ISG Provider Lens™

Multi Public Cloud Services

SAP HANA Infrastructure Services

A research report comparing provider strengths, challenges and competitive differentiators

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Who Should Read This Section

This report is relevant to enterprises across industries in the UK for evaluating SAP HANA infrastructure service providers for SAP S/4HANA workloads and large-scale HANA databases. In this quadrant, ISG defines the current market positioning of these service providers in the UK and demonstrates how they address key challenges based on the depth of service offerings and market presence.

Enterprises in the UK are currently dealing with various challenges when maintaining critical SAP workloads. These challenges include financial burden, data management and change control complexities, and skilled personnel shortage. In response, many of these enterprises are incorporating SAP HANA into their digital transformation initiatives and are actively seeking hyperscale providers to help them overcome these obstacles.

Enterprises are increasingly focusing on achieving cost reductions, enhancing agility, bolstering security and resilience, harnessing data analytics and implementing industry-specific solutions for migrating SAP workloads. An increase in the integration of third-party applications with SAP S/4 HANA is also evident.

Enterprises are further capitalising on compute resources, storage options and connectivity offered by hyperscale public cloud platforms to host SAP workloads and address the abovementioned challenges. They are increasingly incorporating SAP HANA into their business processes, specifically addressing IT infrastructure needs, ensuring scalability and adaptability of HANA-based workloads and seamless integration with third-party tools.

IT leaders should read this report to better understand SAP HANA infrastructure service providers' relative strengths and weaknesses and impact of providers' market approaches on public cloud strategies.

Sourcing, procurement and vendor management professionals should read this report to better understand the current landscape of SAP HANA infrastructure service providers in the UK.

Software development and technology leaders should read this report to understand SAP HANA infrastructure providers' capabilities for migrating workloads to the public cloud.

Definition

This quadrant assesses cloud infrastructures best suited to host SAP's software portfolio, emphasizing SAP S/4HANA workloads and large-scale HANA databases. Participating providers offer IaaS, including infrastructure operations, facilities, provisioning and scaling capacity for SAP workloads.

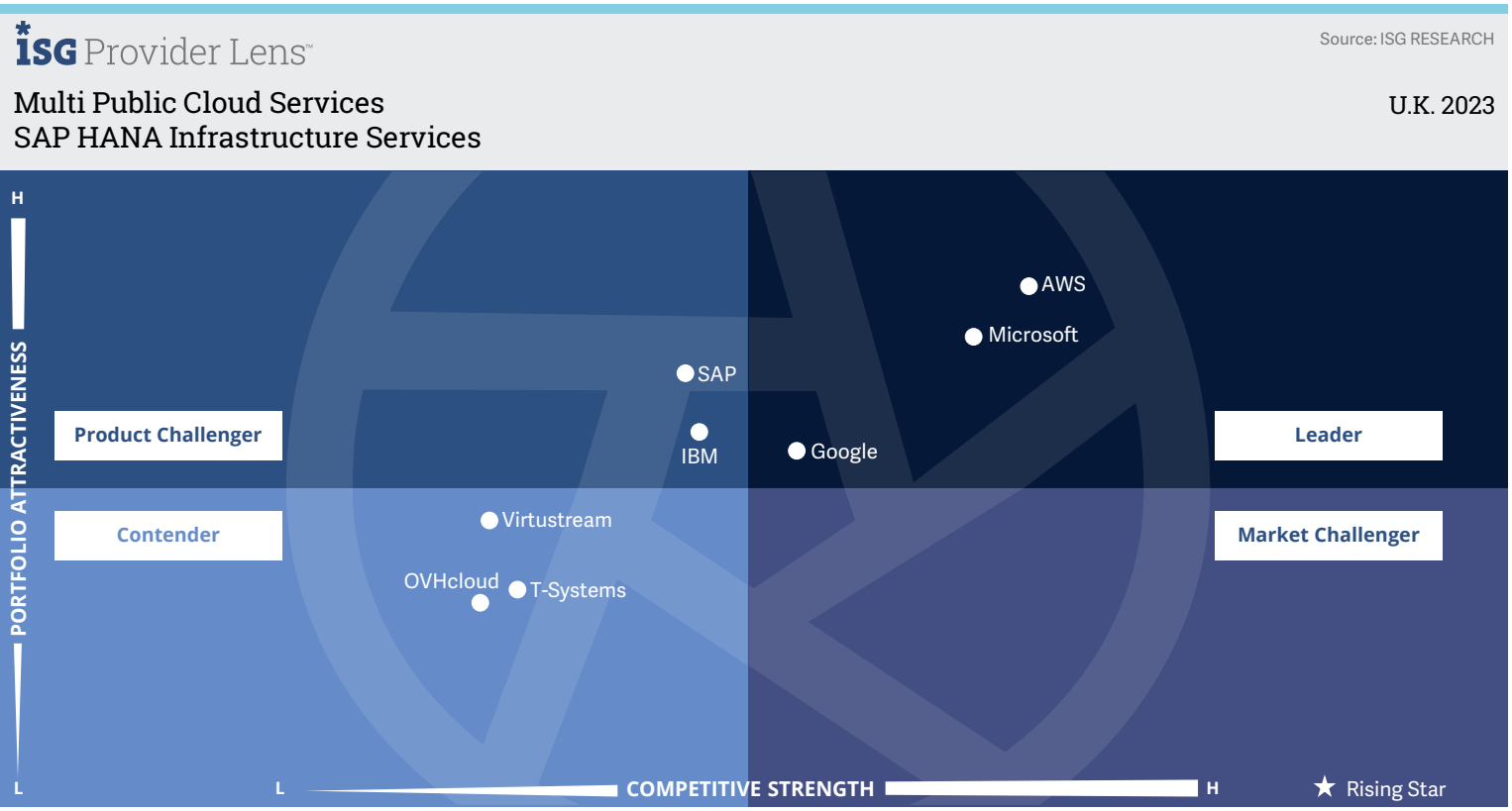
Key criteria for assessment include the IaaS providers' offering of data migration tools, technical support, system imaging, backup and restore capabilities, disaster recovery solutions, resource usage monitoring and dashboard management solutions. These tools required can be a part of the standard IaaS offerings or provided by partners in a marketplace.

