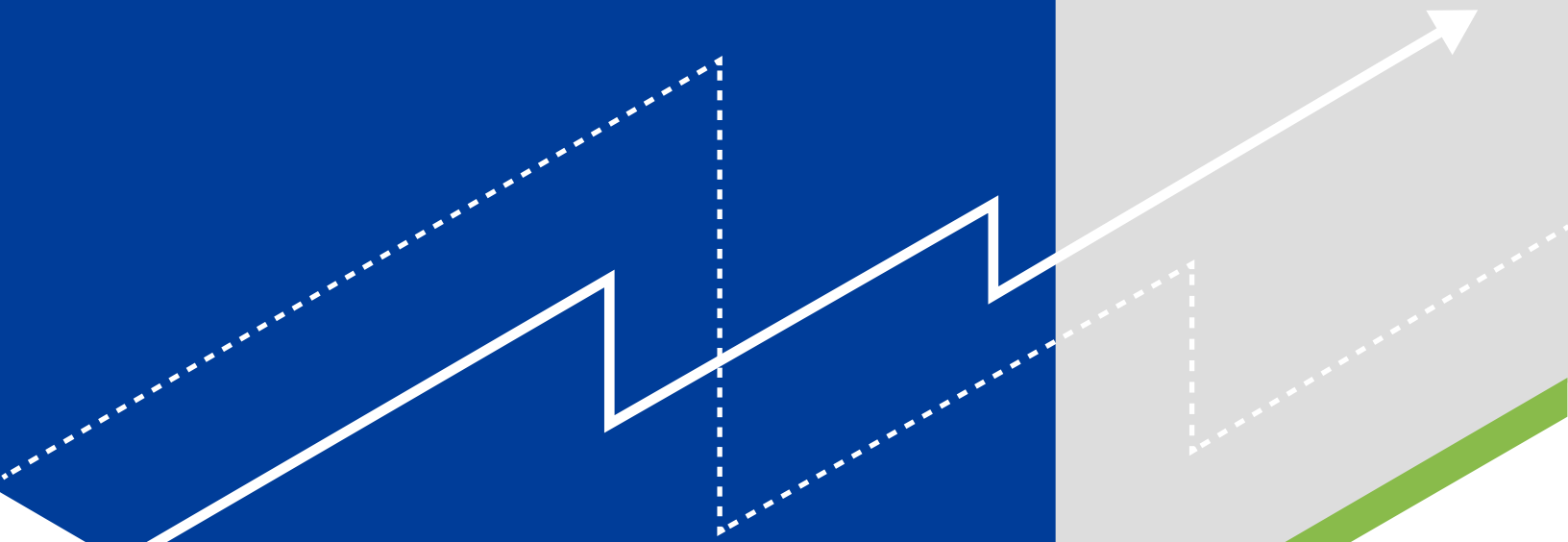
A Forrester Consulting
Thought Leadership Paper
Commissioned By Dell Technologies

November 2019

Mitigating Multicloud Complexity With Managed Services Partners

How Managed Services Accelerate The Benefits Of Multicloud



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66% of organizations using the cloud take a multicloud approach

Executive Summary

Public cloud adoption is a reality for most enterprises: 65% of North American enterprises have adopted the use of public cloud and it is the preferred deployment for many applications.[1] Today, organizations leverage more than one cloud provider — e.g., multicloud — with 75% of decision makers describing their approach as hybrid, and 66% defining hybrid as a form of multicloud.[2] Recent research revealed almost all organizations with a multicloud strategy now use multiple clouds for mission-critical applications too — including those that store customer and financial data, drive sales and eCommerce, and deliver customer experience.[3]

For many organizations, the power to leverage different clouds for different applications allows them to optimize capabilities, sourcing, and deployment models according to their business requirements. The tradeoff, however, can be an overwhelmingly complex multicloud architecture, with many moving parts that slow decisions and progress.[4] Organizations with multicloud strategies (further referred to here as "multicloud organizations") seek to benefit from multicloud but without the delays of complexity. They are looking for strategies that will help them overcome or even bypass 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 organization to explore this topic. We found multicloud deployment is here to stay, but managing the inherent complexity poses a major challenge for organizations looking to realize multicloud's full potential.

