IDC Worldwide Managed CloudView 2019 Shows Increasing Pressure on Managed SPs to Ensure Business Strategies are Designed to Optimize Success for Managed Cloud Services

FRAMINGHAM, Mass., November 8, 2019 – IDC's Managed CloudView 2019, a global primary research-based study sampling 1,500 buyers and nonbuyers of managed cloud services, highlights how enterprise expectations of managed service providers (SPs), along with their ecosystem of public cloud provider partners, is shifting and will drive fundamental changes in both how buyers consume cloud services and providers position their business models in meeting customer needs for these services.

"Enterprises continue to see tremendous value in utilizing managed SPs for managed cloud services to support transformation to cloud and provide multicloud management capabilities that helps to orchestrate and manage across a broad array of hyperscalers and SaaS provider partners, the full range of cloud options (private, public, hybrid), and across the lifecycle of services, while supporting new innovations, critical business processes and industry requirements," said David Tapper, vice president, Outsourcing and Managed Cloud Services at IDC. "However, a combination of changing customer perceptions and expectations, technological innovation, and pressures emerging from coopetition between managed SPs and their ecosystem partners of hyperscalers appear to be creating a tipping point for which managed SPs need to clearly assess their market position and what their long-term roles will be in optimizing their opportunities for managed cloud services."

Key findings from IDC's worldwide Managed CloudView 2019 study include the following:

- **Changing buyer view in roles of managed SPs and hyperscalers**. Enterprise expectations of managed SPs and hyperscaler partners (public cloud providers) are changing with a view of managed SPs as meeting transformation, strategy, and multicloud requirements and public cloud providers as becoming more "strategic" partners meeting critical cloud service needs (e.g. easy to integrate, availability, rapid provisioning of applications etc.)
- **Shift in sourcing strategies toward public cloud providers**. Firms expect that they will look to increase the number of public cloud providers they use in the future while 68% of firms worldwide will consolidate their portfolio of managed SPs.
- **Need to support innovation using PaaS capabilities**. Enterprises indicate significant use of managed SPs to support innovative capabilities involving development of cloud-native applications and use of open source and containers

with PaaS (platform as a service) reaching upwards of 50% of enterprise application portfolios by 2024.
- **Premiums for certified use of public clouds.** Nearly all enterprises indicate willingness to pay a premium for using managed cloud services for public clouds that are certified by the public cloud provider, with 32% of firms willing to pay a premium from 21-40% and 28% from 41-60%.
- **Preference for cloud business model in provisioning managed cloud services.** Firms expect managed SPs to utilize the business model of public cloud/SaaS providers with 82% indicating a need for managed SPs to own their own cloud platform to be successful and 94% indicating that managed SPs need to offer SaaS capabilities.

IDC's *Managed CloudView Survey* is a global survey of 1,500 organizations that is designed to collect information on adoption of managed cloud services. The respondent audience for this survey included both IT and LOB respondents across six countries and a broad range of industries and involved both buyers and nonbuyers of managed cloud services with firms of 1,000 or more employees. Key topics covered in this study include enterprise maturity, managed cloud services maturity factors and influencers, expected roles and structure of managed SPs, transformation and innovation, sourcing strategy and portfolio management, deal making, and vendor perceptions. The results of this study are captured in a special report that provides IDC's analysis which includes strategic messages, top 10 key highlights, implications for service providers and partners, and IDC's essential guidance for managed SPs. The report is available as *Managed CloudView 2019: Executive Summary* (IDC #US45601719).

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