Service solutions providers – changing landscape, new challenge

plus ça change, plus c’est la même chose

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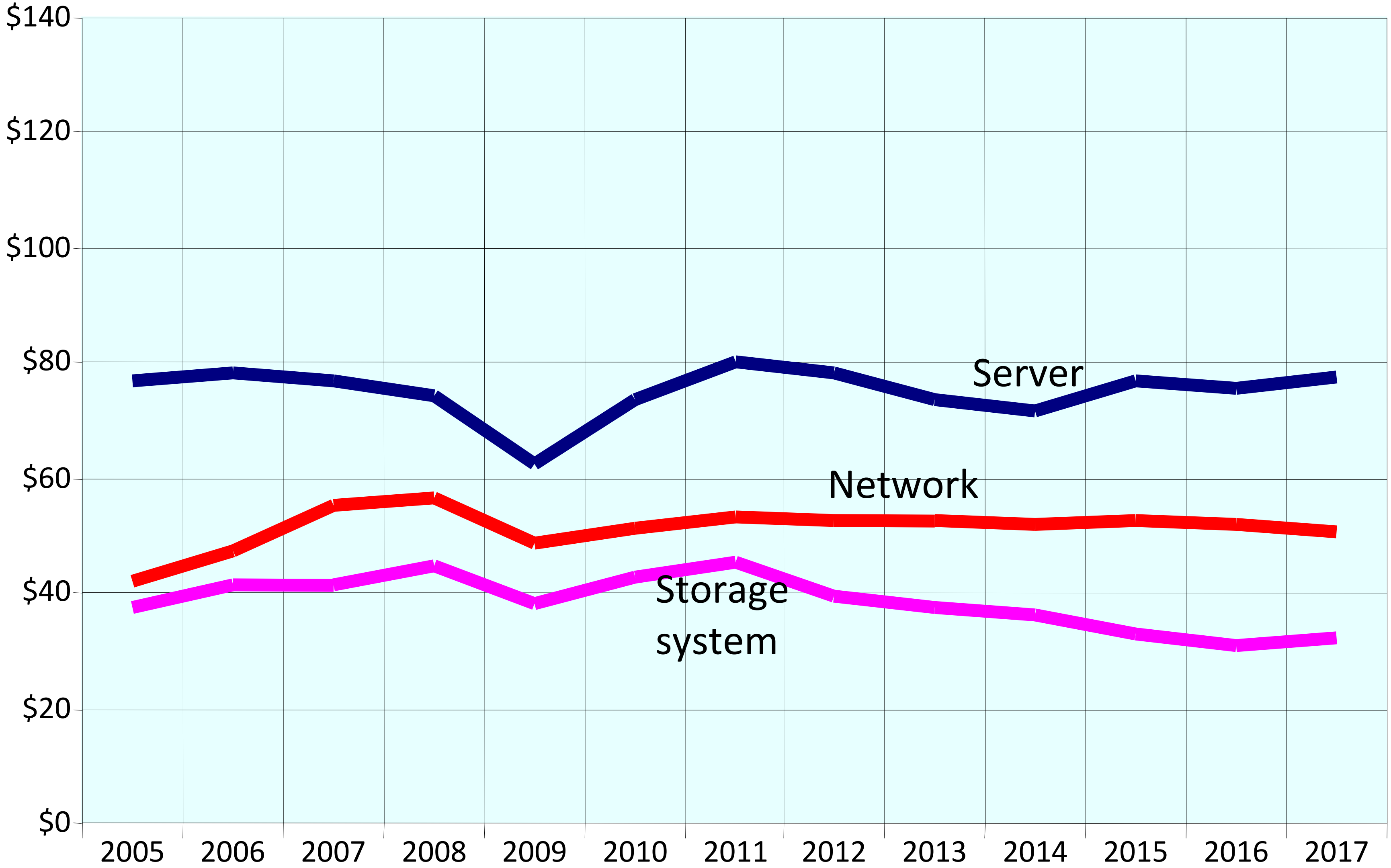
Agenda

- The data center market
- The leading suppliers
- New forecast parameters
- The 2026 landscape

