

Magic Quadrant for Cloud-Enabled Managed Hosting, North America

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Summary

Cloud-enabled managed hosting brings cloudlike consumption and provisioning attributes to the traditional managed hosting market. It represents an evolution of a mature market in which the wide variety of offerings and capabilities means vendors must be chosen carefully.

Market Definition/Description

The cloud-enabled managed hosting (CEMH) market deals in standardized, productized hosting offerings that combine a cloud-enabled system infrastructure (CESI) platform – comprising compute, network and storage hardware owned and operated by a service provider – with cloud management platform software to facilitate self-service and rapid provisioning with managed services (see "Technology Overview for Cloud-Enabled System Infrastructure" ; *note that this document has been archived; some of its content may not reflect current conditions*). The infrastructure platform may be located in a service provider's data center, or optionally at the customer's data center, but, either way, it requires standardized deployment across all customers and uses a single code base that has been pre-engineered and/or predeployed by the provider prior to customer sign-up. At minimum, a service provider must supply server OS management services, including guest OS instances when virtualization is used. The provider may optionally supply other managed and professional services relating to the infrastructure's deployment and operation.

Cloud-enabled managed hosting allows only limited customization. It is sold on a stand-alone basis, with no requirement to bundle it with – for example – application development, application maintenance or data center outsourcing (DCO) services.

Customers must be able to access a self-service interface, which may be different from the platform interfaces used internally by the provider. A service provider can potentially intervene in the self-service workflow to manually approve, deny or alter a customer's requests, as long as the provisioning requested is fulfilled in a fully automated manner thereafter. Managed services (such as OS backups, patching and monitoring) must be available to customers on commitments of less than one year.

For a more detailed overview of cloud-enabled managed hosting, see "Technology Overview for Cloud-Enabled Managed Hosting."

This Magic Quadrant focuses on the enterprise-class cloud-enabled managed hosting market. Multiple delivery models are used in this market:

Multitenant, on the provider's premises: Compute, storage and networking hardware is shared by many customers, housed in the service provider's facilities and fully managed by that provider. This is the most common use case. It encompasses cloud infrastructure as a service (IaaS) offerings for which the provider offers management of guest OS instances.

Single-tenant, on the provider's premises: Compute and storage hardware is dedicated to one customer and housed in the service provider's facilities.

Single-tenant, on the customer's premises: Compute, storage and networking hardware is dedicated to one customer and housed in that customer's data center facilities, but owned and managed by the service provider in a nearly identical fashion to the multitenant and single-tenant provider-housed approaches.

In addition to server OS management, managed and professional services related to infrastructure operations may be offered, such as:

- Management of infrastructure software at the middleware or persistence layer, such as Web server software, application servers and database servers

- Management of storage, including backup and recovery

- Management of host-based and network-based security functions

- Management of network devices, such as application delivery controllers

- Professional services associated with hosting, such as architecture consultation, capacity planning, performance testing, security auditing and data center migration

Cloud-enabled managed hosting services must be available to customers on contracts shorter than the multiyear contracts historically used for traditional managed hosting. Customers may opt for longer contracts of one to three years to secure greater overall discounts, but this is entirely at their discretion. Ultimately, cloud-enabled managed hosting must afford customers the ability to change the amount of capacity in use without any contract alterations.

Use Cases Covered by This Evaluation

This Magic Quadrant focuses on the following common use cases, independent of the type or types of infrastructure used for the associated workloads:

E-business hosting for digital marketing sites, e-commerce websites, SaaS, social websites, and similar modern online properties and applications. These workloads are often complex and are associated with a high rate of change in systems and application infrastructure.

Web-based business application hosting for corporate intranets and Web-based applications delivered to users primarily within enterprises. The applications may be commercial software or developed in-house; workloads are often relatively static and do not have a high rate of change.

Enterprise application hosting. Managed hosting for the infrastructure used to support large commercial software applications, such as those of Oracle, SAP and other enterprise software vendors. These workloads are often complex and require specialized knowledge to operate optimally, but do not have a high rate of change.

All three use cases typically involve tactical sourcing decisions that center on one application or a single group of closely related applications. They are typically best served by a best-of-breed provider that has strong operational expertise with similar solutions. However, many customers expand their use of hosting over time, and the choice of provider may become a strategic decision.

As customers begin to deal with the challenges of bimodal IT within their environments (see "Bimodal IT: How to Be Digitally Agile Without Making a Mess" and "Best Practices for Planning a Cloud Infrastructure-as-a-Service Strategy – Bimodal IT, Not Hybrid Infrastructure"), cloud-enabled services are often sought for Mode 2 "agile" IT needs, placing more emphasis on developer productivity and business agility. However, a substantive amount of cloud-enabled managed hosting is bought for Mode 1 traditional IT, with an emphasis on cost reduction, safety and security. This Magic Quadrant considers both sourcing patterns and their associated customer behaviors and requirements.

In the cloud-enabled managed hosting market, it is difficult to find a provider that excels in all areas – providers may be leaders in some areas but lag behind in others. As a result, it is important to match your use case with a vendor that excels at meeting your particular needs. Smaller providers may do one thing extraordinarily well, but may not have a comprehensive set of services that enables them to address a broad array of use cases.

It is also crucial to note that this Magic Quadrant specifically shows the overall position of a vendor in the cloud-enabled managed hosting market; it does not consider a provider's strength in other adjacent areas in IT services. Therefore, it is crucial to look beyond the Magic Quadrant Leaders when selecting a service provider, especially if you have an unusual need. The perfect vendor for your needs might, for example, be a Niche Player.

Magic Quadrant

Figure 1. Magic Quadrant for Cloud-Enabled Managed Hosting, North America



Source: Gartner (July 2015)

Vendor Strengths and Cautions

AT&T

AT&T is a large global telecommunications provider headquartered in Dallas, Texas. It operates data centers in 20 metropolitan markets in North America, and also has facilities in Europe and Asia. It offers cloud-enabled managed hosting on a VMware-based platform, and can also provide data center colocation services and traditional managed hosting. AT&T can provide managed services for Linux, Windows, Solaris, HP-UX and AIX OSs (although support for Solaris, HP-UX and AIX is not provided as part of its cloud-enabled managed hosting offering).

