



IDC MarketScape

IDC MarketScape: Canadian Hybrid Cloud Services 2015 Vendor Assessment

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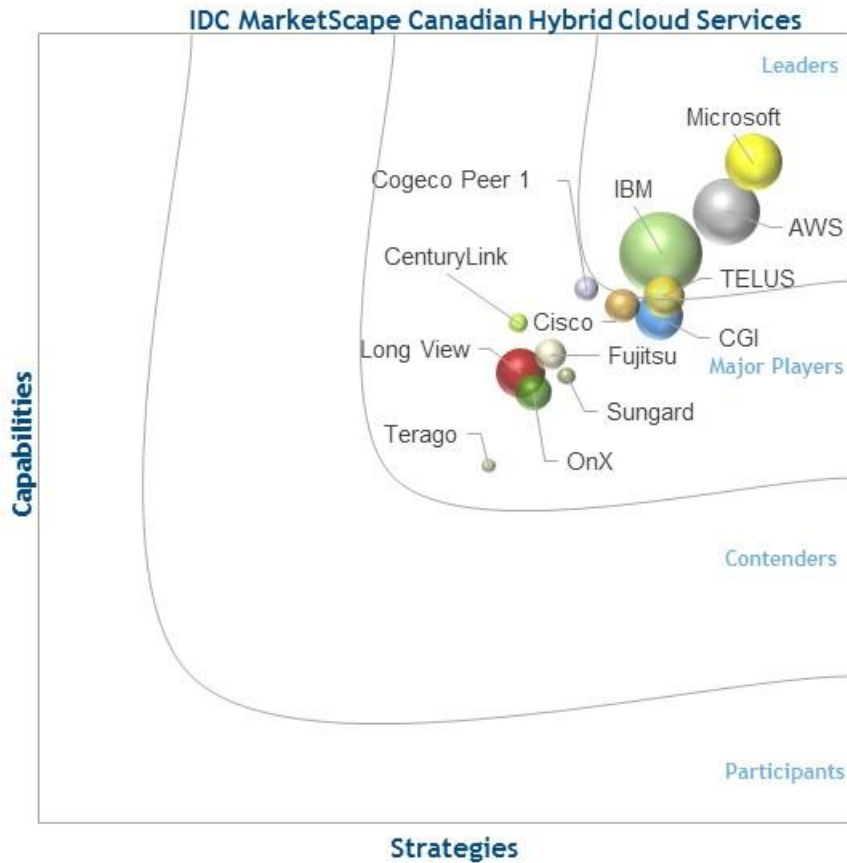
IN THIS EXCERPT

The content for this excerpt was taken directly from the IDC MarketScape: Canadian Hybrid Cloud Services 2015 Vendor Assessment by Mark Schrutt (Doc #CA10SSC15). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Buyer Guidance, Vendor Summary Profile, Appendix, Learn More and Related Research. Also included is the IDC MarketScape Figure (Figure 1).

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Canadian Hybrid Cloud Services Vendor Assessment



Source: IDC, 2015

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IDC OPINION

The market for cloud services is quickly shifting from isolated infrastructure-based solutions for developing applications and content delivery to platforms that integrate onsite, public, and private infrastructure as a service (IaaS). Hybrid cloud offers the promise of running corporate systems in the right environment and the choice of moving workloads and using multiple cloud providers. While the market is transitioning, buyers are also embarking on a maturity curve. Vendors can also be placed on a similar continuum, from simple integration of their own solutions to enabling full interoperability and tools to manage these complex environments. This IDC MarketScape set out to measure the capabilities of hybrid cloud providers and their qualifications to meet the needs of the Canadian

market. The IDC MarketScape for Canadian hybrid cloud services is our fourth IDC MarketScape focusing on Canadian cloud services. It was driven by market demand to understand vendor capabilities as buyers look to expand their use of cloud computing and integrate cloud and onsite technologies. This IDC MarketScape extends our prior work on public and private IaaS, as well as the evolution of the tools, technologies, and the vendors themselves. What IDC found was:

- Hybrid cloud services are a continuum from relatively simple to complex, multicloud environments and from managed to self-managed cloud, with a variety of automation and orchestration choices.
- There is also a range in definitions and maturity of buyers and vendors in the hybrid cloud space.
- By their sheer size, hyperscale providers are pervasive. These cloud-centric vendors are also driving the evolution of technologies and tools, the channel, and cloud ecosystem.
- The hyperscale offerings are innovative and feature rich. They were predominately designed for companies to run their own cloud environment. Not all companies want to manage IT going forward. IDC sees a tremendous market opportunity for managed hybrid services.
- In-Canada was a major factor in our prior IDC MarketScapes. Canadian buyers are concerned about data residency and are more comfortable with in-Canada delivery. This has led some cloud providers to set up shops in Canada. These moves, combined with the growing experience of buyers, have contributed to taking data residency partly off the table for buyers. These delivery options and popularity of tools to ensure regulatory compliance have lessened the weighting IDC puts on "in-Canada" in our scoring.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

