

Private/Hybrid Cloud – Data Center Services

Colocation Services for Midmarket

A research report comparing provider strengths,
challenges and competitive differentiators

Executive Summary 03

Provider Positioning 06

Introduction

Definition 15

Scope of Report 17

Provider Classifications 18

Appendix

Methodology & Team 27

Author & Editor Biographies 28

About Our Company & Research 30

Colocation Services for Midmarket 19 – 25

Who Should Read This Section 20

Quadrant 21

Definition & Eligibility Criteria 22

Observations 23

Provider Profile 25

Report Author: Ulrich Meister

Despite falling prices and political crises, the managed and colocation services market continues to grow as overall spending increases

Recent editions of the ongoing ISG Index™ had already indicated that the infrastructure outsourcing market is still growing, but unit costs continue to decline. By automating services, suppliers can offset the high labor and living costs. Although prices for long-term IT service contracts continue to decline, overall spending is rising due to increased consumption. In Germany, the projected inflation rate for 2023 may prompt suppliers to negotiate a realignment of contracts.

Trends in managed services: Hybrid infrastructure management tools must be compatible with VMware and ServiceNow products to incorporate ML into automation. Modern service platforms seek possible root causes via incident analytics to provide contextual information to service teams and

resolve incidents in an automated manner, resulting in reduced mean time to detection (MTTD) and mean time to repair (MTTR). Service providers continue to automate their operations to improve service quality and save costs, which translates to simplifying infrastructure management and reducing operational risk for midsize customers. Alternatively, large customers focus on minimizing service interruptions to improve service quality. Large service providers use automated systems to improve performance and reduce administrative overheads. Data analytics provide customers with insights and intelligence related to consolidation and rightsizing to make informed decisions. Infrastructure as code (IaC) offers customers complete control over the deployment of new services and DevOps environments. Modern managed service platforms have IaC and DevOps automation options on-premises and in colocation data centers and managed hosting environments.

Hybrid cloud trends: With enterprises realizing that legacy applications are difficult to integrate into a public cloud environment, the preference

Cloud-based
managed services
are increasingly
seeing a **convergence**
of hyperscalers,
telecommunication
companies and
incumbent IT suppliers.



Executive Summary

is to either operate in colocation data centers or migrate to a managed hosting model. Service providers can manage colocation, hosting and cloud through a single AIOps platform. Their customers gain a similar experience across all infrastructures. However, on-premises data centers do not possess the same connectivity as colocation and hosting data centers, making relocation inevitable.

Network connectivity: Germany has fast, reliable and secure network connections to major European data centers. The country also has direct connections between the data centers of companies based in the U.S. and their EMEA subsidiaries. Such connectivity allows customers to establish a managed edge computing service or hosting solution. Data centers can operate independently of the network, giving customers more options and flexibility.

Close partnerships: Most vendors have established close partnerships with renowned hyperscalers such as AWS, Microsoft (Azure), Google Cloud and Oracle (Cloud). Furthermore, they maintain relationships with large technology companies such as ServiceNow,

Cisco, VMware, Red Hat, Citrix, Lenovo, Nutanix, SAP, Salesforce and Parallels. These relationships have enabled the development of go-to-market solutions and vendor ecosystems explicitly tailored to customers and industries. Examples include the joint data center migration initiative between Capgemini and Microsoft and the OneCloud initiative among Atos and 10 other vendors.

Sovereign cloud: Governments and nongovernmental organizations (NGOs) recognize the relevance of complying with the GDPR. Therefore, they show interest in implementing cloud solutions for the public sector. Several European bodies are responsible for defining relevant standards for storage as a service (StaaS) and backup as a service (BaaS), including the GAIA-X initiative. Some vendors actively participate in the regulatory committees and provide, promote or operate sovereign cloud managed service solutions. Collaboration is critical to comply with data privacy regulations in the cloud. Organizations can evolve and improve their solutions through knowledge and experience gained from collaboration. Such collaboration is becoming

increasingly important in ensuring data privacy compliance in the cloud.

Mainframe modernization: Various service providers offer solutions or programs to overcome the challenges of modernizing mainframe applications. Providers can reduce migration costs in this manner. Modernization makes transitioning to a state-of-the-art system possible, thereby increasing operational efficiency.