At publication time, AT&T announced to its customers that it would be retiring its legacy Synaptic Compute as a Service capability in December 2015, and that customers will need to migrate workloads to any of the company's other offerings such as AT&T Private Cloud or AT&T Synaptic Hosting, or partner offerings.

STRENGTHS

AT&T's additional lines of business — namely its wireless and wireline network business, managed security services, cloud solutions and managed application business — enable it to build broader solutions for customers looking for a more comprehensive outsourcing model than just hosting.

Through the company's NetBond capability, customers with AT&T VPNs can easily extend a Multiprotocol Label Switching (MPLS) environment directly into AT&T's cloud computing environment, or those of other providers within AT&T's partner ecosystem.

CAUTIONS

AT&T's investments in the cloud-enabled managed hosting market appear to have waned over the past year.

Although AT&T is typically seen as a global operator, the company seems to be moving away from non-U.S.-based deals.

Overall, AT&T's investment strategy appears to be shifting to focus on solutions that can add value to the company's overall portfolio, instead of trying to match specific infrastructure features available from other competitors in the market.

CenturyLink

CenturyLink is a large global telecommunications provider headquartered in Monroe, Louisiana. It operates data centers in 20 metropolitan markets in North America, and also has facilities in Europe and Asia/Pacific. It offers cloud-enabled managed hosting on a VMware-based platform, and can also provide data center colocation services as well as traditional managed hosting. CenturyLink can provide managed services for Linux, Windows, Solaris, HP-UX and AIX OSs (although support for Solaris, HP-UX and AIX is not provided as part of its cloud-enabled managed hosting offering).

STRENGTHS

CenturyLink has embraced the concept of breaking the link between infrastructure and services that has been a mainstay of the hosting market. Through a focus on automating the provisioning tasks required to deliver managed services, the company can now provision cloud servers with full managed services enabled in less than one hour, with granular hourly based billing.

Although the company is still finalizing the process of rationalizing its multiple legacy platforms, it is sharply focused on a single infrastructure-as-a-service platform, which customers will be able to consume in a number of delivery methods — including a fully private stack of compute, storage and networking (although a multiyear commitment is required), and bare-metal compute nodes.

Infrastructure and operations staff will likely find the CenturyLink Cloud portal interfaces to be intuitive and easy to use, especially for organizations focusing on traditional Mode 1 workloads.

CAUTIONS

Quality of customer service (as reported by Gartner clients) has been uneven over the past several years, although it is starting to show some signs of improvement.

Although CenturyLink offers high SLAs for virtual machines within its cloud offerings, the company also limits SLA credits with an annual maximum cap on its new CenturyLink Cloud platform, regardless of the length of failure or number of occurrences – a practice not commonly found in the industry.

CSC

Headquartered in Falls Church, Virginia, CSC is a large system integrator, infrastructure and data center outsourcing firm that offers cloud-enabled managed hosting on a VMware-based platform. It operates data centers in eight metropolitan markets in North America, and also has facilities in Europe, Asia/Pacific and Latin America. The company can also provide customers with data center colocation services, as well as traditional managed hosting, plus management of some third-party clouds. CSC can support customers in English, Spanish, French, Italian, German, Japanese and Hindi, and can provide managed services for Linux, Windows, Solaris, HP-UX and AIX OSs (although support for Solaris, HP-UX and AIX is not provided as part of its cloud-enabled managed hosting offering).

STRENGTHS

CSC is one of the few providers that offers clients managed cloud IaaS in both hosted and on-premises offerings, with a single-rate-card pricing structure regardless of deployment method.

CSC is moving toward multicloud integration through its Agility Platform (from its October 2013 acquisition of ServiceMesh), which should bring customers interesting options in multicloud services.

CAUTIONS

While CSC's acquisition of ServiceMesh (now called the Agility Platform) can enhance the company's managed hosting business, it also splits the company's engineering focus into cloud brokering as well. Gartner anticipates that the company's future investments will be more slanted toward the Agility Platform than in underlying IaaS platform capabilities.

While CSC has technology partners enabling many of its services, it needs to grow a strong value-added partner ecosystem to provide enhanced services seen in many other providers.

As of 15 May 2015, CSC has announced that it will be splitting into two separate companies, which could cause near-term disruptions for customers as the transition is taking place.

Datapipe

Datapipe is a midsize hosting and cloud IaaS provider headquartered in Jersey City, New Jersey. It operates data centers in seven metropolitan markets in North America, and also has facilities in Europe and Asia/Pacific. The company offers cloud-enabled managed hosting on an Apache CloudStack-based platform, which provides support for multiple hypervisors, including VMware, Citrix XenServer, open-source Xen and KVM. The company can also provide data center colocation services and traditional managed hosting, as well as management of some third-party clouds.

Datapipe can support customers in English, Cantonese and Mandarin, and can provide managed services for Linux, Windows, Solaris, HP-UX and AIX OSs (although support for Solaris, HP-UX and AIX is not provided as part of its cloud-enabled managed hosting offering).

STRENGTHS

Datapipe is one of the few providers that has truly integrated its own hosting and cloud IaaS capabilities with those of a large-scale third-party cloud provider – Amazon Web Services (AWS) – and has now expanded that capability to encompass Microsoft Azure as well.

Through its footprint of capacity in North America, Europe and Asia/Pacific, Datapipe is one of a handful of providers that has a global presence that can help meet the needs of multinational clients. With its Asia facilities in Hong Kong, Shanghai and Singapore – it is one of the few U.S.-based providers that has an operational footprint in mainland China.

The company has broadened its platform and client base over the past year through the acquisition of two other service providers – Layered Tech and GoGrid – which will bring new service capabilities to customers and help the company target public-sector opportunities.

CAUTIONS

Due to Datapipe's focus on higher-touch levels of service, its prices tend to be higher than those of similarly sized competitors. The company's view that "everything is in production" may lead some clients to overpay in some areas.

Although Datapipe now has bare-metal compute nodes available in an IaaS-like consumption model in beta, in the past the company has been known to keep new offerings in beta status for an overly long period of time.

