ISG Provider Lens™

Private/Hybrid Cloud – Data Center Services

Managed Hosting — Midmarket

A research report comparing provider strengths, challenges and competitive differentiators

Customized report courtesy of:

CONVOTIS
empower IT

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The increasing demand for outsourcing solutions for IT infrastructure continues to drive the expansion of Managed Services and Colocation Services

Over the last four quarters, the adoption level for cloud technologies and associated business models has not increased as much; companies have been more concerned with innovation and adding value for their end users. They are benefiting from cloud computing environments and the use of cutting-edge technologies such as AI, analytics and RPA to accelerate technological improvements. The hybrid cloud has become the norm in recent years, with the private cloud taking the lion's share. With the growing demand for hybrid cloud solutions, IT infrastructures' complexity has increased, and they have become more difficult to manage. Organizations are now more open to outsourcing these operations to service providers who have extensive expertise in managing hybrid cloud infrastructures for companies in various industries. Some key variables that influence outsourcing decisions are data center integration and consolidation, server performance, virtualization, containerization, governance and compliance, downtime and data loss. ISG has found that due to inflation and various economic and political downturns, organizations have been spending less or postponing their infrastructure transformation initiatives until next year. They are taking a more cautious and strategic approach to their outsourcing decisions to effectively manage their costs in this volatile economic scenario. This is confirmed by ISG index figures.

As ISG has also observed, providers are increasingly trying to educate customers on the need for infrastructure standardization, as this allows them to offer better services at a lower price. Standardization can yield several advantages:

Multicloud strategies are developing into strategies that include **both polycloud and hybrid cloud.**

- It enables providers to automate infrastructure operations and reduce the need for manual intervention, which can lead to significant cost savings and improved efficiency.
- A standardized infrastructure also allows providers to scale operations more easily and quickly; they can simply replicate the standardized components across different locations and customers. Standardization also improves the reliability and consistency of the infrastructure, which can increase customer satisfaction and reduce the risk of downtime and service interruptions.
- By standardizing infrastructure services through Infrastructure as Code (IaC) and software-defined infrastructure, providers can achieve greater efficiency, scalability and reliability, which can ultimately benefit both providers and enterprise customers.

ISG's Star of Excellence™ program has been very well received over the last four quarters and has gained significant traction. Providers are evaluated on six parameters: Service Delivery, Governance and Compliance, Collaboration and Transparency, Innovation and Thought Leadership, Matching People and Culture, and Business Continuity. The rating/data comes from a Star of Excellence study that measures the CX of providers based on direct customer feedback.

The trends observed over the past year include the following:

Infrastructure modernization has become unavoidable: Many companies in Germany have been using their IT infrastructure for years or even decades, and these infrastructures have reached the end of their lifespan; they can no longer keep up with the demands of modern applications and business processes and are more susceptible to security threats and other risks. Modernizing IT infrastructure requires a significant investment in time, money and resources. Service providers thoroughly assess existing infrastructure, identify gaps and inefficiencies and develop a roadmap for how these systems can be updated or replaced. However, the benefits are not immediately apparent, and risks such as disruption to business operations during the migration process must be expected. Overall, infrastructure modernization is a critical step for many companies to remain competitive and meet the changing demands of the digital age. While the stakes may be high, the potential savings are significant, especially in terms of improved operational efficiency and increased business results.

Evolution from hybrid cloud to polycloud: Cloud providers, in particular AWS, Microsoft (Azure) and Google (Cloud), will further differentiate their offerings in 2024; companies, in turn, will make very conscious decisions about where to place their workloads. While a multicloud traditionally refers to the simultaneous use of several clouds, a polycloud ecosystem focuses on specific services. In a polycloud, for example, data storage comes from one provider, while security is used as a service from another provider. With this polycloud strategy, applications can have access to the best available services for the respective use case, be it an industry-specific cloud solution, a specialized database or an AI and ML service. Companies will critically consider their on-premises and private cloud footprints in their roadmaps as they realize that not all workloads belong in the public cloud, mainly due to cost, performance and regulatory factors.

Cost optimization in cloud is top priority: Companies have changed their goals for 2024 to *focus* on cost reduction and efficiency due to the economic downturn. As a result of the rapid expansion of public cloud usage over the last two years, cloud spend is one of the biggest areas for cost reduction. To uncover opportunities to optimize and monetize cloud transitions, IT, Finance and FinOps teams are visualizing their TCO across their entire hybrid cloud footprint (on-premises and private and public clouds). Having achieved fundamental cost reductions through simple FinOps in recent years, organizations are now aiming to redesign their applications to leverage more cost-efficient, cloud-native technologies such as serverless to further optimize their cloud spend.