To be included in the IDC MarketScape, providers had to have a minimum of C\$5 million in annual hybrid cloud service revenue. The service categories included:

- The proportion of Canadian public IaaS revenue that was part of a buyer's hybrid cloud environment (IDC data and vendor input were used to determine the percentage.)
- The proportion of Canadian private IaaS revenue that was part of a buyer's hybrid cloud environment (IDC data and vendor input were used to determine the percentage.)
- Annual professional services revenue from hybrid implementations (This included strategy, design, integration, and migration services.)
- Managed services for hybrid cloud platforms

Wholesale IT services were not included, nor were hardware and software sold as part of a self-managed private cloud implementation. Overall, 16 firms were invited to participate in this IDC MarketScape. These firms included hyperscale or cloud-centric providers, telecom-based service providers, hosting firms, and large systems integrators (SIs). Cloud, hybrid cloud in particular, is a fast-moving and rapidly evolving market.

This assessment is designed to evaluate the characteristics of each firm – as opposed to a firm's size or breadth of services. It is conceivable, and in fact the case, that specialty firms can compete with multidisciplinary firms on an equal footing. As such, this evaluation should not be considered a "final judgment" on the firms to consider for a particular project. An enterprise's specific objectives and requirements play a significant role in determining which firms should be considered as potential candidates for an engagement. IDC Canada thanks all of the vendors that were invited for their effort.

ESSENTIAL BUYER GUIDANCE

Over the past two years, Canadian IT leaders, such as Amazon Web Services (AWS), have quickly extended beyond a singular public IaaS environment to a hybrid combination of on-premise, third-party server support, and private and public IaaS, platform-as-a-service (PaaS), and software-as-a-service (SaaS) technologies. What makes hybrid cloud so compelling is the potential to shift workloads based on changing requirements, cost, and performance. This provides tremendous value to organizations, enabling them to become more agile, cost effective, and more competitive. Hybrid also creates challenges, including security and privacy and managing what is a growing base of providers and offerings.

While many companies have sourcing strategies to help govern and manage their vendor relationships, and many more have formalized process and procedures around their internal IT delivery, few have yet to consider what their approach to a hybrid cloud environment will be. IDC provides the following guidance:

- **Get your plan in flight.** Buyers need to ramp up their knowledge and then quickly take cloud off the drawing board and into production. Buyers need to develop transition plans for legacy technologies and have a cloud-first approach to new projects and infrastructure spend. This planning starts with the needs of the business, how IT can support the business' goals, and what options are available for IT to do its job better and more cost effectively. Cloud changes how IT gets its job done, sometimes supplementing and in other situations replacing how services are delivered. Companies need to reassess their IT strategy and determine if and when traditional technologies and tasks such as test/development and backup and recovery can be moved to the cloud. This new IT strategy cannot sit on the shelf. Planning needs to be a continuous process that realigns the business and IT and addresses the rebalancing between internally and externally provided service and hosting and public, private, and hybrid IaaS.
- **Hybrid is the goal.** Buyers cannot leave cloud in isolation. Part of the planning process needs to be the framework that will integrate single-vendor clouds with corporate systems. This involves the rewriting of processes to adjust to on-demand and as-a-service models, supporting business users in various ways, and different chargeback mechanisms as well as new tools to manage them all. The IT department will also have to shift from delivering services to managing delivery and vendor relationships. IT will have to demonstrate its ability to manage change, work closer with the business, and show value for money.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criterion outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

TELUS

TELUS, a national telecom, hosting, and managed IT services provider, placed in the Leaders category of this IDC MarketScape. TELUS is Canada's largest managed hosting provider (by revenue), the fifth-largest provider of IT services in Canada, and one of the largest managed security services provider (by revenue) in Canada.

TELUS launched the transformation of its business close to five years ago. With the maturing of the Canadian telecommunications market, TELUS began making critical investments in the building out of its IT service capabilities. The investments in datacentres and the TELUS network are instrumental in the next phase of its IT service strategy, cloud and specifically hybrid cloud.

TELUS operates a portfolio of seven facilities across Canada, including two "mega" datacentres, one in Rimouski, Quebec, and the other in Kamloops, British Columbia. The secure, cross-country network and portfolio of state-of-the-art datacenters are the foundation for TELUS' IT solutions, which extend from managed server and mainframe environments through to private and public cloud solutions.