Focus on sustainability: Service providers are increasingly prioritizing environmental, social and governance (ESG) issues and monitoring, measuring, and publishing assessment standards for specific areas, especially data centers. Access to low-cost green power makes Germany an attractive location for data centers and managed cloud-based services. Further consolidation in the provider ecosystem is expected to occur. Therefore, companies planning to enter the German market should consider acquiring or partnering with an existing provider rather than establishing a new organization or business unit.

Connectivity is essential: Cloud-native applications are designed to share data quickly and efficiently via APIs and microservices. In a large country such as Germany, a low-latency network is essential to enable flawless services over long distances. Hosting and colocation provider networks are much better than those that customers can configure.

Managed hosting trends: This study found more providers in the managed hosting space in 2023. The market, threatened by the entry of public cloud hyperscalers earlier, is now being revitalized by advanced technologies. High-end infrastructure technology facilitates hosting applications because they do not require cloud features, such as auto-scaling, and are linked to cloud solutions. Many hosting providers offer bare-metal servers on a pay-per-use basis to meet individual customer needs.

Colocation, edge computing and software-defined networks: Colocation providers are increasingly marketing the benefits of their networking tools to their customers. Using software-defined networking (SDN) tools, customers can establish a private data center across separate colocation data



Executive Summary

centers to develop disaster recovery (DR) capabilities, provide high availability services, enable edge computing and operate offshore data centers. Some vendors are positioning edge computing appliances and bare-metal servers to complement their colocation facilities. They further integrate these servers into an SDN platform, which forms part of the colocation services offering.

Resilience and agility: In the last two years, resilience and agility have become essential characteristics of modern enterprises, mainly due to increased ransomware attacks. Organizations have decided to store immutable backups in a separate cloud or data center to enhance security and recovery capabilities. Cloud technologies and colocation options are deployed across data centers to increase flexibility and deployment of new services.

Data center capacity expansion: In 2022, infrastructure investments indicated that hosting and colocation centers would replace on-premises data centers with a cloud-like experience in a hybrid infrastructure. ISG expects several large facilities to be built to

meet the increasing demand, and for mergers and acquisitions to continue to drive the expansion of data center services.

Skills shortage drives M&A: Companies buy capacity and skills to boost revenue due to the ongoing skills shortage. In 2022, several small managed services and data analytics companies were acquired by large service providers. ISG anticipates more M&A in the future.

Consistent integration: The formation of Skylink and the Public Cloud Group indicates a clear concentration of providers in the midmarket. In contrast to Switzerland, Germany has an extremely high level of integration in terms of organization and portfolio, which offers significant advantages for customers and providers in the short term.

Investments in networks: Enterprises relying on large mainframes are developing long-term plans to better integrate their legacy systems with cloud infrastructure and modernize their applications. Due to the hybrid model's increased demand for reliability, speed and

security, many telecommunication providers invest in expanding their existing network capacity, coverage and 5G technologies.

Despite the effects of the COVID-19 pandemic and the international unrest caused by the Russia-Ukraine conflict leading to economic difficulties, the IT market in Germany continues to exhibit growth, attracting foreign investors from Europe and the U.S. that are helping to strengthen the country's infrastructure.

The availability of low-cost green energy is increasingly making Germany an attractive location for data center construction.





Provider Positioning

Page 1 of 9

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services for Large Accounts	Colocation Services for Midmarket
23 Media	Not In	Not In	Not In	Not In	Not In	Contender
3U	Not In	Not In	Not In	Not In	Not In	Contender
Abilis IT	Not In	Contender	Not In	Not In	Not In	Not In
Accenture	Leader	Not In	Not In	Not In	Not In	Not In
ACP	Not In	Contender	Not In	Not In	Not In	Not In
Adacor	Not In	Not In	Not In	Product Challenger	Not In	Not In
Advanced Unibyte	Not In	Contender	Not In	Not In	Not In	Not In
akquinet	Not In	Not In	Not In	Not In	Not In	Leader
All for One Group	Not In	Leader	Not In	Not In	Not In	Not In
Anexia	Not In	Not In	Contender	Not In	Not In	Not In
Arvato Systems	Leader	Not In	Leader	Not In	Not In	Not In