Infrastructure providers that participate in the RISE with SAP program receive a higher rating. However, RISE participation is not a mandatory requirement for inclusion in this quadrant. Ideally, the infrastructure provider should have a broad ecosystem, including SAP partners, enabling them to support clients in automating and operating their SAP instances in the cloud.

The cloud infrastructure provider should also offer pre-sales support to help clients with migration planning, cloud architecture design, sizing and performance optimization, licensing considerations, system and database configuration, virtual private network configuration and third-party vendor solutions (toolsets). The support analysis focuses on the vendor's service partner ecosystem and their expertise in conducting related migrations and operations.

Eligibility Criteria

1. IaaS to include **SAP-certified servers** with storage and connectivity for SAP products. Availability of SAP HANA instances in multiple memory sizes, enabling **on-demand upscaling** to accommodate instance growth and upgrades with minimum service interruptions.
2. Memory capacity exceeding **6 TBs per virtual machine**
3. Easy access, **transparent prices,** consumption-based, reserved instance and dedicated instance billing models
4. Recognized **quality standards** and **service certifications,** with a strong focus on **data protection** and cybersecurity
5. **Low-cost storage** for backups and archiving
6. **Multi-region** disaster recovery capabilities
7. Automated **backup and restore functionality** (platform-based, proprietary or partner solutions)
8. Frameworks and **tools for application** and **data migration**
9. An ecosystem of **certified partners** with SAP specialization.



This quadrant assesses service providers that offer **SAP products hosting**, especially SAP HANA, in **public cloud** shared environments with standard services and **SAP-certified infrastructure**.

Rohan Thomas

> "AWS has transformed its SAP HANA infrastructure services with diverse instances and bare metal options, attracting significant clients across multiple regional industries."
>
> *Rohan Thomas*

AWS

Overview

AWS is headquartered in Washington, U.S. and operates in 32 countries. In FY22 the company generated $80.1 billion in revenue, with Compute, Storage and Database as its largest segment. In the UK, it has one region in London comprising three availability zones to host SAP HANA and other SAP ERP versions. AWS offers tailored infrastructure and services for seamless SAP application migration and modernisation. AWS maximises SAP investments with a secure, reliable cloud infrastructure and a range of services, including IoT, AI, ML and smart manufacturing.

