ISG Provider Lens™

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions

Managed Services for Midmarket

Nordics 2020

Quadrant Report

A research report comparing provider strengths, challenges and competitive differentiators

Customized report courtesy of:

basefarm

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About this Report

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The research and analysis presented in this report includes research from the ISG Provider Lens™ program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of April 2020 for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

All revenue references are in U.S. dollars ($US) unless noted.

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EXECUTIVE SUMMARY

In the next two to three years a substantial number of IT outsourcing deals are anticipated in the Nordics, with majority of the companies in the region planning to outsource. The Nordics market for outsourcing and insourcing represents an interesting trend; while there is continuous outsourcing growth, companies are also focusing on insourcing engagement. Sweden has shown the highest IT outsourcing rate among countries in the Nordics (it is followed by Denmark, Finland, Norway and Iceland). Scalability and cost reduction are the key drivers along with focus on cloud adoption. With hundreds of IT service provider briefings in the region, ISG believes that the reason of more outsourcing is to bring down the cost and focus on digital adoption.

According to the latest 1Q20 ISG Index™ The annual value of outsourcing deals in the Europe, Middle East and Africa (EMEA) region rose almost 4 percent in the first quarter of 2020, but would have grown at a higher rate had the impact of COVID-19 not hit the market in March. In the first quarter, managed services ACV was up 6 percent year on year, to €2.7 billion (£2.3 billion), fueled by strong demand for information technology outsourcing (ITO), up 23 percent, to €2.4 billion (£2.1 billion). Strength in the DACH and Benelux regions countered a sluggish ACV performance in the Nordics and in the U.K., which continues to grapple with Brexit anxiety.

The majority of the organizations are using artificial intelligence (AI) for IT operational excellence. Also, the companies are exploring the option to spend and leverage IT service provider’s AI and automation platforms. Hybrid IT and multi-cloud represent the new normal in the region from the IT workload deployment perspective. It is anticipated that more than 50 percent companies would migrate their applications to the multi-cloud model.

This report considers the present scenario in IT managed service insourcing and outsourcing, hyperconverged infrastructure, datacenter security products, colocation, and managed hosting services in the Nordics. It gives a detailed overview of several market growth enablers, restrictions, and trends. The report profiles and examines the leading IT service provider operations in the market.

Nordics IT outsourcing market: With the advent of complex advanced technologies. companies are no longer able to handle all aspects of transformation on their own. Therefore, the chief experience officers (CXOs) in the Nordics are increasingly showing an interest in collaborations/alliances, making this one of this year's top strategies for growth. The majority of companies in the Nordics, and across industries, believe that they will continue to outsource IT and invest in cloud services, or perhaps more than they do today. Some of the reasons why companies outsource all or part of their IT or cloud service management are cost savings, the need to focus on core business and access to innovation. According to the survey, the most common reason is that companies want to scale their operations effectively based on needs.

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Hyperscalers driving the growth of colocation services growth in the Nordics: Colocation services in the Nordics are expected to comply with regulations and certifications. Adhering to regulations ensures high reliability, scalability, and flexibility in data center operations along with efficiency and resilience. The importance of physical security systems is growing among service providers in the Nordics. In the future, the data center market is likely to witness the increased use of robot monitoring systems with sensors and video surveillance. At the same time, Tier I and Tier II facilities are expected to see a decline, but the Tier III facilities are likely to grow. Denmark and Norway have five and six facilities, respectively, that are certified by the Uptime Institute. Many operators are expected to move to Tier IV facilities based on growth in rack power density and critical applications. Nordic countries are witnessing increased hyperscale investments from Google, Facebook, Microsoft and AWS.

Managed hosting services: The demand for managed hosting services is anticipated to grow in the next two to three years with various vendors providing advanced controlled scalability solutions to enterprises. Since enterprises are expanding business globally, the need for space and utilities has increased significantly. Hosting service providers associated with cloud providers and hardware vendors have been offering exclusive services to their clients. These data centers are highly flexible with governed solutions ranging from simple data warehousing to data analytics. These solutions allow easily managed hosting by reducing expenses, which is expected to have a positive effect on the global managed hosting services market.

Hyperconverged Infrastructure (HCI): The adoption of HCI in the region is low compared with the DACH and Benelux regions as digital transformation is slower. ISG has learned that enterprises want to reduce their costs related to power, space and cooling are, thereby, exploring and moving to HCI platforms. Enterprises that have evolved over the decades with complex data center IT landscapes are now seeking to consolidate their infrastructure with scale and agile capabilities. HCI is playing a critical role in such scenarios. The major players operating in this market have witnessed high growth in demand for HCI, especially due to ongoing data center modernization projects or other initiatives in the data center industry worldwide.

