ISG Provider Lens™

Microsoft Cloud Ecosystem

A report comparing provider capabilities to help decision-makers in sourcing services

Customized report courtesy of: unisys

QUADRANT REPORT | APRIL 2024 | AUSTRALIA

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Report Author: Craig Baty

Australian organisations are focused on optimising Microsoft security capabilities in the 365 suite

The ecosystem of Microsoft-certified service providers continues to evolve in Australia and the rest of the world as Microsoft product sets continue to transform rapidly, creating a corresponding need to change offerings around Microsoft 365 Services and the Modern Workplace, Managed Services for Azure, SAP on Azure, Power Platform and Generative AI services. With current geopolitical instabilities, the growing risk of cyberattacks and enterprise need to have significant control over their cloud costs, there is much focus on acquiring solutions around cost optimization and governance and end to end security on Microsoft Cloud.

In Australia, both enterprises and government organizations are accelerating cloud implementations, with a corresponding increase in digital transformation investments to see rapid and measurable results.

Large IT services firms in Australia are shifting from being IT-centric to customer-centric, with significant focus on improving end-user experience to optimise business outcomes and customer journeys. Data driven and industry insights are helping to personalise this end-user experience.

Enterprises are focusing on employee productivity and taking a cautious approach with technology to determine potential RoI. They are realising the importance of data governance and of having a strong data foundation with regard to generative AI (GenAI). Data governance in the past focussed on structured data in databases and data warehouses, however, the scope is now expanding to include unstructured data from Microsoft applications such as SharePoint, OneDrive, Teams and Outlook. There is also increased emphasis on responsible AI with concerns about data privacy, security and protection of brand credibility.

In Australia, both enterprises and governments are **accelerating cloud implementations**

Organisations are looking to better understand how to deliver improved EX. Microsoft has enabled this through Viva and is continuing to innovate in this area. An increasing number of large consulting firms are noticing their clients' need to tap into existing data to deliver enhanced workplace experiences.

Enterprises are also looking to better leverage Microsoft security capabilities within the Microsoft 365 suite of services. Active legacy applications represent huge operational risks, making the security of a software lifecycle critical. AI will strengthen an organization's cyber resilience. To keep their systems and data safe from cyberattacks, organizations should actively adopt AI for analysis and for cyber security.

The Microsoft ecosystem is helping to empower employees to work from anywhere and experience a high degree of connectedness in this new hybrid working model. The growing relevance of remote work and the need for organisations to collaborate internally and with clients is driving the broad use of Microsoft platforms such as Teams and Viva.

A data mesh is a new approach based on a modern, distributed architecture for analytical data management. Microsoft Mesh provides an immersive space for people to meet and collaborate.

Copilots are democratizing AI and could become the *killer app*, causing a surge in the development of accompanying apps and marketplaces. New platforms will enable users to tailor and refine the copilots to suit their specific requirements.

Microsoft continues to evolve its AI development and implementation strategy across Azure. There is increasing interest in using AI to augment human productivity. This factor is beginning to somewhat differentiate Azure implementations offered by MSPs, and will result in an acceleration of AI in Microsoft Azure platforms over the next few years. In the Microsoft space, the use of intelligent, conversational AI to augment human abilities in various tasks is predicted to grow notably over the next five years.

The capabilities of GenAI bring a broad new set of challenges and possibilities to the realms of security and compliance. This is particularly true when clients need to align these technologies with the stringent requirements of assessments. GenAI technologies interact with various types of data, raising concerns about data privacy, ethical use, bias and potential misuse. Understanding the functionalities and implications of these technologies is crucial for maintaining robust security measures and ensuring compliance with various standards.

Customer expectations and demands with regard to the broader IoT landscape and the requirement for advanced data analytics capabilities continue to grow rapidly both in Australia and the rest of the world. Over the next few years, Australian MSPs will need to increasingly invest in AI-related capabilities and training to accrue and retain high levels of Microsoft Azure certifications and partnerships.

Copilot for Microsoft 365 has elevated the desire to know more about Microsoft level E1, E3 and E5 licensing, what the clients are consuming and the value of data analytics to help address challenges clients are facing in their respective environments.

AI and Copilot specifically are centred around increasing productivity, leveraging creativity and retaining top talent with increasing skill sets. This is pushing growth in data telemetry with extensibility or integrations with other services within the Copilot ecosystem. This allows IT service providers to further leverage modernised communications and other services within Modern Workplace for Microsoft 365 services.

Driven by industry demand, IT service providers are increasing their focus on frontline workers technology by providing the right device, collaboration tooling, integrated applications and connectivity that will maximize business efficiency. There is now a greater focus on app-driven modernization in the cloud. It is taking centre stage amongst Australian Microsoft Azure implementations, as organisations embark on the next wave of cloud. This is posing a challenge for cloud service providers realigning their offerings.

There is increasing interest in using AI to augment human productivity. Despite substantial industry discussion about the possibility of replacing humans with automation and AI, there is actually more interest in augmenting human ability with these technologies. Enterprises recognize the need to rapidly introduce new products and services in the market, which requires accelerating what humans do, rather than replacing them. In the Microsoft space, there is increasing use of intelligent, conversational AI to augment human abilities in various tasks.

The SAP on Azure market is highly specialised, with providers requiring specific skills. Australian clients are demanding strong knowledge and certifications from their cloud partners, especially in the SAP on Azure segment. Although Microsoft Azure is three years younger than AWS in the cloud space, Microsoft is able to leverage its brand name and strong partnership with SAP to establish a stronghold among enterprises in Australia.

Large IT consulting practices are witnessing a major shift from being IT-centric to becoming customer-centric, with significant focus on improving end-user experience to consequently optimise business outcomes and customer journeys. Data driven and industry insights are helping to personalise this end-user experience.

Provider Positioning

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	Managed Services for Azure	Microsoft 365 Services	SAP on Azure Services	Power Platform Services	Generative AI Services for the Microsoft Clouds
AC3	Leader	Not In	Not In	Not In	Contender
Accenture & Avanade	Leader	Leader	Leader	Leader	Leader
Barhead Solutions	Not In	Not In	Not In	Leader	Contender
Capgemini	Leader	Leader	Product Challenger	Leader	Product Challenger
Cognizant	Product Challenger	Contender	Contender	Contender	Contender
Data#3	Product Challenger	Product Challenger	Not In	Product Challenger	Not In
Datacom	Product Challenger	Product Challenger	Not In	Product Challenger	Contender
Dicker Data	Product Challenger	Not In	Not In	Not In	Not In
DXC Technology	Leader	Leader	Leader	Leader	Leader
Engage Squared	Product Challenger	Product Challenger	Contender	Rising Star ★	Contender
Eviden (an Atos Business)	Contender	Contender	Contender	Not In	Contender

Provider Positioning

	Managed Services for Azure	Microsoft 365 Services	SAP on Azure Services	Power Platform Services	Generative AI Services for the Microsoft Clouds
EY	Not In	Not In	Product Challenger	Product Challenger	Product Challenger
FiveP Australia	Not In	Rising Star ★	Not In	Not In	Not In
Fujitsu	Leader	Leader	Leader	Leader	Leader
Fusion5	Not In	Not In	Not In	Contender	Not In
Generation-E	Not In	Contender	Not In	Not In	Not In
HCLTech	Leader	Leader	Leader	Product Challenger	Rising Star ★
Hexaware	Leader	Product Challenger	Not In	Contender	Not In
IBM	Market Challenger	Market Challenger	Contender	Market Challenger	Market Challenger
Infosys	Rising Star ★	Rising Star ★	Product Challenger	Rising Star ★	Product Challenger
Insight	Rising Star ★	Not In	Not In	Not In	Not In
Kyndryl	Leader	Leader	Rising Star ★	Leader	Leader

Provider Positioning

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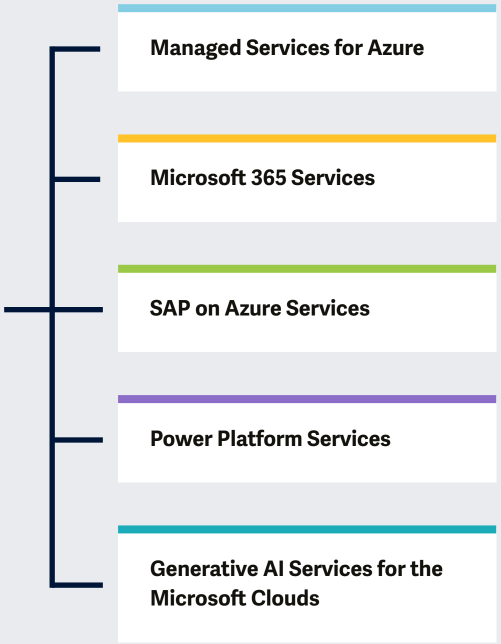
	Managed Services for Azure	Microsoft 365 Services	SAP on Azure Services	Power Platform Services	Generative AI Services for the Microsoft Clouds
LAB3	Product Challenger	Not In	Not In	Not In	Contender
Logicalis	Leader	Leader	Not In	Not In	Contender
LTIMindtree	Not In	Not In	Contender	Not In	Not In
Macquarie Cloud Services	Leader	Not In	Not In	Not In	Contender
NTT DATA	Market Challenger	Market Challenger	Contender	Market Challenger	Market Challenger
Publicis Sapient	Product Challenger	Contender	Not In	Contender	Contender
PwC	Contender	Not In	Not In	Leader	Product Challenger
Rackspace Technology	Not In	Not In	Market Challenger	Not In	Product Challenger
Rhipe	Not In	Not In	Product Challenger	Not In	Not In
SoftwareONE	Contender	Contender	Product Challenger	Not In	Not In
TCS	Leader	Leader	Leader	Leader	Leader

