

EXCERPT

IDC MarketScape: Worldwide Cloud Professional Services 2013 Vendor Analysis

Gard Little
Rebecca Segal

Chad Huston

IN THIS EXCERPT

The content for this excerpt was taken directly from the IDC MarketScape: Worldwide Cloud Professional Services 2013 Vendor Analysis by Gard Little, Chad Huston and Rebecca Segal (Doc # 242401). All or parts of the following sections are included in this excerpt: IDC Opinion, In This Study, Situation Overview, Future Outlook, Essential Guidance, and Synopsis. Also included is Figure 5.

IDC OPINION

This IDC study represents a vendor assessment of the 2013 cloud professional services market through the IDC MarketScape model. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the marketplace and help anticipate its ascendancy. This IDC MarketScape covers a variety of vendors participating in the worldwide cloud professional services market. This evaluation is based on a comprehensive framework and set of parameters expected to be most conducive to success in providing cloud professional services during both the short term and the long term. A significant and unique component of this evaluation is the inclusion of the perception of cloud professional services buyers of both the key characteristics and the capabilities of these providers. Buyers were surveyed across all three of IDC's macroregions. Key findings from the buyers' feedback include:

- ☒ When analyzing all providers that participated, across all eight capabilities evaluated, "functionality or offering road map" received the highest aggregate scores. Alternatively, "employee strategy" received the lowest aggregate scores.
- ☒ Within the category "functionality or offering road map," the subcategory "provide technical insights and competence" received the highest aggregate scores for any subcategory in the evaluation. The lowest aggregate score for any subcategory went to "manage vendor staff turnover during a project's lifetime," which was a component of the "employee strategy" category.
- ☒ Worldwide, and in the Americas, the number 1 business priority for buyers of cloud professional services was to "create a more effective business." In Asia/Pacific, "comply with new or existing regulations" topped the list of business priorities, whereas in EMEA, "improve operational efficiency" ranked number 1.
- ☒ When buyers were asked what characteristics were required for a cloud professional services project to be successful, at a worldwide level, the number 1 characteristic was "meet the project timeline." Interestingly, it was not the number 1 answer for any of IDC's three macroregions. For buyers in the Americas, the

number 1 response was "deliver innovation for your solution," whereas in Asia/Pacific, "provide technical insights and competence" led, and in EMEA, "integrate project team with my company" topped the list.

IN THIS STUDY

This IDC study represents a vendor assessment of the 2013 cloud professional services market through the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that define success in today's cloud professional services market.

This IDC MarketScape covers a variety of vendors participating in the worldwide cloud professional services market. The evaluation is based on a comprehensive and rigorous framework that assesses each vendor relative to the criteria and to one another. The framework highlights the factors expected to be the most influential for success in the market in both the short term and the long term.

This study is made up of two sections: The first part involves a definition of the characteristics that IDC believes lead to success in the cloud professional services space. These characteristics are based on executive interviews of both buyers and vendors of cloud professional services as well as key analyst observations and assessments of best practices. The second part of this study provides a visual presentation of selected vendor positioning in the cloud professional services market. The spatial format is an easy-to-read bubble chart. This format concisely exhibits the observed and quantified scores of the vendors that were assessed for this IDC MarketScape.

This document concludes with IDC's essential guidance to both vendors and buyers of cloud professional services. The guidance is designed to provide insight for continued growth and improvement of cloud professional services offerings.

Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and select vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Note: All numbers in this document may not be exact due to rounding.

SITUATION OVERVIEW

Introduction

With an estimated market size of \$9.6 billion in 2013, and a forecast five-year CAGR of 24.8%, cloud professional services represent both one of the largest and fastest-growing submarkets under the entire worldwide services umbrella. This document seeks to provide an analysis of the vendors that participate in this market by scoring them on three separate dimensions, their current capabilities, their strategy for the future, and their current market share.

FUTURE OUTLOOK

IDC MarketScape Worldwide Professional Services Market Vendor Assessment

The IDC vendor assessment for the cloud professional services market represents IDC's opinion on which vendors are well positioned today through current capabilities and which are best positioned to gain market share over the next few years. For the purposes of discussion, IDC divides potential key strategy measures for success into two primary categories: capabilities and strategies. Positioning in the upper right of the grid indicates that vendors have a perfect combination of capabilities to continue to be successful in today's ecosystem and have the right set of strategic initiatives to maintain and grow their future position in the market.

