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Microsoft Ecosystem 2021

Australia 2021

Quadrant
Report

A research report
comparing provider
strengths, challenges
and competitive
differentiators

Customized report courtesy of:

TELSTRA

April 2021

About this Report

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The research and analysis presented in this report includes research from the ISG Provider Lens™ program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of January 2021, for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

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

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EXECUTIVE SUMMARY

Microsoft Ecosystem 2021

Microsoft ecosystem evolving rapidly in Australia

The ecosystem of Microsoft-certified service providers is continuing to gain complexity and value both in Australia and around the world. This is because the Microsoft product set is evolving rapidly across Office 365 and the modern workplace, managed services for Azure, SAP on Azure and Dynamics 365.

The Australian government and the private business sector in the region are ramping up their cloud implementations. In 2020, the government announced its intention to move to a Microsoft Azure-based records management system to modernize digital records management in the public sector and potentially would use other Microsoft suite products, including Microsoft 365.

Competition in managed Azure cloud environment intensifying in Australia

The global cloud market is becoming increasingly competitive as global managed service providers (MSPs) are using high levels of automation to squeeze margins. Thus, continual new investments are required to remain competitive.

The managed Azure market in Australia is highly competitive, with many global MSPs intensely fighting for market share. These include Wipro, Logicalis, HCL, PwC, Infosys, Unisys, Accenture, IBM, TCS and DXC. Logicalis, for example, is among Microsoft's top 1 percent of Azure partners globally and also very strong in Australia, while Wipro has a significantly strong infrastructure and cloud management services practice in the region.

Local service providers account for the growing competition, and many are beginning to challenge their larger rivals. This trend is expected to gain traction significantly over the next five years, further intensifying the competition. Australia-based Telstra, for instance, is now expanding its Microsoft go-to-market (GTM) partnership to deliver a new breed of next-generation solutions to clients, including smart cloud, IoT, 5G, edge computing and AI. Empired was the first Microsoft Azure Expert MSP partner to fully adopt Microsoft Azure Lighthouse, and Data#3 is the only Australia-based Microsoft partner to have obtained both the Azure Expert Managed Service Provider and the Azure Modernization Factory competencies.

MSPs must migrate and manage a growing array of applications, including non-Microsoft software, and make them integrate seamlessly into both Microsoft Azure and other cloud environments. They are also required to enable core business transformation and provide measurable business improvement for clients, acting as both a traditional value-added reseller and a systems integrator. They should also be adaptable and agile.

Enterprises in Australia are under immense pressure to achieve more with fewer resources. They are looking toward implementing applications such as Microsoft Azure to help them become more productive and agile. They also want to be able to pick and choose the parts of their environment that can be managed over the cloud.

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COVID-19 as an accelerator for cloud adoption in Australia

The COVID-19 pandemic has caused a slowdown in client spending globally. However, the relative impact has been less on Australian organizations due to the lower number of local cases. In the longer term, there will be more cloud opportunities as enterprises accelerate their digital transformation initiatives.

The virus outbreak has led to numerous challenges for cloud providers in terms of rapid scaling of some Azure projects with the growing trend of remote working. It has accelerated the need for Australian customers to become more agile and reduce costs, driving more workloads to the public cloud. The growing concern about ransomware attacks has also driven the acceleration of cloud adoption among some Australian organizations, providing more opportunities for Microsoft Azure providers in the region.

Australian MSPs required to increasingly invest in AI capabilities

Microsoft is continuing to evolve its AI development and implementation strategy across Azure. This is beginning to result in some level of differentiation of Azure implementations by MSPs and accelerate AI for Microsoft Azure platforms over the next few years. Customer expectations and demands with regard to the broader Internet of Things (IoT) landscape and advanced data analytics capabilities are continuing to increase rapidly both in Australia and globally. Over the next few years, MSPs in the region will need to increasingly invest in AI-related capabilities and training to retain high levels of Microsoft Azure certifications and partnerships.

There is now a greater focus on app-driven modernization of the cloud within Microsoft Azure implementations as organizations embark on the next wave of this technology. This poses a challenge for cloud service providers (CSPs) to realign their offerings.

The growing proliferation of digital touchpoints and the extension of enterprises into consumer segments such as wearables will provide MSPs with strong opportunities over the next few years.

SAP on Azure adoption gaining momentum both globally and in Australia

SAP is aggressively embracing cloud, driving its solutions in the Azure market both in Australia and globally. Much of its core business model, partnerships, development and support, like those of other large-scale enterprise business management software providers such as Oracle and IBM, have been following a similar strategy. The rate of SAP for Azure implementations has recently increased following the company's announcement that it would end legacy, on-premises development and support.

There is a growing number of global SAP on Azure providers that have a presence in Australia; these include Wipro, HCL, Infosys, SoftwareONE, TCS, Tech Mahindra and DXC. This number is expected to grow further over the next five years as SAP on Azure implementations gain further momentum in Australia. For example, Australia is an important market for HCL, with over 4,000 employees present in Australia and New Zealand (ANZ); SoftwareONE's acquisition of Australian company Brave New World (BNW) Consulting will strengthen and extend its SAP Technology Services to the region. The SAP on Azure market in Australia is relatively small but could grow over the next five years as more local providers look toward entering this specialized space.

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Many Australian clients have already reached maturity in terms of cloud migration due to the relatively high adoption of technologies in the region. Many companies are now positioned to migrate more complex applications, such as SAP, to the public cloud.

The SAP on Azure market is highly competitive and specialized. Australian customers are demanding strong skills and certifications from their cloud partners, especially in this segment.

Challenges in cloud adoption remain

The "fear factor" held by some Australian companies is one of the biggest challenges in terms of migrating high-impact critical business applications such as SAP from on-premise to the cloud. Cloud providers thus should educate the market on how SAP migrations can be done with ease and simplicity and at low risk.

Microsoft Azure cloud-certified resources and expertise in the region are still lacking at the customer end for certain technologies, such as cybersecurity, IoT and artificial intelligence (AI), as demand continues to rise. Australian MSPs should capitalize on this opportunity.

Global MSPs dominate Office 365 modern workplace landscape

The Office 365 modern workplace comprises traditional Microsoft products such as Office, Excel, PowerPoint and SharePoint and newer collaboration tools such as Teams, OneDrive, Power Automate and Power BI. It also includes enterprise mobility and security and Azure cloud for data storage and backup. This segment is dominated by many global MSPs, such as Accenture/Avanade, DXC, Fujitsu, HCL, IBM, Infosys, Logicalis, TCS, Tech Mahindra, Unisys and Wipro, all of which have strong Australia-based operations.

COVID-19 accelerating modern workplace evolution

Following the reshaping of Australian businesses because of COVID-19, including the large-scale move to the work-from-home (WFH) setup, the modern workplace concept is evolving rapidly. Businesses are moving to strengthen and improve the networked workplaces they deployed as an emergency response to the pandemic. There is a need to strengthen networks, security and work processes and build in more automation. At the same time, businesses that moved more slowly are rushing to catch up. Organizations require advice and support from service providers that have large teams of Microsoft-certified experts.

A 2020 Roy Morgan research report found that 32 percent of employed Australians have been working from home during the pandemic. The survey found that there was a particularly high WFH rate in the finance and insurance, public administration and defense and communications industries. Many MSPs in the region are already highly active in these industries and are cashing in on the numerous opportunities to expand their offerings in this target market.

Numerous companies now have a hybrid workplace experience, with their workforces partially spread across office and home. Thus, collaboration solutions are required to bridge the experience gap between the two environments. This would involve reassessing how meetings, information-sharing and application integration are performed and ensuring this integration is done in a seamless fashion.

New virtual and virtual/physical hybrid teams and processes need agile technology deployments to function, and Modern Workplace 365 addresses these requirements,

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which involve stitching together Microsoft 365 tools and enterprisewide applications and services to support the new normal.

The modern workplace segment is ripe for growth, as the COVID-19 crisis has shown business leaders in Australia and around the world that their companies can run well virtually just as they do in offices. Australian clients are beginning to move beyond enabling their remote workforce and are embracing it as a critical piece of a longer-term strategy to reduce costs and increase productivity. For many clients, this means adopting a continuous improvement model that supports remote lifecycle services. They have seen how adaptable their teams and technology can be and will continue to seek innovations. They are also more aware of the importance of employee experience and how a modern workplace is a primary enabler of employee satisfaction.

Australian clients are now looking for secure networks that support remote-working employees to function in teams backed by collaboration tools and business applications that help deliver an exceptional employee experience.

