT assets may be owned by the client, the external service provider (ESP) or a third party. Contracts may include the transfer of client employees, IT assets and facilities to the service provider.

- **Infrastructure managed services:** Gartner defines these as the service provider managing the multiple infrastructures used by the organization (legacy and traditional environments, as well as private cloud). These managed services include the management of traditional data center environments, other infrastructure utility services and private cloud.

- **Mainframe managed services:** Mainframe services reflect dedicated virtualization platforms aimed at processing millions of instructions per second (MIPS). Mainframe services often refer to supporting legacy applications, written in languages like COBOL or FORTRAN, running on large machines such as the IBM System/370 or z/OS systems. Mainframe services include proprietary or other legacy mainframe solutions (e.g., Unisys and Fujitsu).

- **Managed services for hosted and private cloud infrastructure**: Hosted and private infrastructure services include compute, storage and network resources within a provider-controlled data center facility and a preprovisioned operating system. The infrastructure resources may be dedicated or shared and may be physical or virtual. This segment is defined by service outcomes, technical options and interfaces, and it is purchased under a discrete, resource-based agreement or more complex end-to-end outsourcing agreements.

- **ERP hosting managed services**: Hosting services comprise the infrastructure components and facilities to physically or virtually host applications. This component is for hosting services that are dedicated or shared assets in providers' data centers and/or private cloud (the public cloud component would not be included as traditional data center services). The services include all layers up to and including the specific OS to run the applications and all the technology required to integrate the application with other applications at the client location or third-party locations (B2B interfaces). Regarding ERP hosting, the services include private cloud hosting, with computing environments configured to maximize ERP application performance. ERP hosting can therefore include, for example, SAP HANA Enterprise Cloud (HEC) or Oracle Cloud Infrastructure (OCI) propositions.

3. Transformational services must represent at least 25% of the providers total cloud services revenue.

4. The annual revenue for cloud services must be at least $30 million per year.

5. The provider must have sales and customer account support teams in at least two of the following regions:

- North America

- South and Central America

- Europe

- Africa and the Middle East

- China

- Australia and New Zealand

- Rest of Asia/Pacific

6. The provider must have written confirmation of performance threshold achievement.

Honorable Mention

Most large managed service providers that participate in the Magic Quadrant for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Global and the associated Critical Capabilities for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Global can provide public cloud IT transformation services.

While many of those providers have significant capabilities, the following did not meet at least one of the inclusion criteria. Some of the key capabilities of the providers are highlighted below:

- **Atos** — Atos is an Advanced Consulting Partner and AWS MSP Partner with two advanced competencies, and it owns Edifixio, a Premier AWS Consulting and MSP Partner in France. Atos is also an Azure Expert MSP with four advanced specialties and owns Maven Wave, a Google MSP with Application Development specialization.

- **DXC Technology** — DXC is an AWS Premier Consulting Partner and MSP with five competencies, an Azure Expert MSP with three advanced competencies and a Google Premier MSP with three expertise designations. It also offers cloud strategy, migration and transformation services for hybrid IT environments.

- **Ensono** — Ensono is an AWS MSP Partner with two migration competencies and is an Azure Expert MSP with three advanced specializations. Ensono has public cloud IT transformation capabilities in North America and Europe.

- **IBM** — IBM is an MSP partner and has 7 competencies with AWS, is an MSP partner and has 10 competencies and two advanced competencies with Azure, and is a Premier Partner with Google, so it has good coverage for those ISPs. It has announced the acquisition of Nordcloud and Taos (participants in this MQ).

- **NTT** — NTT DATA is an AWS Premier Partner, AWS Public Sector Partner and an audited MSP provider with five competencies and six service delivery designations; a Microsoft Azure Expert MSP with two advanced specializations, 15 Gold competencies, and a Strategic Alliance Implementation Agreement; and a Google Premier partner with an SAP competency.

- **TCS** — TCS is a Premier Consulting and MSP Partner for AWS, with seven competencies and five partner programs. TCS is a Premier Partner for Google Cloud with specializations in application development, data analytics and infrastructure and has 31 Expertise Badges. TCS is a Microsoft Gold Competency Partner, an Azure Expert MSP, a Tier-1 Azure Migration Partner, and an Azure IoT Elite Partner with specializations across eight tracks and capabilities.

- **Tech Mahindra** — Tech Mahindra is an AWS MSP Partner with one competency and an Azure Expert MSP with two advanced specializations. It has partnerships with other hyperscalers — including Google, IBM, Oracle and Huawei — and supports 250 global clients across varying stages of their cloud transformation journey.