Dimension Data

Dimension Data is a large information and communication technology (ICT) service provider and value-added reseller headquartered in South Africa. It operates from data centers in three metropolitan markets in North America – Ashburn, Virginia; Santa Clara, California; and Toronto, Canada – and also has facilities in Europe, Asia/Pacific, Latin America and South Africa. The company offers cloud-enabled managed hosting on VMware- and Hyper-V-based platforms, and can also provide data center colocation services, as well as traditional managed hosting. Dimension Data can support customers in English, Spanish, French, Italian, German, Dutch, Portuguese, Cantonese, Mandarin, Japanese, Korean and Hindi, and can provide managed services for Linux, Windows, Solaris, HP-UX and AIX OSs (although support for Solaris, HP-UX and AIX is not provided as part of its cloud-enabled managed hosting offering).

STRENGTHS

With a globally consistent platform that can also be deployed on a customer's premises, Dimension Data's offerings are one of the few choices for customers looking for a managed infrastructure capability on nearly every continent, and who also may want to have a private in-house capability as well.

Dimension Data has a long history of supporting independent software vendors that are looking to become SaaS providers. It offers an on-demand billing platform and custom application management to help support such clients.

Through a recent partnership with SAP, and in conjunction with NTT Data, Dimension Data will be hosting SAP Cloud and SAP Hana instances throughout its data centers globally.

CAUTIONS

Although Dimension Data began the rollout of version 2.0 of its managed cloud platform in 2015, the company's overall investments in its IaaS platform have lagged behind the market, resulting in interfaces and capabilities limited mostly to aspects of instance provisioning and configuration. Many broader capabilities relating to incident/change management and patching have no interfaces for customers.

Dimension Data seems to be increasing its reliance on channel and alliance strategies to drive future growth. Customers are recommended to consider the value of the Dimension Data portion of a bundled solution and have a full understanding of potential contract, service delivery, solution design and customer relationship complexities, if not purchasing services directly from Dimension Data.

NTT Group – the parent company of Dimension Data – owns multiple cloud and service offerings globally, and Gartner believes NTT's splitting of investment resources across multiple operating companies worldwide may hinder Dimension Data's ability to innovate in the highly competitive market for cloud services.

FireHost

FireHost is a small, security-focused cloud IaaS provider headquartered in Richardson, Texas. It operates data centers in two metropolitan markets in North America and also has facilities in Europe and Asia/Pacific. It offers cloud-enabled managed hosting on a VMware-based platform, and can also accommodate some colocation requirements on a one-off basis. FireHost can support customers in English, and can provide managed services for Linux and Windows OSs.

STRENGTHS

FireHost has invested significantly in developing its own cloud management system, and has paid special attention to making sure that its overall security features are well-integrated into the platform and user interfaces.

With platform capacity in three major geographic regions, FireHost is a strong choice for customers looking for production capacity worldwide paired with a high degree of security.

CAUTIONS

Customers should carefully evaluate FireHost's contractual SLA language because its standard terms would not result in a customer credit until multiple hours of downtime have passed.

FireHost's default snapshot-based backups make traditional backup and restore strategies challenging for customers accustomed to file-based backup systems. Additional backup solutions to bridge this gap require an additional cost that customers will need to budget for.

While FireHost will advise customers on how to leverage its platform to plan for disaster recovery scenarios, the company does not offer any guaranteed offerings in this area – something that customers with high-compliance workloads are often looking for from their provider.

Hosting

Hosting (also known as Hosting.com) is a midsize hosting provider headquartered in Denver, Colorado. It operates data centers in six locations throughout North America. It can also provide data center colocation services and traditional managed hosting. It can support customers in English. Hosting can provide managed services for Linux and Windows OSs.

STRENGTHS

Hosting is placing a heavy emphasis on PCI and Health Insurance Portability and Accountability Act (HIPAA) compliance-based workloads, and offers customers a written guarantee that they will pass audits from their own auditors (given specific frameworks are followed), or else Hosting will either correct any shortcomings or allow the customer to terminate its contract without penalty.

Hosting has brought innovative disaster recovery management capabilities into its customer portal, providing customers real-time views on the status of data replication and current recovery-point objectives.

Hosting is one of the few providers that will go above a 100% monthly recurring charge (MRC) payout for SLA violations for a standard (albeit "premium") service tier for critical events for clients.

CAUTIONS

Hosting has a forward-looking vision to become a unified managed cloud provider across multiple infrastructure stacks – its own and those of third-party clouds like Amazon and Azure. However, delivering a unified experience to customers will require a significant amount of engineering, which historically, the company has been slow to deliver.

Hosting lacks any international cloud-enabled managed hosting capacity, unlike many of its competitors. This limits its ability to serve U.S.-based multinational corporations that would like a local provider but that also need global platform capacity from that same provider.

IBM

IBM is a highly diversified global technology company headquartered in Armonk, New York. It operates data centers in eight metropolitan markets throughout North America, and also has facilities in Europe, Asia/Pacific and Latin America. It offers cloud-enabled managed hosting on a VMware-based platform, and can provide support in English, Canadian French and Japanese. IBM can provide managed services for Linux, Windows and AIX OSs.

STRENGTHS

IBM's Cloud Managed Services platform is well-suited toward core enterprise applications, and has a broad degree of supported platform technologies that it leverages – including x86, AIX and Power Systems – and can utilize multiple hypervisors for optimal application performance. The platform has also been integrated into the SoftLayer network of data centers, enabling customers to build hybrid solutions as well.

IBM is one of the few companies that makes an on-premises version of its platform available to customers for a turnkey "private" (on-premises) cloud solution.

Through the user interface for Cloud Managed Services, customers can easily turn various management options on and off – such as patching and/or backups – and IBM has now expanded this capability into compliance checking for HIPAA and PCI as well.

CAUTIONS

IBM's Cloud Managed Services platform uses a "mediated" provisioning process, whereby IBM engineers must review and approve requests for new managed compute instances. This leads to provisioning completion times that may range from hours to days.

Based on how IBM approaches security management for customers, organizations leveraging IBM's Cloud Managed Services platform do not typically have full administrative access to operating system instances they are paying for, and, if they do need elevated privileges for a period of time, the SLAs are suspended.