Security now a growing issue that organizations should address in the modern workplace environment

Data security is a rising concern with the growth of the remote workforce. Many organizations have moved to a work-from-home model without looking closely enough at this issue. There is a growing opportunity for security services to expand further outside the office and into the home-office setup. This involves balancing the user experience with keeping work data secure on all endpoints.

AI to become increasingly pervasive in modern workplace environment

Although AI has found its way into a range of IT support services, it is still in its infancy with regard to office collaboration tools. AI will be become increasingly embedded into Teams meetings, assisting in information searches and helping employees with common HR and IT tasks. DXC, for example, is incorporating AI-based automation and IoT services into its offerings in Australia, while IBM is integrating AI, automation and user experience into Microsoft 365 tools and services. Telstra, over the next one to two years, is building further capabilities to support the growing need for remote working and IoT applications in the region.

Organizations are now looking at new non-intrusive ways to engage with their employees. These include cognitive virtual assistants to keep them updated with developments at the office or home-office setup and to take care of all routine work so they can focus on critical tasks.

Additionally, with more employees returning to the office environment, there is likely to be an expansion in conference room and building services that utilize IoT and wearables. These services will also be integrated further with office productivity tools to help with scheduling.

A rapid evolution of Microsoft's Dynamics 365 platform is under way

Microsoft's Dynamics 365 platform is continuing to evolve at a very rapid pace. The market has recently seen the introduction of new products and significant shifts to existing applications under the Dynamics 365 platform. In addition, MSPs are seeing a growing trend toward an amalgamation of enterprise resource planning (ERP), customer relationship management (CRM), Dataverse and digital services on the periphery of Dynamics 365 set that are becoming more modular and seamlessly connected.

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The key global providers in the Dynamics 365 landscape in Australia are Accenture/Avanade, DXC, HCL, IBM, Infosys and Wipro. However, a growing number of local providers are now emerging, some of which are gaining global recognition. For example, Barhead Solutions is one of nine certified Microsoft Business Applications ISV Development Center organizations globally, while Empired is in the top 1 percent of Microsoft Dynamics 365 partners worldwide, having been appointed to the Microsoft Dynamics 365 Inner Circle.

The customer experience (CX) is a primary driver for Dynamics 365 initiatives as smart businesses seek to offer customers various ways to connect (omnichannel CX), capture customer data at every touchpoint and leverage that data using AI and ML to increasingly personalize it. Service providers in Australia are now integrating technologies such as AI-powered chatbots and robotic process automation (RPA) to continually enhance CX.

Over the next two years in Australia, a range of new value-adds are expected to enter the Dynamics 365 market in areas such as cloud migration, microverticalized Dynamics solutions, customer analytics and insights offerings and the Power App factory.

MSPs are seeing more opportunities in some traditional Dynamics 365 modules. These are evolving with new technologies such as IoT and remote assist for field service, project operations, dynamics marketing and omnichannel offerings in customer service.

Infosys, for example, has established an MBAS (Microsoft Business Apps Services) center of excellence (CoE) that responds to these changes and develops accelerators and frameworks for adding value to client engagements. It is predicted that this trend will continue over the next five years.

MSPs to quickly adapt to the rapidly evolving Dynamics 365 landscape

MSPs offering these services in Australia will need to acquire new skills and technologies to adapt well to these changes. They should also continue investing in this segment to address associated challenges in resource recruiting, retention and training.
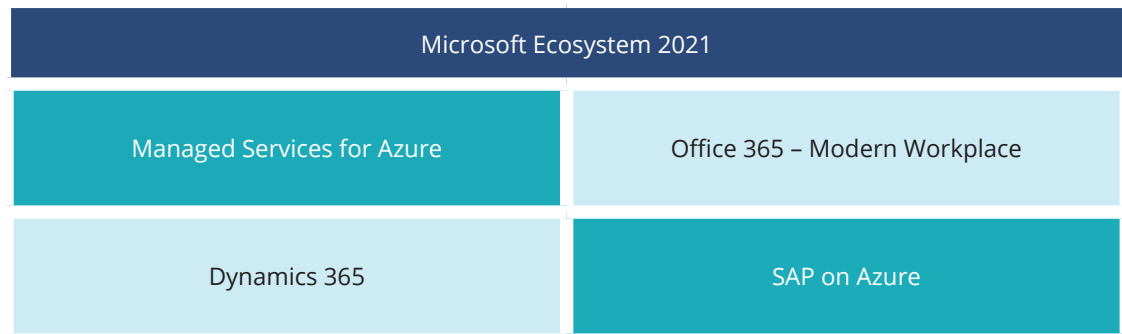
There is likely to be a lot of competition for the highly skilled but limited resources available, as the demand for Microsoft Dynamics services is not being matched with enough training of staff, both in Australia and globally. This demand for Dynamics 365 resources puts pressure on both retention and hiring.

MSPs in Australia will need to innovate and develop custom solutions that offer agile and flexible systems to help companies optimize their resources with IoT integration achieve zero downtime in the back office. Also, the addition of Power Platform and Customer Insights requires staff to have new and different skill sets beyond traditional Dynamics 365 offerings.

Service providers are now accepting this challenge. For example, Wipro intends to roll out additions to its current Dynamics 365 offerings during the next 24 months in Australia. These will include cloud migration, microverticalized Dynamics solutions and customer analytics and insights.

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Introduction

Simplified illustration

Microsoft Ecosystem 2021	
Managed Services for Azure	Office 365 – Modern Workplace
Dynamics 365	SAP on Azure

Source: ISG 2021

Definition

Microsoft is one of the most established technology providers worldwide, with a network of thousands of partners that augment its capabilities and aid enterprises in adopting its technology. This network has been through a series of tectonic shifts over the past five years, with Satya Nadella transforming the technology giant and its commercial partner organization in his role as CEO. In that same period, digital transformation has taken over the enterprise technology landscape, requiring a new generation of software and services from Microsoft and its partners.

To address these needs, Microsoft has honed its focus to three core areas: the Azure cloud platform; the Microsoft 365 suite of productivity experiences, which includes Windows 10 and Office 365; and the Dynamics 365 suite of business applications. Partners are now evaluated

Definition (cont.)

on their ability to drive use of the Microsoft cloud services that comprise these core product areas. To succeed, service providers must provide enterprises with a robust set of services complete with forward-thinking capabilities, backed by a strong relationship with Microsoft that can inform future developments and drive business opportunities.

ISG's analysis will focus on how providers in Australia, Brazil, Germany and the U.S. are positioned, according to the strength of their portfolio and their competitiveness in the market. While there are thousands of providers in each of these markets to deliver services for Microsoft products, this report will only focus on the top competitors for each of the quadrants. Those considered will include both global firms and local providers for each of the regions studied.

Scope of the Report

The ISG Provider Lens™ quadrant study offers the following to IT decision-makers:

- Transparency in the strengths and weaknesses of providers/service providers

- Differentiated positioning of service providers in relevant areas

Our studies thus provide potential customers with an essential decision-making basis for positioning and GTM considerations. ISG advisors and enterprise customers also use information from these reports to evaluate their current and potential service provider relationships.

Provider Classifications

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

- **Midmarket**: Companies with 100 to 4,999 employees or revenues between US$20 million and US$999 million with central headquarters in the respective country, usually privately owned.

- **Large Accounts**: Multinational companies with more than 5,000 employees or revenue above US$1 billion, with activities worldwide and globally distributed decision-making structures.

Provider Classifications

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product & Market Challenger and Contender), and the providers are positioned accordingly.

Leader

The Leaders among the vendors/ providers have a highly attractive product and service offering and a very strong market and competitive position; they fulfill all requirements for successful market cultivation. They can be regarded as opinion leaders, providing strategic impulses to the market. They also ensure innovative strength and stability.

Product Challenger

The Product Challengers offer a product and service portfolio that provides an above-average coverage of corporate requirements, but are not able to provide the same resources and strengths as the Leaders regarding the individual market cultivation categories. Often, this is due to the respective vendor's size or weak footprint within the respective target segment.

Market Challenger

Market Challengers are also very competitive, but there is still significant portfolio potential and they clearly fall behind the Leaders. Often, the Market Challengers are established vendors that are somewhat slow to address new trends due to their size and company structure, and therefore have some potential to optimize their portfolio and increase their attractiveness.

Contender

Contenders still lack mature products and services or sufficient depth and breadth in their offering, but also show some strengths and improvement potential in their market cultivation efforts. These vendors are often generalists or niche players.

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Provider Classifications (cont.)

Each ISG Provider Lens™ quadrant may include a service provider(s) which ISG believes has strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star. Number of providers in each quadrant: ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).