Data center spending ($ billion) by offering and year – 2005-2017



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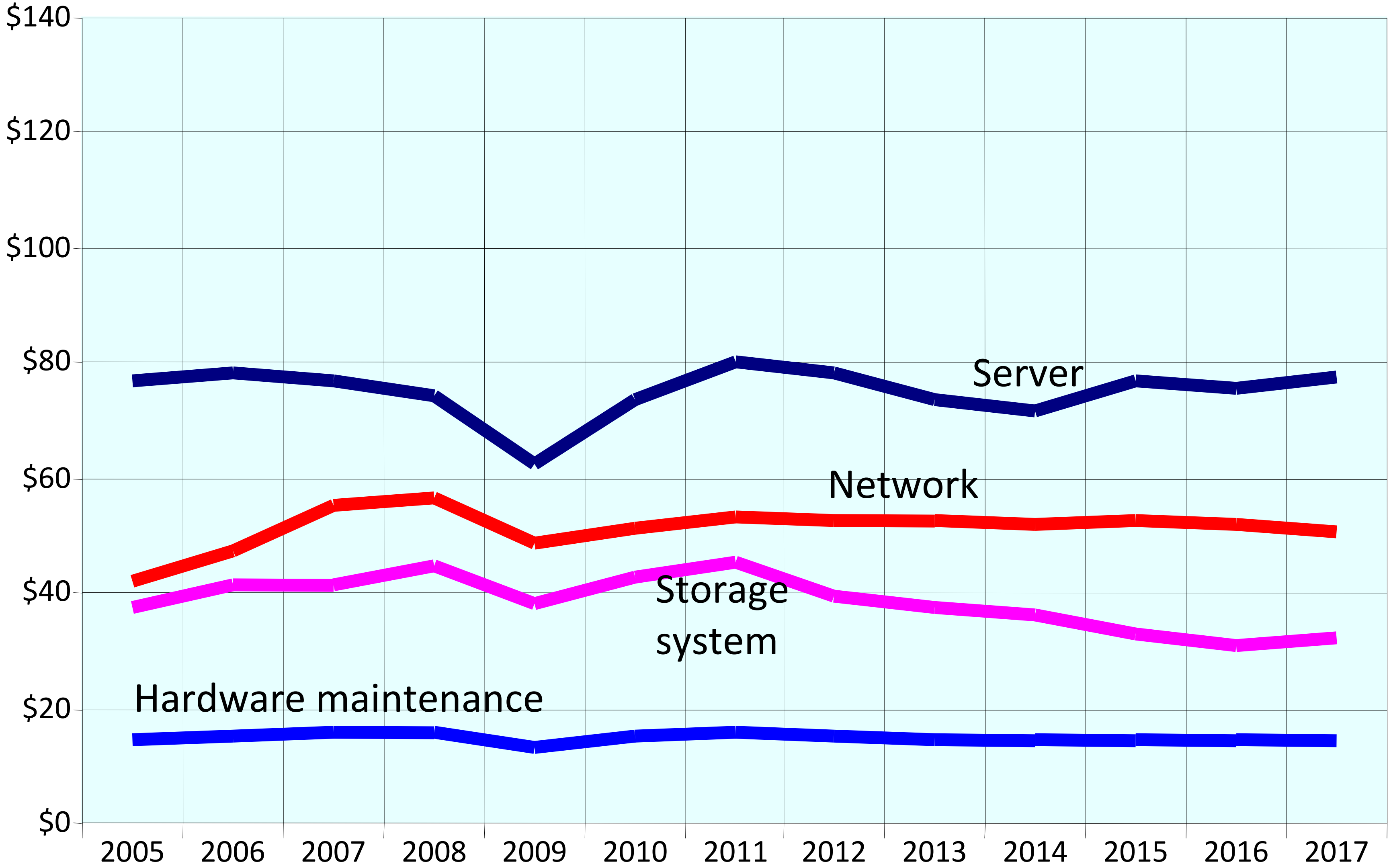

