ISG Provider Lens™

Microsoft Ecosystem

SAP on Azure

U.S. 2020

Quadrant Report

A research report comparing provider strengths, challenges and competitive differentiators

Customized report courtesy of:

IBM **Services**

March 2020

About this Report

Information Services Group Inc. is solely responsible for the content of this report. Unless otherwise cited, all content, including illustrations, research, conclusions, assertions and positions contained in this report were developed by, and are the sole property of Information Services Group Inc.

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 February 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.

The lead author for this report is Bruce Guptill. The editor is Jan Erik Aase. The research analyst is Srujan Akurathi and the data analyst is Kankaiah Yasareni.

ISG Provider Lens™

ISG Provider Lens™

ISG Provider Lens™ delivers leading-edge and actionable research studies, reports and consulting services focused on technology and service providers' strengths and weaknesses and how they are positioned relative to their peers in the market. These reports provide influential insights accessed by our large pool of advisors who are actively advising outsourcing deals as well as large numbers of ISG enterprise clients who are potential outsourcers.

For more information about our studies, please email ISGLens@isg-one.com, call +49 (0) 561-50697537, or visit ISG Provider Lens™ under ISG Provider Lens™.

ISG Research™

ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research™ delivers guidance that helps businesses accelerate growth and create more value.

For more information about ISG Research™ subscriptions, please email contact@isg-one.com, call +49 (0) 561-50697537 or visit research.isg-one.com.

EXECUTIVE SUMMARY

As every product Microsoft offers becomes available as a service, the ecosystem of Microsoft-certified service providers gains both complexity and value. The key to almost every aspect of the Microsoft universe at present is the ability to migrate and manage an array of applications — including non-Microsoft software — and make it work not just on Azure but on other clouds. Now, services providers must make everything work efficiently while enabling core business transformation and measurable business improvement for client enterprises. As a result, today's service provider roles include that of a traditional value-added reseller and a systems integrator.

The most competitive providers, the Leaders in this report, whether in the managed services provider (MSP) role, or migrating and integrating SAP on Azure, or implementing Office and SharePoint to improve cloud-based collaborations, must be adaptable and agile. They must offer an ever-evolving range of vertically optimized, digital-business-centric consultancies and they must maintain longtime MSP roles for cloud migration, hosting, systems integration, and application development and management.

Leaders tend to also distinguish themselves through market-optimized process design and customer life cycle value management approaches. As the Azure cloud platform expands to include more aspects of enterprise business systems and software, advanced certification in both Microsoft and other vendor technologies and business technologies becomes even more important.

Summary of observations on the Azure MSP marketplace include the following:

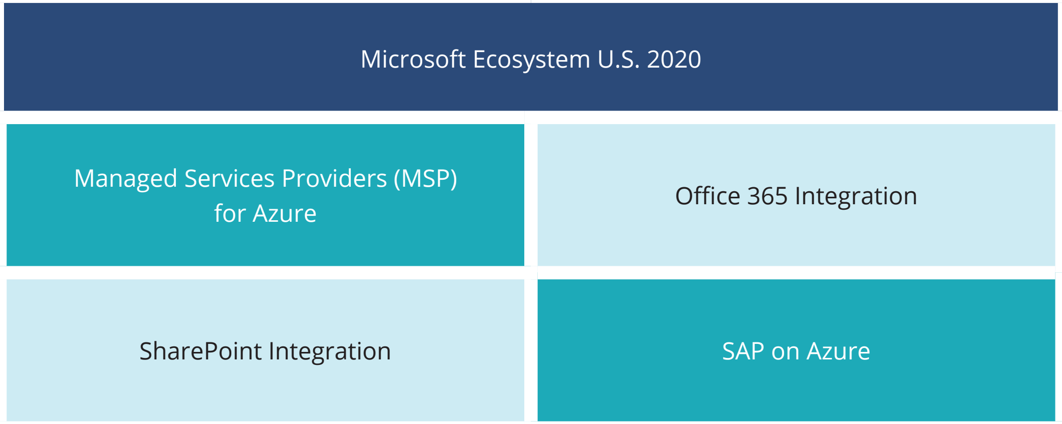
- The MSP of the future, especially the Azure MSP, is likely to be indistinguishable from systems integrators and value-added resellers of the past. Client expectations of MSPs are expanding rapidly to include more traditional system integrator and VAR roles, including AppDev and DevOps. Meanwhile, Microsoft's fastest-growing Azure partner licensing program is the Cloud Solution Provider (CSP) program, through which partners embed Microsoft technologies into their own solutions. As of late 2019, the number of Microsoft partners transacting through the CSP was up by 52 percent, where they serve more than 2 million customers. Microsoft also offers an intellectual property co-sell program that rewards partners for selling third-party solutions that run on Azure. The program has generated nearly $10 billion in revenue for Microsoft and partners since early 2019.
- While most customers are not yet ready to effectively utilize artificial intelligence (AI) capabilities, including machine learning (ML), Microsoft is forging ahead with AI development and implementation across Azure. MSPs will need to invest significantly in AI-related capabilities and training in order to retain high levels of Microsoft Azure certification and partnership. This will further blur any remaining lines between Azure MSPs and traditional system integrators and VARs.