Rising Star

Companies that receive the Rising Star award have a promising portfolio 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. This award is only given to vendors or service providers that have made significant progress toward their goals in the last 12 months and are expected to reach the Leader quadrant within the next 12-24 months due to their above-average impact and strength for innovation.

Not In

The service provider or vendor was not included in this quadrant. There might be one or several reasons why this designation is applied: 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 qualify due to market share, revenue, delivery capacity, number of customers or other metrics of scale to be directly compared with other providers in the quadrant. Omission from the quadrant does not imply that the service provider or vendor does not offer this service or solution, or confer any other meaning.

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Microsoft Ecosystem - Quadrant Provider Listing 1 of 4

	Managed Services for Azure	Office 365 – Modern Workplace	Dynamics 365	SAP on Azure
AC3	● Leader	● Not In	● Not In	● Not In
Accenture (Avanade)	● Leader	● Leader	● Leader	● Leader
Altis Consulting	● Contender	● Not In	● Not In	● Contender
Barhead Solutions	● Not In	● Not In	● Product Challenger	● Not In
Capgemini	● Product Challenger	● Product Challenger	● Not In	● Contender
Codify	● Contender	● Contender	● Not In	● Not In
Cognizant	● Product Challenger	● Rising Star	● Contender	● Contender
Cubesys	● Contender	● Not In	● Not In	● Not In
Data#3	● Leader	● Product Challenger	● Not In	● Not In
Datacom	● Product Challenger	● Product Challenger	● Product Challenger	● Not In
Dell	● Not In	● Not In	● Not In	● Product Challenger
Dicker Data	● Leader	● Not In	● Not In	● Not In

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Microsoft Ecosystem - Quadrant Provider Listing 2 of 4

	Managed Services for Azure	Office 365 – Modern Workplace	Dynamics 365	SAP on Azure
DXC	● Leader	● Leader	● Leader	● Leader
Empired	● Leader	● Product Challenger	● Leader	● Not In
EY	● Not In	● Not In	● Contender	● Not In
FiveP Australia	● Not In	● Contender	● Not In	● Not In
Fujitsu	● Leader	● Leader	● Contender	● Not In
Fusion5	● Not In	● Not In	● Contender	● Not In
Generation-E	● Not In	● Contender	● Not In	● Not In
HCL	● Product Challenger	● Product Challenger	● Product Challenger	● Leader
IBM	● Leader	● Leader	● Leader	● Product Challenger
Infosys	● Product Challenger	● Contender	● Leader	● Product Challenger
Ingram Micro	● Not In	● Contender	● Product Challenger	● Not In
Insight	● Market Challenger	● Not In	● Not In	● Not In

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Microsoft Ecosystem - Quadrant Provider Listing 3 of 4

	Managed Services for Azure	Office 365 – Modern Workplace	Dynamics 365	SAP on Azure
LAB3	🟢 Rising Star	⚪ Not In	⚪ Not In	⚪ Not In
Logicalis	🔵 Leader	🔵 Leader	⚪ Not In	⚪ Not In
Logicalis Australia	⚪ Not In	⚪ Not In	⚪ Not In	🔵 Contender
Macquarie Telecom	🟢 Rising Star	⚪ Not In	⚪ Not In	⚪ Not In
Melbourne IT	🔵 Contender	⚪ Not In	⚪ Not In	⚪ Not In
Mindtree	🔵 Product Challenger	🔵 Product Challenger	🔵 Product Challenger	🔵 Market Challenger
NTT	🔵 Market Challenger	🔵 Market Challenger	🔵 Market Challenger	🔵 Contender
OOBE	⚪ Not In	🔵 Contender	⚪ Not In	⚪ Not In
Publicis Sapient	🔵 Product Challenger	🔵 Contender	🔵 Contender	⚪ Not In
PWC	🔵 Product Challenger	⚪ Not In	⚪ Not In	⚪ Not In
Rackspace Technology	🔵 Contender	⚪ Not In	⚪ Not In	🔵 Market Challenger
Rhipe	⚪ Not In	⚪ Not In	⚪ Not In	🔵 Product Challenger

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Microsoft Ecosystem - Quadrant Provider Listing 4 of 4

	Managed Services for Azure	Office 365 – Modern Workplace	Dynamics 365	SAP on Azure
SoftwareONE	● Product Challenger	● Contender	● Market Challenger	● Rising Star
Sonata	● Not In	● Not In	● Contender	● Not In
TCS	● Leader	● Leader	● Product Challenger	● Leader
Tech Mahindra	● Leader	● Leader	● Contender	● Leader
Telstra	● Leader	● Leader	● Not In	● Market Challenger
Unisys	● Leader	● Leader	● Not In	● Not In
Velrada	● Not In	● Not In	● Rising Star	● Not In
Veritec	● Contender	● Not In	● Rising Star	● Product Challenger
Vigilant	● Product Challenger	● Not In	● Not In	● Not In
Wipro	● Leader	● Leader	● Leader	● Leader

Microsoft Ecosystem
2021 Quadrants

ENTERPRISE CONTEXT

Managed Services for Azure

This report is relevant to enterprises of all sizes across all industries in Australia evaluating managed service providers supporting Microsoft Azure.

In this quadrant report, ISG lays out the current market positioning of Azure managed service providers in Australia and how they address key enterprise challenges in the region. Cloud managed service providers can help enterprises by tailoring Azure to particular organizations' needs. ISG finds that midsize Australian firms want to move quickly to the cloud so they can reduce their spending on on-premises datacenters. Working with a provider partner can ease these companies' migration efforts.

Australian enterprises, like others across the globe, often turn to the cloud for its benefits, such as flexibility and agility in provisioning of computing resources and easy access to new capabilities. Given Microsoft's long history of serving the Australian market, many of these companies are picking Azure in part because of their longstanding business relationship with the company.

ISG finds that Australian enterprises are significantly adopting MSP on Azure services. Enterprises are implementing IoT and advanced data analytics to support their digital journey, and this trend is rapidly growing in Australia. A significant segment of enterprises is looking to invest in AI capabilities to leverage data for insights through machine learning algorithms.

IT and technology leaders should read this report to understand the relative positioning and capabilities of partners that will help them effectively consume services from Microsoft's cloud. The report will also show how their technical capabilities square with those of the rest of the market.

Sourcing and procurement professionals should read this report to understand the provider ecosystem for Microsoft Azure managed services in the Australian market and learn how providers compare with one another in a crowded Microsoft services ecosystem.

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MANAGED SERVICES FOR AZURE

Definition

Managed public cloud service providers (MSPs) offer professional and managed services that augment Azure's built-in capabilities, including infrastructure as a service (IaaS) and platform as a service (PaaS). These services include provisioning, real-time and predictive analysis, monitoring and operational management of the customer's public cloud and multi-cloud environment. The aim is to maximize performance of enterprise cloud workloads, reduce costs and ensure compliance and security. Typically, specially developed or licensed cloud management platforms and tools are used to provide customers with the highest level of automation and the necessary transparency over the managed cloud resource pool in terms of capacity utilization and costs, including independent management.

Microsoft Ecosystem Partners
Managed Services for Azure

2021
Australia
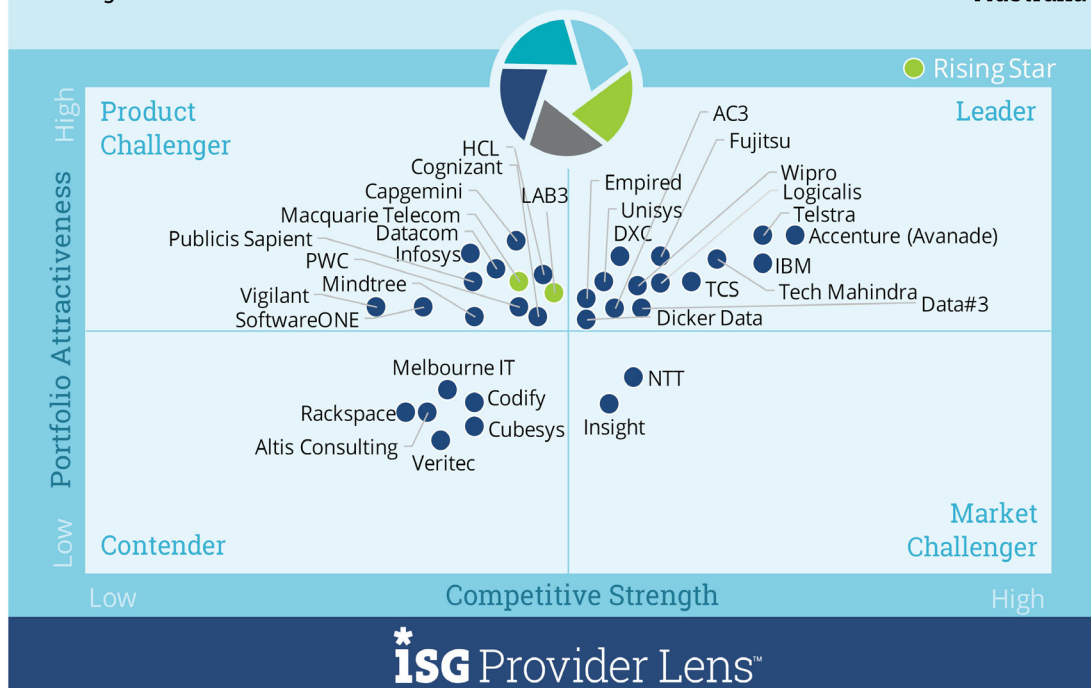
Source: ISG Research 2021

MANAGED SERVICES FOR AZURE

Definition (cont.)

