



HfS Blueprint Report

Cloud Infrastructure Services

Excerpt for NTT Group

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Executive Summary



Introduction to the HfS Blueprint Report: Cloud Infrastructure Services

- The Cloud Infrastructure Services HfS Blueprint Report is the first application of the HfS Blueprint methodology on the Cloud Infrastructure Services market, covering all sub-markets (Public, Hybrid and Private). Unlike other quadrants and matrices, the HfS Blueprint identifies relevant differentials between service providers across numerous facets in two main categories:
 - Innovation
 - Execution
- HfS Blueprint Report ratings depend on a broad range of stakeholders with specific weightings based on 1,355 crowd-sourced responses. Stakeholders include:
 - Cloud Infrastructure Services Enterprise Buyers
 - Cloud Infrastructure Service Providers
 - Cloud Infrastructure Services Industry Influencers (sourcing advisors)
 - HfS Analysts

Key Highlights in Cloud Infrastructure Services for 2014/2015

- **Enterprise clients care about business processes, not the cloud delivery mechanism.** Internal IT needs to understand that there is no competition among IaaS, Hybrid and Private Cloud. Instead, all three support different parts of a business process, and one may be more suitable than the others for a given problem. Leading enterprise IT departments understand this and now support a best-fit sourcing approach.
- **A market with many nuances.** The top 30 vendors we evaluated for this Blueprint do not form a homogenous group, but instead approach Cloud Infrastructure Services from many different directions. Few companies, however, truly cover the complete Cloud Infrastructure Services space on a global level.
- **But consolidation is coming quickly.** With the trend towards Hybrid Cloud Infrastructure Services, many traditional vendors have entered the scene. The market is consolidating quickly. The top 10 vendors alone have a market share of 57%, and the top 30 vendors make up 90% of the market.
- **The rise of the IT service broker.** As external and internal service delivery became increasingly intertwined, we saw the rise of the concept of the IT service broker – essentially, a mediator between internal and external service providers. The necessary tools to provide end-to-end views are now robust and widely available.

Research Methodology



Research Methodology

Data Summary:

- 690 data points were collected.
- Data was collected in Q4 of 2013 and Q1 of 2014.
- Data covered 740 buyers, providers, and advisors/influencers of Cloud Infrastructure Services.
- 30 vendors of Cloud Infrastructure Services were evaluated.

This Report Is Based On:

- **Tales from the Trenches:** Interviews with buyers who have evaluated service providers and experienced their services. Some were supplied by service providers, but many were collected through interviews conducted with HfS Executive Council members and participants in our extensive market research.
- **Sell-Side Executive Briefings:** Structured discussions with service providers were intended to collect the data necessary to evaluate their innovation, execution, market share, and deal counts.
- **HfS “IT Budget & Trends” Survey:** Purchasing plans and buying decisions of buyers, providers, and influencers of Cloud Infrastructure Services.
- **HfS “State of Outsourcing” Survey:** The industry’s largest quantitative survey, conducted with the support of KPMG, covering the views, intentions, and dynamics of 1,355 buyers, providers, and influencers of outsourcing.
- **Publicly Available Information:** Financial data, website information, presentations given by senior executives, and other marketing collateral.

HfS Blueprint Scoring Percentage Breakdown

INNOVATION		50%	
1	Strength of vision and strategy	5%	How well is the strategy articulated and is it in sync with where HfS believes the market is headed?
2	Co-innovation (Partner ecosystem and clients)	15%	How well does the vendor manage the process of co-innovation?
3	Processes and tools	5%	How mature are the vendor's innovation and management processes?
4	Cloud Infrastructure category innovation	10%	Is the investment in innovation in sync with the overall strategy?
	Public Cloud (IaaS)		
	Hybrid Cloud		
	Private Cloud		
5	Competitive differentiation and USP	15%	Does the vendor have a clearly articulated value proposition?
EXECUTION		50%	
1	Size, market share, and growth of Cloud Infrastructure practices	15%	How big is the Cloud Infrastructure practice and how fast is the vendor growing?
2	Global coverage	5%	How well is the vendor positioned in all geographies?
3	Cloud Infrastructure services coverage	15%	How many areas of the Cloud Infrastructure space does the vendor cover, and to what extent?
	Public Cloud (IaaS)		
	Hybrid Cloud		
	Private Cloud		
4	Customer satisfaction and mindshare	10%	How satisfied are the clients with the vendor?
5	Price versus value	5%	How do clients rate the overall value delivered by the vendor?
TOTAL RESULT		100%	

Weighting

Definition of Cloud Infrastructure Services

HfS Research defines cloud computing as “standardized IT services, based on Internet technologies delivered in a flexible, self-service way.”