- **Wipro** — Wipro is an AWS MSP Partner with seven competencies, including the DevOps consulting competency, and an Azure Expert MSP with three advanced specializations and 15 additional competencies. It is a Google MSP with Application Development specialization and three other specializations, as well as with SAP on Google Cloud Expertise.

Some other providers that were also close to inclusion but missed one of the inclusion criteria were:

- **2nd Watch** — 2nd Watch is an AWS Premier Partner with four competencies, including DevOps competency. It is also a Google Cloud Platform and Microsoft Azure Gold Partner. In addition to managed services, it offers cloud advisory, data analytics and application modernization services, and it has a strong North American presence.

- **Brillio** — Brillio has DevOps competency with AWS and is an MSP Partner with Azure. It offers a wide array of services and is keenly focused on client experience.

- **Mindtree** — Mindtree is an Azure Expert MSP Partner with an eligibility to apply for Modernization of Web Applications to Microsoft Azure, and it has an Advanced Consulting Partners with DevOps and Data and Analytics competency with AWS. Mindtree is also a Microsoft CAF (Cloud Adaptability Framework) Partner.

- **Rackspace** — Rackspace Technology is an AWS MSP Partner with 15 competencies, an Azure Expert MSP with an advanced specialization, and has three specializations and eight Expertise designations as a Google Cloud Partner MSP. It also offers public cloud architecture design, deployment, operational support, cost governance and optimization, and on-demand engineering.

- **Techedge** — Techedge has company and individual certifications to deliver in AWS, Azure and Google. It offers a full spectrum of services from cloud assessment, transformation and development to optimization.

- **Sopra Steria** — Sopra Steria is an MSP with Hybrid Cloud and multicloud competencies and is an AWS MSP, Google Cloud MSP and Microsoft Azure MSP Expert Certified. It has a strong European presence.

Evaluation Criteria

Ability to Execute

We evaluate vendors' Ability to Execute in this market by using the following criteria:

Product or Service: MSPs are evaluated on their current service capabilities, including both human-powered and automated capabilities. These capabilities include:

- Proven deep and broad expertise with AWS MSP Partner with the DevOps competency, Google Cloud MSP Partner with the Application Development specialization, and Azure Expert MSP with the Modernization of Web Applications to Microsoft Azure Advanced Specialization. Capabilities with other hyperscale providers will be regarded as supplementary value.

- High-quality delivery of cloud-native solutions, emphasis on use of hyperscale provider tools, distributed cloud support, and professional and applications services.

Overall Viability (Business Unit, Financial, Strategy and Organization): MSPs are evaluated on the overall financial health of the company, their level of investment in this market and indicators of business success. For this market, we considered revenue, number of customers and the prominence of the service in the vendor's overall portfolio.

Sales Execution/Pricing: MSPs are evaluated on the quality of their sales team, proposal quality and value for the money.

Market Responsiveness and Track Record: MSPs are evaluated on three aspects of their track record:

- Successful delivery in this market

- Rapid delivery of support for new hyperscale provider capabilities

- Implementation of current best practices on hyperscale providers

Marketing Execution: MSPs are evaluated on the market's awareness of their brand, prospective customers' understanding of the MSP's value proposition in this market, the quality of marketing campaigns and other efforts such as social media participation.

Customer Experience: MSPs are evaluated on the quality of their contracts and associated delivery documentation, as well as the quality of the service experience for both traditional and cloud-native use cases.

Operations: MSPs are evaluated on their ability to consistently meet commitments to customers, including delivering a continually available CMP and meeting SLAs. MSPs were also evaluated on their ability to maintain adequate staffing and personnel expertise, and to offer flexibility without compromising reliability, by combining the rigor of process with the agility of empowered employees.

Ability to Execute is composed of seven main categories. The relevant weights are reported in the following table.

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Product or Service	High
Overall Viability	Low
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Low
Marketing Execution	Low
Customer Experience	High
Operations	Medium

Source: Gartner (August 2021)

Completeness of Vision

We assess vendors' Completeness of Vision in this market by using the following criteria:

Market Understanding: MSPs are assessed on their understanding of key aspects of the market and their ability to articulate how these aspects impact their strategy. Those aspects were:

- Transformation services in the context of cloud-native and digital business operations in hyperscale cloud providers

- Transformation services in the context of organizations that are migrating existing workloads onto hyperscale providers

- How DevOps tools and other automation are used in transforming clients

Marketing Strategy: MSPs are assessed on their ability to articulate their position in the market and their competitive differentiation, and to communicate these messages clearly and consistently, both internally and externally to a bimodal audience.