TELUS has demonstrated experience in deploying IaaS to the Canadian market, beginning with public IaaS in 2012. Both its private and its public IaaS offerings have been redesigned and enhanced this past year to provide more features including a fully managed cloud platform, more self-serve capabilities, and additional managed services options.

TELUS' vision of hybrid cloud is a solution that provides an integrated approach to manage hybrid IT from a single point of access across multiple cloud deployment options. To that end, TELUS' road map for hybrid cloud includes two types of hybrid cloud solutions, one based on the Microsoft platform and the other on VMware technology. TELUS Hybrid Cloud with Microsoft is currently available, with plans to launch the VMware hybrid version in late 2016.

TELUS Hybrid Cloud with Microsoft spans three primary offerings:

- **TELUS Private Cloud:** Hosted in TELUS datacentres, this option provides dedicated compute and shared storage infrastructure.
- **TELUS Public Cloud:** Hosted in TELUS datacentres, this option provides shared compute and storage infrastructures. Bursting is available within TELUS-owned Canadian datacentres. With the public cloud option, customers can get self-serve capabilities to build, manage, and operate virtual machines and networks in an IaaS environment.
- **TELUS Hybrid Cloud with Microsoft – Azure enabled:** This option is based on Microsoft Azure and hosted in Microsoft datacentres globally.

All the aforementioned services are offered in two models – self-serve and managed:

- **Self-serve:** This is a co-managed offering and provided to all customers as a default option. TELUS implements and manages the underlying infrastructure while providing customers with the flexibility to build and configure virtual machines, storage, and network, as well as manage their operating systems and applications.

- **Managed:** This is a fully managed solution that adds to support for the virtual machines, operating system, backup, and recovery.

TELUS has one of the most extensive datacentre footprints in Canada. It provides a full spectrum of traditional datacentre services, stretching from remote management and dedicated and managed hosting to end-to-end infrastructure outsourcing. Last, as part of its relationship with Microsoft, IDC expects TELUS to extend its SaaS offerings with Office 365 and selective titles from Microsoft's Store Marketplace.

TELUS' professional services for cloud includes readiness assessment, strategy, design, and migration. TELUS currently supports VMware and Hyper-V hypervisor platforms. Its partners include VMware, Microsoft, Cisco, Symantec, and NetApp.

The Microsoft relationship is key for TELUS' hybrid cloud strategy. Combining the firm's capabilities gives TELUS both in-Canada and hyperscale solutions, in either a managed or a self-managed model. The partnership is significant in filling a perceived gap of scale and price competitiveness in the Canadian market. Microsoft also brings to reality a single pane of glass, a unified portal to manage both TELUS' public and private offerings in addition to Microsoft Azure environments. The portal provides orchestrated management, provisioning, reporting, monitoring, and management functionalities.

TELUS Cloud Services are sold by one of the largest ICT sales forces in Canada, with TELUS' reach penetrating most verticals and regions across the country. TELUS teams its sales force with managed IT services and cloud subject matter experts and solutions engineers. While its resale channel for cloud services is still in development, TELUS plans to formalize its program and channel enablement tools in this area.

TELUS' value proposition for hybrid cloud is to help organizations mitigate their risk of cloud transformation by providing its customers with end-to-end hybrid cloud capability with full automation and orchestration. This includes a choice of multiple deployment options – public, private, hybrid, and physical managed infrastructure – all hosted within Canadian datacentres, flexible management options, and the ability to access value-added services including connectivity, security, and cloud advisory services.

TELUS placed in the Leaders category and is ahead of its local competition in key ways in developing agile solutions that respond to the needs of the marketplace.

Strengths

- **Reputation and reach.** TELUS has an extensive sales and datacentre footprint, which will be key in its ability to promote and deliver hybrid cloud services. TELUS has also earned a solid reputation in the network and hosting areas, which needs to be extended into the hybrid cloud market. No one firm owns the Canadian hybrid cloud market. TELUS' coverage, particularly in the midsize and large business segments, along with the company's relationships with Cisco and Microsoft, provides TELUS the opportunity to get a leg up on its competition.

Challenges

TELUS' main challenge is that the company is mostly known as a telecom provider. The same network that is the basis of TELUS' reputation is also a key enabler in the company's move to becoming a leading IT provider in Canada. Managed IT services is one of TELUS' best kept secrets. Yet the network and TELUS' wide-scale portfolio of facilities are the building blocks to cloud computing.

