

REPORT REPRINT

AWS Managed Services: removing the burden of infrastructure ops

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AWS Managed Services (AMS) is a set of services and tools that automate infrastructure management tasks for Amazon Web Services deployments. AMS was launched in December 2016 designed with partners in mind and focused initially on enterprise customers – those with revenue above \$1bn. AMS targets Global 5000 enterprises that want a simplified way to migrate on-premises workloads to the public cloud and then manage those workloads after migration. AMS claims to accelerate migration, lower operational costs, reduce security and compliance risk, enable customers to focus on innovation and use best practices. AMS was originally viewed as competitive to the AWS Partner Network members – so how is it progressing in the market?

THE 451 TAKE

There is a massive land grab underway as industries convert to cloud. We believe that the more effective a company is in supporting a customer's 'cloud readiness' as part of its transformation journey, the more right it will have to play in the ongoing management and optimization, which is where the majority of the opportunity is. AMS will need to demonstrate it can upskill a customer's own operations teams, supporting organizational and operating model aspects of the cloud deployment and not just the technology piece. After all, buyers are seeking to get out of infrastructure operations by moving to cloud and leave the operational costs of managing infrastructure behind. They want outcomes.

CONTEXT

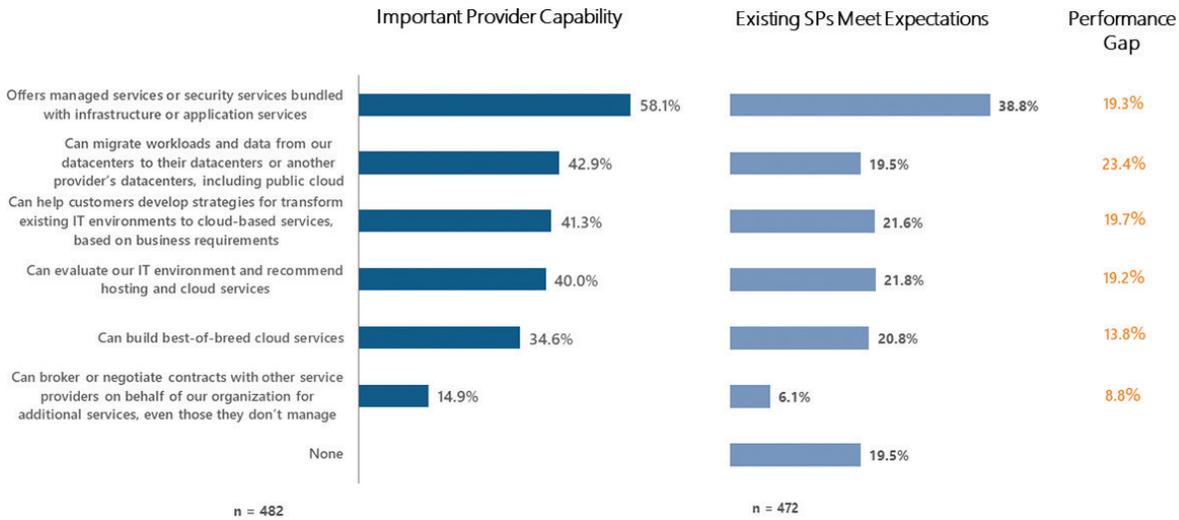
AWS looks at enterprise cloud adoption journey across three phases – foundation, migration and operation. AMS has observed that customers place a lot of emphasis on migration and not enough focus on the phases of cloud adoption that happen before and after migration. The industry is somewhat over-indexed on migration, we agree. There are lots of programs, automation tools and other technology and funding in this area; however, the key adoption challenges are largely before and after the migration, not the migration itself. Customers don't consider the operating model soon enough in AMS's experience and getting this right is important because some things are very difficult to reverse out of. Buyers need to make some good decisions.

Foundation steps include landing zone configuration, AWS service configuration, hybrid networking setup, access security configuration and policy and control mapping. Post-migration operation includes leveling up people skills, following best practices, keeping pace with innovation, managing to desired cost and maintaining security/compliance. This phase is hard because the skills needed are different, the processes are different and the tools are different. The ideal adoption curve then is to take the right foundation steps, migrate to cloud native operation and retire technical debt.

In reality, adoption often stalls at the operating model stage. 451 Research's Global Digital Infrastructure Trends finds that 38.6% of organizations have migrated a workload out of public cloud due to post-migration operations pain. This is mostly because enterprises find they don't have the governance and control they had on-premises and need to redesign and reorganize – it's a post-migration challenge. The data also shows that the top drivers for moving to the cloud (such as cost savings) become the top pain points post-migration because the lack of governance leads to overspending.

AWS says it can specifically help enterprises run in-house as a result if necessary, or in cloud or as part of a long-term outsourcing contract. This gives time to regroup and develop around the new infrastructure and tooling – and without having to replace workforce to do this. 451 Research data (see figure below) identifies the service provider opportunity and the performance gap around these services.