Provider Positioning

Page 2 of 9

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services for Large Accounts	Colocation Services for Midmarket
AtlasEdge	Not In	Not In	Not In	Not In	Product Challenger	Not In
Atos	Leader	Not In	Leader	Not In	Not In	Not In
Axians	Not In	Leader	Not In	Leader	Not In	Not In
Baden Cloud	Not In	Not In	Not In	Not In	Not In	Contender
Bechtle	Not In	Market Challenger	Not In	Market Challenger	Not In	Not In
BT	Contender	Not In	Product Challenger	Not In	Product Challenger	Not In
BTC	Not In	Not In	Contender	Not In	Not In	Not In
CANCOM	Not In	Leader	Not In	Leader	Not In	Not In
Capgemini	Leader	Not In	Not In	Not In	Not In	Not In
Cegeka	Contender	Not In	Not In	Not In	Not In	Not In
Cema	Not In	Contender	Not In	Not In	Not In	Not In





Provider Positioning

Page 3 of 9

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services for Large Accounts	Colocation Services for Midmarket
Centron	Not In	Contender	Not In	Contender	Not In	Contender
CGI	Market Challenger	Not In	Market Challenger	Not In	Not In	Not In
Claranet	Not In	Leader	Not In	Leader	Not In	Not In
Cognizant	Product Challenger	Not In	Not In	Not In	Not In	Not In
ColocationIX	Not In	Not In	Not In	Not In	Not In	Contender
Colt DCS	Not In	Not In	Not In	Not In	Contender	Not In
Computacenter	Leader	Not In	Not In	Not In	Not In	Not In
Conet	Not In	Contender	Not In	Not In	Not In	Not In
Controlware	Not In	Product Challenger	Not In	Not In	Not In	Not In
CyrusOne	Not In	Not In	Not In	Not In	Leader	Not In
Cyxtera	Not In	Not In	Not In	Not In	Not In	Product Challenger





Provider Positioning

Page 4 of 9

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services for Large Accounts	Colocation Services for Midmarket
DARZ	Not In	Not In	Not In	Contender	Not In	Product Challenger
Datacenter Leipzig	Not In	Not In	Not In	Not In	Not In	Rising Star ★
Datacenter One	Not In	Not In	Not In	Not In	Leader	Not In
DATAGROUP	Not In	Leader	Not In	Leader	Not In	Not In
Deutsche Telekom GK	Not In	Leader	Not In	Leader	Not In	Not In
Devoteam	Contender	Not In	Not In	Not In	Not In	Not In
Digital Realty (Interxion)	Not In	Not In	Not In	Not In	Leader	Not In
DOKOM 21	Not In	Not In	Not In	Not In	Not In	Contender
Dunkel	Not In	Not In	Not In	Contender	Not In	Not In
DXC Technology	Leader	Not In	Market Challenger	Not In	Not In	Not In
EMC Home of Data	Not In	Not In	Not In	Not In	Not In	Product Challenger





Provider Positioning

Page 5 of 9

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services for Large Accounts	Colocation Services for Midmarket
Ensono	Contender	Not In	Product Challenger	Not In	Not In	Not In
Equinix	Not In	Not In	Not In	Not In	Leader	Not In
Firstcolo	Not In	Not In	Not In	Not In	Not In	Contender
Fujitsu	Market Challenger	Not In	Market Challenger	Not In	Not In	Not In
Giant Swarm	Not In	Contender	Not In	Not In	Not In	Not In
Global Switch	Not In	Not In	Not In	Not In	Product Challenger	Not In
Grass-Merkur	Not In	Not In	Not In	Contender	Not In	Product Challenger
GTT	Not In	Not In	Contender	Not In	Not In	Not In
HCLTech	Product Challenger	Not In	Not In	Not In	Not In	Not In
Hetzner Online	Not In	Not In	Not In	Contender	Market Challenger	Not In
Hexaware	Contender	Not In	Not In	Not In	Not In	Not In





Provider Positioning

Page 6 of 9

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services for Large Accounts	Colocation Services for Midmarket
Hostserver	Not In	Not In	Not In	Contender	Not In	Not In
Hostway	Not In	Not In	Not In	Not In	Not In	Market Challenger
Infosys	Leader	Not In	Not In	Not In	Not In	Not In
Iron Mountain	Not In	Not In	Not In	Not In	Contender	Not In
ITENOS	Not In	Not In	Not In	Not In	Not In	Leader
KAMP	Not In	Not In	Not In	Not In	Not In	Leader
Kyndryl	Leader	Not In	Leader	Not In	Not In	Not In
Logicalis	Not In	Product Challenger	Not In	Not In	Not In	Not In
Lumen	Not In	Not In	Product Challenger	Not In	Contender	Not In
maincubes	Not In	Not In	Not In	Not In	Leader	Not In
Materna	Not In	Leader	Contender	Not In	Not In	Not In