Midsize providers win more orders: As ISG has observed, large global systems integrators are losing customers to midmarket providers for reasons including:

Costs and innovation: Midsize providers can offer more competitive prices as they have lower overheads and are more agile in adapting to changing market conditions. In addition, they have learned to create innovative technological solutions for specific customer problems more quickly.

Personalized services: Midsize providers devote more attention and focus to their customers and have more flexibility to adapt their services to the individual needs of their customers, in contrast to large providers' standardized service offerings.

Changing hosting landscape: Within the managed hosting space, companies continue to prioritize OpEx models for hybrid cloud deployments. However, there are key issues impacting sourcing choices, such as difficulty in hardware replacement and poor profit margins. Widespread VMware technology usage by service providers in hosting environments reduces technology differentiation at a deeper technology IT stack level. Organizations across industries are investing in improving security protocols and automated managed backup and recovery services that leverage cutting-edge compute and AI technologies. As a result, organizations are turning away from on-premises infrastructures for applications that require low latency, opting instead for those services that best fit the workload.

Strong demand for colocation services: Commercial enterprises, the healthcare sector, financial service providers, the administration and even companies with highly sensitive data classified by the Federal Ministry for Economic Affairs and Energy, such as classified information for official use only (VSNfD), are increasingly relying on colocation services and moving their infrastructure to the data centers of third-party providers. There are many reasons for this, including improved operational security, adherence to compliance requirements underpinned by multiple certifications and the rapid provision of secure, low-latency and stable network connections across the world. In addition to housing services, many colocation providers offer state-of-the-art IT infrastructure systems that can be easily added as required and provide a basis for a hybrid cloud culture. Sustainability is an important topic. The Energy Efficiency Act 2023 (EnEfG) specifically targets data centers. Climate neutrality is to be achieved as early as 2030. Green technologies, energy recovery systems, green energy usage and monitoring, optimization and logging will become mandatory, a requirement that many customer-owned data centers will find difficult to meet.

Providers' discussions with companies are now focusing on how to add value to the business by helping customers modernize and manage infrastructure, rather than just focusing on day-to-day operational management. Providers are also helping organizations create a roadmap to improve performance and reduce the cost of running workloads.

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting — Large Accounts	Managed Hosting — Midmarket	Colocation Services — Large Account	Colocation Services — Midmarket
23M	Not In	Not In	Not In	Not In	Not In	Contender
Abilis IT	Not In	Contender	Not In	Not In	Not In	Not In
Accenture	Leader	Not In	Not In	Not In	Not In	Not In
ACP	Not In	Contender	Not In	Not In	Not In	Not In
Adacor	Not In	Not In	Not In	Product Challenger	Not In	Not In
Advanced Unibyte	Not In	Contender	Not In	Not In	Not In	Not In
akquinet	Not In	Not In	Not In	Not In	Not In	Leader
All for One Group	Not In	Leader	Not In	Not In	Not In	Not In
Anexia	Not In	Not In	Contender	Not In	Not In	Not In
Arvato Systems	Leader	Not In	Leader	Not In	Not In	Not In

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting — Large Accounts	Managed Hosting — Midmarket	Colocation Services — Large Account	Colocation Services — Midmarket
AtlasEdge	Not In	Not In	Not In	Not In	Product Challenger	Not In
Atos	Leader	Not In	Leader	Not In	Not In	Not In
Axians	Not In	Leader	Not In	Leader	Not In	Not In
Baden Cloud	Not In	Not In	Not In	Not In	Not In	Contender
Bechtle	Not In	Market Challenger	Not In	Market Challenger	Not In	Not In
BT	Contender	Not In	Contender	Not In	Product Challenger	Not In
BTC	Not In	Not In	Contender	Not In	Not In	Not In
CANCOM	Not In	Leader	Not In	Leader	Not In	Not In
Capgemini	Leader	Not In	Not In	Not In	Not In	Not In
Cegeka	Contender	Not In	Not In	Not In	Not In	Not In

