Managed Services In A Multicloud World: How MSPs Can Help Customers Mitigate Complexity And Accelerate Benefits

A Spotlight For MSPs Based On Results From The November Thought Leadership Paper, "Mitigating Multicloud Complexity With Managed Services Partners"

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Introduction

Enterprise public cloud use is common. In fact, 65% of North American organizations leverage public cloud — most of which (66%) further define their strategy as some form of multicloud.[1] Leveraging different clouds for different applications allows organizations to optimize sourcing. However, having many options available can also breed complexity; multiple clouds mean multiple API standards, operations models, and skill sets. Many organizations find themselves in the midst of complex cloud environments that slow down decisions and progress.[2] Organizations with multicloud strategies seek to benefit from multicloud but without the delays of complexity. They are looking for strategies, capabilities, and services to overcome or even bypass cloud complexity.

In June 2019, Dell Technologies commissioned Forrester Consulting to evaluate the benefits of reducing the complexity of multicloud environments. Forrester conducted an online survey of 405 global decision makers with responsibility for the multicloud environment at their organizations to explore this topic. We found that whether just beginning their multicloud journey or seeking to optimize it, organizations using multicloud are perpetually asking how and when to leverage partners. Respondents whose organizations have multicloud strategies shared how they measure success of their partnerships, what they prioritize when procuring capabilities and services, and what they wish partners would do better or differently. Cloud and managed services providers can use this data to inform how they market and service their customers to help them navigate and overcome multicloud complexity.

KEY FINDINGS

› **Organizations leverage managed services to reduce multicloud complexity.** Seventy-seven percent of respondents agree that their multicloud environments are increasingly complex, and 85% say that their goal is to reduce complexity where it does not add value. Partnering with nonhyperscalers that include managed services is a top strategy for overcoming complexity challenges.

› **Expectations for partner services and support are high.** Organizations with multicloud strategies need to move quickly to respond to new opportunities. As a result, decision makers have high expectations for services and support from cloud platforms including infrastructure with the latest options, experience with managing complexity, and a high level of performance transparency.

› **Multicloud organizations need holistic partnership.** To meet the needs of their customers, managed services providers can't lose sight of table stakes. This includes ensuring their tools are easy to use and that relationship managers discover, track, and surface the success metrics most important to their customers.

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Organizations Rely On Managed Services To Keep Multicloud Complexity At Bay

Enterprises overwhelmingly use hyperscalers for public cloud (see Figure 1). In fact, 99% of survey respondents noted their use of multiple hyperscalers. However, their cloud platforms don't stop there. They also stated that they heavily leverage nonhyperscalers (67%), hosted private clouds (75%), and internal private clouds (73%).

Even beyond infrastructure, multicloud is exploding. Today, 60% of multicloud organizations use 50 or more unique software-as-a-service (SaaS) vendors, and 81% use two or more unique low-code platforms. These complex multicloud strategies have resulted in complicated enterprise ecosystems dense with unique vendors. As a result:

› **Enterprises seek to reduce complexity to reap the expected benefits of multicloud.** Seventy-seven percent of respondents agree that their multicloud environments are increasingly complex, and 85% say their goal is to reduce complexity where it does not add value. While organizations in our study use multiple cloud platforms to take advantage of different performance levels, to archive data, and to offer a broader range of development environments, they also recognize that the resulting multicloud complexity holds them back. In fact, efforts to reduce complexity lead to significant benefits, including better customer experience (CX), more complete security, and reduced operational costs.

› **Managed services are a top strategy for overcoming multicloud complexity.** Organizations seek help from all of their cloud platform providers; 85% of respondents agree that their cloud platform providers are critical to helping manage complexity. However, partnering with nonhyperscalers that include managed services is a top strategy for overcoming complexity challenges (see Figure 2).