The provided services typically include:

- Professional services for the management and monitoring of CPU, memory, databases and operating systems as independent or microservices, virtual machines or container services

- Update and patching services for the operating system, middleware and application

- Service portal for cost management (chargeback and showback) and identity management or IT service management

- Governance and compliance management

- Supporting services such as incident management, configuration, security services and automation setup.

Eligibility Criteria

- Experience in designing, building and managing public and multi-cloud environments with a focus on Microsoft Azure

- Support in the development of software code and cloud-native and legacy system integration

- Experience in both implementing Agile and DevOps methodologies and integrating them with enterprise clients' existing processes

- Experience in application programming interface (API) automation and cloud analytics

- Well-developed security practices and capabilities

- Number and location of provider resources that assist enterprises with Microsoft Azure

- Strength of the provider's partnership with Microsoft, measured by the number and category of relevant certifications it holds, length of relationship with Microsoft and evidence of strategic cooperation between the provider and Microsoft around Azure

MANAGED SERVICES FOR AZURE

Observations

As organizations embark on the next wave of the cloud, there is now a greater focus on app-driven modernization of the cloud to take center stage among Australian Microsoft Azure implementations. This poses a challenge to cloud service providers to align their offerings and build the necessary capabilities to address market demand. It requires an amalgamation of intellectual property (IP) and the integration of fit-for-purpose tools to address the related legacy issues.

There are also an increasing number of challenges around the traditional cloud managed services model. The market is becoming highly competitive as global providers use high levels of automation to squeeze margins and capture market share, so providers need to make continuous investments to sustain themselves.

In 2020, the Australian government announced its intention to poten-tially move to a Microsoft Azure-based records management system to modernize digital records management in the public sector. This would encompass Microsoft Azure resources and other Microsoft suite products, including Microsoft 365, cloud-based project management products and customer relationship management products.

Following the outbreak of COVID-19, cloud providers offering services such as managed services for Azure have witnessed drastic changes in customer demand, technology innovation and market fluctuations. This has resulted in numerous challenges, particularly with the rapid scaling of some Azure projects due to the growing trend of remote working. The pandemic has also accelerated the need for Australian clients to become more agile and achieve cost reduction, which drives a greater adoption of some cloud applications and the migration of more workloads to public clouds.

A major expansion area for cloud implementation management over the next two years is the requirement to address the growing proliferation of digital touch points and the extension of the enterprise into consumer segments such as a wearables. This will lead to a reduction in the number of traditional server-based solutions in favor of cloud-to-edge applications.

Clients are under immense pressure to achieve more with fewer resources and are therefore seeking solutions through applications such as Microsoft Azure that enable them to be more productive and agile. They are demanding the flexibility to pick and choose the parts of their environment that can be managed over the cloud.

MANAGED SERVICES FOR AZURE

Observations (cont.)

Australian customers are also looking for cloud providers that offer a higher level of managed service, including features such as DevOps, containerization and application-level SLAs. These managed services are not easy to scale and replicate, posing an extra challenge to managed Azure providers.

There is still a lack of cloud-certified resources and expertise in certain technologies at the customer end, such as cybersecurity, IoT and AI, as client demand continues to rise. While they are still in the early stage, Australian clients will increasingly focus on realigning legacy applications to leverage data, insights, machine learning (ML) and AI.

Of the 34 providers in this quadrant, 14 are Leaders and two are Rising Stars.

- **AC3** is a privately owned Australian MSP specializing in cloud solutions. Founded in 1999, the company has about 270 full-time employees (FTEs) and 80 contractors. As a private company, it does not publish revenues, but recent reports suggest annual revenue is

between US$60 million and US$70 million from over 1,000 customers. AC3 provides a full range of Azure services, such as initial strategy and planning, migration, ongoing support and monitoring, plus cost optimization and security.

- **Accenture**, with Avanade (its joint venture with Microsoft), has in-depth expertise in Agile development. It employs over 10 percent of all Professional Scrum Trainers (PSTs) worldwide, providing high-level consultancy services, complemented by expertise in DevOps on Azure. It won Microsoft's Global DevOps Partner of the Year award in 2020.

- **Data#3** Limited (DTL) is a leading Australian IT services and solutions provider, delivering solutions spanning cloud, modern workplace, security, data and analytics, and connectivity. It is Microsoft's only Australian partner to have obtained both the Azure Expert Managed Service Provider and Azure Modernization Factory competencies.

- **Dicker Data** is an ASX-listed technology company that has evolved to become Australia's largest value-added distributor of hardware, software, cloud and other emerging technologies. As one of Microsoft Australia's most valued partners, Dicker Data has gained a strong reputation for the work it undertakes with channel partners.

MANAGED SERVICES FOR AZURE

Observations (cont.)

- **DXC** is a large IT services company formed in 2017 with the merger of Hewlett-Packard Enterprise's Enterprise Services business with Computer Sciences Corporation. DXC Australia provides a broad range of Managed Azure services and has the skills and partner network to deploy and manage complex hybrid private/public cloud and multiple public cloud services.

- **Empired** is an Australian MSP that has been a longstanding and valued partner of Microsoft for managed services for Azure and has recently obtained the Azure Expert MSP certification. It was the first Microsoft Azure Expert MSP partner to fully adopt Microsoft Azure Lighthouse as the core of its cloud management platform.

- **Fujitsu**, established in 1935 and with global headquarters in Tokyo, is the world's seventh largest IT provider. Fujitsu ANZ generated US$1.1 billion in revenue and has over 3,500 employees. It runs a cloud CoE and a security operation center (SOC) in Australia and has a long history of providing managed services on Azure.

- **IBM's** Multicloud Management Platform (MCMP) provides consistent managed services across multi-clouds environments using modular tools along with integrated and intuitive automation. IBM has evolved its business focus in the past four years, with services that address data, AI, cloud, analytics and cybersecurity now representing more than half its revenue.

- **Logicalis Australia** is in the top 1 percent of Microsoft Azure partners globally. Logicalis continues to concentrate in Australia on a wide range of areas including Data Platform & Data Analytics, IoT and Securities. Logicalis Australia has a particularly strong focus in the healthcare sector. Government also will be a key focal point over the next few years in Australia, particularly with regard to security.

- **TCS** has been present in the Australian IT market for over 30 years and employs about 17,000 consultants and associates. It is an early adopter of the Azure MSP Program from Microsoft. TCS is also one of the few providers that has a dedicated, global Microsoft business unit, which will significantly assist in growing its operations in Australia.

MANAGED SERVICES FOR AZURE

Observations (cont.)

- **Tech Mahindra** is a Microsoft Azure Expert MSP in areas such as infrastructure and application migration. The company has made significant progress in Australia's market for Azure managed services over the last few years.

- **Telstra** has a strategic partnership with Microsoft dating back to 2010 and is its GTM partner. It is now expanding this partnership to deliver a new breed of next-generation solutions to customers, including smart cloud, IoT, 5G, edge computing and AI. Telstra plans to extend Azure offerings over the next two years to include automation for scaling public cloud management services such as monitoring, patching and backup.

- **Unisys Australia** offers the CloudForte™ cloud management platform to manage multi-cloud environments, including hybrid private cloud and multiple public cloud. It has developed these services in response to the growing prevalence of multi-cloud environments in Australian businesses. Unisys has extensive experience in providing services in environments with exacting security compliance requirements.