TELUS needs to promote that it has been running datacentres for well over 20 years and that it has the expertise and solutions to support the cloud needs of Canadian businesses. In addition, TELUS will need to continue to invest in people (professional services) and build an even stronger body of best practices and tools as hybrid practices advance. TELUS' professional services will be critical in helping clients develop technology road maps that align with their strategy and further drive thought leadership in the cloud market.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or 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 decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed. The Canadian hybrid cloud services market is considered to be the combination of the following categories:

- The proportion of Canadian public IaaS revenue that was part of a buyer's hybrid cloud environment (IDC data and vendor input were used to determine the percentage.)
- The proportion of Canadian private IaaS revenue that was part of a buyer's hybrid cloud environment (IDC data and vendor input were used to determine the percentage.)
- Annual professional services revenue from hybrid implementations (This included strategy, design, integration, and migration services.)

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific 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.

Market Definition

IT Cloud Services Overview

What Are "Cloud Services?"

Cloud services are fundamentally about an alternative solution composition, delivery, and consumption model – one that can be applied to IT industry offerings but also, much more broadly, to offerings from many other industries, including entertainment, energy, financial services, health, manufacturing, retail, and transportation, as well as from government and education sectors.

The cloud model goes well beyond prior online delivery approaches – combining efficient use of multitenant (shared) resources, radically simplified "solution" packaging, self-service provisioning, highly elastic and granular scaling, flexible pricing, and broad leverage of Internet-standard technologies – to make offerings dramatically easier and generally cheaper to consume.

Six Cloud Services Key Attributes

IDC defines cloud services more formally through a checklist of key attributes that an offering must manifest to end users of the service. To qualify as a "cloud service," as defined by IDC, an offering must support all of the following six attributes:

- **Shared, standard service:** Built for multitenancy, among or within enterprises
- **Solution packaged:** A "turnkey" offering, pre-integrates required resources
- **Self-service:** Provisioning and management, typically via a Web portal and APIs
- **Elastic resource scaling:** Dynamic, rapid, and fine grained
- **Elastic, use-based pricing:** Supported by service metering
- **Published service interface (API):** Web services, other common Internet APIs

These attributes apply to all cloud services – in all public and private cloud service deployment models – although the specifics of how each attribute applies may vary slightly among these deployment models. The sections that follow provide a more detailed explanation of what we mean for each of these attributes.

Shared, Standard Service

Cloud services are shared, standard services. This is the most fundamental attribute of a cloud service, an attribute that is shared with a wide variety of previous-generation online services and the one that differentiates cloud services from many traditional customer-unique outsourced or hosted offerings.

"Shared" means that those resources named in the cloud service label (e.g., storage for a cloud storage service and CRM application for CRM SaaS) are physically shared among multiple enterprises (for public clouds) or constituent groups (e.g., departments and divisions in private clouds). For SaaS and PaaS offerings, software instances are shared among different user groups. For IaaS offerings, hardware resources (e.g., storage and servers) are shared among multiple user groups.

"Standard" does not mean that services do not offer customers the ability to create a "personalized" version of the service. Cloud services typically offer a wide range of built-in configuration options that allow customers to personalize the service; the key difference from traditional systems is that cloud

services personalization is based on choosing among commonly available, "engineered in" options rather than making customer-specific "hacks" to the code.

The cloud's shared, standard service model offers customers and suppliers both enormous operating efficiencies and upgrade/enhancement velocity. In a private cloud deployment, the IT department can be viewed as the cloud service "vendor," offering a standard service within a single enterprise with multiple user groups or across an extended enterprise.

Solution Packaged

One of the most obvious user benefits of the cloud service model is that it is presented as an all-in, "turnkey" solution: all solution resources are integrated, and the customer can access the offering without the need to own, manage, or understand any underlying resources required to support the offering. The cloud service provider bears that burden, offloading it from the customer, making it much simpler and faster to adopt for customers.

Self-Service

Cloud services allow customers' self-service capabilities for service provisioning and administration. In the IT cloud services world, the range of self-service capability varies widely up and down the stack: in the infrastructure-as-a-service area (e.g., cloud storage and cloud servers), "click to buy" provisioning is widely available today, whereas much of the SaaS and PaaS community lags behind here.

While most SaaS and PaaS vendors provide a lot of self-service administration, there is less commonly click-to-buy provisioning simplicity and speed; some onboarding and more complex customization functions typically require up-front human intervention from the provider's staff. Cloud service offerings must have at least some customer-accessible provisioning and management controls.

Elastic Resource Scaling

Rapid and flexible expansion (and contraction) of service usage is among the major benefits of cloud services for users. Because the cloud services model allows users to quickly access and utilize the services they require, when they require them, they can greatly speed up systems' implementation/deployment.

Cloud services' dynamic provisioning (and deprovisioning) capability – including the ability to access resources in finer-grained increments – also dramatically reduces the need for costly overprovisioning. In addition, this characteristic substantially reduces user burden to come up with demand plans for resources (e.g., CPU, storage, network bandwidth, and support staff), which is a major challenge for organizations and typically drives companies to greatly overprovision IT.