› **The value of managing multicloud complexity is growing.** We found that half of organizations with multicloud strategies are increasing spending on managed services for mission-critical applications in multicloud and that 54% of decision makers are very satisfied with this type of managed services support. Nonhyperscalers offering managed services should take note: Managed services are becoming a bigger portion of the hyperscalers' offerings.[3]

Organizations with multicloud strategies are looking to their cloud platform providers for help tackling multicloud complexity. In fact, half of these organizations are increasing their spending on managed services for mission-critical apps in multicloud.
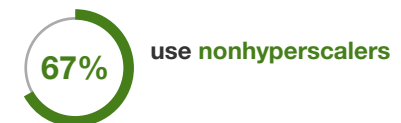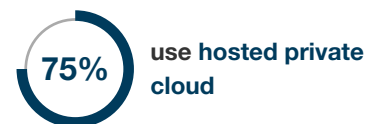
Figure 2

Managed Services Are A Top Strategy For Overcoming Growing Multicloud Complexity

"Our multicloud environment is increasingly complex."

■ Agree

77%

"Our cloud platform providers are critical to helping manage complexity."

85%

Top three strategies used today to overcome challenges with multicloud complexity

No. 1: Hiring staff with multicloud experience

No. 2: Better precision of multicloud strategy and communications to teams

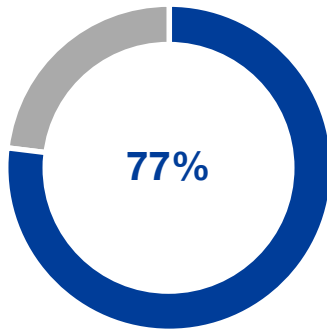**No. 3: Partnering with vendors that have included managed services**

Base: 405 IT directors or higher with responsibility for multicloud environment at enterprise companies in North America, EMEA, and ANZ/JP
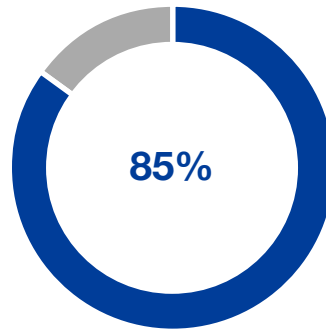Source: A commissioned study conducted by Forrester Consulting on behalf of Dell, August 2019

Cloud Platform Partners Must Meet High Expectations For Managing Complexity

Organizations with multicloud strategies need to move quickly to respond to new opportunities and disruptions in this digital world, but multicloud complexity slows action. A cloud platform provider's ability to get an organization moving quickly and empower them to continue moving easily is key. Our study found that organizations have high expectations for services and support from cloud platforms with which they partner and that there is room for partners to improve. Organizations with multicloud strategies expect their cloud platforms to:

› **Provide differentiated infrastructure with the latest options.** The top service or support that organizations expect from partners is better infrastructure (see Figure 3). In practice, this may mean enterprise-grade servers and storage, human-computer interaction (HCI) technologies, familiar hypervisors, and configurations that meet custom requirements. In the future, this could mean expanded use of container and serverless development platforms that create efficiency gains but add more complexity.[4]

› **Be savvy with complex cloud environments.** Other common expectations for partners revolve around flexibility and comfort with this complexity: hybrid cloud management across providers, simplification of multicloud strategy, and the ability to work through all the types of cloud environments. Organizations clearly expect their partners to help them set a course for success with multicloud that not only improves their infrastructure but can navigate and simplify the unique makeup of their environment.

› **Help simplify strategy.** Only one-third of the decision makers we surveyed are very satisfied with the support they receive for simplification of their cloud strategies — one of the lowest levels of satisfaction of any service. Similarly, only 38% are very satisfied with their partners' ability to provide hybrid cloud management across providers. Since these two offerings are at the top of the list of expectations, the ability to meet expectations is key. Unsatisfied customers may seek these critical services elsewhere.