- **Wipro** has a significantly strong infrastructure and cloud management services practice in Australian with an emphasis on data center migration. It is continuing to leverage its strong cross-industry focus, which includes success with key clients in segments such as retail groceries. Its Azure strategy in the region encompasses a move toward an increasing number of AI and IoT implementations in areas such as water utilities.

- **LAB3** (Rising Star) is a local provider that offers managed services for Azure, with a focus on developing proprietary IP in core verticals such as construction, mining and utilities. It is currently developing a new banking-as-a-service platform for an online bank. The platform will enable business partners to natively provide full-service banking and payments to their clients.

- **Macquarie Telecom** (Rising Star) is an ASX-listed Australian company that provides telecom, cloud computing, data center, government and cybersecurity services. Its new Microsoft Azure business complements these divisions and enables it to bring a public cloud into its managed hybrid IT services environment. Macquarie Telecom has made impressive inroads in the market with its new Azure business in a short period of time.

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TELSTRA

Overview

Telstra is Australia's largest telecommunications provider and has a presence in many overseas markets. It has a strategic partnership with Microsoft dating back to 2010 and is its GTM partner. Telstra is now expanding that partnership to deliver a new breed of next-generation solutions to customers, including smart cloud, IoT, 5G, edge computing and AI. Its Managed Azure service is a cloud management platform with highly scalable and automated elements. It also incorporates a managed service through Telstra Purple managed services.

Strengths

Symbiotic relationship with Azure for better business outcomes: Microsoft Azure, in combination with Telstra's core network and telco expertise, supports Australia-based developers and ISVs in developing edge solutions such as AI. The partnership assists the telco in driving digital transformation and cloud adoption at scale by enabling it to serve new enterprises and midmarket businesses.

Strong customer support focus: Telstra's managed services for Azure customers in Australia have an allocated service delivery manager (SDM) who works closely with the customer and account management team to understand the customer's requirements. The SDM can escalate resolution of systemic service delivery issues when they arise.

Strong pipeline for further development of Azure platform: Telstra plans to extend its Azure offerings over the next two years to include automation to scale public cloud management services such as monitoring, patching and backup. This will provide higher value services such as DevOps and container managed services. Telstra will also focus on multi-cloud support services for Azure in Australia.

Caution

Although Telstra has solid managed IT service experience, it remains a telco at heart and lacks some of the specialization skills of larger global MSPs.

2021 ISG Provider Lens™ Leader

Telstra is expanding its partnership with Microsoft in Australia to deliver a new breed of next-generation solutions, including smart cloud, IoT, 5G and AI.

ENTERPRISE CONTEXT

Office 365 — Modern Workplace

This report is relevant to all enterprises across all industries in Australia evaluating Office 365 partners.

In this quadrant report, ISG lays out the current market positioning of Office 365 service providers in Australia and describes how they address the key challenges faced by companies in the region. Given Microsoft's long history in Australia, its partner ecosystem in the country is complex.

ISG finds that Australian service providers want long-term relationships with their clients, particularly in the midmarket. Companies should look for partners that they want to build multi-year relationships with, rather than expecting to contract on a project-by-project basis.

COVID-19 has accelerated the modern workplace evolution path and Office 365. Due to the pandemic, enterprises also want modern workplace services that deliver a high-level employee experience that makes it easy to service their colleagues and clients. Additionally, they want AI to become increasingly pervasive within the modern workplace environment.

IT and technology leaders should read this report to better understand the relative strengths and weaknesses of service providers in the Microsoft ecosystem and how they integrate the latest capabilities from Office 365 into their offerings.

Workplace technology leaders should read this report to understand how service providers can help with the adoption of Microsoft technology, especially as changes to the technology lead to significant organizational change management challenges. The report can also help workplace leaders evaluate the universe of potential partners available to them for Office 365 implementation and more effectively.

Sourcing, procurement and vendor management professionals should read this report to develop a better understanding of the current provider landscape for Office 365 in Australia as well as the key considerations for evaluating service provider capability.
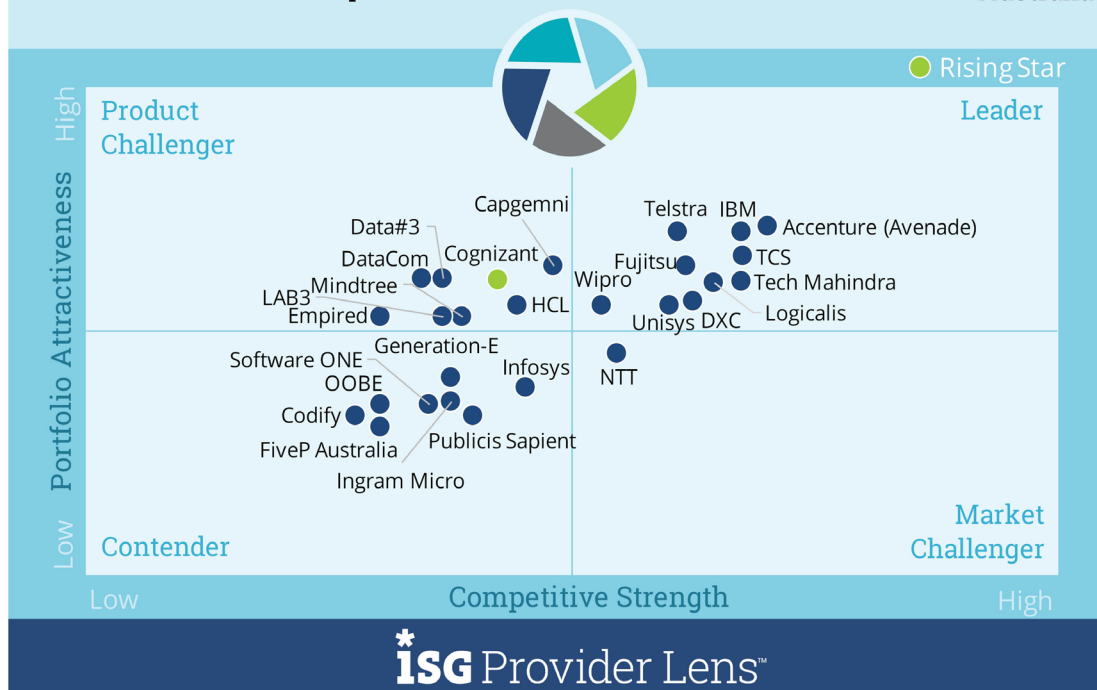
OFFICE 365 — MODERN WORKPLACE

Definition

This quadrant evaluates service providers that aid enterprises in the adoption, integration and ongoing operations of Office 365, Microsoft's software-as-a-service (SaaS) productivity suite, as well as its suite of other Modern Workplace solutions. These services go beyond provisioning and migrating to Office 365 to focus on a quick, device-independent, high-quality productivity suite that enables seamless teamwork regardless of location and adapted to the role of the user. From the client's perspective, Office 365 is about collaboration and the integration of globally dispersed teams. To enable this, integration and implementation services are necessary.

Microsoft Ecosystem Partners
Office 365 - Modern Workplace

2021
Australia

Source: ISG Research 2021

OFFICE 365 — MODERN WORKPLACE

Eligibility Criteria

- Service portfolio that includes technical consulting, license purchases, integration of Office 365 modules, implementation and operation

- Forward-thinking offerings that integrate with Office 365 to create a modern workplace for enterprise clients (for example, HoloLens development, Teams bot creation, etc.)

- Management of Microsoft Office APIs to ensure appropriate use and increased enterprise productivity

- Ability to migrate customer workplaces to modern cloud environments and WaaS models

- Provision of Office 365-based unified endpoint suites through integration with state-of-the-art identity access management (IAM) technology and mobile device management (MDM/Intune or other).

- Strength of the provider's partnership with Microsoft, measured by the number and category of relevant certifications it holds (including Office 365, Intune and Azure), length of their relationship, and evidence of strategic cooperation between them around the modern workplace

Observations

Office 365 Modern Workplace refers to the design and application of processes to support personalized employee experience, workforce productivity, collaboration and innovation. It comprises traditional Microsoft products such as Office, Excel, PowerPoint and SharePoint and newer collaboration tools such as Teams, OneDrive, Power Automate and Power BI, plus enterprise mobility and security and Azure cloud for data storage and backup.

Following the reshaping of Australian businesses due to the COVID-19 crisis, including the large-scale move to work-from-home (WFH) setups, the modern workplace has now become a reality. Businesses are moving to strengthen and improve the networked workplaces they deployed as an emergency response to the pandemic.