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Introduction

Simplified illustration

Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions 2020	
Managed Services for Large Accounts	Managed Services for Midmarket
Managed Hosting for Large accounts	Managed Hosting for Midmarket
Colocation Services	Data Center Security Products
Hyperconverged Systems	

Source: ISG 2020

Definition

A private cloud is an extension of an isolated IT or cloud system landscape, consisting of a company's existing computer environment and leveraging the investments already made in virtual infrastructure and applications.
It is essential that the cloud infrastructure consists of either a physical or logical separation between systems on which no other customers are served. Companies with stringent security and governance requirements that need to handle large volumes of data and ensure tight integration with other business applications and workflows may prefer an enterprise cloud or a private cloud. Service providers or managed service providers can use cloud technologies to create private clouds with virtual machines or containers, network and storage resources running in their data centers or shared infrastructure, but in a suitably configured, isolated environment.

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Definition (cont.)

A hybrid cloud combines the best of on-premises infrastructure at the customer/user site, a hosted cloud in a service provider's data center, and a public cloud from a hyperscaler. It connects the existing on-site infrastructure services with a private or public cloud or both. The aim is to combine services and data from different cloud models to create a uniform, automated and well-managed computing cloud infrastructure environment. Hybrid clouds enable companies to leverage the capabilities of public cloud platform providers without having to outsource all their data to a third-party data center or a shared infrastructure environment. This gives them greater flexibility in sourcing workloads, while allowing them to continue to operate key components within their own firewall or private cloud.

Data center outsourcing is the practice of transferring the responsibility of provisioning, monitoring and management of computing and storage resources to a third-party provider. The data center may be owned by the enterprise, service provider or a third-party colocation provider. Monitoring services are usually delivered from the provider’s location and are called remote infrastructure management (RIM) services.

Data center outsourcing is the practice of outsourcing the responsibility of provisioning, monitoring, and managing computing and storage resources to a third-party provider. The data center may be owned by the enterprise, service provider or a third-party colocation provider. Monitoring services are usually delivered from the provider’s location and are called remote infrastructure management (RIM) services.

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Definition (cont.)

Scope of the Report

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

- Transparency on the strengths and weaknesses of relevant providers;
- A differentiated positioning of providers by segments;
- Focus on markets, including the U.S., Germany, Switzerland, U.K., Nordics and Brazil.

This study serves as an important decision-making basis for positioning key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their current vendor relationships and potential new engagements.

Typical outsourcing activities include level 1, 2, and 3 technical support, server monitoring, application performance monitoring, storage and database administration, hosting, colocation, disaster recovery testing and execution, defining or setting up the architecture, standards and policies, and transformation projects such as virtualization, consolidation and cloud-enablement services.

For standalone services such as colocation and managed hosting, the level of services and support varies from those in a fully managed data center outsourcing contract. For example, a colocation provider will provide the facilities and infrastructure to host equipment and some basic support services. However, all other aspects of infrastructure management are the responsibility of the client, which may independently handle it or outsource it to a managed service provider.

ISG studies are intended to anticipate the investigation efforts and buying decisions of typical enterprise clients. While contemplating a significant strategy transformation, making purchase-versus-rent decisions for infrastructure, implementing agile practices, or incorporating automation into their environments, enterprise clients will benefit from a study that examines an entire ecosystem for a certain service line.

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Definition (cont.)

The studies are comprised of multiple quadrants covering the spectrum of services that an enterprise client requires, as illustrated below:

The quadrant descriptions are as follows:

- **Managed Services for Large Accounts:** This quadrant assesses a service company's ability to provide ongoing management services for data center infrastructure for large businesses. The enterprises are subject to strict regulations that add to complexities. They typically have more than 5,000 employees and revenues of more than $1 billion.
- **Managed Services for Midmarket:** This quadrant assesses a service company's ability to provide ongoing management services for data center infrastructure for medium-sized business. The enterprise client typically has less than 5,000 employees or generates less than $1 billion in revenue.
- **Managed Hosting for Large accounts:** This quadrant ranks service providers that offer enterprise-grade hosting solutions and use their facilities and infrastructure. They take responsibility for the day-to-day management and maintenance of data center assets such as servers, storage and operating systems.
- **Managed Hosting for Midmarket:** This quadrant assesses a service company's ability to provide ongoing management hosting services for data center infrastructure for medium-sized business. The enterprise client typically has less than 5,000 employees or generates less than $1 billion in revenue.
- **Colocation Services:** This quadrant assesses service providers that offer professional and standardized data center operations as colocation services. These providers typically supply network connectivity, access point for various hosting providers, system houses, independent software vendors (ISVs), and carriers or telecommunication providers.
- **Data Center Security Products:** This market ranks software and appliances that are designed to protect the IT infrastructure, regardless of whether they are installed in a public or private cloud. It assesses the capabilities of ISVs.
- **Hyperconverged Systems:** This quadrant analyzes the systems built around preconfigured hardware and software appliances. The systems comprise network, storage and compute resources that are equipped with management software for orchestration purposes and are often the first step to build a private or hybrid cloud.