Provider Positioning

Page 3 of 4

	Managed Services for Azure	Microsoft 365 Services	SAP on Azure Services	Power Platform Services	Generative AI Services for the Microsoft Clouds
Tech Mahindra	Product Challenger	Product Challenger	Leader	Contender	Contender
Telstra	Leader	Leader	Market Challenger	Leader	Contender
Unisys	Leader	Leader	Not In	Not In	Product Challenger
UST	Contender	Product Challenger	Not In	Not In	Not In
Velrada	Not In	Not In	Not In	Leader	Leader
Veritec	Not In	Not In	Contender	Not In	Not In
Wipro	Leader	Leader	Leader	Leader	Leader

This study evaluates providers' capabilities based on their product portfolio and competitiveness around the **Microsoft Cloud Ecosystem.**



Simplified Illustration Source: ISG 2024

Definition

Microsoft is one of the most established technology providers in the world. It has a network of thousands of partners, which augments its capabilities to aid enterprises in adopting its technologies. This network has been through a series of shifts in the past five years, as Microsoft changed itself as part of a massive cloud transformation. In the same period, digital transformation has become a priority in 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 on several core areas: The Azure cloud platform; the Microsoft 365 suite of productivity offerings encompassing Windows 10 and 11 and Office 365; and business, automation and AI applications provided through Dynamics 365, Power Platform and Microsoft Copilot. To succeed, service providers must offer enterprises a robust set of services that are complemented by forward-thinking capabilities and backed by a strong relationship with Microsoft. Providers should also demonstrate a keen awareness of future developments in the Microsoft clouds and show the ability to drive innovations.

ISG's analysis will focus on how providers in Australia, Brazil, Germany, Mexico, Singapore & Malaysia, Switzerland, the U.K., and the U.S. are positioned based on the strength of their portfolios and their competitiveness in the respective markets. While there are thousands of providers delivering services for Microsoft products in each of these regions, this report will solely focus on the leading competitors within each of the quadrants studied, encompassing both global and local providers, for each specific region.

Scope of the Report

This ISG Provider Lens™ quadrant report covers the following five quadrants for services/solutions: Managed Services for Azure, Microsoft 365 Services, SAP on Azure Services, Power Platform Services, Generative AI Services for the Microsoft Clouds.

This ISG Provider Lens™ study offers IT and related decision-makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments (quadrants)
- Focus on the regional market

Our study serves as the basis for important decision-making by covering providers' positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

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 $20 million and $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 $1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product Challenger, Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens™ quadrant may include service providers that ISG believes have 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).

Provider Classifications: Quadrant Key

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

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

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

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

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

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

Managed Services for Azure

Who Should Read This Section

This quadrant report is relevant to enterprises across industries in Australia for evaluating providers that offer managed services for Azure. In this quadrant, ISG highlights the current market positioning of these providers and how they address key challenges in the region.

App-driven modernisation to the cloud is set to take centre stage for Microsoft Azure implementations in Australia as organisations embark on riding the next wave of the cloud. This is likely to be a challenge for cloud service providers as they need to align their offerings and build the necessary capabilities to address market demand.

MSPs are seeing increasing opportunities around some traditional Dynamics 365 modules, which are evolving with new technologies. These include IoT Remote Assist andField Service, Project Operations, Dynamics Marketing and Omnichannel for Customer Service.

The COVID-19 pandemic accelerated the need for Australian enterprises to become agile and reduce costs. This need has driven the subsequent large adoption of cloud applications, and workloads have increasingly moved to public clouds.

However, the shortage of cloud-certified resources remains a challenge in Australia. Even as the demand from clients continues to rise, providers in Australia lack the required number of experts in technologies such as cyber security, IoT and AI.

Technology professionals should read this report to understand the positioning and capabilities of providers to pick processes that support personalised EX, productivity, collaboration and innovation.

Marketing and sales professionals should read this report to understand the value of investing in EX, and how providers foster digital operations to enhance EX and have an impact on business outcomes.

Digital professionals should read this report to understand how providers of digital operations for improved EX fit in with their digital transformation initiatives and can be compared with one another.

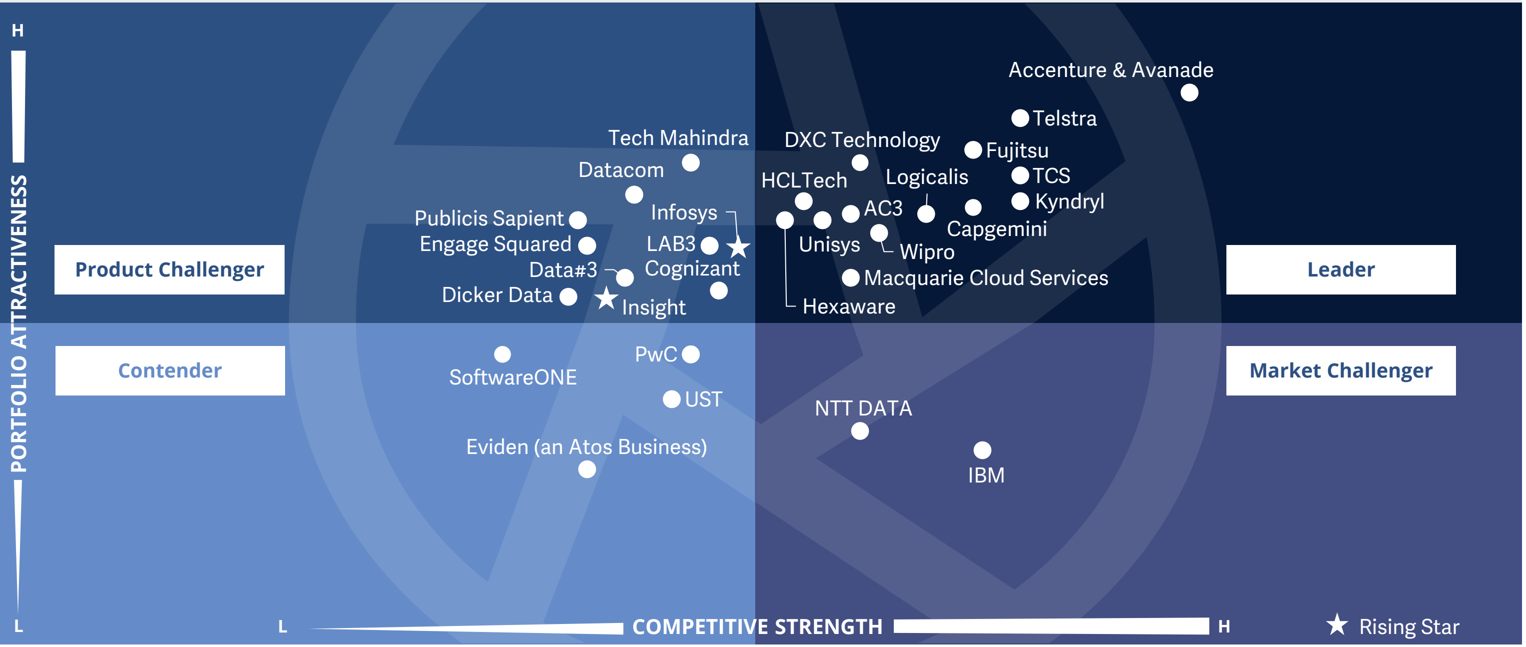
Strategy professionals should read this report to learn about the leading providers offering services for digital operations that can better prepare a workforce for evolving business models and market dynamics.

ISG Provider Lens™

Source: ISG RESEARCH

Microsoft Cloud Ecosystem
Managed Services for Azure

Australia 2024



This quadrant assesses managed **public cloud service providers** that offer professional and **managed services that augment Azure's** built-in capabilities. These service providers offer **comprehensive tools, services and solutions** to support clients.

Craig Baty

Definition

This quadrant assesses managed public cloud service providers that offer professional and managed services that augment Azure's built-in capabilities, including IaaS and PaaS. These services include provisioning, real-time and predictive analysis, and the monitoring and operational management of a client's public cloud and multicloud environments. The aim is to maximize the performance of enterprises' cloud workloads, reduce costs, and ensure compliance and security.

Providers within this quadrant are evaluated according to their regional capabilities in terms of services, delivery and sales, which may be complemented by both nearshore and offshore delivery options. Going well beyond the lift and shift of single workloads, service providers offer comprehensive tools, services and solutions to support clients' business-critical demands using the Azure cloud.

The typical services offered include:

- Professional services for managing and monitoring CPU, memory, databases and operating systems, either independently or as microservices (virtual machine or container services)
- Update and patching services for operating systems, middleware and applications
- Service portal for cost management (chargeback and showback), identity management and IT service management
- Governance and compliance management
- Supporting services such as incident management, configuration, security services and automation setup
- Services and solutions developed atop the Azure cloud to help clients meet their net-zero goals and other environmental, social and governance (ESG) targets

Eligibility Criteria

1. Experience in **designing, building and managing** public cloud and multicloud environments, with a focus on Microsoft Azure
2. Support in the development of software code and **cloud-native and legacy system integration**
3. Experience in implementing both **Agile and DevOps**, as well as integrating with enterprise clients' existing processes
4. Experience in API **automation and cloud analytics**
5. Well-developed **security** practices and capabilities
6. Strong **partnership with Microsoft**, measured by the number and category of relevant certifications, duration of the association with Microsoft, and evidence of strategic cooperation between the provider and Microsoft around Azure

Observations

App-driven modernization is set to take centre stage in Microsoft Azure adoption as organisations in Australia embark on the next wave of the cloud. Cloud service providers are finding it a challenge to align their offerings and develop the necessary capabilities to address market demand. It requires an amalgamation of intellectual property assets and fit-for-purpose tools to address the related legacy issues. A range of new value-adds are expected to enter the Australian managed services for Azure market in areas such as cloud migration, micro-verticalized Dynamics solutions, customer analytics and insights and the Powerapp factory. The proliferation of digital touch points and the extension of the enterprises' reach into consumer segments such as a wearables, will provide Australian MSPs with strong opportunities over the next few years.