KEY FINDINGS

- **Multicloud is here to stay and its complexity runs deep.** The most common multicloud environment uses multiple vendors to host different parts of a single application or application ecosystem. However, approaches are far from homogenous. Complexity is inevitable for organizations using multiple vendors for each infrastructure capability in addition to their software-as-a-service (SaaS) and low-code applications.
- **Reducing complexity helps enterprises realize the expected benefits of multicloud.** Seventy-seven percent of organizations agree that their multicloud environment is increasingly complex, and 85% of organizations agree their goal is to reduce complexity where it does not add value. Reducing complexity leads to better customer experience (CX), more complete security, and reduced operational costs.
- **Organizations use managed services partners to reduce complexity and improve performance, economics, and trust.** We found managed services help reduce the complexity of multicloud by accelerating the journey to multicloud benefits. Organizations using managed services partners experience reduced operational hours, improved security, and a 21% improvement in performance year over year.

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Complex Cloud Environments Are The New Normal

Multicloud is a non-specific term simply indicating multiple clouds are in use, but multicloud can come in many forms: private, edge, and public clouds; shared and dedicated infrastructure; and on-premises and off-premises. Organizations tackling multicloud should look to understand their requirements, target outcomes, decision criteria, and trade-offs before identifying the cloud deployment strategy that works best. Our study of multicloud organizations finds:

- **Multicloud strategy encompasses a spectrum of different approaches.** According to our survey of multicloud organizations, the most common multicloud approach is using multiple vendors to host different parts of a single application or application ecosystem e.g., hybrid apps (41%). This scenario is most common for websites and mobile applications especially when dealing with compliance regulations or legacy data sets. Nearly a third define their approach as using different vendors for different applications (30%) — which is by far the version that is easiest to manage. Another 17% use a single vendor to solve for cloud requirements for different deployment types, e.g., common APIs across public and private cloud environments.
- **Complexity deepens as organizations use multiple vendors for each capability.** In practice, survey respondents noted their use of multiple hyperscalers (99%), along with nonhyperscalers (67%), hosted private clouds (75%), and internal private clouds (73%) (see Figure 1 for definitions of each term). Even beyond infrastructure, multicloud is exploding. Today, 60% of multicloud organizations use 50 or more unique SaaS vendors. Multicloud strategies have resulted in complicated enterprise ecosystems dense with unique vendors.
- **SaaS platforms and app/dev services drive the choice of hyperscaler.** One of the ways organizations mitigate complexity in their multicloud is by consolidating data wherever possible. We found that rarely are organizations selecting infrastructure services in a hyperscaler independent of their other cloud decisions. For example, 87% of organizations using SaaS state that their SaaS platforms largely or completely drive their selection of hyperscaler (see Figure 2). Organizations using low-code platforms for its developers, when the cloud platform is often decided for you, reported that this also significantly drives hyperscaler choice. Ultimately, if the majority of your data or cloud usage is concentrated on an infrastructure platform, due to the preferences of a SaaS or low-code vendor, it will impact your choice of infrastructure platform. This is reinforced by respondents noting that hyperscaler decisions were driven by unique features e.g., application and developer services (91%) available natively on the platforms — whereas the market assumption is that infrastructure-as-a-service (IaaS) RFP decisions focus on comparison of infrastructure services/cost.

Figure 1

Multicloud Environments Vary Widely From Organization To Organization

Hyperscalers are the top five public cloud platforms.

99% use more than one hyperscaler

Nonhyperscalers are any cloud platform outside the top five public cloud platforms.

67% use nonhyperscalers

Hosted private cloud is IaaS on physical infrastructure at a service provider.