- Customer expectations and demands for broad Internet of Things (IoT) and advanced data analytics capabilities are growing rapidly. This is beginning to shape some Azure differentiations now as offered by different MSPs and will help accelerate the use of AI in Azure in the near future.
- In the SAP on Azure marketplace, SAP has aggressively moved to embrace cloud, correspondingly revamping much of its core business model, partnerships, development and support. Other large-scale enterprise business management software providers (for example, Oracle and IBM) have done the same, pushing and pulling their channel partners and independent software vendors (ISVs) along with them. But most significantly, SAP has announced the end-of-life for legacy, on-premises development and support. As a result, SAP in the cloud has moved well beyond early adoption phases, and the rate of growth in cloud-based SAP is accelerating.
- Some of the often-overlooked enterprise buyer needs include a provider's ability to work with large and complex databases; to optimize network connectivity; to integrate with other critical software applications; and to minimize downtime before, during and after migration. Leaders in this quadrant typically have optimized, adaptable and repeatable frameworks for managing these, along with extensive training programs suitable to the specific markets being addressed.
- Regarding SharePoint, we see a shift, partly driven by Microsoft and partly by service providers working with SharePoint and Office 365. Microsoft Teams is subsuming some of the sharing and collaboration that belonged to SharePoint. And we already see the majority of providers stepping away from standalone SharePoint business and positioning SharePoint as a content and file management cornerstone, especially within complex migrations and integrations, thus enabling digital business transformation and improvement.
- Finally, looking at Office 365, the introduction of Office 365 in enterprises means not only an integrated delivery of Office Client, Exchange Online, SharePoint Online, Skype for Business (for now), and Teams, it also ensures improved directory services, digital rights management capabilities and other core digital workplace/digital business management capabilities. Globally, more than 20 percent of corporate employees use Office 365 as a cloud-based service, making it one of, if not the, most widely used cloud services by number of users worldwide. As Office overall is the de facto enterprise worker productivity platform, Office 365 is increasingly becoming a key component of digital workplace platforms.

  We estimate that at least half of providers' business implementing and integrating Office 365 begins with enterprises seeking migration and modernization of enterprise productivity software, which suggests the requirement for a certain set of baseline development, implementation and integration tools and skills. As more enterprises realize the potential and effectiveness of Office 365, to enable and extend digital workspaces, the business of Office 365 will increasingly become more expansive and the capabilities required from services providers will increase substantially.

Introduction

Simplified presentation



Source: ISG, 2020

Definition

With business software moving to cloud, enterprises require more and better IT services to migrate existing apps and data; to implement new software (or new versions of software) in the cloud; and to integrate these with databases, other applications, business networks and other clouds.