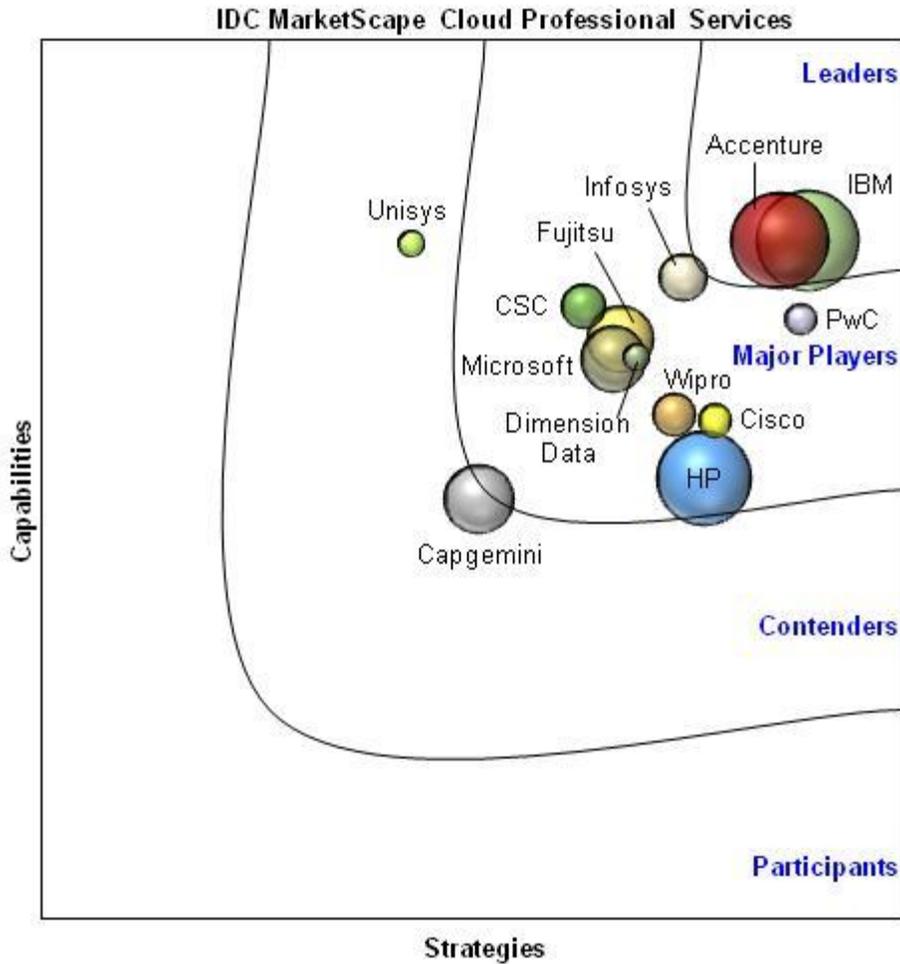
Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well it is aligned to customer needs. The capabilities category focuses on the capabilities of the company and services *today*. In this category, IDC analysts look at how well a vendor is building, pricing, positioning, and/or delivering capabilities that enable it to execute its chosen strategy in the market. On the y-axis, a position toward the top (north of center) indicates a strong set of differentiated capabilities to be successful in today's market.

Positioning on the x-axis, or the strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level strategic decisions and underlying assumptions about road maps for offerings, customer segmentation, business, and go-to-market plans for the future, which in this case is defined as the next three to five years. In this category, analysts look at whether or not a supplier's strategies in various areas are aligned with customer requirements in terms of spending, procurement, and delivery over a defined future time period. On the x-axis, a position toward the right (east of center) indicates a strategy that is not only well aligned with customer requirements but also agile and differentiated from the pack.

Figure 5 shows each vendor's position in the vendor assessment chart. Vendor market share is represented by the size of the circles.

FIGURE 5

IDC MarketScape Worldwide Cloud Professional Services Vendor Assessment



Source: IDC, 2013

Vendor Profiles

This section briefly explains the key observations that resulted in a vendor's position in the vendor assessment graph. While every vendor is evaluated against each of the 50 or so characteristics, the descriptions here provide a brief excerpt of the findings that represent the vendor's score.

After each vendor description, areas of strength and opportunity are identified. These relate to each vendor's highest and lowest scores on the 50 or so IDC MarketScape characteristics evaluated. Thus the areas of strength or opportunity are not a direct comparison of one vendor to another but simply IDC's opinion about where a given vendor is doing its best and where it can focus on the most improvements. Regarding

areas of opportunity, it's important to understand IDC is not identifying a vendor's weaknesses but rather a vendor's lowest individual scores.

Cisco

According to IDC analysis and buyer perception, Cisco is an IDC MarketScape Major Player worldwide.