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting — Large Accounts	Managed Hosting — Midmarket	Colocation Services — Large Account	Colocation Services — Midmarket
Cema	Not In	Contender	Not In	Not In	Not In	Not In
Centron	Not In	Contender	Not In	Contender	Not In	Contender
CGI	Market Challenger	Not In	Market Challenger	Not In	Not In	Not In
Claranet	Not In	Leader	Not In	Leader	Not In	Not In
Cognizant	Rising Star ★	Not In	Not In	Not In	Not In	Not In
Colt DCS	Not In	Not In	Not In	Not In	Contender	Not In
Computacenter	Leader	Not In	Not In	Not In	Not In	Not In
CONET	Not In	Contender	Not In	Not In	Not In	Not In
Controlware	Not In	Contender	Not In	Not In	Not In	Not In
CONVOTIS	Not In	Contender	Not In	Rising Star ★	Not In	Not In

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting — Large Accounts	Managed Hosting — Midmarket	Colocation Services — Large Account	Colocation Services — Midmarket
CyrusOne	Not In	Not In	Not In	Not In	Leader	Not In
DARZ	Not In	Not In	Not In	Contender	Not In	Contender
Datacenter Leipzig	Not In	Not In	Not In	Not In	Not In	Rising Star ★
Datacenter One	Not In	Not In	Not In	Not In	Leader	Not In
DATAGROUP	Not In	Leader	Not In	Leader	Not In	Product Challenger
Deutsche Telekom GK	Not In	Leader	Not In	Leader	Not In	Not In
Devoteam	Contender	Not In	Not In	Not In	Not In	Not In
Digital Realty	Not In	Not In	Not In	Not In	Leader	Not In
DOKOM21	Not In	Not In	Not In	Not In	Not In	Contender
Dunkel	Not In	Not In	Not In	Contender	Not In	Not In

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting — Large Accounts	Managed Hosting — Midmarket	Colocation Services — Large Account	Colocation Services — Midmarket
DXC Technology	Leader	Not In	Market Challenger	Not In	Not In	Not In
EMC Home of Data	Not In	Not In	Not In	Not In	Not In	Product Challenger
Ensono	Contender	Not In	Product Challenger	Not In	Not In	Not In
Equinix	Not In	Not In	Not In	Not In	Leader	Not In
Firstcolo	Not In	Not In	Not In	Not In	Not In	Product Challenger
Fujitsu	Market Challenger	Not In	Market Challenger	Not In	Not In	Not In
Giant Swarm	Not In	Contender	Not In	Not In	Not In	Not In
Global Switch	Not In	Not In	Not In	Not In	Rising Star ★	Not In
Grass-Merkur	Not In	Not In	Not In	Contender	Not In	Product Challenger
GTT	Not In	Not In	Contender	Not In	Not In	Not In

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting — Large Accounts	Managed Hosting — Midmarket	Colocation Services — Large Account	Colocation Services — Midmarket
HCLTech	Leader	Not In	Not In	Not In	Not In	Not In
Hetzner Online	Not In	Not In	Not In	Contender	Market Challenger	Not In
Hexaware	Contender	Not In	Not In	Not In	Not In	Not In
Hostserver	Not In	Not In	Not In	Contender	Not In	Not In
Infosys	Leader	Not In	Not In	Not In	Not In	Not In
IONOS	Not In	Not In	Not In	Leader	Not In	Not In
Iron Mountain	Not In	Not In	Not In	Not In	Contender	Not In
ITENOS	Not In	Not In	Not In	Not In	Not In	Leader
KAMP	Not In	Not In	Not In	Not In	Not In	Leader
kyberio	Not In	Not In	Not In	Not In	Not In	Market Challenger

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting — Large Accounts	Managed Hosting — Midmarket	Colocation Services — Large Account	Colocation Services — Midmarket
Kyndryl	Leader	Not In	Leader	Not In	Not In	Not In
Leaseweb	Not In	Not In	Not In	Not In	Product Challenger	Not In
Logicalis	Not In	Product Challenger	Not In	Not In	Not In	Not In
Lumen Technologies	Not In	Not In	Product Challenger	Not In	Contender	Not In
maincubes	Not In	Not In	Not In	Not In	Leader	Not In
Materna	Not In	Leader	Contender	Not In	Not In	Not In
msg systems	Not In	Product Challenger	Not In	Not In	Not In	Not In
Netfox	Not In	Not In	Not In	Contender	Not In	Not In
netgo	Not In	Contender	Not In	Not In	Not In	Not In
NEWTELCO	Not In	Not In	Not In	Not In	Not In	Contender