Mind the gap: capability requirements and provider performance



Q. Thinking about the services your organization may purchase from hosting and cloud providers, which of the following service provider capabilities are most important?
 Q. For which of the following capabilities do your existing service providers meet your expectation?

Source: Voice of the Enterprise, Hosting & Cloud Managed Services, Organizational Dynamics, 2017

AWS 'OUT OF THE BOX'

AMS's goal is to get enterprises up and running in days and can migrate dozens of workloads in weeks. It already has a migration project type called '50 in 50' that gets all the foundation building complete and 50 applications migrated to AWS in 50 days. Indeed, as it actually builds out VPCs and landing zones, it aims to do this in days and weeks rather than months. The enterprise gives up a bit of flexibility here because AWS uses a very prescriptive approach and it removes much of the minutiae from the picture. It has curated AWS Management Tools and Services to enable it do this and hand projects to customers in a matter of days. This is infrastructure operations only – AWS Managed Services doesn't do applications – it goes up to patching the OS. It provides provisioning (cost optimization), patching (change management), security (incident management), access management, continuity management (backup), reporting, ITSM integration and compliance (data protection).

AMS leaves applications to the customer because many customers want to 'insource' the value back into their own IT departments and the applications are where the value and the innovation lie. AMS says this insourcing concept is resonating strongly with customers. And for customers that don't want to do it themselves, partners layer in the application operations to make a complete solution.

It's a shared responsibility model and AWS Partners fill in the holes in the foundation, migration and operation activities around applications and infrastructure including customer's own application development and operations teams, partner system integrators and AWS Professional Services. In addition to the AWS Console, it also provides API integration with ServiceNow ITSM. AMS is effectively bridging customers to the cloud and then giving them back control.

AMS says its month-to-month contracts and open source runbooks and automation scripts enable customer operations teams to take back control because AMS helps them do this if their goal is to use AMS only for the short term during the migration. AWS says some 83% of its effort is undertaken using automation and underpinned using open source methods in the sense that it publishes its operating models, runbook processes and automation scripts so customers can use them internally if they so choose. It says it does this even knowing that customers may one day take this intellectual property AMS has created and use it to run operations themselves without its help.

COMPETITION

AWS Managed Services was originally perceived as competitive by (some) AWS Partner Network members, but it's now viewed as an opportunity rather than a threat, AWS believes. This is because AMS is focused only on managing infrastructure operations, not the activity which has high value for customers (AMS managed services customers such as Logicworks and Cloudreach are testament to this). Partners are concerned about margin and AMS leaves them free to make money on the value-added services rather than infrastructure, which it takes care of. If a partner is doing only infrastructure operations then it is competitive, but any company focused only on this doesn't have a long-term future – this is not a strategy for success.

Global systems integrators and outsourcers such as Accenture, Capgemini, Atos, Deloitte, IBM, DXC Technology, the Indian heritage companies Cognizant, HCL, Infosys, Wipro, TCS and Tech Mahindra are competitors, but also AWS partners. The key competition for enterprise-focused hyperscale services are Microsoft, Google plus IBM and Alibaba plus suppliers such as Cisco and VMware.

Migration and cloud-enablement companies also seeking a role in ongoing optimization include Transitional Data Services, CloudEndure, Software AG, VMware CloudHealth, Cloudify, TSO Logic, Bitnami, Cloudsoft, RISC Networks, RackWare, AppZero, Corent Technology, Appcara, Vision Solutions DoubleTake, Zerto, JetStream, Cristie Software and Sureline Systems.

SWOT ANALYSIS

STRENGTHS

AMS believes in 18 months it has been able to demonstrate how it can accelerate migration, lower operational costs, reduce security and compliance risk and enable customers to focus on innovation while using best practices. Importantly, we believe, is how AMS can be used to break the system integrator stranglehold. That AMS is inside AWS and therefore proximal to the technology being supported is an important driver in decision-making.

WEAKNESSES

AMS is not unique on the market and many managed services suppliers are offering managed infrastructure operations, especially in multi-cloud environments, where the hyperscale vendors are seen as having less interest or indeed expertise. However, the fact that cloud managed services providers such as Logicworks and Cloudreach are now AMS customers speaks volumes for how it is now seen in the partner ecosystem.

OPPORTUNITIES

AMS is helping to raise the bar around the AWS Partner Network by providing ongoing operational services around AWS (i.e., infrastructure operations is not an opportunity partners should be chasing). However, the biggest pain point AMS addresses is helping enterprises become more agile, innovative and modern as a result of their conversion to cloud. Enterprises want to more resemble Amazon itself - be more agile, innovative and modern - but don't typically have the skills for it. This is the pain point AWS Managed Services is aimed at.

THREATS

AMS could happily put itself out of business if the conversion to and operation on cloud were free, easy and non-disruptive; however, that is not a realistic prospect now. The figure above shows that while managed services are sought by enterprises, there is a performance gap in terms of existing vendors' ability to meet these needs.