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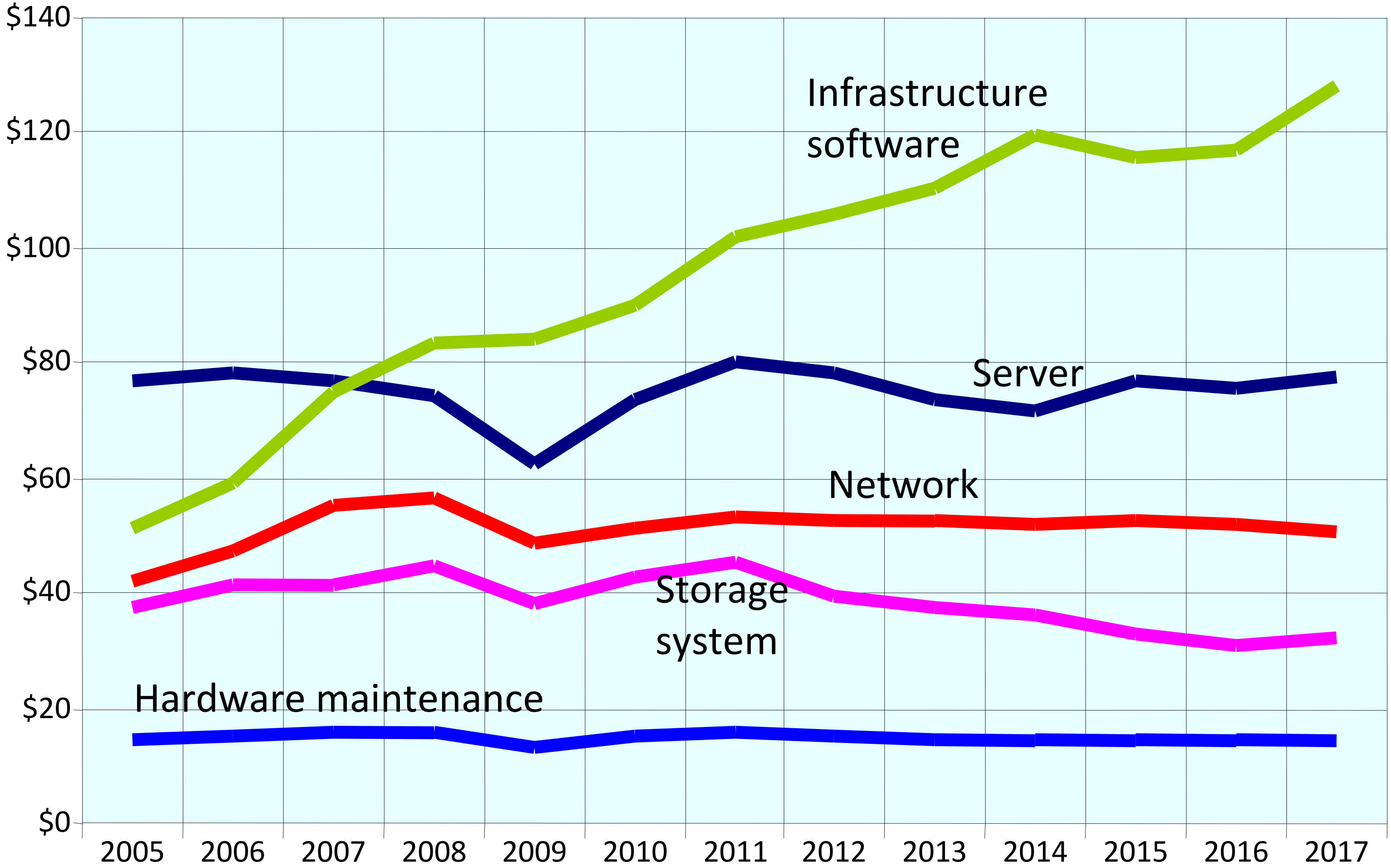