› **Provide better transparency and proactive support.** The multicloud organizations in our study identified three key areas of improvement: 1) better transparency of performance; 2) proactive threat prevention; and 3) higher-quality technical account management. It's critical that partners and their customers continuously align on how the partner will deliver on expectations. In the case of higher-quality technical account resources, effective support requires partners to understand where clients hit snags and design services to get customers over specific humps in their journeys. These may come in the form of access to training tools, expert-created content, and technical support whenever it's needed.[5]

Figure 3

"What service/support do you expect from the cloud platforms with which you partner?"
(Top five shown)

■ Ranked 1, 2, or 3

33% Better infrastructure

25% Hybrid cloud management across providers

23% Simplification and focusing of multicloud strategy

23% Ability to work through all the types of cloud environments

22% Management

Base: 405 IT directors or higher with responsibility for multicloud environment at enterprise companies in North America, EMEA, and ANZ/JP
Source: A commissioned study conducted by Forrester Consulting on behalf of Dell, August 2019

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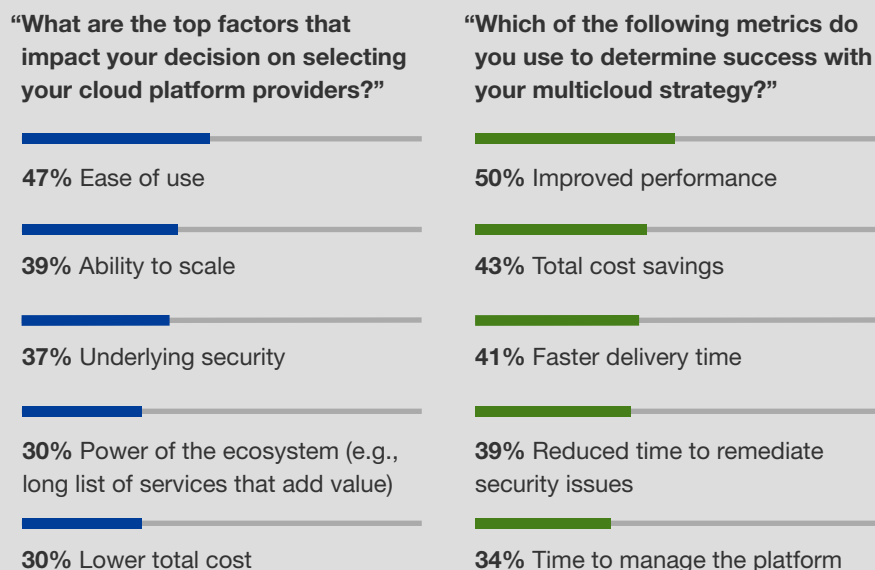## SERVING THE HOLISTIC NEEDS OF ORGANIZATIONS WITH MULTICLOUD STRATEGIES

To meet the needs of the growing market, multicloud support services that focus on managing complexity and simplifying multicloud strategy should be more robust. However, cloud platform providers should seek to serve the customer's broader need. This includes:

› **Not losing sight of table stakes: ease of use, scalability, and security.** According to the decision makers we surveyed, the top factor impacting the decision to select partners is ease of use (see Figure 4). This shouldn't be surprising; the ability for a provider of any product or service to get their customers moving quickly and easily is a key consideration; cloud platform partners are no exception. Further, the ability to scale and to provide stronger underlying security are also high on the list. Organizations with multicloud strategies need room to grow while ensuring the security of their own customers and IP.

› **Aligning early and often to the customer's preferred key performance indicators (KPIs).** Half of multicloud organizations measure the success of their multicloud strategies on improved performance. Total cost savings, faster delivery time, and reduced time to remediate security issues are also common metrics. Since aligning success metrics with partners is an important part of measurement, a majority of organizations that track these metrics also make them a focus of discussions with partners at least quarterly. Partners can also take an active role in surfacing their customers' most meaningful KPIs and not waiting until renewal to discuss progress.

Figure 4

How Organizations With Multicloud Strategies Make Vendor Decisions And Measure Success

"What are the top factors that impact your decision on selecting your cloud platform providers?"