Elastic, Use-Based Pricing

Customers want services, not only scaled to need but also priced to reflect actual consumption, whether that's in proportion to resource usage, the number of users, transactions, screen views, or some other consumption metric. As a convenience to some customers, providers may mask this pricing granularity with long-term, fixed-price agreements, but – to meet the cloud service definition – suppliers must design their offering so that they have the capability to do fine-grained metering and pricing for customers that wish that. In a private cloud setting, some IT shops may take advantage of the fine-grained metering to support more detailed, usage-based chargebacks.

Published Service Interface (APIs)

The ability to combine services with each other, and to integrate them with traditional, on-premise systems, is the foundation for being able to rapidly create – and, importantly, allow others to create – new solutions and value and therefore a core element of modern cloud services.

Published cloud service APIs transform online services from "islands" to high-leverage building blocks within large innovation communities and marketplaces. These APIs, and the ecosystems around them, form the foundation for expanding suppliers' market power. In IDC's view, this is the brightest "red line" that separates true cloud services from first-generation online Internet offerings. It's no surprise that the first-generation Internet businesses that have become cloud leaders were among the first of the first-generation online/ecommerce providers to open up their services with APIs and recruit huge developer communities.

In the IT industry, many SaaS/PaaS providers – and a fast-growing number of IaaS providers – have published service APIs that allow customers and other vendors to access functionality within their offering; some providers expose a minimal number of controls, while others publish many. But it's hard to imagine any successful cloud services vendor not providing a way for its offerings to be leveraged for greater value by customers and by its own ecosystems. These APIs and the ecosystems around them will be the foundation for expanding suppliers' market power.

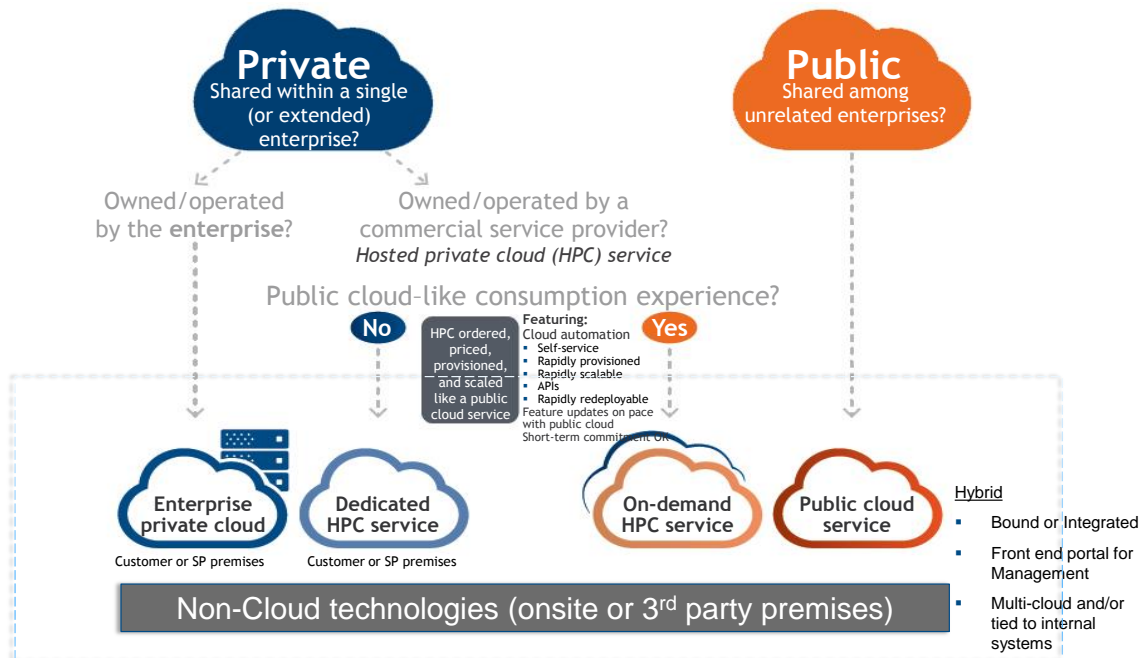
Cloud Services Deployment Models

At the highest level, the two types of deployment models for cloud services are public and private (see Figure 2):

- Public cloud services are shared among unrelated enterprises and/or consumers, open to a largely unrestricted universe of potential users, and designed for a market, not a single enterprise.
- Private cloud services are shared within a single enterprise or an extended enterprise, with restrictions on access and level of resource dedication, and defined/controlled by the enterprise, beyond the control available in public cloud offerings.

