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Enterprises are using managed cloud services to help optimize the value of hybrid multicloud environments in meeting strategic business and IT objectives while enabling firms to achieve competitive advantage.

Managed Cloud Services Ensure Business and Technology Value for Hybrid Multicloud Deployments

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Questions posed by: TierPoint

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Q. What is the business and technology value that enterprises seek when using managed cloud services to support hybrid multicloud requirements?

Today's enterprise is faced with complex challenges in meeting critical business and IT objectives such as deploying new business models, supporting workforce dynamics, aligning with shifts in global trade, responding to societal factors such as climate change, and ensuring business resiliency. In meeting these challenges, enterprises are utilizing managed service providers (SPs) to deploy hybrid multicloud capabilities that combine the use of private and public clouds.

IDC research shows that clients want managed SPs to help align the private and public aspects of a hybrid multicloud solution by specific business and IT needs. These needs span factors such as access to better security, meeting regulations, optimizing ROI, standardizing IT, configuring requirements more quickly, optimizing utilization (e.g., compute, storage), reducing the IT budget, and improving IT staff productivity.

Further, enterprises are looking to managed SPs to align how the specific capabilities of the following private and public aspects of a hybrid multicloud solution should be utilized:

- On the public cloud side: Firms indicate using public infrastructure-as-a-service (IaaS) cloud to gain access to capabilities not available in private clouds, support surges in demand, make it easier to repatriate public cloud services back to private clouds, and eliminate the need for capex investments.
- On the private cloud side: With private clouds, enterprises want to utilize a standardized private cloud infrastructure from a managed SP to ease integration with public clouds more quickly (e.g., AWS, Azure, Google), add extra private cloud capacity when needed, commit to reduced contractual times (e.g., one year), simplify management of both private and public cloud resources, and deploy and/or terminate use quickly.

The strategic business value that enterprises want to achieve in utilizing hybrid multicloud capabilities with managed cloud services is to drive greater agility, link IT with business performance, and expand revenue opportunities.

Q. What critical professional services and skills are required in helping enterprises migrate to hybrid multicloud when utilizing managed cloud services?

A. So, what is the role of managed service providers in helping enterprises make the journey to the cloud? According to IDC research, most firms want to incorporate migration and modernization with ongoing management of cloud environments that can enable greater agility in areas such as more rapid provisioning of applications and cloud infrastructure, continuous innovation, and business resiliency.

In making this journey to hybrid multicloud, enterprises expect managed SPs to incorporate the following in a solution:

- Critical IT capabilities. Managed SPs need to help ensure integration of applications from public clouds to internal systems, support datacenter infrastructure design and optimization, and provide a blueprint for repatriating migrated applications on public clouds back to internal systems. They also need to incorporate critical infrastructure technologies (e.g., software defined, virtualization, containers) and have experience in designing a robust security blueprint. Ultimately, these capabilities can enable creation of a more seamless hybrid multicloud environment while providing the resiliency required to ensure agility in maintaining operational excellence.
- Xey skills and knowledge. Enabling operational excellence for hybrid multicloud environments also requires that managed SPs have skills and knowledge in simplifying and standardizing IT infrastructure and applications platforms, restructuring the IT financial footprint from a capex to an opex model, having a well-defined technical approach for migration, and understanding regulatory and privacy requirements of data and information. In addition, managed SPs also need critical skills and knowledge in utilizing well-architected and standardized frameworks and blueprints coupled with being certified on public cloud platforms to ensure effective delivery of hybrid multicloud solutions.
- Pathways to the cloud. Firms seek managed SPs that can offer a flexible set of pathways in migrating to hybrid multicloud capabilities to support their complex portfolios of applications. These pathways must span areas such as upgrading legacy infrastructure to a private and/or public cloud infrastructure, rehosting/replatforming legacy (e.g., COBOL) or packaged applications onto private and/or public clouds, and migrating custom developed legacy applications into new development languages (e.g., Java, PHP) for use on any type of cloud. Providing a set of flexible options will help firms optimize their investments in aligning the use of hybrid multicloud capabilities with diverse types of applications.

Q. What benefits have enterprises achieved in using managed cloud services for hybrid multicloud environments?

A. To meet the dynamic needs of the market, enterprises are faced with supporting more stringent levels of service delivery. According to IDC's research, 6.5% of firms want to deploy an application as part of a managed cloud service within a day or less, and 22% want to do so within one week or less. Meanwhile, 65% of firms indicate the need for 99.9% of availability before there is significant financial and/or regulatory impact on their business.