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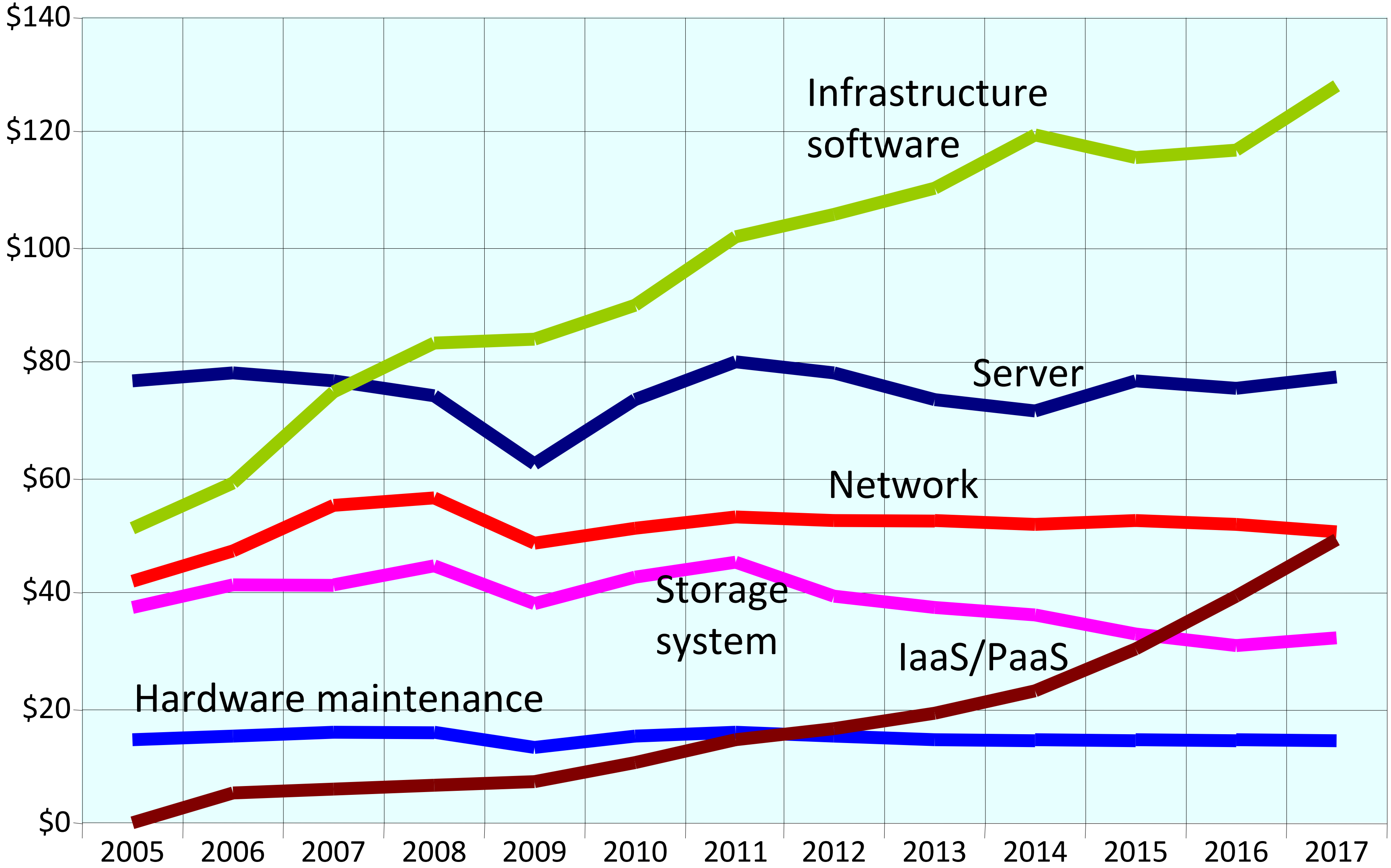