This report summarizes our assessments of more than 30 IT services providers that offer, and sometimes specialize in, services for migrating, implementing, integrating and managing core business applications to and with the Microsoft Azure cloud. Specifically, we assess providers offering services for large enterprises related to four areas: managed services for optimizing Azure as a platform and resource; services for migrating, implementing, integrating, and managing Microsoft Office 365 and Microsoft SharePoint in Azure; and services for doing the same with SAP on Azure. The methodology used in developing these assessments can be found later in this report.

The study is the foundation for understanding the positioning, approaches, key relationships, and go-to-market considerations of providers. ISG advisors and enterprise clients also use information from these reports to evaluate their current vendor relationships and potential new engagements.

Definition (cont.)

Scope of Report

This report positions IT services providers in quadrants related to each of the four areas mentioned above and illustrated below:

Managed Services for Azure

Managed Service Providers (MSPs) for public clouds such as Azure offer professional and managed services in addition to infrastructure-as-a-service (IaaS) and Platform-as-a-Service (PaaS) hyperscale platforms from third-party service providers. On a broader scale, these services include provisioning, real-time and predictive analysis, monitoring and operational management of a customer's public cloud and multi-cloud environment. The aim is to maximize the work performance in the cloud, reduce costs and ensure compliance and security. Typically, specially developed or licensed cloud management platforms and tools are used to provide customers with the highest level of automation and the necessary transparency over the managed cloud resource pool in terms of capacity utilization and costs, including independent management.

SAP on Azure

Service providers that offer SAP systems such as SAP HANA or platforms on Microsoft Azure and its central management have been evaluated. The services regularly provided by these companies include architecture consulting and analysis of the requirements for the application landscape, technical design with support for configuration, deployment, escalation management, change and fault management, support, optimization and reporting.

Thus, this selected group of professional IT service providers is responsible for implementing and ensuring subsequent operation. The service providers not only (exclusively) help to implement Azure as a hardware replacement or hardware extension (IaaS) in customer companies, but also optimize, design and develop new processes and business flows as part of platform management through a combination of proprietary services, SAP services and Microsoft Azure services.

Service providers in this category not only need special Microsoft certifications (for example, for the Azure cloud platform), but also SAP focus or partnerships to always stay informed about SAP product and platform changes and the subsequent effects on IT system landscapes and applications and business processes.

Definition (cont.)

SharePoint Integration

As a part of SharePoint integration, ISG evaluates service providers, integrators and consultants that offer solutions and services around SharePoint, in particular, integration and implementation services for on-premise and hybrid scenarios. In addition to the actual integration of SharePoint, this also includes joint integration with widely used corporate systems such as SAP, Microsoft Dynamics 365 and Salesforce.

Office 365 / Modern Workplace Integration

In the recent years, Office 365 has become the leading SaaS Office productivity solution. The introduction of Office 365 is not only about the integrated provisioning of Office client, Exchange Online, SharePoint Online, Skype for Business, it is about providing a quick, device-independent, high-quality productivity suite that enables seamless teamwork, regardless of location, and adapted to the role of the user. In order to enable this, integration and implementation services are necessary. Service providers that offer dedicated services for migration, implementation and ongoing support services (support, managed services, etc.) of Office 365 have been evaluated in this report.

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.

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.

Microsoft Ecosystem - Quadrant Provider Listing 1 of 3

	Managed Service Provider (MSP) for Azure	Office 365 Integration	SAP on Azure	SharePoint Integration
Accenture	Leader	Leader	Leader	Leader
Acumor	Not in	Contender	Not in	Not in
Arvato Systems	Not in	Not in	Contender	Not in
Atos	Leader	Market Challenger	Product Challenger	Product Challenger
BT	Contender	Contender	Not in	Not in
Capgemini	Leader	Leader	Leader	Leader
Cloudreach	Contender	Not in	Not in	Not in
Cognizant	Leader	Leader	Leader	Leader
Covenant Technology Partners	Not in	Contender	Not in	Contender
Crayon	Contender	Not in	Not in	Not in
Credera	Not in	Not in	Not in	Contender
DXC	Leader	Leader	Leader	Leader
Ensono	Product Challenger	Product Challenger	Not in	Not in
Fujitsu	Market Challenger	Leader	Market Challenger	Product Challenger