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Provider Classifications

The ISG Provider Lens™ quadrants were created using an evaluation matrix containing four segments, where the providers are positioned accordingly.

Leader

The "leaders" among the vendors/ providers have a highly attractive product and service offering and a very strong market and competitive position; they fulfill all requirements for successful market cultivation. They can be regarded as opinion leaders, providing strategic impulses to the market. They also ensure innovative strength and stability.

Product Challenger

The "product challengers" offer a product and service portfolio that provides an above-average coverage of corporate requirements, but are not able to provide the same resources and strengths as the leaders regarding the individual market cultivation categories. Often, this is due to the respective vendor's size or their weak footprint within the respective target segment.

Market Challenger

"Market challengers" are also very competitive, but there is still significant portfolio potential and they clearly lag behind the "leaders." Often, the market challengers are established vendors that are somewhat slow to address new trends, due to their size and company structure, and have therefore still some potential to optimize their portfolio and increase their attractiveness.

Contender

"Contenders" are still lacking mature products and services or sufficient depth and breadth of their offering, while also showing some strengths and improvement potentials in their market cultivation efforts. These vendors are often generalists or niche players.

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Provider Classifications (cont.)

Each ISG Provider Lens™ quadrant may include a service provider(s) who ISG believes has a strong potential to move into the leader's quadrant.

Rising Star

Rising stars are mostly product challengers with high future potential. When receiving the "rising stars" award, such companies have a promising portfolio, including the required roadmap and an adequate focus on key market trends and customer requirements. Also, the "rising stars" has an excellent management and understanding of the local market. This award is only given to vendors or service providers that have made extreme progress towards their goals within the last 12 months and are on a good way to reach the leader quadrant within the next 12-24 months, due to their above-average impact and innovative strength.

Not In

This service provider or vendor was not included in this quadrant as ISG could not obtain enough information to position them. This omission does not imply that the service provider or vendor does not provide this service.

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Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions 2020 - Quadrant Provider Listing 1 of 5

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services	Data Center Security Products	Hyperconverged Systems
Accenture	Leader	Not In	Not In	Not In	Not In	Not In	Not In
Advania	Product Challenger	Product Challenger	Rising Star	Market Challenger	Not In	Not In	Not In
Asseco	Contender	Market Challenger	Not In	Not In	Not In	Not In	Not In
ATEA	Market Challenger	Leader	Leader	Leader	Not In	Not In	Not In
Atos	Product Challenger	Not In	Not In	Not In	Not In	Not In	Not In
Barracuda Networks	Not In	Not In	Not In	Not In	Not In	Product Challenger	Not In
Basefarm (OBS)	Leader	Leader	Leader	Leader	Leader	Not In	Not In
Broadcom/Symantec	Not In	Not In	Not In	Not In	Not In	Leader	Not In
Capgemini	Leader	Not In	Leader	Not In	Not In	Not In	Not In
CenturyLink	Not In	Not In	Not In	Not In	Product Challenger	Not In	Not In
Check Point	Not In	Not In	Not In	Not In	Not In	Leader	Not In
Cisco	Not In	Not In	Not In	Not In	Not In	Leader	Leader
Cognizant	Product Challenger	Not In	Not In	Not In	Not In	Not In	Not In
Columbus	Not In	Product Challenger	Not In	Not In	Not In	Not In	Not In

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Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions 2020 - Quadrant Provider Listing 2 of 5

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services	Data Center Security Products	Hyperconverged Systems
Conapto	Not In	Not In	Not In	Not In	Product Challenger	Not In	Not In
Dell EMC	Not In	Not In	Not In	Not In	Not In	Not In	Leader
DigiPlex	Not In	Not In	Not In	Not In	Leader	Not In	Not In
Digital Realty	Not In	Not In	Not In	Not In	Rising Star	Not In	Not In
DXC	Leader	Not In	Leader	Not In	Not In	Not In	Not In
Embriq AS	Contender	Not In	Not In	Product Challenger	Not In	Not In	Not In
Equinix	Not In	Not In	Not In	Not In	Leader	Not In	Not In
Ficolo	Not In	Not In	Not In	Not In	Leader	Not In	Not In
FireEye	Not In	Not In	Not In	Not In	Not In	Product Challenger	Not In
Fortinet	Not In	Not In	Not In	Not In	Not In	Product Challenger	Not In
Fujitsu	Leader	Not In	Leader	Not In	Not In	Not In	Market Challenger
GlobalConnect	Not In	Not In	Not In	Not In	Market Challenger	Not In	Not In
HCL	Leader	Not In	Not In	Not In	Not In	Not In	Not In
HPE	Not In	Not In	Not In	Not In	Not In	Not In	Leader

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Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions 2020 - Quadrant Provider Listing 3 of 5