A Roy Morgan research report from June 2020 shows that over 4.3 million people (32 percent of employed Australians) have been "working from home." Based on interviews with 9,905 Australians, the report also showed that WFH varies drastically between industry sectors, stating that "over half of people working in Finance & Insurance (58 percent) and Public Administration & Defence (51 percent) have been working from home and just under half of those in Communications (47 percent)." These are precisely the sorts of organizations that service providers are targeting with personalized, integrated and agile modern workplaces.

OFFICE 365 — MODERN WORKPLACE

Observations (cont.)

New virtual and virtual/physical hybrid teams and processes need agile technology deployments to function, and "modern workplace 365" involves stitching Microsoft 365 tools together with enterprisewide applications and services to support the new normal.

The modern workplace segment is ripe for growth, as the pandemic has shown business leaders that their companies can run just as well virtually as in offices. Leaders realize they must mitigate further business risks from mutant virus variants or new pandemics. They have seen how adaptable their teams and technology can be and will continue to seek innovations. They are more aware of the importance of employee experience and how a modern workplace is a primary enabler of satisfied employees.

The modern workplace market will also grow because first-mover businesses now need to review and improve the emergency virtual networks they migrated to in early 2020. There is a need to harden networks, security and work processes and build in more automation.

At the same time, businesses that moved more slowly are rushing to catch up so they can deliver on customer and employee experience and maintain or grow their market positions. Both types of organizations require advice and support from service providers with large teams of Microsoft-certified experts.

Clients are now looking for secure networks that support remote working employees to work in teams backed up by collaboration tools and business applications to deliver an exceptional employee experience. This would support employee engagement and productivity and subsequently make it easy to serve colleagues and clients.

Of the 23 providers in this quadrant, 10 are Leaders and one is a Rising Star:

- **Accenture/Avanade** has a clear strategy for the modern workplace with its innovative services and depth of Microsoft-certified expertise to deliver. It is using learning and IP from thousands of client engagements and Avanade Advanced Technology Centers to support client initiatives.

- **DXC** has a large Australian presence and extensive experience in deploying modern workplace services. It is incorporating AI-based automation and IoT services into its offerings. Its personalized and proactive employee services automate processes and workflows, monitor systems and devices, and use analytics to predict the occurrence of issues or problems.

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OFFICE 365 — MODERN WORKPLACE

Observations (cont.)

- **Fujitsu** has a large Australian presence and runs a cloud CoE and an SOC in Australia that support its modern workplace services. Fujitsu Australia is building re-usable modern workplace solutions that incorporate automation and provide added value to targeted clients, maximizing the productivity benefits of Microsoft 365 productivity and collaboration tools.

- **IBM's** strategy for modern workplaces goes beyond the basics of providing access to digital services to the concept of enabling workers by learning, analyzing, understanding and empowering them with the ideal experience at any time. Its integration of AI, automation and user experience into Microsoft 365 tools and services provides a roadmap to the modern workplace of the future.

- **Logicalis** has made a strong push with automation in Australia and will ramp up its investment in the Power Platform and Power Apps. The company also plans to further invest in end-to-end security offerings.

- **TCS'** modern workplace solutions include Secure Borderless WorkSpaces™ that help organizations leverage their talent ecosystem to maximize business opportunities. Its Digital Workplace Studio enables contextualization, orchestration and integration of customers' global end-user environments.

- **Tech Mahindra** launched a dedicated Microsoft modern workplace business unit in 2020. This division will focus on developing enterprise cloud solutions leveraging Microsoft platforms and technologies and will house a CoE to provide solutions across Microsoft Azure, Dynamics 365, Office 365 and the modern workplace.

- **Telstra** is focused on rapidly growing its Office 365 offering in Australia. Over the next one to two years, it will build further capabilities to support the growing need for remote working and IoT applications in the region. This will instill a heavy focus on cloud, Azure, edge technologies associated with 5G, and end-to-end security.

OFFICE 365 — MODERN WORKPLACE

Observations (cont.)

- **Unisys** has identified modern workplace as a priority for 2020/2021 both globally and in Australia. Its modern workplace services span advisory, migration, personalization and support, and this practice is well placed to leverage the company's pedigree in serving large organizations in Australia.

- **Wipro** aims to launch workplace offerings that support "the digital workforce of the future" to boost productivity levels with a particular focus on IoT. These offerings will include conversational bots and connected things. It also plans to launch smart mobility apps featuring both augmented reality (AR) and virtual reality (VR).

- **HCL's** (Rising Star) Fluid Workplace offering accelerates the move to remote working. It enables the rapid deployment and adoption of cloud-based collaboration tools such as Microsoft Teams. Its core offerings include Cloud Workspace on Azure; remote Teams collaboration through IM, presence, meeting and calling; and AR based on remote friendly support with real-time chat translation.

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TELSTRA

Overview

Telstra is Australia's largest telecommunications provider and has a presence in many overseas markets. The telco has a longstanding strategic partnership with Microsoft dating back to 2010 and is its GTM partner. It is now expanding this partnership to deliver a new breed of next-generation solutions to clients. Telstra's client base for Office 365 and modern workplace services is predominately made up of midmarket and large enterprises.

Strengths

Microsoft partnership strengthened over last 18 months: In late 2019, Telstra exclusively launched Xbox All Access in Australia and was the first to launch Telstra Calling for Office 365. It recently expanded this service to include Microsoft Business Voice for SMB customers and has collaborated on Telstra Data Hub for better data security.

Broad industry client base: Telstra's Office 365 client base covers a broad range of industries in Australia. Its key industry verticals are retail and wholesale, banking and insurance, chemicals, oil and gas, logistics, travel and transportation, IT telco and media, government, education and utilities.

Strong Office 365 pipeline: Telstra is continuing to grow its Office 365 offering in Australia. Over the next one to two years, it will build further capabilities to support the growing need for remote working and IoT applications in the region. This will instill a heavy focus on cloud, Azure, edge technologies associated with 5G and an end-to-end security model.

Caution

Telstra has strong capabilities in the Office 365 space, especially in the large enterprise market. However, as a number of services in this area have only just been launched in the SMB market, potential clients should verify their availability and fit for their needs . solid managed IT service experience, it remains a telco at heart and lacks some of the specialization skills of larger global MSPs.

2021 ISG Provider Lens™ Leader

Telstra has a strong Office 365 offering that accounts for most of its revenues generated in the Microsoft ecosystem services for Australia.

ISG Provider Lens™

ENTERPRISE CONTEXT

Dynamics 365

This report is relevant to enterprises across all industries in Australia evaluating Microsoft Dynamics integration partners.

In this quadrant report, ISG lays out the current market positioning of Dynamics service providers in Australia and how they interact with key enterprise challenges in the region. ISG sees a fundamental difficulty in the provider ecosystem: Because they are all delivering services atop a common set of Microsoft-built functionality, it can be difficult to distinguish among providers.

While ISG has evaluated the capabilities of Dynamics integration partners separately, Microsoft's architecture choices mean that most enterprises in Australia, like their counterparts in the rest of the world, work with one provider for integration of Dynamics.

Enterprises are acquiring more modular and seamlessly connected Dynamics solutions in Australia. The amalgamation of technology across ERP, CRM, Dataverse and digital services is primarily driving the rapid growth of dynamics in the country. For enterprises of different sizes, customer experience (CX) is a primary driver for Dynamics 365 initiatives. Also, for enterprises, capturing and leveraging data using AI to personalize the CX is further pushing the adoption. Among enterprises, demand for cloud migration and customer analytics is growing, and this is to become a new set of opportunities for service providers.

IT and technology leaders should read this report to better understand the relative strengths and weaknesses of service providers in the Dynamics ecosystem.

Workplace technology leaders should read this report to understand how service providers can help with the adoption of Microsoft technology, especially as changes to the technology lead to significant challenges in organizational change management. The report can also help workplace leaders more effectively evaluate the universe of potential partners available to them for Dynamics implementation and integration.

Information and knowledge management leaders should read this report to better understand the positioning of providers and the key trends in the provider ecosystem so they can identify their potential partners.

**ISG** Provider Lens™

DYNAMICS 365

Definition

This quadrant evaluates service providers that assist enterprises with the selection, integration, customization and operation of Microsoft's cloud-based Dynamics 365 enterprise resource planning (ERP) and customer relationship management (CRM) software.

These services focus on the digitization of business processes through ERP and CRM. This means service providers and system integrators support user companies in the analysis of processes that have not yet been digitally mapped and the IT implementation of these processes via solutions from Dynamics 365.

In addition, this study will consider topics such as data integration with and transfer from legacy systems. Furthermore, our market analysis examines how providers handle the software lifecycle and user support. This also includes escalation handling, change management, optimization and reporting. Providers should also demonstrate a strong understanding of how their services and the Dynamics 365 solution impact an enterprise client's business.