FIGURE 2

Major Cloud Services Deployment Models



Source: IDC, 2015

In the public cloud world, we define one major model called, not surprisingly, public cloud service. Underneath this big umbrella, there are a growing variety of options available relating to public/private/VPN network connection, geolocation of data, options for dedicated data storage devices, and so forth. IDC considers all these "subspecies" within the public cloud world.

In the private cloud services world, there are two major options:

- **Enterprise private cloud:** This is owned and operated by an enterprise for its own internal use.
- **Hosted private cloud:** In this private cloud scenario, third-party commercial cloud service providers offer customers access to private cloud services that the service providers have built, own, and operate. Within the HPC world, IDC has identified two very different HPC deployment models: dedicated HPC, fully dedicated to a single customer for an extended period of time, and on-demand HPC, where resources from a shared pool are dynamically provisioned for dedicated use by clients.

Hybrid Cloud Services

Hybrid cloud services is the focus of this IDC MarketScape. IDC defines "hybrid cloud services" as the integration and consolidated management of cloud services with other cloud services and/or noncloud resources (systems, apps, and databases). Hybrid cloud services include "public-public," "public-private," and "private-private" combinations, as well as "cloud-noncloud" combinations. Key in hybrid is consolidated management of these cloud and noncloud services. This integrated view is facilitated by

a front-end interface (e.g., RESTful APIs) or a single pane of glass that provides provisioning, governance, reporting, and billing management.

Just as vendors are competing for market share and channel influence, there is also a battle going on for which platform will win out as the dominant hybrid cloud management tool. Many firms have developed their own tool. Vendors such as CenturyLink, Sungard, and CGI have created impressive tools and are currently working on extending their functionalities. OpenStack is key for these providers (and others such as IBM) in building open and interoperable platforms. Other firms such as AWS and Microsoft have also embraced open standards and are depending on their ubiquity and broad reseller base to control the hybrid management segment of the market. The various approaches have their benefits and challenges, which have been addressed in the scoring for this IDC MarketScape.

The Maturity of Hybrid Cloud Services

Cloud is not an all-or-nothing proposition. Cloud has different meanings to the various participants in the Canadian market. There is even less clarity around hybrid cloud. IDC defines hybrid as the integration and consolidated management of cloud services with other cloud services and/or noncloud resources (systems, apps, and databases). We presented this definition along with a number of variations to over 250 Canadian IT decision makers. Respondents interpreted hybrid in different ways, although the majority of them recognized the multiple platforms, onsite and cloud, that combine to make hybrid a possibility (see Figure 3).

And when combined, the benefits can be tremendous. Integrating systems and enabling wide corporate use of cloud computing are significant steps in the evolution of information technology. Technology is rapidly changing businesses, disrupting industries, and shifting the focus of the CIO. Leading technology executives are on the forefront of this digital transformation and are pushing the agenda forward with mobile solutions, social business technologies, and big data. They are using cloud, both IaaS and SaaS solutions, to facilitate this revolution. Cloud is the new datacentre and so much more as vendors integrate back-end systems and analytic tools and open standards into their solutions. Hybrid cloud is making this possible as businesses extend well beyond siloed public IaaS environments for test/development or backup and restore use cases. This is a significant change from two years ago when Microsoft Azure was released from beta or four years ago when IBM began delivery of in-Canada cloud services and even five years ago when Radiant Networks and RackForce first introduced IaaS to the Canadian market.

Before we go further, we need to recognize that hybrid adoption is a continuum, starting at simply tying back-end applications with the cloud to very complex. And as buyers and vendors move from one end of the continuum to the other, a number of factors will need to be addressed, including:

- **The role of accelerators.** Accelerators in this case are market developments, new products and features, and so forth that will drive awareness, adoption, and full-scale use of cloud technologies. IDC believes that the continued rollout of SaaS offerings, improved security and approaches (use of encryption, tokens, and customer keys), and technologies such as Docker will drive adoption of hybrid cloud.
- **Standards.** Standards development is maturing in the cloud arena as is the buy-in from major vendors such as IBM and Microsoft. Open source, OpenStack, and Cloud Foundry are a few of the leading approaches to making development and management simpler for vendors and end users alike. IDC anticipates that the existing standards will continue to evolve and expects larger industry participating in developing and following these standards. This will ultimately ensure that hybrid clouds provide more choice and flexibility and are easier to manage.