Sales Strategy: MSPs were assessed on their understanding of the buyer centers for the market and the way that these different buying centers want to engage with sales, as well as their partner and channel strategy.

Offering (Product) Strategy: MSPs were assessed on the breadth, depth, quality and differentiation of their service roadmaps in this market, including cloud-provider-specific capabilities, multicloud capabilities and hybrid IT capabilities.

Business Model: MSPs were assessed on their value proposition in three aspects:

- Organizations focused on "pure play" public cloud transformation

- Hybrid services that include cloud and noncloud infrastructure

- Transformational services in conjunction with a broader solution such as application management

Vertical/Industry Strategy: MSPs were assessed on their ability to offer targeted services for focus areas, including regulated workloads and verticals such as healthcare, government and PCI-compliant e-commerce; big data, analytics and IoT use cases; and digital business transformation.

Innovation: MSPs were assessed on the level of investment in the future of their business and the quality of those investments, whether financial or human capital. This criterion includes aspects such as the deployment of engineering resources (especially for automation), investment in personnel training and certification, partnerships and alliances, and mergers and acquisitions (M&As).

Geographic Strategy: MSPs were assessed on their ability to expand their offerings beyond their home region, serving the needs of multinational businesses, as well as adapting their offerings to other geographies and meeting country-specific requirements.

Completeness of vision is composed of eight main categories. The relevant weight is reported in the following table.

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Low
Vertical/Industry Strategy	Medium
Innovation	High
Geographic Strategy	Medium

Source: Gartner (August 2021)

Quadrant Descriptions

Leaders

Leaders have a track record of delivering high-quality cloud-native modernization and managed services that thoughtfully exploit the capabilities of the cloud platform. They are well-positioned to deliver leading-edge services into the future and to indicate the direction of the market.

Challengers

Challengers have a track record for successfully delivering cloud transformation services, but have a less defined and still maturing view of market direction. Challengers have a solid base of clients that are satisfied with the services provided. They have potential to move into the Leaders quadrant if they expand their vision.

Visionaries

Visionaries are well-positioned for the future, but could improve or scale their delivery capabilities. Their track record of successful delivery to many customers over a multiyear period needs to improve.

Niche Players

Niche Players have not yet achieved broad success in the market. Providers in the Niche Players category can be a perfect fit for some organizations because of their focus on a specific area of the market. Some are limited in geography or might not provide a full spectrum of transformational services, and others might be relatively new to the market.

Context

This is a rapidly evolving market, and Gartner expects that more providers will seek and receive the specializations required for inclusion in this Magic Quadrant. The market is relatively immature; there are not a lot of providers that meet all the inclusion criteria (IC) for selection. There is not one IC that would be considered the most significant hurdle, but all played a part in excluding a significant portion of potential participants.

The IC concerning the mix between traditional data center services and cloud services excluded a number of the large GSIs that dominate the data center outsourcing market. The IC requirement of being a certified MSP for one of the three main public cloud providers excluding many talented cloud-native application development providers and the geographic reach IC eliminate many well-regarded regional providers.

Because of this lack of maturity the MQ represents a broad range of participants, from those with easily recognizable names and billions of dollars of revenue to strong, smaller born-in-the-cloud players that can deliver cloud-native application development and cloud managed services on a global scale. There continues to be significant acquisition activity around the smaller end of the market as the bigger, more traditional infrastructure providers continue to seek the cloud-native skills demanded in the market.

COVID-19 has increased the pace of digital change for organizations, and public cloud IT transformation is a key component of that change. Most organizations are already taking a cloud-first approach and need help to assess their existing applications for cloud readiness, to determine future cloud dispositions, and with transition. They now realize they require more than just an infrastructure-centric support provider. They need cloud-native-application-led and cloud managed service expertise to truly reach the full extent of their transformation ambitions with public cloud. [2]

Gartner's Magic Quadrant analysis offers must-have support for making informed decisions on selecting the right providers. This Magic Quadrant assesses the Ability to Execute and Completeness of Vision of 16 public cloud IT transformation service providers. This information and analysis can help organizations select a provider for application-led cloud-native transformation projects and ongoing public cloud managed services that support critical functions and business objectives.

Market Overview

Due to the rapid evolution of the public cloud, Gartner clients are encountering significant complexity as their cloud migrations progress, and they are seeking assistance with the development and management of public cloud environments. Gartner has seen significant changes in cloud professional and managed services over the past three years (2018 through 2020). These are not the kinds of services MSPs are historically asked to deliver, but the uptick in customer interest (as reported to us by the providers themselves, as well as clients) make it clear that customers want — and MSPs would be doing — these "up stack" services more and more in the future. [3]

Enterprises in the market in general, including Gartner clients, are realizing that the services they require of MSPs now and for the future include skills in radically different areas, including those skills required for migration of conventional workloads (which is how a lot of clients have approached this market to date). They need new cloud-native services, data and analytics, application expertise and application development skills for things like microservices and containers.