IBM is working to resolve its three disparate cloud platform strategies – OpenStack, SoftLayer and CMS – which will likely take time to resolve, and may slow the pace of additional feature development overall.

Internap

Internap is a midsize hosting and cloud IaaS provider headquartered in Atlanta, Georgia, operating data centers in nine metropolitan markets in North America. It also has facilities in Europe and Asia/Pacific. It offers cloud-enabled managed hosting on VMware- and KVM-based platforms. It can also provide data center colocation services and traditional managed hosting. Internap can support customers in English, French and Spanish, and can provide managed services for Linux and Windows operating systems.

STRENGTHS

Through the company's route-optimized bandwidth offerings, Internap may be a good choice for customers with latency-sensitive applications.

With bare-metal computing options available right alongside virtual machines, customers can address a wide array of performance and isolation use cases within Internap's platform.

Customers that have an interest in an OpenStack-based solution will find that Internap currently operates one of the largest OpenStack public compute deployments.

CAUTIONS

Internap's managed services support tends to be lacking for platforms frequently used by enterprise customers, such as Oracle WebLogic and IBM WebSphere and DB2.

Although the company has been operating in the hosting market for several years, its incident and change management processes are still relatively immature compared with established competitors in the market.

Unlike some of its competitors in the managed services space, Internap does not offer customers a proactive incident-response SLA with financial penalties.

NaviSite

NaviSite, a Time Warner Cable company, is a midsize hosting and cloud IaaS provider headquartered in Andover, Massachusetts. It operates cloud-enabled data centers in three metropolitan markets in North America, and also has facilities in Europe. It offers cloud-enabled managed hosting on a VMware-based platform. It can also provide data center colocation services and traditional managed hosting. NaviSite can support customers in English. It can provide managed services for Linux, Windows, Solaris, HP-UX and AIX operating systems (although support for Solaris, HP-UX and AIX is not provided as part of its cloud-enabled managed hosting offering).

STRENGTHS

NaviSite has built easy-to-use capabilities into its portal for provisioning, monitoring, managing and backing up virtual machines with just a few clicks, and has started to break out its managed services into a la carte add-ons that can be individually selected and have granular pricing.

NaviSite has a strong background in hosting and cloud services for complex application management, and has historically operated with very high-standard SLAs for customers.

Through a new partnership with Zerto, NaviSite will be able to effectively address more disaster recovery scenarios for clients.

CAUTIONS

The company maintains two VMware-powered cloud solutions, which is a challenging long-term strategy for providers, as it splits engineering and development investments.

NaviSite's prices are typically somewhat higher than those of some competitors in the managed hosting market, as it often bundles a higher-than-average level of managed services into its offerings.

NTT Communications

NTT Communications is a large global telecommunications provider headquartered in Tokyo, Japan. It has data centers in two metropolitan markets in North America – Sterling, Virginia, and San Jose, California – and also has facilities in Asia/Pacific and Europe. The company provides cloud-enabled managed hosting on a VMware-based platform, as well as data center colocation services and traditional managed hosting. NTT Communications can support customers in English, Spanish, French, Italian, German, Cantonese, Mandarin, Korean, Japanese, Hindi, Thai and Malay. It can provide managed services for Linux, Windows, Solaris, HP-UX and AIX operating systems (although support for Solaris, HP-UX, and AIX is not provided as part of its cloud-enabled managed hosting offering).

STRENGTHS

As a leading communications service provider in Asia/Pacific, NTT Communications has a proven track record in the region and can be an ideal choice for customers that need significant capacity coordination between North America and Asia.

Through the company's investments in software-defined networking, NTT Communications can bring complex network solutions to customers that require private connections or integration of existing complex wide-area networks in areas where they operate network assets, in addition to the company's managed security services and application management services.

CAUTIONS

NTT Communications tends to lead its engagement with customers with adaptive SLAs (not the traditional technical SLAs typically found in hosting), which may make it challenging for customers to analyze the comparative value between potential providers. Additionally, the company's standard SLA credit payments are much lower than most competitors in the North American market.

Although NTT Communications is moving toward more automation of its managed services via its back-end tools, the user interfaces for the company's Enterprise Cloud offering are still somewhat limited in capabilities compared to other provider's portals, and may vary based on region.

Peak 10

Peak 10 is a midsize hosting and cloud IaaS provider headquartered in Charlotte, North Carolina. It has data centers in 10 cities in North America. It offers cloud-enabled managed hosting on a VMware-based platform, as well as data center colocation services and traditional managed hosting. Peak 10 can support customers in English. It can provide managed services for Linux and Windows and AIX operating systems (although support for AIX is not provided as part of its cloud-enabled managed hosting offering).

STRENGTHS

Peak 10 has placed a high emphasis on building disaster recovery solutions for customers leveraging its cloud services, and is one of the few providers that will sign a recovery-time-objective SLA that includes financial penalties.

Customers concerned about overspending on cloud services will find the "rightsizing recommendations" within Peak 10's portal a useful aide in highlighting areas of infrastructure overprovisioning.

CAUTIONS

Peak 10 lacks any international capacity, unlike many of its competitors. Additionally, it lacks data centers west of Tennessee, so customers with a large number of West Coast users may need to consider how latency could affect their applications.

Peak 10 currently lacks some services and partnerships sought by hosting and cloud customers, such as an object-based storage platform and a partnership with a content delivery network (CDN) provider.

Rackspace

Rackspace is a large, publicly traded managed cloud and hosting provider headquartered in San Antonio, Texas. It operates data centers in three metropolitan markets in North America, and also has facilities in Europe and Asia/Pacific. The company offers cloud-enabled managed hosting on a Citrix XenServer-based platform and also offers traditional managed hosting. Rackspace can support customers in English and Spanish. It can provide managed services for Linux and Windows OSs.

STRENGTHS

Rackspace has a deep-rooted cultural focus on providing superior, high-touch customer service. Gartner clients consistently report high levels of satisfaction with Rackspace in their day-to-day operations, and customer loyalty is strong.

Rackspace has been a leader in managed hosting for many years, and is willing to adapt its business models as market demands change. In addition to launching DevOps-managed services and offering bare-metal servers on-demand in the past year, the company has now announced that it will bring its support to third-party cloud provider platforms such as Microsoft Azure.