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services	Data Center Security Products	Hyperconverged Systems
HTBASE	Not In	Not In	Not In	Not In	Not In	Not In	Contender
Huawei	Not In	Not In	Not In	Not In	Not In	Not In	Product Challenger
HYDRO66	Not In	Not In	Not In	Not In	Rising Star	Not In	Not In
IBM	Leader	Not In	Leader	Not In	Not In	Leader	Not In
Infosys	Product Challenger	Not In	Not In	Not In	Not In	Not In	Not In
Interxion	Not In	Not In	Not In	Not In	Leader	Not In	Not In
iver	Not In	Rising Star	Not In	Rising Star	Not In	Not In	Not In
Juniper Networks	Not In	Not In	Not In	Not In	Not In	Leader	Not In
Kaspersky	Not In	Not In	Not In	Not In	Not In	Market Challenger	Not In
KMD	Market Challenger	Leader	Rising Star	Not In	Not In	Not In	Not In
Lenovo	Not In	Not In	Not In	Not In	Not In	Not In	Contender
LTI	Rising Star	Leader	Not In	Not In	Not In	Not In	Not In
McAfee	Not In	Not In	Not In	Not In	Not In	Market Challenger	Not In
MEDIAM	Not In	Not In	Not In	Not In	Contender	Not In	Not In

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Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions 2020 - Quadrant Provider Listing 4 of 5

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services	Data Center Security Products	Hyperconverged Systems
Micro Focus	Not In	Not In	Not In	Not In	Not In	Contender	Not In
Microsoft	Not In	Not In	Not In	Not In	Not In	Not In	Product Challenger
NetApp	Not In	Not In	Not In	Not In	Not In	Not In	Contender
Netcompany	Contender	Product Challenger	Product Challenger	Product Challenger	Not In	Not In	Not In
Nordlo	Not In	Leader	Not In	Not In	Not In	Not In	Not In
Nutanix	Not In	Not In	Not In	Not In	Not In	Not In	Leader
Palo Alto Networks	Not In	Not In	Not In	Not In	Not In	Leader	Not In
Pivot3	Not In	Not In	Not In	Not In	Not In	Not In	Product Challenger
Proact	Not In	Market Challenger	Not In	Not In	Not In	Not In	Not In
Rapid7	Not In	Not In	Not In	Not In	Not In	Contender	Not In
Red Hat	Not In	Not In	Not In	Not In	Not In	Not In	Market Challenger
SonicWall	Not In	Not In	Not In	Not In	Not In	Contender	Not In
Systematic	Product Challenger	Product Challenger	Not In	Not In	Not In	Not In	Not In
TCS	Leader	Not In	Not In	Not In	Not In	Not In	Not In

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Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions 2020 - Quadrant Provider Listing 5 of 5

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services	Data Center Security Products	Hyperconverged Systems
Tech Mahindra	Product Challenger	Not In	Not In	Not In	Not In	Not In	Not In
TietoEVRY	Leader	Leader	Leader	Leader	Not In	Not In	Not In
Trend Micro	Not In	Not In	Not In	Not In	Not In	Leader	Not In
T-Systems	Rising Star	Leader	Product Challenger	Leader	Not In	Not In	Not In
UnitedLayer	Not In	Not In	Contender	Not In	Not In	Not In	Not In
Visolit	Not In	Contender	Not In	Not In	Not In	Not In	Not In
VMware	Not In	Not In	Not In	Not In	Not In	Not In	Leader
Vodafone	Not In	Not In	Not In	Contender	Not In	Not In	Not In
Wipro	Leader	Not In	Not In	Not In	Not In	Not In	Not In
Xfiber	Not In	Not In	Not In	Not In	Contender	Not In	Not In

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Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions Quadrants

ENTERPRISE CONTEXT

This report is relevant to mid-sized enterprises in the Nordics that are evaluating hybrid cloud managed services providers.

In this quadrant report, ISG lays out the current market positioning of managed services providers in the Nordics, and how they interact with key challenges facing mid-sized enterprises' hybrid cloud effort. These providers are adept at managing datacenter infrastructure on their clients' behalf so those enterprises can focus on other tasks.

In order to be successful in the current digital business environment, enterprises must take a unified approach to their technical infrastructure across public and private clouds.

Managed services providers can help enterprises in the Nordics comply with critical regulations, including data protection and data residency. Providers with strong understanding of local context will be able to help enterprises evaluate how their hybrid cloud approaches mesh with their regulatory burden.

Using hybrid cloud managed services can help enterprises by alleviating the burden of operating a private datacenter, while still allowing some control over the underlying hardware and systems that underpin the applications hosted there. Enterprises will get the benefit of the managed services providers' investment in systems and processes that make their datacenters more efficient and reliable.

In addition, managed services providers may be able to deliver services that are physically closer to key client locations, which is an important consideration for applications that are highly sensitive to latency.

IT leaders should read this report to better understand the relative strengths and weaknesses of managed services providers, as well as how those providers' approaches to the market can impact enterprise hybrid cloud strategies. Changing managed hybrid cloud services providers can have a significant impact on an enterprise's overall IT estate.