75% use hosted private cloud

Internal private cloud is IaaS in an organization's/collocated data center, for internal use only.

73% use internal private cloud

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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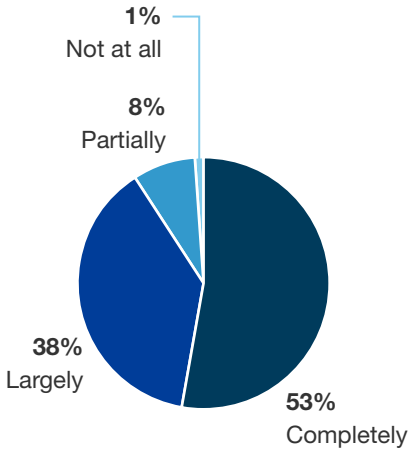
Figure 2

Selection Of Which Hyperscaler To Choose Is Largely Driven By Other Technology Decisions

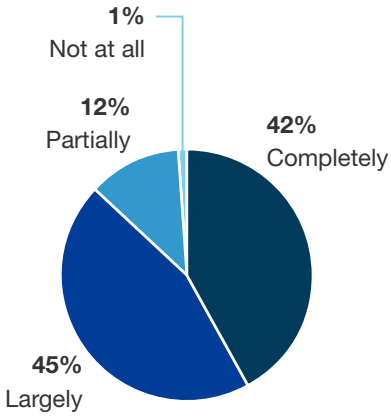
"To what extent do *application or developer service capabilities* determine the selection of your hyperscaler cloud platforms?"



91% state app/dev completely or largely impacts hyperscaler choice.

Base: 311 IT directors or higher with responsibility for multicloud environment at enterprise companies in North America, EMEA, and ANZ/JP

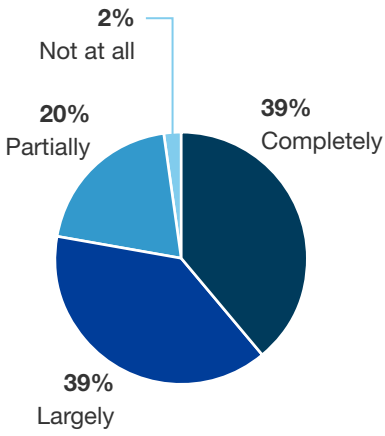
"To what extent does your choice of *SaaS software* technologies determine the selection of your hyperscaler cloud platforms?"



87% state SaaS completely or largely impacts hyperscaler choice.

Base: 106-152 IT directors or higher with responsibility for multicloud environment at enterprise companies in North America, EMEA, and ANZ/JP

"To what extent does your *low-code platform* determine your selection of your hyperscaler cloud platforms?"



78% state low-code completely or largely impacts hyperscaler choice.

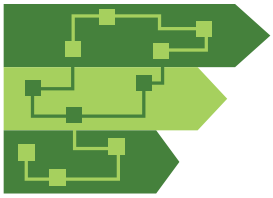
Base: 361 IT directors or higher with responsibility for multicloud environment at enterprise companies in North America, EMEA, and ANZ/JP

Source: A commissioned study conducted by Forrester Consulting on behalf of Dell, August 2019

MOST MULTICLOUD ORGANIZATIONS SUPPLEMENT HYPERSCALERS WITH NONHYPERSCALERS TOO

Hyperscalers have become synonymous with multicloud approaches. In fact, 100% of the multicloud organizations we surveyed leverage one of the major hyperscalers. And although 99% use multiple hyperscalers, most organizations look past hyperscalers for their complete cloud infrastructure requirements.