Strengths

Innovative AI and ML solutions: AWS is a leader in AI and ML, offering custom silicon chips for training (Trainium), inferencing (Inferentia) and powering large language models (LLMs) in production. CodeWhisperer boosts developer productivity, and Amazon Bedrock provides access to various LLMs while maintaining robust security. SAP users seamlessly access AWS AI and ML via the AWS SDK for SAP ABAP.

Adaptable and comprehensive cloud offering: With over 200 fully featured services available globally, AWS serves millions of customers, including startups, enterprises and government agencies. It provides higher reliability than other major cloud providers, offering a deep set of security tools and a global infrastructure covering 31 regions and 99 availability zones. AWS also boasts a diverse portfolio of performant instances that combines the flexibility of virtual machines with bare-metal-like performance and enhanced security. It collaborates with SAP on energy-efficient solutions like Graviton3.

SAP Competency Partners program: With unparalleled years of experience, AWS has created the most rigorous program for its SAP partner network, ensuring partners possess the expertise needed for SAP workload migration, operation and transformation. This program reflects AWS' commitment to delivering top-tier solutions and support for SAP in the cloud.

Caution

AWS services come with an intricate and challenging-to-navigate pricing model. Prospective clients may encounter difficulties when exploring the pricing options for migrating and running SAP HANA. Analysing the cost implications across scenarios can be complex, potentially posing challenges in the procurement process.

Observations

AWS continues to be a Leader in the SAP HANA Infrastructure Services quadrant owing to its product portfolio and competitive strength. The company maintains an extensive partner ecosystem and ensures that its partners are certified with SAP transformation capabilities.

Microsoft follows AWS in terms of portfolio attractiveness and competitive strength. The company has established a strategic partnership with SAP, enabling accelerated adoption of SAP S/4HANA services. AWS and Microsoft collaboratively hold a substantial share in the UK's infrastructure as a service (IaaS) market. This shared influence greatly contributes to the competitive strengths of both companies in this market.

While positioned as a Leader in this quadrant, Google may not have the same level of visibility as AWS and Microsoft. Nevertheless, the company is recognised for its stringent encryption and AI capabilities, which enhance the security of the SAP HANA environment and facilitate seamless integration with other datasets.

Virtustream, positioned as a Contender in this quadrant, used to be an independent cloud company providing SAP HANA infrastructure services. However, following its merger with Dell EMC in 2015, the company's presence in this market has sunsetted.

From the 53 companies assessed for this study, eight qualified for this quadrant, with three being Leaders and no Rising Star.

AWS

AWS provides a secure and reliable cloud infrastructure, maximising its customers' SAP investments. Its extensive partner network ensures that partners possess the expertise needed for SAP workload migration, operation and transformation.

Google

Google Cloud Platform (GCP) SAP HANA services encompass containerisation capabilities, APIs and scalable data processing for SAP workloads. It provides enhanced security measures that protect the SAP workload from unauthorized access.

Microsoft

Microsoft customers operating SAP workloads on Azure can integrate with its extensive range of software tools, including Microsoft 365, Teams, Power Apps and Power BI. It provides SAP-certified virtual machines with memory capabilities ranging from 192 GB to 12 TB.

Appendix

Report Author: Rohan Thomas

Tools and processes that enhance cloud spending optimisation are an important trend

Companies from the large and midmarket segments across the UK have made significant cloud investments, moving a substantial portion of their workloads from on-premises into different hyperscaler environments, mostly AWS, Microsoft Azure and Google Cloud. With companies utilising the technology benefits of different environments, the multicloud environment has gained considerable maturity. Nevertheless, most companies that have embraced such an environment have not adopted an effective strategy and, as a result, are riddled with data visibility, interoperability and vendor lock-in concerns. Often, strategists use a top-down approach to anticipate different requirements of their cloud environment. Following that approach, companies that have selected this migration type did not meet their quoted value according to ISG's research.