Software development and technology leaders should read this report to understand the positioning of managed services providers, and gain a better understanding of how those providers' offerings can impact the ongoing development of software products within an enterprise.

Sourcing, procurement and vendor management professionals should read this report to develop a better understanding of the current landscape of managed services providers in the Nordics

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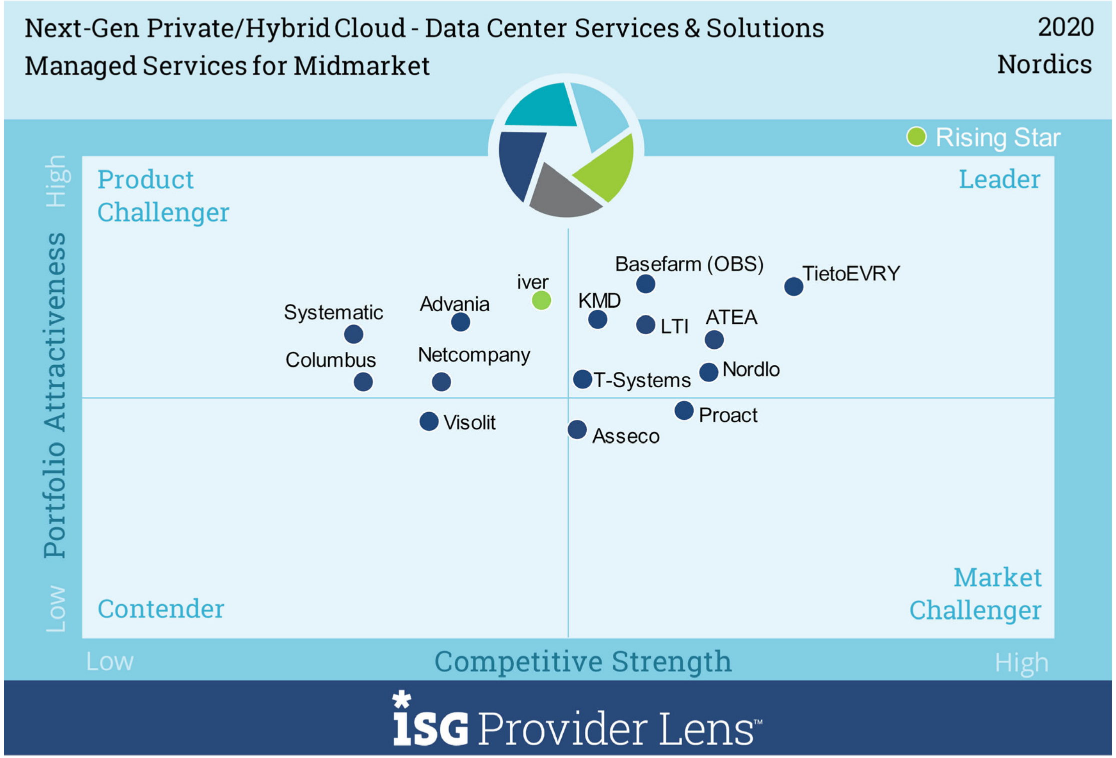
MANAGED SERVICES FOR MIDMARKET

Definition

This quadrant covers providers with the ability to offer ongoing management services for data center infrastructure and platforms that consist of servers, middleware, storage, databases and networking components. The infrastructure may be in the client's data center or the service provider's facilities, or even co-located at a third-party facility. Participating companies usually take over the responsibility of transition services in their offerings. Transformation services are projects that include consolidation, virtualization and cloud enablement and are now increasingly based on software-defined infrastructure. A characteristic of managed services is the transfer of responsibility to the service provider, and the presence of service level agreements (SLAs) and penalties for deviation from agreed performance goals. This quadrant assesses a provider's ability to provide ongoing management services for data center infrastructure, such as servers, storage, databases and networking. Infrastructure may be located in a client data center, a service provider data center or may be co-located within a third-party facility. Transformation services are projects that include consolidation, virtualization and cloud enablement and are now increasingly based on software-defined infrastructure.



Source: ISG Research 2020

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MANAGED SERVICES FOR MIDMARKET

Eligibility Criteria

- Ability to service data center infrastructure (networks, servers, middleware, storage and databases) on their own and not through partners.
- Ability to provide services within a client's premises or remotely and preferably through its RIM/shared services center.
- Established or emerging basic/standard relationships with a major public cloud hyperscale provider such as AWS, Microsoft, Google or IBM.
- Experience in large transition projects that include automation, consolidation, virtualization and containeriza¬tion of data centers and cloud enablement.
- Ability to act as an extension of a client's IT organization and get involved in creating blueprints, architecture frameworks and management processes at the client's location.
- Ability to manage high memory and compute-intensive workloads and consulting on individual shoring alternatives.