Public Cloud Infrastructure Services

Infrastructure as a Service (IaaS), delivered over the Internet and accessed through Web technology.

Hybrid Cloud Infrastructure Services

Outsourcing and hosting services with Public Cloud Infrastructure (IaaS) options and added flexibility in pricing, pay-per-use, self-service, and access.

Private Cloud Infrastructure Services

Data center transformation consulting to enable internal IT departments to become Private Cloud providers and to provide data center management services.

Winner's Circle and High Performers Methodology

To distinguish service providers that have gone above and beyond within a particular line of delivery, HfS awards outstanding providers with a “Winner’s Circle” or “High Performer” designation. Below is a brief description of the characteristics of each designation:

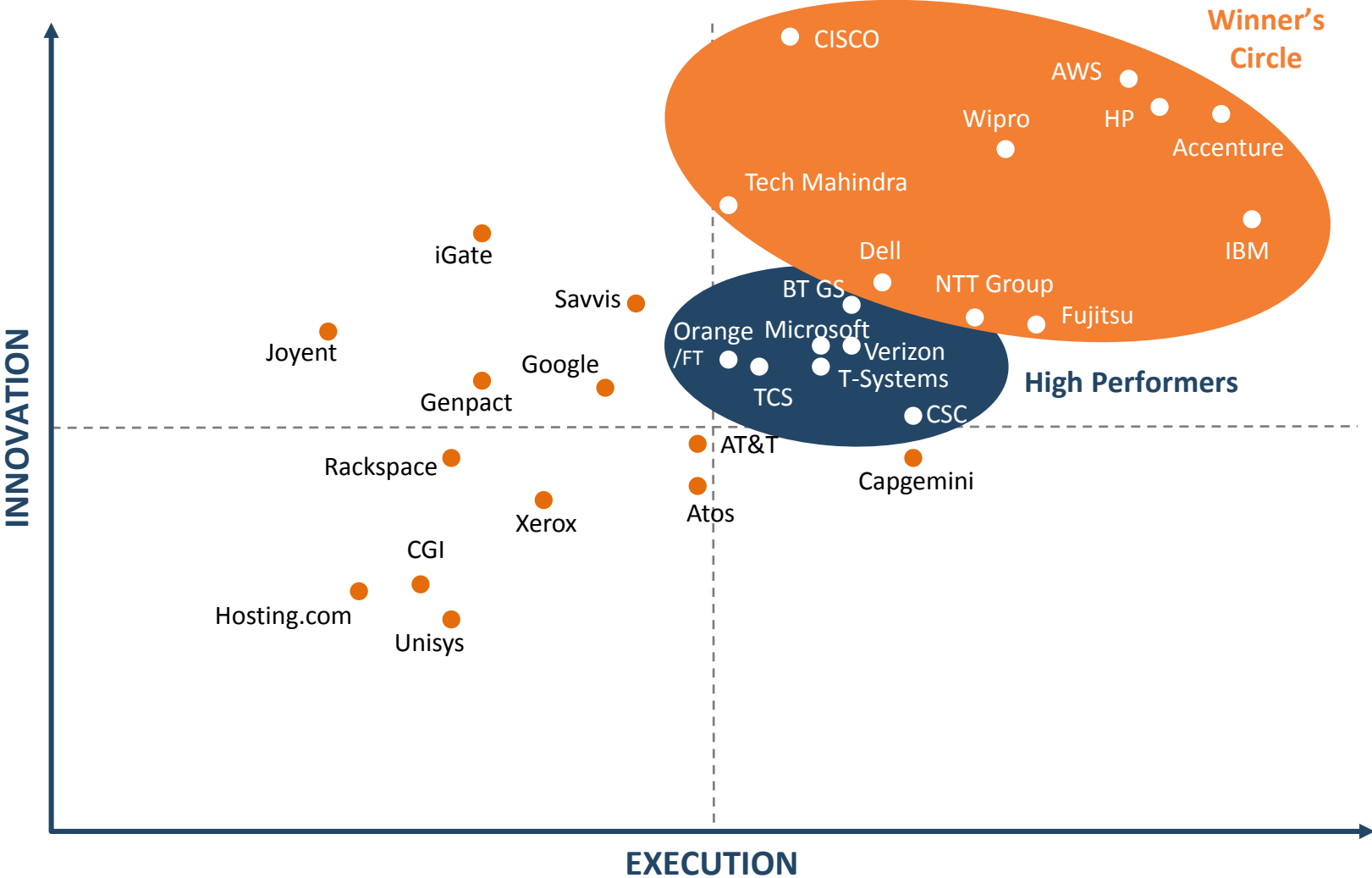
- **Winner's Circle.** Organizations that demonstrate excellence in both execution and innovation.
 - From an execution perspective, Winner’s Circle service providers have developed strong relationships with clients, execute services beyond simply hitting green lights, and are highly flexible when meeting clients’ needs.
 - From an innovation perspective, Winner’s Circle service providers have a strong vision, concrete plans to invest in future capabilities, a healthy cross-section of vertical capabilities, and a demonstrated ability to leverage external drivers to increase value for their clients.