- **Workload portability.** The ability to dynamically move workloads based on requirements and price, a supply and demand scenario popular in the wholesale utilities market, has been a key pillar of hybrid's potential. There are applications and workloads for certain customers that may require portability, yet IDC believes that the demand for dynamically moving workloads based on preestablished rules has not yet shown itself to be a key differentiator for the Canadian market. Vendor offerings are limited in this space, and the velocity of business has not yet reached the point where dynamically moving systems from AWS EC2 to Azure to on-premise is a requirement.
- **Managed services.** Hybrid cloud comes with significant automation and built-in tools to enable clients to manage hybrid environments on their own. Certain segments of the Canadian market are embracing these self-management tools, such as the large enterprise and SMBs, yet a significant proportion of the market will seek third-party support. The adoption of managed cloud will increase over time for many of the same reasons we have witnessed an increase in managed hosting. That said, vendors need to improve their service portfolio, introduce new value-added services and use case support, redesign the packaging and pricing of services, and attract and retain key technical skills, particularly in the area of architecture and application migration.
- **The as-a-service business model.** Cloud and other digital technologies are great disruptors to the IT services industry. The 3rd Platform is creating significant shifts in the market. As demonstrated in this IDC MarketScape, hardware, software, and services firms appreciate the significance of cloud, yet the impact it will have on their business is less clear. Balancing traditional and new technologies, channel programs, and compensation models while harmonizing services and reducing the complexity for the customer will be key in determining which vendors survive and thrive in the future.

FIGURE 3

Hybrid Cloud Definition Preference

Hybrid Cloud Definition - IDC Tested	% Firms
An IT environment that uses a mix of Public Cloud services and dedicated IT assets including virtualization and Private Cloud	44%
An environment where the cloud infrastructure is a composition of two or more distinct cloud infrastructures (private, community or public) that remain unique entities, but are bound together by standardized or proprietary technology that enables data and application portability (e.g., cloud bursting for load balancing between clouds).	20%
A data center environment that supports multiple vendors' hypervisors	10%
Management of IT resources including Public Cloud, Private Cloud and traditional (non-cloud) IT using the same service catalog, SLAs and resource provisioning automation	8%
Subscription to multiple external cloud services from different cloud service providers for different business needs	8%
An environment where workloads are highly portable and can automatically burst and load balance across Public and Private Cloud resources as needed	6%

n = 255

Source: IDC Canada's *BITAP n2*, 2015

Strategies and Capabilities Criteria

IDC factored participating vendor offerings, strategies, and approach to hybrid cloud services in our IDC MarketScape ratings. Tables 1 and 2 provide an explanation and weightings for these elements.

TABLE 1

Key Strategy Measures for Success: Canadian Hybrid Cloud Services Vendors

Strategies Criteria	Criteria for Success	Subcriteria Weighting
Offering strategy		
Functionality or offering road map	Approach and vision of cloud computing and the role of hybrid cloud; how service portfolio and tools will evolve; approach to cloud overall (SaaS, PaaS, etc.)	2.5
Delivery model	Delivery and pricing approach to IaaS and hybrid features	1.25
Cost management strategy	Leverage datacentre and technology investments for hybrid cloud; operational strategy to support delivery (partner or self-supported); approach to being a low-cost/value-added provider	1.25
Portfolio strategy	Partner and ecosystem and complementary services, use case support, single one-stop shop for cloud (SaaS, IaaS, etc.) services, and value-added portfolio of consulting and integration services	1.5
New release/revision strategy	Ongoing product development and release strategy	1.75
Scalability strategy	Approach to required scalability of infrastructure services, facilities, and partner offerings	1.75
Subtotal		10
Go-to-market strategy		
Pricing model	Billing and customer care; how does the vendor get feedback on pricing; approach to contracting for cloud and hybrid cloud services	1.5
Sales/distribution strategy	Projected changes regarding online fulfillment/provisioning, inbound/outbound sales, VAR, reseller program for resale, consulting, and expected changes to any managed service offerings	3
Marketing strategy	Suggested marketing budget for IaaS versus other services; expected marketing department priority for cloud, IaaS, and hybrid cloud services	2
Customer service strategy	CSAT approach; plan to identify and address issues; development of other private and cloud (value-added) services and features to drive stickiness; account management approach	3.5
Subtotal		10

TABLE 1

Key Strategy Measures for Success: Canadian Hybrid Cloud Services Vendors

Strategies Criteria	Criteria for Success	Subcriteria Weighting
Business strategy		
Growth strategy	Growth targets, how realistic are they, what hurdles do vendors see in reaching, and what are vendors doing about them	3
Innovation/R&D pace and productivity	Anticipated investments focused on cloud, security, datacentre facilities, and networking — projected introduction of new offerings in IaaS, SaaS, and hybrid; partnerships to create innovation; new product/feature introduction	3
Financial/funding model	How will the vendor fund IT investments; potential risk in this model and mitigation strategy; cost of capital versus competition; operational cost strategy	2.5
Employee strategy	Ability to hire and retain talent in the areas of direct and channel sales, operations, and product development	0.5
Branding perceptions from IDC end-user research	IDC perception data on how vendors rate on elements buyers see as critical to hybrid cloud services	1
Subtotal		10