- **More than two-thirds of organizations use nonhyperscalers.** Despite widespread use of hyperscalers, few organizations are completely satisfied with their hyperscaler of choice (49%). Whether it's service-level agreements (SLAs), unique configurations, added isolation, managed services, or the need to extend data center facilities off-premises, there's a market beyond the major cloud platforms, with 67% of multicloud organizations noting their use of nonhyperscalers (see Figure 3).
- **Nonhyperscalers help organizations fill important gaps in hyperscaler services.** Multicloud organizations leveraging nonhyperscalers do so for better security (45%), optimized performance of certain applications (38%), and greater managed services support (37%). IT leaders at these organizations (those at the director-level or higher) are twice as likely as their direct reports to say that better SLAs are the reason they use nonhyperscalers — indicating that leaders recognize the strategic benefit to better negotiating how service will be measured.



IT leadership is twice as likely as their direct reports to say better SLAs are the reason they use nonhyperscalers.

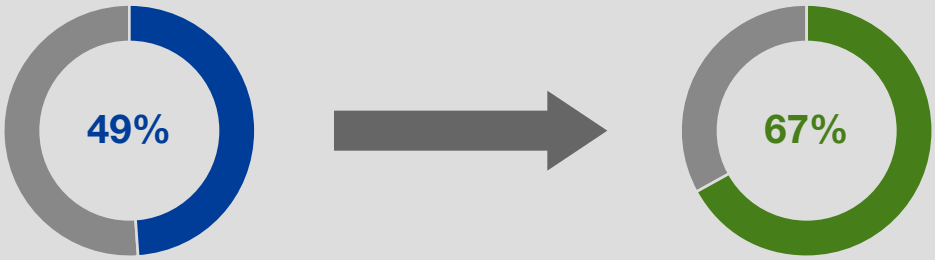
There is a strategic benefit to better negotiating how service will be measured.

Figure 3

There's A Gap In Satisfaction With Hyperscalers That Nonhyperscalers Can Fill

On average, **less than half of organizations are completely satisfied** with their hyperscaler/s.

More than two-thirds of organizations are supplementing their hyperscaler with nonhyperscalers.



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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Simplifying Multicloud Complexity Is Essential

By leveraging multiple cloud platforms, organizations can optimize their environment according to a long list of criteria. However, adding more platforms to a portfolio is not without challenges; multicloud increases the risk surface, the list of skill requirements, networking charges, latency, and the occurrence of unnecessary redundancy. Our study reveals that the tradeoff for multiple options is complexity that can quickly balloon beyond the management capabilities of the enterprise. Further, our study finds:

- **Organizations agree they must reduce complexity.** Seventy-seven percent of organizations agree that their multicloud environment is increasingly complex. Organizations report that securing data in transit, cost, and maintaining integration are the three most challenging issues when deploying multiple cloud platforms. It shouldn't be surprising that 85% of organizations we surveyed agree that their goal is to reduce complexity when it does not add value (see Figure 4).
- **Reducing complexity means better results across CX, security, and total cost.** While organizations in our study use multiple cloud platforms in order 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 CX (43%), more complete security (40%), and reduced operational costs (40%).

Figure 4

Organizations Are Looking To Reduce Growing Complexity Of Multicloud

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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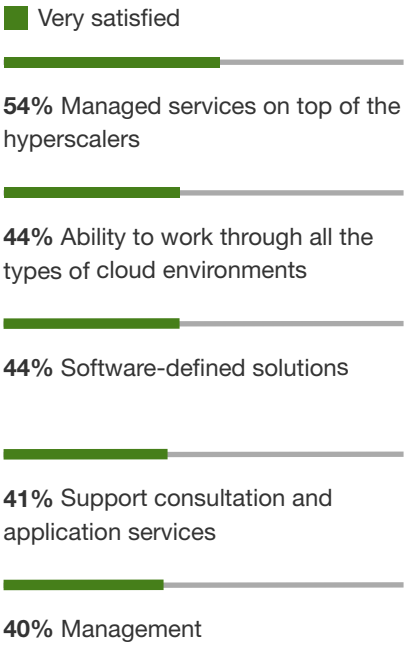
MANAGED SERVICES CAN ACCELERATE THIS JOURNEY