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting — Large Accounts	Managed Hosting — Midmarket	Colocation Services — Large Account	Colocation Services — Midmarket
nexspace	Not In	Not In	Not In	Not In	Not In	Contender
noris network	Not In	Not In	Not In	Not In	Leader	Not In
NorthC Datacenters	Not In	Not In	Not In	Not In	Not In	Product Challenger
NTT DATA	Product Challenger	Not In	Not In	Leader	Not In	Not In
NTT GDC	Not In	Not In	Not In	Not In	Leader	Not In
Orange Business	Contender	Not In	Product Challenger	Not In	Not In	Product Challenger
PFALZKOM	Not In	Not In	Not In	Not In	Not In	Leader
plusserver	Not In	Leader	Not In	Leader	Not In	Leader
PROFI AG	Not In	Contender	Not In	Not In	Not In	Not In
PYUR	Not In	Not In	Not In	Not In	Not In	Product Challenger

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting — Large Accounts	Managed Hosting — Midmarket	Colocation Services — Large Account	Colocation Services — Midmarket
q.beyond	Not In	Leader	Not In	Leader	Not In	Contender
Rackspace Technology	Leader	Not In	Leader	Not In	Contender	Not In
ratiokontakt	Not In	Not In	Not In	Contender	Not In	Not In
ScaleUp Technologies	Not In	Not In	Not In	Contender	Product Challenger	Not In
SIEVERS GROUP	Not In	Contender	Not In	Not In	Not In	Not In
Sopra Steria	Contender	Not In	Contender	Not In	Not In	Not In
SpaceNet	Not In	Not In	Not In	Not In	Not In	Product Challenger
STACKIT	Not In	Not In	Not In	Not In	Not In	Leader
Syntax	Not In	Leader	Not In	Leader	Not In	Not In
TCS	Product Challenger	Not In	Not In	Not In	Not In	Not In

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting — Large Accounts	Managed Hosting — Midmarket	Colocation Services — Large Account	Colocation Services — Midmarket
Tech Mahindra	Product Challenger	Not In	Not In	Not In	Not In	Not In
Telehouse	Not In	Not In	Not In	Not In	Leader	Not In
TelemaxX	Not In	Not In	Not In	Contender	Not In	Leader
T-Systems	Leader	Not In	Leader	Not In	Not In	Not In
Unisys	Contender	Not In	Contender	Not In	Not In	Not In
UnitedLayer	Not In	Not In	Not In	Not In	Product Challenger	Not In
Vantage Data Centers	Not In	Not In	Not In	Not In	Product Challenger	Not In
Vodafone	Contender	Not In	Contender	Not In	Not In	Not In
WIIT	Not In	Product Challenger	Not In	Product Challenger	Not In	Leader
Wipro	Leader	Not In	Not In	Not In	Not In	Not In

This study focuses on what ISG considers to be particularly important aspects of **private/hybrid cloud and data center** outsourcing in 2024.

- Managed Services — Large Accounts
- Managed Services — Midmarket
- Managed Hosting — Large Accounts
- Managed Hosting — Midmarket
- Colocation Services — Large Accounts
- Colocation Services — Midmarket

Simplified Illustration Source: ISG 2024

Definition

This study evaluates global and regional providers of data center outsourcing services, namely managed hosting, colocation and managed service providers.

When data centers are outsourced, responsibility for the management of data center facilities is transferred to a third party. Such outsourcing includes the orchestration, provision, integrated monitoring and management of infrastructure components such as data processing, storage, databases and middleware. The data center can be owned by the corporate customer, the service provider or a colocation provider. A private cloud is an extension of a company's computing environment and uses the investments already made in virtual infrastructure and applications. A hybrid cloud combines the existing local infrastructure services with a private or public cloud or even multicloud options. Companies can use colocation and hosting providers and do not necessarily need to have their own data center to set up a hybrid cloud.

Companies with strict security and governance requirements, or those that need to process large amounts of data and ensure tight integration with enterprise applications and workflow requirements, may prefer an on-premises or private cloud and opt for internal hosting. Increasingly, hybrid cloud configurations are also being chosen as they offer a high level of control and leverage the capabilities of public cloud platforms without the need to move all data to a third-party data center. ISG has also observed that companies are demanding that infrastructure service providers implement Environmental, Social and Governance (ESG) initiatives.
The rapid increase in digital transformation initiatives is increasing energy demand and contributing to climate change, while regulatory requirements are mandating a faster transition to carbon neutrality.

Scope of the Report

The ISG Provider Lens™ study Private/Hybrid Cloud – Data Center Services offers business and IT decision-makers the following benefits:

- Transparent presentation of the strengths and weaknesses of relevant providers
- Differentiated positioning of providers by segment, based on competitive strengths and portfolio attractiveness
- Focus on various markets: APAC**, Brazil, France, Germany, the Nordic countries, the Netherlands, Switzerland, the U.K. and the U.S.