Source: IDC, 2015

TABLE 2

Key Capability Measures for Success: Canadian Hybrid Cloud Services Vendors

Capabilities Criteria	Criteria for Success	Subcriteria Weighting
Offering capabilities		
Functionality/offering delivered	Meets demands of the market; easy to understand and use; choice of self-managed or managed offerings; ability to move workloads to the best cloud and noncloud platform	2.5
Delivery model	What options and functionality are provided: on-demand and self-serve; utility-based and elastic features; approach to hybrid cloud; scope of IaaS and additional infrastructure offerings	1.25

TABLE 2

Key Capability Measures for Success: Canadian Hybrid Cloud Services Vendors

Capabilities Criteria	Criteria for Success	Subcriteria Weighting
Cost competitiveness	Price competitive (compared with other vendors, all in [TCO]), price reductions/volume discounts); how the vendor assesses and decides on what to charge (gauging the market) and approach to continuous price changes depending on market conditions), approach to pricing the underlying professional services associated with cloud (integration, design, and support)	1.25
Portfolio benefits delivered	Approach to hybrid cloud (tools, standards, and partnerships); suite of as-a-service cloud offerings (IaaS, public/private/dedicated, PaaS, cloud market or storefront, and cloud broker or integration services); suite of additional infrastructure services (hosting and colocation) and professional services (consulting, architect, and design)	2.5
Integration	Integration and interoperability; what tools are provided and standards adhered to; how automated and difficult is the process; and what support (professional services) is available to clients	1.25
Scalability	Scalability of infrastructure services, facilities, and partner offerings	1.25
Subtotal		10
Go-to-market capabilities		
Pricing model options and alignment	Utility (pay as you go, what established minimums are there, is it all inclusive [single billing, includes the network component]); easy to understand; easy to compare	2
Sales/distribution structure, capabilities	Choice between self-serve and using channel or sales force; presales technical sales force	2.5
Marketing	The priority cloud, in particular hybrid cloud, has with other marketing efforts; percentage of marketing spent on cloud/utility; strategy to customize marketing (business size, vertical — for Canada)	1
Customer service	Cloud management tools; customer portal and support provided; governance, procurement, and reporting features; how support is organized; single point of contact for support and account management	3
New release/revisions	Pace of change; how new features are promoted and integrated into the services; how new features address the needs for hybrid cloud management	1.5
Subtotal		10

TABLE 2

Key Capability Measures for Success: Canadian Hybrid Cloud Services Vendors

Capabilities Criteria	Criteria for Success	Subcriteria Weighting
Business capabilities		
Growth strategy execution	Growth targets, how realistic are they, what hurdles do vendors see in reaching and what are vendors doing about them; datacentre expansion plans and funding; sales force and channel investments (cloud as compared with other services, how is sales integration going to occur [cloud with traditional services], comparison with peers)	3
Innovation/R&D pace and productivity	Datacentre investments such as software-defined networking; introduction of new offerings in IaaS, SaaS, and hybrid; partnerships to create innovation; new product/feature introduction	3
Financial/funding management	The need for and ability to raise capital; cost of financing	2
Employee management	Ability to hire and retain talent in the areas of direct and channel sales, operations, and product development	0.5
IDC end-user perception data	IDC perception data on how vendors rate on elements buyers see as critical to hybrid cloud services	1.5
Subtotal		10

Source: IDC, 2015

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Related Research

- *Worldwide Hosted Private Cloud Services Forecast, 2015-2019: New Models for Delivering Infrastructure Services* (IDC #259066, September 2015)
- *Canadian Infrastructure Outsourcing 2015-2019 Forecast* (IDC #CA4SSC15, May 2015)
- *Adoption of Cloud in Canada: A Global Perspective* (IDC #CA1CCS15, March 2015)
- *IDC MarketScape: Canadian Public IaaS 2015 Vendor Assessment* (IDC #CA1SSC15, February 2015)
- *The Impact of Declining Oil Prices on the Canadian ICT Market* (IDC #CA0VM15, January 2015)
- *Canadian Public IT Cloud IT 2014-2018 Forecast* (IDC #CA3CCS14, December 2014)
- *Canadian End-User Views on Cloud Computing Services* (IDC #CA11CAS14, September 2014)
- *IT Buyer Guide: Canadian Managed Services, 2014* (IDC #CA7SSC14, September 2014)
- *Canadian Infrastructure Outsourcing 2014-2018 Forecast* (IDC #CA4SSC14, April 2014)

- *Canada Following Fast on the Cloud* (IDC #CA4CCS14, March 2014)
- *IDC MarketScape: Canadian Dedicated Private Infrastructure as a Service 2014 Vendor Assessment* (IDC #CA1SSC14, March 2014)

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