Provider Positioning

Page 7 of 9

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services for Large Accounts	Colocation Services for Midmarket
Mivitec (WIIT)	Not In	Not In	Not In	Not In	Not In	Contender
msg systems	Not In	Product Challenger	Not In	Not In	Not In	Not In
myLoc (WIIT)	Not In	Not In	Not In	Not In	Not In	Leader
Netfox	Not In	Not In	Not In	Contender	Not In	Not In
netgo	Not In	Contender	Not In	Not In	Not In	Not In
NEWTELCO	Not In	Not In	Not In	Not In	Not In	Contender
noris network	Not In	Not In	Not In	Not In	Leader	Not In
NorthC	Not In	Not In	Not In	Not In	Not In	Contender
NTT DATA	Product Challenger	Not In	Not In	Leader	Not In	Not In
NTT GDC	Not In	Not In	Not In	Not In	Leader	Not In
Orange Business	Contender	Not In	Product Challenger	Not In	Not In	Product Challenger





Provider Positioning

Page 8 of 9

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services for Large Accounts	Colocation Services for Midmarket
PFALZKOM	Not In	Not In	Not In	Not In	Not In	Leader
PlusServer	Not In	Leader	Not In	Leader	Not In	Leader
Profi	Not In	Contender	Not In	Not In	Not In	Not In
PYUR	Not In	Not In	Not In	Not In	Not In	Product Challenger
q.beyond	Not In	Leader	Not In	Leader	Not In	Not In
Rackspace Technology	Product Challenger	Not In	Leader	Not In	Contender	Not In
ratiokontakt	Not In	Not In	Not In	Product Challenger	Not In	Not In
ScaleUp Technologies	Not In	Not In	Not In	Contender	Product Challenger	Not In
Sievers	Not In	Contender	Not In	Not In	Not In	Not In
Sopra Steria	Product Challenger	Not In	Contender	Not In	Not In	Not In
STACKIT	Not In	Not In	Not In	Not In	Not In	Leader





Provider Positioning

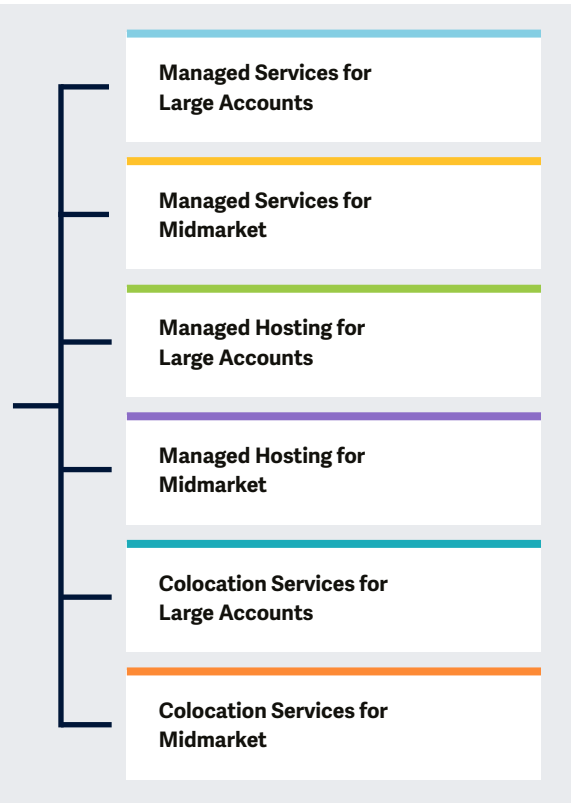
Page 9 of 9

	Managed Services for Large Accounts	Managed Services for Midmarket	Managed Hosting for Large Accounts	Managed Hosting for Midmarket	Colocation Services for Large Accounts	Colocation Services for Midmarket
Syntax Systems	Not In	Rising Star ★	Not In	Market Challenger	Not In	Not In
TCS	Rising Star ★	Not In	Not In	Not In	Not In	Not In
Tech Mahindra	Product Challenger	Not In	Not In	Not In	Not In	Not In
Telehouse	Not In	Not In	Not In	Not In	Leader	Not In
TelemaxX	Not In	Not In	Not In	Contender	Not In	Leader
T-Systems	Leader	Not In	Leader	Not In	Contender	Not In
Unisys	Contender	Not In	Not In	Not In	Not In	Not In
Vantage Data Centers	Not In	Not In	Not In	Not In	Product Challenger	Not In
Vodafone	Contender	Not In	Not In	Not In	Not In	Not In
WIIT	Not In	Contender	Not In	Contender	Not In	Not In
Wipro	Leader	Not In	Not In	Not In	Not In	Not In



This study focuses on what ISG perceives as most critical in 2023 for **private/hybrid cloud and data center** outsourcing services.