Microsoft Ecosystem - Quadrant Provider Listing 2 of 3

	Managed Service Provider (MSP) for Azure	Office 365 Integration	SAP on Azure	SharePoint Integration
GAB ExactlyIT	Contender	Contender	Not in	Not in
Hanu Software	Contender	Not in	Contender	Not in
HCL	Leader	Leader	Leader	Leader
Henson Group	Contender	Not in	Not in	Not in
Hexaware	Rising Star	Leader	Contender	Rising Star
HPE	Contender	Contender	Not in	Not in
IBM	Leader	Leader	Leader	Leader
Infosys	Leader	Leader	Leader	Product Challenger
Insight	Not in	Contender	Not in	Not in
Logicalis (Orange Networks)	Contender	Product Challenger	Not in	Not in
Logiworks	Contender	Not in	Not in	Not in
LTI	Product Challenger	Leader	Product Challenger	Product Challenger
Mindtree	Contender	Market Challenger	Contender	Product Challenger
MSRCosmos	Not in	Not in	Contender	Not in

Microsoft Ecosystem - Quadrant Provider Listing 3 of 3

	Managed Service Provider (MSP) for Azure	Office 365 Integration	SAP on Azure	SharePoint Integration
NTT DATA	Leader	Leader	Leader	Leader
Presidio	Not in	Not in	Contender	Not in
Protiviti	Not in	Contender	Not in	Contender
Rackspace	Leader	Product Challenger	Product Challenger	Product Challenger
Smartronix	Contender	Not in	Not in	Not in
SoftwareONE	Contender	Contender	Contender	Contender
Sycor	Not in	Contender	Contender	Contender
Syntax Systems	Not in	Not in	Contender	Not in
TCS	Leader	Leader	Leader	Leader
Trianz	Contender	Product Challenger	Not in	Contender
Unisys	Contender	Contender	Not in	Not in
Wipro	Leader	Leader	Leader	Leader

Microsoft Ecosystem Quadrants

ENTERPRISE CONTEXT

SAP on Azure

This report is relevant to enterprises across all industries in the U.S. that are evaluating partners to help them adopt SAP on Microsoft Azure, or to help them migrate existing SAP instances to the Azure platform.

In this quadrant report, ISG lays out providers' positioning while offering services around SAP on Azure, and how they can serve companies in the U.S. ISG sees these enterprises facing a critical challenge with their cloud migration of SAP: This transformation can also lead to process changes downstream throughout the organization in divisions such as finance, human resources (HR) and human capital management (HCM). Because SAP is often deeply integrated into an enterprise's overall business process, technical changes can quickly turn into organizational and process changes. If enterprises don't effectively include key stakeholders from those parts of the business in their decision-making around SAP services, it could cause significant problems down the line.

Many enterprises running SAP are currently in the midst of a challenging migration from their legacy Business Suite 7 applications to new offerings based on S/4HANA. For many of them, it makes sense to also transition their SAP estates to the cloud as a part of that move. Employing a qualified service provider to help with that migration and upgrade challenge makes sense, given the complexity of the task.

Enterprise IT leaders should read this report to understand the relative positioning of SAP on Azure service providers across the U.S., as well as how those providers' technical capabilities match up with what enterprises need to succeed with a cloud transition for SAP.

Finance, HR and HCM leaders should read this report to understand the positioning of partners that will influence implementation of the software they interact with on a regular basis as a critical part of their jobs.