In the Q3 2023 ISG Index™ call for the EMEA's market, it was reported that the combined market (managed services and XaaS) witnessed a four percent decline versus the prior year, with the annual contract value (ACV) reaching $21.7 billion. ISG observed slowing demand for XaaS, with year-to-date spending declining at 10 percent, while demand for SaaS rose by 2 percent. However, managed services gained traction and grew by 2 percent, with ACV reaching $11.9 billion. ISG also noticed that a total of 818 managed services contracts were signed as of the third quarter of 2023, among them were 10 megadeals whose combined ACV was 55 percent higher than that of the 11 megadeals signed through the first nine months of 2022. Within managed services, the ITO market grew by 2 percent to $9.1 billion, and the BPO market also grew by 2 percent to reach an ACV of $2.8 billion. Europe's largest sourcing market, the UK, generated more than $1 billion in managed services ACV for the third straight quarter, clocking in at $1.7 billion of ACV, up 143 percent year on year. It was the UK's largest ACV quarter since the first quarter of 2017, when it topped $2 billion for the first and only time. Year

Customers increasingly focus on **agile** and **sustainable cloud migration** solutions.

to date, the UK has generated $4.4 billion of ACV, up 49 percent.

Recently, ISG rolled out the Star of Excellence™ program, which is based on the voice of the customer concept. Here, providers are rated on six parameters, namely Service Delivery, Governance and Compliance, Collaboration and Transparency, Innovation and Thought Leadership, People and Culture Fit, and Business Continuity. The scores and data come from the Star of Excellence™ study that measures CX with providers based on direct client feedback. ISG found that the average provider CX score for the public cloud domain in Western Europe was 78.14 in 2022.

Customers continue to use dedicated applications on the hyperscalers' platforms; therefore, the benefits of scale cannot be fully realised. In addition, the UK's inflationary pressure has exacerbated operational expenditure. For instance, according to Ofgem, the energy price cap in 2022 was approximately 60 percent.

A cloud governance tool helps enhance visibility and flags noncompliance issues across multiple cloud environments. Companies should adopt a microservices architecture that enables applications to harness the complete potential of such environments. The adoption degree of such an architecture varies by industry. For instance, the UK's financial industry is highly regulated and needs to comply with data transit norms. Such regulatory norms reduce the traction of microservices among financial companies compared to less-regulated hi-tech companies.

An enterprise's size adds to the complexity associated with public cloud migration. Large enterprises tend to have archaic, well-established, siloed data centre environments. It typically takes at least a year for such enterprises to streamline applications during the cloud migration phase. Compared to smaller, more agile organisations with data centre operations, large enterprises are meticulous in prioritising their applications. In addition, large companies have the financial capacity to invest in new IT capabilities.

Following are key trends associated with the public multicloud market in the UK.

1. Focus on cloud optimisation: Companies worldwide are actively seeking service providers offering FinOps solutions that help assess the overall investment in the hyperscaler environment. Cloud unit economics — a metric that gives companies better visibility in ROI per unit of investment in the cloud — will gain more prominence, particularly among companies in the UK. The entire European region faces high inflationary pressures. Per the FinOps Foundations' Crawl, Walk and Run analogy, companies that have adopted some form of FinOps practices find themselves in the Walk phase.
2. Implementation of a microservices type architecture: Container services and technologies will continue gaining high significance as organisations attempt to break monolithic applications into smaller application blocks. In this manner, companies can move closer to realising the full scalability of their multicloud environments without the need to operate applications dedicated to a particular environment. While container technologies have a certain traction among large enterprises, midmarket companies in the UK lag behind. Service providers catering to the midmarket must include cost-effective and customised cloud-native capabilities in their portfolios.
3. Mergers and divestitures: In 2022, several companies underwent restructuring. The merger of LTI with Mindtree resulted in a cloud portfolio comprising feature sets from either companies that are now seamlessly integrated. The newly formed company offers end users a more viable and cost-effective solution. In April 2023, Atos launched Eviden. Comprising Atos' digital, cloud, data and security products, the Eviden brand provides customers with a targeted transformation solutions portfolio.