Rackspace is one of the few providers that will go above a 100% MRC payout for SLA violations for an off-the-shelf (albeit "premium") service tier for critical events for clients.

CAUTIONS

Despite being the oldest and largest pure-play company in North America's managed hosting market, Rackspace has not deployed infrastructure capacity in the U.S. farther west than Texas. Customers with a large number of West Coast users may need to consider how latency could affect their applications.

Rackspace's cloud platform lacks an integrated self-service firewall capability. This leads it to suggest host-based firewall strategies for clients – such as iptables for Linux – or to deploy dedicated managed firewall appliances.

Rackspace is still rationalizing its global portal strategy, so customers that deploy applications globally might end up with different interfaces and/or logins in different parts of the world.

Rackspace's entry into managing third-party cloud providers will present new challenges that the company has not faced before – where the infrastructure assets used to support customer environments cannot be physically accessed if needed. While Rackspace will likely be able to deliver its high-touch support level on third-party clouds, Gartner expects there may be a learning curve for the company as it evolves this new delivery model.

SingleHop

SingleHop is a small hosting and cloud IaaS provider headquartered in Chicago, Illinois. It operates data centers in three metropolitan markets in North America – Chicago, Phoenix, Arizona; and New York/Connecticut – and also has a facility in Europe. It offers cloud-enabled managed hosting on VMware-based and Microsoft-based platforms, and can also offer data center colocation through its recent acquisition of Datagram. SingleHop can support customers in English, and can provide managed services for Linux and Windows OSs.

STRENGTHS

SingleHop has historically placed a high degree of focus on automation in its infrastructure offerings, and has started bringing that approach to its managed services capabilities as well – including beginning to focus on DevOps automation for customers.

In an effort to be as transparent as possible with its clients, SingleHop allows customers to generate a "SLA report card" at any point in time to see how the company is living up to its SLA guarantees, and allows for a simple credit request mechanism if it has missed an SLA.

For a younger company in a field of well-established competitors, SingleHop has been able to expand its footprint quickly due to rapid growth.

CAUTIONS

Customers engaging with SingleHop will likely want to set aside additional time to understand the details of how various software elements – such as operating systems, databases and Web servers – are managed by the company, as SingleHop's documentation in this regard tends to not be highly detailed.

As a newer company in the managed hosting market, SingleHop's managed services tend to focus more on newer platform stacks, and lack support for more traditional enterprise platforms like Oracle WebLogic and/or databases, and IBM WebSphere and DB2.

Sungard Availability Services

Sungard Availability Services is a large IT availability and business continuity provider headquartered in Wayne, Pennsylvania. It has data centers in over 20 metropolitan markets in North America, as well as locations in Europe. The company offers cloud-enabled managed hosting mainly on a VMware-based platform. It can also provide data center colocation services and traditional managed hosting. It can support customers in English, and in additional languages via third-party partners. It can provide managed services for Linux, Windows, Solaris, HP-UX and AIX OSs (although support for Solaris, HP-UX and AIX is not provided as part of its cloud-enabled managed hosting offering).

STRENGTHS

Sungard is a strong choice for organizations with complex IT availability and recovery needs. It offers a Recover-to-Cloud solution backed by a portfolio of Recovery-As-A-Service capabilities with SLA-backed recovery time objective and recovery point objective metrics.

Sensing customer demand for hyperscale IaaS platforms like Amazon Web Services or Microsoft Azure, Sungard intends to expand its managed and recovery services to those platforms in the near future.

CAUTIONS

After launching a CloudStack-based IaaS offering in 2014, the company has decided to change directions, and will be moving toward OpenStack instead. This may present stability/migration challenges for customers, and will consume engineering time that could otherwise have been put to new capability development above the infrastructure layer.

Sungard's services are spread across multiple portals and can vary by geography. This leaves customers having to navigate through multiple interfaces based on service line and geography, lacking a unified global view of deployed infrastructure assets.

Sungard's managed cloud platform requires more mediation (that is, human intervention) for the provisioning of instances than most CEMH vendors, resulting in higher service provisioning times.

Verizon

Verizon is a large global telecommunications provider headquartered in Basking Ridge, New Jersey. It operates data centers in five metropolitan markets in North America, and also has facilities in Europe, Asia/Pacific and Latin America. It offers cloud-enabled managed hosting on VMware- and

Xen-based platforms. It can also provide data center colocation services and traditional managed hosting. Verizon can support customers in English and Dutch (although not all languages are available for all services). It can provide managed services for Linux and Windows operating systems.

STRENGTHS

Verizon has recently completed a significant platform overhaul with the launch of its new Verizon Cloud platform, which offers a cohesive view of layering granular managed services and SLA priorities across differing "cloud spaces" within its infrastructure environment.

Verizon is one of the few North American providers with strong Latin American capabilities. This is largely due to its network peering hub in Florida – the network access point (NAP) of the Americas – a key landing point for fiber routes from South America, in addition to data center capacity in Latin America.

The company's additional lines of business – telecommunications, managed security services and enterprise application outsourcing – enable Verizon to build broader solutions for customers looking for a more comprehensive outsourcing model than just hosting.

CAUTIONS

Due to the length of time Verizon spent developing its new platform, the company has lagged behind competitors in the market in terms of additional features above and beyond the platform itself. Furthermore, the company is still working toward rationalizing all of its legacy platforms underneath the Verizon Cloud umbrella.

Given that the newest Verizon Cloud platform is still just getting off of the ground, customers should exercise caution with large-scale workloads until the platform has proven its ability to scale.

Virtustream

Virtustream is a cloud IaaS provider headquartered in Bethesda, Maryland, that is currently in the process of being acquired by EMC. It operates data centers in three metropolitan markets in North America, and also has facilities in Europe. It offers cloud-enabled managed hosting on VMware- and KVM-based platforms and can also support customers that may need data center colocation services. It can support customers in English, and can provide managed services for Linux, Windows, Solaris and HP-UX (although support for Solaris and HP-UX is not provided as part of its cloud-enabled managed hosting offering).