Observations

The demand in the managed service segment has increased in the last few years in the Nordics. ISG has been tracking the market closely and seen a spike in the mid-sized market in managed service IT outsourcing deals. At the mergers and acquisitions front, two Nordics-based organizations are ready to capture a lion's share in the managed service market. Many mid-sized companies are re-lying on cloud computing to make their IT-infrastructure more flexible and scalable, and thereby be able to respond quicker to the requirements of the IT departments. The core reason of outsourcing in mid-size market is to optimized organization operational and capital expenditure. Mid-sized companies are gradually adopting cutting-edge technology, DevOps, cloud and HCI.

- **TietoEVRY**, a $1.2 billion IT company, which is the result of the merger between Tieto and the EVRY group, is one of the leading service providers in the Nordics.
- **Basefarm (OBS)** with its delivery model covers everything "from idea to cable." The organization provides strategic advice, implementation projects and infrastructure operations under one management.

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MANAGED SERVICES FOR MIDMARKET

Observations (cont.)

- **LTI's** managed service offerings help enhance and manage the traditional IT environment, by quickly adopting new technologies and processes.
- **KMD** takes an integrated approach to enable enterprises to achieve scalability, and offers mission-critical software, solutions and IT services, primarily to the public sector in Denmark.
- **ATEA** enables clients to scale their cloud without scaling their hybrid IT managed service workforce.
- **T-Systems** offers a cloud integration center, a joint platform covering both self-managed and managed services, for Infrastructure-as-a-Service (IaaS), Platform-as-a-Service (PaaS) and Software-as-a-Service (SaaS) operations.
- **Nordlo** Group is a strong challenger in the market for IT infrastructure, cloud services and digitization for companies in the Nordics.
- **iver** offers a full spectrum of services in the field of infrastructure projects and is a leading IT integrator in the region.

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ATEA

Overview

Atea is a market leader in IT infrastructure and offers its services to enterprises and organizations in the public sector in the Nordics and Baltic region. The organization has more than 7,500 employees located in 85 offices across seven countries, namely, Norway, Sweden, Denmark, Finland, Lithuania, Latvia and Estonia. Atea combines its breadth of competence in IT infrastructure with local presence in the Nordics and has established strategic partnerships with technology providers.

Caution

Atea needs to focus on diversifying its overall hybrid IT managed service portfolio along with strengthening its go-to-market strategy in the Nordics.

Strengths

IT managed service provider: Atea provides management and monitoring services for virtualization, automation, and security in a data center environment. The organization also provides services to companies to outsource their data center operations.

Robust monitoring and management solutions: Atea has been successfully working with mid-sized clients in the Nordics. Its managed IT service line of business has onboarded a substantial number of customers for multi-cloud transformation and managed services. The organization continues to expand the depth and breadth of its managed service portfolio.

Increased sales in Nordics public sector: Despite the COVID- 19 pandemic, the organization has witnessed 10 percent sales growth in overall hybrid IT managed service business. The organization is focused on increasing its market share in IT managed services in the Nordics.

2020 ISG Provider Lens™ Leader

Atea has emerged as a strong managed service provider in the Nordics with its wide range of solutions and services.

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BASEFARM (OBS)

Overview

Basefarm is a managed service provider in Europe with robust integration competencies in digital transformation, namely, big data, cloud computing and information security, provided as one service offering. Basefarm was founded in 2000 and has a workforce of over 750 engineers and advisors, offering services to global clients from its offices and data centers in Norway, Sweden, the Netherlands, Germany and Austria. In August 2018, Basefarm was acquired by the Orange Group, a leading global telecommunications operator, to reinforce the cloud expertise of Orange Business Services, its enterprise division.

Strengths

Expert in Nordics Market with elevated growth: The organization has more than 900 leading engineers and advisors working in Norway, Sweden, the Netherlands, Germany and Austria. A major part of the growth captured in Europe is through the synergy of the expertise of both Basefarm and Orange Business Services.

Hybrid cloud infrastructure: The organization offers a hybrid IT service management platform, which has been engineered to use common toolsets wherever possible across a hybrid cloud infrastructure.

Next-gen monitoring: The organization offers a deep integrated value chain, from IT operations to automation and increased efficiency, by being proactive and by working in close collaboration with a client in operational and business strategic management.

Caution

Basefarm should focus on introducing its best-of-breed hybrid IT service portfolio by leveraging the hybrid IT portfolio of Orange Business Services.

2020 ISG Provider Lens™ Leader

Basefarm's robust delivery framework caters to everything, "from idea to cable." Also, the organization provides strategic advice, implementation projects and infrastructure operations, under one management, to enterprises. Furthermore, IT and integration services have been significant contributors to revenue growth in the last six quarters.

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KMD

Overview

KMD is the largest IT company in Denmark and develops and delivers software and service solutions for the municipal, state and business segments in the country. NEC acquired KMD for approximately 8 billion Danish Kroner (DKK), from Advent International, one of the largest and most experienced private equity investors in the world. KMD's solutions help streamline processes and ensure better services for citizens. The organization is a leading name in the IT services and software market in Denmark, particularly in the public sector, for the past 45 years. The company offers more than 300 solutions and services based on proprietary software. It also has the largest software development center in the country and more than 3,200 employees in the Nordics.