- **High Performers.** Organizations that demonstrate strong capabilities in both execution and innovation, but are lacking in an innovative vision or execution against their vision.
 - From an execution perspective, High Performer service providers execute some of the following areas (but not all) with excellence: developing worthwhile relationships with clients, executing their services and hitting all of the green lights, and being very flexible when meeting clients needs.
 - From an innovation perspective, High Performer service providers execute some (but not all) of the following areas with excellence: having a vision and demonstrating plans to invest in future capabilities, having experience in delivering services over multiple vertical capabilities, and illustrating a good ability to leverage external drivers to increase value for their clients.

Service Provider Capabilities



HfS Blueprint 2014: Cloud Infrastructure Services



Major Service Provider Dynamics – Highlights

INNOVATION

CISCO: Leads

- Building the backbone of Cloud Services with continuous product innovation.

AWS: Number two

- Created the IaaS market and is continuously increasing the rate of innovation. Now, the company is also pushing innovation in the Hybrid Cloud space.

HP: A re-energized number three

- Has a long and successful converged infrastructure experience, which translates well into the Cloud world.

Accenture: A close number four

- Highly innovative in the Cloud Infrastructure space, particularly when it comes to bridging the gap between IT infrastructure and business needs.

Tech Mahindra: The surprise wildcard

- Your best choice for consultants if your internal IT wants to become an IT service broker.

EXECUTION

IBM: Leads

- Covers all aspects of the Cloud. IBM is the go-to vendor for a true “one-stop shop” solution.

Accenture: Number two

- Very capable of linking generic Cloud Infrastructure Services to industry-specific application solutions.