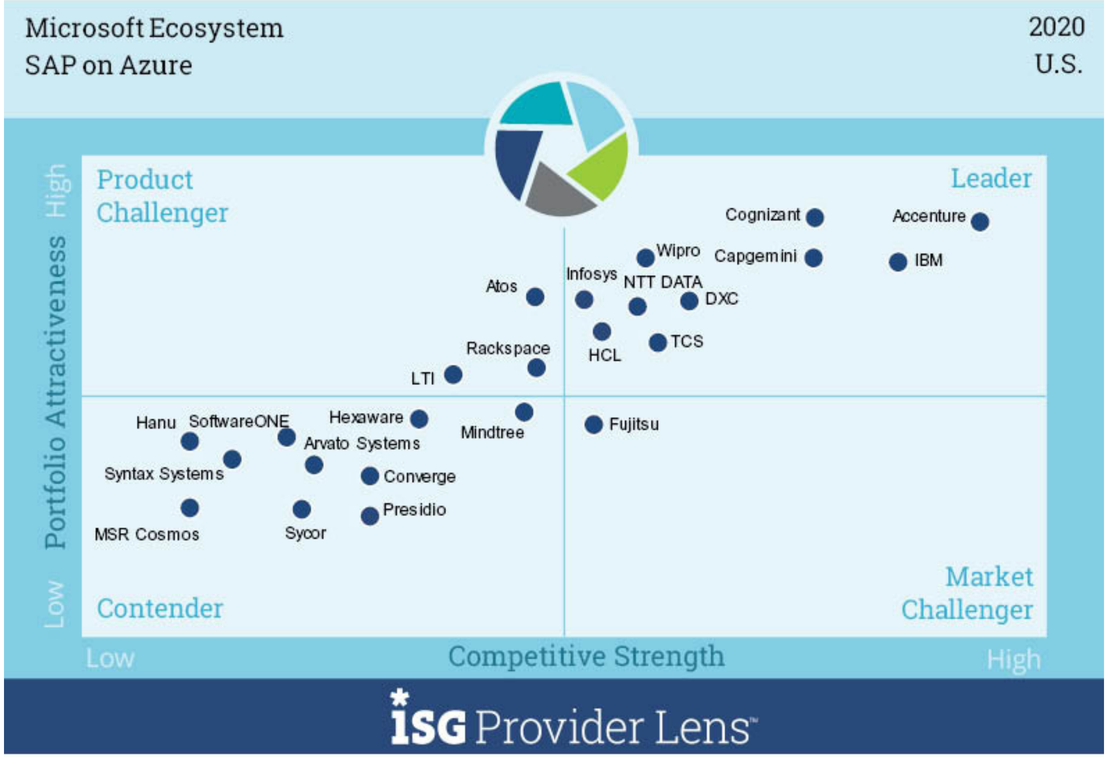
Sourcing, procurement and vendor management professionals should read this report to understand the relative positioning of SAP on Azure service providers in the U.S., as well as understand broader trends in the services ecosystem that may influence decisions about partner selection.

SAP ON AZURE

Definition

Deploying, hosting, managing and optimizing SAP in the cloud can transform a complex enterprise resource planning (ERP) situation into an agile, cost-efficient scalable system. The result can enable an organization to run better, respond faster to changing market conditions and take advantage of new technologies and business models.

However, cloud-migrated SAP solutions present significant challenges, from building a business case and defining the roadmap to choosing the best solution and migrating instances to integrate with an existing IT landscape. In the Microsoft ecosystem, the best providers combine critical SAP certification with relevant Azure expertise, partnerships, experience, frameworks, tools and services.



Source: ISG Research 2020

SAP ON AZURE

Definition (cont.)

Some of the often-overlooked needs include a provider's ability to work with large and complex databases; to optimize network connectivity; to integrate with other critical software applications; and to minimize downtime before, during and after migration. Leaders in this quadrant, typically, have optimized, adaptable and repeatable frameworks for managing these alongside extensive training programs suitable for the specific markets being addressed.

Eligibility Criteria

- Scope and depth of service portfolio for SAP application and services implementation, customization, provisioning and support;
- Size and locations of resources for SAP offerings on Azure;
- Awareness and number of customers of the service provider for SAP applications and services provisioning and support on Azure
- Number and reputation of references for SAP applications and services provisioning and support on Azure;
- Experience and number of relevant certifications (gold): The minimum requirement is that the Microsoft Partners for Azure Cloud Service Provider (CSP) leaders pass the quality level within the framework of the Azure Expert MSP Partner program;
- Optimized process sequences and customer life cycle value management approach;
- The provisioning of a pay-as-you-go model;
- The creation of a business unit around DevOps, automation and cloud native application design.