47% Ease of use

39% Ability to scale

37% Underlying security

30% Power of the ecosystem (e.g., long list of services that add value)

30% Lower total cost

"Which of the following metrics do you use to determine success with your multicloud strategy?"

50% Improved performance

43% Total cost savings

41% Faster delivery time

39% Reduced time to remediate security issues

34% Time to manage the platform

Base: 405 IT directors or higher with responsibility for multicloud environment at enterprise companies in North America, EMEA, and ANZ/JP
Source: A commissioned study conducted by Forrester Consulting on behalf of Dell, August 2019

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Key Recommendations

If you're a nonhyperscaler and/or MSP in the cloud game, there's a significant need for your offerings. To capitalize on this opportunity, you must listen to your customers.

Forrester's in-depth survey of decision makers with responsibility for their enterprises' multicloud environments yielded several recommendations:

Stay flexible — your customers are navigating a lot of complexity. IT professionals tend to overengineer without looking at the impact that the added complexity has on time-to-value. Your customers will need to explore what's making their environments complex and how it does or doesn't create valuable, and they must identify the right partners to fill gaps. Your ability to remain flexible and provide guidance throughout that journey will determine your success.

Lead with the value of your skill set beyond the hyperscalers. Though hyperscalers are critical, most multicloud strategies rely heavily on nonhyperscalers. For those providers outside the hyperscalers, this is great news. But your value doesn't stop at providing an alternative platform or deployment model; your greatest power is in helping organizations solve for multicloud with a broad and deep cloud skill set.

Differentiate your brand and grow relationships with high-quality technical account management. You don't have to have the best management platform in the market; respondents told us that your ability to provide transparent performance metrics makes a difference. Don't lose ground to peers working hard to visualize their value with the metrics their customers care about. Furthermore, investing in proactive threat detection at a time when the risk surface is expanding can win you long-term partnerships. Customer-centric technical account managers and customer success managers should navigate this entire experience. Listen and act.

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Appendix A: Methodology

In this study, Forrester administered an online survey to 405 cross-industry directors of IT or above in North America, EMEA, and Asia Pacific to evaluate multicloud complexity. Survey participants were responsible for the multicloud environments at their enterprises. Questions provided to the participants asked about their multicloud environments, benefits, and the challenges and approaches taken to mitigate complexity. Respondents were offered a small monetary incentive as a thank you for time spent on the survey. The study began in June 2019 and was completed in August 2019.

Appendix B: Demographics/Data

NORTH AMERICA **EMEA** **ANZ/JP**
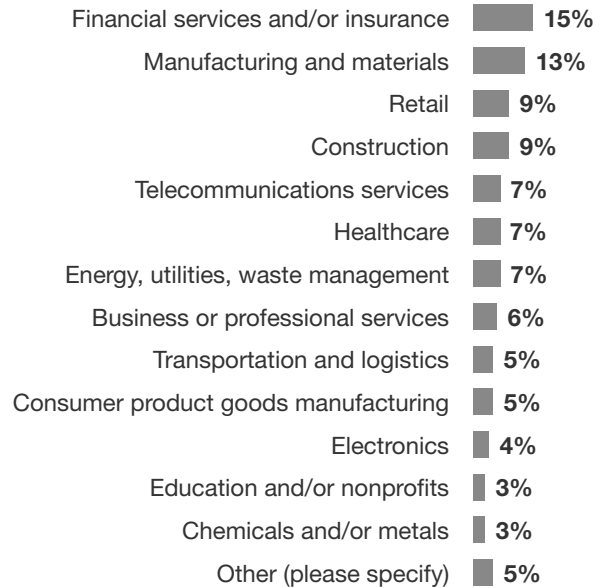
35% US
15% CA