HP: A close number three

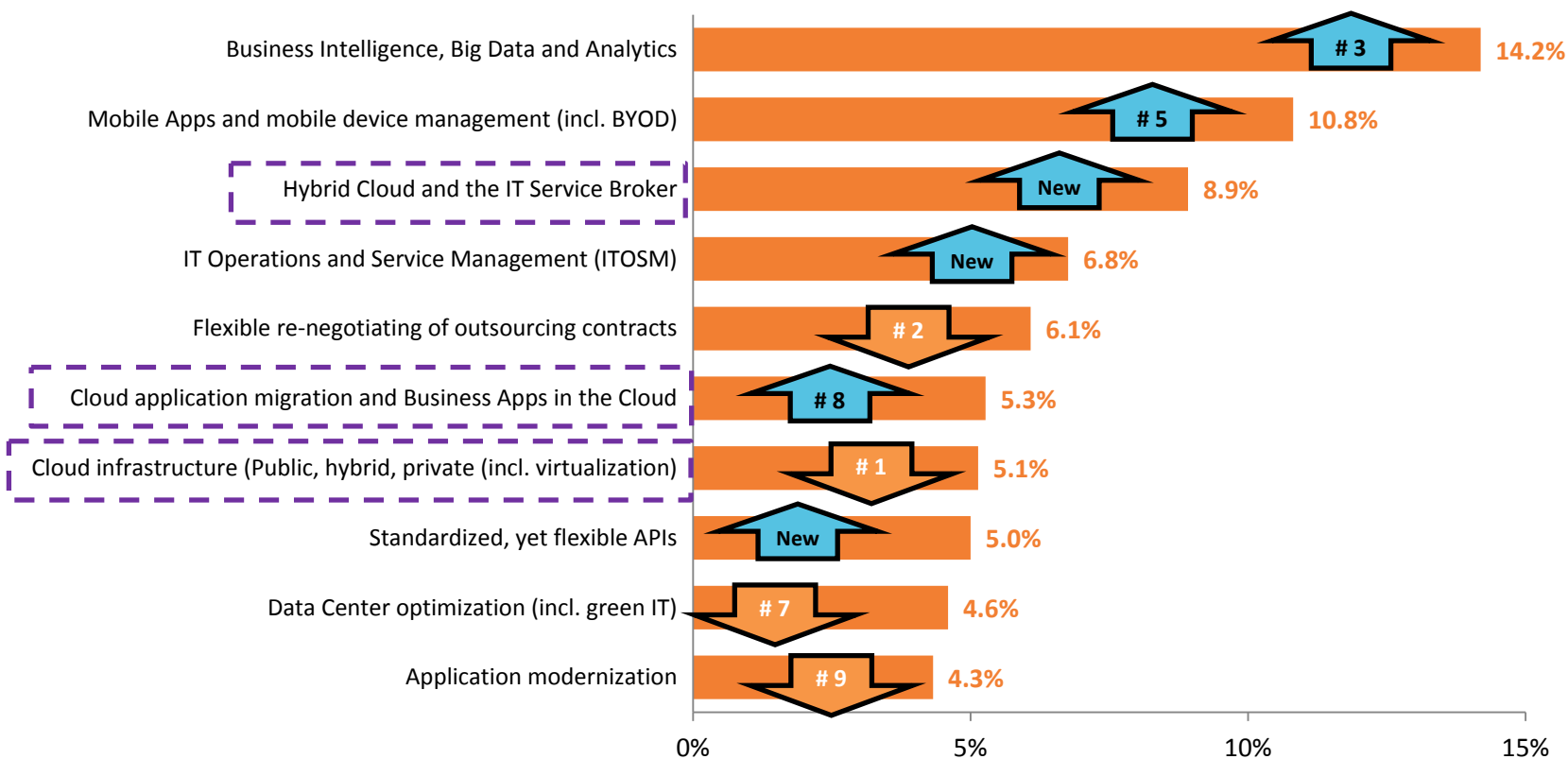
- One of a few vendors that truly cover all the different nuances of the whole Cloud Infrastructure Services space on a global level.

AWS: The king of IaaS

- AWS’ strength in IaaS enables the company to also become a strong force in the Hybrid Cloud Services market..

Market Trends - IT Budget Telephone Survey Results

What is your number one investment area in IT for 2014? (Top 10 Results)