Simplified Illustration; Source: ISG 2023



Definition

This study assesses service providers of data center outsourcing, including the providers of managed hosting, colocation facilities and managed services. Typical participants use automation tools on highly secure data centers, providing security, operations management and client dashboards.

Data center outsourcing is the practice of transferring the responsibility of managing data center assets to a third party provider. It includes orchestration; provisioning; integrated monitoring; and managing infrastructure components including computing, storage, database, middleware and others. The data center may be owned by the enterprise client, service provider or a third-party colocation provider. Integrated monitoring and operations can be delivered from a provider's shared service center located offshore, onshore, nearshore or via a dedicated delivery center such as a remote infrastructure management (RIM) model.

A private cloud is an extension of a client's computing environment that leverages the

investments made in virtual infrastructure and applications. Enterprises with stringent security and governance requirements, large data volumes and close integration of enterprise applications and workflows needs may prefer an on-premises or a private cloud environment, and may choose to host in their facility. As businesses are becoming software and data-driven, they need an infrastructure base that can adapt to the changing market conditions, be managed based on a hybrid model, and be always accessible. Currently, most data center outsourcing engagements have elements of private/hybrid cloud and intuitive cloud management cognitive platform enablement.

A hybrid cloud connects the existing on-premises infrastructure services with a private cloud, a public cloud, or many multi-cloud arrangements. An enterprise can also leverage colocation and hosting providers, and not necessarily own a data center, to have a hybrid cloud setup. Globally, there is a massive surge in demand for a multi-cloud environment from the enterprise community as enterprises adopt hybrid and multi-cloud strategies to



migrate and manage their workloads with improved agility, reduced operating costs and high application performance and availability.

There has been a rapid increase in the use of proprietary platforms and tools by service providers and enterprises for automating cloud operations, thereby increasing the adoption of AI and machine learning (ML) technologies. One of the fundamental advantages of a hybrid cloud deployment is the high degree of control offered to the organization; hybrid clouds allow enterprises to leverage the capabilities of public cloud platforms without the need to offload their entire data to a third-party data center. Although still evolving, edge computing is another technology that enterprises of all sizes are adopting for various existing and new use cases, such as software-defined solutions, IoT processing, hybrid cloud connectivity, firewall and network security, branch and micro data centers, internet-enabled devices and asset tracking. Edge is also being used to address the latency challenges in the present, highly distributed environments by removing network barriers and bringing processing to the edge.

ISG reports consistent demand for infrastructure services as enterprises are becoming more vigilant toward spending on large and complex cloud implementations. The demand for managed services, especially infrastructure and workloads management services, also is growing slowly. According to the ISG 1Q 2023 ISG Index™ figures, the global market grew by 1 percent in combined market ACV to reach its current value of \$24.1 billion for the first three months. Managed services ACV increased by 1 percent year-over-year and reached \$9.8 billion, while the XaaS ACV decreased by 13 percent to reach \$14.3 billion. IaaS spending declined 16 percent to reach \$10.4 billion, while the SaaS market declined by 4 percent to reach \$3.9 billion during the same period.



Scope of the Report

In this ISG Provider Lens™ quadrant report, ISG covers the following six quadrants for services/solutions:

- Managed Services for Large Accounts
- Managed Services for Midmarket
- Managed Hosting for Large Accounts
- Managed Hosting for Midmarket
- Colocation Services for Large Accounts
- Colocation Services for Midmarket

This ISG Provider Lens™ study offers IT decision makers the following:

- 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 in terms of 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.

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.

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.

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.





Colocation Services for Midmarket

Colocation Services for Midmarket

Who Should Read This Section

This quadrant is relevant to enterprises of all sizes in Germany for evaluating colocation service providers.

In this quadrant, ISG defines the current market positioning of colocation service providers in Germany and examines how they address key challenges faced by midsize enterprises in the region.

Frankfurt is the second-largest colocation market in Europe, preceded by London, with more than 60 data centers. It remains a popular destination due to the presence of the largest internet exchange node, DE-CIX. Providers also operate data centers in other cities such as Munich, Berlin, Düsseldorf, Hamburg and Stuttgart. The market is dynamic, with colocation providers offering more services apart from hosting. Many also provide IT infrastructure, such as virtual machines and bare-metal servers, to handle short-term capacity issues. Energy efficiency is becoming increasingly important, and customers consider it a significant criterion when choosing colocation providers.