ISG Provider Lens™ studies thus provide an essential decision-making tool for service provider positioning, relationship building and go-to-market considerations. ISG Advisors and enterprise clients also use information from these reports to evaluate their current and potential new provider relationships.

Provider Classifications

The provider position reflects the suitability of providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the service requirements from enterprise customers differ and the spectrum of providers operating in the local market is sufficiently wide, a further differentiation of the providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between$20 million and $999 million with central headquarters in the respective country, usually privately owned.
- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above $1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product & Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens™ quadrant may include a service provider(s) which ISG believes has strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptionsare possible).

Provider Classifications: Quadrant Key

Product Challengers offer a product and service portfolio that reflect excellent service and technology stacks. These providers and vendors deliver an unmatched broad and deep range of capabilities. They show evidence of investing to enhance their market presence and competitive strengths.

Leaders have a comprehensive product and service offering, a strong market presence and established competitive position. The product portfolios and competitive strategies of Leaders are strongly positioned to win business in the markets covered by the study. The Leaders also represent innovative strength and competitive stability.

Contenders offer services and products meeting the evaluation criteria that qualifies them to be included in the IPL quadrant. These promising service providers or vendors show evidence of rapidly investing in products/services and a follow sensible market approach with a goal of becoming a Product or Market Challenger within 12 to 18 months.

Market Challengers have a strong presence in the market and offer a significant edge over other vendors and providers based on competitive strength. Often, Market Challengers are the established and well-known vendors in the regions or vertical markets covered in the study.

★ **Rising Stars** have promising portfolios or the market experience to become a Leader, including the required roadmap and adequate focus on key market trends and customer requirements. Rising Stars also have excellent management and understanding of the local market in the studied region. These vendors and service providers give evidence of significant progress toward their goals in the last 12 months. ISG expects Rising Stars to reach the Leader quadrant within the next 12 to 24 months if they continue their delivery of above-average market impact and strength of innovation.

Not in means the service provider or vendor was not included in this quadrant. Among the possible reasons for this designation: ISG could not obtain enough information to position the company; the company does not provide the relevant service or solution as defined for each quadrant of a study; or the company did not meet the eligibility criteria for the study quadrant. Omission from the quadrant does not imply that the service provider or vendor does not offer or plan to offer this service or solution.

Managed Hosting — Midmarket

Who Should Read This Section

This report is relevant to midsize enterprises across all industries in Germany for evaluating managed hosting providers.

In this quadrant, ISG defines the current market positioning of managed hosting providers in Germany and examines how they address key challenges midsize enterprises face.

With managed hosting in place, enterprises are relieved of operating and maintaining their data centers while still controlling the hosted data. Enterprises can use modern technologies and updated traditional infrastructure offered by the providers, reducing their on-premises infrastructure needs.