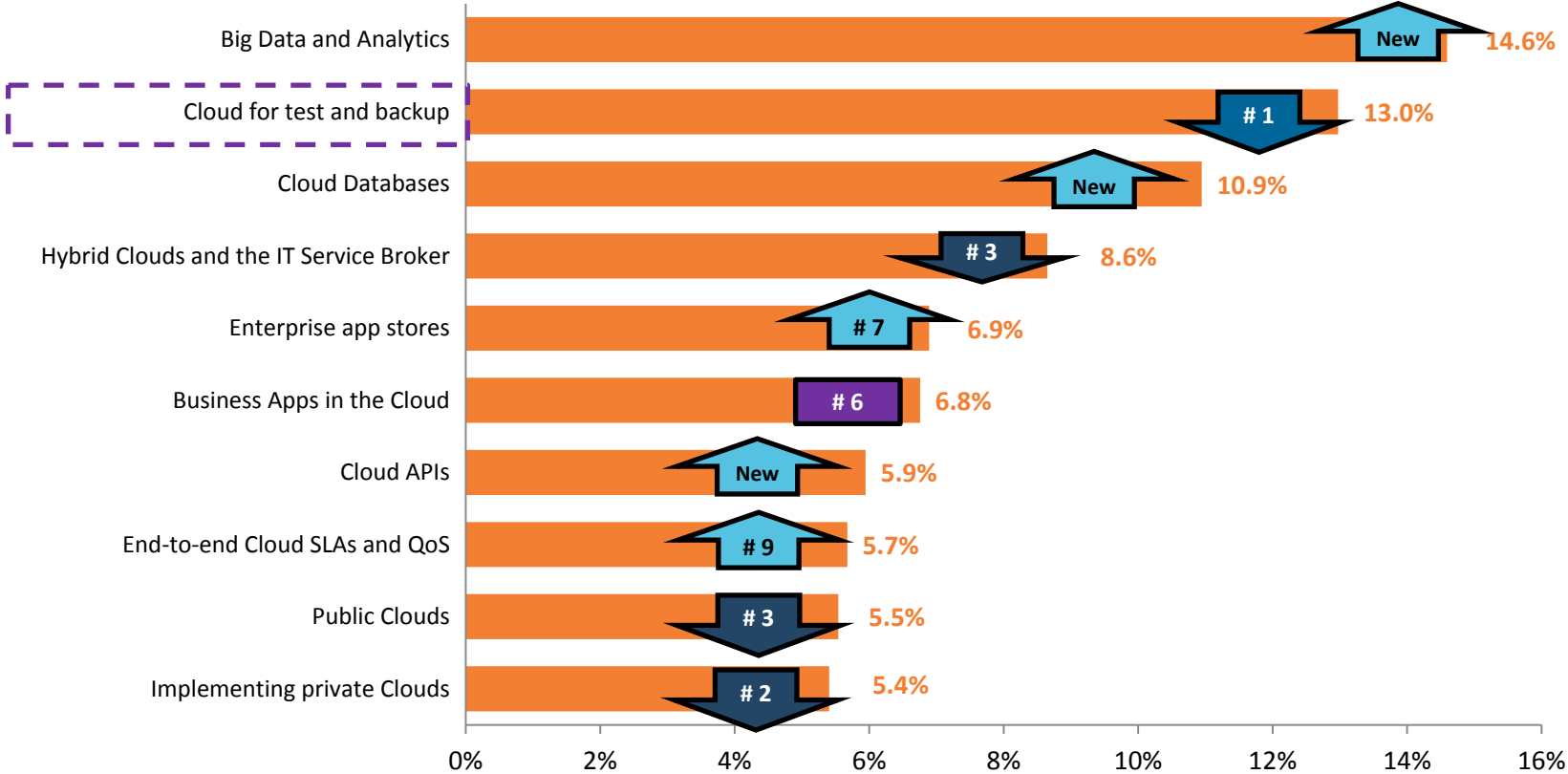
N=740 IT Managers in Enterprises



Changes from 2013

Market Trends - IT Budget Telephone Survey Results

What is your number one investment area in the Cloud Computing space for 2014? (Top 10 Results)



N=740 IT Managers in Enterprises  Changes from 2013

The Future of the Cloud Infrastructure Services Market

- **Cloud is already mainstream, and legacy infrastructure outsourcing will cease to exist.** Enterprise clients have embraced the Cloud paradigm fully and are starting to use the term “Hybrid Cloud” infrastructure instead of traditional infrastructure outsourcing. Vendors will be forced to convert most of their traditional outsourcing services to Hybrid Cloud.
- **Public/Hybrid/Private Clouds will become one.** All aspects of Cloud Infrastructure Services can have a role in a given business processes. Enterprises will engage in re-sourcing their IT service delivery, using best-fit sourcing approaches on a large scale.
- **The IT service broker will be an important player in internal IT.** Consequently, internal IT will embrace the important role of the IT service broker, who mediates between internal and external service providers.
- **Apps QoS and end-to-end performance management will be key.** The IT service broker needs tools to measure application performance. These tools come from companies like Compuware and BMC Software, and they are mature and robust. New concepts and products will also allow the application of real-time Big Data in service operation.
- **AWS will rule Cloud Infrastructure, Microsoft, and Google struggle – traditional outsourcers will still be going strong.** AWS will continue to make inroads into the Hybrid Cloud world, putting pressure on other vendors. Traditional outsourcers that are capable of transferring their offerings to the Hybrid Cloud world will continue to prosper, whereas Microsoft and Google will not likely to gain ground in the Cloud Infrastructure Services space.
- **Opportunities for Telco players to regain ground.** There is, however, another opportunity for Telco vendors with IT services arms, since the Cloud Infrastructure world favors vendors with knowledge about network performance.