The traditional cloud managed services model is also facing an increasing number of challenges. The market is becoming highly competitive as global providers are using high levels of automation to squeeze margins and capture market share. In this scenario, providers need to make continuous investments to remain competitive.

MSPs are seeing increasing opportunities around some traditional Power Platforms modules that are evolving with new technologies such as IoT and remote assist around Field Service, Project Operations, Dynamics Marketing and OmniChannel offerings in Customer Service.

The pandemic saw the rapid scaling of some Azure projects due to the trend of remote working. It also accelerated the need for Australian customers to become more agile and reduce costs, which drove the adoption of an increasing number of cloud applications and saw more and more workloads move to public clouds.

However, there is still a shortage of cloud-certified experts in Australia in technologies such as cyber security, IoT and AI, even as client' demands continue to rise. While it is still early days, Australian clients will increasingly focus on re-aligning legacy applications to leverage data and insights and advanced technologies such as ML and AI.

From the more than 1000 Australian Microsoft partners assessed for this study, 29 qualified for this quadrant, with 14 being Leaders and two Rising Stars.

AC3

AC3 is a privately owned Australian MSP specialising in cloud solutions. It provides a full range of Azure services, including strategy planning and migration, ongoing support and monitoring, and optimisation and security services.

Accenture & Avanade are global market leaders in building innovative Microsoft solutions. Avanade is an 18-times winner of Microsoft Global SI Partner of the Year recognition, and has over 60,000 Microsoft certifications — more than any other partner.

Capgemini is closely aligned with Microsoft's Partner and Client organisation on all technical levels. Its solutions are built in tight engineering collaboration with the Microsoft product team to ensure consistency with Microsoft's product roadmap.

DXC Technology has a growing presence in the managed services for Azure space in Australia. It has a well-developed strategy for the same, including an advanced ESG strategy supported by highly experienced staff members.

Fujitsu is significantly expanding its portfolio industry-specific solutions, built on the Microsoft Cloud and offered as as-a-service models. It has highly differentiated managed services for Azure offerings integrated with advanced security features.

HCLTech

HCLTech is an Azure Expert MSP and has an SAP on Azure Advanced Specialization. The company has expanded its collaboration with Microsoft to provide high-performance computing solutions for clients.

HEXAWARE

Hexaware's Azure Cloud Managed Service unlocks the full value of the Azure cloud environment through optimal AIOps, cloud optimization and able governance. Hexaware's multicloud strategy focusses on optimizing workloads and ensuring security and compliance.

kyndryl

Kyndryl offers a broad range of options for its managed services for Azure. The company currently has around 16,000 Microsoft-certified personnel, accounting for around 24,000 Microsoft certifications.

LOGICALIS Architects of Change

Logicalis is a division of Datatek, has been operating for over 25 years and has acquired over 40 businesses. It has consistently been winning Microsoft's Partner of the Year recognitions, which includes 13 wins and three finalist positions in 2023.

macquarie CLOUD SERVICES

Macquarie Cloud Services is an Australia-based specialist in cloud and hosting services for enterprise and government customers. It offers its local client base highly flexible Managed Azure functionality.

tcs TATA CONSULTANCY SERVICES

TCS has a proven track record of successful Microsoft service deliveries with over 60 solutions listed in the Azure Marketplace. The company is investing heavily in integrating AI with all its solutions and offering optimal Azure Open AI and Copilot service features.

Telstra is the largest telecommunications provider in Australia with the largest 5G network and largest IoT footprint. Telstra Purple has a megadeal with Microsoft to utilise the latter's services internally and externally.

unisys

Unisys continues to make significant investments in its APAC operations, with a strong focus on Australia and New Zealand. The company applies a Microsoft-Azure-backed framework to manage multicloud and hybrid environments for low overall costs and high availability.

wipro

Wipro is an Azure Expert MSP and an Elite Partner for Microsoft on Azure IoT. The company has developed a number of industry solutions on Azure that help clients to work smarter, ensure business growth and build strong customer relationships.

Infosys

Infosys has over 32,000 Azure-certified team members, along with all Microsoft Azure advanced specializations. It has a 360-degree partnership with Microsoft and gold certification status and actively participates in numerous Mircrosoft initiatives.

Insight

Insight is a global solutions integrator that has a fast growing presence in Australia. The company's technical expertise spans cloud- and edge-based transformation solutions, with global scale and optimization built on more than 33 years of deep partnerships.

Unisys

Leader

> "Unisys applies an Azure-backed framework to manage hybrid and multicloud environments, which results in reduced overall costs and high availability for its clients."
>
> *Craig Baty*

Overview

Unisys is headquartered in Pennsylvania, U.S. It has more than 16,200 employees across 64 offices in 28 countries. In FY23 the company generated $2.0 billion in revenue, with Enterprise Computing Solutions as its largest segment. It continues to make significant investments in its operations in APAC, with a strong focus on Australia, New Zealand, Singapore, and Hong Kong. Unisys has achieved the status of Microsoft Azure Expert MSP. Its core industry expertise includes fintech, healthcare, pharmaceuticals, the public sector, light manufacturing and transportation.

Strengths

Advanced microsegmentation technology: Unisys' Stealth for Azure offering uses identity-driven microsegmentation technology to help transition to a more secure Zero Trust network. It has extensive experience in providing services in environments requiring high levels of security compliance because of clients in the government, defence and banking sectors.

Advanced solutions to support ESG programs: These solutions assist clients in smart carbon consumption in areas including device provisioning and hybrid work. This includes an initiative that allows enterprises and device manufacturers to track carbon consumption patterns.

Innovative approach to GenAI services: Unisys' approach is to marry client-specific knowledge with large language models (LLMs) so that clients' employees have easy and secure access to accurate information relevant to their business operations. To do so, it makes use of data classification and cleansing that feed into a tokenisation process that makes client-specific knowledge consumable by Microsoft's GenAI.

Caution

Unisys continues to be a leader in the Australian managed services for Azure market. However, it is perceived to be focussed on the public sector and defence. As noted in previous years, if the company wishes to expand further in this market, it must actively diversify into other industries.

Microsoft 365 Services

Who Should Read This Section

This quadrant report is relevant to enterprises across industries in Australia for evaluating providers offering Microsoft 365 services. In this quadrant, ISG highlights the current market positioning of these providers and how they address key challenges in the region. ISG's assessment is based on the depth and breadth of the providers' service offerings and market presence.

With the introduction of Copilot for Microsoft 365, enterprises are switching to premium subscriptions such as Microsoft 365 E5. Also, they are increasingly seeking security implementation services from consulting firms.

Copilot for Microsoft 365 has generated an interest in exploring the benefits of E1, E3 and E5 licensing levels for Microsoft 365. AI and Copilot particularly focus on initiatives that increase productivity, leverage creativity and retain top talent with increasing skill sets. This focus enables IT service providers to use additional modernised services offered by Modern Workplace for Microsoft 365, including communications.

Many Australian organisations currently have hybrid workplaces, with their employees distributed between office and home environments — a restructuring triggered by the pandemic.

Australian enterprises are currently looking for secure networks that enable remote workers to collaborate in groups. Business apps and collaboration solutions support these work conditions and contribute to an overall improved EX.

Technology professionals should read this report to understand the positioning and capabilities of providers to pick processes that support personalised EX, productivity, collaboration and innovation.