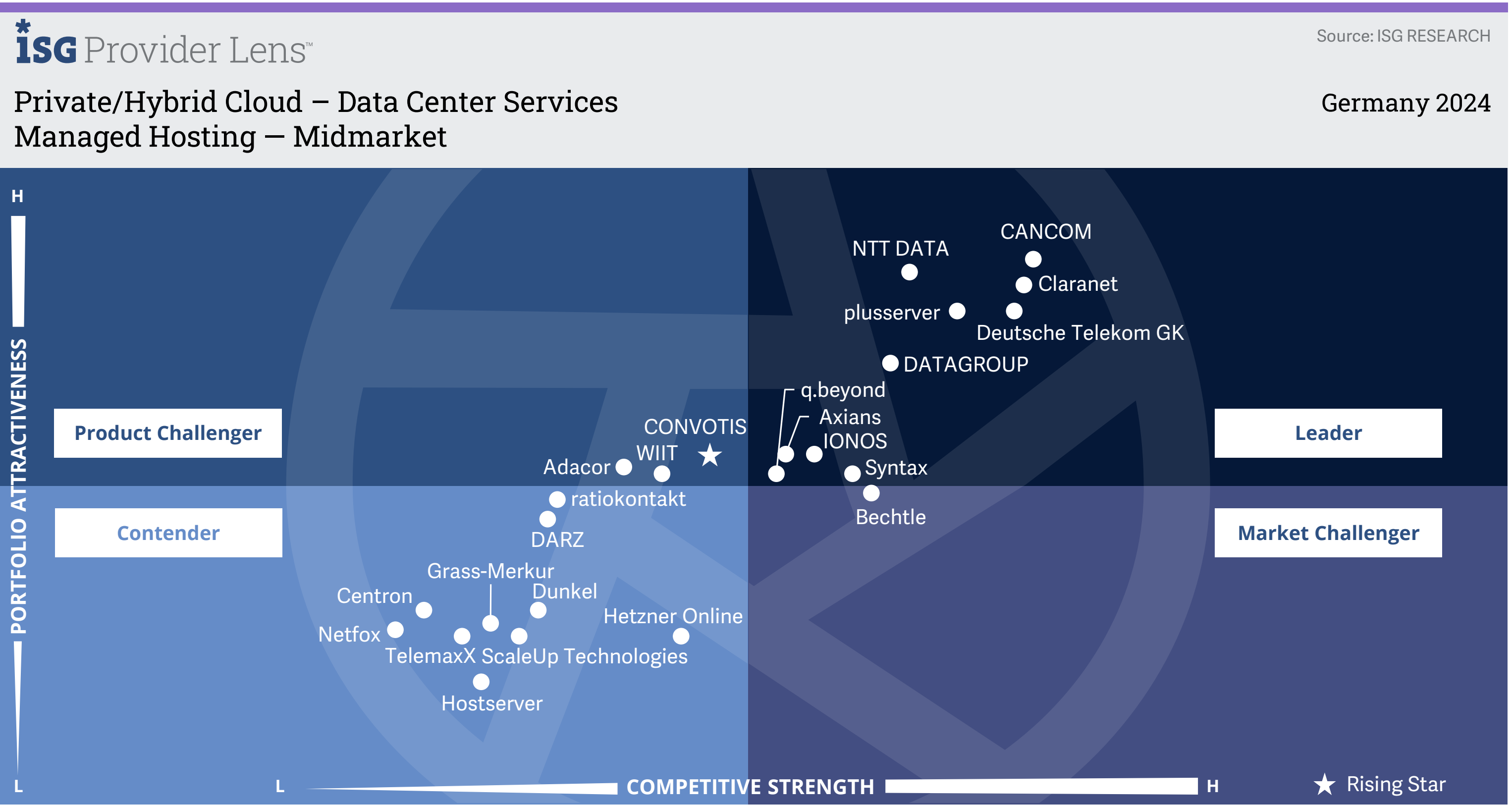
The market for managed hosting in Germany has steadily grown in recent years, as it offers diverse opportunities for optimizing services and creating competitive advantages through innovative technologies and customer-oriented solutions. The hosting providers also have realized the steady demand and have invested significantly in their service portfolios to offer customer-oriented solutions and expand their data centers. Providers have improved security features, supported private/hybrid clouds, developed modern mainframe solutions and optimized customer services with 24/7 support systems.

Midmarket enterprises continue to rely on OpEx models for private/hybrid cloud deployments. However, the widespread use of VMware technology in hosting deployments reduces technical differentiation at the lower level. These enterprises emphasize security protocols, automated managed backup services and edge computing solutions to maximize performance and increase customer satisfaction.

IT and infrastructure leaders should read this report to analyze providers' tool modernization and hosting capabilities and understand the impact of hosting space advancements on private/hybrid cloud strategies.

Sourcing, procurement and vendor management professionals should read this report to understand the current landscape and partner ecosystem of managed hosting providers in Germany.

Software development and technology leaders should read this report to understand hosting providers' offerings and impacts on ongoing software development and systems.



This quadrant evaluates **standalone hosting solution providers using their own or third-party facilities and infrastructure.** These providers manage and maintain data center equipment such as servers, storage media, operating systems and networks.

Ulrich Meister

Definition

This quadrant evaluates service providers that offer standalone hosting solutions for SMEs, either from their own data centers or via a third-party data center. The providers evaluated here are responsible for the regular management and maintenance of data center components such as servers, storage, operating systems and connectivity to the external network. Ideally, customers specify their application and operational requirements, and the managed hosting provider takes responsibility for providing the infrastructure to ensure applications run effectively and with optimal performance and security.

Vendors that monitor IT assets such as legacy systems and private and public clouds via a hybrid cloud management platform are evaluated. Providers that only offer tools or platforms for hybrid cloud management are not evaluated. The key service levels considered in this benchmark are data center tiers, layered security, service availability and network (LAN) I/O performance at peak times.