The demand for colocation services has significantly increased due to the rapid development of colocation data centers. Companies from various sectors, administrations, integrators, managed services and cloud providers seek suitable data center providers. Customers with high-security requirements focus on colocation services as an alternative to public clouds. The growing demand for edge computing also favors the need for more colocation facilities.



IT and infrastructure leaders should read this report to analyze colocation providers' capabilities and market advancements impacting the management and operation of key workloads.



Software development and technology leaders should read this report to understand providers' positioning, offerings and impact on the ongoing development at an enterprise level.

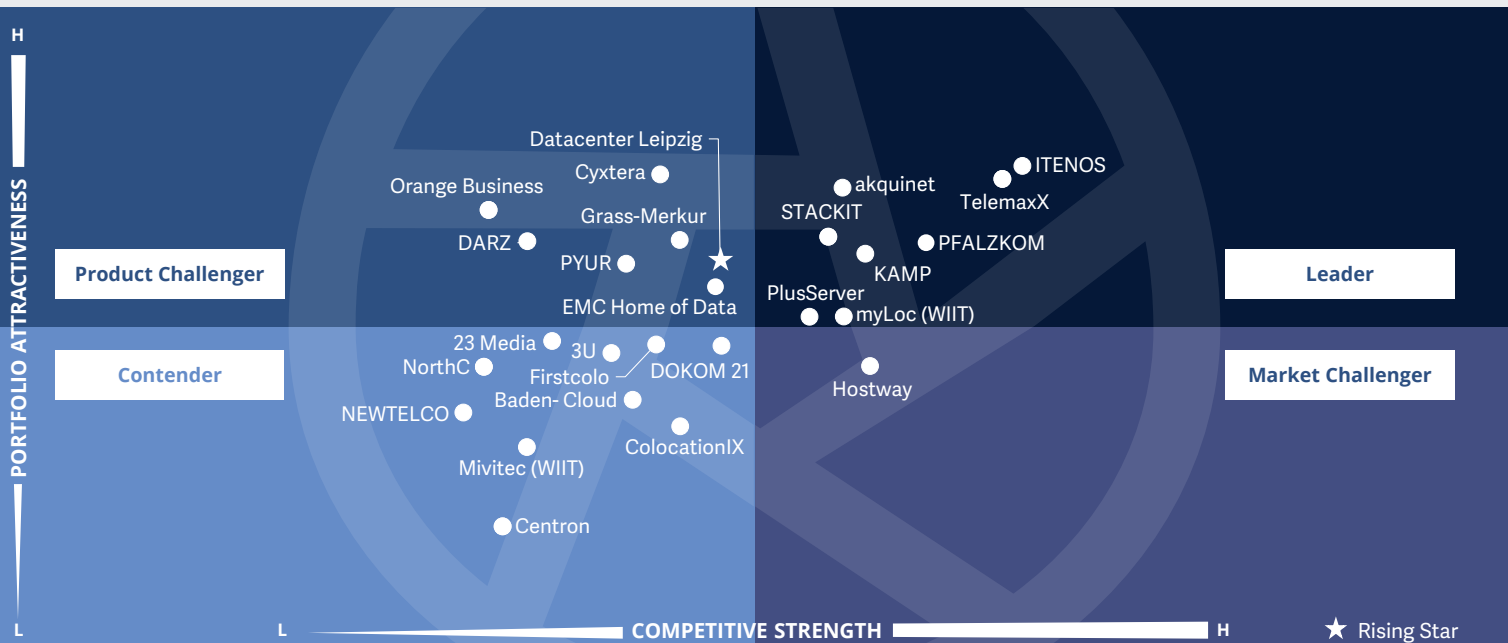


Sourcing, procurement and vendor management professionals should read this report to better understand the current landscape and partner ecosystem of colocation service providers in Germany.



Private/Hybrid Cloud – Data Center Services Colocation Services for Midmarket

Germany 2023



This quadrant evaluates colocation service providers that **mainly** serve **SMEs and midsize companies**, as well as managed service providers (MSPs) and system houses. The portfolio is tailored to customer needs.