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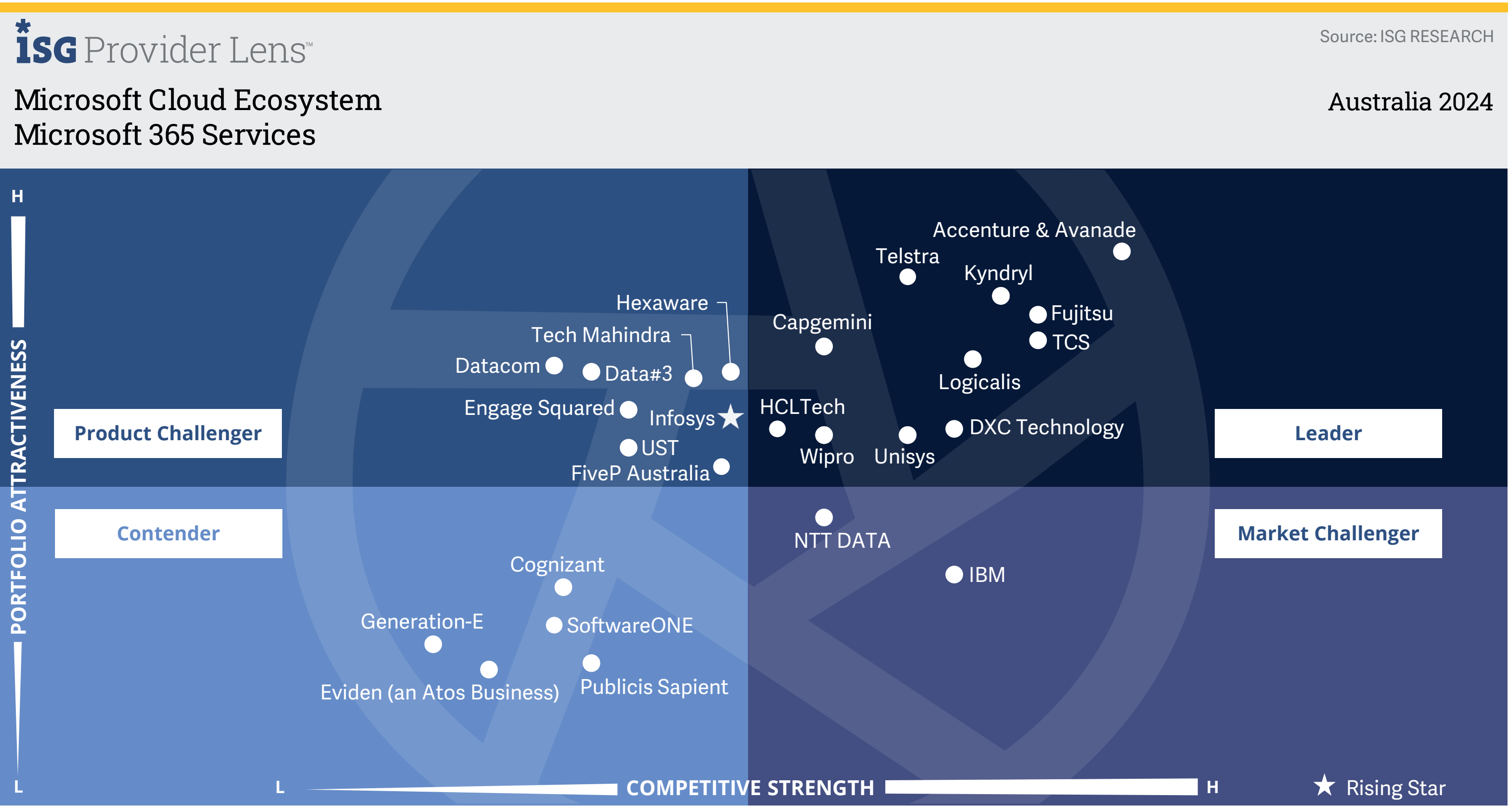


This quadrant evaluates service providers that aid **enterprises with the adoption, integration and operation of Microsoft's 365** productivity suite. Providers offer **assessment, consulting services, and solutions** to assist clients in their DX journeys.

Craig Baty

Definition

This quadrant evaluates service providers that aid enterprises with the adoption, integration and ongoing operation of Microsoft 365, Microsoft's SaaS-based productivity suite.

These services go beyond provisioning and migrating to Microsoft 365; they focus on offering a quick, device-independent, high-quality productivity suite that enables seamless teamwork, irrespective of location. These services are also adaptable to the role of the user. From clients' viewpoint, Microsoft 365 revolves around fostering collaboration and seamlessly integrating geographically dispersed teams on a global scale. To enable this, integration and implementation services are necessary. This quadrant also evaluates providers on the support they offer for Windows as a part of their overall Microsoft 365 service portfolio.

Implementing SaaS-based workplace environments is a challenge for every enterprise client. ISG notes a plethora of challenges around collaboration, unified communication, file storage, performance, license costs, provisioning procedures and maintenance plans. There are also challenges in data integration, process integration, application integration, and other processes. Providers operating in this domain must extend their capabilities beyond the basic implementation of Microsoft 365 to proactively address the associated challenges.

Providers considered in this quadrant are expected to offer assessment, consulting services, and solutions to assist clients in their digital transformation journeys. This necessitates clear and transparent-communication within the specific region and unique selling propositions that extend beyond the provision of workplace environments relying on Microsoft's desktop and collaboration solutions.

Eligibility Criteria

Service portfolio covering **technical consulting, licenses, and Microsoft 365 module integration, implementation and operation**

1. Innovative offerings that integrate with Microsoft 365 to create modern workplaces, such as **HoloLens** and **Teams**
2. Microsoft Office **API management** for appropriate use and enhanced productivity
3. Ability to **migrate** workplaces to modern cloud environments and offer **workspace-as-a-service models**
4. Provisioning of Microsoft 365–based **unified endpoint suites** integrated with state-of-the-art IAM technology and mobile device management (Intune or others)
5. Strong **partnership with Microsoft**, measured by the number and category of certifications (including Office 365, Intune, Windows and Azure), duration of association with Microsoft, and evidence of strategic modern workplace cooperation between the provider and Microsoft

Observations

With the introduction of Copilot for Microsoft 365, enterprises are moving to premium license subscriptions such as Microsoft 365 E5. The need to improve on cyber security and compliance is driving this trend. They are looking at deriving the most value and reducing costs from their investments in Microsoft's Modern Work and security technologies.

Many consulting firms are now seeing a huge demand for services related to security implementation for Microsoft 365. This trend is providing significant opportunities for providers offering these services and facilitating Microsoft 365 E5 adoption with its enhanced security features. Clients are also looking at maximising the use of their E5 license for advanced threat protection, and enhanced security, to displace legacy voice systems and migrate to Teams Phone.

There is a growing demand for modern management solutions such as Intune, a cloud-based service that helps organizations manage and secure their mobile devices, apps and data. It also integrates with other Microsoft services, such as Azure Active Directory, Microsoft Endpoint Manager, and Microsoft 365, to provide a unified and comprehensive management experience.

New virtual and virtual/physical hybrid teams and processes need agile technology deployments to function, and Modern Workplace 365 involves the stitching together of Microsoft 365 tools with enterprise-wide applications and services to support the new normal.

Copilot for Microsoft 365 has elevated market desire to know more about Microsoft level E1, E3 and E5 licensing and what enterprises are using, along with the value being derived from the use of data analytics, to address challenges in their environments. AI and Copilot specifically pivot around areas such as increasing productivity, leveraging creativity and retaining top talent with increased skill sets. This, in turn, is pushing growth in data telemetry with extensibility or integrations into other services within the Copilot ecosystem, allowing IT service providers to leverage further advanced communications as well as other services within Modern Workplace for Microsoft 365 services. There is a growing focus on UX and the deployment of unified EX platforms such as Viva for both knowledge and frontline workers.

Clients are moving away from customised implementations as they are fragile and expensive to implement and maintain. Microsoft offers starter templates and blueprints that are used by consulting firms to implement complex solutions in a fraction of the time and cost, than before, and move clients onto Microsoft 365 services. The Copilot functionality in Workplace Applications has the potential of enhancing employee productivity, ensuring greater work-life balance and fostering adjacent skills ensure employees from all industries are at the same level.

Following the reshaping of Australian businesses because of the pandemic, many companies now have hybrid workplaces, with workforces divided between office and home. In this scenario, collaboration solutions are needed to bridge the experience gap between the two environments. This has changed the way meetings, information sharing and application integration occurs, to ensure that the overall experience is seamless. New virtual and virtual/physical hybrid teams and processes need agile technology deployments, and a Microsoft Modern Workplace addresses these requirements by stitching together Microsoft 365 tools with enterprise-wide applications and services to support the new modern workplace. Australian enterprises are currently looking for secure networks that primarily support remote employees to work in teams backed up by collaboration tools and business applications that help deliver superior EX.

From the more than 1000 Australian Microsoft partners assessed for this study, 26 qualified for this quadrant, with 11 being Leaders and two as a Rising Stars.

accenture avanade

Accenture & Avanade are global market leaders in building innovative Microsoft solutions. Avanade takes an innovative experience-led approach to develop its range of innovative Microsoft 365 services.

Capgemini is closely aligned with Microsoft's Partner and Client organisation on all technical levels. It has over 35,000 cloud certifications, of which over 30,000 are only for Azure, and adds around 2,500 additional certifications each month to this list.

DXC Technology has over 10,000 employees across Australia and New Zealand and has a regional Delivery Centre located in Adelaide. DXC offers a full managed service portfolio for mixed reality, including HoloLens device provisioning and device management.

Fujitsu is one of the most accredited Microsoft partners in the market. It has a strong presence in Australia, further strengthen via the acquisition of Australia-based company oobe in 2022. Fujitsu continues to develop its capabilities across a broader range of offerings.

HCLTech provides accelerated programs on Microsoft 365 Copilot such as assessment and remediation services. The company offers these clients with a range of services, including consultation, customization and change management.

Kyndryl currently has around 2,500 certifications across its Microsoft 365 services. Kyndryl's unique capabilities come from the way the company is organized to keep the consult-led aspect of its offerings close to its managed services business.

Logicalis is a division of Datatek. It has been operating for over 25 years and has acquired over 40 businesses. It has around 100 Microsoft 365 clients, including 60 for Azure. Logicalis in Australia is home to a global Microsoft CoE.

TCS covers all aspects of Microsoft Services for Azure from both a technology and a business perspective. The company is a Launch Partner for Microsoft Industry Cloud for financial services, retail and sustainability and is a GTM partner for manufacturing and healthcare.

Telstra is Australia's largest telecommunications provider with the largest 5G network and IoT footprint. It optimises value in the solution it delivers, both through managed services and active monitoring and solution reviews.

Unisys continues to make significant investments in its APAC operations, with a strong focus on Australia and New Zealand. The company has a broad range of highly innovative digital workplace service offerings.

Wipro has a 360° partnership with Microsoft, where it is a Microsoft Gold Partner and participates in joint GTM activities with the company. Wipro's USPs include proprietary assets and accelerators, distinctive support and diverse pricing models, skilled resources and hyperautomation.

FiveP

FiveP is one of Australia's leading providers of Microsoft digital products and consulting services for the Microsoft 365 platform. It has strong expertise in the retail, professional services and healthcare industries.