The assessment focuses on providers that offer a comprehensive managed hosting service that ensures high performance, security and reliability for enterprise customers. Customers also expect managed hosting providers to provide automated backup and recovery services using advanced techniques and hosting applications close to the workload to achieve extremely low latency.

Eligibility Criteria

1. Offer **enterprise-level** hosting solutions using our own infrastructure
2. Range of active-active and active-passive **disaster recovery and** backup **services**
3. **Technical and financial possibilities** to upgrade the infrastructure and maintain planned capacities in order to ensure hosting performance even before any increased demand occurs
4. **Ability to scale and maintain dedicated servers** and storage as well as shared cloud resources on the same network and management platform
5. Provision of at least **five security levels** for **data centers**

Observations

The market for managed hosting has grown steadily in recent years. Hosting providers have invested massively in their service portfolios to offer customer-oriented solutions and expand their data centers. They have improved security, supported hybrid clouds and developed modern mainframe solutions. In addition, customer service has been optimized with a 24/7 support system. The use of hyperconverged systems has led to an increase in API performance and enables automated provisioning.

German companies continue to rely on OpEx models for hybrid cloud deployments. Low-level technical differentiation is being reduced by the widespread VMware technology use. Companies are increasingly investing in security protocols, automated managed backup services and edge computing solutions to maximize performance and increase customer satisfaction. The demand for customized managed hosting solutions that meet individual requirements is also increasing. They enable companies to act more flexibly and react more quickly to changes. Overall, the managed hosting market offers many opportunities to optimize services and create competitive advantages through innovative technologies and customer-oriented solutions.

Of the 100 providers evaluated for this study, 24 qualified for this quadrant, including 10 as Leaders and one as a Rising Star.

Axians has in-depth knowledge of business processes, industry and integration. The company continuously focuses on improving its services and implements intelligent modernization and transformation projects.

CANCOM is an experienced managed hosting provider with a broad and attractive portfolio. The company assumes full operational responsibility for local IT infrastructures and offers a comprehensive portfolio of managed security services.

Claranet is an experienced hoster and attractive partner for SMEs, specializing in the next generation of infrastructures and security. The company offers classic SysOps for traditional IT and CloudOps.

DATAGROUP presents itself as an attractive IT provider for SMEs and provides managed and private cloud services with a flexible modular system. DATAGROUP accompanies the entire cloud lifecycle with comprehensive know-how.

Deutsche Telekom GK once again asserts itself as one of the leaders in comprehensive managed cloud hosting services and offers almost seamless support.

IONOS has become a leader owing to its clear focus on SMEs and the public sector and its state-of-the-art, superior portfolio.

NTT DATA continues to position itself confidently in the Leader quadrant owing to its decades of experience and outstanding acquisitions.

plusserver is one of the top providers in the field of managed hosting services and offers midsize customers extensive know-how for the best optimization of their infrastructure.

q.beyond

q.beyond, with many years of experience in outsourcing critical systems, is a valued hosting partner for SMEs. In addition to cloud expertise, the provider also attaches great importance to technological developments relevant to SME customers.

SYNTAX

Syntax Systems has continued to develop its portfolio on a solid basis over the years and has consistently pursued its expansion path.

CONVOTIS

By acquiring JMC, **CONVOTIS** has significantly expanded its portfolio and improved its access to the market.

Rising Star

"CONVOTIS brings superior cloud expertise to the table and constantly monitors technological developments that are important for SMEs on behalf of its customers."

Ulrich Meister

CONVOTIS

Overview

Headquartered in Düsseldorf, Germany, CONVOTIS employs more than 1,000 people in 23 offices in nine countries. In FY23, the company generated revenue of €140 million, with the Services division representing the largest segment. The company's range of services includes hybrid infrastructure management, data and AI services and cyber security. With the acquisition of JMC in 2023, CONVOTIS has completed a significant expansion step.

Strengths

Customized IT infrastructures: CONVOTIS creates customized, advanced and automated IT systems and, in addition to operation, also offers the implementation of transformations, the creation of target architectures and industry-specific expertise in Edge and IoT. Owing to the enterprise cloud approach, elements of the conventional infrastructure can continue to be operated, and innovative cloud services can be integrated.

Hybrid cloud consulting expertise: CONVOTIS offers independent economic feasibility studies, detailed cloud readiness assessments, fundamental service mapping, well-thought-out investment planning and innovative cloud procurement approaches based on various infrastructures. Customers from the SME sector receive a versatile operations stack that is open to various providers.