STRENGTHS

Virtustream has developed its own cloud management platform, which has enabled the company to focus on the performance needs of more critical enterprise applications, and is one of the few providers to offer SLAs for storage latency and disaster recovery time objectives.

Through the company's support of Intel's Trusted Execution Technology (TXT) within its cloud platform, in addition to its acquisition of ViewTrust Technology in 2014, Virtustream possesses a significant number of technical capabilities for customers that may have high-compliance cloud needs.

Virtustream has developed a "micro-VM" method to charge customers only for computing resources consumed by applications, instead of resources allocated to virtual machines.

CAUTIONS

While Virtustream does offer some SLA types that many other providers don't, its overall SLA credits have very low payments compared with most other providers in the industry.

Despite Virtustream's focus on providing infrastructure-as-a-service capabilities to support critical applications in major multinational enterprises, the company has yet to expand its geographic footprint to Asia/Pacific.

Given Virtustream's focus on critical enterprise applications, many adjacent services and partnerships commonly offered by hosting providers – such as object-based storage and a partnership with a CDN provider – are not available.

Windstream Hosted Solutions

Windstream Hosted Solutions, a division of Windstream Communications, is a regional telecommunications provider headquartered in Little Rock, Arkansas, operating data centers in 27 metropolitan markets in North America. It offers cloud-enabled managed hosting on VMware-based platforms. It can also provide data center colocation services and traditional managed hosting. Windstream can support customers in English, and can provide managed services for Linux, Windows, Solaris and AIX operating systems (although support for Solaris and AIX is not provided as part of its cloud-enabled managed hosting offering).

STRENGTHS

As a carrier, Windstream can cater to customer use cases where end-to-end SLAs (spanning wide-area network and compute) would be required.

Windstream has adapted quickly to the rapid growth in popularity of Docker in the cloud market, and offers an integrated offering within its cloud platform.

Through a partnership with Racemi, Windstream is aiming to make migration of on-premises virtual machines to Windstream's cloud as easy as possible. The company is also focusing on disaster recovery use cases for clients.

CAUTIONS

Windstream lacks any international capacity, unlike many of its competitors. Additionally, it does not offer cloud-enabled managed hosting out of any data centers west of Little Rock, Arkansas, so customers with a large number of West Coast users may need to consider how latency could affect their applications.

Customers engaging with Windstream should make sure they have an understanding as to what services the company provides as managed services, versus what may be done as professional services (or what may be performed by third-party partners).

Zayo

Zayo Group is an international telecommunications and colocation provider that entered the market for cloud-enabled managed hosting in February 2015 through its acquisition of Latisys. Latisys operated data centers in four metropolitan markets in North America and one in Europe, and Zayo had data centers in multiple markets as well. The company offers cloud-enabled managed hosting on a VMware-based platform, and can also provide data center colocation services. Zayo can support customers in English, and can provide managed services for Linux and Windows OSs.

STRENGTHS

Through its acquisition by Zayo, the cloud-enabled managed hosting platform gains strong network and bandwidth capabilities from its new owner and is now in a position where it could package complete end-to-end offerings (network and compute) for customers.

Zayo's cloud has a consistent set of services and offerings that are available across all data centers, and offers virtualized and bare-metal compute resources via the same management platform.

Zayo stands behind its cloud-enabled managed hosting offerings with a good set of contractual SLAs, along with an option to terminate services in the event of multiple SLA failures – something most providers do not put into their standard contract language.

CAUTIONS

Pricing for the Zayo cloud is not as granular as many of its competitors; much of it is in the daily/monthly-per-unit format. This may impact costs on dynamic workloads.

While Zayo has a good track record of integrating previous acquisitions, it is not uncommon for service providers to experience disruptions of focus and delivery during such times.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor's appearance in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

Internap

SingleHop

Windstream Hosted Solutions

Dropped

Layered Tech – Acquired by Datapipe in 2014, it is now evaluated as a part of Datapipe's overall offerings.

Inclusion and Exclusion Criteria

To be included in this Magic Quadrant, providers had to meet the following criteria:

The provider must sell cloud-enabled managed hosting as a stand-alone service, with no requirements to bundle it with application development, application maintenance or other IT outsourcing and/or DCO services.

The provider's qualifying offerings must offer customers direct or mediated self-service for OS instance provisioning on a CESI platform, with usage-based billing and resource-metering increments, as well as OS management services that are coterminous with the underlying compute resources.

The services evaluated must be enterprise-class, offer 24/7 customer support (including phone support) and have infrastructure availability SLAs.

The provider must have a geographic footprint within North America of at least two different metropolitan markets (for application redundancy purposes), with enterprise-class data centers suitable for large-scale managed hosting.

The provider must be among the top North American providers according to Gartner's estimated market shares for cloud-enabled managed hosting.

Products and Services Excluded From This Evaluation

This Magic Quadrant is for cloud-enabled managed hosting only. Therefore, the following adjacent services are excluded from evaluation:

Colocation: Although many cloud-enabled managed hosting providers also offer colocation, the quality of colocation offerings is not evaluated in this Magic Quadrant. This Magic Quadrant should not be used to select colocation vendors.

Self-managed cloud IaaS: Many businesses want a self-provisioned, self-managed dynamically provisioned infrastructure; they want to take advantage of the cost-efficiencies of a provider's scale and automation tools, but do not want to relinquish control. If your interest is primarily in self-managed cloud infrastructure, consult "Magic Quadrant for Cloud Infrastructure as a Service."

Traditional managed hosting: Although the managed hosting market is large and well-established, this Magic Quadrant focuses on providers that have evolved to offer customers more cloudlike consumption options, including on the managed services tier. Many providers in this Magic Quadrant may still offer traditional managed hosting services, but this analysis does not consider those legacy offerings in its analysis.

DCO and remote infrastructure management (RIM): Although many DCO providers may manage the infrastructure for Web applications as part of a DCO contract, this Magic Quadrant evaluates only managed hosting that is sold as a stand-alone service within provider-owned data center facilities. It explicitly excludes hosting that may be part of a more general DCO or RIM contract. DCO providers are covered by "Magic Quadrant for Data Center Outsourcing and Infrastructure Utility Services, North America," "Magic Quadrant for Data Center Outsourcing and Infrastructure Utility Services, Europe" and "Magic Quadrant for Data Center Outsourcing and Infrastructure Utility Services, Asia/Pacific."