Microsoft Ecosystem Partners
Dynamics 365

2021
Australia
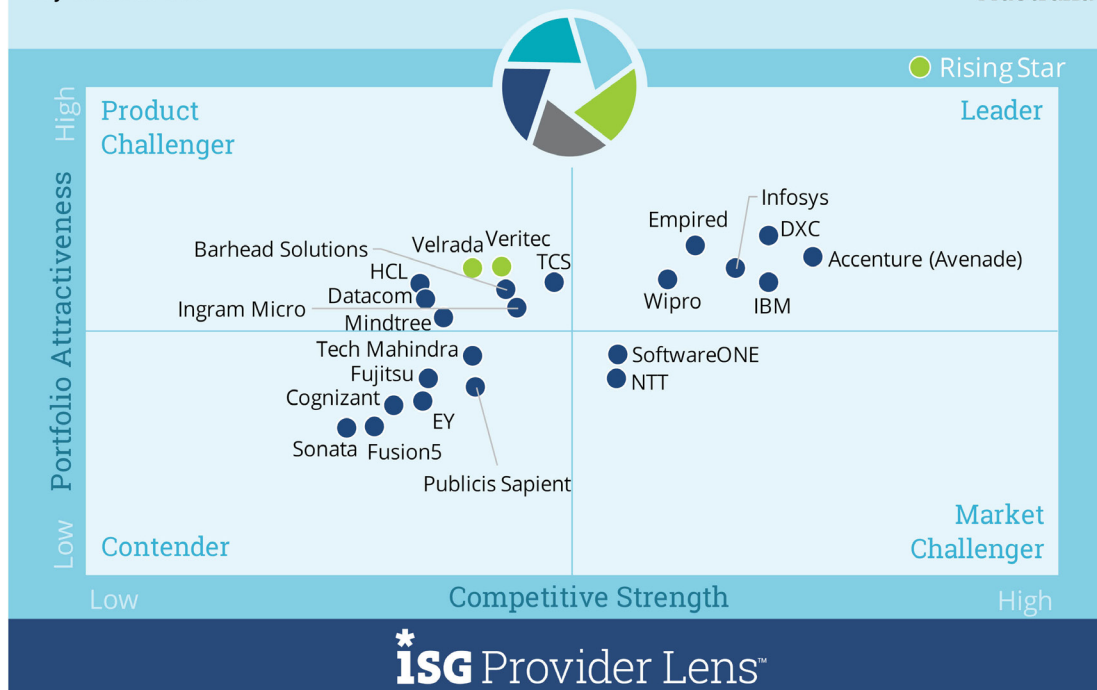
Source: ISG Research 2021

DYNAMICS 365

Eligibility Criteria

- Scope and depth of the provider's service portfolio, including the implementation, customization, provisioning and support of Microsoft Dynamics 365, with special consideration for industry-specific services and capabilities

- Number and location of employees who provide Dynamics 365 services

- Ability to understand the client's workloads regarding the transformation of ERP or CRM

- Strength of the provider's partnership with Microsoft, measured by the number and category of relevant certifications it holds, length of their relationship, and evidence of strategic cooperation between them

- Support of digital transformation processes in user companies as part of the Dynamics 365 adoption

- Variety, sensibility and maturity of pricing and payment models that match the needs of enterprises adopting and using Dynamics 365

- Robustness of provider's process for implementation, including the use of Agile and DevOps methodologies, as well as relevant automation for service delivery and quality

Observations

The Microsoft Dynamics 365 services market covers the full range of Dynamics 365 business applications (finance, supply chain management, field service, project, sales, marketing, customer service) that organizations use to support end-to-end processes for customers, employees and other stakeholders. It also includes APIs; integration with other applications, including third-party and legacy applications; plus integrations to modern workplace collaboration tools and security services.

Many businesses first deployed Dynamics 365 modules to support internal processes (finance, supply chain management, field service, sales) before moving to sales, customer service and marketing applications. In the past three to four years, they mostly focused on integrating sales, marketing and customer service to provide a unified view of the customer, enhance it, and then optimize the customer experience (CX).

CX is a primary driver for Dynamics 365 initiatives as smart businesses seek to offer customers a variety of ways to connect (omnichannel CX), capture customer data at every touchpoint, and leverage that data using AI and ML. This will help companies increasingly optimize the CX, delight their customers and gain a competitive advantage.

DYNAMICS 365

Observations (cont.)

Dynamics 365 service providers have built IP from many prior engage-ments. They have created reusable templates and solutions for specific horizontal and vertical industry processes and offer pre-configured solutions that can accelerate market implementation of their clients' new products and services. Many of them also integrate technologies such as AI-powered chatbots and RPA to continually enhance and optimize the CX.

Clients are now looking for secure networks that support remote employee teamwork, backed up by collaboration tools and business applications to deliver an exceptional customer experience. They also want modern workplace services that deliver an exceptional employee experience, making it easy to serve their colleagues and clients efficiently.

Of the 24 providers in this quadrant, six are Leaders and two are Rising Stars:

- **Accenture/Avanade's** thought leadership and integrated solutions development capability make it a Leader in modern business applications. It has the expertise to optimize the business benefits of all the data captured in Dynamics 365 applications.

- **DXC** offers pre-configured solutions for customer service, field service, supply chain management, commerce and project operations modules, making it a leading provider of Dynamics 365 services.

- **Empired** is among the top Microsoft Dynamics 365 partners worldwide, having been included in the Microsoft Dynamics 365 Inner Circle. Its offering has made strong inroads into the Australasian market over the past two years.

- **IBM** offers ready-made industry solutions supported by a global team of 4,600 Dynamics practitioners, making it a leading provider of Dynamics 365 services. The solutions include IBM Public Sector Solution, IBM Insurance Solution, IBM Connected Field Services Solution and IBM Retail Solution.

DYNAMICS 365

Observations (cont.)

- **Infosys** is a Dynamics 365 service provider for Microsoft, routinely implementing the service for Microsoft businesses globally. Its close relationship with Microsoft and ready-made industry solutions position it as a leading supplier in this segment.

- **Wipro** intends to roll out additions to its current Dynamics 365 offerings during the next 24 months. These will include cloud migration, microverticalized Dynamics solutions and customer analytics and insights. It will also add offerings to its Power Apps factory.

- **Velrada** (Rising Star) is an Australia-based, global Microsoft business and technology integrator founded in 2009. The company is particularly strong in the Dynamics 365 Field Service segment and has strong expertise in supplier mobilization for Dynamics 365.

- **Veritec** (Rising Star) is a small niche Australia-based MSP that specializes in Microsoft solutions. It is a Microsoft Gold Partner and has strong expertise in the region's ERP sector.

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ENTERPRISE CONTEXT

SAP on Azure

This report is relevant to enterprises across all industries in Australia evaluating partners to help them adopt SAP on Microsoft Azure.

In this quadrant report, ISG lays out the current positioning of providers offering services around SAP on Azure and how they address key enterprise challenges in the region. Picking a provider in Australia can be difficult, given the complexity of the diverse Microsoft services ecosystem.

ISG finds that many Australian firms want to reduce or eliminate their investment in on-premises datacenters and migrate to the public cloud, especially if such a migration brings cost savings. It can be challenging to move SAP systems to the cloud, given how central the software is to business and IT processes.

SAP has aggressively moved to embrace the cloud in Australia. The maturity of Australian cloud environments is driving the enterprise migration to SAP on Azure. The increasing market adoption in Australia appears lucrative to global SAP on Azure providers. Australian customers are demanding strong knowledge and certifications from their cloud partners in the SAP on Azure Segment.

IT and technology leaders should read this report to understand the relative positioning of SAP on Azure service providers across Australia and how their technical capabilities match up with the enterprise's need to succeed with a cloud transition for SAP.

Enterprise resource management application developers and operators should read this report to understand the positioning of SAP on Azure providers and how their strengths and weaknesses can affect the work of building and running enterprise resource management applications.