Infosys leverages Microsoft 365 capabilities to address the dynamic demands of the evolving workplace such as cloud-first digital transformation, seamless collaboration, connectivity and sustainability.

Unisys

Leader

"Unisys uses advanced Microsoft 365 tools and techniques and is undertaking fast-developing Microsoft metaverse technology initiatives."

Craig Baty

Overview

Unisys is headquartered in Pennsylvania, U.S. It has more than 16,200 employees across 64 offices in 28 countries. In FY22 the company generated $2.0 billion in revenue, with Enterprise Computing Solutions as its largest segment.
It continues to make significant investments in its operations in APAC, with a strong focus on Australia, New Zealand, Singapore and Hong Kong. It has a highly comprehensive Microsoft 365 service offering. Unisys' core industry expertise is in fintech, healthcare, pharmaceuticals, the public sector, light manufacturing and transportation.

Strengths

Highly comprehensive consultancy and advisory services: Unisys' Consultancy and Advisory services include assessments to help clients maximise RoI on their Microsoft 365 ecosystem. Unisys monitors, tunes and enhances Office 365; optimises the broad and complex surface area of the Microsoft 365 platform and apps; and provides end-to-end operational support and fully managed services.

Fast-developing Microsoft Metaverse technology initiatives: It provides a specialised form of frontline worker services, using HoloLens for specific frontline workers in industries where the technology can enhance collaboration. For example, in managed meeting rooms, in manufacturing, for frontline workers and in smart spaces.

Broad range of highly innovative digital workplace service offerings: Within its Digital Workplace services, Unisys has a rich family of offerings that build upon Microsoft technologies that include communication and collaboration management and optimisation, Microsoft 365 Copilot Services, and modern device management using Intune. The focus of these services is to enable and support an anywhere office. Unisys uses Microsoft OS, cloud management, collaboration tools and low-code AI to enable workers to do their jobs anywhere.

Caution

Unisys continues to be a leader in the Microsoft 365 services market in Australia. However, significant changes in market dynamics continue to weaken its position. Many acquisitions have resulted in large providers having increased local capabilities, which may threaten Unisys' growth plans.

SAP on Azure Services

Who Should Read This Section

This quadrant report is relevant to enterprises across industries in Australia for evaluating providers offering SAP on Azure Services. In this quadrant, ISG highlights the current market positioning of these providers and how they address key challenges in the region. ISG's assessment is based on the depth and breadth of the providers' service offerings and market presence.

The SAP on Azure services market is highly competitive, with providers requiring specialised skills to deliver high-quality services. SAP has embraced cloud computing with much vigor, propelling the SAP on Azure market both in Australia and the rest of the world. SAP has restructured much of its core business model, partnerships, development and support capabilities. Other large-scale enterprise business management software providers such as Oracle and IBM have followed a similar strategy.

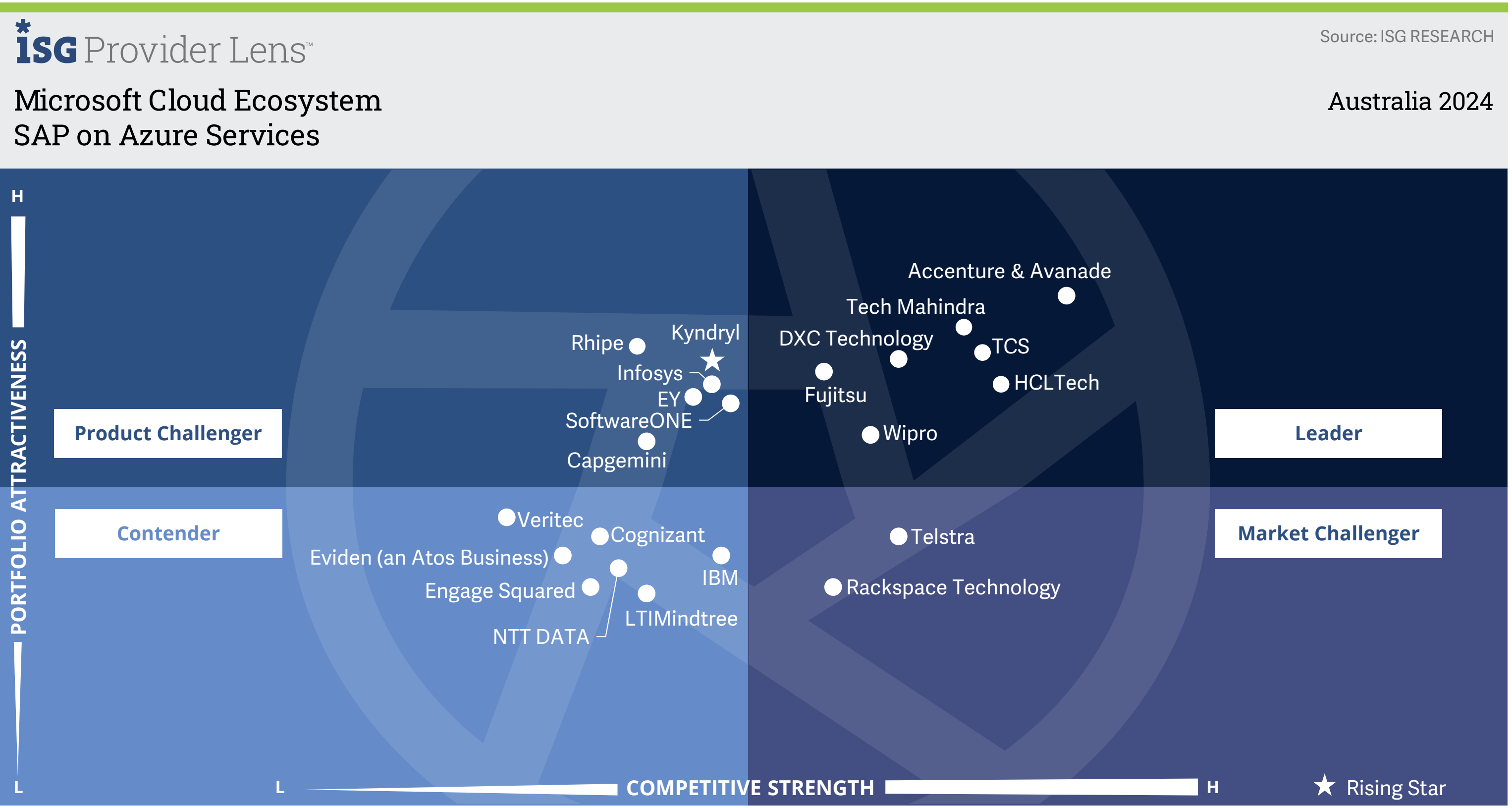
An increasing number of Australian enterprises are considering migrating their on-premises server setup to the cloud. The region has long shown a strong acceptance of cloud-based solutions. Therefore, many Australian enterprises have reached a relatively mature cloud-adoption state.

Technology professionals should read this report to understand the positioning and capabilities of providers to pick processes that support personalised EX, productivity, collaboration and innovation.

Marketing and sales professionals should read this report to understand the value of investing in EX, and how providers foster digital operations to enhance EX and have an impact on business outcomes.

Digital professionals should read this report to understand how providers of digital operations for improved EX fit in with their digital transformation initiatives and can be compared with one another.

Strategy professionals should read this report to learn about the leading providers offering services for digital operations that can better prepare a workforce for evolving business models and market dynamics.



This quadrant evaluates providers offering capabilities associated with the **adoption, management** and **utilization of Microsoft's SAP on Azure suite**. Running SAP on Azure necessitates a provider capable of offering comprehensive support.

Craig Baty

Definition

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

These companies typically offer services encompassing architecture consulting, analysis of application landscape requirements, technical design, configuration, deployment, escalation management, change and fault management, support, optimization and reporting. Providers considered in this quadrant are expected to help their clients migrate SAP workloads to Azure and optimize, design and develop new processes and business flows. This should be included as an integral aspect of platform management, achieved through a combination of the provider's proprietary services, SAP services and Microsoft Azure services.

Running SAP on Azure necessitates a provider capable of offering comprehensive support throughout the entire journey and possessing the necessary resources for successful delivery. Since SAP has committed solution support to 2040 and beyond, providers considered in this quadrant should provide a well-defined road map that spans the next two decades.

Service providers in this category require both Microsoft and SAP certifications and need to have active and productive partnerships with both companies. They must also be well-versed in how the relevant underlying technology offerings are evolving. Consequently, they should be able to articulate how product and platform changes would impact enterprises using this solution — from technical architecture considerations to business impacts.

Eligibility Criteria

1. **Scope** and **depth** of the **service portfolio** with regard to migrating SAP workloads to SAP on Azure and SAP application and services implementation customization, provisioning and support
2. Ability and willingness to support **hybrid cloud and hybrid provider environments**
3. Strong **partnerships with SAP and Microsoft**, measured by the number and category of relevant certifications, duration of association with both SAP and Microsoft, and evidence of strategic cooperation between the provider and Microsoft around SAP on Azure
4. Support for **multiple pricing models**, including pay-as-you-go
5. Robustness of the provider's process for **implementation**, including the use of **Agile and DevOps** methodologies and relevant automation for service delivery and quality

Observations

The SAP on Azure services market in Australia continues to grow as an increasing number of Australian enterprises look to migrate from their on-premise server environment to the cloud. Many of these companies have attained a relatively mature status in the adoption of cloud-based technologies.

The market is highly competitive, with providers requiring specialised skills to deliver high-quality services. Australian enterprises are demanding strong expertise and certifications from their cloud partners, because of the complexity of requirements.