Wolfgang Heinhaus



Colocation Services for Midmarket

Definition

This quadrant assesses providers that offer standardized data center operations as colocation services for midmarket and large enterprise clients. The participating companies offer community access points for various hosting providers, system houses, carriers or telecommunication providers, and end users. Enterprise clients that opt for colocation services expect a standardized and sophisticated data center setup, many carrier options, low latency and high bandwidth at affordable prices to deliver rich content or critical, latency-sensitive information to users within and outside major metropolitan areas.

Eligibility Criteria

1. Owns facilities that offer **standardized data center** architecture design for colocation
2. Offers **secure** and high-quality **network** equipment, appliances and connectivity systems
3. Guarantees **power density** to support current and future technologies
4. Ability to provide at least **five layers** of **data center security**
5. Possesses **appropriate certifications** such as SSAE 16, HIPAA, ISO 14001, ISO 22301, ISO 27001, ISO 50001, EN 50600, PCI DSS, NIST, FISMA and SOC Type I and II
6. Amenable to SLAs related to **hands-and-feet support** and hardware replacement
7. Ability to offer **facilities with traffic exchange points** in proximity to users and hyperscalers
8. Ability to offer **disaster recovery and backup solutions**
9. Ability to leverage **clean energy sources** and solutions to **reduce energy consumption**, including zero carbon emission and **green data center** initiatives



Colocation Services for Midmarket

Observations

Rapid development in the colocation data center segment accelerated further last year. All types of companies, including integrators and managed service and cloud providers seek suitable data center providers. Customers with high-security requirements are turning to colocation services as an alternative to public clouds. The rise of edge computing is also driving further demand for colocation services. The research company Allied Market Research forecasts global growth rates of 15.7 percent annually until 2030. The digitization push has driven data throughput rapidly; in 2022, a peak of 12 terabits per second was measured for the first time, and 48 exabytes were exchanged, an increase of more than 25 percent over the previous year.

Colocation services are used by more than 10,000 companies in Germany, with estimated revenues of around €1.3 billion in 2021. Frankfurt am Main remains a magnet, not least because it is home to the world's largest Internet exchange node, DE-CIX. Frankfurt am Main is the second-largest colocation market in Europe

after London, with more than 60 data centers. Providers operate their data centers not only in Frankfurt am Main but also in other cities such as Munich or Berlin. The market is still in motion; new data centers are constantly being built or taken over by other providers. Many providers offer the provision of their own infrastructure, especially virtual machines, but also bare metal servers to compensate for short-term bottlenecks. Energy efficiency is getting more attention and is increasingly considered by customers in tenders.

From the 99 companies assessed for this study, 26 have qualified for this quadrant with eight Leaders and one a Rising Star.

akquinet

akquinet is a successful colocation provider offering high-quality services and operates four state-of-the-art data centers in Hamburg. The data centers in Hamburg and Norderstedt are offered as twin solutions. A fifth data center is currently under construction.



ITENOS operates seven high-availability, high-performance data centers and offers a wide range of colocation services for the SME segment.

KAMP

KAMP is a high-performance colocation service provider from Oberhausen. In 2022 the company was acquired by Dortmund-based web hosting company dogado, part of group. com. However, post the acquisition, Kamp maintains its independent operations.

myLoc

myLoc maintains three high-performance data centers in Düsseldorf with high-security standards. WIIT, an Italian provider of business-critical applications, acquired myLoc in 2021. However, the company continues to operate as an independent entity in Germany.

plusserver

PlusServer has two data centers in Düsseldorf and Hamburg, with a total area of 2,000 m². The company offers a wide range of colocation, hosting and cloud services.



PFALZKOM maintains three data centers in the Rhine-Neckar region and offers customers a secure space for their IT infrastructure.



Colocation Services for Midmarket

STACKIT

STACKIT is part of the Schwarz Group and offers a comprehensive range of colocation services with three data centers in Austria and the Neckarsulm area.

TelemaxX

TelemaxX offers comprehensive colocation services from five secure data centers in the Karlsruhe area, directly connecting to the DE-CIX internet exchange node.

Datacenter Leipzig

Datacenter Leipzig (Rising Star) operates two state-of-the-art data centers in central Germany with an attractive range of colocation services and diverse connectivity options.



ITENOS



"ITENOS is an agile colocation service partner with an extensive portfolio for startups, SMEs and midsize customers."