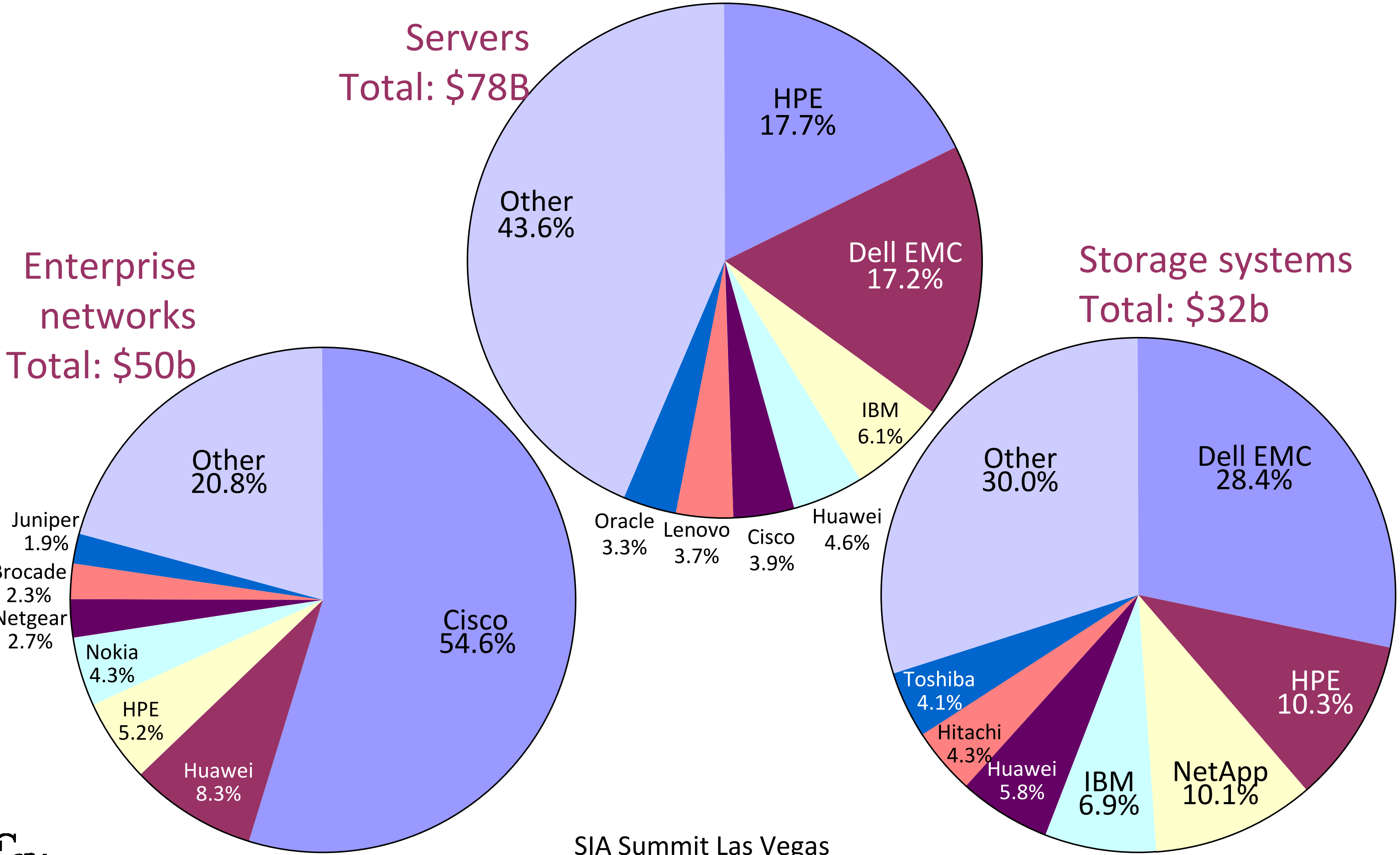
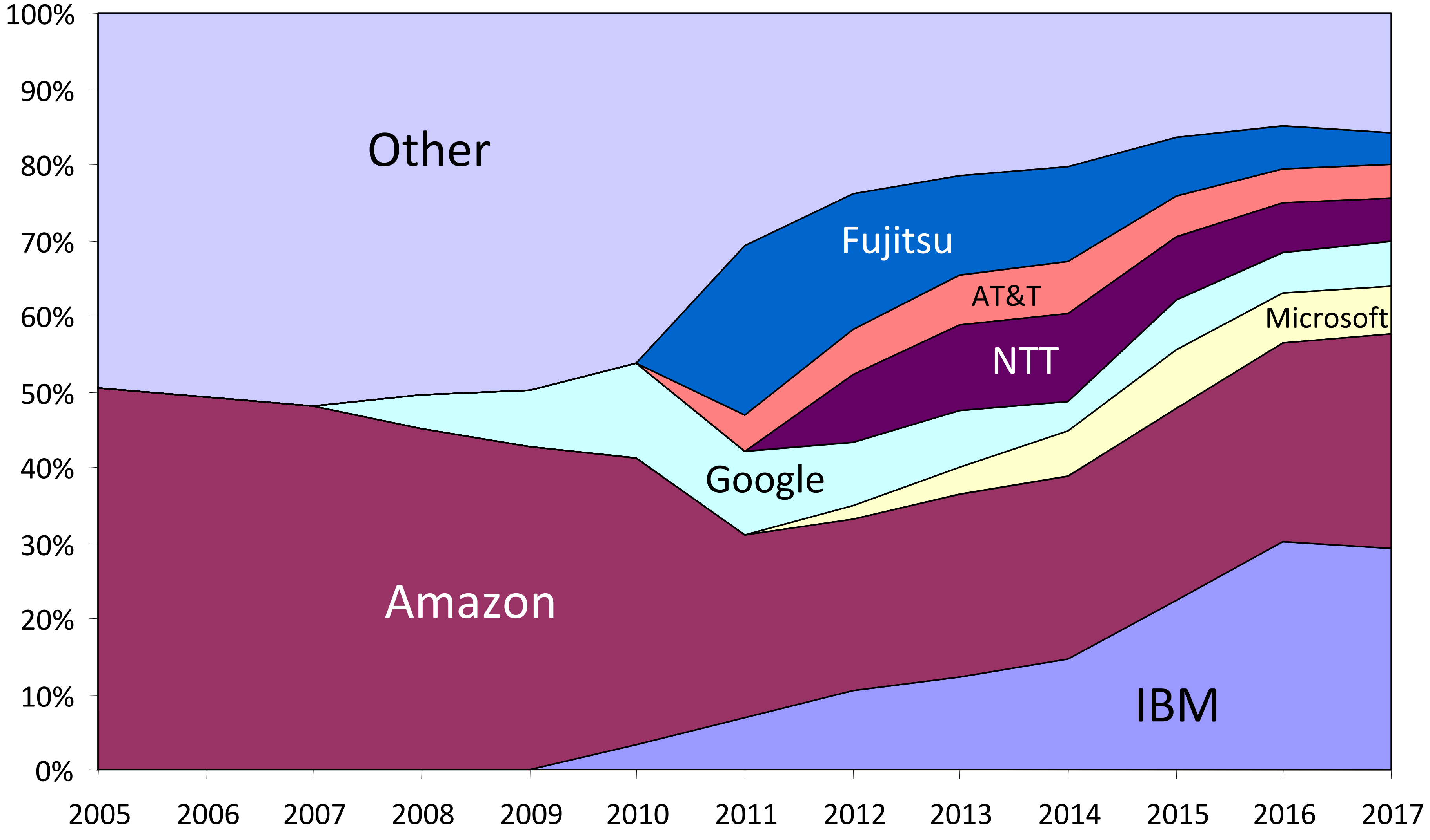