Top 30 Key Results - HfS Cloud Infrastructure Services

	Innovation	Execution	Total	Revenue (\$m)*	Market Share*	Employees
1 Accenture	4,43	4,80	4,62	3.480	6,73%	9.000
2 AWS	4,60	4,50	4,55	4.640	8,98%	2.250
3 HP	4,47	4,60	4,53	3.355	6,49%	15.800
4 IBM	3,93	4,90	4,42	3.588	6,94%	10.500
5 Wipro	4,27	4,10	4,18	1.275	2,47%	12.000
6 CISCO	4,80	3,40	4,10	759	1,47%	2.500
7 Fujitsu	3,43	4,20	3,82	2.675	5,18%	10.000
8 NTT Group	3,47	4,00	3,73	2.402	4,65%	10.000
9 Dell	3,63	3,70	3,67	1.760	3,40%	7.000
10 Tech Mahindra	4,00	3,20	3,60	430	0,83%	1.500
11 BT GS	3,57	3,60	3,58	1.394	2,70%	3.100
12 Verizon	3,33	3,60	3,47	2.294	4,44%	5.000
13 Microsoft	3,33	3,50	3,42	1.936	3,75%	6.100
14 CSC	3,00	3,80	3,40	2.700	5,22%	7.500
15 T-Systems	3,23	3,50	3,37	2.379	4,60%	2.000
16 Capgemini	2,80	3,80	3,30	2.165	4,19%	4.000
17 TCS	3,23	3,30	3,27	1.515	2,93%	20.000
18 Orange/FT	3,27	3,20	3,23	1.280	2,48%	3.750
19 Savvis	3,53	2,90	3,22	1.020	1,97%	2.500
20 iGate	3,87	2,40	3,13	109	0,21%	2.700
21 AT&T	2,87	3,10	2,98	1.224	2,37%	2.000
22 Google	3,13	2,80	2,97	542	1,05%	2.500
23 Atos	2,67	3,10	2,88	1.393	2,69%	3.000
24 Genpact	3,17	2,40	2,78	277	0,54%	1.200
25 Joyent	3,40	1,90	2,65	50	0,10%	200
26 Xerox	2,60	2,60	2,60	465	0,90%	1.500
27 Rackspace	2,80	2,30	2,55	650	1,26%	1.500
28 CGI	2,20	2,20	2,20	355	0,69%	1.500
29 Unisys	2,03	2,30	2,17	653	1,26%	1.900
30 Hosting.com	2,17	2,00	2,08	70	0,14%	500

	Revenue (\$m)*	
Top 30 Vendors	46.835	90,61%
Total Market	51.689	100,00%
IaaS	9.585	18,54%
Hybrid Cloud	31.581	61,10%
Private Cloud	10.523	20,36%

Service Provider Profile



<p>Market Share: 4.65% Overall Score: 3.73</p>	<p>Key Strengths</p>		<p>Key Challenges</p>	
<p>Innovation</p> <ul style="list-style-type: none"> Score: 3.47 High level of innovation in all Cloud areas with promising future growth prospects, but spread across a variety of entities in the NTT Group. 	<ul style="list-style-type: none"> The NTT Group is one of the biggest IT and Communications Services vendors globally and is the largest one in the Asia Pacific region. Its Cloud Infrastructure practice is a combination of a traditional NTT Communications business, a number of acquisitions (most notably Dimension Data), and NTT Data, which are run as three separate entities. The NTT Group can satisfy all Cloud Infrastructure Services needs. Overall, the NTT Group is one of the best globally positioned companies offering Cloud all-in-one solutions. 		<ul style="list-style-type: none"> Although all acquired companies are now fully integrated under the NTT Group umbrella, past local branding still confuses some clients. Clients tell us that the NTT Group still needs to work on building brand awareness of its Cloud capabilities. Clients in North America and Europe are often unaware of the local strength of the NTT Group entities. The NTT Group needs to talk more about its successes in co-innovation and competitive differentiation – things that many clients are not aware of. 	
<p>Execution</p> <ul style="list-style-type: none"> Score: 4.00 Very strong in market share, global coverage, and client satisfaction. The NTT Group is able to satisfy all customers' Cloud needs. 	<p>Cloud Infrastructure Services Scale</p>	<p>Cloud Infrastructure Services Coverage</p>	<p>Customer Satisfaction And Competitive Differentiation</p>	
	<ul style="list-style-type: none"> Market Share: 4.65% Revenues: \$2,402 M <ul style="list-style-type: none"> IaaS: \$152 M Hybrid Cloud: \$1,500 M Private Cloud: \$750 M Comment: Top player in the industry. 	<ul style="list-style-type: none"> # of Employees: 10,000 Through acquisitions, the global coverage is now excellent. The NTT Group is also capable of covering all relevant services well. 	<ul style="list-style-type: none"> Surveys show high ratings for customer satisfaction and mindshare. Its competitive strength lies in the broad capabilities offered by the different parties in the NTT Group. 	