When it comes to reducing complexity, our study reveals that multicloud organizations need a dedicated team to tackle cloud in order to keep pace with the scale of cloud usage across the multicloud environment. Eighty-four percent say their organization has an in-house team to help navigate multicloud complexity. A previous study also found that 55% of global organizations are increasing spending on multicloud training.[5] While hiring staff with multicloud experience may be the most common strategy for overcoming complexity challenges (44%), competition for talent is fierce; top global digital-first organizations attract the lion's share of an already small pool of skilled workers.[6] As noted above, nonhyperscalers not only supplement the offerings of hyperscalers with new features and services, but also they can help supplement shortages in skills with managed services. This expertise helps mitigate complexity faster. Our study finds:

- **Managed services are a top strategy for overcoming multicloud complexity.** Organizations seek help from all of their cloud platform providers; 85% of organizations 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 (34%). We also found that 50% of multicloud organizations are increasing spending on managed services for mission-critical applications in multicloud.[7]
- **Nonhyperscalers offer managed services that help reduce the complexity of the hyperscaler public cloud.** Although nonhyperscalers may seek to compete directly with hyperscalers, they also provide a range of other services to build out their full portfolio. It is common that nonhyperscalers also provide dedicated private cloud on- and off-premises and managed services across all environments — including those of their hyperscaler competitors. The value of managing the complexity is growing. Managed services are becoming a bigger portion of hyperscalers' offerings.[8] Moreover, our survey finds that 54% of organizations are very satisfied with this type of managed services support, more so than any other service they receive from their cloud platforms (see Figure 5).
- **Organizations that use managed services to manage complexity achieve better performance, economics, and trust.** We find that organizations that reduce complexity with managed services see accelerated success with multicloud (see Figure 6). These organizations see an average 21% improvement in performance year over year. They are also more likely to: keep costs down by reducing operational hours; see better security, winning the trust of their customers; and have improved CX (54% versus 38%).

Figure 5

"How satisfied are you with the level of service/support you receive from the cloud platforms with which you partner?"
(Top five shown)



Base: 104-178 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

Nonhyperscalers not only supplement hyperscalers with new features and services, but they can also help organizations mitigate multicloud complexity faster.

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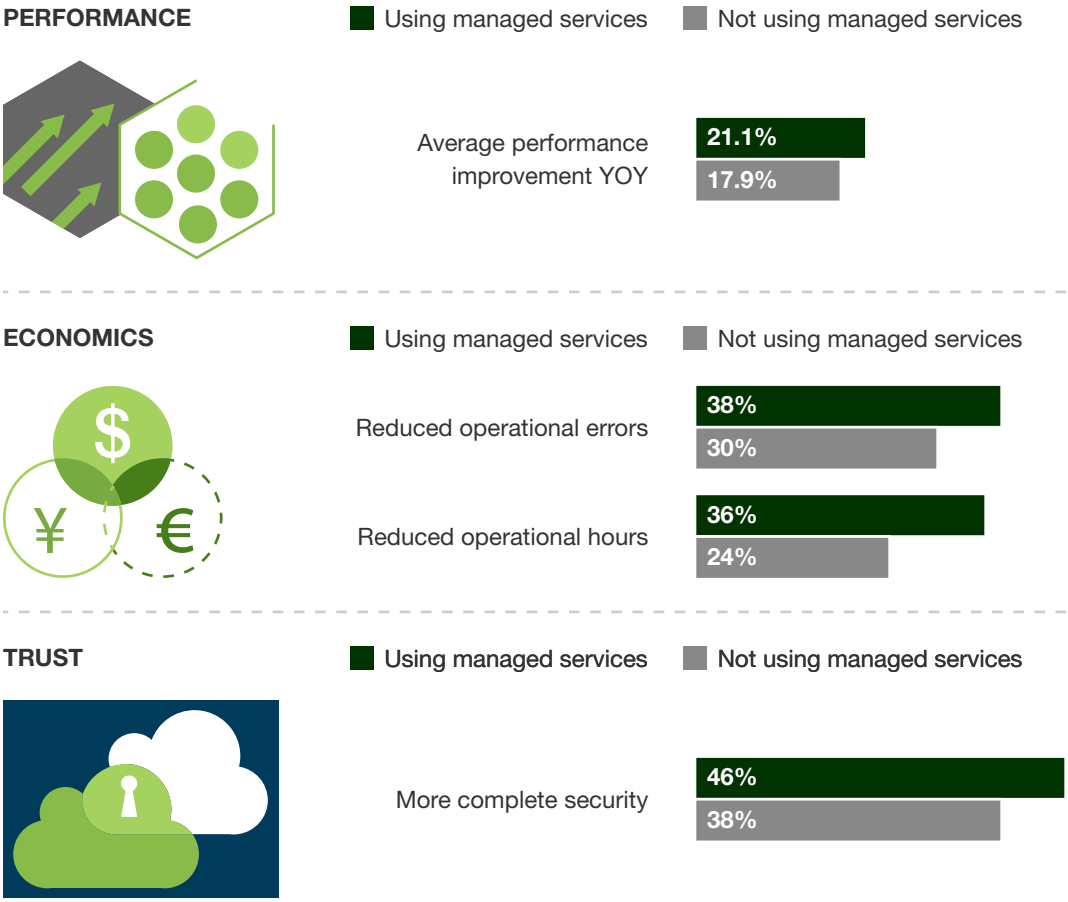
Figure 6