Strengths

Strategic technology partner ecosystem: KMD has a range of strategic partnerships with software-defined data centers and HCI providers. This enables the organization's existing and prospective customers to design their hybrid cloud IT implementations and managed services.

Hybrid IT operations: KMD helps by taking over all or parts of a customer's IT operations, maintenance and support, thereby reducing the complexity of IT operations for its customers. This includes hosting, development of infrastructure and continuous updates of applications.

Acquired by NEC: KMD has been acquired by the NEC Group. Post-acquisition KMD has bolstered its overall hybrid IT managed services in the region.

Caution

The organization needs to explore various marketing initiatives to find visibility am ong large enterprise clients.

2020 ISG Provider Lens™ Leader

KMD delivers tailor-made solutions for IT outsourcing and application management. The organization continues to tap mid-sized clients in the Nordics.

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LTI

Overview

LTI is a global technology consulting and digital solutions company, helping more than 420 clients succeed in a converging world. With operations in 32 countries, LTI has a substantial number of large and mid-sized customers in the Nordics. LTI's Mosaic product suite with its capabilities across data, AI (artificial Intelligence) and automation domain, helps setting up data-driven-organization and enables operations transformation for its clients. Founded 20 years ago as the IT arm of the Larsen & Toubro Group, LTI is equipped to support enterprises across industries deal with complex challenges.

Strengths

Strategic focus on large deals: LTI has won few large deals in the manufacturing and energy sectors. Also, the organization is expanding business with existing clients in terms of from hybrid IT enablement. These latest wins have positioned LTI as an emerging IT service provider for large enterprises and small and medium businesses (SMBs) in the Nordics.

Convergence between operation technologies and IT technologies: LTI is known for its strong engineering business, its ability to develop operational technologies (a deep knowledge of verticals) to infrastructure technology enables it to build credibility and perform a deeper and more strategic relationship with its enterprise clients.

Robust tools and platforms (Mosaic Automation): LTI claims to offer automated alert triaging, ML (machine learning) assisted L1 ticket handling and low-touch issue resolution for faster incident management to help enterprises achieve OPEX reduction. Mosaic AIOps as an IT operations platform with its prebuilt contextual AI engines has provided value to many existing clients in this area.

Caution

There is major opportunity for LTI to expand its footprint on large and mid-size deals in the Nordics.

On top of its current operations optimization features, LTI should continue to enrich its Mosaic AIOps platform with more out-of-the-box cloud infrastructure related automations to deliver faster value to its customers.

2020 ISG Provider Lens™ Leader

LTI has been an agile and modular service provider in the Nordics.

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NORDLO

Overview

Nordlo, a company specializing in IT and digitalization, was formed in 2018 through a merger of Zetup, Office IT-Partner, Dicom and Norwegian IT firm total. Since then, Nordlo has acquired three more companies: Swedish Netcomp, Insignis IT and Norwegian Lerøen Datapartner. The company aims to become a strong challenger in the Nordics for cloud services, infrastructure, and digitalization for both local and global operations.

Strengths

Strong IT managed service provider: Norldo has been working the region with niche expertise in cutting edge technologies. The organization offers private, public and hybrid cloud services.

Sales and marketing: The organization has large sales and marketing teams in Sweden, Finland, Denmark and Norway. The ability to offer local talent to its enterprise clients gives it a competitive edge in the region. Mobilization of niche small and medium enterprises (SMEs) is the key competence of the provider in the region.

Digital navigation: Nordlo offers private, public and hybrid cloud services. The organization's mature IT services ensure that client applications are accessible, properly administered and developed; it also ensures the necessary integration between new and existing systems.

Caution

Nordlo needs to focus on AIOps and hybrid IT capabilities to accelerate the hybrid IT adoption journey of companies in the Nordics.

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Nordlo offers a range of ongoing operational support, including capacity management and dedicated account teams. The organization is emerging as a leader in the midmarket to optimize the hybrid-IT requirement of companies.

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TIETOEVRY

Overview

TietoEVRY is a leading digital services and software company, with a local presence in the Nordics and global capabilities. Its success in the region is its understanding of the local market and cultural ethos. Headquartered in Finland, TietoEVRY employs around 24, 000 experts globally. The company serves thousands of enterprises and public sector customers in more than 90 countries.

Caution

TietoEVRY needs to focus on building a lightweight larger hybrid IT portfolio along with AIOPs capabilities to optimize operational expenditure (OPEX) and capital expenditure (CAPEX) for companies in the hybrid IT space.

Strengths

Nordics born IT and technology provider: TietoEVRY helps clients manage and integrate their heterogenous environments, while driving transformation towards a cloud-first. The organization's success is built on its deep understanding of a customer's business and requirements; the design principles for its solutions are based on its region-specific knowledge. The organization leverages the strength of its global technology partners, automation, and artificial intelligence (AI), enabling business transformation and continuity in an agile, trusted and cost-efficient way.