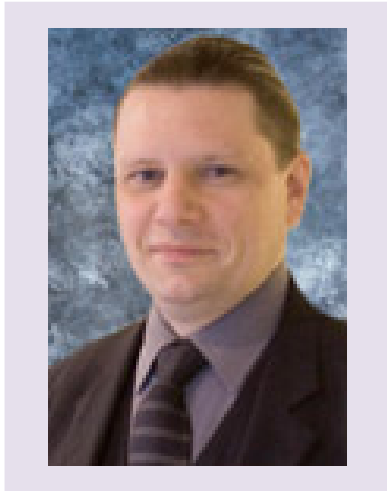
Scale Explanation: 1 (Low) To 5 (High) – Innovation 50%, Execution 50%

About the Author



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Overview

- Primary focus on Cloud Computing and SAP Services.
- Maintains research interests in the areas of infrastructure and applications outsourcing, converging IT, and telecommunication technologies and markets, as well as IT for business alignment.

Previous Experience

- IT industry veteran with over 15 years of experience in advising IT vendor and end-user clients and performing research-based writing and consulting.
- Internationally recognized authority on Cloud Computing and IT Service Management.
- 9+ years of service at Forrester Research, where he held various analyst and management positions.
- Vice president of the Solution Center Global Network and program director of Global Information Technology Infrastructure at Heidelberger Druckmaschinen AG.
- IT manager at ABB Kraftwerke AG.

Education

- A native of Germany, Thomas is a graduate of business studies at Mannheim University and holds a Ph.D. in computer science from the University of Wales in Swansea.

About HfS Research

HfS Research is the leading independent global analyst authority and knowledge community for the business and IT services industry.

HfS serves the research and strategy needs of business and IT operations leaders across finance, supply chain, human resources, marketing, customer management and core industry functions. Its research provides detailed and thoughtful coverage of the various areas that impact successful business outcomes, namely process automation and outsourcing, global business services frameworks, mobility, analytics and social collaboration. In addition, HfS focuses heavily on talent acquisition, development, training and motivation strategies enterprises need to find new thresholds of value. HfS applies its acclaimed crowdsourced Blueprint Methodology™ to evaluate the performance of service providers in terms of innovating and then executing against those business outcomes.

In addition to researching business operations strategies and their technology enablement, HfS educates and facilitates discussions among the world's largest knowledge community of enterprise services professionals, currently comprising 140,000 subscribers. HfS Research facilitates the HfS Sourcing Executive Council, the acclaimed elite group of sourcing practitioners from leading organizations that meets bi-annually to share the future direction of the global services industry and discuss the future enterprise operations framework. HfS provides sourcing executive council members with the HfS Governance Academy and Certification Program to help its clients improve the governance of their global business services and vendor relationships.

In 2013, HfS was named first in rising influence among leading analyst firms, according to the 2013 Analyst Value Survey, and second out of the 44 leading industry analyst firms in the 2013 Analyst Value Index.

In 2010 and 2011, HfS was named “Analyst of the Year” by the International Institute of Analyst Relations (IIAR), the premier body of analyst-facing professionals, and achieved the distinctive award of being voted the research analyst industry's Most Innovative Analyst Firm in 2012.

Now in its seventh year of publication, HfS Research’s acclaimed blog “Horses for Sources” is widely recognized as the leading destination for unfettered collective insight, research, and open debate about sourcing industry issues and developments. To learn more about HfS Research, please email research@HfSResearch.com.