Multicloud Organizations Using Managed Services To Manage Complexity Achieve Better Performance, Economics, And Trust



Base: 138 partnering with MSPs and 267 not partnering with MSPs; 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

From Your Multicloud Peers: A Blueprint For Partnering

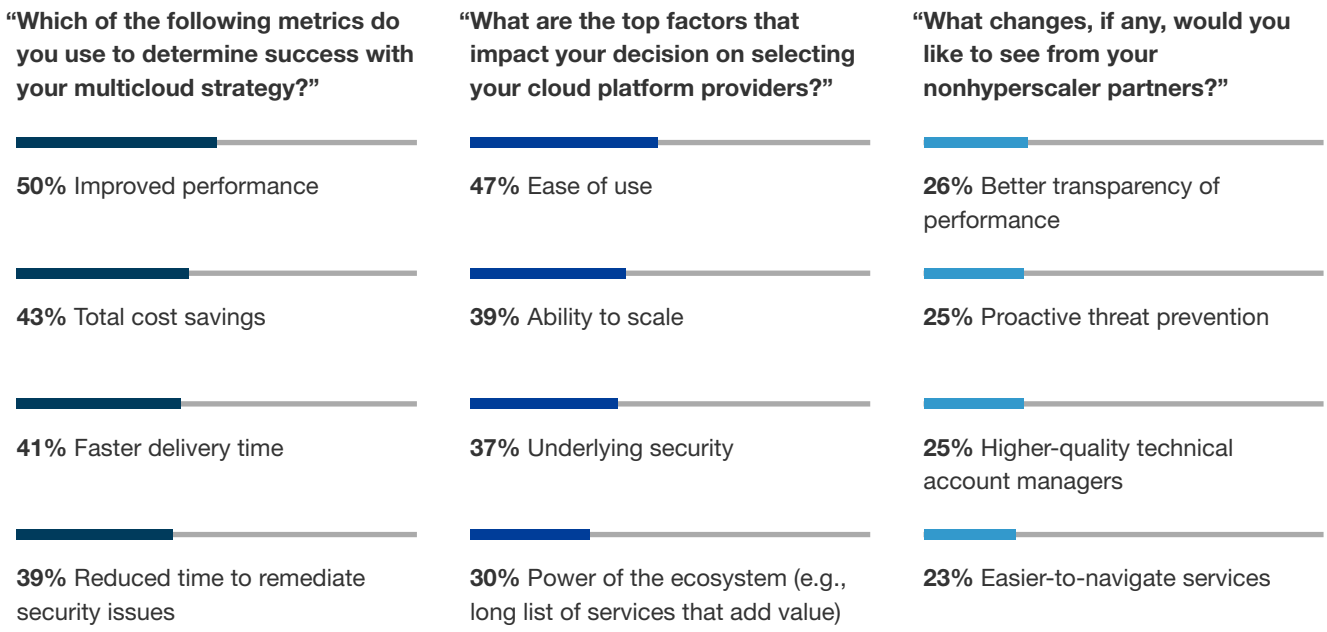
Whether just beginning the multicloud journey or seeking to optimize it, how and when to leverage partners is an ongoing discussion. In our study, multicloud organizations share how they measure success, what they prioritize when procuring platform capabilities and services, and what they'd wish partners would do better or differently. Use this data from your peers to evaluate partnerships and inform your multicloud plan (see Figure 7):