The major trends that Gartner sees in analyzing this market include:

- **Cloud smart philosophy:** Organizations are moving away from simply declaring everything must be in the cloud to determining what is a good fit for existing applications and what might be better suited to remain in its existing environment. While they take a cloud-first approach, they also want to understand the ramifications of moving to the cloud on performance, security and so on.

- **Lack of skills:** Organizations lack application skills to develop and manage cloud-native services.

- **Impact of the "new normal":** COVID-19 is changing the way organizations do business. There is accelerated adoption of cloud services for client interactions and work-from-home implications.

Processes are changing as a result of the pandemic. These are analyzed below:

- **Cloud smart philosophy:** Cloud-first strategies that evolve into a cloud-only approach can result in using cloud for poorly matched use cases. Organizations now need the help of not only providers with cloud-native development skills, but also those that deliver on the promise of cloud with consulting capabilities and that can transform the way they operate. There is a gradual shift in customer expectations, and providers must start to focus on the business value that they expect to achieve, as opposed to traditional metrics. Customers are expecting the ability to deliver not only on the promise of speed and agility associated with transformation, but also on improved productivity. As automation drives reductions in staff and improved standards of performance, providers are being asked to commit to cost optimization as well.

- **Lack of skills**: Organizations lack the skills to develop and manage solutions using cloud-native services. Many organizations' expectations for cloud do not align with their ability to execute, making it difficult for leaders to execute a strategy to meet business goals.4 For instance clients may not understand capabilities available or how to use them, such as Amazon Elastic Kubernetes Service (Amazon EKS), which allows them to run Kubernetes on AWS without needing to install, operate and maintain their own Kubernetes control plane or nodes. Because of the gap between their expectations and ability, organizations are turning to providers that fill those gaps. Clients seek specific capabilities that are often project-oriented to deliver on a cloud promise in a single area, but then expand to other areas of the organization. Providers have developed frameworks and factory approaches to cloud transformations that speed the time to value for clients. Providers are upskilling their employee base through acquisitions, training, retraining or focused talent acquisition methodologies. They are organizing around public cloud providers, DevOps and DevSecOps and bringing together all the components to deliver cloud under one group (consulting, application development and managed services). They are building vertical solutions and have packaged solutions that they can plug and play to deliver Day 1 value to clients and provide opportunities for SMEs and other clients to get cloud-native benefits at reduced costs.

- **Impact of the "new normal"**: COVID-19 is accelerating adoption of cloud services. In a recent Gartner survey on cloud end user buying behavior,5 69% of respondents indicated that their organizations plan to increase cloud spend in the wake of disruptions caused by COVID-19. Because of the new market dynamics created by the pandemic, clients have been able to use the cloud to quickly launch new products and services to address new opportunities that have arisen during this time. It has forced organizations to transform the way they do business, from workplace transformation and business continuity to enabling work from remote locations. The public cloud offers organizations an opportunity to continue with business as usual without the need for traditional IT compute capabilities in a data center or having to host solutions. This requires providers that can deliver transformation of existing environments and react quickly as changes occur while adopting a new-normal working model.

Evidence

[1] The evaluation of providers capabilities for this MQ comes from both Gartner primary and secondary research:

- Primary research includes:

  - Webex briefings from participating service providers

  - Feedback from clients through Gartner's Peer Insights platform during the assessment period

- Secondary research includes:

  - Client inquiry on providers capabilities

  - Insight from other Gartner analysts who have spoken with the providers or clients of these providers related to their cloud transformation capabilities

  - Briefings delivered to Gartner outside of the MQ process on provider capabilities

  - Press releases and other publicly available information

[2] The Cloud Strategy Cookbook, 2021

[3] Public Cloud IT Transformation Services to Replace Cloud MSP in Magic Quadrant Coverage

[4] Move From Cloud First to Cloud Smart to Improve Cloud Journey Success

[5] "Gartner Cloud End User Buying Behavior Study," 7 September 2020. Sample size: n = 850.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

Magic Quadrant for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Global

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Product or Service	High
Overall Viability	Low
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Low
Marketing Execution	Low
Customer Experience	High
Operations	Medium

Source: Gartner (August 2021)

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Low
Vertical/Industry Strategy	Medium
Innovation	High
Geographic Strategy	Medium

Source: Gartner (August 2021)