Application management services: While some managed hosting providers may have some expertise in understanding how best to run the infrastructure underlying specific applications, we consider that managed hosting services stop below the application layer. Application layer services are part of the application management market, for which see "Magic Quadrant for Oracle Application Management Service Providers, Worldwide" and "Magic Quadrant for SAP Application Management Service Providers, Worldwide."

Cloud management platforms: Cloud-building hardware and software – software such as BMC Software's Cloud Lifecycle Management, Citrix's CloudPlatform and OpenStack, and turnkey solutions such as HP's CloudSystem Matrix – are not evaluated in this Magic Quadrant, which is restricted solely to services. Instead, see "Cloud Management Platform Vendor Landscape."

Vendors Considered but Not Included

For this Magic Quadrant, we evaluated a significant number of managed hosting providers operating within North America, but were unable to include them all. Some did not qualify for this Magic Quadrant on the basis of their market shares in North America or because they failed to meet other inclusion criteria.

The following providers were considered but not included:

Bluelock – An early provider in the market for VMware-powered cloud services, Bluelock has recently been focusing on adding comprehensive suite disaster recovery services to its offering.

Carpathia (QTS) – Carpathia – recently acquired by QTS – has a long history as a managed hosting provider for government customers and other organizations with high compliance requirements, and recently entered into a partnership with VMware to bring vCloud Air capabilities to government customers.

HP, a large multinational IT vendor, provides managed cloud services from its HP Helion Managed Private Cloud and HP Helion Managed Virtual Private Cloud platforms.

Logicalis is a U.K.-headquartered provider of integrated IT solutions and managed services that has recently launched managed cloud services in North America.

There are thousands of service providers around the world that offer managed hosting services of some type, and hundreds that focus primarily on this market or derive a significant amount of revenue from it. Many small providers can provide an excellent level of service, so do not let exclusion from this Magic Quadrant deter you from evaluating such providers, since we do not consider service quality when determining inclusion. Insufficient revenue and geographic presence alone could disqualify otherwise excellent providers.

Evaluation Criteria

Ability to Execute

The most heavily weighted criteria for a cloud-enabled managed hoster's Ability to Execute are its service offerings and customer experience, as reflected in customers' dealings with sales, support and operations. Overall business viability, as reflected in a provider's ability to serve customers

successfully over a three-year period without significant disruption, and a provider's track record, also contribute significantly to its Ability to Execute. Here, Gartner emphasizes immediate capabilities for the use cases we see most often.

Table 1 shows the weighting for each criterion.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Medium
Marketing Execution	Low
Customer Experience	High
Operations	Medium

Source: Gartner (July 2015)

Completeness of Vision

The market for cloud-enabled managed hosting is developing rapidly, so it is vital that service providers have a vision for the future infrastructure and managed services needs of their customers, and for how they will adapt their offerings accordingly. The full context of a provider's vision is important, as cloud computing continues to alter the managed hosting market dramatically, and customers are starting to bring the expectation of cloudlike agility to managed services.

We also evaluate a provider's approach to growing its business, including its strategy for marketing and sales, international expansion and vertically focused market solutions.

Table 2 shows the weighting for each criterion.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	Medium

Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	Low
Innovation	High
Geographic Strategy	Low

Source: Gartner (July 2015)

Quadrant Descriptions

Leaders

Leaders have proved they have staying power in this market, can frequently innovate on their existing products, and can be relied on for enterprise-class needs. They have proved their technical competence and ability to deliver services to a wide range of customers. They address multiple use cases with stand-alone or integrated solutions.

New cloud-enabled managed hosting customers should buy these services on-demand when it makes sense to do so – in contracts lasting one year or less – but should feel safe signing contracts lasting longer than one year, if desired, in order to secure larger discounts. Satisfied customers renewing a contract with one of these firms should feel comfortable signing renewal contracts longer than one year, but should aim to ensure that future pricing discounts for compute capacity are passed on to any underlying infrastructure purchase commitments.

Challengers

Challengers have a track record of delivering good service capabilities but are trailing the market's evolution. They are typically companies that have solid traditional managed hosting services but have not exploited technology and market demand to build cloud services.

New cloud-enabled managed hosting customers should buy these services on-demand when it makes sense to do so – in contracts lasting one year or less – but should feel safe signing contracts lasting longer than one year, if desired, in order to secure larger discounts. Satisfied customers renewing a contract with one of these firms should feel comfortable signing renewal contracts longer than one year, but should aim to ensure that future pricing discounts for compute capacity are passed on to any underlying infrastructure purchase commitments.

Visionaries

Visionaries have an innovative and/or disruptive approach to the market, but their services may be new and unproven, and they frequently have limited service portfolios. Visionaries have an early-mover advantage in providing cloud services, as well as roadmaps that may turn them into Leaders in the future.

Because the business of Visionaries can change radically in a short period, we recommend that customers buy these services from them on-demand, or in contracts lasting one year or less.

Niche Players

Niche Players are typically specialists with more-focused product portfolios, or are emerging vendors. They may serve one use case particularly well – better than a more generalized vendor.

New cloud-enabled managed hosting customers considering Niche Players should buy these services on-demand, if possible, or on contracts lasting no more than one year, in exchange for capacity discounts. Satisfied customers renewing a contract with one of these firms should feel comfortable signing a renewal contract longer than one year, but should aim to ensure that future pricing discounts for compute capacity are passed on to any underlying infrastructure purchase commitments.

Context

Despite being in the media shadow of cloud computing, managed hosting is still an appropriate solution for many organizations that want to outsource infrastructure and routine IT operations tasks. The cloud is beginning to alter the traditional managed hosting market, and is creating a new category of service: cloud-enabled managed hosting.

Market Overview

Cloud-enabled managed hosting represents the evolution of the traditional managed hosting market as the influence of cloud IaaS begins to alter buyer behaviors and expectations. As the hosting market shifts from the use of hardware dedicated to each customer sold on multiyear contracts to the use of an underlying CESI, customers are starting to bring "cloudlike" expectations of agility and flexibility to what a provider can offer within managed services.