The pandemic and ransomware attacks have accelerated cloud adoption amongst some Australian organisations. Many are now willing to migrate their business-critical proprietary systems to the cloud, thus creating opportunities for Australia-based Azure providers. Many local companies have already migrated low-to-medium complexity applications to the cloud and are now positioned to migrate more complex applications such as SAP to the public cloud.

SAP has aggressively moved to embrace the cloud, driving the SAP on Azure market both in Australia and the rest of the world. There has been a restructuring of much of its core business model, partnerships, development and support offerings, as other large-scale enterprise business management platform providers such as Oracle and IBM have followed a similar strategy. The rate of SAP on Azure implementations has recently accelerated as SAP has globally announced the end-of-life for legacy, on-premises development and support.

There still remain some Australian organisations that are hesitating to migrate high-impact, critical business applications such as SAP from on-premise to the cloud. Therefore, Australian cloud providers need to continue to educate the market on how migrations of large complex workloads can be done with relative ease and simplicity and involving low risk.

From the more than 1000 Australian Microsoft partners, 22 qualified for this quadrant, with seven being Leaders and one Rising Stars.

Accenture & Avanade are global market leaders in building innovative Microsoft solutions. Avanade offers highly advanced SAP on Azure features and has a new Responsible AI practice that is focussed on innovation.

DXC Technology has a strategic partnership with Microsoft of over 30 years and more than 35 years of SAP experience. The company ensures that the SAP workloads are secured in a holistic way and deploys endpoint protection tools on each workload.

Fujitsu is significantly expanding its portfolio industry-specific solutions, built on the Microsoft Cloud and offered as as-a-service models. It has highly differentiated SAP on Azure offerings which build on extensive Managed Services for Azure capabilities.

HCLTech's CloudSmart for SAP on Azure includes a full stack offerings to accelerate and simplify a client's SAP transformation journey. The company is widely recognized among industry analysts as a leader in SAP implementation and support services.

TCS has a highly comprehensive SAP on Azure offering with a broad range of features for its Australian clients. The company has built SAP ERP data analytics use cases, leveraging power platform offerings from Azure.

Tech Mahindra offers its clients in Australia with access to a comprehensive range of end-to-end SAP on Azure offerings. This includes an advanced sustainability offering for SAP on Azure.

Wipro's cloud-native strategy, intelligent cloud applications and IoT accelerator enable businesses to modernize and innovate with Azure. The company has a dedicated cloud-security practice that has around 120 security professionals and is affiliated to 25 cloud-security academies worldwide.

Kyndryl offers its Australian clients a highly comprehensive SAP on Azure service offering. Kyndryl and Microsoft have collaborated to develop a number of market-leading security and resiliency solutions.

Power Platform Services

Who Should Read This Section

This quadrant report is relevant to enterprises across industries in Australia for evaluating providers that offer services towards an enterprise-wide implementation of the Microsoft Power Platform, support services and related advanced training. In this quadrant, ISG highlights the current market positioning of these providers and how they address key challenges in the region.

The market has recently seen the introduction of new products with significant shifts in existing applications as the platform continues to evolve. MSPs are seeing a trend towards an amalgamation of technologies as the platform becomes increasingly modular and seamlessly connected.

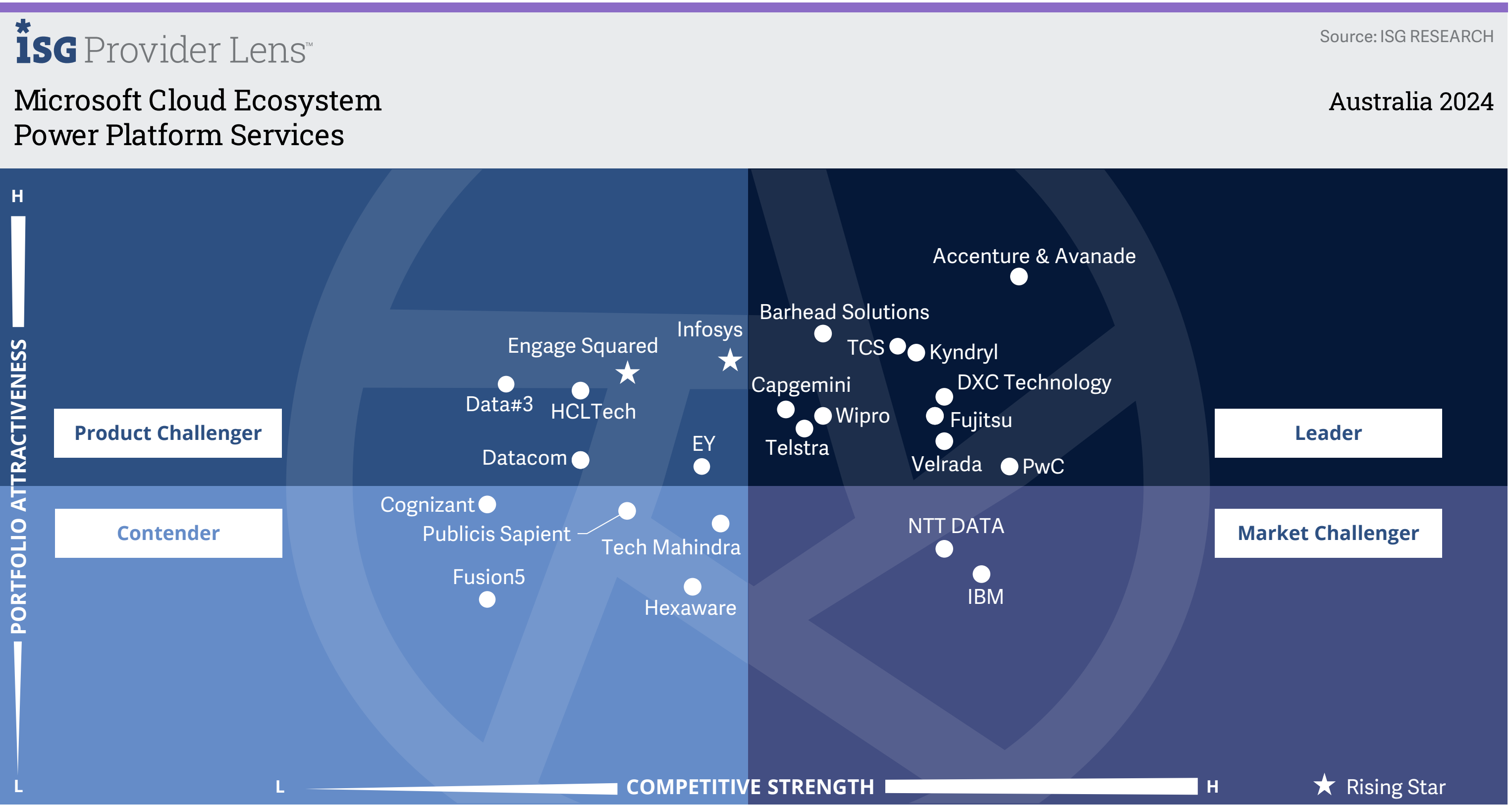
Enterprises are showing much interest in using AI to augment the productivity of employees. In the Microsoft space, the use of conversational AI to augment human abilities in various tasks is expected to grow significantly in the next five years. Similarly, in the area of CX, Power Platyform service providers in Australia are now integrating technologies such as AI-powered chatbots and RPA to continually enhance CX.

Technology professionals should read this report to understand the positioning and capabilities of providers to pick processes that support personalised EX, productivity, collaboration and innovation.

Marketing and sales professionals should read this report to understand the value of investing in EX, and how providers foster digital operations to enhance EX and have an impact on business outcomes.

Digital professionals should read this report to understand how providers of digital operations for improved EX fit in with their digital transformation initiatives and can be compared with one another.

Strategy professionals should read this report to learn about the leading providers offering services for digital operations that can better prepare a workforce for evolving business models and market dynamics.



This quadrant assesses providers that offer services for the **enterprise-wide implementation of Microsoft Power Platform** services and related advanced training. These providers also take a holistic approach to **driving clients' business performance**.

Craig Baty

Definition

This quadrant assesses providers that offer services for the enterprise-wide implementation of Microsoft Power Platform, support services and related advanced training. Enterprise clients utilize the services offered by providers to create new and sophisticated software applications for digital transformation, obtain new insights into business operations and optimize business processes in a sophisticated manner. The services offered by these providers not only leverage the capabilities of Power Platform but also educate enterprises on the best practices for developing low-code applications and solutions. Providers in this quadrant ace the integration of Power Platform with a variety of Microsoft apps and other business apps, such as Office 365, Dynamics 365 and Azure, along with advanced concepts such as DevOps, DataOps or MLOps.

The trending concept of citizen development is resulting in huge demand for service and support to govern and embed apps created by users using low-code and no-code development tools within and/or on Power Platform. The ability to integrate or migrate third-party tools is also important. The providers evaluated in this quadrant should also support Power Platform's analytics, process management, IT management and process automation capabilities.

The providers in this quadrant understand clients' specific objectives and use their data literacy and skills to provide the necessary guidance. With an eye for detail, these providers also take a holistic approach to driving clients' business performance.

Eligibility Criteria

1. Services that support enterprises' adoption of all Power Platform solutions — **Power BI, Power Apps, Power Automate and Power Virtual Agent**
2. Structured offerings and **IP** that enable easy adoption of Power Platform solutions and streamline the **ongoing operation** of the software
3. **Technical support capabilities** that assist enterprises with the adoption and management of Power Platform solutions
4. Clear **business benefits** tied to the use of Power Platform solutions

Observations

Microsoft's 365 platform continues to evolve at a rapid pace. The market has recently seen the introduction of new products and significant shifts in existing applications, in tandem with the evolution of the platform. MSPs are seeing a trend toward an amalgamation of technologies across ERP, CRM, Dataverse and digital services on the periphery of the Power Platforms (and Dynamics 365) product set, as it evolves to become more modular and seamlessly connected.