Seamless security in accordance with German regulations: As the operator of its own infrastructures and data centers in Germany, CONVOTIS guarantees compliance with the strictest requirements for data security and data protection in accordance with legal regulations and standards. TÜV and ISO certifications are carried out on an ongoing basis.

Caution

With the acquisition of JMC, CONVOTIS has created enormous momentum and built up high customer expectations. Now, it is time to deliver on them.

Star of Excellence

A program, designed by ISG, to collect client feedback about providers' success in demonstrating the highest standards of client service excellence and customer centricity.

Source: ISG Star of Excellence™ research program, Insights till June 2024

In the ISG Star of Excellence™ research on enterprise customer experience (CX), clients have given feedback about their experience with service providers for their **Private/Hybrid Cloud – Data Center Services**.

Based on the direct feedback of enterprise clients, below are the key highlights:

Client Business Role

▲ **Most satisfied**
Human Resources

▼ **Least satisfied**
Shared Services Operations

Region

▲ **Most satisfied**
Australia/New Zealand

▼ **Least satisfied**
Africa

Industry

▲ **Most satisfied**
Public sector

▼ **Least satisfied**
Healthcare

Industry Average CX Score

▲ Highest CX: 96.8
▼ Lowest CX: 60.6

CX Score: 100 most satisfied, 0 least satisfied
Total responses (N) = 467

Most Important CX Pillar

Execution and Delivery

Service Delivery Models	Avg % of Work Done
Onsite	56.0%
Nearshore	20.8%
Offshore	23.2%

Appendix

The market research study “ISG Provider Lens™ 2024 - Private/Hybrid Cloud – Data Center Services” analyzes the relevant software providers/service providers in the German market on the basis of a multi-stage market research and analysis process and positions these providers based on the ISG research methodology.

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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 May 2024, 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 study was divided into the following steps:

1. Definition of Private/Hybrid Cloud – Data Center Services 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. Use of Star of Excellence CX-Data
6. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & other sources.
7. Use of the following key evaluation criteria:
   * Strategy & vision
   * Tech Innovation
   * Brand awareness and presence in the market
   * Sales and partner landscape
   * Breadth and depth of portfolio of services offered
   * CX and Recommendation

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Ulrich is significantly involved in the ISG Provider Lens™ quadrant studies involved. He mainly writes about digital technology, IT services and cloud technology. His research agenda includes the assessment of the impact the digital transformation that Analysis of market dynamics, the Positioning of providers on the market, the writing of POVs, the Observation of the software market and the identification of opportunities for Company.

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Arpita is a Senior Research Analyst at ISG. She is responsible for supporting and co-authoring Provider Lens™ studies on Public Cloud and Private Hybrid Cloud Data Center Solutions and Services. Arpita supports the Lead Analysts in the research process on multiple regions and authors the global summary report, and focal points. She also collaborates with the Lead Analysts in the process of rating the providers and in building insights around the market trends and drivers.

Arpita comes with an experience of over 4.5 years in research. She has led and supported ad-hoc research requests in investment banking, healthcare, energy, and information and communication technology. During this period, she has also spent a significant time enabling technology sales in pre-sales research teams. Arpita is skilled in insights generation, market sizing and forecasting, storyboarding, design thinking, financial analysis, go-to-market strategies, competitive intelligence, and benchmarking. Her areas of interest broadly are- technology, finance, and business strategy.

Study Sponsor

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Heiko Henkes serves as Director and Principal Analyst at ISG, overseeing the Global ISG Provider Lens™ (IPL) Program for all IT Outsourcing (ITO) studies alongside his pivotal role in the global IPL division as a strategic program manager and thought leader for IPL lead analysts.

Henkes heads Star of Excellence, ISG's global customer experience initiative, steering program design and its integration with IPL and ISG's sourcing practice. His expertise lies in guiding companies through IT-based business model transformations, leveraging his deep understanding of continuous transformation, IT competencies, sustainable business strategies and change management in a cloud-AI-driven business landscape. Henkes is known for his contributions as a keynote speaker on digital innovation, sharing insights on using technology for business growth and transformation.

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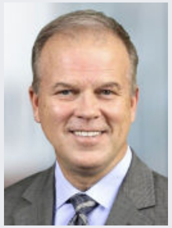

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Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, 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.

ISG Provider Lens™

The ISG Provider Lens™ Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

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Founded in 2006, and based in Stamford, Conn., ISG employs 1,600 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.

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ISG Provider Lens™

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REPORT: PRIVATE/HYBRID CLOUD – DATA CENTER SERVICES