2017 market shares – server, storage system, enterprise network



Evolving cloud service (IaaS/PaaS) market shares – 2005-2017



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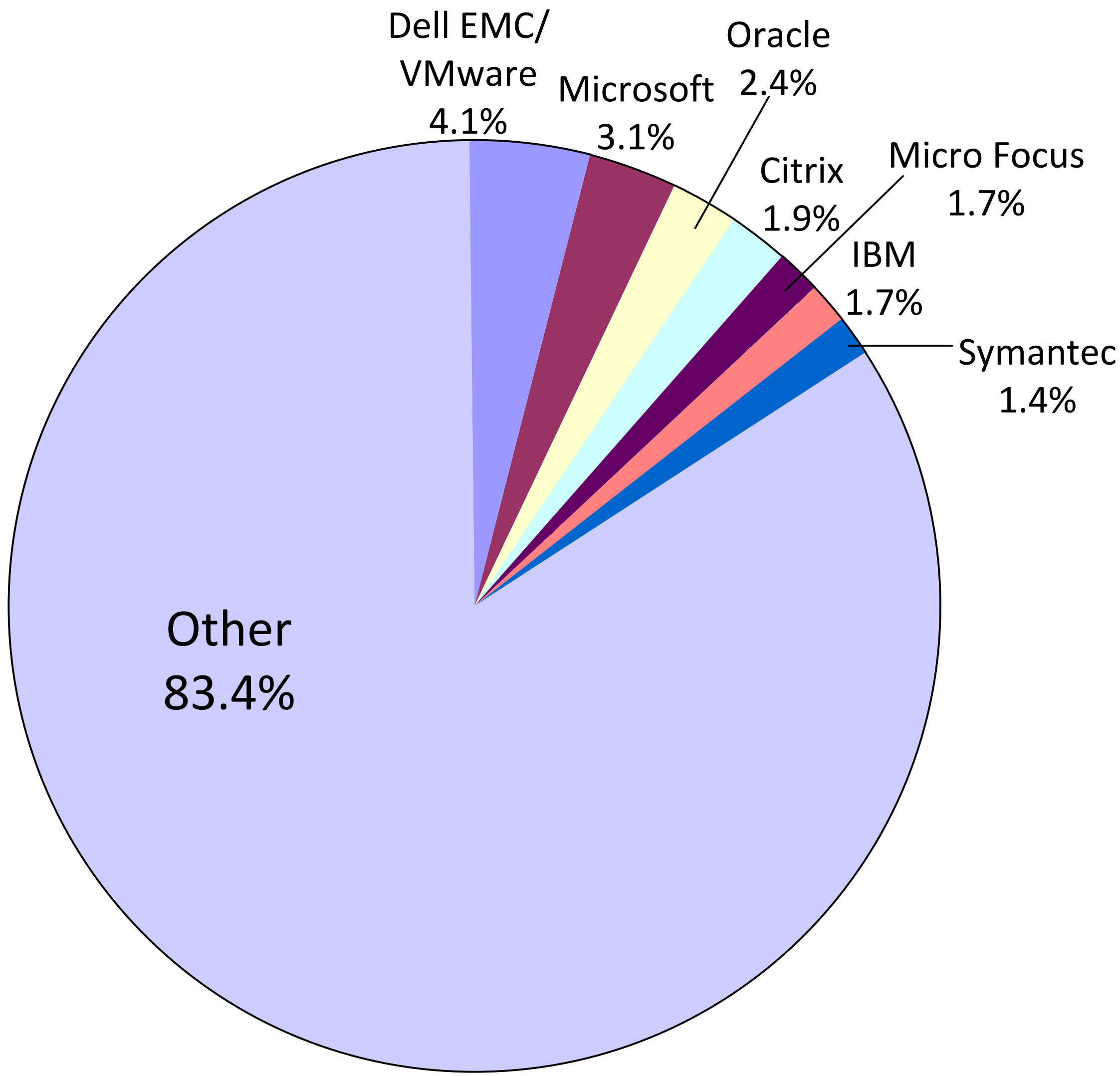
2007 Infrastructure software market share – total: $130 billion



Cisco

- Organisation
  - Unreformed
- Offerings
  - The dominant enterprise network supplier (54.6% share)
  - A weak CSP
  - Anti-network consolidation
  - ACI is not SDN
- Strategy
  - Upstream partnerships
  - UCS in CI and HCI systems including Dell EMC vBlock, NetApp Flexpod, IBM

HPE

- Organisation
  - Restructured - separated from non-data center activities
- Offerings
  - The leading server supplier (17.7% share)
  - Server, storage, networks, maintenance
  - A weak CSP
- Strategy
  - Protect the installed base
  - Maintain channel breadth, especially internationally
  - Supply the CSPs – especially smaller and regional ones (Cloud 28+)

Dell EMC

- Organisation
  - Restructured – privatised and doubled with EMC
  - Pivotal, RSA, SecureWorks, Virtustream, and VMware in stable
- Offerings
  - The leading storage system (28.4%) and strong second server supplier
  - Storage systems, servers, network, maintenance
  - Virtustream as CSP
- Strategy
  - Better together, improve attach rates
  - Supply hardware to the CSPs