All Infrastructure Requires Management

"Managed services" has traditionally referred to services performed by humans, although those capabilities may have been augmented to some degree by automation. Within the managed hosting market, these services have typically encompassed functions such as:

- Infrastructure monitoring, alerting and incident response/remediation

- Management of server OS instances and (optionally) software at the middleware and persistence layer (if in use), such as Web server software, application servers and database servers

- Applying hardware and software patches supplied by vendors, in order to maintain systems in a preferred operational state

- Management of storage services, including data backup and restore operations, and managed storage area networks or shared storage arrays

Management of any network devices in use, such as firewalls, intrusion detection/prevention systems, load balancers and WAN optimizers

These services, coupled with dedicated computing hardware sold on multiyear service contracts, have defined the managed hosting market for more than 15 years.

Over the past seven years, the cloud IaaS market has substantively altered the procurement of hardware and infrastructure capabilities below the customer's operating system instances by automating the traditional infrastructure provisioning process and providing customers with self-service interfaces. Computing capacity can be brought online in minutes in an IaaS environment, whereas, in traditional managed hosting, provisioning infrastructure can often take days or even weeks.

Likewise, customers have started to look for similar levels of agility in the managed services performed at and above the operating system layer. Cloud-enabled managed hosting addresses these customer demands with automated provisioning systems that can quickly provide computing capacity to customers, typically within a few minutes or hours. However, the value proposition of having infrastructure available within minutes is somewhat diminished if the customer also needs that infrastructure managed and the provider's process for doing so is manual and may take multiple days to set up.

Cloud-enabled managed hosting requires providers to revisit all of their traditional managed services provisioning and operational processes from the ground up, and industrialize and automate them. Through automation, providers' managed services can be consumed by customers in a more repeatable, granular and agile way. This will be a critical capability for customers that start to move to more of a "DevOps" style of application deployment and management for Mode 2 applications. More importantly, however, the process of automating managed services requires providers to take a long look at where their skills and knowledge sets are and inventory exactly what their capabilities and responsibilities are in order to find ways to programmatically deliver on those. Automation – when matched with a provider that has highly skilled resources in leading technologies – can act as an amplifier to already good service by making it better, which tends to improve customer satisfaction and margins while simultaneously reducing churn.

Capitulation on Compute

In the early years of the Web hosting market, service providers typically had to own and operate all of the assets required to deliver solutions to customers – including capital-expenditure-intensive data centers (with their generators, chillers, air handlers, and so on) and all of the compute, storage and networking equipment that went into those data centers to help build out customer solutions. For many years, providers grew accustomed to owning all of the "pieces of the puzzle" to deliver a client solution and – in some cases – developed a sense of self-identification with that business model.

Over the past several years, Gartner has witnessed a shift in the hosting marketplace away from some of the more capital-intensive portions of the business. Within the past decade, many providers that owned all of their data center facilities have sold some or all of them off to large wholesale operators – and then simply lease back the space that they need to service their customers. With

the most capital-intensive item (data centers) now off of the books of many providers, the next most capital-intensive item that providers still must supply are the IT assets – compute, storage and networking.

In the "Magic Quadrant for Cloud Infrastructure as a Service," Gartner describes the market for IaaS as being in a "state of upheaval," as few providers have the financial resources to invest in being broadly competitive in the cloud IaaS market. When Amazon Web Services (AWS) launched in 2006, many traditional managed hosting providers saw Amazon – rightfully so – as a threat to their business models, one that needed to be competed with directly. However, the sheer depth and breadth of engineering skills that Amazon has been able to bring to its platform (and that Microsoft is closing in on quickly with Azure) have proven to just be too much for most providers to overcome. Now, many traditional managed hosting providers have (reluctantly, in some cases) capitulated on wanting to own and operate all of the compute infrastructure that a customer may need to support an application, and are starting to manage customer workloads on top of hyperscale third-party cloud platforms.

Although Datapipe was an early provider to make the decision to collaborate with Amazon instead of competing with it, a number of other providers in North America have now followed suit in managing another provider's cloud IaaS capability, including (but not limited to) Connectria with its Managed AWS capability, INetU with its Managed Services for Amazon Web Services offering, Logicworks with its Managed AWS Services, Tenzing with its managed Magento hosting on top of AWS, Carpathia with its Cloud Operations Platform for Amazon Web Services, and Media Temple – owned by GoDaddy – with its Fully Managed Cloud Hosting on Amazon offering. Even Rackspace – the largest provider in the managed hosting market – has finally thrown its hat into the ring just as this research is being published, with its launch of Fanatical Support for Microsoft Azure.

Market Turmoil Presents Opportunities

Managed hosting companies have built nearly two decades' worth of expertise in maintaining critical applications for clients off of relatively standardized solutions, a highly valuable asset set that service providers should not underestimate. Although providers may tend to self-identify with performing the "hosting" of physical equipment for customers, the competitive landscape is shifting – whether providers recognize it or not. Skills in application management will begin to have more value to clients in the coming years than the ability to house and power-up physical compute assets and perform base administrative tasks.

To be sure, massive market shifts like these don't simply happen overnight. Many customers today still want (and need) solutions put together that can't be delivered (or aren't best delivered) 100% from public cloud providers. Established service providers will likely still be acquiring, configuring, hosting and managing equipment for many years to come – but over time, less of it may be their own.

The market changes underway are likely irreversible. However, dramatic market transitions are periods that are frequently ripe with opportunities for those who can recognize the changes ahead, and can adapt their business plans and strategies accordingly. A new playing field is emerging and some providers may win, some may lose, and some may need to find a new path entirely. But in the end, all will be transformed radically in the years ahead.

Evidence

Gartner client inquiries in 2014 and 2015 (currently more than 1,000 cloud IaaS and hosting related inquiries per quarter)

Service provider interviews and product demonstrations in 2014 and 2015

Surveys of cloud-enabled managed hosting providers in 2014 and 2015

Customer references from cloud-enabled managed hosting providers in 2014 and 2015

Hands-on trials of cloud-enabled managed hosting offerings in 2014 and 2015

Public information from sources such as U.S. Securities and Exchange Commission filings, press releases, vendor websites and community support forums

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.



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