Hybrid IT orchestration: The organization helps companies identify, control, record, report, audit and verify cloud assets, configure items as well as provision new configurations and deploy infrastructure code. This provides companies a continuous configuration management service for cloud assets and configurations items.

Tieto and EVRY Merger: The merger between these two organizations has strengthened the resultant entity's overall position in the Nordics with respect to IT services, product services and data center modernization.

2020 ISG Provider Lens™ Leader

Post-merger, TietoEVRY has become one of the largest IT service providers in the Nordics. Despite the COVID-19 pandemic, the organization has seen revenue growth in the Nordics.

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T-SYSTEMS

Overview

T-Systems, as a subsidiary of Deutsche Telekom subsidiary, is a one-stop-shop for solutions and services — from secure operation of legacy systems and classic ICT services and transition to cloud-based services. In the Nordics, T-Systems has offices in Denmark, Sweden- and Finland. The range of services offered by the company centers around cloud computing, machine to machine (M2M) communications, security solutions, complementary mobile communications and fixed network products, and solutions for virtual collaboration and IT platforms. All of these form the basis its customers' for the digital business models.

Strengths

Wide-ranging portfolio: T-Systems has 19 years of hosting experience in bringing security and modularity to companies. The company has a range of IT infrastructure offerings, including connectivity, infrastructure, security, back-up, and database services (inclusive of self-service features).

T-Systems multi-cloud ecosystem: T-Systems offers a vast range of multi-cloud services along with improved AIOps capabilities to orchestrate the hybrid IT workload of companies.

Zero-outage quality program: T-Systems launched the zero-outage quality program to ensure the uninterrupted availability of its systems and infrastructure. The organization has established an ecosystem of partners that are all committed to the zero-outage principle and comply with shared quality management standards.

Caution

T-Systems needs to focus on its overall hybrid IT and multi-cloud service offerings and in the marketing strategy in the Nordics.

2020 ISG Provider Lens™ Leader

T-System has emerged as a managed hybrid IT service provider in the Nordics by increasing its local presence over the years.

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RISING STAR: IVER

Overview

Iver is an emerging IT and technology provider in the Nordics. Headquartered in Stockholm, Iver operates in Sweden and Norway with an agenda to continue expansion in the hybrid IT segment in the Nordics. The company's origins are found in the successful merger between Candidator and DGC. Together with EQT as owner, the company has grown stronger over the years and acquired companies such as Solid Park, Exeo, Ismotec and IT Gården. Iver has more than 1,000 employees.

Caution

The organization needs to diversify its overall hybrid IT solutions and managed services portfolio in the Nordics.

Strengths

Acquisition in Sweden consolidated its position in Nordics: Iver has acquired the Landskrona-based IT company, IT Gården, as part of its efforts to strengthen its position in the IT operations and outsourcing market in Sweden.

Strong presence in the region: Iver has multiple offices in the Nordics, with more than 1,200 employees and 25 data centers.

Hybrid IT managed service operations: Iver develops and delivers services in IT operations, high-security solutions, and application development to large and mid-sized enterprises as well organizations in the public sector.

2020 ISG Provider Lens™ Rising Star

Iver offers niche skills and a diversified managed services portfolio to address the needs of mid-sized and lower mid-sized companies in the Nordics.

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Methodology

METHODOLOGY

The research study " Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions 2020" analyzes the relevant software vendors/service providers in the Nordics market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

The study was divided into the following steps:

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

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At ISG, Manoj Chandra Jha is primarily responsible for research projects and working on the ISG Provider Lens™ (IPL) program. He actively contributes in gathering service provider intelligence through both primary and secondary research. He is responsible for writing thought leadership reports and papers on briefings provided by the service providers. In addition to these, Manoj also writes blogs on trending topics, specifically on cutting-edge technology. Manoj has executed several client requests for research and consulting assignments across industries, predominantly in the IT, manufacturing and insurance. He has handled client communication for the team, managing the client right from on-boarding to understanding their custom research requests to scheduling briefing calls. Along with this, he has been closely involved with the quadrant studies around cloud services and data center outsourcing market.

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Blair serves as an ISG enterprise analyst covering topics including artificial intelligence, cloud computing and Agile/DevOps transformation. This year, he is providing enterprise context for ISG Provider Lens reports on the service provider ecosystems around Private/Hybrid Cloud, Public Cloud, Microsoft, SAP and Next-Gen ADM. He provides enterprise IT decision makers with market-leading advice on key technology trends through research notes and personal consultation. Since joining ISG in 2018, Blair has provided clients with insights about how their strategy fits with emerging technology trends that are shaping markets worldwide, and how new technologies can help them drive better business value.

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Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor. Now as a research director, principal analyst and global head of ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

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