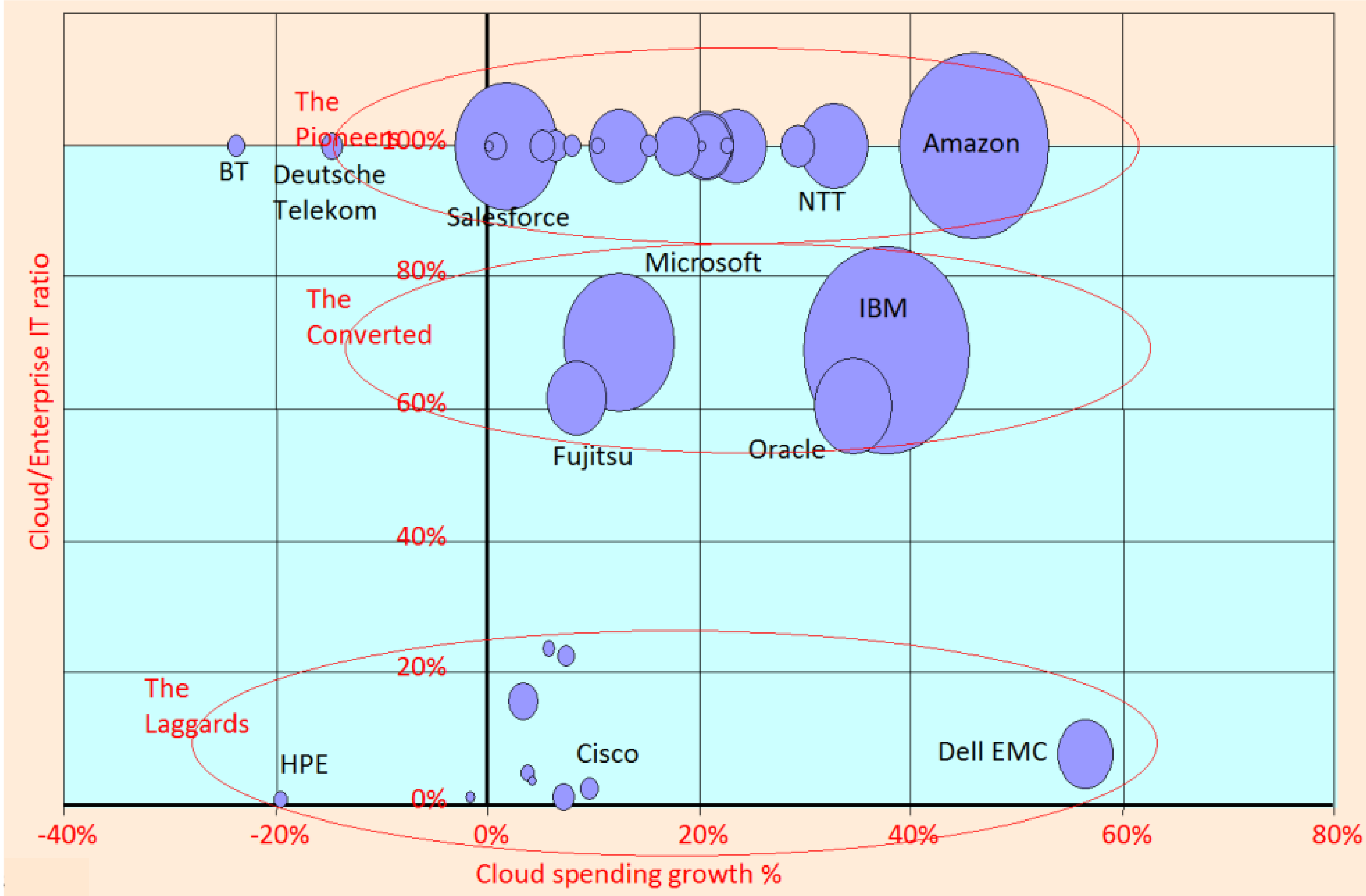
IBM

- Organisation
  - Restructured – ditched x86 servers, chip fabrication to become CSP
- Offerings
  - Mainframe, Power servers, storage, services, database and TP software, maintenance
  - Joint-leading CSP with AWS
  - Watson AI, BlueMix PaaS, Blockchain
- Strategy
  - Create future systems (Quantum computing, new encryption, storage, etc.)
  - Get traditional outsourcing contracts closer to pay-as-you-go

Amazon

- Organisation
  - Single offering in cloud services
  - Not long an IT supplier
- Offerings
  - The joint-leading CSP
  - Lots of AWS services – not all customers ‘all out’
- Strategy
  - Build out international data centers
  - Partner with VMware and enterprise suppliers
  - Exploit the Cap Ex to Op Ex shift