Cisco combines applications, infrastructure, and software to connect the company's customers to today's world of many clouds. By offering pretested, integrated, modular cloud solutions with industry-leading ecosystem partners for private, public, and hybrid cloud use, Cisco's cloud strategy is to enable deployment of cloud experiences tailored to customer needs.

Cisco's Cloud Services portfolio facilitates both accelerated cloud deployment and optimal cloud operation for customers to achieve rapid ROI on their investments. Supporting the life cycle of IT initiatives across "Plan, Build, and Manage," Cisco's Cloud Professional Services portfolio covers the customer journey to cloud for three key use cases: cloud adoption ("CAoption"), build to use, and build to sell.

Cisco offers expertise in the following cloud services categories: cloud strategy, cloud planning and design, application migration (cloud onboarding), management and operation, cloud implementation, and cloud optimization. Cisco provides specific consulting and professional services around applications, operations enablement, cloud migration, workload mobility, service catalogues, and cloud storefronts. Cloud Enablement Services for Building IaaS Clouds and Cloud Enablement Services for Adopting Clouds are two particular areas of focus.

Cisco Cloud Enablement Services for Building IaaS Clouds

Cloud Enablement Services for Building IaaS Clouds provide customized strategy, planning and design, implementation, and optimization services based on targeted private/hybrid cloud offerings. Drawing on extensive experience delivering secure end-to-end virtualized datacenters, Cisco provides a comprehensive, architectural approach for enabling IaaS that considers the people, processes, and technologies involved across network, compute, and storage resources. Services include Cloud Strategy Service, Cloud Planning and Design Service, Cloud Implementation Service, and Cloud Optimization Service — all with a focus on cloud security.

Cisco Cloud Enablement Services for Adopting Clouds

Cloud Enablement Services for Adopting Clouds deliver expert help accelerate the adoption of a public/hybrid cloud model based on current environment and business goals. The service allows businesses (particularly service providers) to optimize existing infrastructure to realize the full benefits of their public cloud.

Why Cisco Services?

Cisco Services bring people, processes, and technologies together to help our customers accelerate datacenter and cloud transformation. Realizing the full value of datacenter investment faster and successfully transforming, optimizing, and securing datacenters are at the heart of the Cisco Domain Ten framework, Cisco's

methodology for customer-centric engagement. Domain Ten covers infrastructure, applications, abstraction, virtualization, and automation along with security, compliance, process, and governance implications to define factors for successful datacenter and cloud transformation by:

- ☒ Aligning IT strategy with business goals
- ☒ Improving operation efficiency and reduce costs
- ☒ Enhancing application performance and availability
- ☒ Creating an agile and resilient foundation for business
- ☒ Enabling new business models

With 13,000+ personnel (including over 1,200 software developers) focused on services, Cisco leverages 29 years of networking innovation, best practices, methodologies, and tools to deliver a comprehensive suite of professional and technical services. Delivered by over 2,200+ certified industry and technology consultants with 3,300+ certifications, Cisco solves its customers' toughest business challenges with customer-centric service solutions in 180+ countries and 17 languages.

Cloud Professional Services Areas of Strength

According to IDC's 2013 *Global Cloud Professional Services Buyer Perception Survey*, clients highlighted Cisco to be most strong in the following areas:

- ☒ Provide technical insights and competence
- ☒ Provide functional insights and competence
- ☒ Ability to handle changes in project scope

Cloud Professional Services Areas of Opportunity

Cisco can further enhance its position in this IDC MarketScape by improving its client perception in the following areas:

- ☒ Optimize ratio of onshore/offshore efforts on a project
- ☒ Leverage resources globally
- ☒ Manage staff turnover during a project's lifetime

ESSENTIAL GUIDANCE

The key finding of this research is the overall strength of the capabilities of the majority of the vendors, but at the same time, certain areas require improvements. These improvements would elevate a vendor's position in the cloud professional services market and would eventually help attract buyers. The sections that follow highlight the stronger as well as the weaker aspects of vendors, in an effort to provide guidance to both the suppliers and the buyers in the cloud professional services market.

Advice for Cloud Professional Services Buyers

- ☒ **Vendor selection.** Use this IDC MarketScape in contract negotiations and as a tool not only to short list vendors for cloud professional services bids but also to evaluate vendors' proposals and oral presentations. The breadth and depth of professional services offered is strong for the majority of providers in this analysis. Make sure you understand where these players are truly differentiated and take advantage of their expertise, industry based or otherwise.
- ☒ **Vendor staff turnover.** If your providers don't bring up the subject, make sure you do. Develop a plan for communicating and managing vendor staff transitions, before they happen, during contract negotiations.
- ☒ **Engagement economics.** Make sure you understand the nuances of alternative pricing schemes for cloud professional services, especially when consulting and integration engagement pricing is embedded in the pricing of related cloud services. While time and materials or fixed price engagements are still the dominant approaches for cloud professional services, numerous alternative arrangements are on offer. IDC believes both capital expenditures and operating expenditures have their place and neither is inherently better or worse than the other. The key is to understand how the pricing of a given engagement works, and to make sure it supports your overall goals.