- **Your peers measure performance, cost savings, and speed of delivery.** Half of multicloud organizations measure the success of their multicloud strategy on improved performance. Total cost savings, faster delivery time, and reduced time to remediate security issues are also common metrics. 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.
- **Your peers look for ease of use.** The top factor impacting the decision to select any partner is ease of use. Organizations want to move quickly to respond to new threats in this digital world. The ability for a provider to help get them moving quickly, and empower them to continue moving easily, is a key partner consideration. Further, the abilities to scale and provide stronger underlying security are also high on the list — multicloud organizations need room to grow while ensuring the security of their customers and IP.
- **Your peers want partners to provide better transparency and proactive support.** The multicloud organizations in our study identified three key areas of improvement for nonhyperscalers specifically: 1) better transparency of performance; 2) proactive threat prevention; and 3) higher quality technical account management. Given the importance we've seen multicloud organizations place on performance, security, and skill sets throughout their multicloud strategies, it's critical that organizations and partners continuously align on these success criteria and outcomes.

Digital transformation requires agility, speed, and security. Multicloud can address tactical needs as they arise but multicloud complexity creates risk. Managed services partners can help organizations strategize and leverage the power of multicloud effectively and efficiently.

Figure 7

How Your Peers Approach Relationships With Partners



Base: 404 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

Key Recommendations

Acknowledging the needs and challenges of your multicloud strategy is only the beginning. Determining your multicloud plan and goals, making decisions about public or private cloud, and deciding how various partners can help mitigate multicloud complexity comes next.

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

Define the value you seek from multicloud. Why would one introduce additional complexity to their business strategy? Well, simply put, because it's more valuable. Identify the value that you seek in leveraging multiple platforms. Dig into the details so you can best identify the characteristics that matter to you and how you might quantify the challenges you will face in light of this mix.

Select the type of multicloud you're leveraging. Multicloud comes in many forms. Your organization needs to know which specific forms of multicloud are relevant to them. This applies to the deployment models involved, the number of vendors, and whether these environments communicate with one another or even represent the same workloads. Specificity is key.

Reduce complexity where possible. Complexity slows the speed to innovation. IT professionals have a tendency to overengineer without looking at the impact that the added complexity has on time-to-value. Explore complexity that you're adding to the environment to ensure it is valuable. For example, some organizations have decided to standardize its APIs or technology platform in order to move faster. This may mean leveraging a partner with the same hypervisor platform you leverage on-premises. This may mean leveraging different deployment models all standardized on the same APIs. In fact, 31% of respondents noted that they leverage common technology when possible across platforms to overcome multicloud complexity (31%) — it's simply easier to use one set of tools.