4. Demand for better governance: Large enterprises aim to establish governance policies that improve compliance visibility, ensuring alignment with organisational policies across various cloud environments. This visibility into compliance helps large enterprises ascertain instances that are idle but continue to consume power and those that are overutilised and require more power to operate. Service providers that can give their customers detailed KPIs and utilization metrics for their multicloud architectures are preferred over those that do not possess such abilities.
5. Multicloud adoption across the public sector in the UK: Multicloud adoption continues to grow within the public sector, although it is nascent compared with other verticals. High levels of regulations within the sector slow the adoption of such an environment. The UK government has compiled a comprehensive cloud guide known as the One Government Cloud Strategy that aims to build an interoperable, highly scalable and secure cloud environment specific to departmental requirements while also being cross-functional. The public sector lags in adopting container technology, serverless architecture, microservices and cloud-native technologies. Therefore, it cannot utilise its multicloud architecture's full potential as efficiently as other industry verticals.
6. Focus on sustainability: Sustainability is a key criterion for organisations when selecting their service providers. Service providers must be transparent about their carbon footprint and net-zero commitments. The path towards net zero aligns with the need for FinOps capabilities, as both contribute to cloud optimisation and reduced energy consumption. Infrastructure as code (IaC) and landing zone blueprints will gain importance as organisations further automate infrastructure provisioning and configuration, reducing energy consumption and carbon footprint. Key service providers are actively engaging with hyperscalers that are embracing renewable energy sources and actively participating in the circular economy to further achieve their sustainability initiatives.

With compounding inflationary pressures within the UK, Brexit continues to have major implications for the UK's economy. Losing its access to the EU common market, the UK continues to forge trade agreements with new countries. Although the UK intends to maintain data adequacy with the EU until 2025, the loss of the common EU market has driven companies to move their infrastructure to nearshore locations. According to the International Institute for Management Development (IMD) World Digital Competitiveness (WDC) ranking, the UK slipped two spots in 2022 from 16 in 2021 among the 63 countries surveyed.

Service providers continue to invest in technologies that can implement Agile architectures while ensuring sustainable operations in multicloud environments. They can also inorganically acquire new capabilities that help meet customers' requirements.

Provider Classifications: Quadrant Key

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

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

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

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

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

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

The ISG Provider Lens™ 2023 – Multi Public Cloud Services study analyzes the relevant software vendors/service providers in the U.K. market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research™ methodology.

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The research and analysis presented in this report includes research from the ISG Provider Lens™ program, ongoing ISG Research™ programs, interviews with ISG advisors, briefings with service providers and analysis of publicly available market information from multiple sources. The data collected for this report represent information that ISG believes to be current as of November 2023 for providers that actively participated and for providers that did not. ISG recognizes that many mergers and acquisitions may have occurred since then, but this report does not reflect these changes.

All revenue references are in U.S. dollars ($) unless noted otherwise.

The study was divided into the following steps:

1. Definition of Multi Public Cloud Services market
2. Use of questionnaire-based surveys of service providers/ vendors across all trend topics
3. Interactive discussions with service providers/vendors on capabilities and use cases
4. Leverage ISG's internal databases and advisor knowledge and experience (wherever applicable)
5. Detailed analysis and evaluation of services and service documentation based on the facts and figures received from providers and other sources.
6. Use of the following main evaluation criteria:
   * Strategy & vision
   * Innovation
   * Brand awareness and presence in the market
   * Sales and partner landscape
   * Breadth and depth of portfolio of services offered
   * Technology advancements

Author

Rohan Thomas
Senior Lead Analyst

Rohan Thomas has nearly a decade's worth of knowledge expertise in the realms of ICT, which include telecommunications, data centers, and networks and application performance management. At ISG, Rohan is the lead analyst for ISG Provider Lens™, leading research activities and benchmarking exercises pertaining to the regional adoption of digital infrastructure such as private/hybrid cloud.

He has a Bachelor's degree in Mechanical Engineering from Visveswaraya Technological University and a Master's degree in Computer Aided Design and Manufacturing from Vellore Institute of Technology.

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Prior to her role in ISG, she has worked on various signature research projects which involved both qualitative and quantitative analysis as well as content creation and contextualization for other market research firm. She has an expertise of working on both primary and secondary research projects and is also associated with other custom and ad-hoc research projects.

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Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor.

Now as a research director, principal analyst and global head of ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

ISG Provider Lens™

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

For more information about ISG Provider Lens™ research, please visit this webpage.

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Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,600 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data.

For more information, visit isg-one.com.

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