SAP ON AZURE

Observations

- After several years of doubt and cautious consideration, enterprises today trust the public cloud for core business applications. It is rare to find client enterprises that are not using cloud-based versions, or capabilities, of traditional ERP and similar applications. Mid-sized and small firms are rapidly transitioning to cloud-based financial management, HR and ERP.
- SAP has aggressively moved to embrace cloud, revamping much of its core business model, partnerships, development and support accordingly. Other ERP and large-scale enterprise business management software providers (for example, Oracle and IBM) have done the same, pushing and pulling their channel partners and ISVs along with them. More importantly, SAP has heralded the obsolescence of legacy, on-premise development and support. As a result, SAP in the cloud has moved beyond early adoption phases, and the rate of growth in cloud-based SAP is accelerating.
- Automation is becoming critical and enables not only a faster and less-error-prone implementation and migration of complex environments, but also fosters improvement over time. This is one factor driving Microsoft's pursuit of AI and automation within the Azure platform.

IBM

Overview

Global enterprise IT pioneer IBM has strong and longstanding alliances with Microsoft and SAP, including gold partnerships. IBM approaches SAP on Azure as a part of an overall cloud integration and migration process designed to assist customers with the integration of Azure cloud services into their IT landscape and the migration of SAP workloads into that environment.

Caution

IBM is still in the process of transitioning its business model from that of a traditional hardware, software and service provider to a more cloud- and service-centric business model. Legacy differences between and within business units can challenge IBM's speed and scope of response.

Strengths

Multi-cloud integration expertise: IBM has long-established business and IT service practices and solutions built for and around SAP and Microsoft Azure, and the integration of these into hybrid, multi-cloud environments.

Software and services longevity and experience: The decades of expertise both as an enterprise software vendor and a business IT services provider enables IBM to apply a broad array of technologies, tools, methodologies and services that few other providers can match.

2020 ISG Provider Lens™ Leader

With its portfolio of technologies, tools, software and services, and an established market presence, IBM is one of the best-positioned providers for cloud-based SAP.

Methodology

METHODOLOGY

The research study "ISG Provider Lens™ 2020 – Microsoft Ecosystem" analyzes the relevant software vendors/service providers in the United States 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 Microsoft Ecosystem market
2. Use of questionnaire-based surveys of service providers/vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities & use cases
4. Leverage ISG's internal databases & advisor knowledge & experience (wherever applicable)
5. 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

Authors and Editors

Bruce Guptill, Author

Distinguished Analyst and Executive Advisor

Bruce Guptill brings more than 30 years of technology business and markets experience and expertise to ISG clients. Since the 1980s, Bruce has worked with IT market pioneers and innovators in business planning, product and service development, market analysis, and go-to-market strategy in desktop business computing, mobile telephony, electronic commerce, cloud IT, and now, digital business disruption and market transformation.

Within ISG, Bruce has helped develop and lead enterprise research development and delivery, global ISG Research operations, and Research client support. His primary research and analysis for ISG clients has focused on IT services market development, disruption and change. He currently contributes to ISG's Provider Lens global research studies as a lead analyst.

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

Authors and Editors

Blair Hanley Frank, Editor

Principal Analyst

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.

Jan Erik Aase, Editor

Director

Jan Erik Aase is a director and principal analyst for ISG. He has more than 35 years of collective experience as an enterprise client, a services provider, an ISG advisor and analyst. Jan Erik has overall accountability for the ISG Provider Lens™ reports, including both the buyer-centric archetype reports and the worldwide quadrant reports focused on provider strengths and portfolio attractiveness. He sets the research agenda and ensures the quality and consistency of the Provider Lens™ team.

ISG Provider Lens™ | Quadrant Report
March 2020

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 700 clients, including more than 75 of world's top 100 enterprises, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; strategy and operations design; change management; market intelligence and technology research and analysis. Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,300 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data. For more information, visit www.isg-one.com.