Identify the gaps from your hyperscalers. Almost all enterprises leverage multiple hyperscalers today (99%), and yet 67% choose to supplement hyperscalers with nonhyperscalers. You too must identify the areas where you need additional support, security, SLAs, etc. Some identify odd configurations that are better satisfied by bare metal options. Others want added isolation to meet stringent compliance regulations. Identify where the gaps are for your organization and context.

Find the right partners that can optimize your multicloud environment. Once you've identified the gaps, the next step is finding the right partners to fill them. You may need a mix of platforms and services to optimize your journey. As you explore the options, look to see if you'd either like several partners or to consolidate on one partner that provides strong capabilities across platforms and services. Follow your peers' advice and prioritize ease of use, time-to-market, and transparency around the value they are delivering.

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 environment 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

NORTH AMERICA

35% US
15% CA

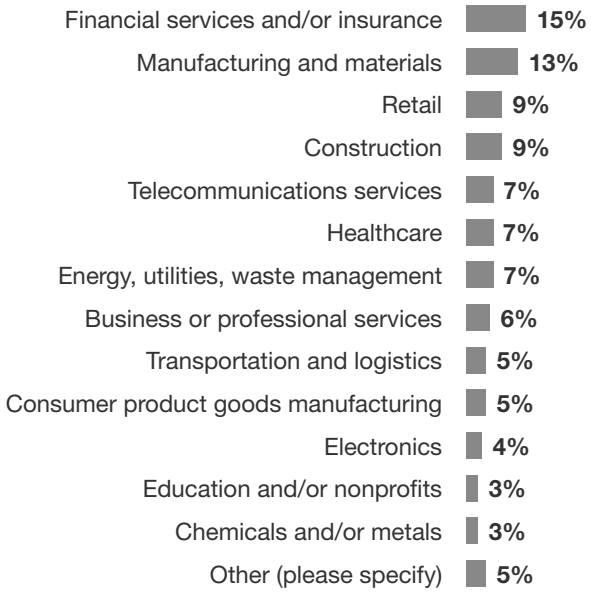
EMEA

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

ANZ/JP

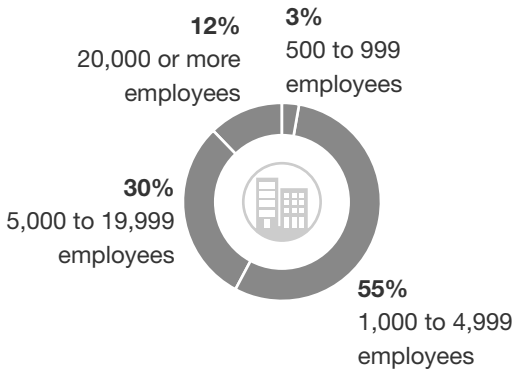
14% AU
10% JP
2% NZ

INDUSTRY

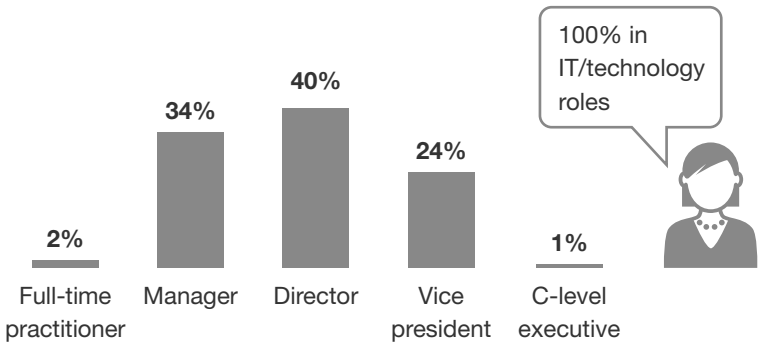


"What is your level of responsibility when it comes to cloud strategy at your organization?"

COMPANY SIZE



RESPONDENT LEVEL



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: Ibid.

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

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

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

[6] Source: "The Rise Of The Agile Employee: Develop And Evolve Agile Skills," Forrester Research, Inc., July 23, 2019.

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

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