CX is a primary driver for Dynamics 365 initiatives as smart businesses aim to offer customers a variety of ways to connect (omnichannel CX), to capture customer data at every touchpoint and leverage that data using AI and ML to increasingly personalise CX. Power Platforms 365 service providers in Australia are now integrating technologies such as AI-powered chatbots and RPA to continually enhance CX.

There is increasing interest in using AI to augment human productivity. In the Microsoft space, the use of intelligent, conversational AI to augment abilities in various tasks is predicted to grow considerably over the next five years.

The key providers in the Power Platforms landscape in Australia are Global MSPs, however, a growing number of local providers are now emerging, where some are gaining global recognition. MSPs in Australia need to innovate and develop custom solutions that will offer agile and flexible systems empowering companies to optimise resources with IoT integration and result in zero downtime in the back-office space. Also, the adoption of the Power Platform and Customer Insights requires staff members to have skillsets beyond that required for traditional Power Platforms offerings.

From the more than 1000 Australian Microsoft partners, 24 qualified for this quadrant, with 11 being Leaders and two Rising Stars.

Accenture & Avanade are global market leaders in building innovative Microsoft solutions. Avanade has advanced app modernization and migration capabilities to move legacy apps to the cloud and modernize application development using low code.

Barhead

Barhead is an Australia-based consulting firm that delivers business solutions that span the entire stack of Microsoft. It is a member of the Microsoft Inner Circle for Business Applications for 2023-2024; only the top 1 percent of Microsoft's partners have this privilege.

Capgemini has delivered many solutions to support the ESG initiatives of its clients by leveraging the Power Platform and the overall Microsoft ecosystem. It works with its clients and communities to help them keep track and reduce their greenhouse gas emissions.

DXC Technology provides a comprehensive set of services around the Power Platform. This includes a comprehensive ecosystem that supports, encourages, and provides guidance to empower citizen developers.

Fujitsu offers a highly comprehensive Power Platform offering that includes a CoE. The company has been an early adopter of Azure OpenAI, using GenAI-based solutions to improve employee productivity.

Kyndryl currently has over 715 certifications across its Power Platform offerings. Through Power Platform's low code approach, Kyndryl has enabled thousands of organizations use related tools to transform their businesses.

pwc

PwC's global teams have launched and supported more than 1,700 Power Platform projects worldwide since 2015. It has access to over 3,000 Microsoft technology resources and more than 1,500 Microsoft Dynamic 365 resources.

tcs TATA CONSULTANCY SERVICES

TCS has been working on Microsoft Power Platform technologies since its early inception in 2018. Its customer-centric vision brings in best-in class tools and accelerators to seamlessly enable citizen-led development.

Telstra is Australia's largest telecommunications provider with the largest 5G network and IoT footprint. It has an advanced Power Platform governance framework to ensure the solutions it delivers are consistent, secure and well managed.

Velrada

Velrada is a fast-growing Australia-based, global Microsoft business and technology integrator. Its consultants are industry leading in accomplishments, accreditation and experience. Their recent acquisition by NRI strengthens their local offerings.

wipro

Wipro offers Australian clients a highly comprehensive range of Power Platform services with innovative features. Its 360° relationship with Microsoft spans over 25 years. Wipro can provide Power Platforms services across a wide range of industries.

Engage Squared

Engage Squared is a leading Microsoft partner within the APAC, with a strong presence in Australia and New Zealand. The company enables new ways of working through its organisational change and transformation campaigns.

Infosys

Infosys has a substantial Power Platform services practice with over 1,000 consultants. For its Power Apps services it is observing a strong uptick in client conversations around modernization or migration from a different or legacy stack.

Generative AI Services for the Microsoft Clouds

Who Should Read This Section

This quadrant report is relevant to enterprises across industries in Australia for evaluating providers that offer services and solutions for the enterprise-wide application of GenAI on Microsoft's three cloud platforms (Azure, Microsoft 365 and Dynamics 365). In this quadrant, ISG highlights the current market positioning of these providers and how they address key challenges in the region.

Microsoft continues to evolve in its development and implementation strategy for AI across Azure. There is an increasing interest in using AI to augment human productivity.

GenAI has demonstrated the ability to produce high-quality written, audio and visual content that could easily be mistaken as having been created by a human. It is also transforming software development through easy code generation. Copilot and GenAI services from Microsoft enable new ways of working for IT service providers.

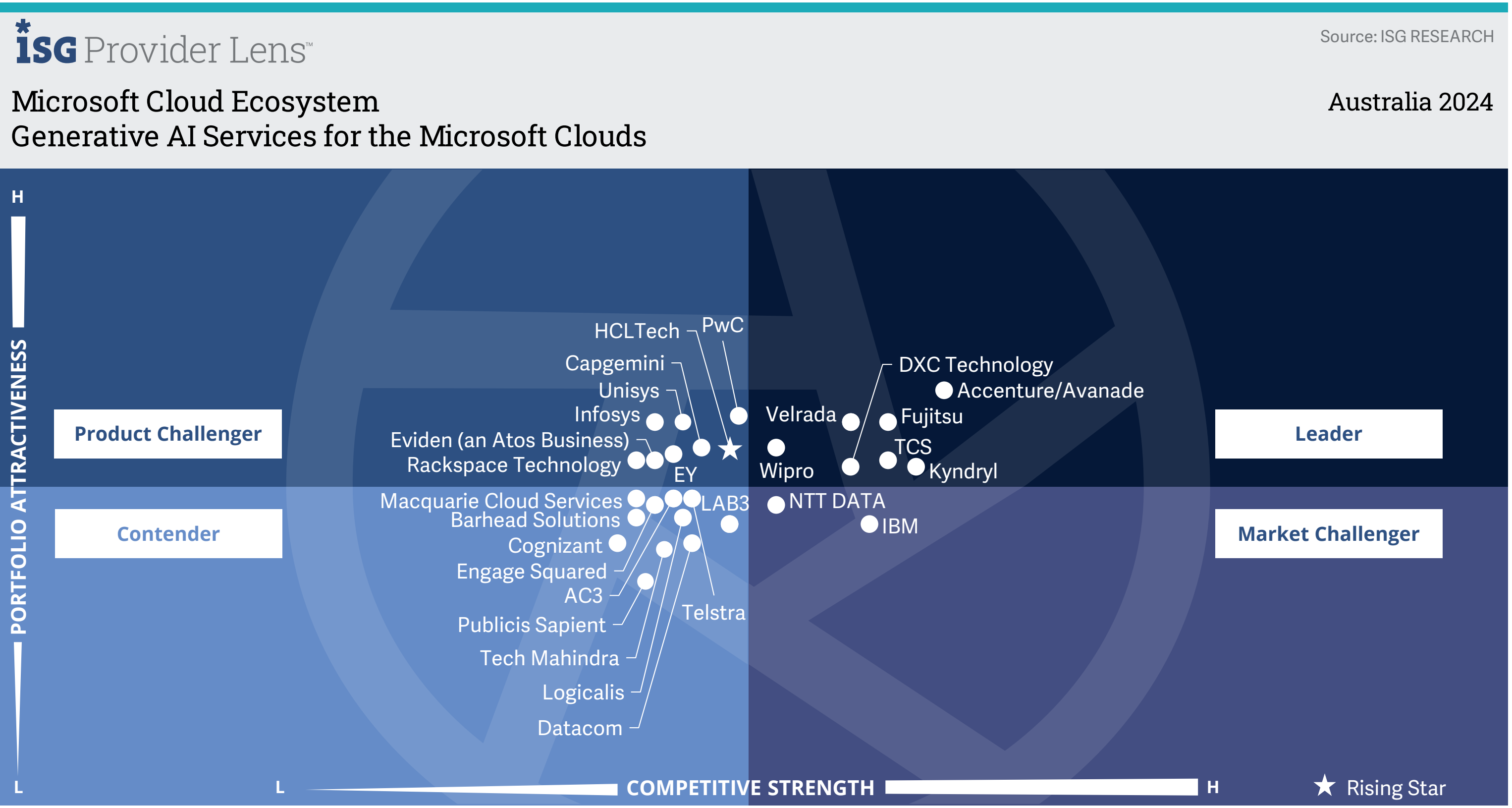
Many IT service providers are helping their teams develop practical skills, such as AI prompting, which are likely to become as common as knowing how to browse the internet. Prompt engineering involves designing and refining the inputs given to AI models, particularly in GenAI applications. Some IT services providers such as are now incorporating prompt engineering into GenAI services for Microsoft Clouds.

Technology professionals should read this report to understand the positioning and capabilities of providers to pick processes that support personalised EX, productivity, collaboration and innovation.

Marketing and sales professionals should read this report to understand the value of investing in EX, and how providers foster digital operations to enhance EX and have an impact on business outcomes.

Digital professionals should read this report to understand how providers of digital operations for improved EX fit in with their digital transformation initiatives and can be compared with one another.

Strategy professionals should read this report to learn about the leading providers offering services for digital operations that can better prepare a workforce for evolving business models and market dynamics.



This quadrant assesses providers that offer services and solutions for the enterprise-wide **development and application of generative AI** on the three Microsoft clouds (Azure, Microsoft 365 and Dynamics 365).