7% UK
6% FR
6% IT
5% DE

14% AU
10% JP
2% NZ

INDUSTRY

Financial services and/or insurance	**15%**
Manufacturing and materials	**13%**
Retail	**9%**
Construction	**9%**
Telecommunications services	**7%**
Healthcare	**7%**
Energy, utilities, waste management	**7%**
Business or professional services	**6%**
Transportation and logistics	**5%**
Consumer product goods manufacturing	**5%**
Electronics	**4%**
Education and/or nonprofits	**3%**
Chemicals and/or metals	**3%**
Other (please specify)	**5%**

"What is your level of responsibility when it comes to cloud strategy at your organization?"
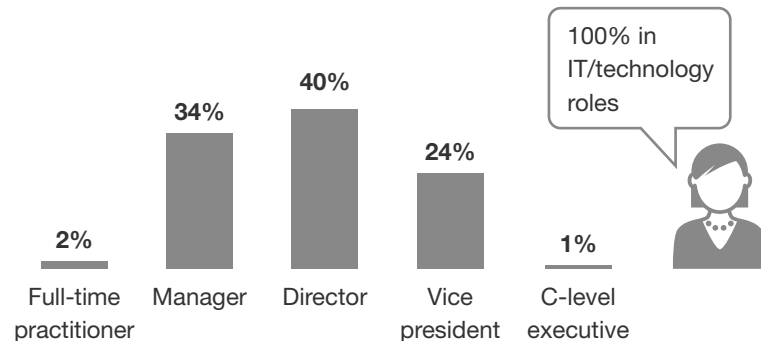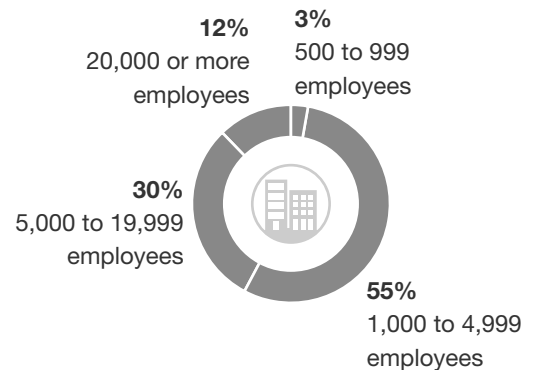
I am the final decision maker for my organization's cloud strategy	**44%**
I am part of a team making decisions for my organization's cloud strategy	**38%**
I influence decisions related to my organization's cloud strategy	**15%**
I am not involved in cloud strategy at my organization	**3%**

COMPANY SIZE

12% 20,000 or more employees

3% 500 to 999 employees

30% 5,000 to 19,999 employees

55% 1,000 to 4,999 employees

RESPONDENT LEVEL

100% in IT/technology roles

Full-time practitioner	Manager	Director	Vice president	C-level executive
2%	34%	40%	24%	1%

Base: 405 IT directors or higher with responsibility for multicloud environment at enterprise companies in North America, EMEA, and ANZ/JP
Source: A commissioned study conducted by Forrester Consulting on behalf of Dell, August 2019

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Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

"Assess The Pain-Gain Tradeoff Of Multicloud Strategies," Forrester Research, Inc., March 19, 2019.

"Understanding The Cloud Services Provider Landscape," Forrester Research, Inc., January 17, 2019.

Appendix D: Endnotes

[1] Source: "Adoption Profile: Public Cloud In North America, Q3 2019," Forrester Research, Inc., July 1, 2019.

[2] Source: "Assess The Pain-Gain Tradeoff Of Multicloud Strategies," Forrester Research, Inc., March 19, 2019.

[3] Source: "Understanding The Cloud Services Provider Landscape," Forrester Research, Inc., January 17, 2019.

[4] Source: "Optimize Your Cloud Organization For Speed And Customer Delight," Forrester Research, Inc., October 26, 2018.

[5] Source: "Multicloud Strategies Drive Mission-Critical Benefits," a commissioned study conducted by Forrester Consulting on behalf of Virtustream, April 2019.

[6] Source: "How To Build The Right Portfolio Of Customer Success Services," Forrester Research, Inc., January 4, 2019.

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