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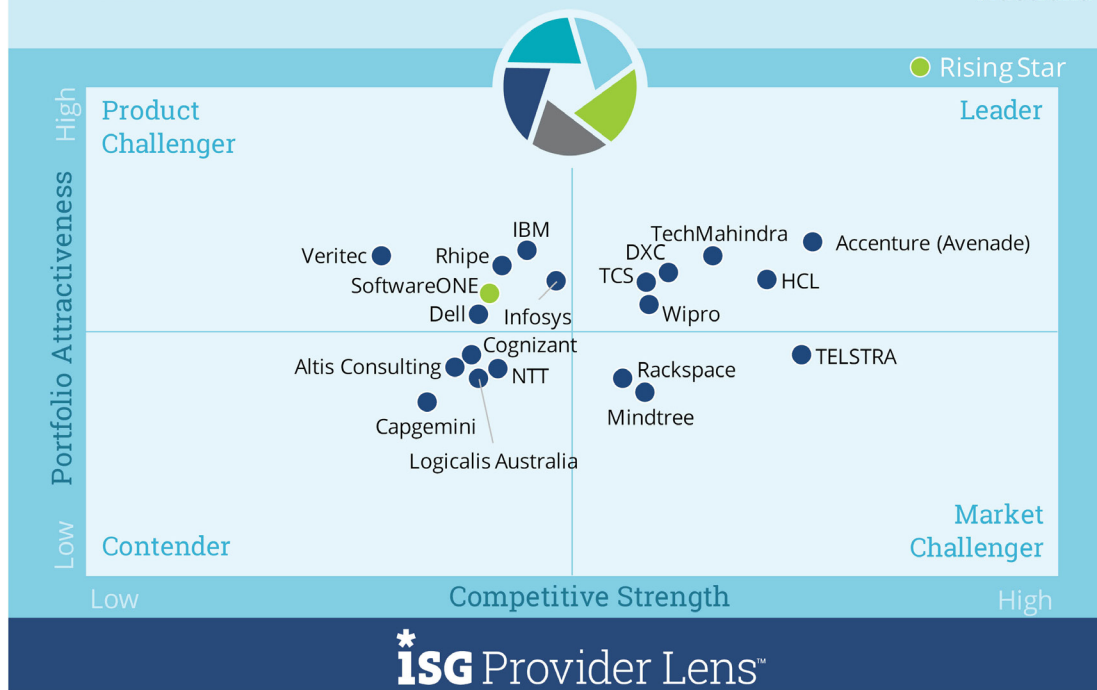
SAP ON AZURE

Definition

This quadrant evaluates service providers that offer capabilities related to the adoption, management and use of Microsoft's dedicated SAP on Azure suite of cloud solutions.

The services regularly provided by these companies include architecture consulting and analysis of requirements for the application landscape, technical design with support for configuration, deployment, escalation management, change and fault management, support, optimization and reporting. These providers must not only help customers migrate their SAP workloads to Azure, but also optimize, design and develop new processes and business flows as part of platform management through a combination of their own services, SAP services and Microsoft Azure services.

Service providers in this category require both Microsoft and SAP certifications. They should have active and productive partnerships with both technology vendors as well as informed points of view on how the relevant underlying technology offerings are evolving. As a result, they should be able to articulate how product and platform changes will affect enterprises using this solution, from technical architecture considerations to business impacts.

Microsoft Ecosystem Partners
SAP on Azure

2021
Australia

Source: ISG Research 2021

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SAP ON AZURE

Eligibility Criteria

- Scope and depth of service portfolio, including migration of SAP workloads to SAP on Azure and customization, provisioning and support of SAP application and services implementations

- Number and location of employees who provide SAP on Azure services

- Ability and willingness to support hybrid cloud and hybrid provider environments

- Strength of the provider's partnerships with SAP and Microsoft, measured by the number and category of relevant certifications it holds, length of relationship with both SAP and Microsoft, and evidence of strategic cooperation between the provider and Microsoft around SAP on Azure

- Support for multiple pricing models, including pay-as-you-go

- Robustness of provider's process for implementation, including use of Agile and DevOps methodologies, as well as relevant automation for service delivery and quality

Observations

The market for SAP on Azure services in Australia continues to grow as more local clients seek to migrate from their on-premise server environments to the cloud. Many of them have already reached maturity in this regard due to the high adoption of cloud-based technologies in the country. Many have also migrated low- to medium-complexity applications to the cloud and are now positioned to move more complex applications such as SAP to the public cloud.

The COVID-19 pandemic has disrupted demand and supply chains across industries and has caused a slowdown in client spending globally. Managed cloud services and solutions, especially in the area of discretionary technology-related spending, could continue to be in low demand. Segments that have been particularly affected include hospitality, travel and fashion retailers. However, the relative impact has been less on Australian organizations due to the lower number of COVID-19 cases than in most countries. In the longer term, there will be growing cloud opportunities as enterprises accelerate their digital transformation initiatives.

Although Microsoft Azure is three years younger than AWS in the cloud space, Microsoft can leverage its brand name and strong partnership with SAP. Leading industry analysts view Azure as a strong contender to the SAP Cloud, as AWS may have lost some of its customers due to Amazon's conflicting business investments. Google, the other major competitor in this segment, has made significant progress in signing up large enterprises.

SAP ON AZURE

Observations (cont.)

One of the greatest challenges over the next 18 months with regard to SAP Azure implementations is the fear factor that some Australian organizations still hold in terms of migrating high-impact, critical business applications such as SAP from on-premise to the cloud. Therefore, cloud providers in Australia should continue to educate the market on how migrating large, complex workloads such as SAP to the Azure cloud can be done easily and simply at low risk.

The SAP on Azure market is highly competitive, with providers seeking specialized skills and knowledge to deliver high-quality services. Australian customers demand strong knowledge and certifications from their cloud partners, especially in the highly complex SAP on Azure segment.

With the pandemic, the growing concern about ransomware attacks has driven the acceleration of cloud adoption among some Australian organizations. Many are now willing to migrate their business-critical proprietary systems to the cloud, giving more opportunities to Azure providers in Australia.

Some Australian customers lack the necessary understanding and experience of Azure. Many are still struggling to translate their requirements to Azure concepts, capabilities, constructs and the required security model. Cloud providers should capitalize on this opportunity.

Of the 20 providers in this quadrant, six are Leaders and one is a Rising Star.

- **Accenture** has been a major partner for SAP for over 40 years. Its dedicated SAP Group collaborates with SAP from product innovation through to deployment and delivery of SAP solutions in Australia. The company has experienced practitioners to deliver reliable SAP on Azure solutions. It has been Microsoft's top Office partner for 10 straight years.

- **DXC** is a large IT services company formed in 2017 through the merger of Hewlett-Packard Enterprise's Enterprise Services business with Computer Sciences Corporation. DXC's SAP on Azure services cover design, deployment, migration, run, maintain and licensing to efficiently and effectively move and support SAP workloads in Microsoft Azure.

- **HCL** is positioned as a leader in SAP implementation and support services, especially in terms of understanding and executing cloud-based SAP solutions. From a global perspective, Australia is an important market for HCL, with over 4,000 employees present in ANZ. With a dedicated SAP on Azure CoE team, the company strongly differentiates itself in the SAP segment.

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SAP ON AZURE

Observations (cont.)

- **TCS** Australia provides end-to-end product offerings and services for SAP workloads on Azure, including IaaS, PaaS and SaaS. These include HANA conversion/migration and cloud adoption in the areas of analytics on SAP. The company is a Microsoft Azure Expert MSP, which ensures the highest quality of Azure service and builds on its status as a Microsoft Gold Competency Partner.

- **Tech Mahindra** has more than 45 clients in ANZ and around 5,500 working associates. It offers a comprehensive range of end-to-end SAP on Azure offerings to its Australian clients. The company has successfully established a strong foothold in Australia with regard to the SAP on Azure offering across a broad range of industries.

- **Wipro** has had a strong focus for SAP on Azure over the past few years. It now has wide industry coverage in Australia in this respect, with strong expertise in the utilities segment. Wipro Australia is a Gold Cloud Partner and an EMBRACE Partner and holds Microsoft's Advanced Specialization for SAP on Azure competency for delivering SAP cloud migrations and support services.

- **SoftwareONE** (Rising Star) is a global provider of end-to-end software and a cloud technology solutions provider. Its acquisition of Australian Brave New World (BNW) Consulting will strengthen and extend its SAP Technology Services Australian capabilities with a focus on public cloud migrations and S/4HANA transformation and support.

Methodology

METHODOLOGY

The research study "2020 ISG Provider Lens™ Microsoft Ecosystem 2021" analyses the relevant software vendors/service providers in the Australian market, based on a multi-phased research and analysis process and positions these providers based on the ISG Research methodology.

The study was divided into the following steps:

1. Definition of 2020 ISG Provider Lens™ Microsoft Ecosystem 2021, Australia market

2. Use of questionnaire-based surveys of service providers/vendor across all trend topics

3. Interactive discussions with service providers/vendors on capabilities and use cases

4. Use of 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 key 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

Authors and Editors

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