Advice for Cloud Professional Services Firms

- ☒ **Employee strategy.** Make sure you are attracting and retaining the best people, and that before the inevitable staff turnover occurs on a project, you have developed a plan with your customers to manage this transition. While cloud services are a highly technical offering with lots of embedded intellectual property, the professional services required to build and implement these cloud services still require highly skilled professionals. When IDC aggregated customer feedback across all vendors evaluated, "manage vendor staff turnover during a project's lifetime" received the lowest score. IDC believes customers expect staff transitions, but providers that excel at managing these transitions more effectively will increase customer satisfaction and, ultimately, demand for their services.
- ☒ **Geographic strategy.** Align your sales and delivery professionals with the priorities of customers or prospects in each region. Regarding sales, each macroregion had a different top priority. Likewise, regarding delivery, each macroregion also had a different top characteristic that defined project success. While each customer or prospect in a given country may deviate from IDC's findings, use these findings as a basis for starting the conversation.
- ☒ **Offering strategy.** Functional and industry expertise will increasingly be required to win cloud professional services contracts related to implementing future workloads in the cloud; likewise, there will be opportunities for providers to be vertical-specific aggregators or orchestrators of cloud services. And this means providers must be proactive to include line-of-business executives, as well as IT executives in the discussion, because research shows that the move to cloud is about more than lowering IT costs.

LEARN MORE

Related Research

- ☒ *Worldwide and U.S. Cloud Professional Services 2013–2017 Forecast* (IDC #241811, June 2013)
- ☒ *Worldwide and U.S. Systems Integration Services 2013–2017 Forecast* (IDC #240894, May 2013)
- ☒ *Worldwide and U.S. IT Consulting 2013–2017 Forecast* (IDC #240825, April 2013)
- ☒ *2013 U.S. Professional Services Opportunities Related to Cloud Services* (IDC #239862, March 2013)
- ☒ *Predictions 2013: New Models Take Hold and Opportunities Emerge in the Global Services Market* (IDC #WC20130205, February 2013)
- ☒ *Top 5 Service Firms Grow Salesforce, Google Apps, and Workday Certifications Combined by 71%* (IDC #lcUS23909913, January 2013)
- ☒ *Cloud Professional Services in 2012* (IDC #lcUS23884212, December 2012)
- ☒ *NASA JPL: Do You Really Need a Rocket Scientist to Navigate Between the Clouds?* (IDC #237857, November 2012)
- ☒ *Worldwide and Regional Public IT Cloud Services 2012–2016 Forecast* (IDC #236552, August 2012)
- ☒ *10 Questions for Buyers to Ask Cloud Professional Services Providers* (IDC #236508, August 2012)
- ☒ *Best Practices: Adoption and Professional Services Trends for Cloud Computing in Manufacturing* (IDC Manufacturing Insights #MI236021, July 2012)
- ☒ *Kindred Healthcare: Better Content Distribution and Closed-Loop Marketing with Help from Appirio and Salesforce.com* (IDC #235784, July 2012)
- ☒ *IDC's Worldwide IT Cloud Services Taxonomy, 2012* (IDC #233396, March 2012)
- ☒ *Worldwide Cloud Systems Management Software 2012–2016 Forecast* (IDC #234001, March 2012)

Synopsis

This IDC study represents a vendor assessment of the 2013 cloud professional services market through the IDC MarketScape model. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the marketplace and help anticipate its ascendancy. This IDC MarketScape covers a variety of vendors participating in the worldwide cloud professional services market.

This evaluation is based on a comprehensive framework and set of parameters expected to be most conducive to success in providing cloud professional services during both the short term and the long term.

"Vendors generally received their highest marks from buyers in the area of providing technical insights and competence," said Gard Little, research director, IT Consulting and Systems Integration Services, "whereas the lowest scores were for managing vendor staff turnover during a project's lifetime. Providers that excel at managing these transitions more effectively will increase customer satisfaction and, ultimately, demand for their services."

Copyright Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or Web rights.

Copyright 2013 IDC. Reproduction is forbidden unless authorized. All rights reserved.