Wolfgang Heinhaus

Overview

Based in Bonn, ITENOS is a long-standing colocation provider with nearly 30 years of experience. The company is part of Deutsche Telekom but operates independently in the German market. With seven data centers in Frankfurt, Düsseldorf, Hamburg, Leverkusen and Stuttgart, ITENOS offers a total net floor space of 31,200 m². In addition to colocation services, the company offers managed services and cloud solutions. It employs 220 qualified staff and serves more than 200 customers with a strong focus on startups, SMEs, service and cloud providers and the midmarket segment.

Strengths

Comprehensive colocation portfolio:

ITENOS offers a high-quality colocation portfolio in highly secure, multicertified data centers tailored precisely to individual customer demands. The company offers 24/7 remote hands services. Individual racks, cages or suites can be selected according to the scope of the IT infrastructure. ITENOS provides additional hardware at an acceptable price.

Innovative connectivity platform

DataLogistIX: With the DataLogistIX platform, ITENOS has developed a modern, virtual solution that ensures access to all participants via a single physical port and flexible and efficient connections to other partners and internet exchange nodes. It also offers secure direct connections to all public

cloud providers. ITENOS has access to more than 150 internet service providers (ISPs).

Focus on sustainability: Since 2016, ITENOS' data centers have operated on 100 percent renewable energy sources. All emissions are recorded to analyze and develop suitable measures for their reduction or compensation. ITENOS supports the UN Sustainable Development Goals (SDGs) to promote sustainable development on economic, social and ecological levels globally.

Caution

ITENOS' data centers have received multiple certifications. Adding the TSI standard V4.2 Level 3 extended certification from TÜVIT would attest to the highest level of security for customers.





Appendix

The ISG Provider Lens™ 2023 – Private/Hybrid Cloud – Data Center Services report analyzes the relevant software vendors/service providers in the German market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research™ methodology.

Lead Authors:

Ulrich Meister and Wolfgang Heinhaus

Editor:

Maria Müller-de Haen

Research Analyst:

Meenakshi Srivastava

Data Analysts:

Sachitha Kamath and Laxmi Kavya Bandaru

Consultant Advisors:

Susanta Dey, Furkan Yucel,
Tara Horgan and Patrick Nielsen

Project Manager:

Manikanta Shankaran

Information Services Group Inc. is solely responsible for the content of this report. Unless otherwise cited, all content, including illustrations, research, conclusions, assertions and positions contained in this report were developed by, and are the sole property of Information Services Group Inc.

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 April 2023, 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 Private/Hybrid Cloud – Data Center Services 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



Author & Editor Biographies



Author

Ulrich Meister
Lead Analyst

Ulrich Meister is the Lead Analyst for Public Cloud Services as a Service studies for Germany and Switzerland.

Ulrich is closely involved with the ISG Provider Lens™ quadrant studies. He primarily writes around digital technology, IT services and cloud technology. His research agenda covers assessing impact of digital transformation, analysing market

dynamics, provider positioning in the market, writing POV's, tracking software market and identifying opportunities for enterprises.



Author

Wolfgang Heinhaus
Lead Analyst

Wolfgang Heinhaus has more than 25 years of IT infrastructure experience and was in a managerial role in a global food company. He has more than 8 years of extensive research experience in the fields of colocation services, IT infrastructure, IT security and cloud computing. He has written several IPL studies for the German and Swiss markets and also advises customers on these topics.



Author & Editor Biographies



Enterprise Context and Overview Analyst

Meenakshi Srivastava
Senior Research Analyst

Meenakshi Srivastava is a Senior Research Analyst at ISG and is responsible for supporting and co-authoring Provider Lens™ studies on the Private Hybrid Cloud Data Center. She creates content for Provider Lens™ studies and supports lead analysts in the research process for multiple regions. She has an experience of 3 years in IT industry and 2.5 years in market research industry. She is also responsible for authoring the enterprise context and global summary reports for her respective study.

Prior to her role in ISG, she has worked on various signature research projects which involved both qualitative and quantitative analysis as well as content creation and contextualization for other market research firm. She has an expertise of working on both primary and secondary research projects and is also associated with other custom and ad-hoc research projects.



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.

ISG offers research specifically about providers to state and local governments (including counties, cities) as well as higher education institutions. Visit: [Public Sector](#).

For more information about ISG Research™ subscriptions, please email contact@isg-one.com, call +1.203.454.3900, or visit research.isg-one.com.

iSG

ISG (Information Services Group) (Nasdaq: ILL) 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 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 more than 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.

For more information, visit isg-one.com.





JUNE, 2023

REPORT: PRIVATE/HYBRID CLOUD – DATA CENTER SERVICES