Cloud v Enterprise IT – pioneers, converted and laggards

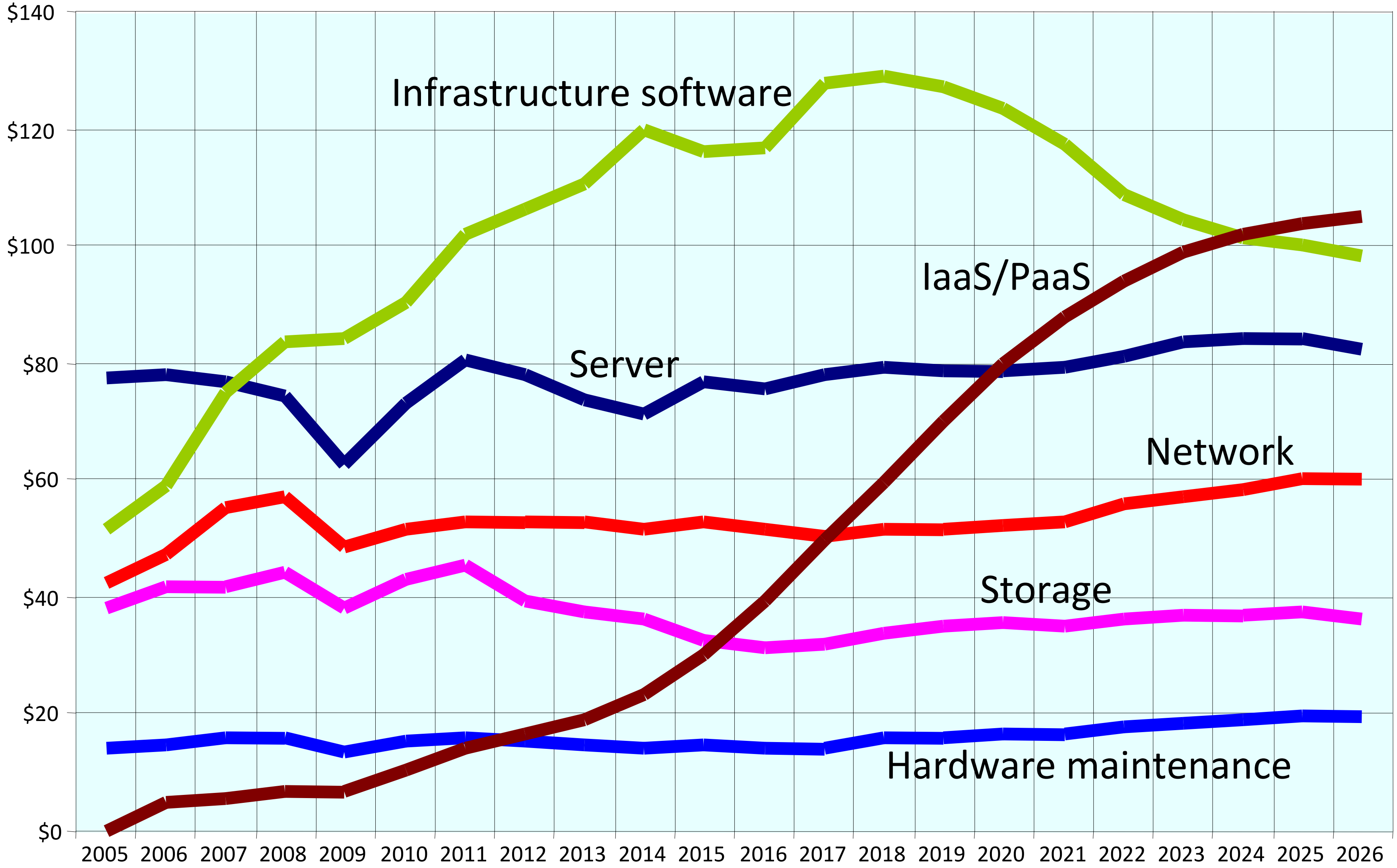


Bubble size = cloud service revenues

New forecast parameters

- Vendor consolidation – will continue especially among component suppliers creates stochasticism
- New nationalism – lower tax rates in the US, trade wars, Brexit, Catalonia, etc…. requires new 'glocal' thinking
- Data protection - GDPR and similar laws will limit digital exploitation
- Security vulnerabilities - Spectre, Meltdown and others require extra processing
- Centralisation – economies of scale based on easier, reliable comms
- Cap Ex v Op Ex – varies with the state of the economy
- Skills and generations – making things less technical (CI, HCI, cloud, etc.)

Data center spending forecast ($ billion) by offering and year – 2005-2026



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- New things
  - The largest CSPs 'make' their own systems
  - The rise of regional/country cloud suppliers, who use more standard hardware
- The same
  - Cisco, HPE, Dell EMC, IBM and others will continue to produce hardware to service

More information

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- Contact info@itcandor.com