To understand the specific IT and business benefits that enterprises have achieved when utilizing the service delivery capabilities with managed cloud services involving hybrid multiclouds, IDC interviewed 27 firms. Based on these interviews, the top areas in which firms achieved IT benefits involved availability of services (e.g., 99.99% uptime), change management (e.g., frequency of updates, patches/fixes), recovery times (e.g., recovery time objectives, recovery point objectives), provisioning time of infrastructure (e.g., one hour), and response time (e.g., four hours). Some of the business benefits that clients achieved included reducing the time and effort to generate a demand forecast from several days to a few hours, enabling improved tracking of utilization and provisioning, and achieving business results more quickly and efficiently.

However, IDC also learned that managed SPs must implement a series of best practices to optimize the effectiveness in using managed cloud services to provision hybrid multicloud capabilities. These best practices must include ensuring access to resources for highly skilled talent at the right time in the right location. Also important is implementing a fresh approach to IT that includes the use of new sets of tools and technologies, ensuring that effective collaboration and communication are core to the relationship, and building a partnership with the managed SP focused on having a "business" partner, not just a partner that can migrate, modernize, and operate hybrid multicloud environments.

Q. How can managed SPs help achieve operational excellence while delivering business outcomes?

A. Critical goals of any enterprise when utilizing managed cloud services for hybrid multicloud environments is to drive operational excellence while meeting strategic business outcomes. To achieve these goals, firms expect managed service providers to implement the following capabilities:

- Multicloud management platform. Firms indicate the use of multicloud management platforms to manage across all IT and cloud resources will be a top priority over the next three years. These platforms need to perform a wide array of functions that include supporting all public cloud providers, helping standardize IT environments, offering comprehensiveness of visibility into IT operations, and enabling the speed at which value is generated. They also need to offer analytics capabilities that can assess the quality of services; support demand management to assess, track, and forecast demand for products and services; and determine business value.
- Resiliency and security. Also critical to achieving operational excellence is incorporating resiliency and security with hybrid multiclouds. Most enterprises indicate that they want to bundle disaster recovery with managed cloud services with the primary focus on systems recovery and enterprise applications, though managed SPs also need to offer a range of hybrid multicloud options for data backup, disaster recovery, and archiving.
- Business and financial KPIs. Assessing the effectiveness in utilizing managed cloud services for hybrid multicloud environments requires managed SPs to apply an array of business and financial KPIs. On the business side, these KPIs should measure the degree of personalization of internal services for users, product innovation and market thought leadership, and employee satisfaction and retention along with productivity. Financial KPIs should target productivity gains (e.g., revenue per employee), ROI, revenue growth, and total cost of ownership.



Q. Which critical capabilities should organizations expect from managed SPs to maximize the use of hybrid multicloud solutions?

A. Managed SPs must take a long-term approach that can ensure more effective alignment of IT with business objectives while also becoming a strategic business partner. Key success factors for a managed SP in being a successful strategic partner involve tailoring solutions to specific client requirements, implementing a robust governance structure, and enabling access to critical partnerships.

To help tailor a hybrid multicloud solution to client needs, managed SPs need to offer an extensive set of resources that provide support from edge to cloud and from infrastructure to applications. These resources include specialized technology talent and business skills, knowledge of industry requirements, support for cloud operating models (private, public, hybrid) and platforms (IaaS, PaaS, SaaS), use of unique IP, and provisioning of a full life cycle of services from design and develop to deploy and manage. Ultimately, these capabilities can assist firms in their ability to differentiate their businesses.

Managed SPs also need to implement a robust governance structure that supports factors such as cost management, asset utilization, compliance and security requirements, and usage aligned by personas (e.g., IT, LOB, CXO, partners). This requires coupling the governance structure with the use of multicloud management platforms that can optimize utilization of hybrid multiclouds by supporting the development, deployment, orchestration, and consumption of "as a service" resources involving different combinations of private and public clouds. Such an approach can help firms ensure control over their complex IT environments while aligning resources with business objectives.

Finally, utilizing a partner ecosystem made up of technology firms and hyperscalers is critical. These partners can help in delivering the business and IT value firms expect to achieve. They can also aid in tailoring solutions designed specifically for a client's industry and provide access to specialized skills and expertise along with new capabilities, all of which should eliminate client concerns over vendor lock-in.

About the Analyst



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David Tapper serves as Program Vice President for IDC's Outsourcing and Managed Cloud Services research team, which develops research for technology outsourcing and managed services and business process outsourcing (BPO). As part of this research, the group covers emerging services areas such as mobility, analytics, automation, IoT, blockchain, and cloud services.



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