Craig Baty

Definition

This quadrant assesses providers that offer services and solutions for the enterprise-wide development and application of generative AI on the three Microsoft clouds (Azure, Microsoft 365 and Dynamics 365). This quadrant covers providers that develop or offer services that augment the generative AI features already offered via the Microsoft clouds, such as Microsoft 365 Copilot, Sales Copilot, and Microsoft Security Copilot. The quadrant also covers providers offering services to help enterprises build generative AI models and applications using the native functionality and platforms offered by Microsoft, such as Azure OpenAI Service, Azure AI Services, Azure Machine Learning and Azure AI Infrastructure. Providers in this quadrant also offer related generative AI services, such as Azure data architectures for AI, security, governance, change management, responsible AI frameworks, training and citizen enablement.

Given the emergent nature of generative AI, providers in this quadrant will be assessed largely on their strategic vision, investments and pipelines of development work for Microsoft- and OpenAI-related services and solutions, including solutions and services that are still in beta or preview stages. Providers in this quadrant should be able to articulate a compelling view of how generative AI on the Microsoft clouds can spur innovation in employee, consumer and user experiences and ultimately translate into real improvements in business outcomes.

Eligibility Criteria

1. Services and solutions that support enterprises' **adoption, integration and use** of Microsoft's **generative AI–enabled copilots** — Microsoft 365 Copilot, Microsoft Sales Copilot, Microsoft Security Copilot and GitHub Copilot
2. Services and solutions that support the **building, testing, deployment and optimization** of generative AI models and applications using the Microsoft clouds and related AI platforms
3. Knowledge of LLM models (including OpenAI GPT-4/5) and experience in developing **industry and functional use cases**
4. Understanding of **regional regulatory and policy compliance** differences in the use of data and generative AI models
5. **Certifications and training programs** in AI and generative AI, including emergent disciplines such as prompt engineering
6. **Strong partnership with Microsoft and OpenAI**, as well as with relevant third-party ISVs and service providers

Observations

Microsoft continues to change its AI development and implementation strategy across Azure. There is an increasing interest in using AI to augment productivity. This is beginning to result in some level of differentiation in Azure implementations offered by MSPs and will result in an acceleration of AI integration in Microsoft Azure platforms over the next few years. In the Microsoft space, the use of intelligent, conversational AI to augment human abilities in various tasks is predicted to grow strongly over the next five years.

Many IT service providers are helping their staff members develop practical skills, such as AI prompting, which are likely to become as innate as knowing how to browse the internet. Modern business has reached an inflection point where companies that understand how to apply, deploy and embed GenAI, at scale, are positioned to far outperform those that are yet to join the bandwagon.

To maximize the impact and effectiveness of GenAI, organizations are integrating AI with their existing workflows and technologies. This involves connecting AI models with data pipelines, business applications and collaboration platforms. It enables seamless and efficient utilization of AI within existing processes, minimizing disruptions and maximizing productivity. Also, hybrid approaches combining GenAI with other technologies such as RPA are gaining traction, delivering comprehensive solutions for complex automation needs.

GenAI has demonstrated the ability to produce high-quality written, audio and visual content that could easily be mistaken as having been created by a human. It is also transforming software development through easy code generation. These technological advances have brought with them unprecedented changes in how businesses operate, with the implications cutting across industry verticals as well as technology horizontals. Knowledge management, contact centres, IT service desks, marketing functions, regulatory functions are some of the key areas that are being impacted.

Copilot and GenAI services from Microsoft enable new ways of working for IT service providers engaging with their clients. Key current requirements from clients include helping them define the value of GenAI/Copilots; the reduction of data oversharing in the context of data security and governance; and training, adoption and change management.

Prompt engineering involves designing and refining the inputs given to AI models, particularly in applications involving GenAI. Some IT services providers such as Kyndryl are now incorporating prompt engineering into their GenAI services for the Microsoft Clouds.

From the more than 1000 Australian Microsoft partners , 28 qualified for this quadrant, with seven being Leaders and one a Rising Star.

Accenture & Avanade are global market leaders in building innovative Microsoft solutions. The Avanade Cloud Impact platform is ensuring up to 50 percent reduced cloud spend for Avanade clients, and even higher savings for specific applications.

DXC Technology strongly collaborates with Microsoft on GenAI initiatives and is highly experienced at delivering AI-enabled solutions. The company is a part of several early adopter programs with Microsoft and has developed and deployed multiple Azure AI solutions.

Fujitsu is using Azure Open AI Service to add more value in its solutions and implement Copilots into its products and services. It has been an early user of Azure OpenAI Service internally and can provide both general and targeted GenAI-based solutions.

Kyndryl's products and services related to Microsoft have been making inroads into the market. Its recent joint announcement on enterprise-grade GenAI has led the way for its new AI-readiness capabilities to be launched, including Copilot integrations and responsible uses of generative AI.

TCS

TCS is an early adopter of GenAI and has been quickly able to build a framework to drive GenAI adoption among its customers. The company has conducted, and continues to conduct, GenAI roadshows globally along with Microsoft.

Velrada

Velrada is a fast-growing Australia-based, global Microsoft business and technology integrator. It is rapidly developing its GenAI capabilities; these are supported by a mature mixed reality and HoloLens business.

Wipro holds 15 active Advanced Specializations across Microsoft solutions areas, including AI and ML. The company has plans to invest $1 billion to advance its AI capabilities through its ai360 Initiative.

HCLTech

HCLTech's AI labs help to create a complementary solution that is genuinely cloud native, while leveraging the full capabilities of Azure AI and Open AI. HCLTech is focussing on investing and scaling it GenAI services and plans to conduct trainings for over 18,000 GenAI personnel.

Star of Excellence

A program, designed by ISG, to collect client feedback about providers' success in demonstrating the highest standards of client service excellence and customer centricity.

Source: ISG Star of Excellence™ research program, Insights till January 2024

In the ISG Star of Excellence™ research on enterprise customer experience (CX), clients have given feedback about their experience with service providers for their **Microsoft Cloud Ecosystem** services.

Based on the direct feedback of enterprise clients, below are the key highlights:

Client Business Role

▲ **Most satisfied**
Information Technology

▼ **Least satisfied**
Procurement / Vendor Management

Region

▲ **Most satisfied**
Asia

▼ **Least satisfied**
Middle East

Industry

▲ **Most satisfied**
Public sector

▼ **Least satisfied**
Chemicals

Industry Average CX Score

▲ Highest CX: 94
▼ Lowest CX: 55.6

CX Score: 100 most satisfied, 0 least satisfied
Total responses (N) = 766

Most Important CX Pillar

Execution and Delivery

Service Delivery Models	Avg % of Work Done
Onshore	50.6%
Nearshore	18.2%
Offshore	31.2%

Appendix

The ISG Provider Lens 2024 – Microsoft Cloud Ecosystem study analyzes the relevant service providers in the global market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

Study Sponsor:
Aman Munglani

Lead Author:
Craig Baty

Editors:
Ipshita Sengupta and John Burnell

Research Analyst:
Khyati Tomar

Data Analysts:
PoojaRani Nayak and Kruthika Sulghur

Project Manager:
Abhishek Rammurthy

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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 March 2024, 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.

The study was divided into the following steps:

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

Lead Analyst

Craig Baty
Distinguished Lead Analyst

Distinguished analyst and author Craig Baty has extensive research and thought leadership experience in the Asia Pacific and Japan ICT markets. Craig is Principal and Founder of DataDriven an Asia/Pacific based research and advisory firm. Craig has over 30 years of executive and board level experience in the ICT industry, including as a Group VP and Head of Gartner Research AP/J, CEO of Gartner Japan, Global VP Frost & Sullivan, and more recently as VP Global Strategy and VP Digital Services in Fujitsu Tokyo HQ. As a well know ICT commentator and analyst, Craig has written more than 200 research pieces, and presented at over 1500 events globally.

He is also regularly quoted in regional media. Craig is actively involved in the ICT community as a board member of the Australian Information Industry Association (AIIA) and Immediate Vice Chair of the Australian Computer Society NSW (ACS).

Research Analyst

Khyati Tomar
Research Analyst

Khyati Tomar is a Research Analyst at ISG and is responsible for supporting and coauthoring Provider Lens™ studies on the Microsoft Partner Ecosystem, the Future of Work - Services and Solutions, and OCM. She supports lead analysts in the research process and authors the Enterprise Context and Global Summary reports.

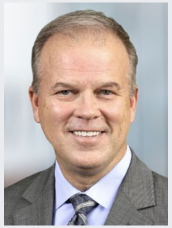
Prior to this, she had over 2.5 years of experience in the technology research industry, and had carried out various consulting and custom projects and co-authored CIS reports, mostly focusing on the public sector vertical.

Study Sponsor

Aman Munglani
Director and Principal Analyst

Aman Munglani leads the ecosystems and custom research practice for ISG. He brings over twenty years of expertise in emerging technologies and industry trends. His career is marked by significant contributions in guiding top executives from Global 2000 companies, offering strategic advice on digital transformation, start-up partnerships, driving innovation, and shaping technology strategies.

In his tenure exceeding twelve years at Gartner, Aman focused on providing CIOs and IT executives across Asia Pacific and Europe with insights on the practical implementation and advancement of new technologies, the evolution of infrastructure, and detailed vendor assessments.



IPL Product Owner

Jan Erik Aase
Partner and Global Head – ISG Provider Lens™

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

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

ISG Provider Lens™

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

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

ISG Research™

ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research™ delivers guidance that helps businesses accelerate growth and create more value.

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ISG

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 900 clients, including more than 75 of the world's top 100 enterprises, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including AI and automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; strategy and operations design; change management; market intelligence and technology research and analysis.

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

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ISG Provider Lens™

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